

*This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended and may not be offered or sold within the United States or to a U.S. Person. **Information has been incorporated by reference in this prospectus from documents filed with the securities commissions or similar authorities in Canada.** Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary, The Toronto-Dominion Bank, Toronto-Dominion Centre, Toronto, Canada, M5K 1A2 (telephone: (416) 308-6963) and are also available electronically at www.sedar.com.*

Short Form Prospectus

Initial Public Offering

September 8, 2008



TD Capital Trust III^(TM) *(a trust established under the laws of Ontario)*

\$1,000,000,000
1,000,000 TD Capital Trust III Securities — Series 2008 (TD CaTS III^(TM))

TD Capital Trust III (the “Trust”) is a closed-end trust established under the laws of Ontario by Computershare Trust Company of Canada (the “Trustee”) pursuant to a declaration of trust dated as of August 20, 2008, as amended and restated from time to time (the “Declaration of Trust”). The Trust proposes to issue and sell to investors pursuant to this short form prospectus (the “Offering”) a series of transferable trust units of the Trust (the “TD Capital Trust III Securities”) called TD Capital Trust III Securities-Series 2008 or “TD CaTS III”. The Offering will provide The Toronto-Dominion Bank (the “Bank”) with a cost-effective means of raising capital for Canadian bank regulatory purposes. In addition to the issue and sale by the Trust of the TD CaTS III, the Trust will issue securities called Special Trust Securities (the “Special Trust Securities” and, collectively with the TD Capital Trust III Securities, the “Trust Securities”) to the Bank and/or one or more of its affiliates. The Bank will at all times own, directly or indirectly, all of the Special Trust Securities. See “Description of the Trust Securities”. **The Trust may, at any time and from time to time, issue additional Special Trust Securities or TD Capital Trust III Securities of any series without the authorization of holders of TD CaTS III.** See “Description of the Trust Securities – Issue of Additional Trust Securities”.

On the last day of June and December of each year (each, a “Distribution Date”) commencing June 30, 2009 to and including December 31, 2018, unless the Bank has failed to declare Dividends (as defined herein) on the basis described herein, a holder of TD CaTS III will be entitled to receive a non-cumulative fixed cash distribution (an “Indicated Distribution”) of \$36.215 per TD CaTS III, representing a per annum yield of 7.243% of the \$1,000 initial issue price. The initial Indicated Distribution payable on December 31, 2008, if such date is a Regular Distribution Date (as defined herein), in respect of the period from and including the anticipated closing date for the Offering of September 17, 2008 (the “Closing Date”) up to but excluding December 31, 2008, will be \$20.836 per TD CaTS III. On each Regular Distribution Date following December 31, 2018, the applicable Indicated Distribution per TD CaTS III will be determined by multiplying \$1,000 by one half of the sum of the Bankers’ Acceptance Rate (as defined herein) for the Distribution Period (as defined herein) immediately preceding such Distribution Date plus 430 basis points. Each Distribution Date will be either a Regular Distribution Date (as defined herein) or a Distribution Diversion Date (as defined herein). A Distribution Date will be a Regular Distribution Date if the Bank has declared Dividends as described under “Description of the Trust Securities — The TD CaTS III — Indicated Distribution”. On a Regular Distribution Date, the Indicated Distribution will be payable by the Trust on the TD CaTS III. If, on December 31 of any year, Net

^(TM) Trade marks of The Toronto-Dominion Bank used under license by the Trustee.

Distributable Funds (as defined herein) of the Trust remain after payment of the Indicated Distribution on the TD CaTS III (and any other series of TD Capital Trust III Securities) on each Regular Distribution Date in such year, the Bank, and/or one or more of its affiliates, as holder(s) of the Special Trust Securities, will be entitled to receive such remaining Net Distributable Funds on that date. Any Distribution Date will be a Distribution Diversion Date if the Bank has failed to declare Dividends on the basis described herein. **The Indicated Distribution will not be payable by the Trust on the TD CaTS III (and no distributions will be payable on any other series of TD Capital Trust III Securities) on a Distribution Diversion Date and, instead, the Net Distributable Funds of the Trust as at such Distribution Diversion Date will be payable to the Bank, and/or one or more of its affiliates, as the holder(s) of the Special Trust Securities.**

Pursuant to the terms of a Bank Share Exchange Trust Agreement between the Bank, the Exchange Trustee (as defined herein) and the Trust (the “Bank Share Exchange Agreement”), the Bank will covenant for the benefit of holders of TD CaTS III (the “Dividend Stopper Undertaking”) that if, on any Regular Distribution Date, the Trust fails to pay the Indicated Distribution in full on the TD CaTS III, the Bank will not declare dividends of any kind on any preferred shares or common shares of the Bank (the “Bank Common Shares”, and collectively with the preferred shares, the “Dividend Restricted Shares”) until the 10th month following the Trust’s failure to pay the Indicated Distribution in full on the TD CaTS III (the “Dividend Declaration Resumption Month”) unless the Trust first pays such Indicated Distribution (or the unpaid portion thereof) to holders of TD CaTS III. **It is in the interest of the Bank to ensure, to the extent within its control, that the Trust pays the Indicated Distribution in full on the TD CaTS III on each Regular Distribution Date so as to avoid triggering the Dividend Stopper Undertaking.** See “Description of the Trust Securities — The TD CaTS III — Bank Dividend Stopper Undertaking” and “Risk Factors”.

TD CaTS III will not be redeemable or exchangeable for Bank Class A Preferred Shares at the option of the holders.

Each TD CaTS III will be exchanged automatically (the “Automatic Exchange”), without the consent of the holder thereof, for newly issued Class A First Preferred Shares, Series A9 of the Bank (“Bank Preferred Shares Series A9”) if: (i) an application for a winding-up order in respect of the Bank pursuant to the *Winding-Up and Restructuring Act* (Canada) is filed by the Attorney General of Canada or a winding-up order in respect of the Bank pursuant to that Act is granted by a court; (ii) the Superintendent of Financial Institutions (Canada) (the “Superintendent”) advises the Bank in writing that the Superintendent has taken control of the Bank or its assets pursuant to the *Bank Act* (Canada) (the “Bank Act”); (iii) the Superintendent advises the Bank in writing that the Superintendent is of the opinion that the Bank has a risk-based Tier 1 Capital ratio of less than 5.0% or a risk-based Total Capital ratio of less than 8.0%; (iv) the board of directors of the Bank (the “Board of Directors”) advises the Superintendent in writing that the Bank has a risk-based Tier 1 Capital ratio of less than 5.0% or a risk-based Total Capital ratio of less than 8.0%; or (v) the Superintendent directs the Bank pursuant to the Bank Act to increase its capital or provide additional liquidity and the Bank elects to cause the exchange as a consequence of the issuance of such direction or the Bank does not comply with such direction to the satisfaction of the Superintendent within the time specified therein (each, a “Loss Absorption Event”). Following the Automatic Exchange, holders of TD CaTS III immediately prior to the Automatic Exchange will cease to have any claim or entitlement in relation to the Trust Assets. **If the Automatic Exchange were to occur and Bank Preferred Shares Series A9 were issued in exchange for TD CaTS III, the cost-effective nature of the consolidated capital raised by the Bank through the issuance of the TD CaTS III would be lost. Accordingly, it is in the interest of the Bank to ensure that an Automatic Exchange does not occur, although the events that could give rise to an Automatic Exchange, namely the occurrence of a Loss Absorption Event, may be beyond the control of the Bank.** See “Description of the Trust Securities — The TD CaTS III — Automatic Exchange” and “Description of Bank Preferred Shares Series A9”.

Upon the occurrence of a Tax Event (as defined herein) or a Capital Disqualification Event (as defined herein and, collectively with the Tax Event, a “Special Event”), in each case prior to December 31, 2013, the Trust may, with Superintendent Approval (as defined herein), at its option, upon not less than 30 nor more than 90 days’ prior written notice, redeem the TD CaTS III (the “Trust Special Event Redemption Right”) in whole (but not in part) without the consent of the holders thereof, for a cash amount per TD CaTS III (the “Early Redemption Price”) equal to the greater of: (i) the Redemption Price (as defined herein); and (ii) the TD CaTS III Canada Yield Price (as defined herein). See “Description of the Trust Securities — The TD CaTS III — Trust Special Event Redemption Right”.

On December 31, 2013 and on any Distribution Date thereafter, the Trust may, with Superintendent Approval, at its option, upon not less than 30 nor more than 60 days’ prior written notice, redeem the TD CaTS III (the “Trust

Redemption Right”) in whole (but not in part) without the consent of the holders thereof, for a cash amount per TD CaTS III equal to: (i) the Early Redemption Price if the redemption occurs prior to December 31, 2018; or (ii) the Redemption Price if the redemption occurs on or after December 31, 2018. See “Description of the Trust Securities — The TD CaTS III — Trust Redemption Right”.

It is expected that the Trust Assets will be purchased primarily from the Bank and/or its affiliates. The Bank will act as Administrative Agent (as defined herein) to the Trust and the Bank and/or one or more of its affiliates will, collectively, act as Servicer (as defined herein) of the Trust Assets. See “Activities of the Trust”.

The TD CaTS III have been structured with the intention of achieving Tier 1 regulatory capital for purposes of the Capital Guidelines (as defined herein) and as such, have, in certain circumstances, features similar to those of equity securities. The Bank has received confirmation from the Superintendent that the TD CaTS III will qualify as risk-based Tier 1 Capital of the Bank under the Capital Guidelines, subject to the Superintendent’s review of the documentation relating to the Offering. As indicated above, upon the occurrence of a Loss Absorption Event, the TD CaTS III will be exchanged automatically for newly issued Bank Preferred Shares Series A9. In such event, former holders of TD CaTS III would rank as preferred shareholders of the Bank in a liquidation of the Bank and as a result, such former holders of TD CaTS III will have no claim or entitlement to the Trust Assets other than indirectly in their capacity as preferred shareholders of the Bank. See “Description of the Trust Securities – The TD CaTS III - Automatic Exchange” and “Risk Factors – Automatic Exchange of TD CaTS III for Bank Preferred Shares Series A9”.

An investment in TD CaTS III could be replaced in certain circumstances, without the consent of the holder, by an investment in Bank Preferred Shares Series A9. Investors should therefore carefully consider the disclosure with respect to the Bank and the Bank Preferred Shares Series A9 included and incorporated by reference in this short form prospectus. An investment in TD CaTS III is subject to certain risks. See “Risk Factors”.

It is not expected that the TD CaTS III will be listed on any stock exchange. There is no market through which these securities may be sold and purchasers may not be able to resell securities purchased under this short form prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See “Risk Factors”.

The Bank will undertake, pursuant to the Bank Share Exchange Agreement, to use best efforts to permit the Bank Preferred Shares Series A9 delivered pursuant to the Automatic Exchange to be listed, quoted or posted for trading on a Canadian stock exchange or quotation system and to take such reasonable steps as may be necessary to ensure that such Bank Preferred Shares Series A9 remain so listed, quoted or posted for trading.

The Trust is expected to be a registered investment for purposes of the *Income Tax Act* (Canada) (the “Tax Act”) and, as such, it is expected that the TD CaTS III will be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans and registered disability savings plans. See “Eligibility for Investment”.

Price: \$1,000 per TD CaTS III

The Underwriters (as defined herein), as principals, conditionally offer the TD CaTS III, subject to prior sale if, as and when issued by the Trust and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under “Plan of Distribution”, and subject to the approval of certain legal matters on behalf of the Trust and the Bank by McCarthy Tétrault LLP and on behalf of the Underwriters by Fasken Martineau DuMoulin LLP. **TD Securities Inc. is a wholly-owned subsidiary of the Bank. Each of the Trust and the Bank is a related and connected issuer of TD Securities Inc. under applicable securities legislation by virtue of the Bank’s interest in the Trust and TD Securities Inc. See “Plan of Distribution”.** This short form prospectus also qualifies for distribution the Automatic Exchange and the Subscription Right (as defined herein).

	Price to the Public	Underwriters' Fee	Net Proceeds to Trust⁽¹⁾
Per TD CaTS III.....	\$1,000	\$10	\$990
Total.....	\$1,000,000,000	\$10,000,000	\$990,000,000

⁽¹⁾ Before deduction of expenses of the Offering, estimated at \$1,000,000 which, together with the Underwriters' fee, will be paid by the Trust from funds borrowed under the Credit Facility. See "Activities of the Trust – Liquidity".

Subscriptions for the TD CaTS III will be received by the Underwriters subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that the Closing Date will be on or about September 17, 2008 or such later date as the Trust, the Bank and the Underwriters may agree, but in any event not later than October 24, 2008. The TD CaTS III will be issued in "book-entry only" form and, accordingly, physical certificates representing TD CaTS III will not be available except in limited circumstances. See "Description of the Trust Securities — The TD CaTS III — Book-Entry Only Form".

The Trust's head and registered office is located at c/o The Toronto-Dominion Bank, Toronto Dominion Bank Tower, Toronto-Dominion Centre, Toronto, Ontario, M5K 1A2.

TABLE OF CONTENTS

ELIGIBILITY FOR INVESTMENT.....	6
FORWARD-LOOKING STATEMENTS.....	6
DOCUMENTS INCORPORATED BY REFERENCE	8
PROSPECTUS SUMMARY.....	9
THE OFFERING.....	9
THE TRUST.....	13
RISK FACTORS.....	14
GLOSSARY.....	15
THE TRUST.....	22
THE BANK.....	23
ACTIVITIES OF THE TRUST.....	25
CAPITALIZATION OF THE TRUST.....	28
DESCRIPTION OF THE TRUST SECURITIES	29
DESCRIPTION OF BANK PREFERRED SHARES SERIES A9	35
CANADIAN FEDERAL INCOME TAX CONSIDERATIONS.....	39
PLAN OF DISTRIBUTION.....	42
RATINGS.....	43
USE OF PROCEEDS	43
MATERIAL CONTRACTS.....	44
RISK FACTORS.....	44
PRINCIPAL HOLDERS OF SECURITIES.....	46
INTERESTS OF THE BANK AND ITS AFFILIATES IN MATERIAL TRANSACTIONS	47
LEGAL MATTERS	47
TRANSFER AGENT AND REGISTRAR AND EXCHANGE TRUSTEE.....	47
AUDITORS.....	47
LEGAL PROCEEDINGS.....	47
PROMOTER	47
EXEMPTIONS FROM NATIONAL INSTRUMENT 44-101	48
STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION.....	48
APPENDIX A	A-1
APPENDIX B.....	B-1
CERTIFICATE OF THE TRUST	C-1
CERTIFICATE OF THE BANK.....	C-2
CERTIFICATE OF THE UNDERWRITERS.....	C-3

ELIGIBILITY FOR INVESTMENT

Based on certain factual information provided by the Trust and the Underwriters to counsel, at the time of the closing of the Offering, the Trust will be eligible to qualify as a registered investment for purposes of the Tax Act. The Trust will apply for acceptance by the Minister of National Revenue as a registered investment for registered retirement savings plans, registered retirement income funds and deferred profit sharing plans. If the Trust is accepted for registration in 2008 with an effective date on or before the date of this short form prospectus, then, in the opinion of McCarthy Tétrault LLP, on behalf of the Bank and the Trust, and Fasken Martineau DuMoulin LLP, on behalf of the Underwriters, the TD CaTS III, if issued on the date of this short form prospectus, would be, on such date, qualified investments under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans and registered disability savings plans.

THE TD CaTS III, WHILE EXCHANGEABLE IN CERTAIN CIRCUMSTANCES FOR PREFERRED SHARES OF THE BANK, DO NOT REPRESENT OBLIGATIONS OF OR INTERESTS IN AND ARE NOT GUARANTEED OR INSURED BY, THE TORONTO-DOMINION BANK, COMPUTERSHARE TRUST COMPANY OF CANADA OR ANY OF THEIR RESPECTIVE AGENTS OR AFFILIATES. THE TD CaTS III ARE NOT INSURED OR GUARANTEED BY THE CANADA DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY OR INSTRUMENTALITY.

FORWARD-LOOKING STATEMENTS

This short form prospectus, including those documents incorporated by reference, may contain forward-looking statements. All such statements are made pursuant to the “safe harbour” provisions of the U.S. Private Securities Litigation Reform Act of 1995 and applicable Canadian securities legislation. Forward-looking statements include, among others, statements regarding the Bank’s objectives and targets for 2008 and beyond, and strategies to achieve them, the outlook for the Bank’s business lines, and the Bank’s anticipated financial performance. The forward-looking information contained in this prospectus, including those documents incorporated by reference, is presented for the purpose of assisting the Bank’s securityholders in understanding its financial position as at and for the periods ended on the dates presented and the Bank’s strategic priorities and objectives, and may not be appropriate for other purposes. The economic assumptions for 2008 for each of the Bank’s business segments are set out in the Bank’s Annual Report to Shareholders for the year ended October 31, 2007 (the “Annual Report”) under the headings “Economic Outlook” and “Business Outlook and Focus for 2008”, as updated in the Bank’s subsequently filed quarterly Reports to Shareholders. Forward-looking statements are typically identified by words such as “will”, “should”, “believe”, “expect”, “anticipate”, “intend”, “estimate”, “plan”, “may” and “could”. By their very nature, these statements require the Bank to make assumptions and are subject to inherent risks and uncertainties, general and specific, which may cause actual results to differ materially from the expectations expressed in the forward-looking statements. Some of the factors – many of which are beyond the Bank’s control – that could cause such differences include: credit, market (including equity and commodity), liquidity, interest rate, operational, reputational, insurance, strategic, foreign exchange, regulatory, legal and other risks discussed in the Bank’s Annual Report and in other regulatory filings made in Canada and with the U.S. Securities and Exchange Commission; general business and economic conditions in Canada, the U.S. and other countries in which the Bank conducts business, as well as the effect of changes in monetary policy in those jurisdictions and changes in the foreign exchange rates for the currencies of those jurisdictions; the degree of competition in the markets in which the Bank operates, both from established competitors and new entrants; the accuracy and completeness of information the Bank receives on customers and counterparties; the development and introduction of new products and services in markets; developing new distribution channels and realizing increased revenue from these channels; the Bank’s ability to execute its strategies, including its integration, growth and acquisition strategies and those of its subsidiaries, particularly in the U.S.; changes in accounting policies (including future accounting changes) and methods the Bank uses to report its financial condition, including uncertainties associated with critical accounting assumptions and estimates; changes to the Bank’s credit ratings; global capital market activity; the Bank’s ability to attract and retain key executives; reliance on third parties to provide components of the Bank’s business infrastructure; the failure of third parties to comply with their obligations to the Bank or its affiliates as such obligations relate to the handling of personal information; technological changes; the use of new technologies in unprecedented ways to defraud the Bank or its customers; legislative and regulatory developments; change in tax laws; unexpected judicial or regulatory proceedings; continued negative impact of the U.S. securities litigation environment; unexpected changes in consumer spending and

saving habits; the adequacy of the Bank's risk management framework, including the risk that the Bank's risk management models do not take into account all relevant factors; the possible impact on the Bank's businesses of international conflicts and terrorism; acts of God, such as earthquakes; the effects of disease or illness on local, national or international economies; and the effects of disruptions to public infrastructure, such as transportation, communication, power or water supply. A substantial amount of the Bank's business involves making loans or otherwise committing resources to specific companies, industries or countries. Unforeseen events affecting such borrowers, industries or countries could have a material adverse effect on the Bank's financial results, businesses, financial condition or liquidity. The preceding list is not exhaustive of all possible factors. Other factors could also adversely affect the Bank's results. For more information, see the discussion starting on page 59 of the Annual Report. All such factors should be considered carefully when making decisions with respect to the Bank and the Trust, and undue reliance should not be placed on the Bank's forward-looking statements as they may not be suitable for other purposes. The Bank does not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time by or on its behalf, except as required under applicable securities legislation. See "Risk Factors".

