Q2 2005
EARNINGS CONFERENCE CALL

(CHECK AGAINST DELIVERY)

CORPORATE PARTICIPANTS

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Bob Dorrance	Chairman & CEO, TD Securities
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PRESENTATION

Dan Marinangeli - TD Bank Financial Group - EVP & CFO

Slide 1

Okay, perhaps we could get started. Welcome to the TD Bank Financial Group's second-quarter 2005 investor presentation. My name is Dan Marinangeli, and I am the CFO of the bank. This meeting is being webcast in audio and video, as well as a telephone conference call.

With us today is Ed Clark, the Bank's CEO, who will give an overview of the quarter. Following Ed's remarks, I will cover our operating performance in more depth. After my presentation, we will entertain questions from those present, as well as pre-qualified analysts and investors on the phones.

Also present today to answer your questions are Bob Dorrance, Chairman and CEO of TD Securities; Tim Hockey and Bernie Dorval, Co-Chairs of TD Canada Trust; Bill Hatanaka, EVP of Wealth Management; Bharat Masrani, EVP of Risk Management, and Bill Ryan, CEO of TD Banknorth.

Slide 2

I would like you to note that this presentation may contain forward-looking statements, and we draw your attention to the forward-looking statement in the presentation.

Ed.

Ed Clark - TD Bank Financial Group - President & CEO

Thanks, Dan, and thank you for joining us today. If I don't sound enthusiastic this afternoon, it's not because we didn't have a great quarter; it's because I have a bad cold. We did have a good quarter with all of our business segments producing a solid performance, including our new U.S. personal commercial segment, TD Banknorth.

EPS before amortization of intangibles was $0.99. Dan will take you through the numbers in detail, but I want to point out that this result includes a $0.03 gain from recovery of specific loan losses previously provided under our sectoral provisions and a $0.05 gain from accounting guideline 13 (AcG 13). A $0.06 loss from restructuring charges, which includes a tax charge from an internal corporate reorganization, a

restructuring charge in the Wholesale Bank, and a $0.03 one-time drag from consolidating TD Banknorth with a one-month lag resulting in a net figure, when you make all of those adjustments of $1.

Dan will take you through the impact of TD Banknorth on our earnings this quarter, including why the lag reporting produces this one-time hit of $0.03 per share. More importantly will be the question, how is TD Banknorth doing?

For those who have listened into Bill's analyst call at the end of the first quarter for TD Banknorth, you'll know the answer. They are right on track. Equally important, Dan will show you the expected accretion before amortization of intangibles for TD Banknorth going forward. As Bill indicated on his call, there are opportunities for acquisitions. The issue will be finding the right deal at the right price.

Let me take you through, briefly, each of our business segments. Last quarter, we indicated that our results in the Canadian personal commercial segment had established a new level of earnings for our P&C segment. This quarter's results continue that view with earnings from the second quarter equal to the first quarter once you take into account the three less days.

The personal and commercial has again delivered excellent performance with double-digit net income growth before amortization of intangibles of 60% year-over-year, a remarkable and consistent performance sustained over the last couple of years. Again, this performance is broad-based with solid volume growth in real estate secured lending, personal saving deposits and business deposits, and insurance with TD Meloche Monnex continuing to benefit from strong volumes and low claims experience.

Last quarter, we indicated margins appeared to have stabilized, but we were unlikely to get the benefit of higher interest rates for some time. This quarter, we actually experienced a 7 basis point margin compression as result of faster growth and lower margin product categories and a shift in mix within categories. This shift is occurring within both personal and small-business customers, moving to lower-margin guaranteed investment products. This preference shift may in part be our customers' response to the diminished likelihood of rates moving higher.

As we look over the year, we have a similar set of worries that we've mentioned in previous quarters. The Canadian economy might be slowing, there is likely to be a further decline in margins from customer preference shift, but we don't believe to the same extent as this quarter. The credit cycle will eventually turn and have an impact on small-business and commercial PCLs. We cannot expect TD Meloche Monnex to continue to grow at the same pace. Over the policy renewal cycle, we will see the effects of price reductions taking hold, and we should see a gradual return to more normal claims experience, although our current experience is more positive than expected.

Also, this is the last quarter where, on a year-over-year basis, there is a revenue pick-up from the acquisition of the personal lines of the property and casualty insurer, Liberty Mutual, which closed in April last year.

Despite these worries, our outlook hasn't changed. We see earnings continuing at these levels, which should translate into double-digit earnings growth close to mid-teens over the full year-on-year basis in 2005.

Turning to Wealth Management, on the Canadian side, we are very pleased with the steady progress we're making. We have a strategy to grow our advice and asset big businesses; we are right on track. Indeed this quarter, we offset the decline in the Canadian Discount Brokerage business with improved profits from these other businesses.

Net income outside of Discount Brokerage continued to meet our expectation, growing 43% year-over-year off of admittedly a low base and 13% quarter-over-quarter. While this performance is in part a continuation of the strong underlying trends from last quarter with robust mutual fund sales, it also reflects our improved ability to grow assets under administration in our advice channels.

Mutual fund sales were again very strong, both in our own channels and external distribution channels, driven in part by market recognition of our strong investment management performance. Long-term net sales were a record $1.6 billion in the quarter, and we are number two year-to-date, another excellent result. While our advice-based channels will require consistent spend investment, we believe we're entering the stage where, with the base infrastructure in place, our ongoing investment is now directed more towards revenue-generating activities. However, when we look forward to the second half of the year with a slow start in May, in trades per day, and a spreading of the weakness to our advice channels, we anticipate some falling off from Wealth Management income from this quarter.

In the United States, Discount Brokerage was once again this quarter able to largely offset the revenue decline from lower trades per day and lower commissions per trade with growth in other non-commission revenue. The contribution of this business year-over-year was hurt by the appreciation of the Canadian dollar. Although it is getting more difficult to offset any further decline in commission-based revenue in this manner, net income in the third and fourth quarters will be helped by much lower marketing spend during the rest of the year.

