

Audit Committee Charter

STATEMENT OF POLICY

The Audit Committee for Webster Financial Corporation (the “Corporation”), which is composed solely of directors who are independent of management and free from any relationship that would interfere with the exercise of independent judgement, serves as the Audit Committee of the Corporation, and its subsidiaries, including Webster Bank, National Association (the “Bank”), and its subsidiaries.

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities to the shareholders, potential shareholders, and investment community by reviewing: the financial reports and other financial information provided by the Corporation to any governmental body or the public; the Corporation’s systems of internal controls regarding finance, accounting, legal compliance and ethics that management and the Board have established; compliance by the Corporation with legal and regulatory requirements and the Corporation’s auditing, accounting and financial reporting processes generally, and the independent accountant’s qualifications and independence. Consistent with this function, the Audit Committee should encourage continuous improvement of, and should foster adherence to, the Corporation’s policies, procedures and practices at all levels. The Audit Committee’s primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the Corporation’s financial reporting process and internal control system.
- Review and appraise the audit efforts of the Corporation’s independent accountants and internal audit department.
- Provide an open avenue of communication among the independent accountants, financial and senior management, the internal audit department, and the Board of Directors.

The Audit Committee shall prepare the report required by the rules of the Securities and Exchange Commission to be included in the Corporation’s annual proxy statement. The independent auditors are ultimately accountable to the Board of Directors and the Audit Committee.

Composition

The Audit Committee shall comprise no fewer than three directors as determined by the Board of Directors of the Corporation, each of whom shall be independent directors, and free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Audit Committee. The members of the Audit Committee shall meet the independence, experience and expertise requirements of the New York Stock Exchange, Securities Exchange Act of 1934, as amended, and the rules and regulations of the Securities and Exchange Commission promulgated thereunder. In addition, the Corporation, its Board of Directors, and the Audit Committee shall comply with all applicable laws, rules, regulations and guidelines, including, without limitation, those contained in 12 USC Sec. 1831m, Part 363 of the rules and regulations of the Federal Deposit Insurance Corporation, which establish criteria for an independent audit committee. All members of the Audit Committee shall

have a working familiarity with basic finance and accounting practices, and at least two members of the Audit Committee shall have accounting or related financial management and banking expertise. Committee members may enhance their familiarity with finance, accounting and risk management by participating in educational programs conducted by the Corporation's General Auditor, members of management, or an outside consultant.

The members of the Audit Committee, and its Chair, shall be elected by the Board of Directors of the Corporation at its annual organizational meeting, may be removed and replaced by the Board of Directors, and shall serve until their successors are duly elected and qualified.

Meetings

The Audit Committee shall meet at least four times annually, or more frequently as circumstances dictate. In order to foster open communication, the Audit Committee should meet at its discretion with the Corporation's General Auditor, management (including the Chief Financial Officer), and the independent accountants in separate executive sessions to discuss any matters that the Audit Committee or each of these groups believe should be discussed privately.

Practices

In carrying out its responsibilities, the Audit Committee will adopt practices which will enable the Committee to best react to changing conditions and to ensure that the corporate accounting and reporting practices, the system of internal controls, and the fiduciary activities conducted are in accordance with all requirements and are of the highest quality.

In performing their duties and responsibilities, Committee members are entitled to rely in good faith on information, opinions, reports or statements prepared or presented by:

- One or more officers or employees of the Corporation whom the Committee member reasonably believes to be reliable and competent in the matters presented;
- Counsel, independent auditors or other persons as to matters which the Committee member reasonably believes to be within the professional or expert competence of such person; or
- Another committee of the Board as to matters within its designated authority which committee the Committee member reasonably believes to merit confidence.

The Audit Committee shall:

Audit Administration

1. Hold regular meetings as may be necessary, and special meetings as may be called by the Chair of the Audit Committee or at the request of the independent accountants or the Corporation's General Auditor.
2. Consult with management for input regarding the Audit Committee's responsibilities, but may not delegate these responsibilities.
3. Form and delegate authority to subcommittees when appropriate.

