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FIRSTFED AMERICA BANCORP INC
Form 425
October 07, 2003

Filed by Webster Financial Corporation
(Commission File No. 1-31486)
Pursuant to Rule 425 under the Securities Act of 1933
and deemed filed pursuant to Rule 14a-12
of the Securities Exchange Act of 1934

Subject Company: FIRSTFED AMERICA BANCORP, INC.
(Commission File No. 1-12305)

The following is from an investor presentation that took place on
October 7, 2003 in connection with the proposed acquisition by Webster Financial
Corporation of FIRSTFED AMERICA BANCORP, INC.:

[WEBSTER FINANCIAL
CORPORATION LOGO]
We Find a Way

[FIRSTFED LOGO]
FIRST FED AMERICA BANCORP, INC.

A POWERFUL FORCE IN SOUTHERN
NEW ENGLAND

OCTOBER 7, 2003

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 FIRSTFED AMERICA BANCORP, INC. ("FIRSTFED" or "FAB"), including future financial and operating results, cost savings and accretion to reported earnings that may be realized from the merger; (ii) Webster's and FIRSTFED'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 FIRSTFED'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 FIRSTFED 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

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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 FIRSTFED 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) the risks associated with a proposed balance sheet deleveraging; (10) difficulties associated with achieving expected future financial results; (11) competition from other financial services companies in Webster's and FIRSTFED's markets; (12) 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 FIRSTFED'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://lwww.sec.gov>). All subsequent written and oral forward looking statements concerning the proposed transaction or other matters attributable to Webster or FIRSTFED 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 FIRSTFED 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.

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Additional Information

The proposed transaction will be submitted to FIRSTFED's stockholders for their consideration. Webster and FIRSTFED will file with the SEC a registration statement, a proxy statement/prospectus and other relevant documents concerning the proposed transaction with the SEC. Stockholders of FIRSTFED are urged to read the registration statement and the proxy statement/prospectus when it becomes available and any other relevant documents filed with the SEC, as well as any amendments or supplements to those documents, because they will contain important information. You will be able to obtain a free copy of the proxy statement/prospectus, as well as other filings containing information about Webster and FIRSTFED, at the SEC's Internet site (<http://www.sec.gov>). Copies of the proxy statement/prospectus and the SEC filings that will be incorporated by reference in the proxy statement/prospectus can be obtained, without charge, by directing a request to Terrence K. Mangan, Senior Vice President/Investor Relations, Webster Financial Corporation, Webster Plaza, Waterbury, CT 06702 (203) 578-2318 or to Edward A. Hjerpe, Chief Operating Officer and Chief Financial Officer, FIRSTFED AMERICA BANCORP, INC., ONE FIRSTFED PARK, Swansea, MA 02777 (508) 679-8181.

FIRSTFED and its directors and executive officers may be deemed to be participants in the solicitation of proxies from the stockholders of FIRSTFED in connection with the merger. Information about the directors and executive officers of FIRSTFED and their ownership of FIRSTFED common stock is set forth in the proxy statement, dated June 26, 2003, for FIRSTFED's 2003 annual meeting of stockholders, as filed with the SEC on a Schedule 14A. Additional information regarding the interests of such participants may be obtained by reading the proxy statement/prospectus when it becomes available.

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A Powerful Force in Southern New
England

The combination of Webster and FIRSTFED creates:

- 46th largest bank in the United States with \$16 billion in assets (1)
 - \$2.2 billion in market capitalization (2)
 - 141-branch retail footprint in Connecticut, Massachusetts and Rhode Island
 - Full retail and commercial banking product offering
1. Pro forma at June 30, 2003, adjusted for planned balance sheet deleveraging.
 2. Market data as of October 3, 2003.

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Summary of Significant Terms

Value per FIRSTFED Share:	\$24.50 per share
Transaction Value:	\$456.5 million (1)
Consideration:	60% stock / 40% cash
Exchange Ratio:	Fixed at 0.5954 Webster shares for each FIRSTFED share (2)
Transaction Structure:	Tax-free exchange with election mechanism
Estimated Cost Savings:	Approximately 25% of FIRSTFED's expenses
Merger-Related Costs:	Capitalized after-tax restructuring charge of \$30.6 million and one-time after-tax merger related expenses of \$3.1 million
Balance Sheet Deleveraging:	Up to \$1.5 billion through a combination of investment portfolio reduction and/or

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loan sales/securitization

Revenue Enhancement: \$9.5 million identified, none assumed

1. Includes cash out of options and net of Webster's holding of 328,800 shares of FIRSTFED.
2. Based on WBS closing share price of \$41.15 on October 3, 2003.

