

Chairman of the Board's Message

When I wrote to you a year ago, the global economy was still struggling through the recession. Many companies and entire industries were simply trying to ride out the storm. And while economic conditions didn't get worse in 2010, they also didn't get much better. However, we felt confident that our strategy of producing long-term profitable growth by building great franchises and delivering value to our customers, shareholders and communities would enable us to grow in 2010. And it did.

Our focus on lower-risk retail banking allowed us not only to weather the global economic storm, but to grow through it and emerge with momentum. Ours is a strategy we believe in and one that clearly works.

GROWING IN AN UNCERTAIN ECONOMY

As you know, our adjusted earnings crossed the \$5 billion mark for the first time this past year. Our retail operations had record adjusted earnings of \$4.8 billion. Our adjusted earnings per share rose eight per cent and are back to the record levels we saw in 2007. We also had one of the highest levels of return on risk-weighted assets among our peers. Our U.S. franchise continued to grow both organically and through acquisitions, and we were once again recognized as a leader in customer service.

DELIVERING FOR OUR SHAREHOLDERS

TD has a long history of maintaining its dividend, and despite significant economic headwinds, this year was no different – a clear indication of our confidence that TD will continue to grow earnings over time. Total shareholder return was 23 per cent for the year and remained above the Canadian and U.S. bank peer averages on a compounded basis.

Our policy is to manage dividends based on the board's outlook on long-term sustainable earnings. With that in mind, we hope to be in a better position to give you more clarity on our expectations for dividends in 2011 with the release of our Q1 earnings.

The strength of our franchise and the resilience of our business model never cease to amaze me. While the economic recovery remains sluggish, particularly in the U.S., your board is confident that shareholders will continue to benefit from TD's strategy.

A CORPORATE GOVERNANCE LEADER

Your board is committed to representing the best interests of shareholders through a strong focus on good corporate governance. As a leader in this area, we are committed to continuing to enhance our already robust governance foundation.

One of the simple but very valuable things we've done is reorganize the board meeting to ensure quality time is devoted to strategy and executive leadership. The first two hours of our meetings are reserved for the CEO and directors to have free-flowing dialogue on strategic issues that impact the long-term value of the corporation. These are issues of critical importance to shareholders and include our growth in the U.S. and our strategy for building TD's future leadership.

We were pleased that for the fourth year in a row, our corporate governance standards were ranked by GovernanceMetrics International as being in the top one per cent of companies it ranks worldwide.

FORMALIZING OUR RISK APPETITE

TD's risk culture today is truly defined by the business decisions made and strategic actions taken up to and during the economic crisis – we clearly made the right decisions. This year, we achieved another significant milestone by putting what made us successful into simple words, creating our risk appetite statement. The statement is the basic yardstick against which we measure how much risk we are willing to take in order to generate value for our shareholders.

We believe every employee in this organization is essentially a risk manager. We want all employees to be knowledgeable about the risks they take in their day-to-day activities. Why is this important? Adhering to the bank's strategy and risk appetite – something we've always done – allows us to grow profitability without going out the risk curve.

FOCUS ON PEOPLE AND TALENT

TD has an enormous focus on developing talent to ensure we have the best possible team today and tomorrow. The strength of our employment brand has enabled us to attract and retain the very best employees. Employees at TD know that their success is based on their skills, their personal performance, their potential and the company's achievements. That's why your board is focused on helping TD continue to raise the bar when it comes to its unique and inclusive employee culture and ensuring an ongoing focus on building talent for the future.

We're delighted to have once again won a number of best employer awards, including the Hewitt Associates 50 Best Employers in Canada. TD was also named the best at developing the next generation of leaders in a survey conducted by *Canadian Business* magazine and Knightsbridge Human Capital Solutions.