4. On an annual basis, receive from the independent accountants a formal written statement delineating all relationships between the independent accountants and the Corporation, consistent with Independence Standards Board Standard 1, discuss with the independent accountants the independent accountants' independence, actively engage in a dialogue with the independent accountants with respect to any disclosed relationships or services that may impact objectivity and independence of the independent accountants, and take, or recommend that the full Board of Directors take, appropriate action to oversee the independence of the independent accountants.
5. Review the experience and qualifications of the senior members of the independent accountant's team.
6. Obtain and review a report from the independent accountants, at least annually, describing (a) the independent accountant's internal quality-control procedures, (b) any material issues raised by the most recent quality-control review, or peer review, of the independent accountant, or by any inquiry or investigation by governmental or professional authorities within the preceding five years, respecting one or more independent audits carried out by the independent accountant, and any steps taken to deal with any such issues, and (c) to assess the independent accountant's independence, all relationships between the independent accountant and the Corporation.
7. On an annual basis, review and approve the Audit Committee's Independent Accountants Retention Guidelines. The Guidelines shall comply with all applicable laws, rules, regulations and guidelines, and shall set clear hiring policies for employees or former employees of the independent accountants. A copy of the Independent Accountant Retention Guidelines is attached hereto as Appendix A.
8. Review and pre-approve all audit engagement fees and terms and any non-audit engagements (to the extent permitted under applicable law) with the independent accountants. On an annual basis, the Audit Committee shall review and approve the Pre-Approval Policy, a copy of which is attached hereto as Appendix B.
9. Review the qualifications and the quality control procedures of the independent accountants. Evaluate the performance of the independent accountants and make recommendations to the Board of Directors regarding the selection, appointment, replacement or termination of the independent accountants. The independent accountants shall be ultimately accountable to the Board of Directors and the Audit Committee, as representatives of shareholders.
10. Confer with the independent accountants and the internal auditors concerning the scope of their audits of the Corporation, the Bank and its subsidiaries, and review and approve the independent accountants' annual engagement letter.
11. Review activities, organizational structure, and qualifications of the internal audit department and oversee the appointment and replacement of the Corporation's General Auditor.

12. Review and discuss with the Corporation's General Counsel legal matters that may have a material impact on the financial statements, and any material reports or inquiries received from regulators or governmental agencies.
13. Obtain from the independent accountants assurance that Section 10A of the Private Securities Litigation Reform Act of 1995 has not been implicated.
14. Retain independent counsel, independent accountants, or others where appropriate, without seeking Board approval, for any matters related to the discharge of the duties and responsibilities assigned to the Audit Committee. As determined by the Audit Committee, the Corporation shall provide appropriate funding for payment of compensation to any such advisors.
15. Review and reassess the adequacy of the Audit Committee Charter and the Audit Committee's own performance annually, and recommend any proposed changes to the Board of Directors for approval.
16. Report through its Chair to the Board of Directors at the Board's next regularly scheduled meeting following the meeting of the Audit Committee matters reviewed by the Audit Committee.
17. Discuss with the independent accountants, Statement on Auditing Standards No. 61 matters. In particular:
 - (a) The adoption of, or changes to, the Corporation's significant auditing and accounting principles and practices as suggested by the independent accountant, internal auditors, or management.
 - (b) Any "management" or "internal control" letter issued, or proposed to be issued, by the independent accountant and the Corporation's response thereto.
 - (c) Any difficulties encountered in the course of the audit work, including any restrictions on the independent accountant's scope of activities or access to requested information, and any significant disagreements with management.
18. Make a recommendation to the Board of Directors as to whether the financial statements should be included in the Corporation's Annual Report on Form 10-K.
19. Approve the report of Audit Committee to be included in the Corporation's Proxy Statement for its Annual Meeting of Shareholders.
20. Perform any other activities consistent with this Charter, the Corporation's By-laws and governing law, as the Audit Committee or the Board deems necessary or appropriate.
21. Review with the full Board any issues that arise with respect to the quality and integrity of the Corporation's financial statements.