Before moving on to our wholesale segment, I thought it would be appropriate to reiterate our view on the Discount Brokerage industry in the United States, given the recent press coverage. As I've said for a number of years, I like this industry, and I like our position in it. As you are aware, we previously explored opportunities for consolidation in the United States for one specific reason; there are significant and mutually advantageous economics of putting two discount brokers together, and we cannot ignore the value creation for our shareholders. Consolidation, however, has proved so far elusive. We will continue to follow our organic growth strategies and will take advantage of the consolidation opportunities, but only those which meet our clear criteria.

Turning now to wholesale, we have quite successfully built up our global derivatives business over the last seven to eight years by concentrating on market segments where we can compete effectively. This is, and will continue to be, a successful strategy for TD. There are parts of the structured derivatives product areas that have become more challenging. Margins have been compressed and risk infrastructure requirements have multiplied. Our view is that this shift in economics is permanent in nature and therefore no longer allows us to have a viable niche strategy compatible with a bank of our size. We have committed to only staying in businesses for the long-term where the risk/reward is appropriate and our competitive advantage is sustainable. We’ve had to make the difficult decision to close part of our structured product business outside of Canada.

We want to be clear that we continue to have a very profitable and growing global derivatives business. The sub-segments we are closing have not been significant profit generators for us in recent years. In some cases, we have lost money because our operating costs absorbed so much of the revenue potential. Over the medium term, our global derivatives business will be stronger and more profitable.

This decision to restructure was finalized late in the quarter, so as you can appreciate, we're still quantifying the total restructuring charge that will be incurred, but we expect the bulk of the restructuring can be accrued by the end of the third quarter with the possibility of minor amounts in the fourth quarter and the first quarter next year. This quarter, we accrued $21 million. The repositioning in our global business does not affect our Canadian business, which has stayed on strategy to grow.

Looking at this quarter's performance for our Wholesale business, revenues improved significantly, both from the previous quarter and previous year, as equity trading and institutional equity sales were particularly robust. Net income is up from last quarter and including the restructuring, matches last year's strong performance. Greater return on invested capital for the segment at 25% continues to be well above our target range. However, the capital markets weakened in April and continued weak in May. We are not optimistic that we will avoid the seasonal pattern we've seen in recent years when the second half is weaker than the first.

Our loan portfolio remains comparatively small and we continue to be comfortable with its diversity and investment quality. Again this quarter, we had no impaired loan formations despite the weakening credit environment. You will also note that we had a gain on our purchased credit protection. We have, in previous quarters, suggested that you ignore those losses in assessing our ongoing earnings; we would also take the same position that you should ignore the gains this quarter. We are not forecasting any meaningful loan losses in 2005.

In conclusion, this is looking like it will turn out to be a good year. We were pleased with how the Bank is positioned and the way the team is consistently executing on our stated strategy. However, if trades per day do not turn around significantly, or the capital markets do not rebound in the second half of the year, we currently expect the second half of the year will turn out to be weaker than the first half of the year, although still better than the second half of last year.

With that, I will turn it over to Dan, who will provide you with the details.

Dan Marinangeli - TD Bank Financial Group - EVP & CFO

Thanks, Ed.

Slide 3

In terms of an overview, we reported earnings per share on a diluted basis this quarter of $0.86. Before the amortization of intangibles, it was $0.99 per share. Good strong results out of all four of our business units. $401 million out of P&C banking, up 16%; U.S. P&C banking; one month worth of Banknorth earnings of $19 million; Wealth Management $99, up slightly from last quarter, down slightly from last year; and Wholesale at $150, down $7 from last year but up $6 from last quarter.

Capital ratios this quarter, Tier 1, 10%; that was 13% last quarter. Recall that we did state then that we would be using our excess capital or much of our excess capital to invest in Banknorth. That did happen on March 1, so Tier 1 went from 13% down to 10% at the end of this quarter. Our tangible common equity ratio at 6.9% was better than we said it was going to be. I think we said something like 6.5%, so it turned better than that. A number of factors there in terms of being quite conservative -- forecasting capital was probably the biggest item, but earnings were a little better than expected in the intervening period and we did some insurance on the balance sheet, reducing risk-weighted assets that had an impact as well. So, that's a good, strong capital level, considering we closed the TD Banknorth deal during the quarter.

Slide 4

If you look at the reconciliation of earnings, the items of note that are included in the $0.99 of earnings before the amortization of intangibles, there are five items we would like to do your attention to. Ed mentioned some of these. These five items are a net hit to earnings this quarter of $0.01 per share. The first one is AcG-13 impact. This turn in the quarter, we had been reporting losses due to the AcG-13 accounting impact on our credit default swap portfolio. This quarter, we saw credit spreads move out, and we recognized commensurate gains in the CDS protection portfolio. A large part of that moving out of spreads related to the auto industry. We had a pre-tax gain of $51 million or $0.05 per share.

That was in addition to our earnings. We had non-core sectoral PCL recoveries. You'll recall that we don't have sectorals any more, but these would have moved through sectorals during the period that we had sectorals. They would have gone from a sectoral reserve to a specific loan loss reserve and even that specific loan loss reserve, it turns out in this case, for $43 million, we didn't need it. They reversed into income as an offset to PCL. As we stated when we set up the sectoral reserves originally, we would be very transparent and give you the full impact of that timing difference between setting up the original sectorals and the ultimate disposition of the credit losses. That added $0.03 to earnings this quarter.

We took a wholesale restructuring charge, as Ed mentioned. It was $22 or $21 million pretax. On an earnings per share basis, that was a loss of $0.02 per share. We also recorded an internal restructuring tax charge which related to restructuring of some of our international capital structures within the Bank. There was tax that accrued on one of those restructurings, and we incurred that. This is going to have future benefits to the Bank and it was worth the restructuring. But it is a nonrecurring item and it's not expected to happen in the foreseeable future.

Finally the Banknorth timing impact. Which is simply the recognition of one month's worth of TD Banknorth's earnings, while recognizing that we had shares outstanding for two months and we had funding costs outstanding for the cash component of the purchase price being about $3 billion for two months. The net impact of that was a $0.03 drag on earnings and that's not going to happen again. Next quarter, I will show you how we expect the accretion for Banknorth to play out. So if you were to exclude those items, you would raise earnings from $0.99 a share to $1 per share, a $0.01 difference.

Slide 5

Personal and commercial banking.