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Summary of Significant Terms

Due Diligence:	Completed
Management Representation:	Robert Stoico, Chairman and CEO of MA and RI Region Ed Hjerpe, President and COO of MA and RI Region
Board Representation:	Robert Stoico to be added to Webster Financial Corporation and Webster Bank Boards
Walk-Away:	Limited price-based walkaway, subject to top-up right (1)
Termination Fee:	\$17 million
Required Approvals:	FIRSTFED shareholders Customary regulatory approvals
Expected Closing:	First quarter of 2004

1. FIRSTFED has the right of termination if the value of Webster stock declines by 20% and underperforms a peer index by 20%, unless Webster determines to adjust consideration.

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Transaction Pricing and Comparables

Comparable Transactions (1)

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	WBS / FAB -----	Northeast -----	Nationwide -----
Premium to Market:	7.9% (2)	17.5%	26.1%
Price I LTM Reported EPS:	16.4x	19.8x	19.9x
Price / 2003E EPS: (3)	18.7x	18.2x	19.8x
Price / Book Value: (4)	2.08x	2.30x	2.16x
Price / Tangible Book Value: (4)	2.83x	2.45x	2.40x
Core Deposit Premium: (5)	22.4%	23.9%	20.4%

1. Thrift acquisitions announced since January 1, 2002 with deal value between \$100 million and \$1 billion. Numbers represent average values. Source of information for comparable transactions is SNL Financial.
2. Based on FIRSTFED's closing stock price of \$22.70 on October 3, 2003.
3. 2003 calendar year estimate is IBES mean earnings estimate. For comparable transactions, represents current year earnings multiple at the time of transaction announcement.
4. Based on stated book value and intangible assets as of June 30, 2003.
5. Core deposits exclude all CDs greater than \$100,000.

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FIRSTFED At-a-Glance

FIRSTFED's operations and culture are an excellent strategic fit with Webster

Attractive Commercial and Community Banking Franchise	-	\$2.68 billion in assets
	-	\$1.38 billion in loans
	-	\$1.53 billion in deposits (63.5% transaction and savings)
	-	24% of FIRSTFED's loans are commercial & industrial
Market Position	-	Recently developed trust company and an insurance agency
	-	26 branches in Bristol, Plymouth and Norfolk counties in Massachusetts and Providence, Kent and Newport counties in Rhode Island
	-	a FIRSTFED ranks #3 in Bristol County, MA in terms of total deposits
Solid Profitability and Asset Quality	-	#12 in Boston MSA and #8 in Providence MSA
	-	ROAA: 1.01%
	-	ROAE: 12.86%
	-	NPAs/Assets: 0.08%
	-	Reserves/NPLs: 10.2 times

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- NCOs/Avg. Loans: 0.02%

Note: Data as of or for the quarter ended June 30, 2003.

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Strategic Rationale

- | | |
|---------------------------------|---|
| FranchiseEnhancing | <ul style="list-style-type: none">- Natural extension of Webster's franchise into adjacent market areas of Massachusetts and Rhode Island- Creates a powerful regional financial services provider- Consistent with Webster's long-term strategic plan of pursuing in-market and adjacent market acquisitions- Attractive bank-like loan and deposit mix- Like Webster, FIRSTFED is transitioning to a bank-like business mix |
| Similar Strategy
and Markets | <ul style="list-style-type: none">- FIRSTFED's market demographics compare favorably with those of Webster- FIRSTFED's markets are the types of communities in which Webster has had success |

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Strategic Rationale

- | | |
|---------------------------------|--|
| Attractive Financial
Results | <ul style="list-style-type: none">- 1.4%, or 6 cents, accretion to GAAP EPS in 2005- 1.7%, or 7 cents, accretion to cash EPS in 2005- Webster has a track record of exceeding initial projections |
| Low-risk
Transaction | <ul style="list-style-type: none">- FIRSTFED has solid fundamentals and a low-risk balance sheet- FIRSTFED is a "clean" institution with similar business lines- Webster has demonstrated success in executing and integrating comparable transactions |