System of Internal Control

1. Review and approve annual audit plans; direct the internal auditors or the independent accountants to specific matters or areas deemed by the Audit Committee to be of special significance; and authorize the performance of supplemental reviews or audits, as the Audit Committee may deem desirable.
2. Review and discuss with management and the independent accountants the Corporation's audited annual financial statements and the independent accountants' opinion rendered with respect to such financial statements. This review shall include the nature and extent of any significant changes in accounting principles or initiatives, off-balance sheet structures (if any), management's discussion and analysis and accounting estimates, and disagreements with management.
3. Review with financial management and the independent accountants the Corporation's annual and quarterly financial reports and disclosures, including the Corporation's disclosures made under "Management's Discussion and Analysis of Financial Condition and Results of Operations".
4. Review with management and the independent accountants the effect of regulatory and accounting initiatives as well as off-balance sheet structures (if any) of the Corporation's financial statements.
5. Review with management the Corporation's earnings press releases, including the use of "pro forma" or non-GAAP financial measures, as well as financial information and earnings guidance provided to analysts and rating agencies.
6. Review with the Chief Risk Officer, the General Auditor, and the independent accountants the Corporation's major financial risk exposures and the steps management has taken to monitor and control such exposure. The Audit Committee shall meet at least annually with the Chief Risk Officer to review the Corporation's Enterprise Risk Management process.
7. Review the adequacy of the systems of internal controls by obtaining from the independent accountants and internal auditors their recommendations regarding internal controls and other matters relating to the accounting procedures of the Corporation and its subsidiaries and reviewing the correction of controls deemed to be deficient.
8. Meet at least quarterly with the chief financial officer, the Corporation's General Auditor and the independent accountants in separate executive sessions, in order to ensure that independent, direct communication between the Boards of Directors, chief financial officer, the Corporation's General Auditor and independent accountants is provided.
9. Review the significant reports to management prepared by the internal auditing function and management's responses thereto.

10. Discuss with the independent accountants the Corporation's internal audit function and any recommended changes in the planned scope of the internal audit.
11. Review with the full Board any issues that arise with respect to the performance of the internal audit function.

Regulatory Oversight Responsibilities

1. Oversee the Corporation's policies on business ethics and conduct.
2. Obtain reports from management, the General Auditor, and the independent accountant, that address conformity with applicable legal and regulatory requirements and the Corporation's Code of Business Conduct and Ethics by the Corporation and its subsidiaries. Review reports and disclosures of insider and affiliated party transactions. Review with the full Board any issues that arise with respect to the Corporation's compliance with legal and regulatory requirements and with the Corporation's Code of Business Conduct and Ethics.
3. Review regulatory examination findings. Discuss with management, the General Auditor, and the independent accountants, any correspondence with regulators or governmental agencies and any employee complaints or published reports, which raise material issues regarding the Corporation's financial statements or accounting policies.
4. Establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters.
5. Establish procedures for the confidential, anonymous submission by employees of the Corporation or any subsidiary of concerns regarding questionable accounting or auditing matters.

Loan Review Activities

1. On an annual basis, review and approve the Loan Review Policy and Procedures.
2. Review activities, organizational structure, and qualifications of the Independent Loan Review Department.
3. Receive written reports from the Loan Review Manager on control deficiencies and the correction of same.
4. On an annual basis, review management's methodology and conclusions regarding the adequacy of the allowance for loan losses.

Fiduciary Activities

1. Ensure that, at least once during each calendar year, suitable audits of the Trust Department's affairs and fiduciary activities are performed. Such audits may be performed by the internal auditors, or by independent auditors retained for such

purpose. Written audit reports shall be presented to the Audit Committee at their next regularly scheduled meetings.

2. Discuss with the internal or independent accountants whether the Trust Department is operating in a sound condition, and whether adequate internal controls and procedures are being maintained, whether fiduciary powers have been administered according to law, Part 9 of the Regulations of the Comptroller of the Currency, and sound fiduciary principles.

Limitation of Audit Committee's Role

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Corporation's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the independent accountant.

Adopted by the Board of Directors as of January 23, 2006.

APPENDIX A

Audit Committee

Independent Accountant Retention Guidelines

Selection of Independent Accountants (a “Registered Public Accounting Firm”)

1. On an annual basis review the performance, qualifications and experience of the Independent Accountants and recommend to the Board the appointment or discharge of the Independent Accountants.
2. On an annual basis, to assess the Independent Accountant’s independence, the Audit Committee shall review all relationships between the Independent Accountants and Webster.
3. On an annual basis review whether the Independent Accountants meet the independence requirements of the Sarbanes-Oxley Act of 2002 and the New York Stock Exchange. This review shall include: obtain and review a report by the Independent Accountants describing the Independent Accountant’s internal quality-control procedures; any material issues raised by the most recent internal quality control review, or peer review of the Independent Accountants, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the Independent Accountants, and any steps taken to deal with such issues.
4. On an annual basis, the Audit Committee shall review the engagement of the Independent Accountants to ensure the rotation of the lead (or coordinating) audit partner every five years and other audit partners every seven years, and consider whether there should be regular rotation of the audit firm itself.
5. On no less frequently than a 5-year cycle, the Audit Committee shall consider whether it is appropriate or desirable to solicit from qualified accounting firms, formal proposals that include the scope, qualifications, and fees for performing the annual audit.

