Bank Financial Group
Investor Relations

TD BANK FINANCIAL GROUP
TD BANKNORTH INVESTOR DAY
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CORPORATE PARTICIPANTS

Ed Clark	President & CEO, TD Bank Financial Group
Bharat Masrani	President & CEO, TD Banknorth
Tom Dyck	EVP, Marketing and Retail Product Management, TD Banknorth
Suzanne Poole	EVP, Retail Distribution, TD Banknorth
John Fridlington	Senior EVP & Chief Lending Officer, TD Banknorth
Wendy Suehrstedt	Senior EVP, Business Banking Solutions, TD Banknorth
Steve Boyle	EVP & CFO, TD Banknorth
Tim Thompson	VP, Investor Relations, TD Bank Financial Group

PARTICIPANTS

Jim Bantis	Credit Suisse – Analyst
Brad Smith	Blackmont Capital – Analyst
Rob Wessel	National Bank Financial – Analyst
Leila Peyravan	Kingwest & Company – Analyst
Jean Francois Marcil	CDP Capital Inc. – Portfolio Manager
Mario Mendonca	Genuity Capital – Analyst
Sumit Malhotra	Merrill Lynch – Analyst

INTRODUCTION

Tim Thompson – *TD Bank Financial Group – VP, Investor Relations*

Good morning and welcome to the TD Bank Financial Group Investor Day, devoted to TD Banknorth. For those of you who haven't I had the chance to meet, my name is Tim Thompson. I am Head of Investor Relations here at TD. I will be moderating this morning's events. I'll keep things moving along, and ensure we get to eat lunch on time

Thanks to those of you here at the Westin Harbour Castle this morning. A special thanks to those guests coming from out of town.

Apologies to those New York City based guests, who were supposed to be here in person, but are now listening in on the phone. Being trapped in the Air Canada departure lounge at LaGuardia is not fun, especially when they finally decide to cancel all the flights hours later. I know I speak for many in this room when I say "we feel your pain"

We certainly appreciate all of you taking time out of your busy schedule to listen to our presentations and engage in dialog.

We worked very hard to make our formal remarks interesting and concise. We have left lots of time for Q&A please don't be shy. The folks from TD Banknorth are a talkative bunch.

After the retail and commercial sections we'll take questions on details arising from those presentations. In the interest of time we will keep those Q& A session to about 10 minutes each. You will be meeting six members of TD Banknorth's senior leadership team, many of whom will be new faces to you. I'm sure you will appreciate the hands on expertise they will bring to this discussion. In addition, if the audiences his morning we have Ed Schreiber, Chief Risk Officer and regulatory liaison for TD Banknorth. We also have John See and Bill Fulton from TD Waterhouse here in Canada. Over the break and at lunch time please meet them as well. At lunch time from Canada we have Tim Hockey and Bernie Dorval joining us, they lead TD Canada Trust together, and Bill Hatanaka from TD Waterhouse in Canada.

So just after eleven-thirty, we'll have all the TD Banknorth presenters back to the stage for a Q&A panel, and at that point anything goes. We do have people calling in to listen via phone and the web and will be taking their questions during our three Q&A sessions. We have microphones available for the people in this room so please use those to ensure everyone on the phone and web can hear us.

So quickly some practical items. On your table are some red packages, so in honour of Banknorth's New England roots we have some gummy bears. So if your energy starts to flag throughout the morning, just dig right in.

We are planning to take a break around ten-fifteen this morning. We should wrap up the presentations and Q&A by noon, at which point we will be serving lunch for those in Toronto. You should expect to be done here shortly after 1 p.m.

Our team will have time after the lunch, so if you have any lingering questions, feel free to grab anybody. For those of you here in person, there is a survey in the package in front of you. We really would like your feedback. So, please pull it out now and complete it over the course of the morning. For those people on the phone and on the Web, we will email the survey to you this afternoon.

Let's turn to page three of the slides. We know that this presentation contains forward-looking statements and actual results could differ materially from what is discussed.

Certain material factors or assumptions were applied in making these statements. For additional information, we refer you to our annual report.

This document with a description of factors that could cause actual results to differ can be found our Web site at TD.com. Well, sadly, you didn't come here to listen to me this morning, and isn't that the life of an IR guy, so let's get going.

We are very excited about what's happening at TD Banknorth, thrilled that we have the chance to focus on that business today.

So, if you can turn off your ringers on your mobile phones, shut off your Blackberries or iPhones starting tomorrow, I am going to hand the floor over to the CEO of the TD Bank Financial Group, Ed Clark.

PRESENTATION

Ed Clark – *TD Bank Financial Group – President & CEO*

Good morning. So, I gather I am supposed to be interesting and concise, so I will try to be that. So thank you all for coming. I really appreciate you taking the time out there and it's great to have this chance to talk about TD Banknorth.

I think the key things we are trying to accomplish today are really three things. One, I think a very important thing is to introduce you to the leadership team that does run TD Banknorth.

I think we want to make sure that you understand what our growth plans are for TD Banknorth, and very importantly and I think most probably I guess importantly that you actually understand the granular concrete actions that we are going to take to get those. Because at the end of the day, this is an operational plan and the issues facing TD Banknorth into the growth engine that we think it can become are all operational concrete action issues.

I know many of you are already investors in the TD Bank, and I guess what I hope we achieve today are two things.

One is that you like what you see, but also I think it would be from my point of view that you catch some of the enthusiasm that we have about what we are building in TD Banknorth. Because I think what you will see with myself and Bharat is that we are actually quite confident and quite enthusiastic about what's going to happen on the next couple of years in Banknorth.

In the end, we have a pretty simple vision. We want to turn TD Banknorth into a leading retail and commercial entity in the United States and one that can produce, as we have demonstrated we can do in Canada, a consistent earnings growth engine that year-in year-out produces the kind of earnings growth that we know we can produce in all our businesses in Canada and we still believe we can do the same with TD Banknorth in the United States.
Now, I know that to convince -- frankly to have convinced me in the first place, but to convince you, it's all right to talk about, well, this is what we are going to do in the next three or four years. People like to say, "Well, show me the money, and what are you going to do in the near-term to prove to me that this is actually working."

And on the May 7th call, we tried to put a stake in the ground and I want to reiterate that stake.

We said we know that the running rate today of Banknorth is about CAD$500 million and we have said to you, watch us in 2008, we are going to significantly exceed that goal. That's what the challenge we have given management team of Banknorth.

And I do recognize that the earnings value of Banknorth in terms of the performance of the stock is it carries a much higher weight than its mathematical impact on our earnings.

So, it is important that we can demonstrate to the market that we can turn this into a consistent earnings growth.

We are convinced that we can do it. What we need to do is convince you and to show you why we are convinced that we can do it.

Now, before I turn it over to Bharat and his team, I really want to give you three points that I would like you to take away from this.

The first point is that we are taking action now. We are absolutely determined to turn this into an engine of growth at 7% to 10% consistent with what our goal is for each of our businesses in the TD Bank Financial Group, and we are not waiting until the U.S. business environment improves.

We are going to make it happen now in the existing environment. If the environment improves, so much the better. But what we have to do is have a plan that makes sure that we can grow earnings in the current tough environment.

Secondly, I think what you are going to come away with I hope from today, we believe it is that we have a great team at TD Banknorth that can execute.

All the people that are down there running these businesses that you are going to see are seasoned operators, people that have been there, done that, know how to get things done.

What they need of course is to have to have a clear vision of where we are trying to go. You have to have a clear set of actions of how we are going to achieve that and at the end of the day, a point that I make continuously is that strategy is great, ideas are great, but in the end of the day the differentiator in financial services is who gets it done. Who actually executes what they said they are going to do. I think what you are going to see is that at TD Banknorth today we have the people to execute this plan.

And the third takeaway is that we are very confident in our vision and our strategy. I think from our eyes right from the get go, we have been quite clear in our minds as to what we wanted to achieve with TD Banknorth and how it's going to fit into our overall North American vision for TD Bank Financial Group.

I think it's clear that clearly because of the environmental change, we have shifted our focus from being initially primarily focused making acquisitions then worrying about how to transform the Company. We shift the primary focus today on, okay, how do we transform this into an organic growth engine with less focus on acquisitions.

We will reenter the acquisition market when prices adjust. But for the moment, we haven't seen that, but if in fact we do see a shift in the market, we will re-enter the market and we are -- as it happens, we are going to be able to better re-enter that market because of the things that we are doing today.

We will, in fact, when we make acquisitions, having taken this pause, we will have made the transformation in TD Banknorth and therefore the value that we are going to be able to add to the next set of acquisitions will be greater than if we had done it in the original order.

Ironically, in our view, the change of environment that we suffered from in the United States may in fact in the long run turn out to been a good thing, although I think Bharat and I would say it hasn't been fun going through, it's not the way you want to have an experience.

But, I think in fact if this is going to turn out here, we may be able to end up acquiring assets at a lower price, and we will be able to do more with those assets because of the things that we are doing.

So, enough said for me, you are not here to hear what I think. What you are here is to see in fact what we are doing, so let me hand it over to Bharat and let's try to prove to you that in fact we know what we are doing, we are going to get there, and we got the team to do it. Thank you.

Bharat Masrani – *TD Banknorth – President & CEO*

Thank you, Ed. It was concise and interesting. I will be concise and I will leave it you whether I am interesting or not. It’s great to see so many familiar faces. I am delighted here to share with you some of our plans at TD Banknorth.

You will hear a lot today from the management team, but from my perspective, there are four key takeaways. Let me make sure I am technological astute here. For the people on the phone, I am going to the next slide.

Number one, we have re-oriented the bank from mergers and acquisitions to organic growth. We have an experienced and committed management. Our financial goal is to grow our earnings by 7% to 10%, consistent with TD's stated objective.

I am confident that we will get there and we are making progress. You will see a lot of presentations today and I will leave it for you to decide that. From my perspective, we are making progress.

As Ed said, on our May 7th earnings call we shared with you that in 2008, our baseline goal is to earn at least CAD$500 million. But we also said on May 7th that we will not be satisfied with that level of earnings. Many of the initiatives that you will hear today are designed to enable us to do even better.

So, why are we here today? Simply put, to give the management team an opportunity to share with you many of the initiatives underway at TD Banknorth and to answer any question you may have about our strategy.

For the past several months, we have talked with many of our investors and I see many of them in this room, and these are the themes that have emerged. I am on the next slide.

What are the current and planned initiatives to successfully transform the Company from an M&A machine into an organic growth engine?

What areas of the business represent the greatest growth opportunities? We should take the slide back, we are ahead here. How will we grow our market share over the next several years?

How significant are the asset quality issues in the United States? How will we fund our initiatives that you will be hearing of today?

And lastly, how will we grow our segment earnings consistent with TD's 7% to 10% goal? Today, we will answer those questions for you. If we don't or if you have other questions, please do ask. Next slide.

So, where are we headed? To understand this, you need to know where we have been. From my perspective, in TD Banknorth, we acquired a strong commercial bank with a core competency in mergers and acquisitions, and we intend to build on that strong foundation.

But, I have to be honest and share with you that there were some gaps, particularly in Retail, Small Business, and Commercial Deposits. You will hear today about what we are doing to fill those gaps.

At TD Banknorth, we are building a better bank. We have changed our focus from exclusively mergers and acquisitions to organic growth, while maintaining our core acquisitions competency.

Let me say a few words about this change in orientation.

TD Banknorth has successfully completed 27 mergers over a 12-year period. That is more than two mergers or acquisitions in every year for the past 12 years, each involving the integration of systems, people, and processes. This in any measure is an amazing track record.

Like Ed said, given the current market for M&A in the United States, we have turned our attention to growing the Company organically.

One might ask, great companies can do both. While our focus today is on organic growth, like Ed said, if a particularly compelling acquisition presents itself, we will look to take full advantage of that opportunity.

We have identified significant opportunities to grow our share over the next five years. From the Deposit side, you will hear from Tom Dyck, Suzanne Poole, and Wendy Suehrstedt what is some of their plans to aggressively go after this opportunity, and it is significant, in the $8 billion to $10 billion range over the next five years, that's $8 billion to $10 billion.

From the lending side, you will hear from John Fridlington about his plans to grow Commercial Banking, and Wendy on her plans in the Small Business arena. These are substantial and significant plans going forward.

We have as well taken decisive steps to reduce our operating expenses and are reinvesting the majority of those savings in revenue-generating areas.

As we shared with you, we announced plans to reduce our operating expenses by between $50 million and $80 million, and later, Steve Boyle will give you an update on how we are doing and how we plan to reinvest the majority of those savings in many of the initiatives you will hear today.

We will take full advantage of the best that TD has to offer while adapting specific strategies for the U.S. market. I have to pause here a bit because I would like to share some thoughts with you on this point.

Many, many people continually ask me do we intend to Canadianize TD Bank. I am not sure I understand what this means.

If it means, do we intend to export TD's model without taking into consideration local market conditions in the U.S., my answer is an emphatic no. That would not make sense, and you would agree with me.

But, if it means do we intend to leverage proven strategies that have enabled TDCT to achieve the leading market position in retail products and to be rated number one in customer satisfaction all while adapting those strategies for local market conditions in the U.S., my answer is an absolute yes.

Research shows that Canadian and U.S. consumers want similar things from their banks. They want convenience, they want innovative products that are easy to use, superior customer experience, no different in what a Canadian wants and what an American wants out of their bank.

So, while we will adapt, how we deliver those things to our customers in the U.S., we will build on our customer-centric model perfected by TD Canada Trust.

