

WASHINGTON TRUST BANCORP INC
Form S-3
October 20, 2008

As filed with the Securities and Exchange Commission on October 20, 2008

Registration Statement No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

WASHINGTON TRUST BANCORP, INC.
(Exact name of Registrant as specified in its charter)

Rhode Island
(State or other
jurisdiction of
incorporation or
organization)

05-0404671
(I.R.S. Employer
Identification No.)

23 Broad Street
Westerly, Rhode Island 02891
(401) 348-1200
(Address, including zip code, and telephone number, including area code of
Registrant's principal executive offices)

John C. Warren
Chairman and Chief Executive Officer
Washington Trust Bancorp, Inc.
23 Broad Street
Westerly, Rhode Island 02891
(401) 348-1200
(Name, address, including zip code, and telephone number, including area code,
of agent for service)

Copies to:
Paul W. Lee, Esq.
James P. Barri, Esq.
Goodwin Procter LLP
Exchange Place
Boston, Massachusetts 02109

(617) 570-1000

Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this Registration Statement.

If the only securities being registered on this form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," "non-accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated
filer

Accelerated
filer

Non-accelerated filer
(Do not check if a
smaller reporting company)

Smaller reporting
company

CALCULATION OF REGISTRATION FEE

Title of Each Class Of Securities To Be Registered	Amount to Be Registered (1)	Proposed Maximum Offering Price Per Unit (2)	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock, par value \$0.0625 per share	2,500,000	\$22.07	\$55,175,000	\$2,169

(1) This registration statement also relates to an indeterminate number of shares of common stock of Washington Trust Bancorp, Inc. that may be issued upon stock splits, stock dividends or similar transactions in accordance with Rule 416 under the Securities Act.

(2) Determined pursuant to Rule 457(c) under the Securities Act solely for the purpose of calculating the registration fee based on the average of the high and low sales prices for Washington Trust Bancorp, Inc.'s common stock on October 15, 2008 as reported on the NASDAQ Global Market.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Subject to Completion, Dated October 20, 2008

PROSPECTUS

2,500,000 Shares

Washington Trust Bancorp, Inc.

Common Stock
(par value \$0.0625 per share)

This prospectus relates to the offer and sale by the selling stockholders identified in this prospectus, and any of their pledgees, donees, transferees or other successors in interest, of up to an aggregate of 2,500,000 shares of common stock of Washington Trust Bancorp, Inc. We are filing the registration statement of which this prospectus is a part at this time to fulfill contractual obligations to do so, which we undertook at the time of the original issuance of the shares. We will not receive any of the proceeds from the sale of the common stock by the selling stockholders, but we are bearing the expense of registration.

Our common stock is listed on the NASDAQ Global Market under the symbol "WASH." On October 17, 2008, the last reported sale price of our common stock on the NASDAQ Global Market was \$23.44.

Investing in our securities involves various risks. In our Annual Report on Form 10-K for the year ended December 31, 2007, which is incorporated by reference in this prospectus, we identify and discuss several risk factors that you should consider before investing in our securities.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities, or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is _____, 2008

Table of Contents

	Page
Prospectus Summary	1
Special Statement Regarding Forward-Looking Statements	4
The Selling Stockholders	4
Use of Proceeds	6
Plan of Distribution	6
Incorporation by Reference	9
Where You Can Find More Information	10
Experts	11
Legal Matters	11

No dealer, sales representative or any other person has been authorized to give any information or to make any representations in connection with this offering other than those contained in this prospectus, and, if given or made, such information or representations must not be relied upon as having been authorized by our company or any other person.

This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities other than the shares of common stock to which it relates or an offer to, or a solicitation of, any person in any jurisdiction where such an offer or solicitation would be unlawful. Neither the delivery of this prospectus nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our company or that information contained herein or in the documents incorporated by reference herein is correct as of any time subsequent to the date hereof or thereof, as the case may be.

