



TO OUR SHAREHOLDERS

Chairman of the Board's Message

2007 was an excellent year for TD and its shareholders, one that saw very strong financial results and significant progress in solidifying a North American presence to drive long-term shareholder value.

All TD businesses delivered double-digit earnings growth in 2007. This shows our strategy of being a lower risk, highly integrated, and customer focused bank is working. Our 2007 results also speak to TD's ability to balance investment in future growth with the delivery of consistent shareholder returns.

TD's excellent financial performance led the Board to make two dividend increases. Total dividends per share increased to \$2.11, up 19% over 2006. This increase reflected our confidence in the Bank's ability to consistently grow earnings over time. The Bank's total shareholder return was 13%.

The market turmoil in the second half of the year has had a defining impact on the banking industry. It tested the strategic foundations of many financial institutions and put a spotlight on risk management. TD did not report any write-downs due to the credit crunch, which was a testament to strategic decisions that TD's management made several years ago.

This year marked some important milestones in TD's progress towards becoming a major player in North America. The Board has worked closely with TD's management to provide strategic advice and support throughout the TD Banknorth privatization as well as the agreement to buy Commerce Bancorp. These acquisition activities, combined with the Bank's existing investment in TD Ameritrade, significantly grew TD's U.S. presence.

Your Board has great confidence in the U.S. expansion that Ed Clark and his senior management team are undertaking. We believe TD shareholders will look back on 2007 as a transformational year in the Bank's history. A year that enhanced TD's prospects as a growth company and positioned the organization to deliver consistent shareholder returns in the years ahead. TD's management is fortunate to have a skilled team of directors for strategic counsel, and their collective experience has brought many valuable perspectives to the deliberations and decisions made on the Bank's U.S. growth plans.

The Board continues to represent the best interests of shareholders through a strong focus on good corporate governance. As a leader in this area, TD is committed to making ongoing enhancements to our robust governance foundation. In 2007, we placed particular emphasis on improving Board and committee processes in order to spend more time on strategy and to maximize the effectiveness in the way we function as a Board and to spend more time on strategy.

I'm pleased to report that TD was recognized externally for having many best-in-class governance practices. This acknowledgment included the Bank being recognized by *Investor Relations (IR) Magazine* for having the Best

Disclosure Policy in 2007. This year the Canadian Coalition for Good Governance also identified TD as having best practices in director and executive share ownership guidelines, director performance assessment, and relating company performance to executive compensation. These results continue to reinforce the commitment your directors and senior executives have made to be at the forefront of corporate governance.

I'm also proud of TD's progress in making corporate social responsibility an integral part of how we operate. We strive to be a caring and engaged corporate citizen. For us, corporate social responsibility is about doing business in a way that is ethical, fair and transparent. This includes being respectful of the environment, helping enrich our communities and society and promoting the well-being of our employees.

On behalf of the Board I would like to express our sincere gratitude to all of TD's 58,000 employees for making 2007 another exceptional year for the Bank. The continuing success of TD is a tribute to the talent and achievements of this world-class team. I'd also like to thank our shareholders for their continued support of TD as we continue to build for the future of this great organization.

John M. Thompson
Chairman of the Board of Directors