



Creating value for present and future generations

TD's history has been driven by our ability to operate as a sound, well-run institution, including through strong financial controls. "We are continually evaluating the effectiveness of TD's internal controls," notes Mohamed Manji, formerly the Vice President, Financial Controls & Operations. Mohamed joined the Bank in 1995 and was recently appointed Vice President and Special Assistant to the CEO. With a view to creating long-term value for generations of shareholders, Mohamed and the other members of management work closely with the Board and its committees to satisfy themselves that TD's assets are protected and that there are sufficient internal checks and balances.

Involved with *our shareholders*

We are focused on maximizing long-term shareholder value and are committed to leadership in corporate governance.

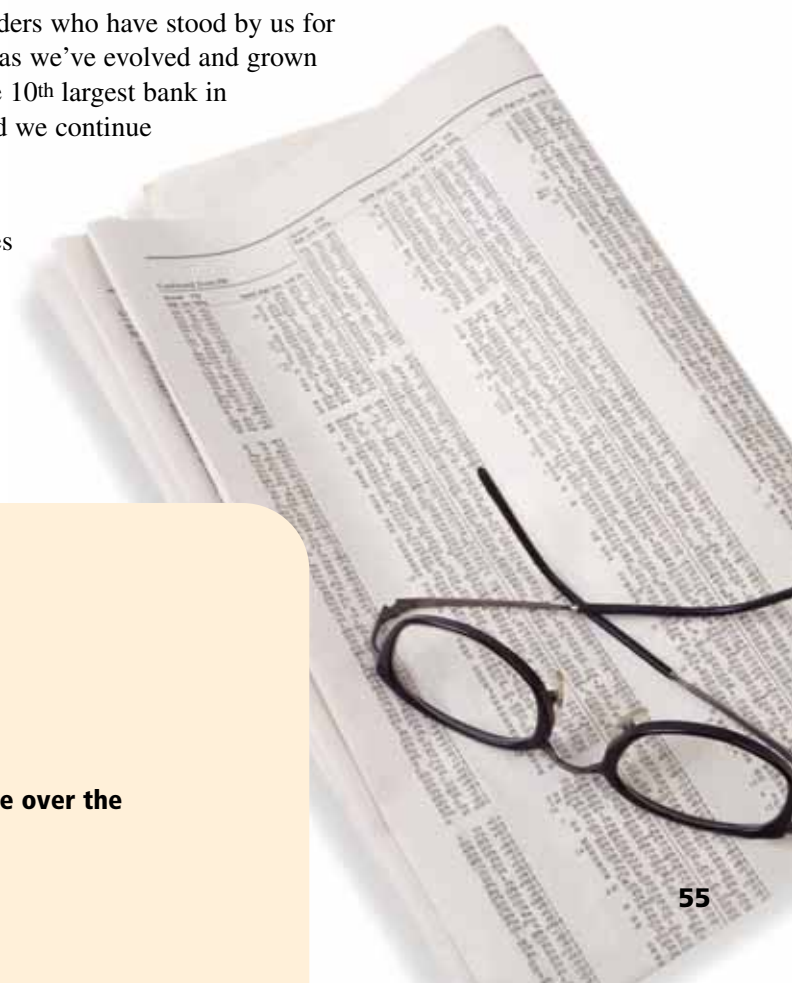
TD's directors are expected to serve the Bank and the long-term interests of its shareholders by supervising the management of the business and affairs of TD. We also have a strong, independent Chairman with a clear leadership mandate in corporate governance.

TD is a widely held company with thousands of shareholders who have stood by us for generations. They have invested in our vision of banking as we've evolved and grown over the years. By the end of fiscal 2005, TD stood as the 10th largest bank in North America, as measured by market capitalization, and we continue to focus on growing our businesses for the future.

Shareholders and others interested in learning about our financial performance and corporate governance initiatives should refer to our 2005 Annual Report and our Management Proxy Circular for the Annual Meeting to be held on March 30, 2006. In this section we provide a few highlights.

2005 Highlights

- **Strong earnings performance in 2005.**
- **Annual dividend grew 16.7%.**
- **15.3% return on total common equity.**
- **U.S. expansion strategy to enhance shareholder value over the long term.**
- **Leading corporate governance practices.**



Delivering Solid Financial Results

In 2005, TD had a tremendous amount of success. We delivered strong financial results for the year and each of our businesses contributed to shareholder value.

Some of the highlights include:

- Net income of \$2.861 billion before the amortization of intangibles and items of note¹ or \$2.229 billion on a reported basis.
- An increase in the total annual dividend per share this year to \$1.68, an increase of 16.7%.
- A total shareholder return of 16.9%, compared to an average of 12.9% for the four other major Canadian banks.

Revenue increases were driven by both organic growth and the acquisition of a majority stake in TD Banknorth in 2005. This acquisition created a U.S. Personal and Commercial Banking segment for our organization. TD Banknorth provides financial services to more than 1.3 million households in the northeastern United States.

In any large and complex organization, there are always challenges, and in 2005 TD was not immune. During the year we announced an increase in our reserve for Enron litigation, which we felt was the prudent thing to do. We also made the appropriate but difficult business decision to exit our global structured products business in Wholesale Banking.

Diluted earnings¹ and dividends paid per share
(Canadian dollars)



(Canadian dollars)	2005
Diluted earnings per share – reported basis	\$3.20
Diluted earnings per share – before amortization of intangibles	3.71
Dividends paid per share	1.58

Total shareholder return
(per cent)



(per cent)	2005
Average of four other major Canadian banks	12.9%
TD Bank	16.9

¹ The Bank's financial results, including net income and diluted earnings per share, are prepared in accordance with Canadian generally accepted accounting principles (GAAP). The Bank refers to results prepared in accordance with GAAP as the "reported basis" or "reported". The Bank also utilizes earnings before amortization of intangibles and, as applicable, items of note to assess each of its businesses and to measure overall Bank performance. Net income before amortization and items of note and diluted earnings per share before amortization of intangibles are not defined terms under GAAP and therefore may not be comparable to similar terms used by other issuers. For further explanation and a reconciliation to reported basis (GAAP) results, please see "How the Bank Reports" on page 14 of the Bank's 2005 Annual Report.

Committed to Strong Corporate Governance

The Board of Directors and the management of TD are committed to leadership in corporate governance. We have designed our corporate governance policies and our practices to ensure that we are focused on our responsibility to our shareholders and on creating long-term shareholder value. TD's policies and practices meet or exceed applicable legal requirements. We continuously monitor all proposed new rules and modify our policies and practices to meet any additional requirements. An overview of our corporate governance structure is set out below.

“Like all responsible companies, we measure our corporate governance performance by benchmarking ourselves against other leaders in governance from all sectors, and by constantly reviewing the business environment for emerging trends and best practices that would be appropriate for us. We also carefully review shareholder proposals and feedback, and provide regular opportunities to voice their concerns and ideas for enhancing our practices.”

John M. Thompson

Chairman of the Board of Directors

Here's an overview of some of our corporate governance practices:

- We have a strong, independent Chairman with a clear leadership mandate in corporate governance.
- The Board oversees management and approves strategic plans and major policy decisions for TD.
- The Board is responsible for setting the tone for a culture of integrity and compliance throughout TD.
- The Board, its committees, the committee Chairs and the Chairman of the Board operate under written charters setting out their responsibilities.
- The Board continuously renews itself with high calibre candidates with diverse skills and experience.
- The Audit Committee of the Board, not management, is responsible for the relationship with the shareholders' auditors.