Performance of Non-Audit Services

1. The Independent Accountants shall not perform any prohibited non-audit services as set forth in Section 201(a) of Title II of the Sarbanes-Oxley Act (Section 10A(g) of the Securities and Exchange Act of 1934).
2. The Independent Accountants shall not perform internal audit work.
3. The Independent Accountants shall not perform internal control related IT consulting.
4. Without the prior approval of the Audit Committee, non-audit services performed by the Independent Accountants within the year shall not exceed 100 percent of total annual audit fees.

5. All audit and non-audit services to be performed by the Independent Accountants shall be approved in advance in accordance with the Audit Committee's Pre-Approval Policy.

Employment of Independent Accountant Employees

Employment of Independent Accountant personnel by Webster Financial Corporation or any of its direct or indirect subsidiaries shall be permitted in accordance with the following guidelines which shall be monitored by Webster's Human Resources:

Management

1. Management, which includes managers, senior managers, principals, and partners, that has performed audit or non-audit services at Webster in the last two years may not be hired without prior Audit Committee approval.
2. Management who has not performed audit or non-audit services at Webster within the last two years may be hired without Audit Committee approval. A report of the hiring shall be made to the Committee at its next regularly scheduled meeting.

Staff

3. Staff members may be hired without Audit Committee approval. A report of the hiring shall be made to the committee at the next regular scheduled meeting.

Audit Committee

Pre-Approval Policy

I. Statement of Principles

The Audit Committee is required to pre-approve the audit and non-audit services performed by the independent accountant in order to assure that the provision of such services does not impair the accountant's independence. Unless a type of service to be provided by the independent accountant has received general pre-approval, it will require specific pre-approval by the Audit Committee. Any proposed services exceeding pre-approved cost levels will require specific pre-approval by the Audit Committee.

The appendices to this Policy describe the audit, permissible non-audit and tax services that have the pre-approval of the Audit Committee. The term of any pre-approval is 12 months from the date of pre-approval, unless the Audit Committee specifically provides for a different period. The Audit Committee will periodically revise the list of pre-approved services, based on subsequent determinations.

II. Delegation

The Audit Committee may delegate pre-approval authority to one or more of its members. By this Policy, the Audit Committee delegates specific pre-approval authority to its Chair, provided that the estimated fee for any such proposed pre-approved service does not exceed \$100,000. The Chair shall report any pre-approval decisions to the Audit Committee at its next regularly scheduled meeting.

III. Audit and Non-Audit Services

The annual audit services engagement terms and fees will be subject to the specific pre-approval of the Audit Committee. The Audit Committee will approve, if necessary, any changes in terms, conditions and fees resulting from changes in audit scope, company structure or other matters as may be recommended by the Chief Financial Officer, Controller or independent accountant.

In addition to the annual audit services engagement approved by the Audit Committee, the Audit Committee may grant pre-approval for other audit services as well as permissible non-audit services that would not impair the independence of the independent accountant. The Audit Committee has pre-approved the audit and permissible non-audit services listed in Exhibit A; provided, however, that specific engagements for such audit and non-audit services shall be approved and authorized by any one of the Chairman and Chief Executive Officer, the President and Chief Operating Officer, and the Chief Financial Officer of the Corporation. All other audit and permissible non-audit services not listed in Exhibit A, or which have not been previously approved in connection with the independent accountant's engagement letter for the applicable year, must be separately pre-approved by the Audit Committee.

The independent accountant shall not perform any prohibited non-audit services as set forth in Section 201(a) of Title II of the Sarbanes-Oxley Act (Section 10A(g) of the Securities and Exchange Act of 1934). In addition, the independent accountant shall not perform internal audit work or internal control related IT consulting.