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Expanding Webster's Successful Community
Banking Franchise into MA and RI

[Map of Massachusetts and Rhode Island with surround towns
indicating Webster Bank and FIRSTFED franchises]

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FIRSTFED Market Positions

	RANK	DEPOSITS	BRANCHES	SHARE
Bristol, MA	3	\$987.7	14	14.6 %
Plymouth, MA	14	140.3	4	2.6
Providence, RI	5	130.2	4	1.3
Kent, RI	8	33.4	1	1.5
Norfolk, MA	44	32.7	1	0.2
Newport, RI	6	1.8	1	0.2

Boston MSA	12	\$1,160.6	19	1.0 %
Providence MSA	8	163.6	5	1.1

Source: SNL Financial. Data as of June 30, 2002. Excludes institutional deposits. Deposits in millions.

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Financial Overview

SIGNIFICANT OPPORTUNITIES TO IMPROVE NET INTEREST MARGIN, OPERATING EFFICIENCY
AND FEE INCOME GENERATION

(\$ IN MILLIONS)

	WEBSTER	FIRSTFED
	-----	-----
BALANCE SHEET ITEMS		

Assets	\$14,453	\$2,681
Net Loans	8,591	1,379
Deposits	8,086	1,529
Equity	1,099	199
Core Deposits/		

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Total Deposits (1)	67.6 %	63.5 %
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INCOME STATEMENT ITEMS

ROAA	1.15 %	1.01 %
ROAE	15.0	12.9
Net Interest Margin	3.10	2.60
Efficiency Ratio	58.7	62.2
Fee Income/Revenue (2)	31.2	11.6

FINANCIAL DATA AS OF OR FOR THE QUARTER ENDED JUNE 30, 2003.

1. CORE DEPOSITS EXCLUDE ALL TIME DEPOSITS.
2. FEE INCOME AND REVENUE EXCLUDE SECURITIES GAINS AND GAINS ON SALES OF LOANS AND LOAN SERVICING.

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Significant Fee Income Opportunities

- The FIRSTFED franchise offers significant fee income growth potential:

	FIRSTFED	WEBSTER
Fee Income / Revenue (1)	12%	31%
Fee Income / Employee (1)	\$2,758	\$16,709

- Provides significant fee growth opportunities from the addition of Webster's broad product array:

- High Performance Checking - Consumers - Small businesses - Commercial business lending - Small business lending - Insurance brokerage	- Asset based lending - Equipment finance - Investment products - Wealth Management/Trust - Cash management
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1. FEE INCOME AND REVENUE EXCLUDE SECURITIES GAINS AND GAINS ON SALES OF LOANS AND LOAN SERVICING. DATA FOR THE QUARTER ENDED JUNE 30, 2003.

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Similar, Diverse Loan Mix

AT JUNE 30, 2003

(\$ in millions)

	WEBSTER		FIRSTFED		COMBINED	
	LOANS	%	LOANS	%	LOANS	%
Commerdal & Industrial	\$2,010	23.1	\$340	24.3%	\$2,350	23.2%
Commercial Real Estate	1,144	13.1	158	11.3	1,302	12.9
Residential Real Estate	3,542	40.7	698	49.9	4,240	41.9
Consumer	2,013	23.1	203	14.5	2,216	21.9
	-----		-----		-----	
TOTAL LOANS	\$8,710	100.0%	\$1,398	100.0%	\$10,108	100.0%
Less: Loan Loss Reserve	(119)		(19)		(139)	
	-----		-----		-----	
NET LOANS	\$8,591		\$1,379		\$9,970	
	-----		-----		-----	

NOTE: COMBINED NUMBERS DO NOT REFLECT PURCHASE ACCOUNTING ADJUSTMENTS.

