

TO OUR SHAREHOLDERS

Chairman of the Board's Message

2006 was another outstanding year for TD Bank Financial Group – one that saw the Bank build value for our shareholders, deliver exceptional service to our customers, and invest in our businesses and the future.



The Bank's strong financial performance led TD's Board to increase the total dividend per share to \$1.78, an increase of 12.7% over last year. In 2006, TD's total shareholder return was 20.3%. Over the past three years, we have increased the dividend 6 times for a total increase of 50%, and the Bank's total shareholder return has increased 62.3%, a testament to TD's earnings strength.

FOCUS ON THE FUTURE

TD continued to invest for the future in 2006, in part, through a U.S. growth strategy in TD Banknorth and TD Ameritrade. Reflecting the importance of these investments, our directors worked closely with the management teams of TD Bank Financial Group, TD Banknorth and TD Ameritrade, providing strategic counsel and advice. The Board remains confident that TD's management is executing on a two-pronged U.S. growth platform that will enhance shareholder value for the long term.

LEADING THE WAY IN GOVERNANCE

TD has made many governance enhancements in recent years that have ensured that both the Board and management goals are aligned and focused on their responsibilities to shareholders. I'm pleased to report that in 2006, TD was recognized for having one of Canada's top boards by *The Globe and Mail's* Corporate Governance Rankings. TD was also the recipient of the 2006 Best Governance Award from *Investor Relations (IR) Magazine* in Canada. This external recognition is the result of the commitment that our directors and senior executives have made to leadership in corporate governance.

I'm also proud to recognize that the Bank attained Sarbanes Oxley (SOX) 404 certification this year, which strengthens the financial controls we have throughout TD. This certification involved a tremendous amount of work by TD employees, our auditors, and with the oversight of the Board's Audit Committee.

In 2006, the Board also refined TD's director evaluation processes, further improving how directors receive feedback. This work refines our framework for providing constructive input, improving directors' individual skills and how the Board functions as a whole.

The Board believes TD success is based on a culture of integrity which starts with the principle "tone at the top". Setting the tone is not about doing one specific thing; it involves a combination of policies, procedures and behavioral leadership that spreads throughout an organization. For example, an important first step in building a culture is developing a Code of Conduct and Ethics that resonates with employees. In 2006, the TD Board played a role in setting the right tone by overseeing the update of these standards of integrity, honesty and professionalism.

THE RIGHT BALANCE OF OVERSIGHT AND STRATEGIC COUNSEL

As your Chairman, I'm more focused than ever on running the Board in a way that delivers the most strategic value to TD and our shareholders. In the past few years, all boards have spent tremendous energy on the compliance and due diligence functions, sometimes at the expense of time devoted to the advisory assistance that boards can provide to management. While the oversight functions are being fully carried out, the TD Board placed additional emphasis on engaging our directors in strategic discussions to ensure that the Bank benefited from their collective experience.

CHANGES TO THE BOARD

The Board was delighted to welcome Irene Miller as a director this year. Irene brings a U.S. perspective to the table that I have no doubt will benefit our organization and our shareholders in the years ahead. Also on behalf of the Board, I'd like to thank Mickey Cohen, who retired as a director in 2006, for his outstanding service to TD. His contributions over the years as Lead Director, Chair of our Corporate Governance Committee, and a member of the Management Resources and Risk Committees were invaluable.

OUR PEOPLE ARE THE DIFFERENCE

On behalf of the Board, I would like to sincerely thank Ed Clark, his management team and all employees across TD for another tremendous year. The results TD produced in 2006 don't happen without the dedication of an exceptional group of people who work hard every day to make us a better financial institution.

A handwritten signature in black ink, appearing to read "John M. Thompson". The signature is fluid and cursive, written on a white background.

John M. Thompson

Chairman of the Board of Directors