TDCT is a world-class retail bank. If a strategy has been tested in Canada and will work in the U.S., why would we not leverage it? Simple answer is, we will.

We are on a journey at TD Banknorth. It won't happen overnight. I wish it would, but it will not. But, we are seeing early signs of success and we are making progress.

Next slide. To understand our growth strategy, it is important to understand how we are positioned in our market.

Today, we have nearly 600 branches and over 700 ATMs extending from Philadelphia to Northern Maine, with a branch present in eight Northeast states.

As we look at our footprint, we think about it in three distinct segments, each with slightly different strategies depending on our market share and positioning.

In our more mature markets in northern New England, we have substantial market share, and are number one or two in Maine, New Hampshire, and Vermont.

In our growth market in southern New England, including Massachusetts and Connecticut, we have about 5% market share and a sufficient scale from which to grow.

Lastly, in our newer high growth markets of the mid-Atlantic, we have relatively small market share, but have tremendous growth opportunities.

As you know, we acquired in January, Interchange, where we now have 6% market share in Bergen County, New Jersey, one of the wealthiest counties in the United States, and we intend to grow from there. Next Slide.

What are the current conditions for banks in the U.S.? This is not earth shattering because you know it all, Ed mentioned it, the environment continues to be hugely challenging.

Competition for loans, deposits, and fee income remains intense. Inverted yield curve has put added pressure on many banks' earnings.

This has led some of the smaller players to do irrational things to make up for the earnings loss on the carry trade. In addition, relatively high short-term rates are impacting customer behavior and deposit expectations.

It will be aspirational and it will be great if these yield curves were to steepen and take some of these pressures off the banks, but we can't assume that will happen any time soon. As a result, we have adapted our strategies to the current operating environment.

Over the past several quarters, we have seen an uptake in commercial real estate non-performing loans, due in large part to the housing downturn in the U.S. You will hear more about that from John Fridlington later on this morning.

But the U.S. economy is large and diverse. Absent a significant shock, we do not see the economy headed for a recession. In fact, the U.S. GDP is forecast to grow about 3% in 2008.

Lastly, we anticipate the U.S. dollar to remain under pressure, which creates challenges in converting our earnings to Canadian dollars.

Next slide. So where do we make our money? Always a great question. This slide shows you the relative contribution of our net income from our various businesses.

As you can see, the vast majority, over 70% of our net income comes from two businesses -- Personal Banking and Commercial Lending.

At the same time, on a relative basis, we are under-represented in several areas, including Small Business Lending, Commercial Deposits, and what we call our growth businesses such as Wealth Management, Insurance and our Private Label Credit Card business.

Our plans are to significantly grow these businesses over the next five years. You will hear some of our strategies to do that, both from Wendy and Steve Boyle.

I have been at Banknorth -- TD Banknorth for just over nine months. I have to tell you how incredibly impressed I am with the quality and dedication and depth of the management team.

I have been particularly impressed, I genuinely mean this, I have been particularly impressed -- my management team is here, so I am not saying it just for their benefit, as to how well the team works together to solve common issues. This has always been a trademark at TD Banknorth and one that will be instrumental to our success going forward.

So, who is here with us today from the team? We have Tom Dyck, Head of Marketing and Product Management. Tom joined us from TD Canada Trust, where he has spent over 20 years in various positions in retail banking, product management, and commercial banking.

Suzanne Poole, Head of Retail Distribution. Suzanne has over 23 years of retail banking experience. Prior to joining TD Banknorth, Suzanne ran TDCT's Pacific region.

John Fridlington, Head of Commercial Banking. John has nearly 40 years of commercial banking experience including over 15 years with TD Banknorth.

Wendy Suehrstedt, Head of Business Banking Solutions. Wendy has over 23 years of banking experience. Prior to her current assignment, she served as President and CEO of our mid-Atlantic division.

Steve Boyle, Chief Financial Officer. Steve has over 15 years of banking experience. Prior to joining TD Banknorth, he worked at both Fleet Financial and Barnett Bank of Florida.

With that, I will ask Tom Dyck to present you with many of the initiatives we have underway, exciting initiatives we have underway in the retail bank. Tom?

Tom Dyck – *TD Banknorth – EVP, Marketing and Retail Product Management*

Thank you, Bharat. This morning, Suzanne and I will share with you how we will grow the organic growth capabilities of the retail bank at TD Banknorth.

What you should take away today's presentation is that we have done a considerable amount of work to understand our challenges and to determine where to focus our time, and through those efforts, we have identified four key strategies, which we will share with you today to address them.

The first one is to reorient the bank around customers, secondly addressing our process, product and pricing challenges, third we will build a performance culture, and fourth, we will optimize our network.

Earlier, Bharat talked about reorienting the bank to growing organically away from a traditional M&A focus. It's an industry standard to gauge the relative effectiveness of your branch network by comparing your relative branch share to your deposit market share. All things being equal, these two things should be the same.

For example, if in any particular market, TD Banknorth had 10% of all branches, it would then stand to reason that it should also have 10% of deposit market share.

We completed this analysis at TD Banknorth down to the county level and found that, by simply improving our organic performance of our existing branch network that we could grow our personal and small business deposit base by an additional $6 billion.

To secure this $6 billion opportunity, we have developed a strategic framework that in aggregate will provide us with a platform to steal share.

Suzanne and I will review the four key strategies that will enable us to win. Those are, we will orient the bank around customers, we will address our process, product, and pricing challenges, we will build a performance culture, and we will optimize our distribution network.

The formula to success in retail banking, excuse me, is to combine a commitment to a superior customer experience, along with a commitment to providing superior levels of convenience for your customers.

TD Banknorth has a proud history of consistently providing excellent service quality to all of its customers, and we plan to build on this strength.

But, to understand more broadly how the bank was performing across all dimensions, we literally went directly to customers and talked to thousands of them, both current and prospective.

We surveyed, we interviewed and we visited every market in which we compete. We purchased and leveraged customer data and we quite literally mystery shopped every one of our major competitors in every single one of our markets.

Through those efforts, we were able to determine what consumers in our markets want from their ideal bank and the relative performance of our peers in meeting that.

With this in hand, we developed a brand position that would uniquely position us in the marketplace, and that position is that TD Banknorth is dedicated to freeing our customers from the hassles of banking and the worries of managing their money.

Customers told us emphatically that if we deliver this -- delivered on this promise that they would in fact switch their business to TD Banknorth. We then developed a framework that would allow us to focus on meeting this commitment.

These brand principles, which you see in front of you are not actively used by all of our staff as a filter or guide for our decision-making, resource allocation and for determining where and how to spend our time.

Of course, retail banking success hinges on our staff's ability to bring this customer experience and this brand promise to life. That's why we have started this journey with talking directly to every single one of them about our need to become more customer focused.

Across our entire footprint from Philadelphia to Presque Isle, we held all employee meetings where we quite literally invited every single employee in the bank to join us for a rally of sorts where we talked about the future of the bank and where we hope to take it, what customers told us they wanted from their ideal bank and how each and every one of them could contribute to delivering that for customers.

Feedback from these meetings has been overwhelmingly positive with the most common comment being that they found a renewed sense of purpose and direction at the bank.

We also of course took our commitment directly to customers with a new look and feel that's consistent with the TD brand architecture, but also is reflective of the uniqueness of our marketplace.

In the mid-Atlantic and Connecticut in May of 2006, we launched the largest marketing campaign in TD Banknorth's history.

We combined the use of traditional medias like print, radio, magazines and the like with our new look and feel, which you will see here in front of you. We also took advantage of more local medias such as the use of outdoor. We literally branded thousands of buses, bus shelters, trains, train stations, and we enlisted the help of what we called TD Banknorth's free agents, literally 20 people who drove around the marketplaces, around each and every one of our branches in the mid-Atlantic and Connecticut, driving branded TD Banknorth vehicles, sharing our new commitment and basically delighting customers within those markets.

In New England, we have also significantly increased our marketing visibility, and this Spring, we introduced our new brand commitment during prime time, again a first for TD Banknorth and I would like to show some of these commercials to you now.

The first spot we will look at is a branding spot that introduces our commitment to eliminating hassle for our customers. It basically suggests that we understand how valuable our customers' time is and that we are committed to taking up as little of it as possible.

(VIDEO PLAYING)

Once this ad had run for a number of weeks, we then launched a series of 15 second commercials that provided evidence of our progress to meeting our commitment.

These proof points, if you will, included a commitment to delivering fair fees, extending our branch hours, and so the provision of the world's largest ATM network in the mid-Atlantic and Connecticut regions, and I will show them to you now.

(VIDEO PLAYING)

The return from these efforts have been great. Within New England, TD Banknorth enjoys the highest level of brand awareness amongst all competitors in those markets.

In the mid-Atlantic where a year ago we were virtually unknown, one quarter or all consumers in America's largest and arguably most cluttered marketplace is now aware of TD Banknorth, and our awareness levels continue to grow substantially in 2007.

However, all of this marketing is not just about communicating a promise, it's actually about delivering bottom-line results. And where it really counts is within our portfolio.

Prior to this new direction, formerly Hudson United Bank branches were losing on average 200 customers per branch per week.

Upon conversion to TD Banknorth and supported by much of the marketing that I have just talked about, we have not only eliminated that run-off of 200 customers per branch per week, but within 28 weeks, we grew our customer base by an additional 20,000 customers.

And we continue to be optimistic about future growth. The bottom axis of this chart is the percentage of customers that are very happy with the quality of service they receive from their bank and the left axis depicts the percentage of customers who would recommend their bank to family and friends.

Likelihood to recommend is a good measure of customer advocacy and is a leading indicator of future growth.

The results you see in front of you show that our customers are happier now than they were one year ago about the quality of service they receive. Even more importantly, advocacy or likelihood to recommend is also up.

These proprietary data points were recently validated earlier this month within an American Banker, where they disclosed the results of the most recent J.D. Powers satisfaction survey, which also indicated that TD Banknorth had the highest service quality among all banks in New England.

And we won't stop there of course. Over the last number of years, TD Banknorth has used a variety of methods to measure service quality and advocacy.

In 2008, we will continue to evolve, where we will introduce the customer experience index to our retail employees, a metric that has been successfully used at TD Canada Trust to focus its efforts and a methodology that's applied by many large U.S. banks.

Perhaps slightly different than our competitors though is that we will provide branch level reporting on customers' views of their experience at each one of our branches, and we will base a portion of all retail employees compensation on their ability to improve the customer experience as seen through the eyes of the most important people, our customers.

Our second key focus will be to ensure we have a very competitive product line that's priced to win and supporting processes that make selling and using our products and services easy.

Our approach to pricing is different than is used in Canada, because of the significant competitive differences in each of our markets.

Quite literally, we have different competitors in each and every single one of them. And so, to manage these differences, we price all our products within nine distinct pricing regions.

By contrast, TD Canada Trust prices all of Canada as a single pricing region.

To manage this diversity, we have combined the advantages of a centralized expertise with processes that capture local pricing information and provide an ability for frontline staff to provide local and direct feedback.

Over the course of the last year, we have developed new and improved product profitability reporting, competitive tracking, developed pricing elasticity models, and have a better technique for understanding the source of volume changes in our portfolio.

Altogether, these processes now enable us to effectively manage all our pricing regions in a way that balances the needs of our shareholders at a price point that allows us to grow our volumes.

On the process side, we know that if our products are not easy for our staff to sell and for our customers to use, that we will not be successful. That's why we focused on simplifying them through a review of policy, procedure, and our use of technology.

And let me give you an example, today when you open an account at TD Banknorth, a standard sales practice is to issue a debit card.

Debit cards are particularly important to the checking product line because they are a significant source of revenue and profitability for the product line and one of the primary vehicles for our customers to access their funds.

The process today involves multiple steps, require several people to sometimes re-key the same data, and it can take days to get cards into our customers' hands.

This Fall, we will be piloting a new technology that will allow us to not -- to instantly issue debit cards that are personalized and appropriate for the account that was opened at the time and give them directly to our customers. This reduces the turnaround time to issue debit cards from days down to literally seconds.

While generally our product set is quite competitive, there are some gaps which we are actively working to close.

We needed a more competitive approach to deposit gathering that enabled our frontline staff to win, but did it in a way that allowed us to improve our bottom line. We have been relatively silent in the provision of mortgages and credit cards over the past few years and we are introducing new processes and products to fill that void. And we are improving our customers' ability to access their monies.

In the coming months, we will continue to challenge ourselves to ensure that all aspects of product management and delivery are very competitive and add value to all of our customers.

I did though want to share with you some of the early results of our efforts.

In response to declining savings and money market deposits in the last few quarters and due to increased competition, on February 28th, we launched the new money market account, which we called EarnSmart.

We were delighted at our success with EarnSmart, having gathered over $1.5 billion in just three months.

At least as important is that the introduction of this product stems the runoff we have been seeing in the previous quarters and, in fact was a great way for us to acquire new money to the bank.

One-third of all deposits that have come into EarnSmart have come from outside of TD Banknorth and were taken directly from our competitors.

We have had similar successes with our CD portfolio and continue to apply that learning to improve our profitability and grow our volumes.

We also completed a full review of our approach to fees and found a number of things.

First, our approach to fees was confusing for our customers and, quite frankly, our staff. In response to that, we are changing the way that we handle overdraft, making the processes predictable and our pricing transparent.

We also reduced the number of things that we charged for by two-thirds, reducing price points from 72 down to 26.