COMPENSATION

Last year, we completed a comprehensive review of executive compensation programs and fine-tuned our compensation practices in order to appropriately align them with the risk appetite of the bank. I'm happy to report that we've made tremendous progress on this front and that the bank continues to evolve its approach to compensation. We're taking a balanced approach that is intended to attract, retain and reward talent in alignment with the creation of long-term, profitable growth.

CHANGES TO THE BOARD

Managing talent is done at all levels, which is why we're always looking for individuals with new and diverse experience and knowledge.

That's why I'm delighted to welcome Amy Brinkley to the board. Amy, formerly a global risk executive at Bank of America, currently serves on the board of Carter's, Inc. Her rich banking background, coupled with her extensive risk management experience, makes her a valuable addition to the board.

As was announced on September 28, 2010, I will be retiring as chairman of the board at the end of this year. I'd like to congratulate Brian Levitt, who will become your new board chairman on January 1, 2011. I'm delighted that Brian will be taking over the reins. He is a terrific director and knows the banking industry extremely well. Brian has a very strong relationship with all of the board directors, as well as with senior management. I think he's a terrific choice, and I'm delighted that I'll be staying on the board.

I'd also like to thank Roger Phillips, Bill Ryan and Donna Hayes, who stepped down from the board earlier this year. Their contributions have been invaluable.

IN CLOSING

As I look back on my time as chairman, one of my proudest moments was in 2002, when I first led the board in the appointment of Ed Clark. Ed has done an outstanding job over the last eight years in leading his management team to build The Better Bank. Back in 2002, our market capitalization was about \$19 billion. Today it stands at over \$64 billion, more than a three-fold increase.

The last few years have been incredibly challenging, but against a backdrop of economic turmoil, TD has proudly stood out as a success story. The fact that TD delivered record adjusted earnings in 2010 speaks to the enormous talent, drive and commitment of Ed, his leadership team and TD's more than 81,000 dedicated employees. On behalf of the board, I would like to thank them all for their extraordinary efforts in the past year.

Your board remains committed to working in the best interests of shareholders. We look forward to serving you throughout 2011 and beyond.



John M. Thompson
Chairman of the Board of Directors

THE BOARD OF DIRECTORS AND ITS COMMITTEES

Our directors as at December 2, 2010, are listed below. Our Proxy Circular for the 2011 Annual Meeting will set out the director candidates proposed for election at the meeting and additional information about each candidate, including education, other principal directorships, TD committee membership, stock ownership and attendance at Board and committee meetings.

William E. Bennett
Corporate Director and Former President and Chief Executive Officer, Draper & Kramer, Inc., Chicago, Illinois

Hugh J. Bolton
Chair of the Board, EPCOR Utilities Inc., Edmonton, Alberta

John L. Bragg
Chairman, President and Co-Chief Executive Officer, Oxford Frozen Foods Limited, Oxford, Nova Scotia

Amy W. Brinkley
Corporate Director, Charlotte, North Carolina

W. Edmund Clark
Group President and Chief Executive Officer, The Toronto-Dominion Bank, Toronto, Ontario

Wendy K. Dobson
Professor and Co-Director, Institute for International Business, Joseph L. Rotman School of Management, University of Toronto, Toronto, Ontario

Henry H. Ketcham
Chairman, President and Chief Executive Officer, West Fraser Timber Co. Ltd., Vancouver, British Columbia

Pierre H. Lessard
Executive Chairman of the Board, METRO INC., Montreal, Quebec

Brian M. Levitt*
Co-Chair and Partner, Osler, Hoskin & Harcourt LLP, Montreal, Quebec

Harold H. MacKay
Counsel, MacPherson Leslie & Tyerman LLP, Regina, Saskatchewan

Irene R. Miller
Chief Executive Officer, Akim, Inc., New York, New York

Nadir H. Mohamed
President and Chief Executive Officer, Rogers Communications Inc., Toronto, Ontario

Wilbur J. Prezzano
Corporate Director and Retired Vice Chairman, Eastman Kodak Company, Charleston, South Carolina

Helen K. Sinclair
Chief Executive Officer, BankWorks Trading Inc., Toronto, Ontario

Carole S. Taylor
Corporate Director, Vancouver, British Columbia

John M. Thompson*
Chairman of the Board, The Toronto-Dominion Bank, Toronto, Ontario

*Effective January 1, 2011, Mr. Levitt will be Chairman of the Board.