DOCUMENTS INCORPORATED BY REFERENCE

The following documents have been filed by the Bank with the Superintendent and the various securities commissions or similar authorities in each of the provinces and territories of Canada, are specifically incorporated by reference in, and form an integral part of, this short form prospectus:

- (i) the Bank's consolidated audited financial statements for the fiscal year ended October 31, 2007 with comparative consolidated financial statements for the fiscal year ended October 31, 2006, together with the auditors' report thereon and Management's Discussion and Analysis as contained in the Annual Report;
- (ii) the Bank's Annual Information Form dated November 29, 2007 (the "Annual Information Form");
- (iii) the Bank's Management Proxy Circular dated as of January 24, 2008; and
- (iv) the Bank's Third Quarter Report to Shareholders for the three and nine months ended July 31, 2008, which includes comparative consolidated interim financial statements (unaudited) and Management's Discussion and Analysis (the "Third Quarter 2008 Report to Shareholders").

Any documents of the type referred to in items (i) through (iv) above and any material change reports (excluding confidential material change reports), any business acquisition reports and any other disclosure documents filed by the Bank or the Trust with the various securities commissions or any similar authorities in Canada pursuant to the requirements of applicable securities legislation, after the date of this short form prospectus and prior to the completion or termination of the Offering, shall be deemed to be incorporated by reference into this short form prospectus.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this short form prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this short form prospectus. Copies of the documents incorporated by reference herein may be obtained on request without charge from the Corporate Secretary of the Bank, The Toronto-Dominion Bank, Toronto-Dominion Centre, Toronto, Ontario, M5K 1A2 (telephone: (416) 308-6963) and are also available electronically at www.sedar.com.

PROSPECTUS SUMMARY

The following is a summary of the principal features of the Offering and is qualified in its entirety by and should be read in conjunction with the more detailed information appearing elsewhere in this short form prospectus. Reference is made to the Glossary section for the meaning of certain defined terms.

THE OFFERING

- Issuer:** TD Capital Trust III, a closed-end trust established under the laws of the Province of Ontario pursuant to the Declaration of Trust.
- Offering:** 1,000,000 TD Capital Trust III Securities — Series 2008 (“TD CaTS III”), being a series of a class of units of the Trust.
- Amount of Offering:** \$1,000,000,000.
- Price:** \$1,000 per TD CaTS III.
- Ratings:** The TD CaTS III have been given a preliminary rating of A (high) with a stable trend by DBRS Limited (“DBRS”), Aa2 by Moody’s Investors Service, Inc. (“Moody’s”) and P-1 (low) Canadian national scale and A global scale by Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies (Canada) Corporation (“S&P”). A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating organization. See “Ratings”.
- Use of Proceeds:** The gross proceeds to the Trust from the Offering of \$1,000,000,000, together with the proceeds received on the Closing Date by the Trust of \$440,000,000 from the subscription by the Bank and/or one or more of its affiliates for Special Trust Securities, will be used to fund the acquisition by the Trust of the Initial Trust Assets (as herein defined) from the Bank and/or its affiliates. The Bank, in turn, intends to use the proceeds from the sale of the Initial Trust Assets for general corporate purposes. The Bank expects that the proceeds from the sale of the TD CaTS III will be included as Tier 1 Capital of the Bank. See “Use of Proceeds”.
- Indicated Distribution:** Each TD CaTS III entitles the holder to receive the Indicated Distribution of (i) \$36.215 on the last day of June and December of each year commencing June 30, 2009 to and including December 31, 2018 provided that such date is a Regular Distribution Date, representing a per annum yield of 7.243% of the initial issue price; and (ii) on Regular Distribution Dates following December 31, 2018, an amount equal to the result obtained by multiplying \$1,000 by one half of the sum of the Bankers’ Acceptance Rate (as defined herein) for the Distribution Period (as defined herein) immediately preceding such Distribution Date plus 430 basis points. The initial Indicated Distribution, payable on December 31, 2008 will be \$20.836 per TD CaTS III in respect of the period from and including the Closing Date up to but excluding December 31, 2008. A Distribution Date will be a Regular Distribution Date unless the Bank has failed to declare (such failure being a “Distribution Diversion Event”) regular cash dividends on preferred shares of the Bank, or if no such shares are then outstanding, on the Bank Common Shares, in accordance with the Bank’s ordinary dividend practice in effect from time to time (in either case, a “Dividend”) in the Reference Dividend Declaration Month. The Reference Dividend Declaration Month in respect of any Distribution Date (other than December 31, 2008) is the most recent Dividend Declaration Month (as defined herein) preceding the commencement of the Distribution Period ending on the day preceding such Distribution Date. The Reference Dividend Declaration Month in respect of the December 31, 2008 Distribution Date is the month of August. Accordingly, whether the Indicated Distribution on the TD CaTS III will be payable by the Trust on any Distribution Date will be determined prior to the commencement of the Distribution Period

ended on the day preceding such Distribution Date.

On any Regular Distribution Date, the Indicated Distribution will be payable by the Trust to each holder of TD CaTS III. If, on December 31 of any year, Net Distributable Funds (as defined herein) of the Trust remain after payment of the Indicated Distribution on the TD CaTS III (and any other series of TD Capital Trust III Securities) on each Regular Distribution Date in such year, the Bank, and/or one or more of its affiliates, as holder(s) of the Special Trust Securities, will be entitled to receive such remaining Net Distributable Funds on that date. The Indicated Distribution on the TD CaTS III will not be payable by the Trust on a Distribution Diversion Date (and no distributions will be payable on any other series of TD Capital Trust III Securities) and, instead, the Net Distributable Funds of the Trust as of such date will be distributed to the Bank, and/or one or more of its affiliates, as the holder(s) of the Special Trust Securities. See “Description of the Trust Securities — The TD CaTS III — Indicated Distribution”.

**Bank Dividend
Stopper Undertaking:**

Pursuant to the terms of the Bank Share Exchange Agreement, the Bank will covenant for the benefit of holders of TD CaTS III that if, on any Regular Distribution Date, the Trust fails to pay the Indicated Distribution in full on the TD CaTS III, the Bank will not declare dividends of any kind on any of the Dividend Restricted Shares until the Dividend Declaration Resumption Month, unless the Trust first pays such Indicated Distribution (or the unpaid portion thereof) to holders of TD CaTS III. **It is in the interest of the Bank to ensure, to the extent within its control, that the Trust pays the Indicated Distribution in full on the TD CaTS III on each Regular Distribution Date so as to avoid triggering the Dividend Stopper Undertaking.** See “Description of the Trust Securities — The TD CaTS III — Bank Dividend Stopper Undertaking” and “Risk Factors”.

Voting Rights:

The TD CaTS III are non-voting except in certain limited circumstances. See “Description of the Trust Securities — The TD CaTS III — Voting Rights”.

Automatic Exchange:

Each TD CaTS III will be exchanged automatically (the “Automatic Exchange”), without the consent of the holder thereof, for 40 Bank Preferred Share Series A9 if: (i) an application for a winding-up order in respect of the Bank pursuant to the *Winding-up and Restructuring Act* (Canada) is filed by the Attorney General of Canada or a winding-up order in respect of the Bank pursuant to that Act is granted by a court; (ii) the Superintendent advises the Bank in writing that the Superintendent has taken control of the Bank or its assets pursuant to the Bank Act; (iii) the Superintendent advises the Bank in writing that the Superintendent is of the opinion that the Bank has a risk-based Tier 1 Capital ratio of less than 5.0% or a risk-based Total Capital ratio of less than 8.0%; (iv) the Board of Directors advises the Superintendent in writing that the Bank has a risk-based Tier 1 Capital ratio of less than 5.0% or a risk-based Total Capital ratio of less than 8.0%; or (v) the Superintendent directs the Bank pursuant to the Bank Act to increase its capital or provide additional liquidity and the Bank elects to cause the exchange as a consequence of the issuance of such direction or the Bank does not comply with such direction to the satisfaction of the Superintendent within the time specified therein (each, a “Loss Absorption Event”). The Automatic Exchange shall occur as of 8:00 a.m. (Eastern time) on the date that a Loss Absorption Event occurs. Following the Automatic Exchange, holders of TD CaTS III immediately prior to the Automatic Exchange will cease to have any claim or entitlement in relation to the Trust Assets.

If, for any reason, the Automatic Exchange does not result in the exchange of all TD CaTS III then outstanding for Bank Preferred Shares Series A9, the Trust will redeem each TD CaTS III not so exchanged for consideration consisting of 40 Bank Preferred Shares Series A9. **If the Automatic Exchange were to occur and Bank Preferred Shares Series A9 were issued in exchange for the TD CaTS III, the cost-effective nature of the consolidated capital raised by the Bank through the issuance of the TD CaTS III would be lost. Accordingly, it is in the interest of the Bank to ensure that an Automatic**

Exchange does not occur, although the events that could give rise to an Automatic Exchange, namely the occurrence of a Loss Absorption Event, may be beyond the Bank's control. See "Description of the Trust Securities — The TD CaTS III — Automatic Exchange" and "Description of Bank Preferred Shares Series A9".

The Bank Preferred Shares Series A9 will pay quarterly non-cumulative cash dividends, as and when declared by the Board of Directors, equal to \$0.36875 per share, representing an annual yield of 5.90%. See "Description of Bank Preferred Shares Series A9".

The Bank's by-laws currently provide that if the Bank has declared but not paid, or set apart for payment, dividends on its then issued and outstanding Bank Class A Preferred Shares, the approval of existing holders of Bank Class A Preferred Shares is needed before a new series of such shares can be created or issued. As a regulated financial institution, the Bank must meet liquidity and capital adequacy requirements before it declares or pays dividends. Accordingly, the Bank only declares dividends if it satisfies these requirements and, as a result, the Bank expects that it would be in a position to set aside funds for the payment of any dividends declared.

No Redemption or Exchange at the Option of the Holder:

TD CaTS III will not be redeemable or exchangeable for Bank Class A Preferred Shares at the option of the holders.

Trust Special Event Redemption Right:

Upon the occurrence of a Special Event prior to December 31, 2013, the TD CaTS III will, upon not less than 30 nor more than 90 days' prior written notice by the Trust, with Superintendent Approval, be redeemable by the Trust at its option in whole (but not in part) and without the consent of the holders thereof, for a cash amount per TD CaTS III equal to the Early Redemption Price, being the greater of: (i) the Redemption Price; and (ii) a price per TD CaTS III calculated to provide an annual yield thereon to December 31, 2018 equal to the Government of Canada Yield (as defined herein) plus 0.94% determined on the Business Day immediately preceding the date on which the Trust has given notice of the redemption of the TD CaTS III as a consequence of the exercise of the Trust Special Event Redemption Right plus the Unpaid Indicated Distribution (the "TD CaTS III Canada Yield Price"). See "Description of the Trust Securities — The TD CaTS III — Trust Special Event Redemption Right".

Trust Redemption Right:

On December 31, 2013 and on any Distribution Date thereafter, the Trust may, with Superintendent Approval, at its option, upon not less than 30 nor more than 60 days' prior written notice, redeem the TD CaTS III in whole (but not in part) and without the consent of the holders thereof, for a cash amount per TD CaTS III equal to: (i) the Early Redemption Price if the redemption occurs prior to December 31, 2018; or (ii) the Redemption Price if the redemption occurs on or after December 31, 2018. See "Description of the Trust Securities — The TD CaTS III — Trust Redemption Right".

Purchase for Cancellation:

On or after the date that is five years after the Closing Date, the TD CaTS III may be purchased, in whole or in part, by the Trust, with Superintendent Approval, in the open market or by tender or private contract at any price. TD CaTS III purchased by the Trust shall be cancelled and shall not be reissued.

Rights on Termination of the Trust:

As long as any TD CaTS III are outstanding, the Trust may only be terminated with the approval of the Bank, and/or one or more of its affiliates, as holder(s) of the Special Trust Securities, and with Superintendent Approval: (i) upon the occurrence of a Special Event prior to December 31, 2013; or (ii) for any reason on December 31, 2013 or on any Distribution Date thereafter. The Declaration of Trust provides that holders of TD CaTS III are not entitled to initiate proceedings for the termination of the Trust and that holders of TD CaTS III will have no rights to receive a distribution of the Trust Assets prior to the

termination of the Trust.

Pursuant to the Bank Share Exchange Agreement, the Bank will covenant for the benefit of holders of TD CaTS III that, as long as any TD CaTS III are outstanding, the Bank will not approve the termination of the Trust unless the Trust has sufficient funds to pay the Early Redemption Price or the Redemption Price, as applicable. Holders of TD CaTS III and the Bank and/or one or more of its affiliates, as holder(s) of the Special Trust Securities, will rank *pari passu* in the distribution of the property of the Trust in the event of a termination of the Trust, after the discharge of the claims of creditors, if any. See “Description of the Trust Securities — The TD CaTS III — Rights on Termination of the Trust.”

Additional Bank Covenants:

In addition to the Dividend Stopper Undertaking, the Bank will covenant for the benefit of the holders of TD CaTS III, pursuant to the Bank Share Exchange Agreement, that:

- (i) all of the outstanding Special Trust Securities will be held at all times, directly or indirectly, by the Bank; and
- (ii) as long as any TD CaTS III are outstanding, the Bank will not take any action to cause the termination of the Trust except as set forth under “Description of the Trust Securities — The TD CaTS III — Rights on Termination of the Trust” and only with Superintendent Approval.

The Bank will be entitled to assign or otherwise transfer its obligations under the Bank Share Exchange Agreement only in the event of a merger, consolidation, amalgamation or reorganization, or a sale of all or substantially all of the assets of the Bank.

Book-Entry Only Form:

The TD CaTS III will be issued under the book-entry only system operated by CDS Clearing and Depository Services Inc. or its nominees (“CDS”) and must be purchased or transferred through participants (collectively, “Participants”) in the depository service of CDS. Participants include securities brokers and dealers, banks and trust companies. Accordingly, physical certificates representing the TD CaTS III will not be available except in the limited circumstances described under “Description of the Trust Securities — The TD CaTS III — Book-Entry Only Form”.

Special Trust Securities

On or prior to the closing of the Offering, the Bank, and/or one or more of its affiliates, will subscribe for Special Trust Securities. The Special Trust Securities allow the Bank, and/or such affiliates, to vote with respect to certain matters regarding the Trust and to receive the Net Distributable Funds, if any, of the Trust after payment of the Indicated Distribution on the TD CaTS III. See “Description of the Trust Securities – The Special Trust Securities”.

THE TRUST

General

The Trust is a closed-end trust established under the laws of the Province of Ontario by the Trustee pursuant to a Declaration of Trust. The Offering will provide investors with the opportunity to invest in TD CaTS III and will provide the Bank with a cost-effective means of raising capital for Canadian bank regulatory purposes. All of the Special Trust Securities will be owned by the Bank, directly or indirectly. See “Description of the Trust Securities — The Special Trust Securities”. As a result of the Offering, the Trust will become a reporting issuer for the purposes of applicable securities laws in Canada and will be required, among other things, to make continuous disclosure filings with applicable securities regulatory authorities; however, the Trust intends to apply to the securities regulatory authorities in these provinces and territories, as appropriate, for exemptions from certain continuous disclosure requirements prescribed by applicable securities legislation for reporting issuers. See “The Trust – Exemptions from Certain Continuous Disclosure Requirements”.

Activities of the Trust

The Trust’s objective is to acquire and hold the Trust Assets that will generate net income for distribution to holders of Trust Securities. The Initial Trust Assets will consist primarily of Co-Ownership Interests acquired by the Trust under the Sales, Pooling and Servicing Agreements and the Purchase Agreements (each as defined herein). The Trust Assets may consist of Residential Mortgages, Co-Ownership Interests, Mortgage-Backed Securities, Eligible Investments (each as defined herein) and contractual rights in respect of the activities and operations of the Trust (the “Eligible Trust Assets”). The Trust intends to acquire the Trust Assets primarily from the Bank and/or its affiliates. The Trust Assets will be serviced directly or indirectly by the Bank and/or one or more of its affiliates. The Trust will, from time to time, purchase additional Eligible Trust Assets out of proceeds received in connection with the Trust Assets. The price of any Trust Asset purchased by the Trust is intended to be equal to the fair market value thereof. See “Activities of the Trust — Description of the Initial Trust Assets”.

Capitalization

As a newly-formed entity, the Trust has no prior operating history. Immediately after the issuance by the Trust of the TD CaTS III pursuant to the Offering, the subscription by the Bank and/or one or more of its affiliates for the Special Trust Securities and the purchase by the Trust of the Initial Trust Assets, the Trust will have approximately \$1,440,000,000 in Trust Assets, \$1,000,000,000 of capital attributable to the TD CaTS III and \$440,000,000 of capital attributable to the Special Trust Securities. See “Activities of the Trust — Certain Transactions Incidental to the Offering”, “Capitalization of the Trust” and “Risk Factors”.

Conflicts of Interest

Due to the nature of the Trust’s relationship with the Bank and its affiliates, it is possible that conflicts of interest may arise with respect to certain transactions between the parties. It is intended that any agreements or transactions between the Trust, on the one hand, and the Bank or its affiliates, on the other hand, will be fair to all parties and consistent with market terms for such types of transactions. However, there can be no assurance that any such agreement or transaction will be on terms as favourable to the Trust as would have been obtained from unaffiliated third parties. See “Activities of the Trust — Conflict of Interest Policies”.

Servicing of Trust Assets

The Trust Assets will be serviced directly or indirectly by the Bank and/or one or more of its affiliates. The Trust Assets will generally be acquired by the Trust on a fully-serviced basis. See “Activities of the Trust — Description of Eligible Trust Assets — General”.

Administration and Advisory Agreement

The Trustee will enter into an administration and advisory agreement with the Bank (the “Administration and Advisory Agreement”) pursuant to which the Trustee will delegate certain of its duties in relation to the Trust to the Bank. The Bank, in its role as advisor and administrative agent under the Administration and Advisory Agreement (the “Administrative Agent”), will provide the Trust advice and counsel with respect to the management of the Trust Assets and other advice or counsel as may be requested from time to time by the Trust and will administer the day-to-day operations of the Trust. The Administrative Agent may from time to time delegate or sub-contract all or a portion of its obligations under the Administration and Advisory Agreement to one or more of its affiliates. The Bank and certain of its affiliates and their respective personnel have substantial experience in mortgage finance and in the administration of assets similar to the Trust Assets. See “Activities of the Trust — The Administrative Agent”.

Liquidity

The Trust will only borrow funds from the Bank pursuant to a credit facility extended by the Bank to the Trust (the “Credit Facility”) and will use borrowed funds only for the purposes of ensuring liquidity in the normal course of the Trust’s activities and to facilitate the payment by the Trust of the expenses of the Offering. The Bank will charge interest rates that are not higher than prevailing market rates on any borrowings by the Trust. See “Activities of the Trust — Liquidity”.

RISK FACTORS

The purchase of TD CaTS III is subject to certain risks including the following: (i) in certain specified circumstances, including at a time when the Bank’s financial condition is deteriorating or proceedings for the winding-up of the Bank have been commenced, the TD CaTS III will be automatically exchanged for Bank Preferred Shares Series A9 without the consent of the holders of TD CaTS III and, as a result, holders of TD CaTS III will have no claim or entitlement to the Trust Assets other than indirectly in their capacity as preferred shareholders of the Bank; (ii) there can be no assurance that an interest rate environment in which there is a significant decline in interest rates would not adversely affect the Trust’s ability to pay the Indicated Distribution on each Distribution Date; (iii) changes in the credit ratings of the TD CaTS III or Bank Preferred Shares Series A9 may affect the market value of such securities; (iv) the ownership of shares of the Bank, including the Bank Class A Preferred Shares, is subject to certain restrictions; (v) the Trust will be dependent in virtually every phase of its operations on the diligence and skill of the Bank or its sub-contractors and delegates under the Administration and Advisory Agreement and the Bank and/or one or more of its affiliates as Servicer; (vi) it is not expected that the TD CaTS III will be listed on any stock exchange and thus there can be no assurance that an active trading market in the TD CaTS III will develop or be sustained or that the TD CaTS III may be resold at or above the initial public offering price; (vii) the Indicated Distribution is not cumulative and, as a result, if the Indicated Distribution is not paid on a Distribution Date by reason of the occurrence of a Distribution Diversion Event, a holder of TD CaTS III will not be entitled to receive such Indicated Distribution subsequently; (viii) the TD CaTS III have no fixed final maturity date and holders of TD CaTS III have no rights to call for the redemption of the TD CaTS III; and (ix) there can be no assurance that the income of the Trust from the Trust Assets will be sufficient to pay the Indicated Distribution on the TD CaTS III in full on each Regular Distribution Date. See “Risk Factors”.