Secondly, we were one of the few banks in New England that still charged for online bill payment, a significant competitive gap, which we then made free for all our customers in New England on February the 28th.

And finally, that the fees we charged per account per business day were significantly less than for our peer group and, quite frankly, for the industry at large.

While we continue to remain below average, we can increase our fee revenue by aligning several of our price points more closely with market prices.

The opportunity here is that for each nickel of improved performance in fees per account per business day, we can generate an additional $12.5 million in fee revenue.

We have been working on this for a number of months now and these efforts have already yielded some revenue improvements, and by 2008, we will have substantially closed the gap and maintained our prices at very, very competitive levels.

Today, at TD Banknorth, our credit cards are issued by MBNA, who was recently purchased by Bank of America.

Through research, our customers told us that they would prefer to use a credit card from their main bank rather than one sold through a third party.

It is our view that we can improve the quality of our products for our customers and capture more of the bottom line value by leveraging our expertise and relationship at TD Canada Trust.

This Fall, we will launch a new family of credit cards, initially targeting our own customer base. TD Canada Trust will be responsible for the day to day management of the product, risk management, and service standards, while TD Banknorth will manage sales and marketing.

I look forward to sharing more details of this product launch later this year, but can tell you we are very excited about the opportunity this provides both our customers and our shareholders.

I'd now like to invite Suzanne up to talk about our remaining two retail strategies.

Suzanne Poole – *TD Banknorth – EVP, Retail Distribution*

Thanks, Tom. As Tom said, he spoke to you about the first two strategies that we believe are key to enhancing sales performance. I am going to address the second set of strategies starting with the employee experience.

As you can see from the slide, our primary goal with employee experience is alignment. That is, we want to make sure that all the elements that impact our employee engagement send the same message that we are building a caring performance culture.

First of these is the introduction of an automated sales tracking system. Just to put this in context, this is a major evolution from the very manual tracking systems that we have at TD Banknorth today.

What we are introducing is a system that is used not only by TD Canada Trust, but also by a number of our major U.S. competitors.

At TD Bank Financial Group, we call this system sales revenue, and we will be piloting it in all of our branches starting in October.

Sales revenue will deliver automated sales tracking at the individual branch, regional district and retail distribution levels. And in keeping with what we have found so powerful at TD Canada Trust, it will be delivered daily.

We are confident that this will have a transformational impact on performance account and accountability, the same as we saw when we introduced it in Canada.

The second element is compensation along with reward and recognition.

We have already changed the variable compensation for people in branches and in our electronic banking channel from that of a more corporate-based EPS modifying program to one of a new compensation model. The new compensation is more directly linked to metrics that align with shareholder value.

Now, our strong performers are compensated quarterly based on four metrics -- growth in volumes, two categories of that; net growth in checking accounts, a key element for us; and fee revenue generated not only in the branches but by the business that we refer to our fee-based partners such as Insurance and Wealth.

In the future, we see ourselves continuing with the four factor model, but as Tom mentioned, we are going to include the customer experience index into the compensation model as well as sales revenue.

We have aligned our reward and recognition to the same metrics that drive compensation. The net impact of all of these changes is that our people in the branches now know what it takes to win and they can track and measure their performance monthly on factors that are within their control.

The third element on this is easy to use technology.

We have included this in the employee experience because our recent employee satisfaction survey confirmed what we already suspected -- that our employees feel that they need better tools and resources to be able to do their jobs effectively.

That doesn't take away from the fact that the new technology we are introducing will have a major impact on our customer experience.

Our retail people in both the branches and the call centers are extraordinarily excited about the introduction at the end of August because of its many benefits. This new system will dramatically simplify the sales process on entire range of products that we sell.

For example, as is not very unusual in the United States, account opening - full account opening of a checking account including all of the information about the customer name, address, et cetera, takes days. We are going to change that from days to minutes. I am sure you won't be surprised to know that every branch in TD Banknorth is very interested in being on the first wave of the introduction of this.

As I previously noted, we started down the path of the fourth element here, regular employee satisfaction surveys.

We recently rolled out a more fulsome survey for the first time and we are confident that regularly asking our employees and more importantly responding to their feedback is an important first step to increasing employee engagement.

The next element I am going to talk about is retail management, optimizing the network. This is the fourth strategy in our diagram here. And we believe that it is a key to driving enhanced sales performance.

Specifically, we have a significant opportunity to optimize both the physical and virtual network so that they are more closely aligned with customer expectations.

I will explain in more detail with the next slide. We have made a significant step forward with hours. Then I'll show you where we are at in terms of upgrading our existing network as well as building new branches.

Lastly, I will talk about what we have done to leverage the power of retail distribution to improve the performance of the fee-based businesses.

As you know, TD Canada Trust has an extremely aggressive strategy around hours. As Tom mentioned at the beginning of his presentation, our research in our market shows that our customers view easy access to their money and to their banking needs as a key element of hassle-free banking.

As well, U.S. research confirms that U.S. consumers absolutely value convenient hours, especially through the very popular drive-up option that it pays off in both customer attraction and in customer retention.

As you can see, previous to the changes that we have made in the 225 branches, more than a third of our network, we were less than best in class. As a matter of fact, we were slightly below the average.

With the implementation of increased hours in all of these 225 branches, we have gone from lagging the competition to leading the competition in these key markets.

It is supported by a full range of merchandising, as well as a number of advertising initiatives, including the TD ad that Tom showed to you earlier.

We introduced these increased hours April 1st, so it is too early for financial results. However, early anecdotal evidence not only from our personal customers, but also from our present and prospective small business and commercial customers indicate that our customers are wowed by our change in hours.

Once we get the results of this pilot, we will decide exactly what our strategy we're going to roll out to the rest of the network. However, we do expect to deliver a very competitive hours offer through out-of-home network when all is said and done.

What I haven't shown you on this slide is at the same time we made a significant increase in hours for our staffed telephone channel, which also closed the gap of the competition.

Along with our award winning Web offer, we feel that we are now well positioned to offer our customers easy access across all of our channels.

As you would expect, when you are looking at a network that was largely created through 27 acquisitions in 12 years, we have significant opportunities to improve our network, whether it be through renovation, relocation, or brand new branches to fill in the gap. And optimizing the network is key to realizing the $6 billion opportunity that Tom introduced at the beginning.

As you can see from the slide, we have already begun refreshing branches. We have done 30 renovations over the last 18 months and expect to execute another 41 major renovations over the next 12 months. We know with a network of our size, we have to be continually updating, so we have another 50 renovations in the pipeline.

Customer and employee reaction has been universally enthusiastic. We have also begun relocating branches that we are in good markets, but inferior locations as well as building new branches. We have completed nine new branches over the last 18 months. We are working on finishing another 11 over the next year. Just to put that in context, that is double the number of new branches that TD Banknorth built in the previous ten years. And we are building our pipeline of new branches. It currently consists of 20. Our strategy on new branches is primarily in-fill, but we are looking at contiguous markets.

I have told you about the major renovations that we are completing in some of our branches, but I also want to show you what we have done in all of our branches around brochures, new merchandising, signage, and standard. Just some examples on the next slide.

Although our branches delivered great service, they lacked consistency and merchandising, look and signage and we have shown you some examples here. As you can see from the first picture, not only do we have a lot of different kinds of brochures, but they were inconsistent in look. Feedback from customers and staff let us to redesign for consistency and dramatically reduce the number, as you will see here.

As you can see from the middle photo on the top, branches needed updating in fixturing, merchandising and also lacked consistency from branch to branch. The after shot shows you what we did by addressing this issue at relatively low cost.

Last, but far from least, is signage. As you can see from the after shot, we have realized on some significant opportunities to improve signage.

At the beginning of today's presentation, Bharat spoke of leveraging TD knowledge and TD synergies. One example is how we are incensing the retail network to build our fee-based businesses, which are again, insurance, our investment group, as well as our wealth group. How have we done this?

We have removed barriers to referrals and are now compensating our employees, obviously, taking into account the U.S. regulatory environment for introducing customers to all our fee-based partners by including this business in their performance metrics.

Although we have only been at this since the beginning of calendar 2007, we have already doubled the number of referrals to both the investment and the insurance groups. And the current pipeline reports in these businesses indicate that this is just the beginning. Growth in these businesses will not only grow overall revenue for TD Banknorth but will also help us to diversify our source of revenue, by adding a greater component of non-interest income.

Looking forward, we see further incorporation of these businesses into our branches through the physical presence of investment and insurance professionals as well as growth in our customer-facing advisors.

In retail, we absolutely understand the key role that we play in growing other businesses of TD Banknorth. Introducing our customers to our partners at key points in their lives is absolutely essential to staying with them and keeping them as TD Banknorth clients as they move up the wealth curve.

So, as you have seen through Tom's and my presentation, we are working on every aspect of enhanced sales performance.

We have researched our customers and prospects, launched a brand that speaks to their preferences and leverages our reputation for service and are well on our way to building a truly customer-centric organization.

We have responded to our various markets through customized pricing, we have closed product gaps and we have started down the path of making all of our products and services easier for our employees to sell and for our customers to buy and use.

We are building a caring performance culture by introducing automated sales tracking, improving technology, aligning compensation and regularly asking our employees for their feedback.

And we have taken on the challenge of building a stronger network through improving the look and feel of our branches, making all of services easier to access and leveraging our retail network to improve the revenue stream of our fee-based businesses. The prize, an opportunity to close the $6 billion gap between our market share and our branch share.

Because we understand that no one strategy works on its own to enhance sales performance, we want show you how they work together in order to make an impact with one example. This slide shows TD Banknorth's performance against our competition in the key area of growth in total deposits.

What the graph shows is that when we tracked our rate of growth in personal deposits against our competition, something that we do regularly, we saw that we were consistently underperforming the market.

However, when we combine tactics in a number of the strategic areas that drive enhanced performance, for example, the launch of the new money market product, brand television, introduction of new hours as well as the first pay-out of our incentive program, we were able to break through the pack and outperform our competition.

Of course, I would be the first to say that two months does not a trend make. However, we know that our people now believe that our integrated value proposition of service, convenience and sale that with this proposition we can take business and customers from the competition. I recognize its early days yet.

A lot of what Tom and I told you about today is either newly launched or still in development. But we do see this improvement in performance as just the beginning of the proof point we expect to show you in the future.

I also want to reassure you that despite the dramatic amount of change that we are driving through the retail bank, our people are feeling the momentum and continue to be hungry for improvements.

They appreciate the attention that has been paid to the retail bank and are extraordinarily excited about being part of a winning team.

So, just to remind you of the key takeaways that we would like you to leave here today with on retail banking.

First of all, that we have thoroughly researched our customers and that we are orienting the bank around their preferences. Two, that we understand the improvements we can make both in the employee and customer experience by simplifying processes and we are making great progress.

We know how to price in our market so as to profitably grow market share. We are well on our way to raising the bar on the employee experience and creating a caring performance culture.

And last but not least, we understand what we need to do to optimize our network whether by improving existing branches, filling in gaps by building new branches or investing in our electronic challenges. And although this is not something that is achieved overnight, we are making progress.

In summation, retail banking represents a huge opportunity for us at TD Banknorth and we are fully engaged in taking advantage of that opportunity.

Now, if I could ask Bharat and Tom to join me on the stage along with probably Tim, we are going to go to a brief question-and-answer period. Thanks.

QUESTION AND ANSWER

Tim Thompson – *TD Bank Financial Group – VP, Investor Relations*

All right. So, we are going to have a Q&A now. It looks like we have just a little bit under 15 minutes.

So, again, if we can keep questions to the retail channel that will be best. Just to remind everyone, we have a Q&A panel at the end with everybody on stage.

So, if you have any more rigorous strategic questions that is probably the right time. Again, if any questions in particular on the retail channel, now is the time.

We will start with questions from the floor and then we will go to see if there are questions from the phone. So from the floor, there are -- Alvin and Leslie have microphones.

So, hands in the air, we can start there. Let's start with Jim over here.

Jim Bantis – *Credit Suisse First Boston – Analyst*

Jim Bantis, Credit Suisse. Things that TDCT has always focused on was the operating leverage between revenue growth and expense growth and I can appreciate right now we are in a very much of an investment spend to get the organic growth model operating.

But when I look at the three areas, there is a technology update in terms of front-end systems and employee scoring. There is a significant marketing spend relative to branch refreshing and the redistribution channel as well.

Maybe Bharat, you can talk about the cost related to these initiatives – maybe key costs or what is it on an incremental basis per year.

Bharat Masrani – *TD Banknorth – President & CEO*

I think best would be to go through the whole presentation. There is a section that Steve Boyle is going to address on how we are financing all these initiatives. The point I would like to leave you with is that we absolutely believe in the paradigm that you just described that revenues have to grow faster than expenses. And all the initiatives you are seeing today and you will see later on are being financed through those expense saves. But Steve will you more detail and at that time, if you feel that you need further details, we would be happy to take it.

Tim Thompson – *TD Bank Financial Group – VP, Investor Relations*

Questions?

Unidentified Audience Member

I was wondering if you could describe the differential between what an average branch employee could make under the compensation and also how many in-branch advisors you have now and what's the growth rate?

Suzanne Poole - ***TD Banknorth – EVP, Retail Distribution***

So, the history on the earnings per share modifier was that when earnings per share at TD Banknorth, we're doing extraordinarily well, there was a real opportunity for all employees to make significant amounts of money. However, because of the low performance on earnings per share, the most immediate history on variable compensation for people in retail banking was zero. There was no variable compensation. So, it is -- if you use zero as the denominator, I can't do the math. So, we are making a significant investment. And so, I think it is really important is, what the retail people really appreciate is that the money is guaranteed to be spent within retail.