Slide 6

Moving on to the Canadian Personal and Commercial Banking segment. Revenues this year of $1.617 billion up 6.3% from the same quarter last year but down slightly from last quarter because of the number of days. The number of days had by far the biggest impact on the drop by quarter-over-quarter. We saw good, double-digit volume growth in the real estate-secured lending businesses, and we saw very strong growth in revenues from our insurance businesses, including the Liberty Mutual purchase, which happened in April of last year. In fact, the total insurance revenue growth year-over-year contributed about 3.6% of the 6.3% revenue growth that we saw in the total segment, so effectively more than half of the revenue growth did come from our insurance business, including Liberty Mutual.

Slide 7

We did see our decline in net interest margins, which we detail on the next slide. Net interest margins on average earning assets went down from 3.02% to 2.95%. When you look at the margins on the breakout of deposits and loans, you see a little bit of the mix shift that's going on here. The biggest mix shift would be on the deposits side, going from checking accounts to our guaranteed investment account, the GIA account. Needless to say, we have higher margins on our checking accounts vis-à-vis the GIA account. That was the biggest impact on the deposit side.

You don't see much of an impact on the loan side, but what you do see in total is the fact that our asset side of the balance sheet, the loans, grew faster than the deposit side. This calculation of net interest margin is presented as a percentage of the average earning assets of the Bank in this segment. So if the assets grow faster on the asset side than on the deposits side, you end up with a bias towards a lower margin reported. We do expect this trend will continue for the next several quarters but not likely at the same pace that we saw this current quarter.

Slide 8

Provision for credit losses, a fairly stable story here. In total, $91 million for the Canadian P&C Bank, Personal at $88 and Commercial only at $3. We saw very low formations of new nonperforming loans in the Commercial portfolio this quarter, only $21 million. That's down considerably from last quarter. On the Personal side, formations are very stable. The new delinquent personal loans, low and stable would be the way to describe that. We are seeing no determinable decrease in the quality of the Commercial portfolio at this stage, despite the warnings from the Bank's CEO every quarter for at least six or seven. Then you know what's going to happen next quarter

Total PCL is listed down there for the last three fiscal years.

Slide 9

On the efficiency side, expense side, we saw a slight up tick in efficiency this quarter. A lot of that related to the number of days effect. Our expense base at $925 million was almost equal to last quarter. All of the expense growth in year-over-year is represented by the insurance business. Liberty Mutual contributes 12 of that on a year-over-year basis. We think our expense levels are well-controlled. We are still investing in systems development, in the retail bank, but we are offsetting those investments with other expense reductions.

Slide 10

Finally, the net effect of all of that is a $401 million earnings number, ROIC, Return on Invested Capital of 22.5%, down only slightly from the very strong result last quarter, up 15.6% from last year but down from last quarter. The decrease from last quarter can be totally explained by the day's effect, which was about $21 or $22 million.

Slide 11

Moving onto market share trend, there's a little bit of a change in the story here. There is a little bit of positive news in some of these figures. We did see, on the personal deposits side, an increase of 9 basis points this quarter, 4 basis points for the year. Our personal deposits grew by 5% year-over-year. That was higher in term side than on the core side.

On personal loans, flat quarter-over-quarter, down 1 basis point, a lot more on a year-over-year basis but the growth here was quite substantial. We saw about 10% growth in the real estate-secured lending business, about 1% growth in other personal loans, averaged out to about 8.5% growth for the whole portfolio.

On the business loan side, small-business loans down 15 basis points on the quarter and commercial loans down 9 basis points on the quarter. Although we lost a little bit of market share there, we did see, on the commercial loan side, substantial volume growth this quarter; it was 4.3% year-over-year, but 2.6% quarter-over-quarter. So, we're finally seeing a little bit of demand in the commercial loan business, which is gratifying after several years of very flat demand.

Slide 12

U.S. Personal and Commercial banking, TD Banknorth

Slide 13

U.S. Personal and Commercial banking business, also known as TD Banknorth, the one-month results are listed here. These are $1 million results, so you take the TD Banknorth March results, change U.S. dollars into Canadian dollars; and change U.S. GAAP into Canadian GAAP. The biggest difference there would be option expense; the U.S. business does not yet expense the option awards; we do so in Canada, so we correct for that and record an option expense.

There's a little bit of an anomaly in these results in that the provision for credit losses as minus 7 is a slightly unusual number. That's because TD Banknorth, as in most cases, most banks true-up their PCL numbers in the last month of a quarter, so they see how the experience goes, get the most recent data, and then adjust their PCL numbers for the quarter and they do that in the last month of the quarter. TD Banknorth reduced its PCL numbers in the first quarter fairly significantly. That adjustment was made in the month of March, so we pick up that item here.

We then put some other transfer pricing adjustments on top of this result. Because we issued a fair amount of capital to buy TD Banknorth, about $2 billion worth of shared capital was issued, that creates capital tax expense in the consolidated entity. We transfer price that capital tax expense down to the business unit that uses the capital, in this case TD Banknorth. In a quarter, it has about a $5 million or $6 million after-tax charge.

We also take off the part of the earnings that we don't own. In this case, 44.5% of the earnings are not owned by the Bank, are excluded as non-controlling interest, and coming down to a net number of $19 million. Because we have two quarters worth of transfer pricing adjustments in here, funding costs and capital tax, we end up with results that would be lower on a return on invested capital basis only at 4.5%. That's much closer to 6% on a run-rate basis that we would expect to see in future periods. Average invested capital, $5.1 billion, representing virtually the purchase price of TD Banknorth.

Slide 14

The real question is not how we did in a stub beginning reporting period, but how are you expected to do in terms of ongoing accretion for TD Banknorth? This analysis is somewhat complex. I apologize for that, but the concepts are complex. We start with TD Banknorth's second-quarter 2005 expected earnings number, and this is on a GAAP basis, GAAP earnings, $0.52 per share. There's 173 shares outstanding, so about $90 million U.S., GAAP earnings. We then take the TD share of that earnings, 55.5%; that's $50 million. We convert into Canadian dollars at the 1.25 exchange rate. We add back the amortization of intangibles. This is now Canadian dollars we're in, so this is the Canadian amount. We add that back because we are looking at accretion prior to the amortization of identified intangible balances. Then we take the approximate effect from our transfer pricing and segment reporting being effectively mostly capital tax allocated for the quarter. We then come up with the estimated, reported amount of TD Banknorth's earnings for the third quarter TD Bank level. So this would be reported in July of 2005 for us.