GLOSSARY

In this short form prospectus, unless the context otherwise requires:

Accumulated Unpaid Indicated Distribution means, at any time, an amount, if any, per TD Capital Trust III Security equal to the Indicated Distribution thereon in respect of all previous Regular Distribution Dates remaining unpaid by the Trust.

Administration and Advisory Agreement means the agreement to be entered into on the Closing Date between the Trust and the Bank pursuant to which the Bank, or any successor thereto, will serve as Administrative Agent to the Trust.

Administrative Agent means the Bank in its capacity as advisor and administrative agent to the Trust pursuant to the Administration and Advisory Agreement or any successor to the Bank in such capacity.

Automatic Exchange means the automatic exchange of each TD CaTS III for 40 Bank Preferred Shares Series A9 upon the occurrence of a Loss Absorption Event.

Bank means The Toronto-Dominion Bank.

Bank Act means the *Bank Act* (Canada), as amended from time to time.

Bank Class A Preferred Shares means the Class A First Preferred Shares of the Bank (including the Bank Preferred Shares Series A9).

Bank Common Shares means the issued and outstanding common shares of the Bank.

Bank Preferred Shares Series A9 means the Class A First Preferred Shares, Series A9 of the Bank.

Bank Share Exchange Agreement means the Bank Share Exchange Trust Agreement to be entered into on the Closing Date between the Bank, the Trust and the Exchange Trustee providing for, among other things, the Dividend Stopper Undertaking and other covenants of the Bank as well as the respective rights and obligations of the Bank, the Trust and the holders of the TD CaTS III with respect to the exchange of TD CaTS III for Bank Preferred Shares Series A9 in connection with the Automatic Exchange.

Bankers' Acceptance Rate means, for any Distribution Period, or other period, the average bid rate of interest (expressed as an annual percentage rate) rounded to the nearest one-hundred-thousandth of one percent (with 0.000005 percent being rounded up) for Canadian dollar bankers' acceptances with maturities of six months which appears on the Reuters Screen CDOR Page as of 10:00 a.m., Toronto time, on the first Business Day of such period; provided that if such rate does not appear on the Reuters Screen CDOR Page on such day, the Bankers' Acceptance Rate for such period shall be the average of the bid rates of interest (expressed and rounded as set forth above) for Canadian dollar bankers' acceptances with maturities of six months for same day settlement as quoted by such of the Schedule I banks (as defined in the Bank Act) as may quote such a rate as of 10:00 a.m., Toronto time, on the first Business Day of such period.

Board of Directors means the board of directors of the Bank.

Business Day means a day on which Canadian chartered banks are open for business in the City of Toronto and which is not a Saturday or Sunday.

Capital Disqualification Event means a Tier 1 Capital Disqualification Event or a Total Capital Disqualification Event, as the case may be.

Capital Guidelines means the Canadian bank regulatory guidelines issued by the Superintendent or other governmental authority in Canada concerning the maintenance of adequate capital reserves by Canadian chartered banks, including the Bank, from time to time.

CDS means CDS Clearing and Depository Services Inc. and its nominees, or any successor thereto carrying on the business of a depository.

CDS Procedures mean the customary practices and procedures of CDS.

CMHC means Canada Mortgage and Housing Corporation.

Closing Date means the date of closing of the Offering.

Co-Owner means each person who holds a Co-Ownership Interest.

Co-Ownership Assets means assets held by the Custodian from time to time on behalf of the Co-Owners.

Co-Ownership Interests means undivided co-ownership interests in one or more pools of Residential Mortgages held by the Custodian from time to time as Co-Ownership Assets.

Credit Facility means the unsecured credit facility to be provided by the Bank to the Trust.

Current Unpaid Indicated Distribution means, at any time, an amount per TD Capital Trust III Security equal to the unpaid Indicated Distribution payable by the Trust thereon, if any, at that time, in respect of the current Distribution Period which, in respect of any calculation to be made on a Distribution Date, shall mean the Distribution Period ending on the day preceding such Distribution Date.

Custodian means CIBC Mellon Trust Company as agent, nominee and bare trustee under the Sales, Pooling and Servicing Agreements.

DBRS means DBRS Limited.

Declaration of Trust means the declaration of trust by the Trustee dated August 20, 2008 establishing the Trust and the rights, privileges, restrictions and conditions attached to the Trust Securities, as amended and restated.

Deferred Income Plans mean trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered disability savings plans and registered education savings plans.

Distribution Date means the last day in June and December of each year, which will be either: (i) a Regular Distribution Date if the Bank declares Dividends in the Reference Dividend Declaration Month; or (ii) a Distribution Diversion Date if the Bank does not declare Dividends in the Reference Dividend Declaration Month.

Distribution Diversion Date means a Distribution Date, other than a Regular Distribution Date, on which the Indicated Distribution on the TD CaTS III is not payable by the Trust and, instead, the Bank, and/or one or more of its affiliates, as holder(s) of the Special Trust Securities are entitled to receive the Net Distributable Funds of the Trust.

Distribution Diversion Event means the failure of the Bank to declare Dividends in a Reference Dividend Declaration Month, in which event the Distribution Date occurring on the day after the last day of the first Distribution Period commencing following such month shall be a Distribution Diversion Date.

Distribution Period means the periods from and including the Closing Date to but excluding December 31, 2008 and thereafter from and including each Distribution Date to but excluding the next following Distribution Date.

Dividend Declaration Month means each month in which the Bank ordinarily declares Dividends, currently being February, May and August, and either of November or December, in each year.

Dividend Declaration Resumption Month means the tenth month after a Regular Distribution Date on which the Trust fails to pay the Indicated Distribution in full on the TD CaTS III, being the first month in which the Bank may resume declaring dividends on the Dividend Restricted Shares following such Regular Distribution Date.

Dividend Restricted Shares means, collectively, any preferred shares of the Bank, whether ranking junior to, on a parity with or in priority to the Bank Class A Preferred Shares, and the Bank Common Shares, being the shares of the Bank that are subject to the Dividend Stopper Undertaking.

Dividend Stopper Undertaking means the undertaking of the Bank, for the benefit of the holders of TD CaTS III which is set forth in the Bank Share Exchange Agreement, to refrain from declaring dividends of any kind on the Dividend Restricted Shares from a Regular Distribution Date until the Dividend Declaration Resumption Month if, on such Regular Distribution Date, the Trust fails to pay the Indicated Distribution in full on the TD CaTS III.

Dividends means the regular cash dividends declared by the Bank on the preferred shares of the Bank, whether ranking junior to, on a parity with or in priority to, the Bank Class A Preferred Shares or, if no such shares are then outstanding, on the Bank Common Shares in accordance with the Bank's ordinary dividend practice in effect from time to time.

Early Redemption Price means a cash amount per TD CaTS III equal to the greater of: (i) the Redemption Price; and (ii) the TD CaTS III Canada Yield Price.

Eligible Investments means generally money and any debt obligation that is a qualified investment under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans, registered disability savings plans and deferred profit sharing plans, except where the qualification of such property contains conditions regarding the annuitant, the beneficiary, the employer or the subscriber under the plan unless the Trust is satisfied that such conditions are satisfied, subject to the provisions of the Declaration of Trust.

Eligible Trust Assets means Residential Mortgages, Co-Ownership Interests, Mortgage-Backed Securities, Eligible Investments, and contractual rights in respect of the activities and operations of the Trust.

Exchange Trustee means CIBC Mellon Trust Company, as trustee for the holders of TD CaTS III pursuant to the Bank Share Exchange Agreement.

Government of Canada Yield means, on any date, the average of the annual yields determined by any two registered Canadian investment dealers, each of which will be selected by, and must be independent of, the Bank and the Trust, as being the annual yield to maturity on such date, compounded semi-annually, which a non-callable Government of Canada Bond would carry if issued in Canadian dollars in Canada at 100% of its principal amount on the date of redemption or termination, as the case may be, with a maturity date of December 31, 2018.

Indicated Distribution means the non-cumulative fixed cash distribution per TD Capital Trust III Security payable by the Trust on each Regular Distribution Date, which in the case of TD CaTS III will be in the amount of (i) in the case of any Regular Distribution Date on or before December 31, 2018, other than December 31, 2008, \$36.215 per TD CaTS III; and (ii) in the case of any Regular Distribution Date after December 31, 2018, an amount per TD CaTS III determined by multiplying \$1,000 by one half of the sum of the Bankers' Acceptance Rate for the Distribution Period immediately preceding such Distribution Date plus 430 basis points. The initial Indicated Distribution on the TD CaTS III, payable on December 31, 2008 (if such date is a Regular Distribution Date), will be \$20.836 per TD CaTS III in respect of the period from and including the Closing Date up to but excluding December 31, 2008.

Ineligible Person means any person whose address is in, or whom the Bank or the Trust or its transfer agent has reason to believe is a resident of, any jurisdiction outside of Canada to the extent that the issuance by the Bank to such person, pursuant to the Automatic Exchange, of Bank Preferred Shares Series A9 would require the Bank to take any action to comply with securities, banking or analogous laws of such jurisdiction.

Initial Sellers means the Bank and/or its affiliates.

Initial Trust Assets means the Trust Assets to be acquired by the Trust from the Initial Sellers on the Closing Date pursuant to the Sales, Pooling and Servicing Agreements and the Purchase Agreements.

Loss Absorption Event means an event giving rise to the Automatic Exchange, being the occurrence of any one of the following: (i) an application for a winding-up order in respect of the Bank pursuant to the *Winding-up and Restructuring Act* (Canada) is filed by the Attorney General of Canada or a winding-up order in respect of the Bank pursuant to that Act is granted by a court; (ii) the Superintendent advises the Bank in writing that the Superintendent has taken control of the Bank or its assets pursuant to the Bank Act; (iii) the Superintendent advises the Bank in writing that the Superintendent is of the opinion that the Bank has a risk-based Tier 1 Capital ratio of less than 5.0% or a risk-based Total Capital ratio of less than 8.0%; (iv) the Board of Directors advises the Superintendent in writing that the Bank has a risk-based Tier 1 Capital ratio of less than 5.0% or a risk-based Total Capital ratio of less than 8.0%; or (v) the Superintendent directs the Bank pursuant to the Bank Act to increase its capital or provide additional liquidity and the Bank elects to cause the exchange as a consequence of the issuance of such direction or the Bank does not comply with such direction to the satisfaction of the Superintendent within the time specified therein.

Moody's means Moody's Investors Service, Inc.

Mortgage-Backed Securities means securities representing undivided co-ownership interests in a pool of Residential Mortgages.

Net Distributable Funds means, at any time, the sum of: (i) income of the Trust (including any net taxable capital gains) in accordance with the provisions of the Tax Act derived by the Trust from the Eligible Trust Assets; and (ii) amounts received by the Trust from the Bank, and/or its affiliates, that are designated by the Bank, or such affiliates, as such, in each case that have not previously been distributed to holders of the Trust Securities.

New Bank Preferred Shares means the Bank Class A Preferred Shares of a new series that may be created by the Bank as contemplated by the Bank Preferred Shares Series A9.

Offering means the offering of TD CaTS III by the Trust pursuant to this short form prospectus.

Participants means the participants in the depository service of CDS.

Privately Insured Residential Mortgages means first mortgages on residential property situated in Canada that are insured by an insurance company.

Purchase Agreements means one or more purchase agreements among the Initial Sellers, the Custodian and the Trust providing for the transfer to the Trust of Co-Ownership Interests.

Redemption Price means, at any time in respect of each TD CaTS III, an amount equal to \$1,000 plus the Unpaid Indicated Distribution thereon, if any.

Reference Dividend Declaration Month means, in respect of any Distribution Date (other than December 31, 2008), the most recent Dividend Declaration Month occurring prior to the commencement of the Distribution Period ended on the day preceding such Distribution Date, such months currently being May and November under existing Bank dividend declaration practice and, in respect of the December 31, 2008 Distribution Date, the month of August.

Regular Distribution Date means a Distribution Date on which the Indicated Distribution on the TD CaTS III is payable by the Trust, by virtue of the Bank having declared Dividends in the Reference Dividend Declaration Month.

Residential Mortgages means, subject to the provisions of the Declaration of Trust, (i) CMHC insured first mortgages on residential property situated in Canada such as single family dwellings, duplexes, townhouses, condominium units or multiple-unit family dwellings; and (ii) such other first mortgages (or interests therein whether on a pooled basis or otherwise) on residential property situated in Canada, including, without limitation, conventional first mortgages, Privately Insured Residential Mortgages or lines of credit secured by first mortgages on residential property situated

in Canada; the debtor of which in each case is an individual resident in Canada for purposes of the Tax Act and so long as, in all cases, they are Eligible Investments.

Sales, Pooling and Servicing Agreements means one or more Sales, Pooling and Servicing Agreements between the Initial Sellers as sellers and initial servicers and the Custodian as agent, nominee and bare trustee for and on behalf of such sellers and the Co-Owners providing for the transfer of and servicing of Co-Ownership Interests.

S&P means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies (Canada) Corporation.

Servicer means the Bank and/or one or more of its affiliates, in their respective capacities as servicer of the Trust Assets pursuant to the terms of the Sales, Pooling and Servicing Agreements.

Significant Shareholder means any person who beneficially owns directly, or indirectly through entities controlled by such person or persons associated with or acting jointly or in concert with such person, shares of any class of the Bank in excess of 10% of total number of outstanding shares of that class.

Special Event means a Tax Event or a Capital Disqualification Event, as the case may be.

Special Trust Securities mean the Special Trust Securities to be issued by the Trust to the Bank and/or one or more of its affiliates.

Subscription Agreement means an agreement between the Trust and the Bank and/or one or more of its affiliates pursuant to which the Bank and/or one or more of its affiliates subscribes for Special Trust Securities.

Subscription Right means the right of the Trust to subscribe for Bank Preferred Shares Series A9 granted by the Bank to the Trust pursuant to the Bank Share Exchange Agreement so as to enable the Trust to redeem TD CaTS III, if any, remaining outstanding following the Automatic Exchange.

Superintendent means the Superintendent of Financial Institutions (Canada).

Superintendent Approval means the prior approval of the Superintendent in respect of an act or event which shall not, for greater certainty, be required in the case of an act or event constituting or arising as a consequence of a Total Capital Disqualification Event.

Tax Act means the *Income Tax Act* (Canada), as amended from time to time.

Tax Event means the Bank has received an opinion of a nationally recognized law firm in Canada experienced in such matters (who may be counsel to the Bank or the Trust) to the effect that, as a result of, (i) any amendment to, clarification of, or change (including any announced prospective change) in, the laws, or any regulations thereunder, or any application or interpretation thereof, of Canada, or any political subdivision or taxing authority thereof or therein, affecting taxation; (ii) any judicial decision, administrative pronouncement, published or private ruling, regulatory procedure, rule, notice, announcement, assessment or reassessment (including any notice or announcement of intent to adopt or issue such decision, pronouncement, ruling, procedure, rule, notice, announcement, assessment or reassessment) (collectively, an "administrative action"); or (iii) any amendment to, clarification of, or change in, the official position with respect to or the interpretation of any administrative action or any interpretation or pronouncement that provides for a position with respect to such administrative action that differs from the theretofore generally accepted position, in each of case (i), (ii) or (iii), by any legislative body, court, governmental authority or agency, regulatory body or taxing authority, irrespective of the manner in which such amendment, clarification, change, administrative action, interpretation or pronouncement is made known, which amendment, clarification, change or administrative action is effective or which interpretation, pronouncement or administrative action is announced on or after the date of issue of the TD CaTS III, there is more than an insubstantial risk (assuming any proposed or announced amendment, clarification, change, interpretation, pronouncement or administrative action is effective and applicable) that (A) the Bank or the Trust is, or may be, subject to more than a de minimus amount of additional taxes, duties or other governmental charges or civil liabilities because the treatment of any of its items of income, taxable income, expense, taxable capital or taxable paid-up capital with respect to the TD CaTS III or the

Trust (including the treatment by the Bank or the Trust of distributions made on the Trust Securities) or the treatment of the TD CaTS III, as or as would be reflected in any tax return or form filed, to be filed, or otherwise could have been filed, will not be respected by a taxing authority, or (B) the Trust is, or will be, subject to more than a de minimus amount of taxes, duties or other governmental charges or civil liabilities.

TD Capital Trust III Securities means the transferable trust units of the Trust.

TD CaTS III mean the first series of TD Capital Trust III Securities called TD Capital Trust III Securities-Series 2008 to be issued by the Trust to investors in Canada pursuant to the Offering.

TD CaTS III Canada Yield Price means a price per TD CaTS III calculated to provide an annual yield thereon to December 31, 2018, compounded semi-annually, equal to the Government of Canada Yield plus 0.94% determined on the Business Day immediately preceding the date on which the Trust has given notice of the redemption of the TD CaTS III (whether pursuant to the Trust Special Event Redemption Right or the Trust Redemption Right) or the Business Day immediately preceding the date of the termination of the Trust, as the case may be, plus the Unpaid Indicated Distribution. For such purposes, it is assumed that the Indicated Distribution will be paid on each Distribution Date to December 31, 2018.

Termination Distribution Ratio means a fraction, the numerator of which is the value of the Trust Assets to be distributed to holders of Trust Securities in connection with a termination of the Trust and the denominator of which is an amount equal to the sum of: (i) the aggregate of the Early Redemption Price of all TD Capital Trust III Securities then outstanding (if the termination is as a result of action taken by the Bank and occurs prior to a date specified with respect to each series) (in the case of TD CaTS III, December 31, 2018) or the aggregate of the Redemption Price of all TD Capital Trust III Securities then outstanding (in all other cases); and (ii) the total invested amount of the Bank and/or one or more of its affiliates in respect of the Special Trust Securities then outstanding.

Tier 1 Capital Disqualification Event means the determination by the Bank, after consultation with the Superintendent, that the TD CaTS III cannot be included in calculating the risk-based Tier 1 Capital of the Bank on a consolidated basis under the Capital Guidelines.

Total Capital Disqualification Event means the determination by the Bank, after consultation with the Superintendent, that the TD CaTS III cannot be included in calculating the risk-based Total Capital of the Bank on a consolidated basis under the Capital Guidelines.

Trust means TD Capital Trust III, the issuer of the Trust Securities.

Trust Assets means the Eligible Trust Assets held by the Trust from time to time.

Trust Redemption Right means the right of the Trust, at its option, to redeem all, but not less than all, of the TD CaTS III at a price per TD CaTS III equal to: (i) the Early Redemption Price, if the redemption occurs on December 31, 2013 or on any Distribution Date thereafter and prior to December 31, 2018; or (ii) the Redemption Price, if the redemption occurs on December 31, 2018 or on any Distribution Date thereafter subject, in each case, to Superintendent Approval.

Trust Securities means, collectively, the TD Capital Trust III Securities and the Special Trust Securities.

Trust Special Event Redemption Right means the right of the Trust, at its option, to redeem all, but not less than all, of the TD CaTS III at a price per TD CaTS III equal to the Early Redemption Price upon the occurrence of a Special Event prior to December 31, 2013, subject to Superintendent Approval.