IV. Tax Services

The Audit Committee believes that the independent accountant can provide tax services such as tax compliance, tax planning and tax advice without impairing the independent accountant's independence. However, the Audit Committee will not permit the retention of the independent accountant in connection with a transaction initially recommended by the independent accountant, the purpose of which may be tax avoidance and the tax treatment of which may not be supported in the Internal Revenue Code and related regulations. The Audit Committee has pre-approved the tax services listed in Exhibit B. All tax services not listed in Exhibit B, or which have not been previously approved in connection with the independent accountant's engagement letter for the applicable year, must be separately pre-approved by the Audit Committee.

V. Pre-Approved Fee Amounts

Maximum fee amounts for pre-approved services to be provided by the independent accountant will be established periodically by the Audit Committee. Any proposed services exceeding these levels will require specific pre-approval by the Audit Committee.

VI. Procedures

Requests or applications to provide services that require separate approval by the Audit Committee will be submitted to the Audit Committee by both the independent accountant and the Chief Financial Officer or Controller, and must include a joint statement as to whether, in their view, the request or application is consistent with the SEC's rules on auditor independence.

VII. Additional Matters

On a quarterly basis, the Audit Committee shall review a summary of fees paid year-to-date for all audit fees and engagements for audit, audit related, tax and other services, regardless of the fee amount. In addition, on a quarterly basis, management shall submit to the Audit Committee a report of each audit, audit-related, non-audit, tax and other engagement entered into in the quarter with the independent accountant, and the fee for such engagement(s).

Pre-Approved Audit and Permissible Non-Audit Services for Fiscal Year 2006

The Audit Committee has pre-approved the engagement of the independent accountant to provide the following audit and permissible non-audit services for fiscal year 2006 at a cost not to exceed \$50,000 per engagement; provided, however, that specific engagements for such non-audit services shall be approved and authorized by any one of the Chairman and Chief Executive Officer, the President and Chief Operating Officer, and the Chief Financial Officer of the Corporation:

1. Consultation on Financial Accounting and Reporting Issues and Standards. This pre-approved service covers advice and consultation from the independent accountants on accounting for specific transactions, the notification of and application of new accounting principles or pronouncements, and consulting with the independent accountants about specific reporting and disclosure items.
2. M & A Diligence. This pre-approved service covers the performance by the independent accountants of agreed upon procedures with respect to potential target businesses as requested by the Corporation. This includes conducting preliminary diligence to explore potential acquisitions or divestitures.
3. Securities and Exchange Commission filings. This pre-approved service covers the review of SEC filings including filing of registration statements under the Securities Act of 1933 and periodic reports under the Exchange Act of 1934 Act filings for compliance with application rules and regulations and the provisions of consents for such filings and reports where required.
4. Employee Benefit Plans. This pre-approved service covers the performance of audits of employee benefit plans.
5. Internal Control reviews. This pre-approved service covers assistance provided by the independent accountant in connection with documenting internal control policies and procedures over financial reporting.
6. Specific Acquisitions. This pre-approved service covers accounting consultations and audits in connection with specific acquisitions.
7. Internal investigations. This pre-approved service authorizes the independent accountants to perform internal investigations or fact-finding services as requested.
8. Comfort Letters. This pre-approved service covers comfort letters in connection with specific transactions.

Pre-Approved Tax Services for Fiscal Year 2006

The Audit Committee has pre-approved the engagement of the independent accountant to provide the following tax services for fiscal year 2006 at a cost not to exceed \$50,000 per engagement:

1. Preparation and/or review of quarterly or annual tax returns.
2. Review of the Corporation's federal consolidated tax return and all related schedules and disclosure statements.
3. Review and advice on tax compliance issues.
4. Tax planning and advice, including assistance with tax audit and appeals, tax advice related to mergers and acquisitions, review of employee benefit plans and requests for rulings or technical advice from taxing authorities; *provided however*, that the services of the independent accountant as an advocate for the Corporation before a tax court, district court or federal court of claims is specifically prohibited, as is the retention of the independent accountant in a transaction initially recommended by the independent accountant, the sole purpose of which may tax avoidance and the tax treatment of which may not be supported by the Internal Revenue Code and related regulations.
5. Review of tax positions for purposes of audit services.
6. Consultation on tax compliance.