To get to the accretion amount, you have to take something else into account though, because the Bank did have a lot of excess capital prior to the purchase of Banknorth. That capital was sitting in the corporate segment of the Bank; it was earning a low rate of return but it wasn't earning a positive rate of return. Since we've now used that cash to buy Banknorth, that's no longer in the Bank, so you have to take a charge of $12 million. That's on a post-tax basis, so you get down to a marginal earnings impact of Banknorth being approximately C$59 million. Then simply add that earnings number into a base earnings amount and you can pick almost any base earnings period you want. In this case, we picked the first quarter of 2005 for the Bank, and that was C$1.08 per share, prior to the amortization, or $0.95 per share on a reported basis. We had 660 million shares outstanding for a dollar amount of earnings. We add the $59 million of Banknorth earnings in; we get a new earnings number in dollars. We have a new shares outstanding total, including the shares we issued for Banknorth been 44.3 million shares, and we get a new earnings per share number with TD Banknorth included. That's $1.10 per share, and that's $0.02 higher than it would have been if we had simply reported the $1.08 per share as we had originally started with. So we're looking at about $0.02 per share accretion on an ongoing basis.

This is better than we had anticipated; it's better for two reasons. The first reason is that we have a higher percentage ownership of Banknorth than we had originally modeled. When we announced the deal in August of last year, we said that we would have a 51% ownership stake. Subsequent to the actual closing of the deal, Banknorth bought back 15.3 million shares and increased our ownership stake from 51% to 55.5%. We have a higher percentage of the earnings. That didn't cost us anything in cash.

The second item is that there were two restructuring charges taken by Banknorth prior to close. Those were done prior to close, so they did not have an impact on earnings after close, except that earnings were higher. Because the restructuring enhanced the margins in Banknorth, they resulted in higher earnings in future periods. It also resulted in a slightly lower capital level to the Bank on closing, but since we did better than we had anticipated on the capital front anyways, I think everybody is pretty happy with the slightly lower capital level and the slightly higher accretion numbers.

Slide 15

Wealth Management

Slide 16

Moving on to the Wealth Management business, again, I think there are some good things happening in Wealth Management. On the revenue side, total revenue is $686; that's up from last quarter but down slightly from last year. The Discount Broker was the major swing here. You can see that the revenues are $452 last year and $406 this year. That's down 10% on a year-over-year basis, $46 million less than revenues. The foreign exchange impact of that alone is $22 million, so it's a large impact in the Discount Brokerage space. It has a big impact on total revenues.

The foreign exchange impact on a quarter-over-quarter basis was slightly positive and it had about a $4 million impact.

We also had a 16% drop in trades per day, as we previously disclosed, and the commission per trade is down by about 11% on a year-over-year basis. So despite that headwind against the Discount Brokerage business, we were able to maintain our revenues to a significant extent. There was higher NII in the Discount Brokerage business by about $35 million, so that was the offset to the lower commissions on trading revenues.

On a the non-Discount Brokerage business, we saw revenues up by $28 million on a year-over-year basis, 11%. We had very good revenue growth in the Canadian mutual funds business and the full-service channels, so again very good results in Canada outside the Discount Brokerage business.

Slide 17

On a profitability basis, you can see that Discount Brokerage down $4 million from last year. You can explain that on the expense side by the much higher marketing expenses incurred in the second quarter. Marketing expenses were $13 million higher, pretax, this quarter versus last quarter and represents in fact more than the difference in profitability Q1 to Q2 on the Discount Brokerage side. On a year-over-year basis of course, it's due to the foreign exchange impact that I mentioned before, as well as the lower trades and commissions per trade not being able to be fully offset by the higher NII.

Outside of Discount Brokerage, we saw a very strong result, $43 million; that's up 43% year-over-year, again very good results in the full-service channels and the retail fund business for a total ROIC of 15.3%, slightly higher than last quarter.

Slide 18

Good news on the fund market share statistics as well. Again, we did very good on the long-term funds, market share up virtually every quarter that we have on the chart, both as a percentage of banks market share and as a percentage of the total industry. Not always consistent on the short-term money market side, we had some slight losses there over the year but overall, our fund balance sales, as Ed mentioned, very strong and the second-best year-to-date. We are very happy with our fund business and our market share in that business.

Slide 19

Briefly, some operating statistics for TD Waterhouse. Again, trades per day year-over-year down 16% and down about 7% on a quarter-over-quarter basis. The only other stat I would say here, I've drawn your attention to the marketing spend; it's about the same as last year up from the $31 million last quarter, up

$13 million. New accounts continue to come in, and customer assets continue to improve on a quarter-over-quarter basis.

Slide 20

Moving onto wholesale banking.

Slide 21

Wholesale Banking segment, on a revenue and expense basis, we've adjusted the expenses here to exclude the impact of the restructuring charge, the $22 million restructuring charge this quarter, and there was a $7 million restructuring recovery embedded in the previous year's results. If you exclude those numbers, you can see that the expense levels are quite consistent over the entire period and in fact the same as last year with the decline in the fourth quarter of last year representing, to a large extent, catch-up of incentive compensation reductions for last year.

Very strong revenue growth at $604 million, up 6% quarter-over-quarter and about 4% on a year-over-year basis. Again, a fairly good result, despite the fact that there was a seasonality within the quarter and it did taper off towards the end of the quarter.

Slide 22

Looking at our core lending portfolio, total exposure is quite stable here at $21 million. $1 billion, 4.4 of that is non-investment grade and the balance, 16.6, investment grade. You can see that our protection at $3.7 billion is down slightly. I would say it was more rebalanced than declined; it was a question of putting it where it made the most sense and getting the best benefit from the protection and putting it in the best spots. That often resulted in a slightly declining protection amount.

We did, at the segment level, expense $13 million of credit protection expense. That was not a PCL, a pure PCL; it was a credit protection expense and we did not have PCLs this quarter and have not had any since the end of 2002 in this business.

Slide 23

On a profitability side, we have $150 million worth of profit in TD Securities, a ROIC of almost 25%, a very good result. This would have been $165 million in profit had we not recorded the restructuring cost in this business, and that would have been slightly higher than the very strong result we saw in the second quarter of last year.