Trustee means Computershare Trust Company of Canada, trustee of the Trust.

U.S. Person has the meaning set out under the U.S. Securities Act.

U.S. Securities Act means the United States Securities Act of 1933, as amended.

Underwriters means, collectively, TD Securities Inc., RBC Dominion Securities Inc., Scotia Capital Inc., CIBC World Markets Inc., BMO Nesbitt Burns Inc., HSBC Securities (Canada) Inc., National Bank Financial Inc., Merrill Lynch Canada Inc. and Desjardins Securities Inc.

Underwriting Agreement means the agreement dated September 8, 2008 between the Trust, the Bank and the Underwriters.

Unpaid Indicated Distribution means, at any time, an amount per TD Capital Trust III Security equal to the sum of the Accumulated Unpaid Indicated Distribution and the Current Unpaid Indicated Distribution.

Unless otherwise indicated, all dollar amounts in this short form prospectus are expressed in Canadian dollars.

THE TRUST

The Trust is a closed-end trust established under the laws of Ontario by the Trustee pursuant to the Declaration of Trust. The Trust has been formed for the purposes of creating and selling the Trust Securities and acquiring the Trust Assets, which will generate income for distribution to holders of Trust Securities, and providing the Bank with a cost-effective means of raising capital for Canadian bank regulatory purposes.

The head and registered office of the Trust is located at c/o The Toronto-Dominion Bank, Toronto Dominion Bank Tower, Toronto-Dominion Centre, Toronto, Ontario, M5K 1A2.

It is expected that the Trust will acquire the Trust Assets from the Bank and/or its affiliates. However, the Trust may also from time to time acquire Trust Assets from unrelated third parties. Pursuant to the Administration and Advisory Agreement, the Trustee will delegate certain of its duties with respect to the Trust to the Bank as Administrative Agent. As Administrative Agent, the Bank will provide advice and counsel to the Trust as set forth under “Activities of the Trust — The Administrative Agent”. The Bank and/or one or more of its affiliates will service the Trust Assets in their collective role as Servicer under the Sales, Pooling and Servicing Agreements. Immediately following the Offering, the Trust will have outstanding 1,000,000 TD CaTS III and the Special Trust Securities. Pursuant to the Bank Share Exchange Agreement, the Bank will covenant for the benefit of holders of TD CaTS III that, for so long as any TD CaTS III are outstanding, the Bank will, directly or indirectly, maintain ownership of 100% of the outstanding Special Trust Securities. For a further description of the operations of the Trust, see “Activities of the Trust”.

The Trust is not a trust company and does not carry on business as a trust company and, accordingly, the Trust is not registered under the trust company legislation of any jurisdiction. The Trust Securities are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of that act or any other legislation.

Exemptions from Certain Continuous Disclosure Requirements

As a result of the Offering, the Trust will become a reporting issuer in each of the provinces and territories of Canada where such concept exists and will be required, among other things, to make continuous disclosure filings with applicable securities regulatory authorities; however, the Trust intends to apply to the securities regulatory authorities in those provinces and territories (the “Commissions”), as appropriate, for exemptions from certain continuous disclosure requirements prescribed by applicable securities legislation for reporting issuers.

If granted, the exemptions will likely be conditional on holders of TD CaTS III receiving the interim unaudited and annual audited financial statements and annual reports of the Bank, and the Bank continuing to file with the Commissions its interim unaudited and annual audited financial statements, annual filings or management information circulars and, where applicable, its annual reports. If these exemptions are granted, the Trust will not be required to file with the Commissions, and holders of TD CaTS III will not receive, interim unaudited and annual audited financial statements, including management’s discussion and analysis of the financial condition and results of operation of the Trust, interim and annual certificates signed by the Chief Financial Officer and Chief Executive Officer of the Trust, information circulars or annual filings in lieu thereof (collectively, “annual filings”), annual information forms and, where applicable, annual reports of the Trust. It is expected, however, that the Trust will remain subject to the requirement to file material change reports in the event of any material change in the affairs of the Trust.

Exemptive relief is being sought by the Trust based on the following terms and conditions of the TD CaTS III and for the following reasons. The operating activity of the Trust will consist of acquiring and holding Trust Assets for the purpose of generating income for distribution to holders of Trust Securities. Accordingly, the information relating to the financial condition and operations of a reporting issuer that is contained in an annual information form and an annual filing will not, in respect of the Trust, be meaningful to holders of TD CaTS III. The payment of the Indicated Distribution on TD CaTS III and other TD Capital Trust III Securities is dependent on the declaration of Dividends by the Bank because the Indicated Distribution will not be payable if the Bank fails to declare Dividends in the Reference Dividend Declaration Month. See “Description of the Trust Securities — The TD CaTS III — Indicated Distribution”. Furthermore, in certain circumstances, including at a time when the Bank’s financial condition is deteriorating or proceedings for the winding-up of the Bank have been commenced the TD CaTS III and other TD Capital Trust III

Securities will be automatically exchanged for Bank Class A Preferred Shares. As a result of the foregoing, details of the Bank's financial condition (as opposed to that of the Trust) will be of interest to holders of TD CaTS III.

THE BANK

General

The Bank is a Canadian chartered bank subject to the provisions of the *Bank Act* (Canada) and was formed on February 1, 1955 through the amalgamation of The Bank of Toronto (established in 1855) and The Dominion Bank (established in 1869). The Bank and its subsidiaries are collectively known as TD Bank Financial Group. TD Bank Financial Group is the seventh largest bank in North America by number of branches and serves approximately 17 million customers in four key businesses operating in a number of locations in key financial centres around the globe: Canadian Personal and Commercial Banking, including TD Canada Trust; Wealth Management, including TD Waterhouse and an investment in TD Ameritrade; U.S. Personal and Commercial Banking through TD Banknorth and Commerce Bank (to be known together as TD Bank); and Wholesale Banking, including TD Securities. TD Bank Financial Group also ranks among the world's leading on-line financial services firms, with more than 5.5 million on-line customers.

The Bank's head office and registered office are located in the Toronto Dominion Bank Tower, Toronto-Dominion Centre, Toronto, Ontario, M5K 1A2.

The ownership by the Bank, either directly or through its subsidiaries, of the voting and non-voting securities of its principal subsidiaries is set out in Appendix A of the Annual Information Form.

Additional information regarding the Bank is incorporated by reference into this short form prospectus. See "Documents Incorporated by Reference".

Limitations Affecting Holders of Bank Shares

The Bank Act contains restrictions on the issue, transfer, acquisition, beneficial ownership and voting of all shares of a chartered bank. For example, no person shall be a major shareholder of a bank if the bank has equity of \$8 billion or more (which would include the Bank). A person is a major shareholder of a bank where: (i) the aggregate number of shares of any class of voting shares owned by that person, by entities controlled by that person and by any person associated or acting jointly or in concert with that person is more than 20% of that class of voting shares; or (ii) the aggregate number of shares of any class of non-voting shares beneficially owned by that person, by entities controlled by that person and by any person associated or acting jointly or in concert with that person is more than 30% of that class of non-voting shares. No person shall have a significant interest in any class of shares of a bank, including the Bank, unless the person first receives the approval of the Minister of Finance (Canada). For purposes of the Bank Act, a person (a "Significant Shareholder") has a significant interest in a class of shares of a bank where the aggregate of any shares of the class beneficially owned by that person, by entities controlled by that person and by any person associated or acting jointly or in concert with that person exceeds 10% of all of the outstanding shares of that class of shares of such bank. Purchasers of securities of the Bank (and Participants) may be required to furnish declarations relating to ownership (and ownership by clients of such Participants) in a form prescribed by the Bank.

Under the Bank Act, the Bank cannot redeem or purchase any of its shares, including the Bank Preferred Shares Series A9, unless the consent of the Superintendent has been obtained. In addition, the Bank Act prohibits a payment to purchase or redeem any shares or the declaration of a dividend if there are reasonable grounds for believing that the Bank is, or the payment would cause the Bank to be, in contravention of the capital adequacy and liquidity regulations of the Bank Act or directions of the Superintendent.

The Bank's ability to pay dividends on any of the Dividend Restricted Shares is also restricted in the event that either TD Capital Trust or TD Capital Trust II (both subsidiaries of the Bank) fails to pay semi-annual distributions in full to holders of Capital Trust Securities or TD Capital Trust II Securities, respectively. In addition, the ability to pay dividends on the Bank Common Shares without the approval of the holders of the Bank's outstanding preferred shares is restricted unless all dividends on the preferred shares have been declared and paid or set apart for payment.

Capital Adequacy Requirements

The Bank Act requires the Bank to maintain adequate capital in relation to its operations. The Superintendent has established risk-based capital targets for Canadian chartered banks of 7% (Tier 1 Capital) and 10% (Total Capital). The Superintendent has issued guidelines concerning the maintenance of adequate capital (the “Capital Guidelines”) and has statutory authority pursuant to subsection 485(3) of the Bank Act to direct the Bank to increase its capital even if the Bank is in compliance with the Capital Guidelines. The Bank has no reason to believe that the Superintendent intends to direct the Bank to increase its capital beyond that contemplated by the Bank’s announced financing plans. Pursuant to the Capital Guidelines, requirements are applied to the Bank on a consolidated basis including all subsidiaries except insurance subsidiaries or other regulated financial institutions whose leverage is inappropriate for a deposit-taking institution and which, because of their size, would have a material impact on the leverage of the consolidated entity.

The following table sets forth the risk-based Tier 1 Capital ratios and risk-based Total Capital ratios of the Bank as at the dates indicated:

	Risk-Based Tier 1 Capital ratio	Risk-Based Total Capital ratio
July 31, 2008 ⁽¹⁾	9.5%	13.4%
October 31, 2007	10.3%	13.0%
October 31, 2006	12.0%	13.1%
October 31, 2005	10.1%	13.2%
October 31, 2004	12.6%	16.9%
October 31, 2003	10.5%	15.6%
October 31, 2002	8.1%	11.6%
October 31, 2001	8.4%	11.9%
October 31, 2000	7.2%	10.8%
October 31, 1999	10.1%	13.3%

(1) Effective the first quarter of 2008, capital ratios are calculated using guidelines issued by the Office of the Superintendent of Financial Institutions under the new Basel II framework. Capital ratios for dates prior thereto are calculated using guidelines issued under the Basel I framework. For further information about Basel II, see the section entitled “Managing Risk” in the Third Quarter 2008 Report to Shareholders.

The Bank has received confirmation from the Superintendent that the TD CaTS III qualify as risk-based Tier 1 Capital of the Bank under the Capital Guidelines, subject to the Superintendent’s review of the documentation relating to the Offering.

ACTIVITIES OF THE TRUST

General and Capitalization

The Trust's objective is to acquire and hold Trust Assets that will generate income for distribution to holders of Trust Securities. As a newly-formed entity, the Trust has no prior operating history. Immediately after the issuance by the Trust of the TD CaTS III pursuant to the Offering, the subscription by the Bank and/or one or more of its affiliates for the Special Trust Securities and the purchase by the Trust of the Initial Trust Assets, the Trust will have approximately \$1,440,000,000 in Trust Assets, \$1,000,000,000 of capital attributable to the TD CaTS III and \$440,000,000 of capital attributable to the Special Trust Securities. See "Capitalization of the Trust".

Certain Transactions Incidental to the Offering

Prior to, concurrently with, or immediately following the closing of the Offering, the Trust, the Bank, the relevant affiliates of the Bank and the Trustee will engage in the transactions described below which are designed to facilitate the Offering and the transfer of the Initial Trust Assets to the Trust:

- (i) Prior to the closing of the Offering, the Trust will create the TD CaTS III and the Special Trust Securities.
- (ii) Prior to the closing of the Offering, the Trust and the Bank and/or one or more of its affiliates will enter into the Subscription Agreement, pursuant to which the Trust will issue the Special Trust Securities to the Bank and/or one or more of its affiliates and the Bank and/or one or more of its affiliates will pay \$440,000,000 on the closing of the Offering on account of the subscription price for the Special Trust Securities. See "Description of the Trust Securities — The Special Trust Securities".
- (iii) Concurrently with the closing of the Offering, the Trustee will enter into the Administration and Advisory Agreement with the Bank, as Administrative Agent, pursuant to which the Bank will provide certain advice to the Trust and administer the day-to-day operations of the Trust. See "Activities of the Trust — The Administrative Agent".
- (iv) Concurrently with the closing of the Offering, the Initial Sellers will enter into one or more Sales, Pooling and Servicing Agreements with the Custodian as agent, nominee and bare trustee for the Initial Sellers and the Co-Owners, and the Initial Sellers, the Trust and the Custodian will enter into the Purchase Agreements which, together, provide for the transfer and servicing of the Co-Ownership Interests.
- (v) Concurrently with the closing of the Offering, the Bank, the Trust and the Exchange Trustee, as trustee for the holders of the TD CaTS III, will enter into the Bank Share Exchange Agreement providing for, among other things, the Dividend Stopper Undertaking, the Subscription Right and the respective rights and obligations of the Bank, the Trust and such holders with respect to the exchange of TD CaTS III for Bank Preferred Shares Series A9 in connection with the Automatic Exchange. See "Description of the Trust Securities — The TD CaTS III — Bank Share Exchange Agreement".
- (vi) Concurrently with the closing of the Offering, the Bank and the Trust will enter into the Credit Facility. See "Activities of the Trust — Liquidity".
- (vii) Immediately following the closing of the Offering, the Trust will acquire the Initial Trust Assets from the Initial Sellers on a fully-serviced basis, for an aggregate purchase price equal to approximately \$1,440,000,000, pursuant to the terms of the Purchase Agreements.

Liquidity

The Trust will only borrow funds from the Bank pursuant to the Credit Facility extended by the Bank to the Trust and will use borrowed funds only for the purposes of ensuring liquidity in the normal course of the Trust's

activities and to facilitate the payment by the Trust of the expenses of the Offering. The Bank will charge interest rates that are not higher than prevailing market rates on any borrowings by the Trust.

Description of the Initial Trust Assets

The Initial Trust Assets will consist primarily of Co-Ownership Interests acquired by the Trust under the Sales, Pooling and Servicing Agreements and the Purchase Agreements as described below. Attached as Appendix A is a summary of certain information related to the composition and performance of assets of the Bank which are expected to comprise the Initial Trust Assets. This information reflects the experience of the Bank as owner of these assets for the periods noted; however, there can be no assurance that the performance of the Trust Assets will reflect the information summarized in Appendix A. Over time, the specific assets included in the Trust Assets are expected to change from those included in the Initial Trust Assets. Updated information on the composition and performance of the Trust Assets will be made available on a quarterly basis on the website of the Bank at www.td.com. While the information summarized in Appendix A, and any updated information, may be of interest to holders of TD CaTS III, such holders will have no rights to receive a distribution of the Trust Assets prior to the termination of the Trust. Holders of TD CaTS III are not entitled to initiate proceedings for the termination of the Trust and the Bank will covenant for the benefit of holders of TD CaTS III that, as long as any TD CaTS III are outstanding, the Bank will not approve the termination of the Trust unless the Trust has sufficient funds to pay the Early Redemption Price or the Redemption Price, as applicable.

Concurrently with the closing of the Offering, one or more Sales, Pooling and Servicing Agreements will be entered into by the Initial Sellers, and the Custodian, as agent, nominee and bare trustee for the Initial Sellers and each Co-Owner, which will provide: (i) for the deposit by the Initial Sellers and the Co-Owners with the Custodian, as agent, nominee and bare trustee for the Initial Sellers and the Co-Owners from time to time under separate purchase agreements (the first of which in respect of the Initial Trust Assets are the Purchase Agreements entered into concurrently with the Offering), of all of the Initial Sellers' and the Co-Owners' Co-Ownership Interests in pools of Residential Mortgages that are Co-Ownership Assets; (ii) that the Custodian will hold the Co-Ownership Assets as agent, nominee and bare trustee for the Initial Sellers and each Co-Owner as undivided co-owners thereof; (iii) that the Initial Sellers as initial Servicer will service the Co-Ownership Assets and remit collections thereof to the Custodian and, if replaced, shall pay the reasonable fees and expenses of any successor servicer; and (iv) the Custodian, or the Servicer on its behalf, will perform certain other duties, including providing monthly reports to the Co-Owners on the performance of the Co-Ownership Assets and investing the proceeds of the Co-Ownership Assets in other Eligible Trust Assets on behalf of the Initial Sellers and the Co-Owners, as undivided co-owners thereof.

The Trust, the Initial Sellers and the Custodian will, concurrently with the closing of the Offering, enter into the Purchase Agreements in respect of the Initial Trust Assets which will provide, among other things, for: (i) the sale and conveyance to the Trust of Co-Ownership Interests representing undivided co-ownership interests in the Initial Trust Assets to be held by the Custodian on behalf of the Initial Sellers and the Co-Owners, as undivided co-owners, and (ii) the principal terms and attributes of such Co-Ownership Interests in respect of the Initial Trust Assets, including the right of the Trust to participate as an undivided co-owner in the income and gains derived from the Initial Trust Assets and to receive its share of principal collections from the Initial Trust Assets. The Residential Mortgages forming part of the Co-Ownership Assets will remain registered in the name of the Initial Sellers unless the Initial Sellers are replaced as servicer. It is expected that substantially all of the collections of principal received by the Trust from the Co-Ownership Assets held by the Custodian on behalf of the Initial Sellers and the Co-Owners, as undivided co-owners, will be invested by the Trust in additional Co-Ownership Interests acquired from the Bank and/or its affiliates.

Description of Eligible Trust Assets

General

The Trust Assets may consist of Residential Mortgages, Co-Ownership Interests, Mortgage-Backed Securities, Eligible Investments, and contractual rights in respect of the activities and operations of the Trust (the "Eligible Trust Assets"). Collections received in respect of the principal amount of Trust Assets will be reinvested in additional Eligible Trust Assets. The Trust intends to acquire the Trust Assets primarily from the Bank and/or its affiliates. The Trust Assets will generally be acquired by the Trust on a fully serviced basis and will be serviced directly or indirectly by the Bank and/or one or more of its affiliates. The price of any Trust Asset purchased by the Trust is intended to be equal to the fair market value thereof. The net income and gains received by the Trust from the Trust Assets will be distributed by

way of payment of the aggregate Indicated Distribution on the TD Capital Trust III Securities on Regular Distribution Dates. Any balance will be distributed to the Bank, and/or one or more of its affiliates, as holder(s) of the Special Trust Securities. There can be no assurance that the net income and gains derived from the Trust Assets by the Trust, from time to time, will be sufficient to satisfy the Indicated Distribution in full on the TD Capital Trust III Securities on any Regular Distribution Date. However, it is in the interest of the Bank to ensure, to the extent within its control, that the Trust pays the Indicated Distribution on the TD CaTS III on each Regular Distribution Date so as to avoid triggering the Dividend Stopper Undertaking. See “Description of the Trust Securities — The TD CaTS III — Bank Dividend Stopper Undertaking” and “Risk Factors.”

Residential Mortgages

“Residential Mortgages” mean, subject to the provisions of the Declaration of Trust, (i) CMHC insured first mortgages on residential property situated in Canada such as single family dwellings, duplexes, townhouses, condominium units or multiple-unit family dwellings; and (ii) such other first mortgages (or interests therein whether on a pooled basis or otherwise) on residential property situated in Canada, including, without limitation, conventional first mortgages, Privately Insured Residential Mortgages or lines of credit secured by first mortgages on residential property situated in Canada; the debtor of which in each case is an individual resident in Canada for purposes of the Tax Act and so long as, in all cases, they are Eligible Investments. CMHC insured mortgages are mortgages securing loans made by an approved lender in respect of which the principal amount is insured by CMHC as agent of the Government of Canada. Privately Insured Residential Mortgages are first mortgages on residential property situated in Canada that are insured by an insurance company. The insurable amount of these mortgages is determined by CMHC or the insurance company, as the case may be, and, under current regulations, the loans may be up to 95% of the lesser of the purchase price and the appraised value. These loans have a term of one to five years and an amortization period which is generally 25 years or less.

