

## **Allocating Your Basis Between Your TD Common Shares and Your New TD Banknorth Common Stock**

Disclaimer: We cannot give tax advice. Everyone's tax situation is different. You should consult your tax advisor for specific tax advice. For information on the tax consequences of the transaction, you also should refer to the prospectus, dated January 11, 2005.

### **As a Banknorth shareholder, what is the consideration I will receive for my Banknorth Group, Inc. stock?**

For each share of Banknorth Group, Inc. stock ("old" Banknorth) you owned as of the closing date, March 1, 2005, you will be entitled to receive a package of consideration consisting of:

\$12.24 in cash; and  
0.2351 of a TD common share (TD is traded on both the Toronto and New York stock exchanges under the ticker: TD); and  
0.49 of a share of "new" TD Banknorth Inc. common stock (TD Banknorth trades on the NYSE under the ticker: BNK),

in each case multiplied by the number of shares of "old" Banknorth stock owned.

### **How do I allocate my basis in old Banknorth stock to my TD Common Shares and new TD Banknorth Common Stock?**

As a general rule, 49% of the basis in your Banknorth Group, Inc. stock will be allocated to your "new" TD Banknorth Inc. stock and 51% of the basis in your Banknorth Group, Inc. stock will be used to determine your taxable gain or loss (based on the difference between the sum of the cash and value of TD common shares received as consideration less such basis) for the sale of 51% of your Banknorth Group, Inc. stock to TD. The value of your TD common shares received is equal to the number of TD common shares received times \$40.78 which is the fair market value of TD as of the closing date of the transaction, March 1, 2005.

Again as a general rule, on a per share basis your basis in each TD common share received will be \$40.78 based on the fair market value of TD as of the closing date of the transaction, March 1, 2005. On a per share basis, your basis in your "new" TD Banknorth Inc. common stock will be the same as your basis in your "old" Banknorth Group, Inc. common stock. For example, if your basis in your "old" Banknorth Group, Inc. common stock was \$20.00 per share, your basis in your "new" TD Banknorth Inc. common stock will equal \$20.00 per share.

You should consult your tax advisor for specific advice.

The following example is based on a total of 1,000 shares of "old" Banknorth with a cost basis of \$20.00 per share and the closing price of the TD common shares of \$40.78 per share on March 1, 2005, the effective date of the transaction.

Basis in “old” Banknorth stock (1,000 shares at \$20.00 per share)	\$20,000.00
Basis allocated to “new” TD Banknorth stock (49% of total)	\$ 9,800.00
Basis in the shares of “old” Banknorth stock surrendered for cash and TD common shares (51% of total)	\$10,200.00
Taxable consideration:	
Cash received (1,000 shares times \$12.24 per share)	\$12,240.00
Value of 235 TD common shares (1,000 shares times .2351) at \$40.78 per share (a)	<u>\$ 9,583.30</u>
Total taxable consideration	\$21,823.30

Shares held:

490 new TD Banknorth shares (1,000 shares times .49), with a basis of \$20/share.	\$ 9,800.00
235 TD common shares (1,000 times .2351), with a basis of \$40.78/share based on TD’s closing price as of March 1, 2005.	\$ 9,583.30

- (a) In lieu of the 0.1 fractional TD common share in this example, you will receive a cash payment based on TD’s weighted average share price of \$40.522 as calculated in accordance with the merger agreement, which also will be taxable to you. Please note that for any fractional shares of TD Banknorth stock, if any, you will receive a cash payment based on TD Banknorth’s closing average share price of \$31.198 calculated in accordance with the merger agreement, which also will be taxable to you.

**Where can I find information on my historical basis?**

Determining the cost for your shares is the responsibility of individual shareholders. TD Banknorth cannot provide historical cost basis information. If you need assistance in determining your cost basis, you should consult your financial advisor.