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Attractive Funding Base

At or for the quarter ended June 30, 2003

(\$ in millions)

	WEBSTER		FIRSTFED		COMBINED	
	DEPOSITS	%	DEPOSITS	%	DEPOSITS	%
Checking and NOW	\$2,100	26.0%	\$656	42.9%	\$2,756	28.7%
Savings and MMDA5	3,366	41.6	314	20.6	3,679	38.3
Certificates of Deposit	2,526	31.2	559	36.5	3,085	32.0
Treasury Deposits	94	1.2	-	-	94	1.0
	-----		-----		-----	
TOTAL DEPOSITS	\$8,086	100.0%	\$1,529	100.0%	\$9,614	100.0%
	-----		-----		-----	

NOTE: COMBINED NUMBERS DO NOT REFLECT PURCHASE ACCOUNTING ADJUSTMENTS.

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Strong Asset Quality

AT OR FOR THE QUARTER ENDED JUNE 30, 2003

	WEBSTER -----	FIRSTFED -----	COMBINED -----
Non-Performing Assets/Total Assets	0.39%	0.08%	0.35%
Non-Performing Assets/Total Loans	0.65	0.15	0.59
Reserves/Total Loans	1.37	1.39	1.37
Reserves/Non-Performing Loans	228	1,015	256
Net Charge-Offs/Average Loans	0.20	0.02	0.17

NOTE: COMBINED NUMBERS DO NOT REFLECT PURCHASE ACCOUNTING ADJUSTMENTS.

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People's Mortgage Corp. ("PMC")

- Retail mortgage originator and wholly-owned subsidiary of FIRSTFED
- Conducts business through 9 loan origination centers
 - 3 in Massachusetts, 1 in Rhode Island, 1 in Connecticut, 4 in Maryland
- Originated approximately \$3 billion of mortgage loans in the twelve-month period ended June 30, 2003
- Street earnings estimates for FIRSTFED in 2004 reflect analyst expectations that national mortgage origination volume and FIRSTFED mortgage origination volume will decrease significantly
- Webster expects PMC's earnings will account for less than 2% of Webster's pro forma combined earnings in 2004 and beyond, and less than 7% of FIRSTFED's estimated pro forma earnings

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Pro Forma Impact - Assumptions

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- Webster's earnings based on IBES mean 2004 EPS estimate grown at 8% per annum.
- FIRSTFED's earnings based on IBES mean 2004 EPS estimate grown at 8% per annum. Earnings have been adjusted to reflect elimination of \$1.5 million in annual after-tax CDI amortization expense.
- Assumes cost savings equivalent to 25% of FIRSTFED's expense base taking into account 5% annual expense growth. Cost savings phased in 75% in 2004 and 100% thereafter.
- Assumes \$1.5 billion of balance sheet deleveraging through a combination of investment portfolio reduction and/or loan sales/securitization at a cost of approximately \$4.9 million to pre-tax earnings.
- Assumes a 4.5% pre-tax opportunity cost of cash.
- Core deposit intangible equivalent to 3% of FIRSTFED's core deposits amortized straight-line over 7 years.
- Zero revenue enhancements assumed.

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GAAP and Cash EPS Impact

	PROJECTION FOR CALENDAR YEAR	
	2004 (1)	2005
Current GAAP EPS Estimate	\$3.77	\$4.07 (2)
Pro Forma GAAP EPS	3.81	4.13
GAAP ACCRETION TO WEBSTER (\$)	\$0.04	\$0.06
GAAP ACCRETION TO WEBSTER (%)	1.0%	1.4%
Stand-Alone Cash EPS Estimate	\$4.00	\$4.31
Pro Forma Cash EPS	4.06	4.38
CASH ACCRETION TO WEBSTER (\$)	\$0.06	\$0.07
CASH ACCRETION TO WEBSTER (%)	1.4%	1.7%

1. ASSUMES MERGER CONSUMMATION AT 3/31/2004. INCLUDING ONE-TIME MERGER RELATED COSTS IN 2004 OF \$3.1 MILLION AFTER-TAX, TRANSACTION IS DILUTIVE TO GAAP EPS BY \$0.03 OR 0.7% AND CASH EPS BY \$0.01 OR 0.2%.
2. BASED ON 2004 IBES MEAN EPS ESTIMATE GROWN AT 8%.