Slide 24

My last slide relates to value at risk, or VAR, and again, a fairly stable result. VAR really varied between 5 million and 13 or $14 million. We did not have any trading losses in the quarter that exceeded the VAR limit.

And on that note, we will finish the formal part of the presentation and entertain questions.

QUESTION AND ANSWER

Jim Bantis – Credit Suisse First Boston - Analyst

Good afternoon. Dan, I wanted to thank you for the detailed reconciliation regarding TD Banknorth; that was very helpful. I wanted to follow up with respect to Mr. Ryan's commentary. What are the sellers thinking with respect to consolidation in the New England marketplace? Have they come to realize that the carry trade is going against them, and are valuations becoming a little bit more realistic?

Then my second question, Ed, would be, with respect to TD Waterhouse, you had talked about value creation being elusive and you are being very strict on criteria. Maybe we could talk about what will make it from elusive to actually something happening and talk about the criteria relative to governance and things of that nature. Thanks very much.

Bill Ryan – TD Bank Financial Group – Chairman, President & CEO TD Banknorth

Let me first react to the valuations in the United States. They are coming down, but they are still higher than they should be. I think the first-quarter results by many of the Banks where they are now estimating their earnings for the year to be a bit lower are good sign. I think we will need another quarter of earnings, and I think the second quarter of earnings results again for many of the companies we might potentially look at will be a struggle for them. So I'm anticipating that the second half of the year gets to be a better time, where valuations will probably come in line. Certainly, next year should be a very good year for banks wanting to acquire companies because they think valuations will fit very well next year.

Ed Clark – TD Bank Financial Group – President & CEO

I guess the obvious answer is if I was better at this, it wouldn't be so elusive or I don't know if there's a simple answer to this, or maybe we just need the investment banking advice of a firm here, but I think this is a very small industry. I think all of us know each other and all of us have a pretty clear set of criteria, and so I think it just takes a while sometimes for these deals to come together. So, there's no quick answer to this, because I think they are legitimate differences of interesting views and you have to face those off against the huge advantage of consolidation.

Jim Bantis – Credit Suisse First Boston - Analyst

If I could just follow up with respect to the acquisitions in the U.S., do you envision the same type of balance sheet restructurings to occur with future acquisitions, Dan?

Dan Marinangeli - TD Bank Financial Group - EVP & CFO

Well, it really depends on the structure of the balance sheet of the entity that we buy, Jim. I mean, if it makes sense, you know, I think we would certainly consider something like that. But you know, the restructurings that were done at Banknorth were done by Banknorth management, and it was their idea and it made sense, and other banks have done similar restructurings. So I think it's more a result of the interest rate environment and the position that certain banks are in and what they'd like to do about it, more so than being acquired.

Rob Wessel – National Bank Financial - Analyst

I just have a couple of quick ones, actually. The first one pertains to Slide 17 on Page 9, the Discount Broker net income or net income I guess of 99 million and it's broken down for this quarter of 43 million for other wealth and 56 for discount broker. Can you just give us an idea as to how much of that, or can you give us a geographic breakdown for that between Canada and the U.S.?

Dan Marinangeli - TD Bank Financial Group - EVP & CFO

Rob, that's been asked a few times. We haven't given that disclosure in the past and you can probably tell from the tone of my voice that I'm not getting ready to give it to you now. You know, it's just something that we don't feel is in the interest of the Bank to give out at this time and it wouldn't be comparable to what other banks are doing. So, if you don't mind, we would like to keep our Discount Brokerage business as an integrated business and go on with that.

Rob Wessel – National Bank Financial - Analyst

That's fair enough. I have a question for Ed. Ed, you started off your introductory comments and you said that U.S. Brokerage Business is a business that you like. Should there be consolidation in the U.S., where TD was not a participant? Do you think you're favorable view of the sector would be materially altered?

Ed Clark – TD Bank Financial Group – President & CEO

No, I don't actually think my favorable view of the sector -- as I think I've indicated before, I think we are in a sweet spot of that sector, so we are in where we think the big growth potential is, which is to serve the customers that sort of have between 100 and $500,000 in assets, that are hard to serve for the full-service broker. Because we are both the backroom for the independent financial advisers and we get those customers directly with our branch network, we are in a pretty good position. So I think we've also adjusted the costs of Waterhouse so that we can be profitable in pretty well any environment. I always hesitate to say that because I'm giving you an environment to make that not true. It's going to be a profitable enterprise almost in any environment. So you know, I think this is an issue for us of whether you can make more money or some money, and if we can make more money for the shareholders, then we would do something, but if we can't make more money for the shareholders or if we can't do it in a way that's acceptable to us, then we won't. But it doesn't mean that we have an unprofitable or a slow-growing asset.

Rob Wessel – National Bank Financial - Analyst

Right. Then I just wanted to fall over to on the Banknorth side because, with the share repurchase done this most recent quarter, your percentage increase did sort of move up smartly. I guess my question is, to the extent that it takes a quarter were two or three for valuations in the U.S. to become more realistic, I guess to paraphrase, or to make the M&A environment more willing, in the meantime, should we think that the Bank will always be active, so if there's nothing sort of attractive on the M&A side, that you will continue to increase your ownership percentage in BNK , or should we think that you think that the flat yield curve is a great environment for TD and BNK to make acquisitions, therefore you will just continue to build capital? Is there a prior there that we should think of, or are there parameters or variables that we should think of in our thought process on how that evolves?

Ed Clark – TD Bank Financial Group – President & CEO

I think you've squared it up perfectly, so we don't have a formula here. We have indicated that we are prepared to be buyers, opportunistic buyers of TD Banknorth, and I think you'll find us there. On the other hand, if you said, our overall priority would be to try to be in a position to help Banknorth make an acquisition, but you know, I think, as Bill has indicated, I think you have to be patient in this game for the impact of what's happening in the U.S. environment to be reflected in people's realization of what a sensible price target is. So if it looks like it's going to take longer, maybe we will buy a little bit more, but I think we have enough capital we can go down both paths.

