

TD Bank to acquire two leading equity options market-makers

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- Stafford and LETCO to enhance strategic capabilities of TD Waterhouse and TD Securities

TORONTO, Dec. 24 /CNW/ - TD Bank (NYSE/TSE: TD) announced today that it has reached an agreement to acquire the securities trading technology platform and listed equity options market-making businesses of the Stafford group of firms ("Stafford"), and the LETCO group ("LETCO"), through its wholesale banking arm, TD Securities. Stafford has developed a leading integrated trading and risk management technology platform for equity options products and operates an extensive equity options market-making business within the U.S. and Europe. LETCO is recognized as one of North America's leading equity options market-making firms.

"These acquisitions enable us to enter into an attractive market that has experienced high growth and has good long term prospects," said Charlie Baillie, Chairman and Chief Executive Officer of TD Bank Financial Group. "In keeping with our strategy of positioning ourselves as a better buyer, this deal allows us to acquire significant market presence, and will rank us among the leaders in this growing industry. Further, this acquisition will enable us to maximize the value of our options order flow and leverage the exceptional technology across our businesses. This is an appealing deal from a TD Securities perspective, and it will also allow us to leverage TD Waterhouse's customer base and its accompanying equity options order flow." Listed equity options market-makers are exchange member firms that act as dealers in individual options, providing liquidity by buying and selling the specific option contracts they cover. With these acquisitions, TD Securities is well positioned both in the North American equity options market-making business, and among the handful of global players in the industry.

Terms of the Deal

The purchase of Stafford and LETCO may be paid with a combination of cash and TD Bank shares, which will be determined at closing. The purchase price will consist of an initial payment of approximately US \$280 million, subject to post closing adjustments. Additional consideration of up to a maximum of US \$150 million will be payable over the next four years contingent upon the businesses exceeding certain net income thresholds. The deal is expected to close by March 2002, and is subject to due diligence and regulatory approvals. The new acquisitions are expected to be at least neutral to TD Bank's earnings per share in fiscal 2002, and accretive to TD Bank's earnings per share in fiscal 2003.

"We are particularly delighted to acquire two businesses with complementary strengths in market-making and technology and with strong and longstanding reputations in the securities industry," said Donald A. Wright, Chairman and Chief Executive Officer of TD Securities. "We are confident that this combination of technology and scale in the equity options market-making business, together with TD Securities' strength and expertise, will provide us with a competitive advantage in this market."

Integration Plans

Both Stafford and LETCO are headquartered in Chicago with operations in New York, San Francisco and Philadelphia. Upon receiving all regulatory approvals, TD Securities plans to merge Stafford and LETCO. TD Securities will manage the combined entity with the support of executives from Stafford and LETCO.

"Joining forces with TD Securities and with LETCO will provide a tremendous opportunity for growth and further innovation," said John Stafford Jr., Chairman and Chief Executive Officer of Stafford Trading Inc.

"We look forward to leveraging the extensive knowledge and resources of these businesses to benefit our customers," said Lee E. Tenzer, Chairman and Chief Executive Officer of LETCO.

TD BANK FINANCIAL GROUP

In Canada and around the world, TD Bank Financial Group serves more than 13 million customers in four key areas: TD Canada Trust, a leader in personal and commercial banking in Canada; TD Securities, a force in investment banking in Canada, the U.S. and abroad; TD Waterhouse, one of the world's largest brokers to the self-directed investor; and TD Wealth Management, one of Canada's largest asset managers. TD also ranks among the world's leading on-line financial services firms, with more than 3.8 million on-line customers. TD had CDN \$287.8 billion in assets, as of October 31, 2001, and trades on the Toronto and New York Stock Exchanges under the symbol "TD".

STAFFORD

Operating on U.S. and European exchanges, the over-the-counter marketplace, and fully electronic environments, Stafford acts as a market-maker in more than 700 securities. Stafford has been a leader in innovating technology and incorporating sophisticated quantitative research and analytics to increase the efficiency, profitability and risk management of its trading and market-making business. It has a tradition of attracting the industry's most talented trading, support, quantitative research and information technology professionals and is well-known for its superior proprietary technological infrastructure. Stafford recently launched Ragnarok Systems - a proprietary state-of-the-art trading platform that will host cutting edge trading and financial services applications.

LETCO

LETCO, recognized as an industry innovator, is consistently rated one of the top three options trading firms in terms of transaction volume and quality of market performance on the Chicago Board Options Exchange (CBOE), American Stock Exchange (AMEX), Philadelphia Stock Exchange (PHLX) and the Pacific Exchange (PCX). LETCO is known for its customer-centered approach, providing the highest quality, liquid markets and speed of execution.

This press release may contain forward-looking statements, including statements regarding the business and anticipated financial performance of TD. These statements are subject to a number of risks and uncertainties that may cause actual results to differ materially from those contemplated by the forward-looking statements. Some of the factors that could cause such differences include legislative or regulatory developments, competition, technological change, global capital market activity, interest rates, inflation and general economic conditions in geographic areas where TD operates. These and other factors should be considered carefully and you should not place undue reliance on TD's forward-looking statements. TD does not undertake to update any forward-looking statement.

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