So they know the size of the prize and that if they achieve in those factors, they will get it. They don't have to wait till the end of the year or they don't have to wait to see how the overall organization is doing. I am sorry. The second question you asked was?

Unidentified Audience Member

(inaudible question -- microphone inaccessible).

Suzanne Poole - ***TD Banknorth – EVP, Retail Distribution***

Right. So, we currently have two deliveries on advice. We have currently 100 people who belong to retail distribution, who sell $50,000 and under products such as annuities, insurance, et cetera. We sell insurance and branches.

And then we also have the channel that -- at the investment group, which is another 100 investors -- another 100 advisors who handle the more $50,000 to $750,000 and then again there is the wealth group on top of that.

We do expect to expand those significantly and we are working on that right now.

Tim Thompson – ***TD Bank Financial Group – VP, Investor Relations***

Table 11.

Brad Smith - ***Blackmont Capital - Analyst***

Thanks, it's Brad Smith from Blackmont Capital. It strikes to me that you have a fairly aggressive objective with respect to your deposit base and the growing of that deposit base. I was wondering if you could just perhaps give us some indications as to what your expectations for the margins are going forward on both the -- or on the deposit side are going to be. I also had a sort of a second question, expectations now are for flat -- continuing flat yield curve. What sort of competitive reaction do you expect going forward if you get a re-steepening of the yield curve? Do you expect your competitors to become more aggressive on the deposit side or to book the improved carry trade margins as profits?

Tom Dyck – ***TD Banknorth – EVP, Marketing and Retail Product Management***

I guess I would say a couple of things. First of all, in terms of the future of margins, there are a couple of factors at play.

If you sort of go back, in the last two or three years at TD Banknorth, we really have priced for profitability, not for growth. And so to the extent that was a primary contributor to the bottom line, we had much thicker margins than the market would actually allow to grow, if you want to aggressively grow your book.

And so, you have seen over the last few quarters a squeezing of our margins and that is in part because we have changed philosophically how we are pricing our deposit base, but also in part our reaction to our competitors.

And quite frankly, whether the curve is flat as it is now or whether it steepens, I don't believe that the deposit market could get any more aggressive quite frankly than it is now.

In many of the smaller institutions in particular where they have lost the carry trade, they are now pricing significantly more on a more competitive basis now than they were just a couple of years ago because they have to make up for the lost carry trade and they are trying to do that by an increase in volume at a saner margin to the point where in many cases, I would tell you, it is irrational pricing.

And so, there are instances of that in the marketplace already. From - what was the second part of your question?

Unidentified Audience Member

(inaudible question -- microphone inaccessible)

Tom Dyck – ***TD Banknorth – EVP, Marketing and Retail Product Management***

So looking forward, I think there are -- one, there is one more additional factor at play and that is that consumer preferences for the types of deposit products they are looking for are also changing.

When you are at relatively low historic rate, there is much less propensity to shop around for -- the difference between making 1% and 2% is not in absolute dollars significant for many customers.

But once rates are getting up into the 4% or 5% category, the delta increases to the point where they begin changing preferences. And you are seeing some shifts in consumer purchasing habits in the saner margin products.

All that said, if you take our EarnSmart money market product, which we price based on elasticity models to a point where we knew that we could aggressively grow our volumes, which in fact did happen, but at margins that quite frankly are almost double to sometimes triple than what we would have to price an equivalent CD at to grow as well.

So, it is really a balancing act to try and figure out what is the right thing to do from a margin management perspective along with a respect for the changing preferences of consumers.

Tim Thompson – ***TD Bank Financial Group – VP, Investor Relations***

Other questions from the floor?

Unidentified Audience Member

Do you see these initiatives that you have undertaken as basically capable of pushing Banknorth's deposit market share beyond what you guys would consider your natural share based on your branch system or are these just sort of more obvious low-hanging opportunities that you have grasped at and really to push yourself beyond what would be your natural market share you need to do some more dramatic changes to the bank?

Bharat Masrani *- TD Banknorth – President & CEO*

We have got expectations at levels set absolutely.

Tom Dyck *– TD Banknorth – EVP, Marketing and Retail Product Management*

At least, that is how it reads on my performance appraisal. I think that to capture the $6 billion is a significant endeavor.

I don't want to minimize the amount of work, and quite frankly time, that is going to take to be able to implement all of the things that you have seen already this morning. And so to get to the $6 billion mark is a significant achievement.

That said, you will also notice that we have about a third of our counties actually over-perform relative to their branch presence and so there certainly is nothing holding us back from being able to leverage the model that we are building to over-perform in these other counties over time.

Our focus right now though is improving the organic performance to capture that $6 billion, and certainly I think there would be upside on the other way.

Tim Thompson *– TD Bank Financial Group – VP, Investor Relations*

Let's just go to the phones and the Web to see if we have any questions. Great, back to the floor, any from this side?

Rob Wessel *- National Bank Financial - Analyst*

Hi. Rob Wessel, National Bank Financial. Just a question for Bharat actually.

Bharat, if in two years time you meet this audience again and you give an evaluation of how things went, what worries you in terms of not being able to capture the bulk of the $6 billion.

Like, if you had to look forward and say, here are the three factors that stand in my way or would be impediments to achieving the better execution and the improved profitability and market share and all of the exciting things you are talking about, what worries you or what you come back and say, you know what, that was why I didn't do it?

Bharat Masrani *– TD Banknorth – President & CEO*

I would really want to answer that question in great detail, Rob. What I would suggest is you're going to hear other initiatives that are meant to capture this opportunity as well.

So why don't we hear the details of that and I would certainly answer -- the first question I answer when we have the panel will be that because I think that applies generally to the overall thrust that you will be hearing this. So I am trying to duck it. I promise you. I will answer that as the first question.

Tim Thompson – *TD Bank Financial Group – VP, Investor Relations*

Just in the interest of time, maybe one more question. Table 8

Mario Mendonca – *Genuity Capital Markets – Analyst*

Hi. Mario Mendonca from Genuity Capital Markets. Just so we can understand the $6 billion, the $6 billion would presumably replace some other form of funding.

Maybe just help us understand the difference between the two from a cost perspective. What would the $6 billion be replacing?

Bharat Masrani – *TD Banknorth – President & CEO*

I know you think of other U.S. banks that are stand-alone entities and their treasury management as to how they are running their asset/liabilities, match or mismatch becomes a huge issue.

Us being a segment of TD Bank Financial Group, I am not suggesting it is not an important issue, but we run a centralized treasury as you know, and we are very good at it. And so, I worry less as to what we will do.

Obviously, if we don't have places to utilize the additional funding we get, then just earning - the normal spread on it is very attractive. I don't have to tell you how profitable deposits are to banks generally.

Secondly, you are going to hear plans about what we are doing on the money outside, what our growth plans are on the lending side. And so I can see that over time -- if I have that problem, that would be a nice problem to have.

But I see that between our centralized treasury functions, we have got a fully implemented funds transfer pricing mechanism. I am sure you are well aware as to how TD does it. And so, I don't consider that as a major issue.

Tim Thompson – *TD Bank Financial Group – VP, Investor Relations*

Thanks very much for all your questions. I saw other hands, if you can -- if you can remember those questions, write them down. I mentioned the panel at the end; so we will be happy to take those questions at that point.

We're going to take a break now. We are going to rejoin promptly at ten-thirty five please from the phone and the Web. Thank you very much.

(BREAK)

Tim Thompson – *TD Bank Financial Group – VP, Investor Relations*

Well, at the break I was told I said something incorrectly, so the packages of things at your table supply energy, they're actually Gummy Lobsters not Gummy Bears. And lobsters, New England, sorry about that.

All right so we're turning now over to Commercial Lending, Small Business, and Personal Deposits, so we'll start with John Fridlington. When we heard later he's a 40-year veteran, I've been with the bank for 17 years, I thought that was a long time, but 40 is way long. So, over to John.

PRESENTATION

John Fridlington – TD Banknorth – Senior EVP & Chief Lending Officer

The joke was they were going to give me a walker to get up here, but I opted to walk.

Good morning. I'd like to cover a couple key issues on the Commercial Lending segment with you today.

First of all spend some time on what the portfolio itself looks like, secondly talk about some of the initiatives that we are going to use to grow that portfolio and then lastly spend a little bit of time on the whole asset quality issue.

Key takeaways will be we know commercial banking well, we have a very deep bench strength of bankers that have been with us for extensive periods of time, many of them come from many of the large U.S. competitive banks in our marketplace including Bank of A, Citizens, and Sovereign and/or their predecessors.

We do it well. We have an excellent reputation in our marketplace. Many of our lenders have been in those marketplaces for 15 or 20 years handling businesses within those marketplaces.

We have a strong referral source from our existing customers, we have a strong referral source from centers of influence, accountants, lawyers, business advisors and so forth, and we take a very balanced approach to our lending.

We want to grow our portfolio, but we want to grow it carefully and we want to grow it with strong asset quality.

We do intend to leverage TD's capabilities, there are many products that are in TD's book that we did not have previously, prior to the acquisition of our bank, and many of those products bring incremental services and value to our customers.

And lastly, while our non-performing asset levels have grown during the past two quarters, they are well under control.

Let's take a look at the Commercial Banking portfolio first.

We have in excess of $16 billion of active portfolio. We have $7.4 billion of commercial deposits, a healthy chunk of which, and Wendy will cover this later, are from our Government Banking sector. And our Senior Lenders average in excess of 25 years of experience in the market areas.

When we look at the Commercial Loan portfolio you can see commercial real estate loans represent 58% of the portfolio and commercial business loans and leases represent 42% of the portfolio.

The sizeable portion of commercial real estate loans in our portfolio is a combination of a legacy of the banks that we have acquired over the 12 or 15 years that Bharat talked about.

As well as investment real estate in the Northeast quadrant of the United States is a very significant piece of the economy, and we have been active lenders into that economy.

If you look at the commitments that we have outstanding in our portfolio as opposed to the outstandings, our commitments total approximately $22 billion, and if you looked at the commitment segment, it's a more balanced commitment between commercial business loans and commercial real estate loans.

But usage of commercial business loans of their lines of credit tend to run in the 42% range, while usage under commercial real estate loans, in particular if it's financing existing building you have 100% usage, if it's a project you're averaging probably 50% usage. So that tends to drive the blend in the portfolio.

From a geographic distribution standpoint, our mature market accounts for 29% of our portfolio and that's the Northern New England tier -- Maine, New Hampshire, Vermont, Upstate New York.

The growth segment, which really encompasses Massachusetts and Connecticut, amounts to almost 50% of our portfolio and our high-growth and newest market, which is the Mid Atlantic division, accounts for 22% of that portfolio.

In each of our markets our market share is different. In the Northern tier most of our banks have market share in the neighborhood of mid-20% to mid-30% range, as we get down into Massachusetts, Connecticut, Metro New York area we're in single-digit market shares, but those markets are significantly larger.

So for example, in Maine where we have mid-30% market share, the total portfolio is about $1.7 billion.

We go into Massachusetts where we have 5% or 6% market share, that's a portfolio in excess of $5.5 billion. You don't need to be a genius to figure out where the opportunity is from a market share standpoint and opportunity to grow standpoint.

We have intense competition in our markets. All the big players are there almost throughout our franchise, so Bank of America, Citizens, JP Morgan Chase, Sovereign, Wachovia, and so forth. And then in each of our local markets we have smaller players.

And the difference that we see between those two competitors, and we compete on both ends of the scale, is the larger banks have been more disciplined from a pricing and structure standpoint, while the smaller banks are less disciplined from pricing and structure.

Many of those smaller banks are thrifts, they're cooperatives, they're credit unions, they're small commercial banks, many of which are not publicly traded and therefore the discipline on the pricing side versus the risk reward cycle is not as intense and not as focused as it would be on the larger banks.

We compete very well against both segments of this market. We are local, we decision locally, that gives us a leg up on some of the big players, we're in those markets extensive periods of time so therefore we know who are the right borrowers to deal with and who aren't.

And then lastly, as we compete against both segments and in particular on the smaller end, we know that there's a time to do a deal and there's a time not to do a deal.

And on some of the smaller competitors, when the offer starts to get too good from the borrower perspective, whether it's weak covenants, poor pricing, not charging for structured long-term fixed interest rates and so forth, we will let those deals go and we have regularly let those deals go.

We fight aggressively to a point because obviously we want to retain those relationships, but at some point when it's no longer economically valuable for us or the risk profile gets too intense, we let those go.

We typically will tell our borrower, "Take it, it's a great offer, it's one we're not going to match but come on back for the rest of your deal." Because a lot of times, when those smaller banks do those deals, they kind of fill up their bucket with that one deal and then the borrower has to deal with us anyway going forward.

How are we going to grow our loan portfolio? TD Banknorth has consistently been in the 8% to 10% growth rate for a long number of years and recently we have come down to the 6% range, in part due to the competition that I talked about and the willingness to let go when it no longer makes sense.

We have very experienced lenders in our marketplace and one of our strategies is to make sure that we give those lenders the opportunity to get out and develop business more and work with our existing customers more.

So we've gone through a process with our friends in Risk Management and Ed is here, to set up a new front end for our commercial loan systems to facilitate the speed at which they can start the process of booking a loan, start the underwriting process and make it more efficient for them, so that they can spend less time at their desk filling out forms and more time being out generating new business.