PROSPECTUS SUMMARY

This summary only highlights the more detailed information appearing elsewhere in this prospectus or incorporated herein by reference. As this is a summary, it may not contain all information that is important to you. You should read this entire prospectus, including the documents incorporated by reference herein, carefully before deciding whether to invest in our common stock.

This prospectus contains forward-looking statements. You should read the explanation of the qualifications and limitations on such forward-looking statements on page 4 of this prospectus. You should not place undue reliance on our forward-looking statements.

Unless the context otherwise requires, all references to “we,” “us,” “our company” or “the Company” in this prospectus refers to Washington Trust Bancorp, Inc., a Rhode Island corporation, together with the other entities with which we consolidate our financial statements.

About Washington Trust Bancorp, Inc.

We are a \$2.7 billion financial holding company headquartered in Westerly, Rhode Island. Through our wholly-owned subsidiary, The Washington Trust Company (the “Bank”), and our other subsidiaries we operate seventeen banking offices and four wealth management offices in Rhode Island, southeast Connecticut and Massachusetts. Founded in 1800, the Bank is the largest independent bank headquartered in Rhode Island and one of the oldest community banks in the nation. A state-chartered bank, it offers a wide range of financial services, including business banking, personal banking, and wealth management and trust services.

We are a Rhode Island corporation. Our principal executive offices are located at 23 Broad Street, Westerly, Rhode Island 02891, and our telephone number is 401-348-1200. Our website is www.washtrust.com. The information found on our website is not part of this prospectus.

The Offering

This prospectus relates to the offering and sale of up to an aggregate of 2,500,000 shares of our common stock by the selling stockholders. The shares covered by this prospectus were issued in October 2008 in a private placement.

We are registering the common stock covered by this prospectus in order to fulfill our contractual obligations to do so, which we undertook at the time of the original issuance of the shares. Registration of the common stock does not necessarily mean that all or any portion of such stock will be offered for sale by the selling stockholders.

We have agreed to bear the expenses of the registration of the common stock under federal and state securities laws, but we will not receive any proceeds from the sale of any common stock offered under this prospectus.

Plan of Distribution

The selling stockholders may sell the common stock through agents or dealers, directly to one or more individuals, institutional or other purchasers or through any combination of these methods of sale. The distribution of the common stock may be effected in one or more transactions at fixed prices, at prevailing market prices at the time of the sale, at varying prices determined at the time of sale, or at negotiated prices. See "Plan of Distribution" beginning on page 6.

Risk Factors

Our business is subject to numerous risks as discussed more fully in the section entitled "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2007, which is incorporated by reference in this prospectus. Principal risks of our business include the following, among others:

- Interest rate volatility may reduce our profitability. Our consolidated results of operations depend, to a large extent, on the level of net interest income, which is the difference between interest income from interest-earning assets, such as loans and investments, and interest expense on interest-bearing liabilities, such as deposits and borrowings. If interest rate fluctuations cause the cost of interest-bearing liabilities to increase faster than the yield on interest-earning assets, then our net interest income will decrease.
- The market value of wealth management assets under administration may be negatively affected by changes in economic and market conditions. Revenues from wealth management services represented 28% of our total revenues for 2007. A substantial portion of these fees are dependent on the market value of wealth management assets under administration, which are primarily marketable securities. Changes in domestic and foreign economic conditions, volatility in financial markets, and general trends in business and finance, all of which are beyond our control, could adversely impact the market value of these assets and the fee revenues derived from the management of these assets.
- Due to strong competition, our wealth management division may not be able to attract and retain clients at current levels. Competition is strong because there are numerous well-established and successful investment management and wealth advisory firms including commercial banks and trust companies, investment advisory firms, mutual fund companies, stock brokerage firms, and other financial companies. Many of our competitors have greater resources than we have.
- We make various assumptions and judgments about the collectibility of our loan portfolio and provide an allowance for potential losses based on a number of factors. If our assumptions are wrong, our allowance for loan losses may not be sufficient to

cover our losses, which would have an adverse effect on our operating results, and may also cause us to increase the allowance in the future. Material additions to our allowance would materially decrease our net income.