COMMITTEE	MEMBERS*	KEY RESPONSIBILITIES
Corporate Governance Committee	John M. Thompson** (Chair) Hugh J. Bolton Brian M. Levitt**	Responsibility for corporate governance of TD: <ul style="list-style-type: none"> Set the criteria for selecting new directors and the Board's approach to director independence; Identify individuals qualified to become Board members and recommend to the Board the director nominees for the next annual meeting of shareholders; Develop and, where appropriate, recommend to the Board a set of corporate governance principles, including a code of conduct and ethics, aimed at fostering a healthy governance culture at TD; Review and recommend the compensation of the directors of TD; Satisfy itself that TD communicates effectively with its shareholders, other interested parties and the public through a responsive communication policy; Facilitate the evaluation of the Board and committees; Oversee an orientation program for new directors and continuing education for directors.
Human Resources Committee	Wilbur J. Prezzano (Chair) Henry H. Ketcham Pierre H. Lessard Brian M. Levitt Helen K. Sinclair John M. Thompson	Responsibility for management's performance evaluation, compensation and succession planning: <ul style="list-style-type: none"> Discharge, and assist the Board in discharging, the responsibility of the Board relating to compensation as set out in this committee's charter; Set performance objectives for the CEO that encourage TD's long-term financial success and regularly measure the CEO's performance against these objectives; Determine the recommended compensation for the CEO and certain senior officers in consultation with independent advisors; Review candidates for CEO and recommend the best candidate to the Board as part of the succession planning process for the position of CEO; Oversee the selection, evaluation, development and compensation of other members of senior management; Produce a report on compensation for the benefit of shareholders, which is published in TD's annual Proxy Circular, and review, as appropriate, any other related major public disclosures concerning compensation.
Risk Committee	Harold H. MacKay (Chair) William E. Bennett Amy W. Brinkley Wendy K. Dobson Wilbur J. Prezzano Helen K. Sinclair Carole S. Taylor	Supervising the management of risk of TD: <ul style="list-style-type: none"> Identify and monitor the key risks of TD and evaluate their management; Approve risk management policies that establish the appropriate approval levels for decisions and other checks and balances to manage risk; Satisfy itself that policies are in place to manage the risks to which TD is exposed, including market, operational, liquidity, credit, insurance, regulatory and legal risk, and reputational risk; Provide a forum for big-picture analysis of future risks, including considering trends.
Audit Committee	William E. Bennett*** (Chair) John L. Bragg Harold H. MacKay Irene R. Miller*** Nadir H. Mohamed***	Supervising the quality and integrity of TD's financial reporting: <ul style="list-style-type: none"> Oversee reliable, accurate and clear financial reporting to shareholders; Oversee internal controls – the necessary checks and balances must be in place; Be directly responsible for the selection, compensation, retention and oversight of the work of the shareholders' auditor – the shareholders' auditor reports directly to this committee; Listen to the shareholders' auditor, internal auditor and the chief compliance officer and evaluate the effectiveness and independence of each; Oversee the establishment and maintenance of processes that ensure TD is in compliance with the laws and regulations that apply to it, as well as its own policies; Act as the Audit Committee and Conduct Review Committee for certain subsidiaries of TD that are federally regulated financial institutions and insurance companies; Receive reports on and approve, if appropriate, certain transactions with related parties.

* As of December 2, 2010.

** Effective January 1, 2011, Mr. Levitt will be Chair of the Corporate Governance Committee.

*** Designated Audit Committee financial expert.