At the same time, on the Credit Analysis side, we've shortened up our write-up forms, keeping in all the major items that we need to keep in, but yet allowing, again, more through process of items on a more efficient, again freeing up time for people to do what's important, which is get more revenue for the Company.

In addition we've added some corporate lenders to our corporate lending team to continue to grow our share of commercial business credits, because it's the commercial business credits where the best cross-sell opportunities arise, whether its wealth management products, cash management products and so forth.

Real estate deals tend to be deal specific, you're doing the transaction, probably getting an operating account as part of that transaction, but not a lot of cross sale of other products, whereas on the commercial and industrial side much better opportunities for cross sell.

A little over a year ago we started a dealer financial business, run by the head of our Consumer Lending division but in consult with the commercial side, to start providing floor plan lending services to automobile dealerships in our footprint.

And we spent the last year making sure we got that process right. We have the infrastructure in place -- that is now in place so now we are being more aggressive in growing that segment of the market, being mindful, obviously, of there are good dealers and there are bad dealers in the automobile segment, there are good car franchises and not so good car franchises.

So as we go out and grow this segment of the business, we're being very mindful of what's the driver of that dealership's business, what's their strength, what's their product quality and so forth.

This segment helps us in two ways. Automobile dealers, if they're running a good shop, tend to be very wealthy. They use a lot of other bank services including wealth management, they are great users of cash management services, merchant card services and the like. So therefore that helps feed our fee income on the commercial side.

And lastly, if we have the floor plan relationship on the dealer, that is a natural feed into our indirect lending portfolio on the Consumer side, which is a very active piece of our business.

We've talked earlier about deposits and clearly in the Commercial Loan area, while we historically have required deposits from all of our borrowers, we did not have the focus on it as much as we had on loan growth and fee income.

So beginning in 2007 we amended our incentive program for commercial lenders so that the net growth in deposits now equals in weighting in the incentive plan the net growth in commercial loans and fee income.

And I will mention again, talking about the balanced approach, on our commercial incentive plan it's not just all about growth.

We have takeaways built into our commercial incentive plans so if asset quality is not good, if a lender's not doing a good job on the credit metrics of managing their portfolio, those constitute takeaways so that they have to be good at both ends of the spectrum, not just business generation, but also managing a solid portfolio.

Leveraging TD capabilities is really an opportunity for us. We have spent the last couple years, ever since we got together as a Company, introducing the TD Securities folks into our lending portfolio of managers, talking about things like capital raise capabilities, sub-debt raise capabilities, SWAPs, derivatives, et cetera.

We've seen some good traction, we have a number of solid examples of commercial customers that now do business with TD Securities that otherwise would have gone, probably, to one of our larger competitors in the past. So we continue to see good growth opportunities in that segment.

In the state of Vermont, state laws in Vermont allow very favorable treatment for insurance captive organizations within that state, so many of the largest U.S. corporations have captive insurance operations in the state of Vermont, and many of those companies bank with us for their captive insurance operation piece.

This is a natural referral source for us to introduce TD Securities to some of those largest companies which are already our customers in that particular segment. We also do an awful lot of SWAPs and derivative transactions with our U.S. borrowers.

Before we were acquired by TD we used to third party outsource those SWAPs, and roughly half of our fee income from those SWAPs would go out to third-party provider.

Ever since we've gotten together we now put all those transactions, naturally, through TD. Through a combinations of good sales training on our part and good product capability on TD's part, year-to-date '07 versus year-to-date '06, transactions are up 69%, notional amounts are up 57%, and most importantly revenue is up 84%, and obviously 100% of that revenue now stays within the Company.

Similarly on the international side, we used to outsource our international products to a third party provider, again sharing the fee income. Now we really trade fully off of TD's capabilities and, year-to-date '07 versus year-to-date '06, our fee income on the international side is up in excess of 30%, again 100% staying in-house.

And lastly on the opportunities, as it relates to leveraging off of TD, is TD has a greater expertise than we have had in leading large transactions. And in many cases we have participated with our friendly competitors throughout the Northeast on large syndicated transactions, where we will buy into their credit and occasionally we will lead a credit that they buy into ours.

But this is an area that we see leveraging off of TD's capabilities to really do more of this in the lead role, and obviously the lead role carries more fees, better balances, and so forth. So again, another earnings opportunity.

Let's talk a little bit about asset quality because that I know is on everybody's mind. We have had a rather substantial increase in non-performing assets during the last two quarters, and that increase, if you look at this slide, will show you that the huge majority of it is driven through the Commercial Real Estate segment.

And that increase is really, centered, in a very few large real estate for sale development projects. The increase is driven by a decrease in the rate of sales in the U.S. of residential property.

What we are finding as we look at this segment is the growth is manageable, it's being handled by our Workout team, we are very active in transferring projects that we feel are at risk or under pressure into our Workout group to let them manage those projects. And they're doing that very successfully.

We've traditionally taken measured risk in our portfolios, as evidenced by our long history of really better-than-industry average and PA ratios.

And we've done that through our robust risk management process of reviewing, on a quarterly basis, all the major credits that look like they're being difficult, assessing game plans, assessing risk, building up reserves if we need to so that we have a good handle on what we think the potential problems are.

Although the recent increases put us above peer averages from the standpoint of NPAs, we are experiencing some very solid benefits and improvement in some of those credits through our Workout group, and the growth of those NPAs really has started to level off.

I think we'll see a little more growth for maybe a quarter or two, but nothing significant. And whether it's a little growth or a little decline will depend, in some cases, on the timing of a deal coming in, or our resolving a deal and moving it out of Workout.

But we feel very comfortable at the level that we're at, we feel very comfortable that we have our hands on it. And more importantly, based on what we see as the current economic environment, we really don't see a lot of principal risk in these non-performing asset categories.

Historically our net commercial charge-off rates, going back over many years of time, have been in the five basis point level. This year we think they'll be more like 20 basis point level. And while 20 basis points is a significant increase from five, if you look at 20 versus industry averages, 20 is not out of the box from that level.

Let's take a brief look at the Commercial Real Estate lending segment of the portfolio. Total portfolio, as you can see, is broken on the pie chart on the left.

And within that pie chart on your left, 37% of that represents investment commercial real estate, with other major segments being business loans to manufacturing concerns, retail trade concerns, wholesale trade, et cetera.

If we explode out that 37% and say, what are the segments within that 37% by category? You can see that residential for sale represents 7% of the total portfolio, office development or office investment properties 6%, retail 5%, and so forth.

So there's a lot of granularity within the entire portfolio, even though, when you look at this slide and say investment real estate 37%, a lot of investment real estate, the reality is its pretty well granulated out.

And also from a geographic standpoint, our portfolio is very diverse. We have no particular concentrations of any one bucket of those categories in any one geographic area. It's widely disbursed throughout our entire franchise. And that gives us comfort from the standpoint if one area is having differently from a real estate standpoint other areas might not be.

And we are seeing that actually in our For Sale Residential portfolio, where we have some segments within a particular state that might be struggling a little bit from a sales volume standpoint on residential real estate, and you'll go into the next county or in some cases the next city. They're doing just fine.

So we are looking very carefully, market-by-market, deal-by-deal, as we look at this particular portfolio.

And then when we look at the underwriting fundamentals of our Commercial Real Estate portfolio, these are some examples of our categories by type of property and by debt service coverage ratios, loan-to-value ratios and median size of the particular transaction.

As you can see, debt service coverage is very strong in all of our categories on average. Loan-to-values are at very conservative levels being in the high 50s to low to mid-60% range. Then, the median-size of each of our transactions tends to be in the $3 million to $4 million range.

Again from a diversity of portfolio concentration of risk standpoint gives us a lot of comfort that, if we have a deal that's not going so well, the potential hit to us, be it from NPA or from ultimate loss, is well under control.

So in summary, a couple key takeaways. While we've had an increase in our NPAs during the last six months, we do not see principal risk in any significant level, and the current number of those credits is quite manageable.

We have a very solid experienced team of bankers in our marketplace and we expect to steadily grow that loan rate back up to its more level, while maintaining solid asset quality.

And lastly we see a tremendous opportunity for leveraging off of TD's capabilities to bring some new products into our market area.

Our bankers are excited to be able to offer these products, our customers have given us good response on utilizing those products, and I think it will reflect very positively for both, fee income, loan growth, and deposit growth in the future.

I'd now like to turn the program over to Wendy Suehrstedt who will be covering Small Business Banking and Commercial Deposits. Wendy?

Wendy Suehrstedt – ***TD Banknorth – Senior EVP, Business Banking Solutions***

Thanks, John, and good morning. It's my pleasure to talk with you today about our opportunities in the areas of Small Business and Commercial Deposits. Across these two areas there are three main takeaways that apply across-the-board.

First, TD Banknorth does have significant growth opportunities in both areas.

Secondly, as you'll see given our market presence, we are under represented in both areas today.

And third, in order to take full advantage of these opportunities, we now have strategies in place and are finalizing very specific plans to significantly grow both our Small Business portfolio, as well as our Commercial Deposits over the next five years.

I'd like to start by talking about our opportunities in the area of Small Business.

As you'll recall from an earlier slide in Bharat's presentation, today this area represents 12% of our overall profit. In our eight-state market 97% of all businesses have 100 employees or less and the majority have 25 employees or less.

These small businesses have a total annual payroll debt approaching $400 billion, so clearly small business is very big business in our markets.

In addition, in the U.S. a full 40% of deposit profitability is generated from our small businesses and their owners. Not only that but small business is an engine for growth for nearly all other lines of business in our Company.

Along with core deposits and loans, small businesses need many other services. They need insurance to protect their assets, some need employee benefit plans, others need merchant services or international services, et cetera, et cetera.

With respect to small business owners, a variety of market studies have shown anywhere between 65% and 70% of small business owners do their personal banking at the bank that's managing their business banking.

These business owners are two and a half times more profitable than the average retail customer and over 10% of small business households have over $500,000 of investable assets as well.

So clearly becoming a market leader in Small Business will unquestionably help Suzanne and Tom in meeting their aggressive retail bank growth targets.

At TD Banknorth we began focusing on small business back in 2001. To date we've grown our portfolio to just over $1 billion in loan commitments and about $2.7 billion in deposits. This growth has occurred by way of both acquisitions and organic growth.

We define small business to be those businesses with sales of $2.5 million or less and/or lending needs of $250,000 or less.

Over the last five to six, we've worked hard to develop a small business sales force which is located within the retail bank. We have all of our Branch Managers trained and actively participating in the Small Business development effort.

Along with that large group we also have a small group of dedicated Small Business Development Officers devoting full-time to the business development effort.

We have five Regional Sales Managers both managing our Small Business Development Officers and working with all of our Managers to enable them to become more proficient in their business development efforts. And they're joined by our 29 Regional Vice Presidents directly coaching our Branch Managers.

We feel that we now have a very solid foundation in place from which to grow. We have centralized all of our underwriting and processing into one Small Business Group and some of our processes are reasonably efficient.

However, many, particularly those in the areas of lending, underwriting, and processing, as well as sales management, remain manual. The key to our success now is streamlining and improving our overall business process.

In the perfect world we would have market share information available for Small Business as it is available in Canada. Unfortunately, this level of market share data is not available in the U.S.

So in the absence of market share data, to quantify our market opportunity we've benchmarked our Small Business Lending penetration against that achieved by our Commercial Group with larger companies.

Today we have a lending relationship with 3.4% of the nearly 800,000 businesses that generate annual revenues of $2.5 million or less located in the counties in which we have branches.

Our Commercial Group has three times this penetration rate amongst larger businesses in our footprint.

Thus we clearly have significant opportunity to establish banking relationships and enhance them with tens of thousands of additional small businesses throughout our market areas, with particular emphasis in our growth markets of Massachusetts and Connecticut and our new Mid-Atlantic market.

By succeeding in capturing this market opportunity, we believe we should be able to increase our Small Business deposits by $3 billion, a portion of which is embedded in the $6 billion deposit number you've heard Tom and Suzanne talk about. We also believe we should be able to increase our loan portfolio by $1 billion.

Another area of market opportunity lies within our existing portfolio. Today we have approximately $3 in Small Business deposits for each $1 of loan balances outstanding.

A best-in-class performance would be to have a deposit-to-loan ratio of four times as many deposits as loans.

By succeeding in moving our current ratio to that best-in-class ratio, we would generate an additional $1 billion increase in deposits.

In order to take advantage of the many opportunities Small Business presents to us in our markets, we have established the following goal and that is to transform Small Business into a market leader.

In order to attain this goal, we are creating specific plans for each of four key drivers in this business -- the customer experience, products, process and pricing, our employee experience, and our sales management effort.

Overlaying all of these plans is one global imperative, which is to ensure that we keep our very strong partnership in place with retail as this is essential to truly maximizing our market opportunities.

Our Retail Branch Managers are the heart of our Small Business development effort today. They are key players in their communities with the contacts and relationships to build the business.

So Suzanne, Tom, and I intend to ensure that this strong foundation remains core to our continued growth.

In looking very specifically at some of our plans in each of our key business drivers, with respect to the customer experience we also, among other things this Fall, plan to introduce a Customer Experience Index in partnership with Tom, as he talked about the Retail Customer Experience Index.

Through this immediate, ongoing, and direct client feedback we will be able to better ensure that we're constantly improving both our service and our overall client value.