- We maintain a diversified securities portfolio, which includes mortgage-backed securities issued by U.S. government and government sponsored agencies, obligations of the U.S. Treasury and government-sponsored agencies, securities issued by state and political subdivisions and corporate debt securities. We also invest in capital securities, which include common and preferred stocks as well as trust preferred securities. We seek to limit credit losses in our securities portfolios by generally purchasing only highly-rated securities. However, we may, in the future, experience losses attributable to credit risk in our securities portfolio that could materially adversely affect our results of operations.

In addition, in light of the current economic climate, we believe we also face the following risks:

Adverse capital and credit market conditions may significantly affect our ability to meet liquidity needs, access to capital and cost of capital, which may adversely affect our business activities, earnings, common stock price, among other things.

The capital and credit markets have been experiencing extreme volatility and disruption during much of 2008. In recent weeks, the volatility and disruption have reached unprecedented levels. In some cases, the markets have exerted downward pressure on the availability of liquidity and credit capacity, as well as the cost of credit/capital, for many companies, including our company. At this time we are unable to predict whether, or to what extent or for how long, these conditions will affect matters of importance to investors in our common stock, including (among others) our business activities, earnings and common stock price.

Governmental action to stabilize financial markets may not be effective or may have unforeseen results.

The recent enactment of the Emergency Economic Stabilization Act of 2008 and the U.S. Treasury plan to acquire commercial paper could affect our business in ways that we are currently unable to predict. In addition, the U.S. Treasury Department, the Federal Reserve and other U.S. and foreign governmental and regulatory bodies have taken or may take additional actions to address the financial crisis. There can be no assurance concerning the nature or scope of any impact such actions may have on the financial and credit markets, including the extreme levels of volatility and lack of liquidity and credit currently being experienced. Such continued volatility and liquidity constraints could materially and adversely affect our business, financial condition and results of operations, as well as the trading price of our common stock.

Recent market volatility may affect the market price of our common stock.

Stock markets have experienced significant price and volume volatility over the past year, and this volatility has increased to unprecedented levels in recent weeks. In addition to this volatility, prices of equity securities generally, including our common stock, have fluctuated significantly. The market price and volume of our common stock may continue to be subject to

significant fluctuations and downward trends due not only to general stock market conditions but also due to changes in market views regarding the banking industry generally, our business operations and prospects, and the future availability and cost of capital.

SPECIAL STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus, including the documents incorporated by reference herein, contains statements that are “forward-looking statements.” You can identify forward-looking statements by the use of the words “believe,” “expect,” “anticipate,” “intend,” “estimate,” “assume,” “outlook,” “will,” “should,” and other expressions that predict or indicate future events and trends and which do not relate to historical matters. You should not rely on forward-looking statements, because they involve known and unknown risks, uncertainties and other factors, some of which are beyond our control. These risks, uncertainties and other factors may cause our actual results, performance or achievements to be materially different from the anticipated future results, performance or achievements expressed or implied by the forward-looking statements.

Some of the factors that might cause these differences include the following: changes in general national or regional economic conditions or conditions affecting the banking or financial services industries or financial capital markets, reductions in net interest income resulting from interest rate volatility as well as changes in the balance and mix of loans and deposits, reductions in the market value of wealth management assets under administration, reductions in loan demand, changes in loan collectibility, default and charge-off rates, changes in the value of investment securities, changes in the size and nature of our competition, changes in legislation or regulation and accounting principles, policies and guidelines and changes in the assumptions used in making such forward-looking statements. In addition, the factors described under “Risk Factors” in Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2007, as filed with the SEC, may result in these differences. You should carefully review all of these factors, and you should be aware that there may be other factors that could cause these differences. These forward-looking statements were based on information, plans and estimates at the date of this prospectus or the date of the document incorporated by reference herein, as applicable, and we assume no obligation to update any forward-looking statements to reflect changes in underlying assumptions or factors, new information, future events or other changes.

THE SELLING STOCKHOLDERS

We are filing this registration statement pursuant to the Registration Rights Agreement, dated October 2, 2008, by and among us and the entities listed on the table below under the heading “Selling Stockholders” (to whom we refer to herein as the “selling stockholders”).