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Pro Forma Impact - Earnings

(in millions)

	PROJECTIONS FOR CALENDAR YEAR	
	2004 (1)	2005
Webster Earnings	\$171.0	\$184.6
FIRSTFED Earnings	17.8	25.5
Anticipated Cost Savings	9.0	12.6
Net Cash Opportunity Cost	(5.3)	(6.8)
Impact of Balance Sheet		
Deleveraging	(2.3)	(3.2)
CDI Amortization Expense	(2.1)	(2.8)
Net Accretion of Fair Value		
Adjustments	1.8	2.4
PRO FORMA NET INCOME	\$189.9	\$212.3
Intangible Amortization Expense	12.7	13.3
PRO FORMA CASH NET INCOME	\$202.6	\$225.6

1. Assumes merger consummation at 3/31/2004. Excludes one-time merger related costs in 2004 of \$3.1 million after-tax.

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Realistic and Achievable Cost Savings

(\$ in millions)

Sources of Cost Savings	FIRSTFED Projected for CY 2005 (1)
Salaries and Benefits	\$13.7
Professional Fees, Facilities and Other	5.2
TOTAL COST SAVINGS (PRE-TAX)	\$18.9
TOTAL COST SAVINGS (AFTER-TAX)	\$12.6
PERCENT OF FIRSTFED 2005 EXPENSE (1)	24.6%
IMPLIED EFFICIENCY RATIO FOR FIRSTFED (2)	48.4%

1. Assumes 5% annual expense growth from quarter end June 30, 2003 reported

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numbers.

2. Based on FIRSTFED 2Q CY2003 annualized non-interest expense of \$68.1 million before amortization of intangible assets and 2Q CY2003 annualized net revenue of \$106.2 million before provision for loan losses and gain on sale of securities.

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Rapid Capital Generation

PRO FORMA FOR THE TRANSACTION, CAPITAL LEVELS REMAIN COMFORTABLY ABOVE REGULATORY "WELL CAPITALIZED" REQUIREMENTS AND STRENGTHEN CONSIDERABLY BY THE END OF 2004

Webster Standalone at
6/30/03 (1)

Pro Forma Transaction at
3/31/04 (close)

Pro Forma Transaction
at 12/31/04

[bar graph]

[bar graph]

[bar graph]

Note: Dotted line area represents excess over regulatory "well capitalized" requirements.

1. Adjusted for the issuance of \$75 million of trust preferred securities on September 18, 2003 and pending acquisition of North American Bank and Trust Company.

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Proven Merger Integration Experience

- Webster is strong operationally and a highly experienced acquiror
- Webster has successfully integrated over 20 depository and finance company transactions since the early 1990's
- Realistic expense saving targets and no revenue enhancements assumed
- Earnings estimates for FIRSTFED are conservative
- Similar organizations - strong asset quality, similar balance sheet composition and market demographics

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Merger Integration Track Record

(IN MILLIONS)

YEAR	BANK/FINANCE COMPANY	ASSETS ACQUIRED/ ASSETS WBS ASSETS AT		DEPOSITS ACQUIRED/ DEPOSITS WBS DEPOSITS	
		ACQUIRED	ANNOUNCEMENT	ACQUIRED	AT ANNOUNCEMENT
1991	Suffield Bank	\$301.4	42.9%	\$264.1	46.3%
1992	First Constitution Bank	1,300.3	47.7	1,222.7	166.9
1993	Bristol Savings Bank	504.3	23.9	478.2	28.7
1994	Shoreline Bank & Trust	51.0	1.9	47.4	2.2
1995	Shelton Bancorp	295.0	10.6	271.4	12.5
1995	Shawmut Branch Purchase	807.0	26.6	850.0	39.4
1996	DS Bancor, Inc.	1,257.4	32.8	1,031.0	33.2
1997	People's Savings Financial	482.4	12.3	358.1	11.6
1997	Sachem Trust Company N.A.	300.0	4.9	NA	NA
1997	Eagle Financial Corp.	2,013.4	29.6	1,385.4	32.5
1998	Maritime Bank & Trust	103.7	1.1	91.2	1.6
1998	Village Bancorp, Inc.	234.3	2.6	215.6	3.8
1999	New England Community	786.9	8.9	635.0	11.5
1999	Chase Manhattan Bank branches	NA	NA	165.0	3.0
1999	FleetBoston branches	NA	NA	138.0	2.5
1999	MECH Financial, Inc.	1,097.2	12.2	664.7	11.9
2001	Center Capital Corp.	260.0	2.3	NM	NM
2002	IBJ Whitehall	500.0	4.1	NM	NM
2003	Budget Installment Corp.	NA	NA	NM	NM
2003	North American Bank	192.0	1.3	147.9	1.9
2003	FirstFed	\$2,680.5	18.5%	\$1,528.5	18.9%

SOURCE: SNL FINANCIAL. INCLUDES BANK AND FINANCE COMPANY ACQUISITIONS ONLY.