We've also identified improvements to be made to create both an online and a call center experience that's more specifically tailored to our Small Business clients.

In the area of product, pricing, and process we're working to enhance our product management expertise. We've already reviewed our Small Business product lines and have identified several gaps that we're working to close.

For example, we're working to introduce this Fall, a business credit card to enable our clients to have more flexible credit arrangements.

As I've also mentioned, streamlining and improving our processes is another key to our success. We have begun a full reengineering of our loan process, from application all the way through booking and funding, to ensure that it becomes simple, fast, and easy both for our clients, as well as for our employees.

With respect to our employees, we're also working to ensure that our incentive plans and our reward and recognition programs are fully in line with our business imperatives.

And we're reviewing our programs as well as building career paths to ensure that we are enabling our people to succeed, as well as enabling them to fully maximize their full potential, with obvious direct benefits to our business growth.

And finally in the area of sales management, we'll be working to expand our core of Small Business Development Officers to be sure that we have the talent in our markets with the opportunity to fully take advantage of all the opportunities that reside there.

We're also working to implement a new pipeline management tool that's currently being used here in TD Canada Trust with excellent results.

By executing our plans for each of these key business drivers and by staying very closely aligned with our retail team, we intend to meet our mission of becoming the market leader in Small Business and taking full advantage of the opportunities that we have.

Also by working closely with Paul Clark and the TD Canada Trust Small Business team, we expect to be able to attain that market leadership more quickly than would otherwise have been the case.

The TD Canada Trust team has also been going through a very significant transformation within their Small Business efforts, which has had wonderful successful results.

And through their learning we expect to be able to leapfrog and get to our market leadership position than would have otherwise been the case.

Let me now move to Commercial Deposits.

As you'll recall, today this area represents 10% of our overall profits. Commercial Deposits tend to be more heavily weighted toward core checking account balances, which are obviously highly desirable.

We've already made several important changes to focus in on this opportunity area. As John mentioned, the incentive plan for our commercial bankers has already been revised such that deposit growth now has equal weight and impact to that of loan growth.

We're also working hard to broaden our product management expertise, both for Commercial Deposits as well as cash management products and services.

And we're working to change the focus to sales of our Cash Management Group while retaining their outstanding service orientation.

In looking at the opportunity for Commercial Deposits within our market, information from both external market studies, as well as conversations with other bankers would indicate that commercial deposits are generally in the neighborhood of 35% of a typical commercial bank's overall deposit portfolio.

At TD Banknorth today our commercial deposits are 26% of our overall deposit group and, as John mentioned, a significant portion of those funds are government banking funds.

So clearly we do not have our share of commercial deposits in the market that we should have and it's an excellent area of opportunity for us.

If we held all other segments of our deposit base constant and got our commercial deposits up to that 35% level, that would be an increase of just about $4 billion.

Based on the magnitude of this opportunity, we've set the following goal and that is to double our non-government commercial deposits. In order to meet this goal we've established and have begun executing plans again on the same four key business drivers.

In the area of customer experience, among other things, we're working to improve the metrics generated by our client services call centers to better manage this channel's customer interaction with our cash management customers.

In the area of process, products, and pricing we have added and continue to add talent to our Product Management team. That group is working to close already identified product gaps. Several new services will come on line by the end of this year and the remainder are on our 2008 agenda.

In the area of the employee experience, as already mentioned, we have made changes to incentive plans and we're working on reviewing our cash management sales incentive plans as well to ensure that they are effectively aligned with our business growth imperatives.

And finally, in the area of sales management we're also working to add cash management specialists to our markets with opportunity.

We're also implementing pipeline and contact management tools in conjunction with the Commercial team for enhanced cooperation, communication, and sales management information.

In conclusion, today nearly one quarter of our profitability comes from the areas of Small Business and Commercial Deposits, yet, as you've seen, we have significant opportunities in both areas for further growth in these very profitable areas.

In both cases we're under-represented in our markets. We are not focused organizationally to capture our rightful share of these market opportunities.

We're finalizing specific plans and have already begun executing parts of those plans to both become the market leader in Small Business and to significantly increase our Commercial Deposit portfolio.

And with that I would invite John and Bharat to join me and open it up for questions specifically around these areas. Thank you.

QUESTION AND ANSWER

Tim Thompson – *TD Bank Financial Group – VP, Investor Relations*

All right thank you, Wendy. Okay so we have again about just a little under, ten minutes for some questions on Commercial Lending, Commercial Deposits, and Small Business.

So we'll start in the room first, questions for these guys? There's got to be a question on asset quality, come on. There we go, we have a question.

Leila Peyravan – *Kingwest & Company*

Hi, Leila Peyravan from Kingwest, I had a question for John. You mentioned that you were going to move more into SWAPs and derivatives and more complicated financial instruments. I was just wondering how that would affect your required reserves for the bank? And is Banknorth risk handled differently than TD Canada Trust? Or do you manage overall risk together?

And also, in light of the implementing battle to, in both Canada and the U.S., and increasing the required reserves, how would that affect the current process?

John Fridlington – *TD Banknorth – Senior EVP & Chief Lending Officer*

I think the way I would answer that, in particular if you're looking at more sophisticated money-type product derivatives, et cetera, we do that through TD, they help us structure those out, price them, and so forth. So that is clearly done in conjunction with TD.

As we look at larger loan transactions and dealing with potentially some borrowers that we haven't done before, we have a very robust risk management process at TD Banknorth that works very closely with the risk management structure at TD. And we really are in sync on risk appetite and how we approach that, there is a very active and extensive process that is under way to implement Basel II at TD Banknorth, working very closely with TD and the Canadian regulators.

Ed Schreiber, who is today, is really leading that effort. So we are marching in sync from both a risk management standpoint and structure standpoint, as it relates to Basel, with what TD has done and what they're learnings have been.

Bharat Masrani – *TD Banknorth – President & CEO*

All right not to put my Chief Risk Officer hat on again, I thought I'd shaken that off, I will comment on an unrelated issue. In my comments I made the point that we will certainly take whatever has worked in Canada and adapt it to the United States.

But if I take the example of appetite or credit policy, if we were to take our credit policies in Canada and applied that to the United States, John would be retired because we would not have any business.

It's a different market, different structure, and the whole competitive landscape is different and depth of the market is different.

So the part of your question related to how is it aligned with TD Canada Trust from a standards perspective, I think we would use all of our tools that work on both sides of the border, but as far as the credit appetite goes, it is specialized. We are in a different market and we are adjusting to that.

With respect to Basel II, I think it is important to make sure that U.S. banks the size of TD Banknorth are not required to be compliant.

But TD Banknorth, because it is a segment of TD Bank Financial Group, will be required to become compliant. And we are in discussions with OSFI and the other regulators as to when that should be.

So stay tuned for that as to when all this will be aligned, because it is a different regulatory environment that we have our business.

Jean Francois Marcil – *CDP Capital, Inc. – Portfolio Manager*

Jean Francois Marcil. Would you just address the change in terms of the role of securitization in the Commercial Real Estate area and a lot of the business now going to companies that have those capabilities?

John Fridlington – *TD Banknorth – EVP & Chief Lending Officer*

I'd be happy to. We regularly have borrowers that are in our portfolio that are large enough and have the type of product that the securitization market and the conduit market works for them very well.

So we frequently will provide construction financing for developers of particular retail properties, sometimes office properties, to get those projects completed, get them to the point that they are stabilized and then that borrower will go into the secondary market.

We do have a capability that we acquired through our acquisition of Hudson United where we have an individual that can place those transactions into that market.

And before the Hudson transaction, our borrowers would just go there and we would lose that particular credit facility, obviously be available for the next one. Now at least as their exiting, we get a fee as they go out the door on those transactions.

And on some of those it makes sense for them to grow that market and it does not make sense for us to hold those products in our portfolio with 30 year-ends and no guarantees and very thin debt service coverage ratios.

So for some of our borrowers that are more sophisticated with high-quality projects, we get them for a period of time, that particular project leaves, you get another project to work on.

So that is kind of what's happening with our portfolio, we have looked at should we securitize part of our portfolio. To date we've not felt the need to do that, we've done some sample runs with various sources.

There certainly is a segment of our portfolio that could be securitized if we wanted to, but have chosen not to go that route yet.

Tim Thompson – *TD Bank Financial Group – VP, Investor Relations*

Table nine?

Rob Wessel - *National Bank Financial - Analyst*

Rob Wessel, National Bank Financial, I just wanted to ask you a quick question about slide 46 where they had the median balances for Commercial Real Estate.

Can you give us some sense for -- you know most of those are 2.5 million to 3.5 million for the median balance. Can you give us a sense for what would be the size of some of the larger exposures, the top five?

John Fridlington - *TD Banknorth – Senior EVP & Chief Lending Officer*

Sure, we'd be happy to. I'll give you a little longer answer, we typically have house limits that are set up based on the risk rating of the borrower, so the better quality the risk rating the higher our hold limit will be for that particular borrower.

But we have relationships within the Company that will go as high as $80 million. We can count them on one hand. I can count them probably on half of a hand. But then as we scale down from there we do have a number of credit facilities that are in the $40 million, $50 million range.

Typically that concentration would be spread over a number of particular projects or opportunities for that given borrower, which is why your per deal average tends to come down.

The relationship average on some credits would be higher than that number. A per-deal average for our bread-and-butter portfolio is right at that kind of number.

So as we go higher obviously the metrics get tougher, the underwriting gets tougher, clearly the risk profile is different on those larger credits than it would be on some of the more moderate size ones.

Tim Thompson ***- TD Bank Financial Group – VP, Investor Relations***

Table eleven.

Brad Smith ***- Blackmont Capital - Analyst***

Thank you, Brad Smith from Blackmont Capital. I was just wondering, in terms of the competitive cycle in the Commercial and if you could make some comments about where your lending margins are right now, relative to where they've been, and where you expect them trend over the next say three or four quarters.

I guess what I'm trying to get at is you're very confident about the underlying principal recovery on your NPAs, I'm just wondering if that's being reflected in the margins and the outlook for margins amongst your competitors as well.

John Fridlington ***– TD Banknorth – Senior EVP & Chief Lending Officer***

Yes I would answer that by saying margins clearly have been under pressure in the Commercial Lending business.

Deals that used to be priced at LIBOR plus 200 are now being priced at LIBOR plus 175 or 180, and you can go up and down that scale based on that.

We have seen basically a steady down-tick in our margin over the past really probably year, year and a half, a 1.5 basis point per month kind of down tick.

And I think that market pressure will be there for a while -- there's a lot of money chasing two deals. I don't see that pressure going away.

And what we've been trying to do to counter that pressure from an overall relationship standpoint is push very hard with those borrowers.

If we're going to give them a very competitive rate, we want it all from the cross-sell standpoint. We want every account. We want the personal accounts et cetera, et cetera to try to offset some of the diminution and margin by other income that we would get from that relationship.

And we do hit the point on some, as I kind of alluded to in my comments, where pricing sometimes just gets crazy and that's when we let go.

Tim Thompson ***– TD Bank Financial Group – VP, Investor Relations***

Just checking the phones, web, nothing right? Excellent. I saw a couple other questions, if you could just hold that until the panel. Again, this is in the interest of time.

We have one last speaker, Steve Boyle, who is the Chief Financial Officer of TD Banknorth. Steve, if you would come up please?

PRESENTATION

Steve Boyle - *TD Banknorth – EVP & CFO*

Thanks, Tim. We'll start on slide 60. There's really three key takeaways that I'd like you to come away with after my presentation.

The first is, while the major businesses that we've just reviewed make up over 90% of the segment profit, we have a number of smaller businesses that are very important to our plan.

They are Wealth Management, Insurance, Private Label Credit Cards, and TD Bank U.S.A., and the businesses are quite different, they have a number of attributes in common.

We expect them to grow faster than our major businesses. They present the opportunity to sell additional products to our existing customers thereby increasing retention and profitability. And they help to diversify our revenue stream, reducing our reliance on spread income.

Once I'm done discussing these businesses I'll spend a few minutes discussing the prospects for the whole segment.

First, I'm going to talk about Wealth Management on slide 61.

Our Wealth Management businesses currently have $16 billion in assets under management. Similar to many of our larger U.S. competitors, our plan is to create a comprehensive integrated offering that will let our customers obtain products, pricing, and service commensurate with their needs.

This will help to ensure that they do not move business from us to larger institutions as they grow wealthier. Customers with under $50,000 in investable assets will be serviced in the branch on the platform by a Financial Services representative.

They will be trained to sell the products these customers typically need -- mutual funds, college savings plans, fixed annuities, and term life insurance.

As customers' investable assets grow they'll be referred to a Financial Advisor. Each Financial Advisor will be assigned to cover a small group of branches.

The cornerstone of this offering is a personal financial plan for each customer. Their needs will be met with appropriate package products.

This will be an open architecture, but we're exploring how to best leverage TD asset management within the scope of [assets goal], legal, and regulatory constraints.

Finally as customer's assets grow beyond $750,000, we'll refer them to a Wealth Management Advisor. They'll be able to create individually managed accounts that include stocks and bonds.

We're also implementing a number of successful learnings from TD in this business. We're establishing the business as a key partner with retail by properly aligning incentives and reporting and creating a two-way referral flow.

This is already bearing fruit as referrals in assets under management are increasing in its first few months of implementation.

By shadow accounting referred balances back to the balances, they see their totals grow rather than shrink because our Financial Advisors have been able to bring in more than a new dollar for every dollar referred.

