

Webster Financial Corporation



Webster

NewMil Bank

**A Strategic Combination of
Like-minded Partners**

April 25, 2006

Forward Looking Statements

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, but are not limited to, statements about (i) the benefits of the merger between Webster Financial Corporation ("Webster" or "WBS") and NewMil Bancorp, Inc. ("NewMil"), including future financial and operating results, cost savings and accretion to reported earnings that may be realized from the merger; (ii) Webster's and NewMil's plans, objectives, expectations and intentions and other statements contained in this presentation that are not historical facts; and (iii) other statements identified by words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates" or words of similar meaning. These forward-looking statements are based upon the current beliefs and expectations of Webster's and NewMil's management and are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control. In addition, these forward-looking statements are subject to assumptions with respect to future business strategies and decisions that are subject to change. Actual results may differ materially from the anticipated results discussed in these forward-looking statements. The following factors, among others, could cause actual results to differ materially from the anticipated results or other expectations expressed in the forward-looking statements: (1) the businesses of Webster and NewMil may not be combined successfully, or such combination may take longer to accomplish than expected; (2) the cost savings from the merger may not be fully realized or may take longer to realize than expected; (3) operating costs, customer loss and business disruption following the merger, including adverse effects on relationships with employees, may be greater than expected; (4) governmental approvals of the merger may not be obtained, or adverse regulatory conditions may be imposed in connection with governmental approvals of the merger; (5) the stockholders of NewMil may fail to approve the merger; (6) adverse governmental or regulatory policies may be enacted; (7) the interest rate environment may further compress margins and adversely affect net interest income; (8) the risks associated with continued diversification of assets and adverse changes to credit quality; (9) difficulties associated with achieving expected future financial results; (10) competition from other financial services companies in Webster's and NewMil's markets; (11) the risk of an economic slowdown that would adversely affect credit quality and loan originations. Additional factors that could cause actual results to differ materially from those expressed in the forward-looking statements are discussed in Webster's and NewMil's reports (such as Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K) filed with the Securities and Exchange Commission and available at the SEC's Internet site (<http://www.sec.gov>). All subsequent written and oral forward-looking statements concerning the proposed transaction or other matters attributable to Webster or NewMil or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements above. Except as required by law, Webster and NewMil do not undertake any obligation to update any forward-looking statement to reflect circumstances or events that occur after the date the forward-looking statement is made.

Webster to Combine with NewMil Bancorp:



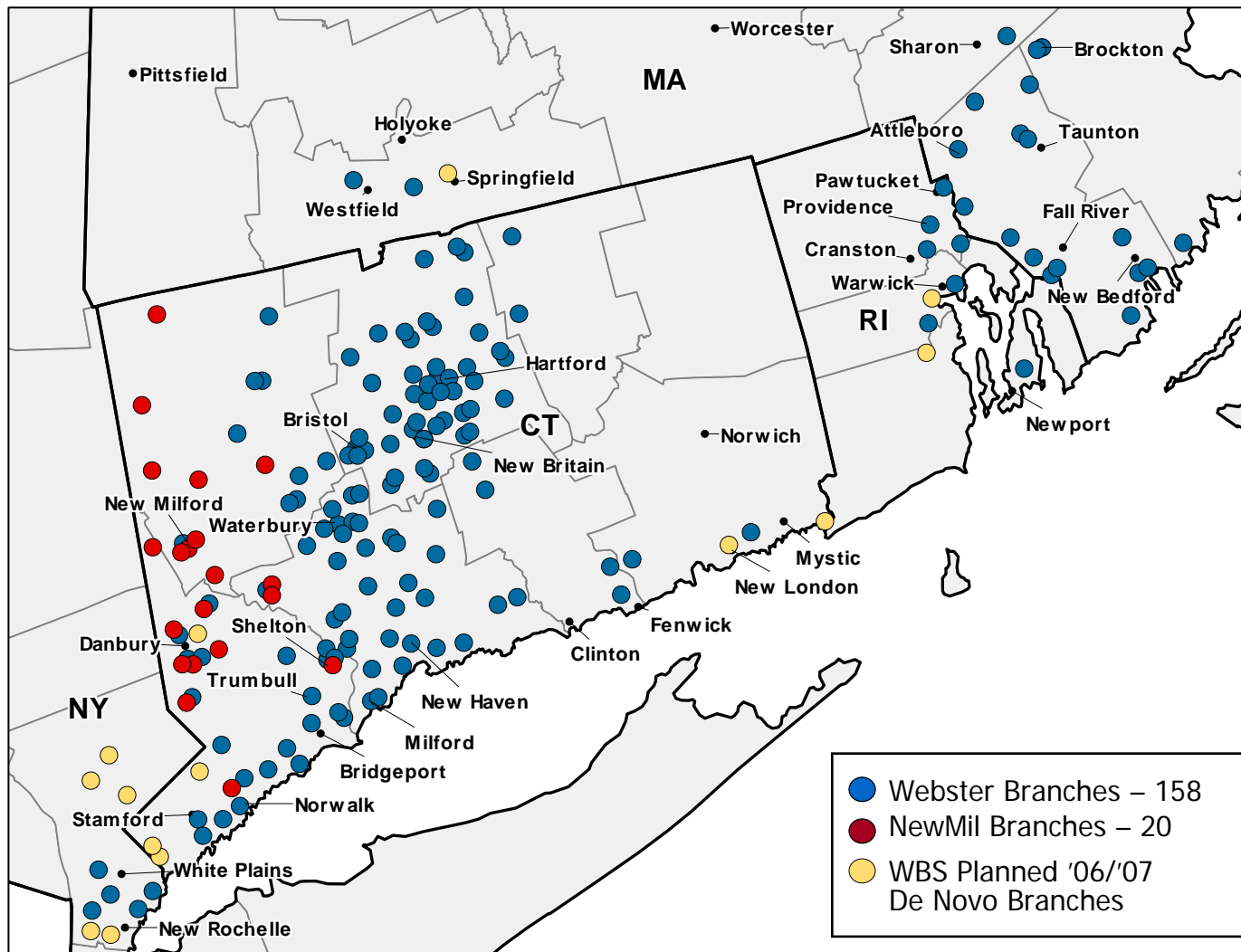
- Webster's acquisition of NewMil is a strategic combination of like-minded partners with a shared vision of the future
- NewMil's \$616 million of deposits strengthen Webster's #1 rank in Litchfield County and #2 rank in Connecticut overall
- NewMil extends Webster's western Connecticut footprint and bolsters position in demographically attractive Fairfield County
- \$172.5 million transaction value, fully in WBS stock, with up to 20% repurchased in open market

