January 31,2000

**TD BANK FINANCIAL GROUP RESPONDS TO MINISTER OF FINANCE DECISION ON ACQUISITION OF CT FINANCIAL SERVICES INC.**

TORONTO -- TD Bank Financial Group (TSE/NYSE: TD) today responded to the Minister of Finance's decision to approve TD's proposed acquisition of CT Financial Services Inc. (TSE: CT).

"TD is pleased with the Minister's decision," said A. Charles Baillie, Chairman and Chief Executive Officer of TD Bank Financial Group. "Today's announcement clears the way for TD and Canada Trust people to work together and move forward on building our combined organization into Canada's premier financial institution for customers, employees and shareholders."

Now that TD has obtained the necessary approvals from regulators, and with British American Tobacco plc and Imasco shareholders having approved the related transactions, TD's acquisition of CT can be completed. The acquisition will close on February 1, 2000 – 45 years to the day that the merger between The Bank of Toronto and The Dominion Bank was completed. "I believe that the combination of TD and Canada Trust will be every bit as successful as that one has been," said Baillie.

Baillie also recognized the hard work and professionalism of officials in the Office of the Superintendent of Financial Institutions, the Competition Bureau and the Department of Finance. "Their work is difficult and complex and they provide a tremendous service on behalf of Canadians," he said.

The completion of the deal will see TD proceed with the creation of a new retail banking division within TD Bank Financial Group, headed by Edmund Clark, President and CEO of CT Financial Services, who becomes Chairman and CEO of TD Canada Trust.

**Immediate Benefits for Customers**

"TD Canada Trust will adopt the Canada Trust service model, which includes, among other things, hours of branch service that well exceed the industry average," said Clark.

TD and Canada Trust have made an absolute commitment to their customers that any integration will see them enjoy the same or better service levels and quality of products.

For now, customers will continue to do their banking in the same manner they normally would – at the same branch with the same staff, or over the phone or internet – with uninterrupted access to their accounts, added Clark.

“It’s business as usual for our customers,” he said. “However, effective February 1, there are a number of immediate benefits for TD Canada Trust customers.” These benefits are:

- Service fee freeze -- There will be a price freeze on all retail banking service fees at both TD and Canada Trust until January, 2001.

- Improved ABM access – Immediately, all TD and Canada Trust customers will gain access to a new combined total of over 3,000 ABMs nationally. ABM Interac withdrawal transaction fees will be eliminated for our customers at all TD and Canada Trust ABMs. Together, these benefits will represent greater convenience through improved ABM access at lower cost to our customers.

- Improved teller hours – Immediately, full teller service will be provided for all hours of branch operation at both TD and Canada Trust. Over time, TD branches will be adopting the extended hours that Canada Trust has been offering to customers. This will represent generally improved branch service hours to TD customers, and the maintenance of the hours currently enjoyed by CT customers.

Integration of the TD and Canada Trust branch networks will not begin until one year from now – including all supporting branch systems. There will be no Canada Trust branch closings this year. The closing of a limited number of TD branches, planned since last year, will take place over the course of this year.

During the next year, TD and CT teams will prepare an integration plan that will ensure customers’ enjoy the same or better products and services. Customers will be notified well in advance in writing of any changes to their accounts or to their branch. In addition, personal banking history will be retained and recognized as the two organizations are brought together.

**Competition Bureau Remedies**

Following an extensive review of TD’s proposed acquisition of CT, TD has agreed with the Competition Bureau to adopt measures that will remedy the Bureau’s identified competition concerns in two areas. First, TD will not be allowed to convert Canada Trust’s MasterCard customers to TD’s Visa service because, in the opinion of the Bureau, it would reduce too greatly the MasterCard franchise’s share of the credit card market in Canada. Second, in the opinion of the Bureau, the acquisition will result in excessive market shares of retail branch banking business in three Southern Ontario communities: the Cambridge/Kitchener-Waterloo/Elmira area, Port Hope and Brantford-Paris.