Co-Ownership Interests

Co-Ownership Interests are undivided co-ownership interests in one or more pools of Residential Mortgages.

Mortgage-Backed Securities

Mortgage-Backed Securities mean securities representing undivided co-ownership interests in a pool of Residential Mortgages. The Trust Assets underlying such Mortgage-Backed Securities will be secured by mortgages on single-family residential properties located throughout Canada. The Trust intends to acquire only investment-grade Mortgage-Backed Securities. The Trust does not intend to acquire any interest-only or principal-only Mortgage-Backed Securities.

Eligible Investments

To the extent that the proceeds of the Trust Assets are not invested in Residential Mortgages, Co-Ownership Interests or Mortgage-Backed Securities, the Trust will invest any remaining proceeds in “Eligible Investments”, which is money and any debt obligation that is a qualified investment under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans and registered disability savings plans, except where the qualification of such property contains conditions regarding the annuitant, the beneficiary, the employer or the subscriber under the plan unless the Trust is satisfied that such conditions are satisfied, subject to the provisions of the Declaration of Trust.

Conflict of Interest Policies

Due to the nature of the Trust’s relationship with the Bank and its affiliates, it is possible that conflicts of interest will arise with respect to certain transactions including, without limitation, the Trust’s acquisition of Trust Assets from, or disposition of Trust Assets to, the Bank and/or its affiliates. See “Interest of the Bank and its Affiliates in Material Transactions” and “Principal Holders of Securities”. It will be the Trust’s policy that the terms of any financial dealings with the Bank or any of its affiliates will be consistent with those available from third parties.

Conflicts of interest between the Trust and the Bank or its affiliates may also arise in connection with making decisions that bear upon the credit arrangements that the Bank or one of its affiliates may have with a borrower or in connection with actions taken by the Bank as the holder, directly or indirectly, of the Special Trust Securities. It is intended that any agreements and transactions between the Trust, on the one hand, and the Bank or its affiliates, on the other hand, including, without limitation, the Sales, Pooling and Servicing Agreements, the Purchase Agreements, and the Administration and Advisory Agreement, will be fair to all parties and consistent with market terms for such types of transactions. However, there can be no assurance that any such agreement or transaction will be on terms as favourable to the Trust as would have been obtained from unaffiliated third parties.

The Administrative Agent

The Trustee will enter into the Administration and Advisory Agreement with the Bank, pursuant to which the Trustee will delegate to the Bank certain of its obligations in relation to the administration of the Trust. The Bank and its affiliates and their respective personnel have substantial experience in mortgage finance and in the administration of assets such as the Trust Assets.

The Administrative Agent will, at the request of the Trustee, provide advice and counsel with respect to the acquisition, disposition and origination of Trust Assets and such other matters as may be requested by the Trustee from time to time. The Administrative Agent may, from time to time, delegate or sub-contract all or a portion of its obligations under the Administration and Advisory Agreement to one or more of its qualified affiliates. The Administrative Agent will not, in connection with the delegation or sub-contracting of any of such obligations, be discharged or relieved in any respect from its obligations under the Administration and Advisory Agreement. The Administrative Agent will be entitled to receive an annual administration fee.

The Administration and Advisory Agreement has an initial 10-year term and will be automatically renewed each year thereafter subject to the right of the Trustee to terminate the Administration and Advisory Agreement at any time upon 90 days' prior written notice upon the occurrence of one or more events generally related to the failure of the Administrative Agent to perform its obligations under the Administrative and Advisory Agreement in a proper and timely manner.

CAPITALIZATION OF THE TRUST

The following table sets forth the capitalization of the Trust as of the date of this short form prospectus and as adjusted to reflect: (i) the closing of the Offering; and (ii) the transactions described in "Activities of the Trust — Certain Transactions Incidental to the Offering" and the use of the proceeds of the Offering as described under "Use of Proceeds".

	Outstanding as at September 8, 2008	Outstanding as at September 8, 2008 after giving effect to the Offering⁽¹⁾
TD CaTS III	\$ 0	\$ 1,000,000,000
Special Trust Securities	\$ 0	\$ 440,000,000
Cash (2)	\$ 1,000	\$ 1,000
Trust Capital	<u>\$ 1,000</u>	<u>\$ 1,440,001,000</u>

(1) Issue costs are estimated to be \$11,000,000, including the Underwriters' fee, and will be paid by the Trust from funds borrowed under the Credit Facility.

(2) Amounts settled on the Trust.

DESCRIPTION OF THE TRUST SECURITIES

The TD CaTS III

The following is a summary of the rights, privileges, restrictions and conditions attaching to the TD CaTS III. This summary is qualified in its entirety by the provisions of the Declaration of Trust. For information concerning the Bank Preferred Shares Series A9 into which the TD CaTS III are, in certain circumstances, exchangeable as described below, see “Description of Bank Preferred Shares Series A9”. Holders of TD CaTS III shall have no recourse to the assets of the Trustee in connection with any payments in respect of the TD CaTS III.

Indicated Distribution

On each Distribution Date commencing June 30, 2009 to and including December 31, 2018, unless the Bank has failed to declare Dividends on the basis described herein, a holder of TD CaTS III will be entitled to receive an Indicated Distribution of \$36.215 per TD CaTS III, representing a per annum yield of 7.243% of the \$1,000 initial issue price. The initial Indicated Distribution payable on December 31, 2008, if such date is a Regular Distribution Date, in respect of the period from and including the Closing Date up to but excluding December 31, 2008, will be \$20.836 per TD CaTS III. On each Regular Distribution Date following December 31, 2018, the applicable Indicated Distribution per TD CaTS III will be determined by multiplying \$1,000 by one half of the sum of the Bankers’ Acceptance Rate for the Distribution Period immediately preceding such Distribution Date plus 430 basis points.

The Indicated Distribution in respect of the TD CaTS III is payable by the Trust on the TD CaTS III on each Distribution Date that is a Regular Distribution Date. The determination of whether any Distribution Date is a Regular Distribution Date or a Distribution Diversion Date will depend on whether the Bank has declared Dividends in the Reference Dividend Declaration Month. The Reference Dividend Declaration Month in respect of any Distribution Date will be that Dividend Declaration Month closest to but preceding the commencement of the Distribution Period terminating on the day preceding such Distribution Date. If the Bank declares Dividends in the Reference Dividend Declaration Month, the Distribution Date in question will be a Regular Distribution Date, with the result that the Indicated Distribution will be payable by the Trust to each holder of TD CaTS III. If, on December 31 of any year, Net Distributable Funds of the Trust remain after payment of the Indicated Distribution on the TD CaTS III and any other series of TD Capital Trust III Securities on each Regular Distribution Date in such year, the Bank, and/or one or more of its affiliates, as holder(s) of the Special Trust Securities, will be entitled to receive such remaining Net Distributable Funds on that date.

If the Bank fails to declare Dividends in such Reference Dividend Declaration Month, the Distribution Date in question will be a Distribution Diversion Date, with the result that the Trust will not be obligated to and will not pay the Indicated Distribution on the TD CaTS III (and no distributions will be payable on any other series of TD Capital Trust III Securities) and, instead, the Net Distributable Funds of the Trust will be payable to the Bank, and/or one or more of its affiliates, as holder(s) of the Special Trust Securities. On any Regular Distribution Date, in circumstances where the Net Distributable Funds of the Trust are insufficient to pay the Indicated Distribution on all TD CaTS III and any other series of TD Capital Trust III Securities then outstanding, the Trust will, nevertheless, pay such portion of the Indicated Distribution as may then be paid with such Net Distributable Funds to the holders of TD CaTS III and any other series of TD Capital Trust III Securities outstanding, and the amount of the Indicated Distribution payable on such Regular Distribution Date remaining unpaid shall form part of the Accumulated Unpaid Indicated Distribution until such time as it is paid. Holders of TD CaTS III shall have no right to sue the Trust to accelerate payment of such portion of the Indicated Distribution payable by the Trust on a Regular Distribution Date, but not so paid, and accordingly, shall not have any rights to receive a distribution of the Trust Assets prior to the termination of the Trust. See “—Rights on Termination of the Trust”. Such amounts, which will form part of the Accumulated Unpaid Indicated Distribution, will be paid by the Trust to holders of TD CaTS III and any other series of TD Capital Trust III Securities at the time and in the manner provided herein.

Bank Dividend Stopper Undertaking

If, on any Regular Distribution Date, the Trust fails to pay the Indicated Distribution on the TD CaTS III in full, the Bank will, pursuant to the Bank Share Exchange Agreement, covenant for the benefit of holders of TD CaTS III that it will not declare dividends of any kind on the Dividend Restricted Shares until the Dividend Declaration Resumption

Month, unless the Trust first pays such Indicated Distribution (or the unpaid portion thereof) to holders of TD CaTS III. Any Indicated Distribution (or portion thereof) in respect of the TD CaTS III that the Trust fails to pay to the holders of TD CaTS III on a Regular Distribution Date will form part of the Accumulated Unpaid Indicated Distribution and is payable on the occurrence of any event giving rise to the obligation of the Trust or the Bank, as the case may be, to pay or cause the payment of the Early Redemption Price or the Redemption Price, as the case may be, as part of such price and not prior thereto. The first dividend in respect of the Dividend Restricted Shares declared by the Bank in or following the Dividend Declaration Resumption Month shall be paid by the Bank no earlier than would ordinarily be the case. **It is in the interest of the Bank to ensure, to the extent within its control, that the Trust pays the Indicated Distribution on the TD CaTS III on each Regular Distribution Date if full so as to avoid triggering the Dividend Stopper Undertaking.**

Automatic Exchange

Each TD CaTS III will be exchanged automatically (the “Automatic Exchange”), without the consent of the holder thereof, for 40 Bank Preferred Shares Series A9 if: (i) an application for a winding-up order in respect of the Bank pursuant to the *Winding-up and Restructuring Act* (Canada) is filed by the Attorney General of Canada or a winding-up order in respect of the Bank pursuant to that Act is granted by a court; (ii) the Superintendent advises the Bank in writing that the Superintendent has taken control of the Bank or its assets pursuant to the Bank Act; (iii) the Superintendent advises the Bank in writing that the Superintendent is of the opinion that the Bank has a risk-based Tier 1 Capital ratio of less than 5.0% or a risk-based Total Capital ratio of less than 8.0%; (iv) the Board of Directors advises the Superintendent in writing that the Bank has a risk-based Tier 1 Capital ratio of less than 5.0% or a risk-based Total Capital ratio of less than 8.0%; or (v) the Superintendent directs the Bank pursuant to the Bank Act to increase its capital or to provide additional liquidity and the Bank elects to cause the exchange as a consequence of the issuance of such direction or the Bank does not comply with such direction to the satisfaction of the Superintendent within the time specified therein (each, a “Loss Absorption Event”).

The Automatic Exchange shall occur as of 8:00 a.m. (Eastern time) on the date that a Loss Absorption Event occurs. As of the time of the Automatic Exchange, each holder of TD CaTS III shall be deemed to have exchanged and transferred to the Bank all of such holder’s right, title and interest in and to its TD CaTS III and shall cease to be a holder thereof and all rights of such holder as a securityholder of the Trust will cease and such person shall therefrom be deemed to be and shall be for all purposes a holder of Bank Preferred Shares Series A9. If, for any reason, the Automatic Exchange does not result in the exchange of all TD CaTS III then outstanding for Bank Preferred Shares Series A9, the Trust will redeem each TD CaTS III not so exchanged for consideration consisting of 40 Bank Preferred Shares Series A9. The Trust will, pursuant to the Subscription Right, have the right to require the Bank to issue to it, upon receipt of appropriate consideration therefore, a sufficient number of Bank Preferred Shares Series A9 to enable the Trust to redeem the TD CaTS III, if any, remaining outstanding following the Automatic Exchange. As of the time of redemption, each holder of TD CaTS III so redeemed shall cease to be a holder thereof and all rights of such holder as a securityholder of the Trust will cease and such person shall therefrom be deemed to be and shall be for all purposes a holder of Bank Preferred Shares Series A9 unless payment in the form of Bank Preferred Shares Series A9 is not made. It shall not be necessary for the Trust, in such circumstances, to provide any prior written notice of redemption to holders of TD CaTS III. The Trust will acquire the Bank Preferred Shares Series A9 required by it for purposes of such redemption, if any, from the Bank pursuant to the Subscription Right. The Bank will mail notice of the occurrence of the Loss Absorption Event to the Trustee within 10 days of such event.

Upon an Automatic Exchange or a redemption of the TD CaTS III for Bank Preferred Shares Series A9, the Trust reserves the right not to deliver Bank Preferred Shares Series A9 to any Ineligible Person to the extent that such delivery would require the Bank to take any action to comply with securities, banking or analogous laws of such jurisdiction. In such circumstances, all Bank Preferred Shares Series A9 that would otherwise be issued to Ineligible Persons will be delivered to the Exchange Trustee, as agent for Ineligible Persons, and such Bank Preferred Shares Series A9 will be delivered by the Exchange Trustee to a broker retained by the Bank for the purpose of effecting the sale (to parties other than the Bank and its affiliates) on behalf of the Ineligible Persons. Such sales, if any, will be made at such times and at such prices as the Exchange Trustee may, in its sole discretion, determine. None of the Bank, the Trustee or the Exchange Trustee will be subject to any liability for failure to sell such Bank Preferred Shares Series A9 on behalf of any such Ineligible Persons or at any particular price on any particular day. The net proceeds received by the Exchange Trustee from the sale of any such Bank Preferred Shares Series A9 will be divided among the Ineligible Persons in proportion to the number of Bank Preferred Shares Series A9 that would otherwise have been issuable to them, after

deducting the costs of sale, net of any applicable withholding taxes. The Exchange Trustee will provide a cheque or wire transfer representing the aggregate net proceeds to CDS (if the TD CaTS III are then held in the book-entry only system) or to the Trustee (in all other cases) for distribution to such Ineligible Persons in accordance with CDS Procedures or otherwise. A similar procedure will be followed with respect to each person who by virtue of the Automatic Exchange or a redemption of the TD CaTS III pursuant to the above, would become a Significant Shareholder but only to the extent of that number of Bank Preferred Shares Series A9 in excess of the maximum number of Bank Preferred Shares Series A9 that could be issued to such person pursuant to the Automatic Exchange without such person becoming a Significant Shareholder.

The Bank's by-laws currently provide that if the Bank has declared but not paid, or set apart for payment, dividends on its then issued and outstanding Bank Class A Preferred Shares, the approval of existing holders of Bank Class A Preferred Shares is needed before a new series of such shares can be created or issued. As a regulated financial institution, the Bank must meet liquidity and capital adequacy requirements before it declares or pays dividends. Accordingly, the Bank only declares dividends if it satisfies these requirements and, as a result, the Bank expects that it would be in a position to set aside funds for the payment of any dividends declared.

If the Automatic Exchange were to occur and Bank Preferred Shares Series A9 were issued in exchange for TD CaTS III as a result thereof, the cost-effective nature of the consolidated capital raised by the Bank through the issuance of the TD CaTS III would be lost. Accordingly, it is in the interest of the Bank to ensure that an Automatic Exchange does not occur, although the events that could give rise to an Automatic Exchange, namely the occurrence of a Loss Absorption Event, may be beyond the Bank's control.

The Bank Preferred Shares Series A9 will pay quarterly non-cumulative cash dividends, as and when declared by the Board of Directors, equal to \$0.36875 per share, representing an annual yield of 5.90%.

Trust Special Event Redemption Right

Upon the occurrence of a Special Event prior to December 31, 2013, the TD CaTS III will, upon not less than 30 nor more than 90 days' prior written notice by the Trust, with Superintendent Approval, be redeemable by the Trust at its option in whole (but not in part) and without the consent of the holders thereof, for a cash price per TD CaTS III equal to the Early Redemption Price, being the greater of: (i) the Redemption Price, and (ii) the TD CaTS III Canada Yield Price, being a price per TD CaTS III calculated to provide an annual yield thereon to December 31, 2018 equal to the Government of Canada Yield plus 0.94% determined on the Business Day immediately preceding the date on which the Trust has given notice of the redemption of the TD CaTS III as a consequence of the exercise of the Trust Special Event Redemption Right plus the Unpaid Indicated Distribution. TD CaTS III redeemed by the Trust shall be cancelled and shall not be reissued. A Special Event means a Tax Event or a Capital Disqualification Event. A Tax Event can occur where there is more than an insubstantial risk that, as a result of a change in law or certain other circumstances, the Bank becomes subject to more than a de minimus amount of additional taxes, duties or other governmental charges or civil liabilities, even if such change is not related to the Trust.

Trust Redemption Right

On December 31, 2013 and on any Distribution Date thereafter, the Trust may, with Superintendent Approval, at its option, upon not less than 30 nor more than 60 days' prior written notice, redeem the TD CaTS III in whole (but not in part) and without the consent of the holders thereof, for a cash amount per TD CaTS III equal to: (i) the Early Redemption Price if the redemption occurs prior to December 31, 2018; or (ii) the Redemption Price if the redemption occurs on or after December 31, 2018. TD CaTS III redeemed by the Trust shall be cancelled and shall not be reissued.

Purchase for Cancellation

On or after the date that is five years after the Closing Date, the TD CaTS III may be purchased, in whole or in part, by the Trust, with Superintendent Approval, in the open market or by tender or private contract at any price. TD CaTS III purchased by the Trust shall be cancelled and shall not be reissued.

Rights on Termination of the Trust

As long as any TD CaTS III are outstanding, the Trust may only be terminated with the approval of the Bank and/or one or more of its affiliates, as the holder(s) of the Special Trust Securities, and with Superintendent Approval: (i) upon the occurrence of a Special Event prior to December 31, 2013; or (ii) for any reason on December 31, 2013 or on any Distribution Date thereafter. The Declaration of Trust provides that holders of TD CaTS III are not entitled to initiate proceedings for the termination of the Trust and that holders of TD CaTS III will have no rights to receive a distribution of the Trust Assets prior to the termination of the Trust.

Pursuant to the Bank Share Exchange Agreement, the Bank will covenant for the benefit of holders of TD CaTS III that, as long as any TD CaTS III are outstanding, the Bank will not approve the termination of the Trust unless the Trust has sufficient funds to pay the Early Redemption Price or the Redemption Price, as applicable.

Holders of TD CaTS III and holders of Special Trust Securities will rank *pari passu* in the distribution of the property of the Trust in the event of a termination of the Trust, after the discharge of claims of creditors, if any. The entitlement of the holder of each TD CaTS III on a termination of the Trust will be determined by multiplying the Early Redemption Price (if the termination is as a result of action taken by the Bank and occurs prior to a date specified with respect to each series of TD Capital Trust Securities) (in the case of TD CaTS III, December 31, 2018) or the Redemption Price (in all other cases), in either case, by the Termination Distribution Ratio. The entitlement of the Bank and/or one or more of its affiliates, as the holder(s) of the Special Trust Securities, shall be determined by multiplying the invested amount of the Bank, and/or one or more of its affiliates, in respect of all Special Trust Securities then outstanding by the Termination Distribution Ratio.

Additional Bank Covenants

In addition to the Dividend Stopper Undertaking, the Bank will covenant, for the benefit of holders of TD CaTS III pursuant to the Bank Share Exchange Agreement, that:

- (i) all of the outstanding Special Trust Securities will be held at all times, directly or indirectly, by the Bank; and
- (ii) as long as any TD CaTS III are outstanding, the Bank will not take any action to cause the termination of the Trust except as set forth under “Description of the Trust Securities — The TD CaTS III — Rights on Termination of the Trust” and only with Superintendent Approval.

The Bank will be entitled to assign or otherwise transfer its obligations under the Bank Share Exchange Agreement only in the event of a merger, consolidation, amalgamation or reorganization, or a sale of all or substantially all of the assets, of the Bank.