Strategic Rationale



- **Logical extension of Webster's core Connecticut retail franchise:**
 - ▶ **Consistent with Webster's long-term strategic plan of pursuing in-market and adjacent market acquisitions**
- **One of the last meaningful franchises in western Connecticut**
- **Financially attractive results:**
 - ▶ **Marginally accretive to GAAP EPS in 2007 (first full year)**
 - ▶ **Minimal dilution to tangible capital**
- **Low-risk transaction:**
 - ▶ **Webster has repeatedly demonstrated success in executing and integrating acquisitions**
 - ▶ **Extensive familiarity with markets/customers served**
- **NewMil has stellar asset quality history**

A Strengthened Webster Franchise in Western Connecticut



NewMil At-a-Glance

- 20 branches in Litchfield, Fairfield and New Haven Counties in Connecticut
- \$616 million in deposits and \$498 million in loans
- Attractive demographics:
 - ▶ Deposit-weighted household median income in 2005 of \$71K versus national average of \$50K and state average of \$63K
 - ▶ Projected deposit-weighted household income growth for 2005 through 2010 of 20.5% versus national average of 17.4% and state average of 18.1%

NewMil's market positions and demographics are an excellent fit with Webster

Summary of Significant Terms



Value per NewMil Share:	\$41.00 per share within pricing collar range ⁽¹⁾
Transaction Value:	\$172.5 million
Consideration:	100% WBS common stock (Up to 20% of the transaction value will be repurchased in the open market)
Exchange Ratio:	Based on average WBS closing price for ten trading days ending three days prior to closing subject to pricing collar mechanism ⁽¹⁾
Transaction Structure:	Tax-free exchange
Estimated Cost Savings:	Approximately 40% of NewMil's expenses
Merger-Related Costs:	Capitalized after-tax restructuring charge of \$8.4 million and one-time after-tax merger related expenses of \$2.3 million
Revenue Enhancement:	None assumed
Due Diligence:	Completed
Director Matters:	NewMil directors will be offered participation in an advisory board for a period of two years
Termination Fee:	\$8.75 million
Required Approvals:	NewMil shareholders and customary regulatory approvals
Expected Closing:	Fourth quarter of 2006

(1) See Pricing Collar on page 7.