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Summary

- Creates a powerful force in southern New England

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- FIRSTFED possesses strong fundamentals
- Great strategic fit that enhances franchise
- Consistent with Webster's strategy of pursuing in-market or adjacent-market acquisitions of high quality companies
- Solid earnings accretion with achievable cost savings projections
- Significant fee income opportunities identified
- Balance sheet deleveraging significantly improves funding mix, accelerating transformation to a commercial bank
- Webster has a proven track record of integrating acquisitions

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Appendix

FIRSTFED Market Positions

Bristol, MA

Rank	Institution	Branches	Deposits	Market Share
1	FleetBoston Financial Corp. (MA)	29	\$1,179.4	17.37
2	Seacoast Financial Services (MA)			
3	FIRSTFED AMERICA BANCORP	14	1,129.7	16.64
4	Beacon Bankcorp (MA)	9	547.7	8.07
5	Royal Bank of Scotland Group	15	450.5	6.64
6	Sovereign Bancorp Inc. (PA)	11	388.3	5.72
7	Narragansett Financial Corp. (MA)	7	378.2	5.57
8	Slade's Ferry Bancorp (MA)	11	343.9	5.07
9	Fall River Five Cents Svgs Bk (MA)	8	340.7	5.02
10	North Easton Savings Bank (MA)	7	310.3	4.57

Plymouth, MA

Rank	Institution	Branches	Deposits	Market Share
1	Independent Bank Corp. (MA)	31	\$1,176.3	21.42%
2	Royal Bank of Scotland Group	14	79.3	14.45

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3	Plymouth Bancorp Inc. (MA)	11	592.4	10.79
4	Abington Bancorp Inc. (MA)	9	463.2	8.43
5	FleetBoston Financial Corp. (MA)	113	339.2	6.18
6	Seacoast Financial Services (MA)	8	258.2	4.70
7	Hingham Instit. for Savings (MA)	4	209.9	3.82
8	Campello Bancorp (MA)	4	183.5	3.34
9	Sovereign Bancorp Inc. (PA)	8	176.8	3.22
10	Bridgewater Savings Bank (MA)	4	169.9	3.09
14	FIRSTFED AMERICA BANCORP	4	140.30	2.55

Newport, RI

Rank	Institution	Branches	Deposits	Market Share
1.	Bank of Nweport (RI)	7	\$475.3	48.80%
2	Royal Bank of Scotland Group	5	189.0	19.40
3	FleetBoston Financial Corp. (MA)	4	111.8	11.48
4	Sovereign Bancorp Inc. (PA)	2	109.3	11.22
5	Newport FSB (RI)	2	86.9	8.92
6	FIRSTFED AMERICA BANCORP	1	1.8	0.18

Kent, RI

Rank	Institution	Branches	Deposits	Market Share
1	Royal Bank of Scotland Group	12	\$903.5	40.18%
2	Centreville Savings Bank (RI)	4	468.7	20.85
3	FleetBoston Financial Corp. (MA)	5	246.6	10.97
4	Sovereign Bancorp Inc. (PA)	3	243.9	10.85
5	Bancorp Rhode Island Inc. (RI)	4	144.0	6.40
6	Home Loan Financial Corp. (RI)	2	113.3	5.04
7	MetLife Inc. (NY)	1	83.4	3.71
8	FIRSTFED AMERICA BANCORP	1	33.4	1.49
9	Massachusetts State Carpenters (MA)	1	7.4	0.33
10	Sargent Investors Inc. (RI)	1	4.2	0.19