Rob Wessel – National Bank Financial - Analyst

A quick technical question. In terms of the impact on TD Bank's capital position, are there any capital issues or differences that come out of the changes in ownership from TD and BNK? Is there any capital differences between BNK buying back its own stock? This is to TD Bank. Or versus TD Bank buying BNK stock in the market? Is there a different impact on regulatory capital ratios on those two ways to increase your percentage ownership in BNK that we should be aware of or that are important?

Dan Marinangeli - TD Bank Financial Group - EVP & CFO

It's quite a complex issue and we've dealt with it. The most efficient way would be for the Bank to buy the shares of Banknorth directly, in terms of capital. I mean, you get a higher ownership stake and you get less of an impact on the capital ratios. If Banknorth buys their stock back, it effectively has half the impact on the ownership because we are around 50% but it has the same impact on the capital reduction. So there's really no trick to it. I mean, if you're paying money outside the consolidated entity to a third party, that's a use of capital. So for dollar for dollar, it's going out.

Now, if we are buying shares of Banknorth from treasury, that's a different question. But if it's going outside the entity, you end up with a dollar-for-dollar reduction in the common equity ratio.

Rob Wessel – National Bank Financial - Analyst

So there's really no material differences?

Dan Marinangeli - TD Bank Financial Group - EVP & CFO

So, there's no trick or if that is what you said, no.
It just has a different impact on the percentage ownership if you do it one way versus the other way.

Rob Wessel – National Bank Financial - Analyst

Okay, that's great. Thank you.

Ed Clark – TD Bank Financial Group – President & CEO

Let's go to the floor, and then will come back to the phones. Ian?

Ian DeVerteuil – BMO Nesbitt Burns - Analyst

Sectoral PCL recovery, backflow through income statement. Page 16 in supplementary package.

Dan Marinangeli - TD Bank Financial Group – EVP &CFO

It flows through the non-core portfolio, so it shows up as a negative PCL in the non-core part. There's some other items in that non-core portfolio in corporate other than the $43 million, its buried in that figure. Yes, I'm just looking at that now.

Ian De Verteuil – BMO Nesbitt Burns - Analyst

Etrade, publicly you said the issue was corporate governance, under what condition would you give up control in exchange for synergies?

Ed Clark - TD Bank Financial Group – President & CEO

You know, I'd love to be able to answer that for you but the reality is that it's just way too complicated. To try to give you a simple answer will give you a misleading answer to that question, and so you know, I either will do a deal or I won't do a deal and if I end up doing a deal, then it will be obvious what I was looking for and if I don't do a deal, then it won't matter. So I'm not trying to be difficult; it's just there's not a simple way to answer that question.

Ian De Verteuil – BMO Nesbitt Burns - Analyst

Is 51 and important number?

Ed Clark - TD Bank Financial Group – President & CEO

No, 51 is not an important number for us.

Dan Marinangeli - TD Bank Financial Group – EVP & CFO

Ian, it's on line 20, on Page 16. It's in the recovery line. It's buried in that number.

Ian De Verteuil – BMO Nesbitt Burns - Analyst

I will follow up off-line.

Dan Marinangeli - TD Bank Financial Group – EVP & CFO

Yes?!

Michael Goldberg – Desjardins Securities - Analyst

I'm not sure if I missed the explanation, but can you just elaborate what the 25 million internal restructuring tax charge was?

Dan Marinangeli - TD Bank Financial Group – EVP & CFO

I gave a very general description of what that item was, Michael. Again, it's a proprietary lease structuring in some of our foreign subsidiaries which resulted in redeeming some capital structures. There was current tax that was created by that structure, or the change in structure, and it was a one-time unusual item in the quarter. There are future benefits that are going to flow from that at some point, but again, because it's a proprietary structure, I'd rather not get into how that happens or what that might relate to.

Michael Goldberg – Desjardins Securities - Analyst

This had nothing to do with the exit from the global structured product?

Dan Marinangeli - TD Bank Financial Group – EVP & CFO

No, it did not.

Michael Goldberg – Desjardins Securities - Analyst

Will there be any follow-up tax-related item that's going to come as a result of that exit?

Dan Marinangeli - TD Bank Financial Group – EVP & CFO

No, the only tax effect would be on the expenses incurred. We get to deduct them, of course, but there would no be no tax effect or restructuring in a legal entity sense, no.

Michael Goldberg – Desjardins Securities - Analyst

So whatever is there is just going to run off over time?

Dan Marinangeli - TD Bank Financial Group – EVP & CFO

Oh, you're talking about the portfolios?

Michael Goldberg – Desjardins Securities - Analyst

Yes.

Dan Marinangeli - TD Bank Financial Group – EVP & CFO

Yes, we think the portfolios are properly valued. Again, as we run those portfolios down over time, we will have to ensure that they have the right amount of reserves against them and that they are marked to market in a conservative way. We will continue to do that. We think that is the case today.

Ed Clark - TD Bank Financial Group – President & CEO

We will go to the phones?

Operator

Jamie Keating of RBC Capital Markets.

Jamie Keating - RBC Capital Markets - Analyst

A question I think for Tim and Bernie. You've certainly got a good winning streak going here for a number of quarters consecutively. I guess I won't get the detail on this. The year-over-year benefit of Meloche must be pretty good. I hear from Dan and I think also from Bernie that the growth rate on Meloche really would be unreasonable to expect it to continue. However, I'm nearly more concerned about a profit normalization in a lot of P&C companies we look at, the thinking being that there might have to be some earnings replacement going forward. So first of all, I guess that's speculation, but it's a bit of a concern. You'll understand where my question is coming from. I mean, in the last year or two, Liberty Mutual and others underrepresented or perhaps Laurentian bank branches and so on have helped maintain the growth. I think some of that's running off. I just want to revisit the concept of these underrepresented businesses and get a sense as to how you feel they are filling in; I think small business being one. I don't know if there's others you want to highlight, perhaps Bill Hatanaka's business, but of division would be helpful. Could we just discuss that issue for maintaining the winning streak?