Pricing Collar Mechanism

- Exchange ratio to be based on average WBS closing price for ten trading days ending three days prior to closing
- Floating exchange ratio if WBS's average price is between \$44.85 and \$50.25 such that it delivers a \$41.00 per share offer price
- If WBS's average price is below \$44.85 the exchange ratio will be fixed at 0.9142, if WBS's average price is above \$50.25 the exchange ratio will be fixed at 0.8159

WBS Avg. Price	Offer Price	Exchange Ratio
\$42.00	\$38.39	0.9142
43.00	39.31	0.9142
44.00	40.22	0.9142
44.85	41.00	0.9142
45.00	41.00	0.9111
46.00	41.00	0.8913
47.00	41.00	0.8723
48.00	41.00	0.8542
49.00	41.00	0.8367
50.00	41.00	0.8200
50.25	41.00	0.8159
51.00	41.61	0.8159
52.00	42.43	0.8159
53.00	43.24	0.8159
54.00	44.06	0.8159
55.00	44.88	0.8159

Improved Market Share Positions

(per FDIC data at 6/30/05; \$ in millions)



Webster

NewMil

Total

County	Deposits	% Share / Rank	Branches	Deposits	% Share / Rank	Branches	Deposits	% Share / Rank	Branches
Litchfield	\$508	13.62% / #1	9	\$299	8.01% / #5	9	\$807	21.63% / #1	18
Fairfield	1,143	5.04% / #6	22	264	1.16% / #15	8	1,407	6.21% / #5	30
New Haven	4,020	24.39% / #1	34	41	0.25% / #20	2	4,062	24.64% / #1	36
Rest of CT	4,298	12.62% / #2	56	--	--	--	4,298	12.62% / #2	56
Total	\$9,970	12.96% / #2	121	\$604	0.79% / #18	19	\$10,574	13.74% / #2	140

NewMil increases Webster's #2 statewide Connecticut deposit share to 13.74%

Financial Overview

(\$ in millions)

	Webster	NewMil
<u>Balance Sheet Items</u>	1Q '06	4Q '05
Assets	\$17,907	\$873
Gross Loans	12,792	498
Deposits	12,078	616
Equity	1,641	53
Core Deposits / Total Deposits ⁽¹⁾	57.2%	63.9%
<u>Performance Ratios</u>		
ROAA	0.99%	1.05%
ROAE	10.55	16.90
Net Interest Margin	3.24	3.31
Efficiency Ratio	64.29	60.22
Fee Income / Revenue ⁽²⁾	28.78	13.66
NPA's / Assets	0.35	0.03
NCO's / Avg. Loans	0.05	0.03

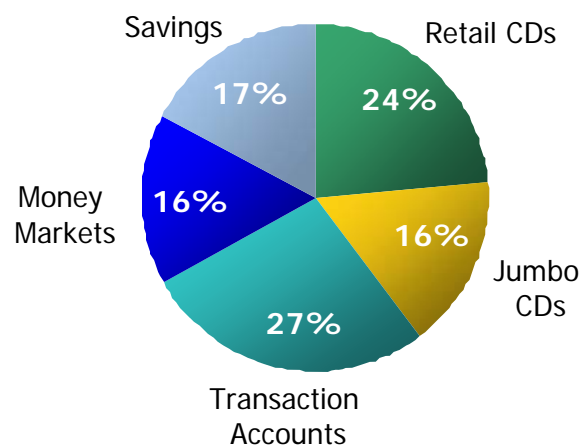
(1) Core deposits excludes all time deposits.

(2) Fee income and revenue exclude gain on sale of securities and gain on sale of fixed assets.

Deposit Portfolio

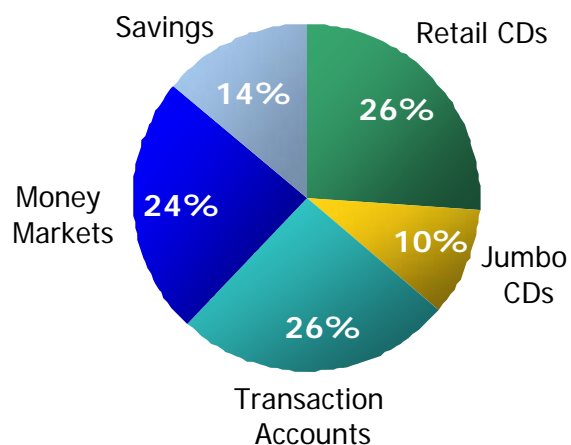
- Attractive deposit composition with 64% of total deposits in core deposits