Issue of Bank Preferred Shares Series A9 in Connection with Automatic Exchange

All corporate action necessary for the Bank to issue Bank Preferred Shares Series A9 pursuant to the Automatic Exchange will be completed prior to the closing of the Offering. The issuance of Bank Preferred Shares Series A9 pursuant to the Automatic Exchange is subject to Superintendent Approval. An application for the foregoing approval has been or will be filed by the Bank.

The Bank will undertake, pursuant to the Bank Share Exchange Agreement, to use best efforts to permit the Bank Preferred Shares Series A9 delivered pursuant to the Automatic Exchange to be listed, quoted or posted for trading on a Canadian stock exchange or quotation system and to take such reasonable steps as may be necessary to ensure that such Bank Preferred Shares Series A9 remain so listed, quoted or posted.

Bank Share Exchange Agreement

On closing of the Offering, the Trust, the Bank and the Exchange Trustee, as trustee for the holders of the TD CaTS III, will enter into the Bank Share Exchange Agreement providing for the Dividend Stopper Undertaking as well

as the covenants referred to under “— Additional Bank Covenants” and the grant of, and certain rights and obligations relating to, the Automatic Exchange. Pursuant to that agreement, the Bank will grant to the Exchange Trustee for the benefit of the holders of TD CaTS III the right to exchange TD CaTS III for Bank Preferred Shares Series A9 upon an Automatic Exchange and the Exchange Trustee on behalf of the holders of TD CaTS III will grant to the Bank the right to exchange TD CaTS III for Bank Preferred Shares Series A9 upon an Automatic Exchange. Pursuant to the Bank Share Exchange Agreement, the Bank will covenant to take or refrain from taking certain actions so as to ensure that holders of TD CaTS III will receive the benefit of the Automatic Exchange, including obtaining the requisite approval of holders of the TD CaTS III to any amendment to the provisions of the Bank Preferred Shares Series A9 (other than any amendments relating to the Bank Class A Preferred Shares as a class).

Voting Rights

The TD CaTS III are non-voting, except in the limited circumstances set forth in the Declaration of Trust involving changes to the terms and conditions of the TD CaTS III. The Declaration of Trust provides that when such changes affect the terms and conditions of the TD CaTS III differently than any other series of TD Capital Trust III Securities then outstanding, such terms and conditions may be changed if authorized by the holders of TD CaTS III by way of extraordinary resolution. Any such change must be approved by the Bank and, in addition, any such change that would affect the status of the TD CaTS III as capital of the Bank is subject to Superintendent Approval. The term “extraordinary resolution” is defined in the Declaration of Trust to mean, in effect, a resolution passed by the holders of TD CaTS III representing not less than 66 2/3% of the total number of outstanding TD CaTS III represented and voted at a meeting of holders of TD CaTS III, or a resolution in writing signed by the holders of TD CaTS III representing not less than 66 2/3% of the outstanding TD CaTS III. The quorum at any such meeting shall be one or more registered holders of TD CaTS III present in person or represented by proxy and owning or representing not less than 25% of the aggregate number of TD CaTS III then outstanding, provided that if a quorum is not present and the meeting is adjourned, at the meeting following such adjournment those registered holders present in person or represented by proxy shall constitute a quorum notwithstanding that they may not represent not less than 25% of the aggregate number of TD CaTS III then outstanding. Notwithstanding the foregoing, the Trustee may, without the consent of holders of TD CaTS III, execute instruments supplemental to the Declaration of Trust and any other relevant instruments for certain limited purposes, including curing ambiguities or defects and making any modification that, in the opinion of the Trustee, would not be prejudicial to the interest of holders of TD CaTS III and making such changes as may be required to conform with applicable regulatory requirements from time to time.

Capital Reorganizations, Mergers and Amalgamations

If there is a capital reorganization, merger or amalgamation of the Bank or a comparable transaction affecting the Bank Preferred Shares Series A9, the Declaration of Trust and the Bank Share Exchange Agreement will provide that holders of TD CaTS III will be entitled to receive, pursuant to the Automatic Exchange, after the capital reorganization, merger or amalgamation of the Bank or comparable transaction affecting the Bank Preferred Shares Series A9, the number of Bank Preferred Shares Series A9 or other securities or consideration of the Bank or of a corporation resulting, surviving or continuing from the capital reorganization, merger or amalgamation of the Bank or comparable transaction affecting the Bank Preferred Shares Series A9, that such holder would have received had its TD CaTS III been exchanged, pursuant to the Automatic Exchange, for Bank Preferred Shares Series A9, immediately prior to the record date of the capital reorganization, merger or amalgamation of the Bank or comparable transaction affecting the Bank Preferred Shares Series A9. The entitlement of the Trust under the Subscription Right will be similarly adjusted.

Issue of Additional Trust Securities

The Trust may, at any time and from time to time, issue additional Special Trust Securities or TD Capital Trust III Securities of any series without the authorization of holders of TD CaTS III. In the event that the Trust issues additional series of TD Capital Trust III Securities, the rights, privileges, restrictions and conditions attached to such additional series may vary materially from those of the TD CaTS III. In such event, the right of the holders of TD CaTS III to receive the Indicated Distribution in respect of TD CaTS III on any Regular Distribution Date and the right of the holder of TD CaTS III to receive property of the Trust on a termination of the Trust may rank *pari passu* with the rights of the holders of TD Capital Trust III Securities of such other series.

Book-Entry Only Form

Except as otherwise provided below, the TD CaTS III will be issued in “book entry only” form and must be purchased or transferred through Participants in the depository service of CDS. Participants include securities brokers and dealers, banks and trust companies. On the Closing Date, the Trust will cause a global certificate representing the TD CaTS III to be delivered to, and registered in the name of, CDS. Except as described below, no holder of TD CaTS III will be entitled to a certificate or other instrument from the Trust or CDS evidencing that holder’s ownership thereof, and no holder will be shown on the records maintained by CDS except through a book-entry account of a Participant acting on behalf of such holder. Each holder of TD CaTS III will receive a customer confirmation of purchase from the registered dealer from which the TD CaTS III are purchased in accordance with the practices and procedures of that registered dealer. The practices of registered dealers may vary, but generally customer confirmations are issued promptly after execution of a customer order.

CDS will be responsible for establishing and maintaining book-entry accounts for its Participants having interests in the TD CaTS III. If: (i) required to do so by applicable law or the rules of any securities exchange; (ii) the book-entry only system ceases to exist; (iii) the Trust determines that CDS is no longer willing or able to discharge properly the responsibilities as depository with respect to the TD CaTS III and the Trust is unable to locate a qualified successor; or (iv) the Trust at its option elects, or is required by law, to withdraw the TD CaTS III from the book-entry only system, then physical certificates representing the TD CaTS III will be issued to holders thereof or their nominees.

None of the Bank, the Trustee or the Underwriters will assume any liability for: (i) any aspect of the records relating to the beneficial ownership of the TD CaTS III held by CDS or the payments or deliveries relating thereto; (ii) maintaining, supervising or reviewing any records relating to the TD CaTS III; or (iii) any advice or representation made by or with respect to CDS relating to the rules governing CDS or any action to be taken by CDS or at the direction of Participants. The rules governing CDS provide that it acts as the agent and depository for the Participants. As a result, Participants must look solely to CDS, and persons other than Participants having an interest in the TD CaTS III must look solely to Participants, for payments or deliveries made by or on behalf of the Trust or the Bank to CDS in respect of the TD CaTS III.

Transfers

Transfers of ownership of the TD CaTS III will be effected only through records maintained by CDS for such TD CaTS III with respect to interests of Participants and on the records of Participants with respect to interests of persons other than Participants. Holders of TD CaTS III who are not Participants, but who desire to purchase, sell or otherwise transfer ownership of or other interests in the TD CaTS III, may do so only through Participants. The ability of a holder to pledge TD CaTS III or otherwise take action with respect to such holder’s interest in TD CaTS III (other than through a Participant) may be limited due to the lack of a physical certificate. See “Risk Factors — Liquidity of and Dealings in TD CaTS III”.

Payments and Deliveries

As long as CDS is the registered holder of the TD CaTS III, CDS will be considered the sole owner of the TD CaTS III for the purposes of receiving payments on the TD CaTS III or the delivery of Bank Preferred Shares Series A9 upon an Automatic Exchange or upon a redemption of the TD CaTS III by the Trust. Payments of the Indicated Distribution in respect of TD CaTS III will be made by the Trust to CDS as the registered holder of the TD CaTS III and the Trust understands that such payments will be forwarded by CDS to Participants in accordance with CDS Procedures. Deliveries of Bank Preferred Shares Series A9 in respect of the operation of the Automatic Exchange or upon a redemption of the TD CaTS III by the Trust in the limited circumstances described under “Description of the Trust Securities — The TD CaTS III — The Automatic Exchange” will be made by the Bank or the Trust, as the case may be, to CDS as the registered holder of the TD CaTS III and the Bank and the Trust understand that such shares will be forwarded by CDS to Participants in accordance with CDS Procedures. As long as the TD CaTS III are held in the CDS book-entry only system, the responsibility and liability of the Trustee and/or the Bank in respect of the TD CaTS III is limited to making payment of any amount due on the TD CaTS III and/or making delivery of Bank Preferred Shares Series A9 in respect thereof to CDS.

The Special Trust Securities

Voting Rights

The Declaration of Trust provides that the Special Trust Securities are voting. Pursuant to the Declaration of Trust, holders of Special Trust Securities are entitled to vote in respect of, among other things: (i) the termination of the Trust as set forth under “Description of the Trust Securities — The TD CaTS III — Rights on Termination of the Trust”; (ii) the removal and replacement of the Trustee; and (iii) the removal and replacement of the Administrative Agent.

Distributions

If, on December 31 of any year, Net Distributable Funds of the Trust remain after payment of the Indicated Distribution on the TD CaTS III and any other series of TD Capital Trust III Securities on each Regular Distribution Date in such year, the Bank, and/or one or more of its affiliates, as holder(s) of the Special Trust Securities will be entitled to receive such remaining Net Distributable Funds on that date. On a Distribution Date that is a Distribution Diversion Date, the Bank, and/or one or more of its affiliates, as holder(s) of the Special Trust Securities, shall be entitled to receive the Net Distributable Funds of the Trust as of such date and no payment of the Indicated Distribution shall be made on the TD CaTS III or any other series of TD Capital Trust III Securities.

Redemption

The Special Trust Securities are redeemable at the option of the Trust with the consent of the holder(s) and Superintendent Approval.

Rights on Termination of the Trust

In the event of a termination of the Trust, after the discharge of the obligations of the Trust to creditors, the Bank and/or one or more of its affiliates, as holder(s) of the Special Trust Securities, will be entitled to participate, *pari passu* with the holders of the TD CaTS III and any other series of TD Capital Trust III Securities, in the distribution of the remaining property of the Trust. On a termination of the Trust, the Bank, and/or one or more of its affiliates, as holder(s) of the Special Trust Securities, will be entitled to receive an amount equal to the invested amount of the Bank and/or such affiliates in respect of all Special Trust Securities then outstanding multiplied by the Termination Distribution Ratio.

DESCRIPTION OF BANK PREFERRED SHARES SERIES A9

Certain Provisions of the Bank Class A Preferred Shares as a Class

Issuable in Series

The Bank Class A Preferred Shares may be issued from time to time, in one or more series, with such rights, privileges, restrictions and conditions as the Board of Directors may determine.

Priority

The Bank Class A Preferred Shares rank prior to the Common Shares and to any other shares of the Bank ranking junior to the Bank Class A Preferred Shares with respect to the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of the Bank. Each series of Bank Class A Preferred Shares ranks on a parity with every other series of Bank Class A Preferred Shares.

Creation and Issue of Shares

Pursuant to the Bank Act, the Bank may not, without the approval of the holders of the Bank Class A Preferred Shares, create any class of shares ranking prior to or on a parity with the Bank Class A Preferred Shares. In addition, the Bank may not, without the prior approval of the holders of the Bank Class A Preferred Shares given as specified under

“Shareholder Approvals” below (in addition to such approvals as may be required by the Bank Act or any other legal requirement), (i) create or issue any shares ranking in priority to the Bank Class A Preferred Shares, or (ii) create or issue any additional series of Bank Class A Preferred Shares or any shares ranking *pari passu* with the Bank Class A Preferred Shares, unless at the date of such creation or issuance all cumulative dividends up to and including the last completed period for which such cumulative dividends shall be payable, shall have been declared and paid or set apart for payment in respect of each series of cumulative Bank Class A Preferred Shares then issued and outstanding and any declared and unpaid non-cumulative dividends shall have been paid or set apart for payment in respect of each series of non-cumulative Bank Class A Preferred Shares then issued and outstanding. Currently, there are no outstanding Bank Class A Preferred Shares which carry the right to cumulative dividends.

Shareholder Approvals

Approval of amendments to the provisions of the Bank Class A Preferred Shares as a class may be given in writing by the holders of all the outstanding Bank Class A Preferred Shares or by a resolution carried by an affirmative vote of at least two-thirds of the votes cast at a meeting at which the holders of a majority of the then outstanding Bank Class A Preferred Shares are present or represented by proxy or, if no quorum is present at such meeting, at an adjourned meeting at which the shareholders then present or represented by proxy may transact the business for which the meeting was originally called.

Priority on Liquidation, Dissolution or Winding-up

In the event of the liquidation, dissolution or winding-up of the Bank, before any amounts shall be paid to or any assets distributed among the holders of the Common Shares or shares of any other class of the Bank ranking junior to the Bank Class A Preferred Shares, the holders of Bank Class A Preferred Shares of a series shall be entitled to receive to the extent provided for with respect to such Bank Class A Preferred Shares by the conditions attaching to such series: (i) an amount equal to the amount paid up thereon; (ii) such premium, if any, as has been provided for with respect to the Bank Class A Preferred Shares of such series; and (iii) all unpaid cumulative dividends, if any, on such Bank Class A Preferred Shares and, in the case of non-cumulative Bank Class A Preferred Shares, all declared and unpaid non-cumulative dividends. After payment to the holders of the Bank Class A Preferred Shares of the amounts so payable to them, they shall not be entitled to share in any further distribution of the property or assets of the Bank. Each series of Bank Class A Preferred Shares ranks on a parity with every other series of Bank Class A Preferred Shares.

Voting Rights

There are no voting rights attaching to the Bank Class A Preferred Shares except to the extent provided in any series or by the Bank Act.

Description of Bank Preferred Shares Series A9 as a Series

Issue Price

The Bank Preferred Shares Series A9 will have an issue price of \$25 per share.

Dividends

Holders of Bank Preferred Shares Series A9 will be entitled to receive quarterly non-cumulative preferential cash dividends, as and when declared by the Board of Directors and subject to the provisions of the Bank Act, equal to \$0.36875 per share (representing an annual yield of 5.90%), payable on the last day of January, April, July and October in each year (each, a “Dividend Payment Date”). If the Board of Directors does not declare the dividends, or any part thereof, on the Bank Preferred Shares Series A9 on or before the Dividend Payment Date for a particular quarterly period, the rights of the holders of the Bank Preferred Shares Series A9 to receive such dividends, or any part thereof, for such quarterly period will be extinguished.

Redemption

The Bank Preferred Shares Series A9 will not be redeemable prior to December 31, 2013. On and after that date, but subject to the provisions of the Bank Act and Superintendent Approval and the provisions described below under “Restrictions on Dividends and Retirement of Shares”, the Bank may redeem at any time all, or from time to time any part, of the outstanding Bank Preferred Shares Series A9, without the consent of the holders, by the payment of an amount in cash for each such share so redeemed equal to: (i) \$26.00 per share if redeemed on or prior to December 31, 2014; (ii) 25.75 per share if redeemed after December 31, 2014 and on or prior to December 31, 2015; (iii) \$25.50 per share if redeemed after December 31, 2015 and on or prior to December 31, 2016; (iv) \$25.25 per share if redeemed after December 31, 2016 and on or prior to December 31, 2017; or (v) \$25.00 per share if redeemed after December 31, 2017, together with any declared and unpaid dividends on the Bank Preferred Shares Series A9 to the date of the redemption.

Written notice of any redemption will be given by the Bank at least 30 days and not more than 60 days prior to the date fixed for redemption. If less than all the outstanding Bank Preferred Shares Series A9 are at any time to be redeemed, the shares to be redeemed will be selected *pro rata* or in such other manner as the Board of Directors may determine.

Conversion into Another Series of Bank Class A Preferred Shares at Option of the Holder

The Bank may, by resolution of its Board of Directors, constitute a further series of Bank Class A Preferred Shares (the “New Bank Preferred Shares”) having rights, privileges, restrictions and conditions attaching thereto which would qualify such New Bank Preferred Shares as risk-based Tier 1 Capital or equivalent of the Bank under the then current Capital Guidelines, if applicable, and if not applicable having such rights, privileges, restrictions and conditions as the Board of Directors may determine, provided that, in each case, such New Bank Preferred Shares do not constitute “short term preferred shares” under the Tax Act. In such event, the Bank may, with Superintendent Approval and provided that the conditions described in “— Issue of Additional Series of Bank Class A Preferred Shares” have been met, give holders of the Bank Preferred Shares Series A9 written notice that they have the right, pursuant to the terms of the Bank Preferred Shares Series A9, at their option, to convert their Bank Preferred Shares Series A9 on the date specified in the notice into fully-paid New Bank Preferred Shares on a share for share basis. Notice shall be given by the Bank in writing not more than 60 days and not less than 30 days prior to such date of conversion.

Upon exercise by the holder of this right to convert Bank Preferred Shares Series A9 into New Bank Preferred Shares, the Bank reserves the right not to issue New Bank Preferred Shares to any Ineligible Person. See “The Bank — Limitations Affecting Holders of Bank Shares”.

Presentation for Conversion, Redemption or Sale

A conversion, redemption or sale to the Bank of Bank Preferred Shares Series A9 will be effected by the holder transferring such holder’s Bank Preferred Shares Series A9 to be converted, redeemed or sold, as the case may be, to the account of the Bank in CDS (or, in the event that the Bank Preferred Shares Series A9 are not then issued in book-entry only form, by depositing with the transfer agent for the Bank Preferred Shares Series A9, at one of its principal offices, certificates representing such Bank Preferred Shares Series A9).

Purchase for Cancellation

Subject to the provisions of the Bank Act, Superintendent Approval and to the provisions described below under “— Restrictions on Dividends and Retirement of Shares”, the Bank may at any time purchase for cancellation any Bank Preferred Shares Series A9 at the lowest price or prices at which in the opinion of the Board of Directors such shares are obtainable.

Rights on Liquidation

In the event of the liquidation, dissolution or winding-up of the Bank, the holders of the Bank Preferred Shares Series A9 shall be entitled to receive \$25.00 per share, together with the amount of declared and unpaid dividends to the date of payment before any amount shall be paid or any assets of the Bank distributed to the holders of Bank Common

Shares or any shares ranking junior to the Bank Preferred Shares Series A9. The holders of the Bank Preferred Shares Series A9 shall not be entitled to share in any further distribution of the property or assets of the Bank.

Restrictions on Dividends and Retirement of Shares

So long as any Bank Preferred Shares Series A9 are outstanding, the Bank will not, without the approval of the holders of the Bank Preferred Shares Series A9 given as specified below:

- (a) declare any dividend on the Bank Common Shares or any other shares ranking junior to the Bank Preferred Shares Series A9 (other than stock dividends on shares ranking junior to the Bank Preferred Shares Series A9); or
- (b) redeem, purchase or otherwise retire any Bank Common Shares or any other shares ranking junior to the Bank Preferred Shares Series A9 (except out of the net cash proceeds of a substantially concurrent issue of shares ranking junior to the Bank Preferred Shares Series A9); or
- (c) redeem, purchase or otherwise retire: (i) less than all the Bank Preferred Shares Series A9; or (ii) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching to any series of preferred shares of the Bank, any other shares ranking on a parity with the Bank Preferred Shares Series A9;

unless, in each case, all dividends on the Bank Preferred Shares Series A9, up to and including those payable on the Dividend Payment Date for the last completed period for which dividends shall be payable and in respect of which the rights of holders thereof have not been extinguished, and all dividends then accrued on all other shares ranking prior to or on a parity with the Bank Preferred Shares Series A9, have been declared and paid or set apart for payment.