We're also moving to a fee-based model for assets managed rather than the existing commission-based model. We feel that this will provide a superior customer experience and better profitability for the bank over time.

Over the next few years, in response to the earlier question, we plan to more than double our sales force in this area. In the over $750,000 segment we plan to expand the product offerings to our customers.

Today our equity offering is limited to a large cap core style. Not only will we have a broader offering, but our people will focus more on sales and service than on asset selection.

Once these customers are referred to a Wealth Management Advisor, we're confident that they can bring in additional assets from these customers to reach at least $1 million.

At $1 million we can provide an offering that's tailored to the individual customer, gives superior service, and is profitable for the bank.

Interestingly at Banknorth, most of these high-end referrals have come from our highly successful Commercial business.

We're hoping to leverage TD's experience and get more retail referrals and increase that referral flow, and that's already started.

On slide 62 we'll talk about insurance.

We were one of the first banks in the U.S. to buy an insurance agency. Through a series of acquisitions and internal growth, our agency has become the largest in New England.

Even more than banking, this is a consolidating industry with a few very large players and thousands of small ones.

Our commission revenue today is over $60 million a year on a base of $600 million dollars in premiums.

The business is low risk, but has thin margins as the underwriting is done by unaffiliated insurance companies and much of the revenue is paid to commission brokers. Recently however, some of our process improvement efforts have started to improve the margins.

Unlike most agencies in the U.S. which are predominantly commercial in makeup, over 40% of our revenue and much of our profit comes from retail.

Retail tends to have better retention and profitability over time due to lower commission payouts and less reliance on individual producers.

Our plan is to take advantage of our large bank customer base to grow this segment of business in several ways, in branch merchandising, direct mail, both traditional and in partnership with the insurance carriers, branch referrals, and calling efforts.

For example, we have an outbound calling effort to approved mortgage customers.

Although there are regulations in this business in the U.S., they're different than the Canadian model. For example, we can have insurance agents located in all our branches which helps in the sales process.

We're currently working with our counterparts in Canada to explore ways to expand our insurance offering and make it more profitable.

Although we both have significant insurance businesses, they're quite different in terms of products, channels, margins, et cetera, so we feel that we'll be able to identify a lot of opportunities for profitable growth.

We have a very successful Private Label Credit Card unit Shopper's Charge. It's a niche player in an industry dominated by a few large players.

Its Yard Card, which gives independent lawn and garden stores the benefit of a private label program, has made it number two in this attractive segment of the market.

We're also able, through our excellent customer service and flexibility, to attract vendors who want a high-touch offering.

This business generates returns on equity of 20% or better and has grown in the mid teens annually.

We're working to accelerate growth even further by expanding our sales team, adding lawn and garden vendors, signing retailers that don't have existing programs, expanding our product set and finally expanding into Canada.

This is a natural move due to the fact that many of the manufacturers that we deal with in the U.S. have operations in Canada and want us to expand here, but it's obviously made easier being part of TD.

Finally I'd like to talk about TD Bank U.S.A. TD Bank U.S.A. is the TD Ameritrade Affinity Bank. Its purpose is to provide products and services to TD Ameritrade's customers that are competitive with brokerage industry leaders.

Today this is principally a money market offering with a debit card. Both companies believe there are great opportunities to offer TD Ameritrade customers a fuller suite of investment products.

TD Bank U.S.A. offers TD Ameritrade a vehicle to tap into the products and expertise of both TD and TD Banknorth.

Initially we think this will be an expansion of the deposit products, but could include loans to registered investment advisors, mortgages, credit cards, CDs, bill pay services, and other products.

While this will be insignificant from a P&L perspective, the scale and demographics of TD Ameritrade's customer base, 6 million customers with over $300 billion in assets under management, makes this a great opportunity for us to achieve scale and to contribute to TDBFG's overall success.

Hopefully you have a better understanding of what we're trying to accomplish in these businesses. Now I'd like to move away from those, put my CFO hat back on and talk about a few segment-wide issues.

On our May 7th investor call, Colleen walked you through the baseline earnings and some changes that are occurring in this segment.

I thought it would be helpful to review that again today, before giving you some additional color on a few topics.

In the second quarter the U.S. P&C segment profit amounted to CAD$62 million. The second is typically our weakest quarter and we are making some minor changes to align with the TD reporting now that we're wholly owned.

This creates a baseline of US$93 million for the third quarter and US$107 million for the fourth quarter. We also gave you some sensitivity to foreign exchange rates which we have widened out somewhat to reflect the strength of the Canadian dollar.

Obviously we're closing out the quarter right now, so we won't be giving any guidance on the third quarter. But as we look out to the future, we laid out that our baseline was CAD$120 million for the fourth quarter and CAD$500 million for 2008.

As Ed, Colleen and Bharat have all said, this is a baseline and we won't be satisfied at this level or earnings. I think that you'll see, with all the initiatives that we have in place and the ones that I'm going to talk about in the future, we have great prospects for doing much better than those numbers.

As Bharat pointed out, it has been and continues to be a difficult environment for bank earnings in the United States. Even though we've removed all significant structural risk from our balance sheet, we still expect margin compression to continue.

While we think this will be modest, the flat yield curve continues to influence customer behavior and hence product mix and we continue to see our customers moving towards those lower margin products.

We also expect to continue to see intense competition due to earnings pressure on our peer banks and relatively high capital levels in the industry. To offset this difficult environment we set forth for you a host of organic initiatives that we think will improve our revenue dramatically.

We've also taken decisive action to improve productivity and reduce our expense base, which I'd like to talk to you about some more.

We've just completed a year-long effort that's focused on our major processes. We've made a number of primarily non-systems related changes that have freed up our people.

For example, we completely redesigned our loan approval form. It still includes all the critical information needed to underwrite a loan, but it's half as long and its cut a third off the time needed to do a credit write-up.

This has allowed our lenders to get back to lending rather than clearing backlogs in the credit department.

Additionally we've created better systems to track how much staff we need given the level of activity in critical areas.

We're also closing several branches and restructuring a number of other aspects of the Company. The closed branches were sub-scale in slower growing areas and have been consolidated into nearby branches so that we can better focus our efforts.

Excluding the Interchange acquisition, we've reduced staffing by 13% in the last year, largely through attrition. These were difficult decisions but they've been critical.

Most importantly, our measured customer service has improved over this period of change and improved efficiency.

We think that all these efforts will yield savings at the high end of our previously announced 5% to 8% range on our $1 billion expense savings.

Before I go into what we will do with the savings, I think it would helpful to discuss our expense focus. As we talked about in the question earlier, we're committed to achieving positive operating leverage.

We're targeting achieving at least a 2% revenue expense gap, despite revenue pressure and the need to make investments. Productivity is clearly the way to do this. We're also utilizing a rolling forecast versus a traditional annual budget.

This helps us to be more nimble in reacting to changes in the revenue outlook and to take advantages of new revenue opportunities.

To support the process orientation that we discussed earlier, we've assigned clear accountability to Product Managers.

Since they own the P&Ls, they can use their insight into their results to identify opportunities for improvement. Their broad reach lets them identify handoff issues between businesses and resolve them.

Perhaps most importantly, we're investing in growth first. Our plans are to invest about half the savings that we've identified in growth and service initiatives.

We've talked about many of those today, the larger ones are longer hours, branch renovation, relocation, and network expansion, improved automation, and additional sales personnel.

The other half will go towards offsetting the revenue weakness caused by the difficult environment in the U.S.

We expect that this mix and timing issues will create a reduction in expenses in the second half of calendar '07 and result in flat expenses in 2008, again in a time of significant investment.

So to recap, we have four businesses that are growing significantly that complement and strengthen our major businesses, and while the U.S. banking environment remains challenging, we're taking the right steps to grow organically and to ensure positive operating leverage.

Now I'll turn it back to Bharat to wrap things up.

Bharat Masrani ***- TD Banknorth – President & CEO***

Thank you, Steve. At this point let me share some final thoughts with you and then we'll take your questions.

I know there will be a lot and I will not forget the two questions that I punted, I was reminded at the table I am at that I was punting too many of those.

You heard a lot today from the TD Banknorth management team on the strategic direction of the Company, and I am incredibly optimistic about where we are headed. Yes we have challenges, obviously we have challenges.

We have talked a lot about that given the current banking environment in the U.S. But we are not sitting idly by waiting for the environment to improve.

We have reoriented our focus from exclusively M&A to organic growth, while maintaining our core competency to do acquisitions in the future.

We've identified significant areas of growth over the next several years.

On the deposit side we have tremendous opportunities to grow organically in Retail, Small Business, and Commercial Deposits and you heard it, by $8 billion to $10 billion, that's $8 billion to $10 billion over the next five years, and we intend to do that.

We also have aggressive plans to grow our Commercial Banking, Small Business, and many of our higher growth businesses such as Wealth Management, Insurance, and our Private Label Credit Card business.

Over the past several months, I should really outline this, is I've had the opportunity to meet with TD Banknorth's Commercial customers.

And I have to tell you, I've been in commercial banking many, many years and no wonder the Commercial Bank at TD Banknorth is an envy of our competitors. I've been incredibly impressed as to how our customers are hungry for more products and services that we will be providing to them.

On the expense side we've taken decisive steps, Steve talked with you about the numbers, to reduce our operating expenses and are reinvesting the majority of those savings in revenue producing initiatives, many of which you have already heard today.

From a financial point of view, we are committed to growing our segment earnings by 7% to 10%, consistent with TD's objectives. The strategies and plans you have heard about today are all designed to enable us to do that.

Lastly, but perhaps most importantly, we have a seasoned and committed management team dedicated to moving the Company forward. I've been incredibly impressed with the team's drive, energy, and commitment to successfully transform the bank.

Within the larger employee base, over the past six months I've traveled extensively around the franchise and I've met with literally thousands of employees to share the strategic direction of the Company with them.

I've been equally impressed with how enthusiastic they are about our renewed focus on the customer experience and how whole-heartedly they have embraced the major changes.

We are on a journey at TD Banknorth to build a better bank. It won't happen overnight, but we are making tremendous progress and I'm confident we will get there. At TD Banknorth we are making it happen. Thank you very much.

Tim, is this the time we take questions? If the rest of the team wants to join me?

QUESTION AND ANSWER

Bharat Masrani ***- TD Banknorth – President & CEO***

Do I want to answer those two questions first?

Tim Thompson ***- TD Bank Financial Group – VP, Investor Relations***

Right exactly. So yes that's how we'll get started, we'll go with the two ones that Bharat ducked earlier, so we'll start there, we'll go to the floor again, go to the phones and web.

We've allotted 20 minutes, but again if there are questions we're happy to continue beyond that. Bharat, over to you.

Bharat Masrani - ***TD Banknorth – President & CEO***

So Jim, you asked about the initiatives that we are financing those, I think it was outlined in Steve's slice that these are self funding initiatives, half of the savings. We expect to achieve savings through the actions that we announced earlier in the $80 million range and we expect about half of that will be used to finance initiatives you've heard today.

I should make the point, like all segments within the TD Bank Financial Group, TD Banknorth is as well committed to achieving the positive operating leverage, but at the same time not compromising on investing for the future.

Because it is important for us that all the initiatives you heard today may not give us the numbers next quarter or the following quarter, but they are critical to making TD Banknorth a better bank two or three years down the road. And we are doing that.

So I hope that answers the question that you had raised.

Rob, sorry, you know I wish I could sort of give you an exact number and recipe, but I think, and I'll try and answer Rob's question and this morning to you as well, is that so how do you measure success. What will show that we are being successful with all the initiatives you have heard today?

I think the first part would be intangible results. I think what you should be asking me and the team a few months down the road is how is EarnSmart going? Are you growing it further?

How are your branch location strategies going? Are you getting more customers through your franchise? Is your customer experience index fully implemented, and if it is, what kind of results are you looking at? The Credit Card business, was that launched within the time frame you were thinking? And are you penetrating your customer base because you have a fantastic customer base in the Northeastern United States.

So I see those intangible numbers being leading indicators of where the bank is headed, and I think you should be grilling us on that every time you see us.

I think it over the longer haul, over the next couple of years, it is important that a major paradigm we have set is we want earnings growth out of [the tangent] that, when you pay goodwill, the only it creates value is by growing the earnings.

Every incremental dollar we generate at TD Banknorth from an operating ROE basis is in excess of 25%. So the key measure is, are we growing the franchise, and there we've laid out very clearly 7% to 10%.

So yes, in the beginning I wish I could tell you by quarter three, day 24, hour three this will be the positive operating leverage, I can't do that.

But when you look at all those intangible numbers and then seeing the end results, are we growing the franchise or not, are we growing our earnings or not, that's the test.

So Rob, I hope I covered your -- I did not? Okay. So, follow-up.

Rob Wessel – ***National Bank Financial – Analyst***

Sorry, that was a very good answer, but I guess my question is, to the extent you don't succeed or you are concerned about what would be the risk factors or the things that worry you most in the execution of all of these plans, what they might be.

Bharat Masrani ***- TD Banknorth – President & CEO***

So, from a macro perspective, yes our forecast is that the U.S. will grow 3% in 2008. Yes our belief is that the credit issues that you're seeing generally in banking in the United States are manageable.

I've been around long enough, especially in those types of businesses, and surprises do occur. And if there is a major shock in the United States, either in the credit market or in the [R&D] economy, will we be hurt?

Yes, we will be because we have a big presence in the Northeastern United States. So that obviously is an issue.