Bernie Dorval - TD Bank Financial Group – Co-Chair TD Canada Trust

Jamie, I can start the answer to this question. If you look at the under-represented businesses, their contribution over the last few quarters has been, as I mentioned, quite significant. Clearly, in terms of the insurance business, I think we've reached probably a level of earnings that we are confident we can maintain overall, and that includes both Meloche and the life insurance business. We think we can keep growing that level, but not at the same rhythm and it has, as you mentioned. We won't have another Liberty, or we don't have another Liberty right now to do that in the next few quarters. But our insurance, our life insurance business is now starting to benefit from the investments we've made in this business for the last two years, and we've got new product that we've rolled out and are doing extremely well, and it's really to pick up some of the slowdown on the automobile and home insurance front.

Similarly, when we look at our business side, where both small-business and commercial, we are starting again to get some pick up on the small-business side because we have been working on that business now for two, three years, so we were starting to see the impact of that in volume growth and in revenue growth with a good expense gap. Eventually, we are working on the commercial side, so we think that this business will come together gradually in the coming months. So again, I think we are quite confident that, certainly from the under-represented business side, we can keep making a significant contribution, not at the same level as we've been able to do because of the Meloche super growth but we are on target to meet our targets for these businesses going forward.

Jamie Keating - RBC Capital Markets - Analyst

Is there any update on the unsecured loan business or the cards programs?

Bernie Dorval - TD Bank Financial Group – Co-Chair TD Canada Trust

That would be Tim.

Jamie Keating - RBC Capital Markets - Analyst

Thank you, Tim.

Tim Hockey - TD Bank Financial Group - Co-Chair TD Canada Trust

Just to finish on with Bernie's comment, I think what I heard, Jamie, was a concern about the ongoing earnings rate of the more traditional businesses. So, it's fair to say we are just as concerned. Our longer-term gain is to go after double-digit earnings growth consistently over time, and we have no doubt and no question we've consistently strong earnings over the last couple of years. But commensurate with those earnings, we've also been filing significant investments back into our infrastructure to hopefully carry us through when Meloche can't carry the same growth rates, as Bernie explained. One of those investments, as you know, has been in our credit infrastructure, and some of those major phases are starting to go online now. Very, very early days, and as I think I've expressed before, we are going to make sure we tread very carefully and make sure that we've done this right and correctly before we decide to get back at too fast a pace certainly into the unsecured lending business. But it's early days and we're very happy with how the projects have been implemented, and we still like the space, going forward. We expect that some of the potential there will make up for any earnings shortfall that will happen in other businesses in the next little while.

Jamie Keating - RBC Capital Markets - Analyst

Thank you, Tim and Bernie.

Ed Clark - TD Bank Financial Group – President & CEO

Bill, are you on?

Bill Hatanka - TD Bank Financial Group - EVP Wealth Management

I'd be happy to give you a couple of updates, Jamie. I'm in the fortunate position of running a business that's comprised of five growth businesses, being Discount Brokerage, mutual funds and are very young advice-based businesses. I think each of the businesses are in various stages of maturity, but none of those businesses are tapped out and some of the businesses I would expect to have accelerated growth as we go forward into the future.

Discount Brokerage not only is strong in its own space but is nurturing a correspondent business, investment counseling and correspondent brokerage business within the organization. On mutual funds, we have a significant growth opportunities in the external broker/dealer channels, who are just starting now I think to pick up on the fact that the TD mutual fund offering is very strong. We've been expanding

the wholesaling network there and there are over 1,500 new planners or advisers that have basically bought a TD mutual fund for their clients for the first time in the last six months. Our financial planning business is fledgling and is not yet critical mass, has a significant growth opportunity there. The investment advice business is one in which we have basically reset the proposition and has significant growth prospects for the future. Our Private Client group is also a growth business, but we see it more as a brand enhancer and we expect that it will continue to grow in a very straightforward basis. So, we have some very significant opportunities for growth in each of the individual businesses, and within the comprehensive offering, we think that we are just in very early stages of putting together a critical mass Wealth Management offering.

Quentin Broad – CIBC World Markets - Analyst

Just understanding the restructuring going on, the 22 million that sounded like from Dan & ED we are going to see some more restructuring charges popping through Q3, Q4 and possibly Q1 2006. It seems like a lot of money to restructure this business. So, I'm trying to understand. Is that people, infrastructure and write-downs of exposures? What does it mean and how much more did we perhaps see?

Bob Dorrance - TD Bank Financial Group – Chairman & CEO TD Securities

The charge taken in the quarter just ended is people, and as Ed mentioned in his speech, we started the restructuring process at the end of the quarter, and we continue and will continue during the balance of this quarter. We think, and given current accounting requirements, we will recognize the restructuring charges as we firm them up. But I would think that we will take a restructuring charge in Q3, as there's more to be done, both on the people side and on the infrastructure side. Hopefully, we will be able to accomplish that all in Q3. I think, to be conservative, which I believe Ed was doing would be to say that it will be Q3 and maybe Q4. There's nothing in the charges as yet related to any charges related to write-downs in asset portfolios.

Quentin Broad – CIBC World Markets - Analyst

How many people are ultimately?

Bob Dorrance - TD Bank Financial Group – Chairman & CEO TD Securities

We haven't yet concluded that part of it because we have on parts of the business that are the most obvious, but the real objective of restructuring as well is to get all of the costs out, and we haven't yet identified the best way to do that. So you know, this is still a work in process. So I guess what I'm saying is that we have to get the costs out right from the back office through to the front office. The more obvious parts when you shutdown of business, especially a business that's just part of another business, it's easier to identify the people that are the sales and trading type people; it is harder than to pull apart and get all of the other costs out as you go through.

Quentin Broad – CIBC World Markets - Analyst

Okay. In terms of the businesses' net contribution, though, I think it was suggested that they were net flat to modestly positive in terms of contribution.

Bob Dorrance - TD Bank Financial Group – Chairman & CEO TD Securities

Certainly, they are not as profitable as the businesses that remain. The rationale for doing it is, as Ed mentioned, these businesses -- the margins came out of the businesses much more quickly than traditionally happened in the derivatives area and maybe that's partly due to the hedge funds and people being more aggressive. So the margins came out. The scale of investment required to be a major player in the business is not something that we felt is appropriate for a bank like TD, so what we're doing is coming to the conclusion that these businesses won't be, you know, they won't meet the profit objectives that we have for the businesses overall. They weren't meeting them and we don't see the possibility that they would meet them. So, it's a change in strategy, from that perspective, to try to grow this part of the structured product areas, and we have made the decision that we would exit. We are in the course of doing that; it happened over the quarter and so I'd rather be in a position to sit here and tell you that everything is done and here's what it costs to get out, but we don't have that luxury at this stage. We will at the end of the quarter that we are in now.