Issue of Additional Series of Bank Class A Preferred Shares

The Bank may issue other series of Bank Class A Preferred Shares without the authorization of the holders of the Bank Preferred Shares Series A9 provided that at the date of such issuance all cumulative dividends up to and including the dividend payment for the last completed period for which such cumulative dividends shall be payable shall have been declared and paid or set apart for payment in respect of each series of Bank Class A Preferred Shares then issued and outstanding and any declared and unpaid non-cumulative dividends shall have been paid or set apart for payment in respect of each series of non-cumulative Bank Class A Preferred Shares then issued and outstanding.

Shareholder Approvals

The approval of any amendments to the rights, privileges, restrictions and conditions attaching to the Bank Preferred Shares Series A9 may be given by a resolution carried by the affirmative vote of not less than 66 2/3% of the votes cast at a meeting of holders of the Bank Preferred Shares Series A9 at which a majority of the outstanding Bank Preferred Shares Series A9 is represented or, if no quorum is present at meeting, at a meeting following such adjourned meeting at which no quorum would apply. Pursuant to the Bank Share Exchange Agreement, the Bank will covenant that for so long as the TD CaTS III are outstanding no amendment will be made to the rights, privileges, restrictions and conditions of the Bank Preferred Shares Series A9 (other than any amendments relating to the Bank Class A Preferred Shares as a class) without the prior approval of 66 2/3% of the holders of the TD CaTS III. In addition to the aforementioned approval, the Bank may from time to time with the approval of the Superintendent, make such deletion or variation which might affect the classification afforded to the Bank Preferred Shares Series A9 for capital adequacy requirements pursuant to the Bank Act.

Voting Rights

The holders of the Bank Preferred Shares Series A9 as such will not be entitled to receive notice of or to attend or to vote at any meeting of the shareholders of the Bank unless and until the first time at which the rights of such holders to any undeclared dividends have become extinguished as described under “— Restrictions on Dividends and Retirement of Shares”. In that event, the holders of the Bank Preferred Shares Series A9 will be entitled to receive notice

of, and to attend, all meetings of shareholders at which directors are to be elected and will be entitled to one vote for each share held. The voting rights of the holders of the Bank Preferred Shares Series A9 shall forthwith cease upon payment by the Bank of the first dividend on the Bank Preferred Shares Series A9 to which the holders are entitled subsequent to the time such voting rights first arose. At such time as the rights of such holders to any undeclared dividends on the Bank Class A Preferred Shares Series A9 have again become extinguished, such voting rights shall become effective again and so on from time to time.

Tax Election

The Bank Preferred Shares Series A9 will be “taxable preferred shares” as defined in the Tax Act for purposes of the tax under Part IV.1 of the Tax Act applicable to certain corporate holders of the Bank Preferred Shares Series A9. The terms of the Bank Preferred Shares Series A9 require the Bank to make the necessary election under Part VI.1 of the Tax Act so that such corporate holders will not be subject to the tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) on the Bank Class A Preferred Shares. See “Canadian Federal Income Tax Considerations”.

Book-Entry Only Form

Unless the Bank elects otherwise, the Bank Preferred Shares Series A9 will be issued in “book-entry only” form, and may be purchased, held and transferred in substantially the same manner as the TD CaTS III. See “Description of the Trust Securities — The TD CaTS III — Book-Entry Only Form”.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of McCarthy Tétrault LLP, counsel to the Bank and the Trust, and Fasken Martineau DuMoulin LLP, counsel to the Underwriters, the following is a summary of the principal Canadian federal income tax considerations generally applicable to the Trust and a holder of TD CaTS III who acquires TD CaTS III under the Offering and who, at all relevant times, for purposes of the Tax Act, is resident or deemed to be resident in Canada, deals at arm’s length with and is not affiliated with the Bank and the Trust and holds the TD CaTS III, any Bank Preferred Shares Series A9 acquired on an exchange or redemption of TD CaTS III and any New Bank Preferred Shares as capital property, is not exempt from tax under Part I of the Tax Act and does not hold the TD CaTS III, any Bank Preferred Shares Series A9 acquired on an exchange or redemption of TD CaTS III or any New Bank Preferred Shares in a Deferred Income Plan. Generally, TD CaTS III, any Bank Preferred Shares Series A9 acquired on an exchange or redemption of TD CaTS III and any New Bank Preferred Shares will be considered to constitute capital property to a holder provided that the holder does not acquire or hold such TD CaTS III, Bank Preferred Shares Series A9 or New Bank Preferred Shares in the course of carrying on a business of trading or dealing in securities or otherwise as part of a business of buying and selling securities and has not acquired them in one or more transactions considered to be an adventure in the nature of trade.

This summary is not applicable to a purchaser an interest in which is a “tax shelter investment” (as defined in the Tax Act), to a purchaser who has elected to determine its Canadian tax results in a currency (other than Canadian currency) that is a “functional currency” (as defined in the Tax Act), or to a purchaser who is a “financial institution” (as defined in the Tax Act) for purposes of certain rules applicable to securities held by financial institutions (referred to as the “mark-to-market” rules). Such purchasers should consult their own tax advisors. Furthermore, the part of this summary dealing with the Bank Preferred Shares Series A9 is not applicable to a purchaser that is a “specified financial institution” (as defined in the Tax Act) that receives or is deemed to receive, alone or together with persons with whom it does not deal at arm’s length, in the aggregate dividends in respect of more than 10% of the Bank Preferred Shares Series A9 outstanding at the time a dividend is (or is deemed to be) received. This summary also assumes that all issued and outstanding Bank Preferred Shares Series A9 are listed on a designated stock exchange in Canada (as defined in the Tax Act) at the time dividends are (or deemed to be) received on such shares.

This summary is based upon the current provisions of the Tax Act and the regulations issued thereunder in force as of the date hereof, all specific proposals to amend the Tax Act and the regulations thereunder publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “Tax Proposals”) and counsel’s understanding of the current administrative policies and assessing practices of the Canada Revenue Agency (the “CRA”) published in writing by the CRA prior to the date hereof. This summary is also based in part on an officer’s certificate provided by an officer of the Administrative Agent of the Trust. This summary is not exhaustive of all possible Canadian

federal income tax considerations, and, except for the Tax Proposals, does not take into account or anticipate any changes in law or CRA administrative policies or assessing practices, whether by way of legislative, governmental or judicial decision or action, nor does it take into account or consider any other federal tax considerations or any provincial, territorial or foreign tax considerations which may differ materially from those discussed herein. While this summary assumes that the Tax Proposals will be enacted in the form proposed, no assurance can be given that this will be the case, and no assurance can be given that judicial, legislative or administrative changes will not modify or change the statements below.

This summary is also based on the assumption that the Trust will at no time be a “SIFT” trust (specified investment flow-through trust) as defined in the Tax Act. Provided that the Trust does not hold “non-portfolio property”, as defined in the Tax Act, it will not be a SIFT trust. The Declaration of Trust restricts the Trust from holding any “non-portfolio properties”.

This summary is of a general nature only and is not, and is not intended to be, and should not be construed to be, legal or tax advice to any particular holder and no representation with respect to the income tax consequences to any particular holder is made. Prospective purchasers of TD CaTS III should consult their own tax advisors with respect to the tax consequences of acquiring, holding and disposing of TD CaTS III having regard to their own particular circumstances.

TD CaTS III

Taxation of the Trust

The Declaration of Trust requires that, in each taxation year of the Trust, the net income, including net realized taxable capital gains, if any, of the Trust as would otherwise be taxable in the Trust will be payable to holders of TD CaTS III or the Bank, and/or one or more of its affiliates, as holder(s) of the Special Trust Securities. Consequently, the Trust is not expected to be liable for income tax under Part I of the Tax Act. Capital or income losses incurred by the Trust cannot be allocated to holders of the TD CaTS III or the Bank, and/or one or more of its affiliates, as holder(s) of the Special Trust Securities but may, subject to certain limitations, be deducted by the Trust from net taxable capital gains or net income realized in other years.

If the Trust is a registered investment, the Trust potentially will be subject to special taxes under the Tax Act. The Trust intends to restrict its investments in a manner that it will not be subject to any of these special taxes.

The Tax Act provides for a special tax on the designated income of certain trusts which have designated beneficiaries. This special tax will not apply to the Trust.

Taxation of Holders of TD CaTS III

Distributions

A holder of TD CaTS III will be required to include in computing its income for a taxation year all net income, including net realized taxable capital gains, if any, of the Trust payable to it by the Trust in that taxation year. All or substantially all of the amounts payable to holders of TD CaTS III are expected to be treated as income from a trust, rather than capital gains, for income tax purposes.

Disposition

A holder of TD CaTS III who disposes of, or is deemed to dispose of, the TD CaTS III will generally realize a capital gain (or sustain a capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the TD CaTS III to such holder immediately before the disposition or deemed disposition. A disposition or deemed disposition of a holder's TD CaTS III will be considered to occur on, amongst other events (a) an exchange of the TD CaTS III for Bank Preferred Shares Series A9 pursuant to the Automatic Exchange (on which event a holder's proceeds of disposition generally will be equal to the fair market value of the Bank Preferred Shares Series A9 received on the exchange), (b) a redemption of the TD CaTS III on the exercise

of the Trust Special Event Redemption Right or the Trust Redemption Right (on which event a holder's proceeds of disposition will be equal to the Early Redemption Price or the Redemption Price, as the case may be), and (c) a termination of the Trust.

Automatic Exchange

The Bank and the Exchange Trustee have been advised by TD Securities Inc. that the value to holders of the rights under the Automatic Exchange is nominal and, therefore, the Bank is of the view that no amount should be allocated to such rights. Counsel expresses no opinion as to the appropriateness or accuracy of this valuation. Any determination of value is not binding upon the CRA.

Bank Preferred Shares Series A9

Dividends

Dividends (including deemed dividends) received on the Bank Preferred Shares Series A9 by an individual (other than certain trusts) will be included in the individual's income and generally will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received by individuals (other than certain trusts) from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit rules applicable to any dividends designated by the Bank as eligible dividends in accordance with the provisions of the Tax Act. Dividends (including deemed dividends) on the Bank Preferred Shares Series A9 received by a corporation to which this part of the summary applies will be included in computing its income and generally will be deductible in computing its taxable income.

The Bank Preferred Shares Series A9 will be "taxable preferred shares" as defined in the Tax Act for purposes of the tax under Part IV.1 of the Tax Act applicable to certain corporate holders of the Bank Preferred Shares Series A9. The terms of the Bank Preferred Shares Series A9 require the Bank to make the necessary election under Part VI.1 of the Tax Act so that such corporate holders will not be subject to tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) on the Bank Preferred Shares Series A9.

A "private corporation", as defined in the Tax Act, or any other corporation controlled, whether by reason of a beneficial interest in one or more trusts or otherwise, by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts), will generally be liable to pay a 33 1/3% refundable tax under Part IV of the Tax Act on dividends received (or deemed to be received) on the Bank Preferred Shares Series A9 to the extent such dividends are deductible in computing its taxable income.

Dividends received by an individual may give rise to a liability for alternative minimum tax.

Dispositions

A holder of Bank Preferred Shares Series A9 who disposes of or is deemed to dispose of Bank Preferred Shares Series A9 (including on a redemption for cash or other acquisition by the Bank, but not including a conversion of Bank Preferred Shares Series A9 into New Preferred Shares) will generally realize a capital gain (or sustain a capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such shares to such holder immediately before the disposition or deemed disposition. The amount of any deemed dividend arising on the redemption or acquisition by the Bank of Bank Preferred Shares Series A9 (described below) generally will not be included in computing a holder's proceeds of disposition for purposes of computing the capital gain or capital loss arising on the disposition of such shares. If the holder is a corporation, any capital loss realized on a disposition or deemed disposition of Bank Preferred Shares Series A9 may in certain circumstances be reduced by the amount of any dividends, including deemed dividends, which have been received on such shares to the extent and under circumstances prescribed by the Tax Act. Analogous rules apply to a partnership or trust of which a corporation, trust or partnership is a member or beneficiary.

Redemption and Conversion

If the Bank redeems for cash or otherwise acquires Bank Preferred Shares Series A9, other than by a purchase in the manner in which shares are normally purchased by a member of the public in the open market or by reason of a conversion of the Bank Preferred Shares Series A9 into New Bank Preferred Shares, the holder will be deemed to have received a dividend equal to the amount, if any, paid by the Bank in excess of the paid-up capital of such shares at such time. The difference between the amount paid and the amount of the deemed dividend will be treated as proceeds of disposition for the purposes of computing the capital gain or capital loss arising on the disposition of such shares. In the case of a corporate shareholder, it is possible that in certain circumstances all or part of the amount so deemed to be a dividend may be treated as proceeds of disposition and not as a dividend.

The conversion of the Bank Preferred Shares Series A9 into New Bank Preferred Shares by a holder will be deemed not to be a disposition of property and accordingly will not give rise to any capital gain or capital loss. The cost to a holder of New Bank Preferred Shares received on the conversion will be deemed to be equal to the holder's adjusted cost base of the Bank Preferred Shares Series A9 so converted immediately before the conversion.

Taxation of Capital Gains and Capital Losses

Generally, a holder is required to include in computing its income for a taxation year one-half of the amount of any capital gain (a "taxable capital gain") realized by the holder in the year. Subject to and in accordance with the provisions of the Tax Act, a holder is required to deduct one half of the amount of any capital loss (an "allowable capital loss") realized in a taxation year from taxable capital gains realized by the holder in the year and allowable capital losses in a taxation year in excess of taxable capital gains in the taxation year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years. Capital gains realized by an individual may give rise to a liability for alternative minimum tax.

Additional Refundable Tax

A holder that is a Canadian-controlled private corporation (as defined in the Tax Act) may be liable to pay an additional refundable tax of 6 2/3% on certain investment income including amounts in respect of income from property and taxable capital gains.

PLAN OF DISTRIBUTION

Pursuant to an agreement (the "Underwriting Agreement") dated September 8, 2008 between the Trust, the Bank and TD Securities Inc., RBC Dominion Securities Inc., Scotia Capital Inc., CIBC World Markets Inc., BMO Nesbitt Burns Inc., HSBC Securities (Canada) Inc., National Bank Financial Inc., Merrill Lynch Canada Inc. and Desjardins Securities Inc. (collectively, the "Underwriters"), the Trust has agreed to sell, and the Underwriters have agreed to purchase, on September 17, 2008, or on such other date not later than October 24, 2008 as may be agreed upon all but not less than all of the 1,000,000 TD CaTS III at a price of \$1,000 per TD CaTS III, subject to the terms and conditions set forth therein. The Trust has agreed to pay to the Underwriters a fee per TD CaTS III equal to \$10 with respect to each TD CaTS III sold for an aggregate Underwriters' fee of \$10,000,000.

The Underwriting Agreement provides that in the event that an Underwriter fails to purchase the TD CaTS III that it has severally agreed to purchase under the Underwriting Agreement, the other Underwriters shall be severally obligated to purchase those TD CaTS III in accordance with their respective percentages provided that if the percentage of the total number of TD CaTS III in respect of which such failure occurs exceeds a certain level, the other Underwriters shall have the right but not the obligation to purchase severally those TD CaTS III.

The Underwriting Agreement also provides that the Underwriters may, at their discretion, terminate their obligations thereunder upon the occurrence of certain stated events. The Underwriters have agreed, subject to the terms and conditions set forth in the Underwriting Agreement, to purchase all of the TD CaTS III to be purchased by them if any of the TD CaTS III being sold pursuant to the Underwriting Agreement are purchased.

The Offering is being made concurrently in all provinces and territories of Canada. The TD CaTS III have not been and will not be registered under the U.S. Securities Act. The Underwriters have agreed not to offer for sale or sell the TD CaTS III in the United States or to any U.S. Person.

TD Securities Inc., one of the Underwriters, is a wholly-owned subsidiary of the Bank. As a result, each of the Bank and the Trust is a related and connected issuer of TD Securities Inc. The terms of the Offering were negotiated at arm's length between the Bank, the Trust and the Underwriters. TD Securities Inc. will not receive any benefit in connection with the Offering other than as described herein. RBC Dominion Securities Inc., one of the underwriters in respect of which the Trust and the Bank are not related or connected issuers, participated in the pricing and structuring of the Offering and in the due diligence activities performed by the Underwriters in connection with the Offering.

The Underwriters may not, throughout the period of distribution under this short form prospectus, bid for or purchase TD CaTS III. The foregoing restriction is subject to certain exceptions, as long as the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in or raising the price of such securities. These exceptions include a bid or purchase permitted under the Universal Market Integrity Rules administered by the Investment Industry Regulatory Organization of Canada relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer when the order was not solicited during the period of distribution provided that the bid or purchase was not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, such securities. Pursuant to the first mentioned exception, in connection with this Offering and subject to applicable law, the Underwriters may effect the transactions which stabilize or maintain the market price of such securities at levels other than those which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time.

RATINGS

The TD CaTS III have been given a preliminary rating of A (high) with a stable trend by DBRS, P-1(low) and A by S&P using S&P's Canadian national scale and global scale, respectively, and Aa2 by Moody's.

An A rating by DBRS is the third highest of ten categories granted by DBRS for long term debt. A reference to "high" or "low" reflects the relative strength within the rating category and the stable trend refers to DBRS's outlook regarding the rating. A P-1 rating by S&P is the highest of the five categories used by S&P in its Canadian national preferred share rating scale. "High" and "low" grades may be used to indicate the relative standing of a credit within a particular rating category. The A rating by S&P is the third highest of ten categories used by S&P in its global preferred share scale. An Aa2 rating by Moody's is the second highest of nine categories used by Moody's for preferred stock. The modifier 2 indicates that the obligation ranks in the middle of the Aa rating category.

Credit ratings are intended to provide investors with an independent assessment of the credit quality of an issue or issuer of securities and do not speak to the suitability of particular securities for any particular investor. The credit ratings assigned to the TD CaTS III may not reflect the potential impact of all risks on the value of the TD CaTS III. A rating is therefore not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the respective rating agency.

USE OF PROCEEDS

The gross proceeds to the Trust from the sale of the TD CaTS III offered hereby and the sale of the Special Trust Securities to the Bank and/or one or more of its affiliates will be \$1,440,000,000. The Trust will use such gross proceeds to purchase the Initial Trust Assets on a fully serviced basis from the Initial Sellers upon the closing of the Offering. See "Activities of the Trust".

The following table illustrates the use of the gross proceeds received by the Trust on the Closing Date from the sale of the TD CaTS III offered hereby and the subscription by the Bank and/or one or more of its affiliates for the Special Trust Securities described above.

Gross proceeds from the sale of Special Trust Securities to the Bank and/or one or more of its affiliates	\$ 440,000,000
Gross proceeds from the Offering	\$ 1,000,000,000
Gross proceeds to be applied to the purchase of the Trust Assets	<u>\$ 1,440,000,000</u>

The Bank expects that the proceeds from the sale of the TD CaTS III will be included as Tier 1 capital of the Bank. The Bank intends to use the proceeds from the sale of the Initial Trust Assets for general corporate purposes.

MATERIAL CONTRACTS

The material contracts to be entered into by the Trust and/or the Bank in connection with the Offering are as follows:

1. the Administration and Advisory Agreement described under “Activities of the Trust — The Administrative Agent”;
2. the Declaration of Trust described under “The Trust”;
3. the Sales, Pooling and Servicing Agreements described under “Activities of the Trust — Description of Initial Trust Assets”;
4. the Purchase Agreements described under “Activities of the Trust — Description of Initial Trust Assets”;
5. the Bank Share Exchange Agreement described under “Description of the Trust Securities — The TD CaTS III — Bank Share Exchange Agreement”;
6. the Credit Facility described under “Activities of the Trust — Liquidity”;
7. the Subscription Agreement described under “Activities of the Trust — Certain Transactions Incidental to the Offering”; and
8. the Underwriting Agreement described under “Plan of Distribution”.