With respect to your second question is what worries me when you see all the initiatives you have going, is fundamentally we are a financial services business.

And I wish one could say if we were in the car making business and come out with a great model and write it for the next three years. I mean this day in day out, this is retail banking.

You will see that all these initiatives have incremental value and you have to deliver this day in day out, it's a grind. It's not like some of the other businesses in banking where you do a couple of major deals on the wholesale side and your quarter is made, it ain't going to happen here.

So this is an ongoing effort to continue with the momentum. It's making sure that our 8,000 employees are getting up every day, are feeling great about delivering the superior customer experience. And do I worry about it? Yes, I do.

And you have to do the normal stuff, you have to be in the system, make sure you're driving, make sure you're communicating, make sure you've got the right products, make sure you've got the right branches and these things are a lot to do. But that's what I get paid for.

And yes it worries me, but am I afraid of the challenge? Absolutely not. I think the other jobs I have done in the bank have been far more frightful than this one.

Tim Thompson ***- TD Bank Financial Group – VP, Investor Relations***

Thanks, Bharat. All right table 11?

Brad Smith ***- Blackmont Capital - Analyst***

Thanks very much, Brad Smith, Blackmont Capital. I was just wondering if I could get a bit of insight into the existing retail customer base at TD Banknorth.

I was thinking on, I believe slide 61, you're talking about your Wealth business and the investable assets, can you stratify for me the existing customer retail base on the same sort of 0 to 50, 50 to 750, and 750 plus, just in terms of the breakdown of it?

And maybe if you could make some comments about the existing staffing levels in those silos as well, in terms of advisors, financial services reps, et cetera. Thank you.

Suzanne Poole – ***TD Banknorth – EVP, Retail Distribution***

I would say where we have a clear opportunity is what I would call the mass affluent market.

As we've been looking at increasing the number of Financial Services Representatives, which is the 0 to 50, as well as the 50 to 750 in the Financial Advisors, we did a deep dive into the demographics of our existing customer base and we have a clear opportunity around mass affluence. That is key.

And we've seen already the example, I think Steve made reference to, even the short period of time that we've been making referrals to the investment group, we've seen that they're very quickly able to deepen wallets by doubling, by basically getting over $1 of outside assets for every dollar that we refer. And that actually measures up extremely well against the Canadian experience.

So I think that clearly we have an opportunity in mass affluence. Wealth, we're a little earlier in terms of the retail side of things into the referrals on Wealth, we've only been at this a shorter period of time.

We've already seen a big uptick in opportunity, haven't sorted through exactly what that's going to mean in terms of eventual sales, it's a longer sales cycle.

But in terms of our employees who are now motivated to refer to Wealth being able to find Wealth opportunities, the moment we started motivating them to do that we saw a four-fold uptick in the number of referrals. Now we'll see how many assets that's going to gather.

Unidentified Audience Member

(inaudible question - microphone inaccessible)

Suzanne Poole – *TD Banknorth – EVP, Retail Distribution*

So we currently have 100 people in the branches who are in that 0 to 50 range, and we project over time that we're looking at moving that up to 300 over the next few years.

We have 100 people on the Financial Advisor side covering the branches, so it's about one per every six branches and again we see a big opportunity for us to expand that, we're ramping that up already.

Tim Thompson *- TD Bank Financial Group – VP, Investor Relations*

Question from table eight?

Sumit Malhotra – *Merrill Lynch – Analyst*

Sumit Malhotra, Merrill Lynch. Bharat, you've given us some pretty good clues on May 7th and today in terms of the financial performance in '08.

If I very literally apply the 7% to 10% on the base of 500 it puts us somewhere in the range of $535 million to $550 million in '08.

You told us today $40 million pre-tax in expenses is going to hit the bottom line. PCLs you've given us a good range of where those are going to be, that's a bit of a headwind in '08, currency may be a bit of a headwind.

But it doesn't sound like it's going to take too much on the revenue side for you to be very comfortably in that $535 million to $550 million range, 2% revenue growth sounds like it would get there and that seems like, with the initiatives you have going on, very achievable.

Is it overly optimistic to say that $550 million in '08 might be a bit of a low number?

Bharat Masrani ***- TD Banknorth – President & CEO***

First let me clarify, I never said $535 million to 5-whatever range you came up with.

I think what we said is that our baseline expectation for '08 is $500 million, and what you have heard here should enable us to exceed that. I think it's important to put this in context.

The 7% to 10% earnings growth, that's consistent earnings growth, and I don't want to be magical or have a recipe for, again, the same way I answered the other question, that that particular number hits at a specific time. I think over time we have to get to that number.

Now whether in '08 this is going to be 3% or is it going to be 9% I don't know, I mean I can't be that precise for you. But what I can tell you is that a lot of the initiatives you saw today incrementally get us there.

The impact of raising such deposit numbers on the money market side, that when those accounts roll over or those customers roll over into different products, what's the profitability profile.

Or that the cross-sell opportunities we have when we introduce our credit card, because that will be our unsecured lending platform for the whole bank, it's not just getting a credit card product.

So these are what I would call operating initiatives to get us to make sure that we do have 7% to 10% consistent earnings growth.

So I don't want to leave you with the impression that this is a slam dunk. I mean again this is transforming a bank at a time when the environment is not friendly, ensuring that we are taking full advantage of the first class retail bank we have in Canada, making sure we are adapting those strategies in the U.S., so that we do not make the mistakes like some others might have.

And all this in aggregate should give us a platform to grow these earnings. I wish I could be as precise as you were to the eighth decimal point as to how these numbers pan out.

Sumit Malhotra – ***Merrill Lynch – Analyst***

Just quickly for John, there was a question before on Commercial margins.

With rates starting to move up a little bit on the long end of the curve and a little bit of concern about credit quality, have you seen any kind of upward movement maybe in the last quarter or so in terms of pricing on these deals, or is there still enough liquidity in the market that it's downward pressure continuing? Thanks.

John Fridlington - TD Banknorth - EVP, Chief Lending Officer

I think at this point there's enough liquidity in the market and I'll say subdued demand that the pressure will be on the margin for a little bit.

What we have tried to do with a lot of our customers in particular, if we view the relationship as risky if rates really take off as we push those customers into SWAPs and locking up rates long-term so their upside risk, if rates do move up, is substantially diminished, and therefore our risk on the credit side is substantially diminished.

Many other relationships will stay floating. Truly, I think it's about close to 70% of our portfolio is floating rates, but those that we view as most risky from a cash flow standpoint, we do push them towards the fixed rate product.

Tim Thompson ***- TD Bank Financial Group – VP, Investor Relations***

Next question?

Unidentified Audience Member

Thank you, maybe just a high level question with respect to a common theme that I've seen throughout many of the presentations, which is a change to the incentive programs that you have for your employees.

Can you maybe help us out to understand how radical a change you think that is, benchmarking relative to your competitors, what this could possibly entail for retaining new or attracting new employees to the bank? How early on in the process can you give us an example of how well these new incentive programs are working?

Just a general question, it seems to me that this is very different from the Banknorth of old.

Bharat Masrani ***- TD Banknorth – President & CEO***

Good question, I'll answer the general theme and then if you want detail on a specific area, then I'm sure the folks here will be able to give you better detail than I would.

It is critical when you're trying to build a performance culture, incentives are a key component of that.

And I've shared this before with a lot of people, when I moved to the U.S. about nine months ago I thought I was going to the largest capitalist society known to humankind.

And here I walk in, and Suzanne has been through why we had that, but we had the most socialist system as far as incentives went and either everybody got paid or nobody got paid.

So when you're trying to build a performance culture, when sales become important, I think incentives, and you've heard the presentation today there are other aspects, there's more than recognition, making sure that we've got all the tools out there to be measuring that, but incentives plays a key part in that.

And I think you saw in various presentations today as to the leverage that is already yielding to the bank.

We tried out the first one at the end of last year, which is what we call the Race to the Finish, we learned a lot on that by attaching specific metrics on sales goals and having incentives driven by it.

Guess what? I mean it doesn't take a genius to figure this out. You're going to get more sales. So to get this right, if you get it right, it's a very, very powerful tool.

So, I'm excited about it. I think it works in every part of our bank. You have to make sure that you've got a balanced scorecard because these things have a habit of having unusual type of behaviors as well, but we've learned a lot.

TDCT has been doing this for many, many years, major U.S. competitors do this as well, I mean this is not something that we invented nine months ago, it's been tried out and it's been tried out successfully. I don't know whether you guys want to add on specific areas of the bank?

Tim Thompson ***- TD Bank Financial Group – VP, Investor Relations***

Any other questions? Thank you, Brad.

Brad Smith ***- Blackmont Capital - Analyst***

Yes, Brad Smith, Blackmont Capital. Just on the compensation scheme, could you just refresh my recollection as to how the senior executive team is being compensated?

Bharat Masrani ***- TD Banknorth – President & CEO***

Well, the senior executive team, TD Banknorth became 100% owned by TD Bank Financial Group on April the 20th, so all the long-term plans are now aligned with TD Bank Financial Group.

But it is important to emphasize that TD Banknorth is highly competitive in the market that it operates in, including executive compensation. And executive compensation, like the rest of TD Bank Financial Group, is driven by our success.

If we are very successful then all of us will become quite rich, if we are not successful, if we cannot deliver the plans, we'll continue to remain poor.

So, I can't give you the specifics of how each person gets paid, but suffice it to say that performance culture applies to the top of the bank as well.

Unidentified Audience Member

(inaudible question - microphone inaccessible)

Bharat Masrani ***- TD Banknorth – President & CEO***

And so again, just getting top line with no profitability would not be a sensible thing to do. And having been in the risk business, we can generate tremendous amount of revenues on John's side by just opening the risk doors. So that would not be a sensible strategy.

On the other hand, we have to continue to invest for the future. So I don't think I can give you a specific formula as to what percentage of somebody's compensation is driven by this or that, but I think we laid out very clearly our expectation, our desire, and we are very confident that we will grow this franchise 7% to 10%. If we are able to do that we will define that as success.

Tim Thompson ***- TD Bank Financial Group – VP, Investor Relations***

Any other questions? Well, thank you very much to all the presenters.

Bharat Masrani ***- TD Banknorth – President & CEO***

Thank you. Thank you very much. Thank you.

Tim Thompson - ***TD Bank Financial Group – VP, Investor Relations***

So just before we finish then, I'm going to turn it over to Ed Clark for a few remarks and I'll come back on just for some logistical things ahead of lunch. So, over to Ed.

PRESENTATION

Ed Clark - ***TD Bank Financial Group - President & CEO***

I'll be quick, but I first want to thank, I couldn't see who it was, but I always like help. We're in the middle of doing our plan for next year and so I think you were helping me negotiate with Bharat exactly what number he's going to put in there, so I appreciate the support in that negotiation.

Let me just address a little bit the compensation issue. I don't believe in compensating executives in a paint-by-numbers approach.

At the end of the day you pay me to come to good judgments on whether people have or have not performed their job.

And when you look at an executive whether they performed the job, they have to both deliver short-term results and they have to have a path that takes us to ensure that we can reduplicate those earnings growth year in and year out.

And so executives that cheat the future to just get the short-term numbers don't do so well around here, and people who can't meet the short-term goals and only want to do things for the future don't do so well out of that. And that's a judgment call. There isn't a simple answer to that.

But I think if you look at how we manage and toughness of our performance culture, I think it'll stand up to any bank in North America that we demand performance at the end of the day. And I think we've got a team here that will give you that performance.

I think all I'd like to do is end by saying we have a clear view, we think this is an asset that we can grow into being a high-performing asset that's integral to our overall U.S. strategy and indeed our overall North American strategy.

I think we have the team there that can do the job. I hope that's what they've been able to demonstrate to you. I think they understand not just at 50,000 feet what has to be done, but at 5 inches what has to be done.

And my experience in financial services business is you win and lose at the 5 inch level, not at the 50,000 feet level. And I think you should have got some sense from Bharat and I, but I'll just repeat it if you haven't got it.

We know what we have to do, we're going to get it done and we're absolutely confident that we're going to deliver those earnings numbers that we promised you.

Thank you very much.

CONCLUSION

Tim Thompson – *TD Bank Financial Group – VP, Investor Relations*

Great thanks, Ed. Okay so just to finish up, thanks very for taking time to join us today. We do hope you've gained some insight on the people and strategies we have in place at TD Banknorth.

If other questions do come to mind over lunch please feel free to ask them or, otherwise, get in touch with myself or other members of the IR team and we'll make sure we point you in the right direction.

As I mentioned at the beginning, we do value your feedback, please complete the survey and drop it off on your way out. We're interested to know how you think this event went and how we can improve events like this in the future, so please do share your comments with us.

We do have something for you on the way out, that price of that though is your completed survey.

So for people in the room, there will be a buffet lunch just outside the back doors. Everyone has commented on the seating arrangements, I guess it's part of the discipline here at TD, but nonetheless we're going to keep the same seating arrangements for lunch and you will be joined by a TD executive at your table. So please do come back and sit.

I'd like to say a word of thanks to all the folks in Investor Relations and Corporate and Public Affairs at TD and our events partners at The Farm, outstanding job, thank you very much. And a big thanks to all our presenters.

On behalf of all of us here, thanks for putting so much effort into your presentations, really great stuff, thank you so much. And again, thanks to everyone for coming, we do appreciate your interest in the TD Bank.

For those people on the phone and on the webcast, thank you for joining us, we will now disconnect the call. Have a great Canada Day weekend everyone.