“Unfortunately, there are no remedies that would address the Competition Bureau’s concerns without affecting some of our customers and employees. In our discussions with the Bureau, we have worked very hard to limit customer and employee impact as much as possible,” said Edmund Clark, Chairman and CEO of TD Canada Trust, the retail division of TD Bank Financial Group.

To address the Competition Bureau’s concerns, TD will proceed to sell the Canada Trust MasterCard business and a total of 13 TD and CT branches in the identified areas. Further details on how the sale of these two assets will proceed will be made available to customers and employees as soon as possible.

“Our immediate objective is to work with any prospective buyers to ensure that our customers’ and our employees’ interests are respected,” said Clark. “Our focus will be to ensure that any transition happens with minimal disruption to both employees and customers.”

**Employment impact**

In its August 3, 1999 announcement, TD indicated that its analysis showed a maximum of 4,900 full-time equivalent positions (FTEs) (2,900 after allowing for normal staff turnover or attrition) could be affected over the three-year integration period.

Since that announcement, both TD and CT have managed their staffing levels by limiting new hires, thereby reducing the number of FTEs that could be affected by integration and maximizing the redeployment opportunities for affected employees. Given the continued rapid growth of other TD businesses such as discount brokerage, TD expects that it can reduce the impact on total employment from its initial estimates.

“We will continue to push very hard to manage our staffing levels to minimize any employment impact on our people, by continuing to be diligent and benefiting from the growth of other areas of TD Bank Financial Group, ” says Clark.

There will be virtually no integration-related staffing reductions at either TD or CT branches before 2001. In the first year, most of the employment impact will occur in head office functions where duplication occurs.

**Special measures for affected employees**

TD and Canada Trust have adopted initiatives to ensure that employees who are affected by the integration are treated fairly and receive:

- a guaranteed period of compensation;
- severance policies which exceed industry standards and facilitate early retirement; and
- relocation and outplacement assistance.

### *Severance*

To the employees whose jobs are affected by this transaction, TD is committed to offering severance and personal assistance that exceeds best practice standards in the private sector. When the TD acquisition of CT was announced on August 3, 1999, both companies guaranteed compensation for 18 months from that date to all employees of TD and Canada Trust who may be made redundant as a result of the integration. Employees released after the transaction closes would benefit from this guarantee in their severance package.

To ensure the fair and equitable treatment of all affected staff, TD and CT have introduced Special Circumstances Severance Policies, which will be available until the integration process is complete. Employees may be entitled to more than the guaranteed compensation amount, depending on their length of service. Employees who continue their employment through the full 18-month guarantee period and are subsequently released would still qualify for the special severance policy and would receive severance packages determined by their length of service and level of pay. This package has been enhanced beyond existing TD policy and exceeds industry standards, in recognition of the special circumstances of this integration.

Any employee who is made redundant as a result of the integration will be able to choose to have their severance package paid either through a single lump-sum payment or in

monthly installments for up to 24 months. Under this alternative, the employee would continue to be eligible for benefit coverage.

### *Early retirement*

For affected TD and CT employees nearing 55, the severance package is payable in a single lump sum payment or in monthly installments until pension payments commence. This period could extend for up to 36 months. This option will especially benefit individuals 52 years of age and over, who will be able to include the installment period in the calculation of their pension.

### *Relocation*

All qualified displaced staff will be given priority consideration over other candidates in terms of staffing vacant positions. In some instances, opportunities will be available to affected employees in new locations. An employee whose job is geographically relocated and who accepts the relocated position will be provided with relocation assistance. An employee whose job is eliminated but who is selected to fill a position in another geographic area will also be provided with relocation assistance.

***Training and counseling***

TD recognizes the advantages of redeploying displaced employees into other areas of TD Bank Financial Group. TD will seek opportunities to provide training assistance to employees who have demonstrated the skills to qualify for positions in other areas.

In addition, all affected employees will benefit from some level of outplacement assistance. Every affected employee will be provided with professional career transition services, which could include a training component and an assessment of external training opportunities that would be beneficial for the employee.

"It has always been and remains a priority for us to ensure that employees are treated fairly and with respect throughout the integration process," added Clark.

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