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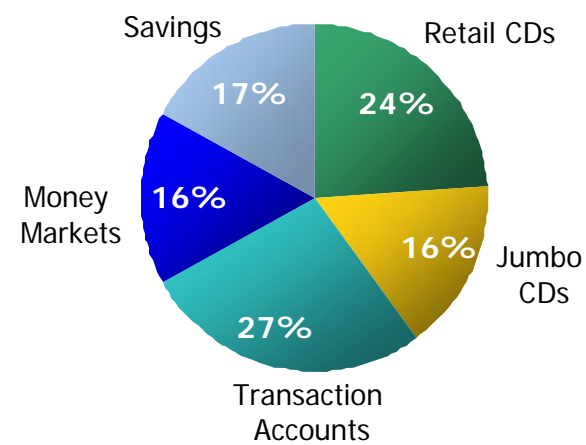
Total (12/31/2005)	\$11,631MM
Deposits/Liabilities	72%
Cost of Deposits	1.67%
Cost of Funds	2.25%

NewMil



Total (12/31/2005)	\$616MM
Deposits/Liabilities	75%
Cost of Deposits	1.72%
Cost of Funds	2.12%

Pro Forma



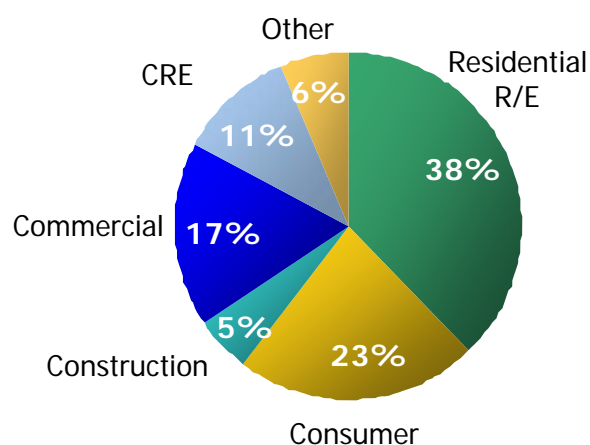
Total (12/31/2005)	\$12,247MM
Deposits/Liabilities	72%
Cost of Deposits	1.67%
Cost of Funds	2.24%

Note: Cost analysis is based on average balances for the quarter ended December 31, 2005.

Loan Portfolio

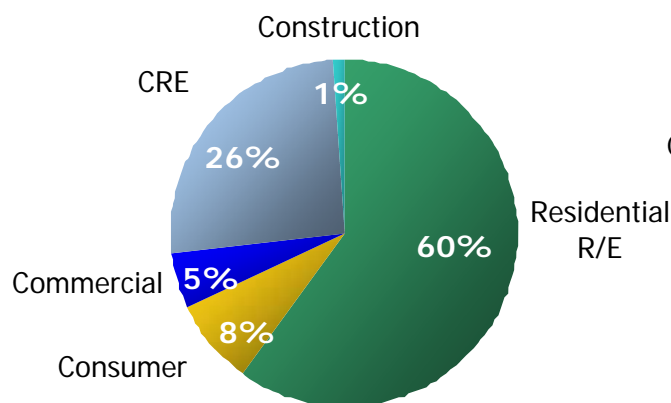
- Leveragable loan portfolio with a franchise geography that provides an opportunity to grow small business and commercial real estate loans

Webster



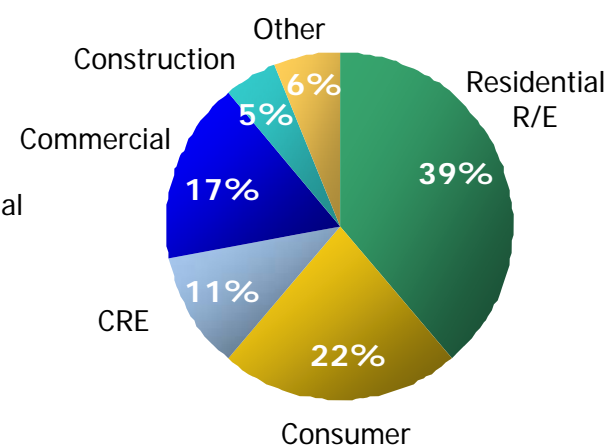
Total (12/31/2005)	\$12,553MM
Loans to Assets	70%
Yield on Loans	5.78
Yield on Earnings Assets	5.50

NewMil



Total (12/31/2005)	\$498MM
Loans to Assets	57%
Yield on Loans	5.82
Yield on Earnings Assets	5.40

Pro Forma



Total (12/31/2005)	\$13,051MM
Loans to Assets	70%
Yield on Loans	5.78
Yield on Earnings Assets	5.50

Source: Company reports, SNL Financial.

Note: Yield analysis is based on average balances for the quarter ended December 31, 2005.



Webster

We Find a Way