Norfolk, MA

Rank	Institution	Branches	Deposits	Market Share
1	FleetBoston Financial Corp. (MA)	35	\$3,255.3	23.45%
2	Royal Bank of Scotland Group	30	2,544.5	18.33
3	Sovereign Bancorp Inc. (PA)	17	705.8	5.09
4	Dedham Institution for Savings (MA)	9	704.3	5.07
5	Brookline Bancorp Inc. (MA)	5	632.6	4.56
6	South Shore Savings Bank (MA)	10	581.7	4.19
7	Eastern Bank Corporation (MA)	7	404.7	2.92
8	Bank of Canton (The) (MA)	3	360.5	2.60
9	Benjamin Franklin Bancorp MHC (MA)	6	336.4	2.42
10	Seacoast Financial Serices (MA)	5	323.3	2.33
44	FIRSTFED AMERICA BANCORP	1	32.7	0.24

Providence, RI

Rank	Institution	Branches	Deposits	Market Share
1	Royal Bank of Scotland Group	48	\$4,793.2	47.63%
2	FleetBoston Financial Corp. (MA)	34	2,847.8	28.30
3	Sovereign Bankcorp Inc. (PA)	21	1,306.4	12.98
4	Bancorp Rhode Island Inc. (RI)	9	557.2	5.54
5	FIRSTFED AMERICA BANCORP	4	130.2	1.29
6	Sargent Investors Inc. (RI)	1	129.3	1.28

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7	Washington Trust Bancorp (RI)	2	121.2	1.20
8	Home Loan Financial Corp. (RI)	1	89.6	0.89
9	Milford FS&LA (MA)	1	42.8	0.43
10	Centreville Savings Bank (RI)	1	14.5	0.14

Source: SNL Financial. Deposit data as of June 30, 2002. Deposits in millions.
Excludes institutional deposits.

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FIRSTFED Historical Financial Performance (\$ in millions)

	Fiscal Year Ended March 31,			Qtr Ended June 30,	
Balance Sheet Items	2001	2002	2003	2002	2003
Assets	\$1,671	\$2,294	\$2,414	\$2,408	\$2,681
Securities	552	723	718	895	777
Loans, net	977	1,126	1,241	1,131	1,379
MSRs	6	5	5	6	5
Deposits	707	1,317	1,427	1,323	1,529
Borrowings	815	755	712	841	873
Tang. Shareholders' Equity	110	100	139	110	146
Profitability					
Core Income	\$9.2	\$135	\$23.0	\$4.4	\$6.3
Core ROAA	0.78 %	0.70 %	0.95 %	0.78 %	1.01 %
Core ROAE	11.8	9.7	13.0	11.8	12.9
NIM	2.66	2.27	2.62	2.66	2.60
Efficiency Ratio	NA	59.5	61.5	68.5	62.2
Fee Income/Operating Revenue	19.4	20.5	13.8	15.0	11.6
Asset Quality					
NCOs / Avg. Loans	0.02 %	0.04 %	0.04 %	0.04 %	0.02 %
NPAs/Assets	0.09	0.31	0.14	0.12	0.08
Reserves / Loans	1.34	1.68	1.53	1.67	1.40
NPLs / Loans	0.13	0.32	0.26	0.23	0.14
Reservess/PLs	993.47	519.4	585.0	718.6	NM
Capital Adequacy and Other					
Tang. Equity/Tang. Assets	6.61 %	4.45 %	5.91 %	4.69%	5.57 %
Leverage Ratio	6.27	5.72	6.08	5.51	5.66
Total Risk Based Capital Ratio	13.58	10.36	11.02	11.18	10.58
Borrowings/Assets	48.8	32.9	29.5	34.9	32.6
Loans Serviced for Others	\$1,531	\$1,588	\$1,412	\$1,582	1,292

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MSRs/Loans Serviced for Others	0.39 %	0.31 %	0.35 %	0.40 %	0.40 %
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Source: SNL Financial and Company reports.

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Estimated Deal Costs

(\$ IN MILLIONS)

	COST

Employee-Related Costs	\$24.6
Contract Termination Costs	11.8
Transaction Costs	6.4

TOTAL RESTRUCTURING CHARGE (PRE-TAX)	\$42.8
Taxes (1)	(12.2)

TOTAL RESTRUCTURING CHARGE (AFTER-TAX)	\$30.6

1. Assumes 85% of total restructuring charge is tax deductible.

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NEW ENGLAND