The selling stockholders are offering up to an aggregate of 2,500,000 shares of our common stock issued pursuant to the Share Purchase Agreement, dated October 2, 2008, by and among us and the selling stockholders. We are registering the aforementioned shares of common stock in order to permit the selling stockholders to offer the shares for resale from time to time pursuant to obligations we undertook in connection with the issuance of the shares. We have agreed to pay all expenses in connection with this offering, not including underwriting, broker or

similar fees or commissions of the selling stockholders or any legal fees and expenses of counsel to the selling stockholders.

The following table sets forth, for each selling stockholder, the total number of shares of common stock currently beneficially owned, the number of shares of common stock covered by this prospectus and the total number of shares of common stock that the selling stockholder will beneficially own upon completion of this offering. The amounts set forth below are based upon information provided to us by representatives of the selling stockholders, or on our records, and are accurate to the best of our knowledge as of the date specified below. It is possible, however, that the selling stockholders may acquire or dispose of additional shares of common stock from time to time after the date of this prospectus. This table assumes that the selling stockholders will sell all of the shares of common stock covered by this prospectus. We cannot assure you that the selling stockholders will sell all or any portion of the common stock offered hereby.

The common stock offered by this prospectus may be offered from time to time by the selling stockholders named below, or by any of their pledgees, donees, transferees or other successors in interest, provided that such pledgees, donees, transferees or other successors in interest offering common stock using this prospectus are named as selling stockholders in this prospectus via supplement or amendment in accordance with the Securities Act (except where sales by any such person or entity under this prospectus could not exceed 500 shares, in which case that person or entity need not be named in a prospectus supplement).

Selling Stockholders

Name	Common Stock Beneficially Owned(1)	Common Stock Offered Hereby	Common Stock to be Beneficially Owned After Offering(2)	Percentage of All Common Stock(3)
AIG Retirement Company I - Small Cap Fund (4)	5,500	5,500		*
Bay Pond Investors (Bermuda) L.P. (5)	132,600	132,600		*
Bay Pond Partners, L.P. (5)	317,400	317,400		*
John Hancock Bank and Thrift Fund	198,110	198,110		*
John Hancock Regional Bank Fund	401,890	401,890		*
Sandler O'Neill Asset Management, LLC - Malta Hedge Fund, L.P. (6)	6,200	6,200		*
Sandler O'Neill Asset Management, LLC - Malta Hedge Fund II, L.P. (6)	36,000	36,000		*
Sandler O'Neill Asset Management, LLC - Malta MLC Fund, L.P. (6)	21,800	21,800		*
Sandler O'Neill Asset Management, LLC - Malta MLC Offshore, Ltd. (6)	25,400	25,400		*
Sandler O'Neill Asset Management, LLC - Malta Offshore, Ltd. (6)	10,600	10,600		*
Royce Family Investments, LLC	110,447.66	25,000	85,477.66	*
Samlyn Offshore Ltd	89,700	89,700		*
Samlyn Onshore Fund LP	60,300	60,300		*
TD Mutual Funds - TD U.S. Small Cap Equity Fund (4)	6,900	6,900		*
T. Rowe Price Financial Services Fund, Inc. (4)	50,000	50,000		*
T. Rowe Price Institutional Small-Cap Stock Fund (4)	27,200	27,200		*
T. Rowe Price Personal Strategy Balanced Fund (4)	3,700	3,700		*

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T. Rowe Price Personal Strategy Balanced Portfolio (4)	500	5000	*
T. Rowe Price Personal Strategy Growth Fund (4)	3,900	3,9000	*

5

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T. Rowe Price Personal Strategy Income Fund (4)	1,400	1,4000	*
T. Rowe Price Small-Cap Stock Fund, Inc. (4)	400,900	400,9000	*
Wasatch Micro Cap Fund (7)	225,000	225,0000	*
Wasatch Small Cap Value Fund (8)	450,000	450,000	