RISK FACTORS

Prospective investors should carefully consider the risks described below before deciding whether to invest in TD CaTS III. Investors should also carefully consider any risks that may be described in other filings the Bank makes with securities or banking regulators including, without limitation, the management’s discussion and analysis contained in the Annual Report incorporated by reference in this short form prospectus, which discusses, among other things, certain known material trends and events, and risks or uncertainties that have had a material effect on, and may reasonably be expected to have a material effect on, the Bank’s business, financial condition or results of operations, including legislative or regulatory developments, competition, technological change, global capital market activity, interest rates, inflation and general economic conditions in geographic areas where the Bank operates.

Automatic Exchange of TD CaTS III for Bank Preferred Shares Series A9

The purchase of TD CaTS III involves risk with respect to the performance and capital levels of the Bank. In the event of decline in the performance and capital levels of the Bank or the Bank becoming insolvent or bankrupt or resolving to wind-up or liquidate or being ordered wound-up or liquidated or the occurrence of any other event constituting a Loss Absorption Event, the TD CaTS III will be automatically exchanged for Bank Preferred Shares Series A9, without the consent of the holders thereof, which shares would be an investment in the Bank and not in the Trust. As a result, holders of TD CaTS III could become shareholders of the Bank at a time when the Bank’s financial condition

was deteriorating or when the Bank had become insolvent or bankrupt or resolved to wind-up or had been ordered wound-up or liquidated or upon the occurrence of any other event constituting a Loss Absorption Event.

The Indicated Distribution payable on the TD CaTS III after December 31, 2018 will be based on a floating rate and will vary from time to time. The Bank Preferred Shares Series A9 that will be issued to holders upon an Automatic Exchange will pay a fixed quarterly, non-cumulative preferential cash dividend of \$0.36875 per share. There can be no guarantee that, if the Automatic Exchange occurs after December 31, 2018, the dividend payable on the Bank Preferred Shares Series A9 will not be less than the Indicated Distribution that would otherwise have been payable on the TD CaTS III had the Automatic Exchange not occurred or that such dividend will not be less than the prevailing market rates for similar instruments. In addition, the dividend payable on the Bank Preferred Shares Series A9 may not reflect a market rate for similar instruments at the date of issuance.

An investment in the Bank is also subject to certain risks that are distinct from the risks associated with an investment in the Trust including the general risks inherent in equity investments in depository institutions. In the event of a liquidation of the Bank, the claims of depositors and creditors of the Bank would be entitled to a priority of payment over the claims of holders of equity interests such as the Bank Preferred Shares Series A9. As a result, if the Bank were to become insolvent or bankrupt or resolved to wind-up or was ordered wound-up or liquidated after the Automatic Exchange or if the Automatic Exchange were to occur after the insolvency of the Bank, the holders of the Bank Preferred Shares Series A9 may receive, if anything, substantially less than the holders of the TD CaTS III would have received had the TD CaTS III not been exchanged for Bank Preferred Shares Series A9. In the event of the occurrence of the Automatic Exchange, with the result that the holder of a TD CaTS III receives Bank Preferred Shares Series A9 in exchange for such TD CaTS III, such holder shall thereupon cease to have any direct claim or entitlement with respect to the assets of the Trust and the only claim or entitlement of such holder will be in its capacity as a shareholder of the Bank. Potential investors in the TD CaTS III should carefully consider the description of the Bank set forth under “The Bank”. See also “Description of the Trust Securities — The TD CaTS III — Automatic Exchange”.

Interest Rate Risk

The Trust’s income will consist primarily of interest payments on the Trust Assets held by it. Because the Indicated Distribution in respect of the TD CaTS III is fixed until December 31, 2018, there can be no assurance that an interest rate environment in which there is a significant decline in interest rates would not adversely affect the Trust’s ability to pay the Indicated Distribution on the TD CaTS III in full on each Regular Distribution Date. It is in the Bank’s interest to ensure, to the extent within its control, that the Trust complies with its obligation to pay the Indicated Distribution in full on the TD CaTS III on each Regular Distribution Date to avoid triggering the Dividend Stopper Undertaking.

Due to the term of the Initial Trust Assets and the inability to accurately predict the extent to which the Trust’s Assets may be prepaid, it is possible that the Trust may not be able to sufficiently reduce interest rate risk associated with the replacement of such Trust Assets.

Credit Rating

Real or anticipated changes in credit ratings on the TD CaTS III or the Bank Preferred Shares Series A9, as the case may be, may affect the market value of the securities.

Restrictions on Ownership of Bank Shares

Under the Bank Act, no person, or persons acting jointly or in concert, is permitted to have a significant interest in the Bank. See “The Bank — Limitations Affecting Holders of Bank Shares”. Accordingly, the right of a holder to exchange all or some of the TD CaTS III held by it may be restricted. In addition, certain holders of TD CaTS III who are to acquire Bank Preferred Shares Series A9 upon the exercise or operation of the Automatic Exchange may have some or all of such shares disposed of on their behalf pursuant to the procedures referred to under “Description of the Trust Securities — The TD CaTS III — Automatic Exchange”.

Dependence Upon the Bank and its Affiliates and Potential Conflicts of Interest

The Trust will be dependent on the diligence and skill of the employees of the Bank, as Administrative Agent, for the selection, structuring and monitoring of the Trust Assets. In addition, potential conflicts of interest may arise between the Trust and the Bank and its affiliates. See “Activities of the Trust” and “Interests of the Bank and its Affiliates in Material Transactions”. The Administrative Agent may also delegate or subcontract all or a portion of its obligations under the Administration and Advisory Agreement to one or more affiliates, and under certain conditions to non-affiliates, involved in the business of managing assets such as the Trust Assets. In the event that the Administrative Agent delegates or subcontracts its obligations in such a manner, the Trust will be dependent upon the subcontractor to provide services. See “Activities of the Trust — The Administrative Agent”.

The Trust will be dependent upon the expertise of the Servicer for the servicing of the Trust Assets. In addition, potential conflicts of interest may arise between the Trust and the Bank and its affiliates. The Servicer of the Trust Assets may also subcontract all or a portion of its obligations under the Sales, Pooling and Servicing Agreements to one or more affiliates, and under certain conditions to non-affiliates, involved in the business of managing assets such as the Trust Assets. In the event that the Servicer subcontracts its obligations in such a manner, the Trust will be dependent upon the subcontractor to provide services.

Liquidity of and Dealings in TD CaTS III

While the TD CaTS III will be eligible for resale in the public market, it is not expected that the TD CaTS III will be listed on any stock exchange. There can be no assurance that an active trading market will develop or be sustained or that the TD CaTS III may be resold at or above the initial public offering price. The ability of a holder to pledge TD CaTS III or otherwise take action with respect to such holder’s interest in TD CaTS III (other than through a Participant) may be limited due to the lack of a physical certificate.

Indicated Distribution is Non-Cumulative

The Indicated Distribution on the TD CaTS III is non-cumulative. The Indicated Distribution on the TD CaTS III is payable by the Trust on each Regular Distribution Date. If the Indicated Distribution on the TD CaTS III for any Distribution Date is not paid by reason of the occurrence of a Distribution Diversion Event, holders of TD CaTS III will not be entitled to receive such Indicated Distribution. See “Description of the Trust Securities — The TD CaTS III — Indicated Distribution”.

Perpetual Nature of TD CaTS III

The TD CaTS III have no fixed final maturity date and holders of TD CaTS III have no rights to call for the redemption of the TD CaTS III.

Income From Trust

There can be no assurance that the net income and gains derived from the Trust Assets by the Trust will be sufficient to satisfy the Indicated Distribution on the TD CaTS III in full on each Regular Distribution Date.

PRINCIPAL HOLDERS OF SECURITIES

It is intended that, at all times following the Closing Date, the Bank and/or one or more of its affiliates will own all of the Special Trust Securities. See “Capitalization of the Trust” and “Use of Proceeds”.

INTERESTS OF THE BANK AND ITS AFFILIATES IN MATERIAL TRANSACTIONS

Pursuant to the Administration and Advisory Agreement, the Bank will provide certain advice to the Trust and will administer the day-to-day operations of the Trust. In addition, the Bank and/or one or more of its affiliates will service the Trust Assets pursuant to the Sales, Pooling and Servicing Agreements. In addition, TD Securities Inc. is an affiliate of the Bank and will receive a portion of the underwriting fee payable by the Trust on account of services rendered in connection with the Offering. See “Plan of Distribution”.

The Bank and its affiliates may have interests which are not identical to those of the Trust. Consequently, conflicts of interest may arise with respect to transactions, including, without limitation, the sale of the Initial Trust Assets, future acquisitions and dispositions of the Trust Assets from or to the Bank and/or its affiliates, and the renewal, termination or modification of the Administration and Advisory Agreement or the Sales, Pooling and Servicing Agreements. It is the intention of the Trust and the Bank that any agreements and transactions between the Trust, on the one hand, and the Bank and/or its affiliates, on the other hand, are fair to all parties and consistent with market terms, including the prices paid and received for Trust Assets or in connection with the servicing of Trust Assets.

LEGAL MATTERS

Certain legal matters in connection with the Offering will be passed upon by McCarthy Tétrault LLP, on behalf of the Trust and the Bank, and by Fasken Martineau DuMoulin LLP on behalf of the Underwriters. The partners, counsel and associates of McCarthy Tétrault LLP and Fasken Martineau DuMoulin LLP respectively as a group, beneficially own, directly or indirectly, less than one per cent of any class of security issued by the Trust or the Bank.

TRANSFER AGENT AND REGISTRAR AND EXCHANGE TRUSTEE

CIBC Mellon Trust Company will be appointed as transfer agent, registrar and Exchange Trustee in respect of the TD CaTS III. The TD CaTS III will be issued in book-entry only form through CDS. See “Description of the Trust Securities — The TD CaTS III — Book-Entry Only Form”. Subject to the CDS Procedures, registration and transfer of the TD CaTS III may be effected at the principal offices of CIBC Mellon Trust Company in Toronto.

AUDITORS

Ernst & Young LLP, Chartered Accountants, Licensed Public Accountants, Toronto, Ontario have been appointed as auditors of the Trust.

LEGAL PROCEEDINGS

Other than as set out in the Bank’s financial statements incorporated by reference herein, neither the Trust nor the Bank is involved in any litigation or arbitration proceedings which may have or have had during the twelve months prior to the date hereof a significant effect on the financial position of the Trust or the Bank and its subsidiaries, taken as a whole, nor is the Trust or the Bank aware that any such proceedings are pending or threatened.

PROMOTER

The Bank is the promoter of the Trust by reason of its taking the initiative in creating, structuring and promoting the Trust. The Bank will not receive any benefits, directly or indirectly, from the issuance of the TD CaTS III other than as described in this short form prospectus. The Initial Sellers will sell the Initial Trust Assets to the Trust. See “Activities of the Trust — Description of the Initial Trust Assets”. The Bank will receive an administrative fee pursuant to the Administration and Advisory Agreement. The Servicer may receive a servicing fee. Under the Administration and Advisory Agreement, the Bank will provide services in connection with the Offering of the TD CaTS III and the ongoing operations, maintenance and regulatory compliance of the Trust.

EXEMPTIONS FROM NATIONAL INSTRUMENT 44-101

The Ontario Securities Commission, as principal regulator under the Process for Exemptive Relief Applications in Multiple Jurisdictions, has granted relief to the Trust under the securities legislation of the Province of Ontario as described below (which relief is intended to be relied upon by the Trust in each of the provinces and territories of Canada, other than Ontario). The Trust is exempted from the following short form prospectus distribution requirements in connection with offerings by the Trust from time to time of Trust Securities:

- (i) the requirements of Part 2 of National Instrument 44-101 *Short Form Prospectus Distributions* (“NI 44-101”), which set forth the eligibility requirements to enable an issuer to file a prospectus in the form of a short form prospectus;
- (ii) the disclosure requirements in Item 6 (Earnings Coverage Ratios) and Item 11 (Documents Incorporated by Reference), with the exception of Item 11.1(1)(5), of Form 44-101F1 of NI 44-101 in respect of the Trust, as applicable; and
- (iii) the requirement in Section 2.8 of NI 44-101 to file a notice of intention to file a short form prospectus no fewer than 10 business days prior to the filing of the Trust’s first preliminary short form prospectus.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages where the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for the particulars of these rights or consult with a legal adviser.

APPENDIX A

INFORMATION RELATED TO TRUST ASSETS

As at September 3, 2008

Composition of the Assets

The information provided in the tables below summarizes a portfolio of assets of the Bank as at September 3, 2008. The Initial Trust Assets will consist primarily of Co-Ownership Interests in such portfolio of assets. These tables are not necessarily indicative of the composition of the portfolio after the Closing Date.

As of September 3, 2008, the average beacon score for these assets was 753. Beacon scores are generated by Equifax Credit Bureau and range from approximately 400 (poor) – 900 (perfect) and are a common measure used by banks and other financial institutions of a borrower’s creditworthiness, determined by weighing a number of factors including payment history, current debts and age of accounts.

Composition of Assets by Asset Type
(dollars in thousands)
(unaudited)

<u>Asset Type</u>	<u>Number of Assets</u>	<u>Percentage of Total Number of Assets</u>	<u>Balance Outstanding</u>	<u>Percentage of Total Balance Outstanding</u>
Residential Mortgages				
CMHC Insured First Priority Mortgages	0	0%	\$0	0%
Conventional First Priority Mortgages	0	0%	0	0%
Privately Insured Residential Mortgages	0	0%	0	0%
Secured Lines of Credit (CMHC Insured)	15,311	100%	2,149,404	100%
Secured Lines of Credit (Conventional)	0	0%	0	0%
Co-Ownership Interests	0	0%	0	0%
Mortgage-Backed Securities	0	0%	0	0%
Other Assets	0	0%	0	0%
Totals	15,311	100.00%	\$2,149,404	100.00%

The average Account Balance of these assets as of September 3, 2008 was \$140,400.

Composition of Assets by Maturity
(dollars in thousands)
(unaudited)

<u>Time to Maturity of Assets</u>	<u>Balance Outstanding</u>	<u>Percentage of Total Balance Outstanding</u>
Floating.....	\$413,986	19%
12 Months and under	274,883	13%
Over 12 – 24 months	179,937	8%
Over 24 – 36 months	421,695	20%
Over 36 – 48 months	633,355	29%
Over 48 – 60 months	225,548	11%
Over 60 months	0	0%
Totals.....	<u>\$2,149,404</u>	<u>100.00%</u>

The average time to maturity of these assets, weighted by balance outstanding, as of September 3, 2008 was 33 months.

Composition of Assets by Jurisdiction
(dollars in thousands)
(unaudited)

<u>Jurisdiction</u>	<u>Number of Assets</u>	<u>Percentage of Total Number of Assets</u>	<u>Balance Outstanding</u>	<u>Percentage of Total Balance Outstanding</u>
Alberta.....	1,391	9%	\$231,843	11%
British Columbia	1,605	11%	285,494	13%
Manitoba.....	367	2%	34,235	2%
New Brunswick	200	1%	15,548	1%
Newfoundland and Labrador	65	1%	5,230	0%
Northwest Territories & Nunavut	2	0%	319	0%
Nova Scotia	212	1%	21,389	1%
Ontario.....	8,560	56%	1,244,331	58%
Prince Edward Island.....	49	0%	4,086	0%
Québec.....	2,613	17%	280,820	13%
Saskatchewan	238	2%	24,769	1%
Yukon	9	0%	1,340	0%
Totals.....	<u>15,311</u>	<u>100.00%</u>	<u>\$2,149,404</u>	<u>100.00%</u>

**Composition of Assets by Loan to Value
Ratio of Mortgages Providing Security for Lines of Credit**
(dollars in thousands)
(unaudited)

<u>Loan to Value Ratio</u>	<u>Number of Assets</u>	<u>Percentage of Total Number of Assets</u>	<u>Balance Outstanding</u>	<u>Percentage of Total Balance Outstanding</u>
10% and under	4	0%	\$91	0%
Over 10 to 15%	53	0%	1,891	0%
Over 15 to 20%	80	1%	2,948	0%
Over 20 to 25%	126	1%	7,451	0%
Over 25 to 30%	164	1%	9,741	0%
Over 30 to 35%	241	2%	17,524	1%
Over 35 to 40%	284	2%	21,309	1%
Over 40 to 45%	329	2%	31,588	2%
Over 45 to 50%	877	6%	86,277	4%
Over 50 to 55%	390	3%	50,158	2%
Over 55 to 60%	643	4%	88,932	4%
Over 60 to 65%	1,257	8%	199,600	9%
Over 65 to 70%	832	5%	144,382	7%
Over 70 to 75%	8,430	55%	1,191,987	56%
Over 75 to 80%	1,601	10%	295,525	14%
Totals	<u>15,311</u>	<u>100.00%</u>	<u>\$2,149,404</u>	<u>100.00%</u>

Delinquencies as a Percentage of the Assets
(dollars in thousands)
(unaudited)

<u>Days Delinquent</u>	<u>As at September 3/08</u>	
	<u>Amount</u>	<u>Percentage</u>
30 to 60 days	\$0	0%
60 days and over	\$0	0%

Updated information on the historical performance of the Trust Assets, including delinquencies, will be made available on a quarterly basis on the website of the Bank at www.td.com.

APPENDIX B

AUDITOR'S CONSENT

We have read the Short Form Prospectus of TD Capital Trust III (the "Trust") dated September 8, 2008 relating to the offering of 1,000,000 TD Capital Trust III Securities – Series 2008 (the "Prospectus"). We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned Prospectus of our report dated November 28, 2007 to the shareholders of The Toronto-Dominion Bank (the "Bank") on the consolidated balance sheets of the Bank as at October 31, 2007 and 2006, and the consolidated statements of income, changes in shareholders' equity, comprehensive income and cash flows for the years then ended.

(signed) Ernst & Young LLP
Chartered Accountants
Licensed Public Accountants
Toronto, Canada
September 8, 2008

CERTIFICATE OF THE TRUST

Dated: September 8, 2008

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the *Bank Act* (Canada) and the regulations thereunder and the securities legislation of all the provinces and territories of Canada.

TD CAPITAL TRUST III
by its Administrative Agent
THE TORONTO-DOMINION BANK

(signed) W. Edmund Clark
President and Chief Executive Officer

(signed) Colleen Johnston
Chief Financial Officer

CERTIFICATE OF THE BANK

Dated: September 8, 2008

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the *Bank Act* (Canada) and the regulations thereunder and the securities legislation of all provinces and territories of Canada.

(signed) W. Edmund Clark
Chief Executive Officer

(signed) Colleen Johnston
Chief Financial Officer

On behalf of the Board of Directors:

(signed) Roger Phillips
Director

(signed) Donna Hayes
Director

CERTIFICATE OF THE UNDERWRITERS

Dated: September 8, 2008

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces and territories of Canada.

TD SECURITIES INC.

(signed) Jonathan Broer

RBC DOMINION SECURITIES INC.

(signed) Chris Seip

SCOTIA CAPITAL INC.

(signed) John Tkach

CIBC WORLD MARKETS INC.

(signed) Donald A. Fox

BMO NESBITT BURNS INC.

(signed) Bradley J. Hardie

HSBC SECURITIES (CANADA) INC.

(signed) Catherine J. Code

NATIONAL BANK FINANCIAL INC.

(signed) Maude Leblond

MERRILL LYNCH CANADA INC.

(signed) M. Marianne Harris

DESJARDINS SECURITIES INC.

(signed) Thomas L. Jarmai