Q4 2005
Strategic Overview

(Check Against Delivery)

Ed Clark, President and CEO

- Thanks Dan and thank you to everyone for joining us this afternoon.

- As you know, Dan has served the Bank well as the Chief Financial Officer since 1999 through some pretty significant changes both to the Bank and the regulatory environment. He is now taking over the leadership of the Corporate Development function. I want to take a moment to formally introduce our new CFO, Colleen Johnston. Colleen has been with us since February 2004 and we are very pleased to have her in this key role. Today's presentation will be Dan's last official CFO presentation. Dan, you have done a great job. Thank you. Colleen—welcome to your new job!

- Before I comment on the year as a whole, let me make a few brief comments on the quarter. There were a number of items of note leading to our adjusted $1.06 per share this quarter. Most you have seen before—special tax gains, AcG-13, preferred share redemption premium and sectoral releases. These add up to a positive 17 cents which we exclude in getting to our $1.06.

- There is a tax charge of 19 cents per share related to a corporate reorganization at TD Waterhouse USA. It will be more than offset by the gain from TD Waterhouse USA that we will realize when we close the Ameritrade deal. Based on current estimates that Dan will take you through, we expect that we will have an item of note of about $1.65 next quarter.

- The final item is a charge of 10 cents per share pertaining to our complex structured derivative products business. In the past we have discussed our desire to reposition our structured products business outside North America because there had been a permanent shift in the economics. What was once a very profitable business isn't such a good business today. The reward for the risk isn't there.

- In May we announced our decision to wind down our Structured Credit Product operations and to immediately exit our Structured Equity operations. We have completed the positioning of the credit portfolio into run-off and exited the Structured Equity products business. At the same time, we began an assessment of whether Structured Interest Rate Derivatives could remain a viable standalone business.

- We've now determined that we will not be able to sustain and grow this sub-business within our risk and profitability parameters. So, consistent with our philosophical approach to deal decisively with risk issues where we don't like the risk/reward trade-off, we have decided to exit this business and we will be winding down our Structured Interest Rate Derivative operations.

- The 10 cents includes a loss of $70 million after-tax due to the sale of the remaining portion of the Structured Equity portfolio and a reduction in estimated value for Structured Interest Rate Derivatives portfolio that we are winding down. We have set in motion the reduction in employment levels these decisions entail. We anticipate restructuring charges in the first quarter relating to people of approximately $25 million after tax. With these moves, we will have completed the strategic repositioning of TD Securities.

- While it is disappointing to take any losses in exiting a business, it is not surprising that trading losses occur as you wind down a complex business in a shortened time frame and losses due to severance are inevitable.

- To us, there is no question that this was the right business decision. We believe we will have a stronger global derivatives business that will make a positive contribution to TD Securities' ability to generate 20% + rates of return and, indeed, it will do so with less risk. We remain confident that TD Securities can earn that rate of return with a risk profile that is less than our competitors.

- I remain very pleased with how TD Securities has managed to dramatically reposition its risk profile, grow its domestic franchise market share and earn very acceptable rates of return.

- If you adjust TD Securities' results for these restructuring charges, this quarter's results were in line with last quarter and the fourth quarter a year ago.

- The other businesses came in much as we expected. TD Banknorth continues to face a tough banking environment where growth in earnings is challenging. A flattening yield curve hurts earnings directly, but also has produced a spread environment where loan margins are tight, and deposit growth difficult. Given this environment, we are quite pleased with this quarter.

- Our Wealth Management area had a spectacular quarter with earnings up 116% year over year. The results were driven by strong performance in our discount brokerage in Canada and the US and continued growth in earnings on the advice side and the mutual fund business.

- The Personal and Commercial segment delivered another great quarter with a 16% increase in net income year over year. As with last quarter, earnings growth is broadly based with insurance revenues representing a lesser proportion of the growth.

- If I step back and look at the year as a whole, I have to say I am quite pleased. The management team, and all the people who support them, has really done an excellent job. We delivered on our key milestones:

    - Building the best service brand in Canada and proving it by achieved the highest ratings for customer service excellence among banks in Canada in the external survey "synovate".
    - Building out our advice capability and establishing a leadership position in Mutual Funds – winning mutual fund company of the year and adding 145 net new client facing advisors
    - Proving out our super-growth strategy in our under-penetrated businesses
    - Growing our domestic wholesale franchise and taking the #1 position in the value of equity block trades
    - Building a banking platform in the US by acquiring Banknorth and the pending Hudson United transaction
    - Creating a top 3 player in on-line brokerage with our pending combination of TD Waterhouse US and Ameritrade

- There were, of course, disappointments. The Enron charge stands out as does the restructuring in TD Securities. These represent real economic costs to the Bank.

- But if we focus on the underlying performance of our businesses this was an excellent year. On an adjusted basis comparing 2005 to 2004,

    - our overall earnings are up 15% and earnings per share are up 10%
    - Total shareholder return up 17% and dividends up 16%
    - Personal and Commercial earnings are up 17% year over year after a growth rate of 15% in 2003 and 17% in 2004
    - Total wealth management earnings are up 23%
    - Combining domestic Personal and Commercial and domestic Wealth Management, our overall Canadian retail franchise earnings exceeded $2 billion this year, up 18%, after increases of 15% in 2003 and 20% in 2004. This is a remarkable 3 year run in both absolute and relative terms.
    - For the first three quarters of its financial year, TD Banknorth has reported adjusted EPS up 8% from last year

  - TD Securities earned a 17% rate of return on invested capital while absorbing the restructuring charges and a 22% rate of return if you exclude the restructuring charges

- Looking forward, I am feeling pretty optimistic. This doesn't mean that we won't be vigilant. We know a real economic downturn would hurt our commercial bank here and in the US. Capital market sentiment is clearly critical to TD Securities and to TD Ameritrade. And we know how focused you have to remain to sustain high performance.

- But when we look at some of the negatives, they also have some positive aspects. While TD Banknorth faces a tough operating environment, that same environment is creating acquisition opportunities. TDS is clearly well positioned should the credit cycle turn, or credit spreads blow out.

- And, on the whole, while I worry about when the economic environment in Canada will shift, the current outlook is quite positive. Our domestic retail franchises have proven incredibly resilient and able to generate consistent double digit earnings growth. The on-line brokerage business in Canada and the US remains quite positive and our wealth strategy is proving out. TD Banknorth is weathering the tough market conditions and TD Securities has repositioned itself and gained market share in its core franchise. And, perhaps most importantly, the management team remains tightly aligned to simple strategies, and focused on ensuring their proper execution.

- Now over to Dan to take you through the results in detail.