



BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
WASHINGTON, DC 20551

January 13, 2014

Joel Alfonso, Esq.  
Sullivan & Cromwell LLP  
125 Broad Street  
New York, New York 10004

Dear Mr. Alfonso:

This is in response to your letter dated September 12, 2013, on behalf of Warburg Pincus,<sup>1</sup> for relief from the passivity commitments (“Passivity Commitments”) that it provided to the Board in connection with its investment in Webster Financial Corporation (“Webster”) and its subsidiary bank, Webster Bank, National Association, both of Waterbury, Connecticut.

On October 12, 2009, the Federal Reserve Bank of Boston, acting under authority delegated by the Board, determined not to object to the prior notice submitted by Warburg Pincus to acquire up to 24.9 percent of the outstanding voting shares of Webster under the Change in Bank Control Act of 1978, as amended. In connection with that determination, Warburg Pincus also provided a set of commitments consistent with commitments on which the Board previously has relied in determining that a company would not exercise a controlling influence over a banking organization, for purposes of the Bank Holding Company Act of 1956, as amended (“BHC Act”). Under the commitments and pursuant to its contractual relationship with Webster, Warburg Pincus was permitted to have a director representative on Webster’s board of directors.

---

<sup>1</sup> In this context, “Warburg Pincus” refers to Warburg Pincus Private Equity X, L.P.; Warburg Pincus X, L.P.; Warburg Pincus X Partners, L.P.; Warburg Pincus X, LLC; Warburg Pincus Partners, LLC; Warburg Pincus & Co.; and Warburg Pincus LLC.

On August 3, 2012, the Board approved a request by Warburg Pincus to modify the Passivity Commitments to permit Warburg Pincus to enter into certain nonexclusive transactions on an arm's-length basis with Webster that would not exceed, in the aggregate, \$1 million annually, which represented significantly less than 1 percent of the total consolidated revenues of either Warburg Pincus or Webster.<sup>2</sup>

Warburg Pincus seeks complete relief from the Passivity Commitments on the basis that they are no longer necessary to prevent it from exercising a controlling influence over Webster. On May 13, 2013, Warburg Pincus sold all of its shares of Webster and is presumed not to control Webster. In addition, Warburg Pincus no longer has the right to appoint a director to the board of directors of Webster or to have representation on the board, although its current representative will remain on the Webster board until April 2014, when his term expires, at Webster's request.<sup>3</sup> Further, existing and contemplated business relationships between the two firms are de minimis. Also, Warburg Pincus has provided written representation that it will not exercise or attempt to exercise a controlling influence over the management or policies of Webster.

Based on all the facts of record, the Director of the Division of Banking Supervision and Regulation, acting pursuant to authority delegated by the Board under section 265.7(a)(2) of the Board's Rules Regarding Delegation of Authority (12 CFR 265.7(a)(2)), and after consulting with the General Counsel, has approved Warburg Pincus's request for relief from the passivity commitments it provided in connection with its investment in Webster.

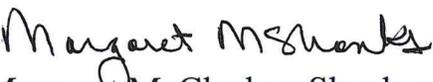
---

<sup>2</sup> Warburg Pincus has a controlling interest in a provider of fixed-income-securities pricing services that currently provides such services to Webster and its affiliates. In 2012, Webster's fees paid to the company represented less than \$1 million and significantly less than 1 percent of the company's total revenue.

<sup>3</sup> Mr. David Coulter, Warburg Pincus's designated director representative on the Webster board, personally owns 0.03 percent of Webster common stock and options as a result of his service on the Webster board, consistent with Webster's standard director compensation practices. For purposes of the BHC Act, control of Mr. Coulter's shares is attributed to Warburg Pincus.

This action is based on the representations and commitments set forth in your correspondence related to your request, including the representations discussed above. Any change in the facts presented could result in a different conclusion and should be reported to Board staff immediately. This determination should not be construed as granting relief from any other conditions or commitments to which Warburg Pincus may be subject.

Sincerely yours,

  
Margaret McCloskey Shanks  
Deputy Secretary of the Board

cc: Eileen Leighton, Assistant Vice President  
Federal Reserve Bank of Boston  
James C. Smith, Chairman of the Board and Chief Executive Officer  
Webster Financial Corporation