Bob Dorrance - TD Bank Financial Group – Chairman & CEO TD Securities

So we will have a more profitable business once we get this all done. We will have to look for areas to grow other parts of the business over time in order to get a revenue growth line, but the revenue that we are eliminating from the business was not profitable revenue.

Quentin Broad – CIBC World Markets - Analyst

Are there any other businesses, I assume this is an ongoing review; you look at all your businesses on an ROIC basis. Are there any other businesses that risk the same fate in light of the de-risking that has going on at TD Bank?

Bob Dorrance - TD Bank Financial Group – Chairman & CEO TD Securities

No, I think we would do that. If we made that conclusion, we would announce it. Once we identify something, we are moving fairly quickly to deal with the issue. Not all of our businesses meet our ROIC hurdles at all times, nor would we expect that they would. That's not how obviously businesses work.

In this case, what the real conclusion was is that there was a strategic fork in the road that we had arrived at, and we decided that we weren't going to go down the road of grow because it just required to much growth against the amount of investment you had to put against it. We didn't want to go there, so we had to make a choice and decided to get out. But we like the businesses we are in. I think we have some good growth opportunities in many other parts of the business, both domestically and globally.

Darko Mihelic - First Associates Investments - Analyst

Thank you. Just a question for Bill, and I want to couch this question correctly, because I don't want it to sound nasty, but if it sounds nasty, I will apologize later. With regards to your acquisition activities, in the past, it doesn't seem that paying a high price has really stopped you before in making and acquisition, so I just want to kind of understand if it's strictly an environment of a flat yield curve that's changed your posture. In other words, if the yield curve were to suddenly go back to historical, let's say, one year ago, to levels of one year ago, would that suddenly change your view? Would you see more opportunities out there? The question is really is there really a change in posture or is this strictly an environment-driven necessity for you to remain out of the acquisition game?

Bill Ryan - TD Bank Financial Group – Chairman, President & CEO TD Banknorth

I think if the yield curve was to change, the banks that are giving us estimates on their earnings, those earnings might be correct and we wouldn't mind paying a premium on earnings that we believe in. With the yield curve being very tight, we think banks are still projecting earnings that won't be there next year, and we don't want to pay a premium for shadow earnings, as I call them, earnings that don't really exist, just for the speculation of them.

I don't think we've ever overpaid, not to take your question the wrong way. What you pay people depends on what you can do with them. Where we've had in-house acquisitions, where we've been able to get 30 or 40 or 50% of the costs out the company, you can pay a little bit more. Maybe it looked like we were overpaying. Where you don't have that, where you don't have a lot of overlapping branches or expenses you can get out, then you have to pay less. If you believe, and you could buy into somebody's earnings and you think they are real, there's a multiple you can pay for that. If you really don't believe their earnings, then you have to step away and just say no. That's where we are today. There are banks that are projecting earnings out there that we think that, if we told them they were going to have to manage to them, they wouldn't be able to do it. So we're just sitting tight until we can feel good with the earnings. A yield curve that's steeper we think will help the earnings of these banks that right now are living in an environment that we don't think earnings-wise is correct for 2006.

Darko Mihelic - First Associates Investments - Analyst

Okay, that makes sense. Thank you for that.

Michael Goldberg – Desjardins Securities - Analyst

For Ed and for Bill, I'm just wondering. When you look at the future acquisitions outside of markets where you already have a top-five position in those markets, how important is it to you to see a way clear to where you can ultimately get to a top-five position? I mean, is that an important criterion, you know, in the companies or the markets that you would be looking at?

Bill Ryan - TD Bank Financial Group – Chairman, President & CEO TD Banknorth

I think it is. I think, when you're in the top five, you can gather employees from other companies who are very experienced. They want to work for a company that is in the top three to the top five in the market, so getting good employees, which are the key for our success, has to be us being in a great position in the market. That doesn't mean we wouldn't go in a market where we are not the top five, unless we thought we had a plan that would get us there are in a reasonable time frame. A reasonable time frame to me is three to five years. If we can have a sense that we could do that, we might take a lesser position in a market.

If we thought we were going to being number ten in a market for an extremely long time, I think we wouldn't have the kind of employees working in that scenario, so we would have to find a way to either get a position of substance in the market or look elsewhere and be in other markets where that would be the case. So that's what we're looking at.

When you look at that, then you have to decide are there contiguous markets are available to you? Being contiguous I think is very important, so you don't take the supply lines too far away from where your core business is. So we continue to try to do things in a contiguous way. If you take that scenario, we can't go east, it's the ocean from our market; we can't go west or north, it's Canada, so we have to go south into Connecticut and the greater metropolitan New York area.

Quentin Broad – CIBC World Markets - Analyst

Two questions, easy ones, in terms of the retail margins, Tim or Bernie, do you think there's been any substitution of product that has gone on a risk-adjusted basis while NIMs might be under pressure, product ultimately there's been a substitution, you'll get better risk-adjusted returns, i.e., they've come under secured credit and therefore you'll give up a little bit in NIM? Has any of that been happening as you've seen the NIM pressure come through?

Tim Hockey - TD Bank Financial Group – Co- Chair TD Canada Trust

I'd say there's a little bit of that, not a ton, and it's largely a calendar index. The growth rates you get in Q2 that Ed and Dan alluded to are largely into those businesses. Actually, that will reverse a little bit, when I say those businesses, those types of assets. I don't think the PCL effect ongoing from that, for example, a reduction in PCL is going to be very large, is my short answer.

Quentin Broad – CIBC World Markets - Analyst

Philosophically, Ed, looking at a restructuring of the balance sheet as Banknorth did and then looking forward, margins increasing -- we've typically not seen Canadian banks do that. Maybe it's by virtue of the balance sheet structure, so while you suggested Bill and his management team took that action on their own accord, what would you think of that action on a forward basis, if he says we got it wrong again, we've positioned the balance sheet incorrectly and now we're going to restructure it in order to make sure margins are enhanced going forward?

Ed Clark - TD Bank Financial Group – President & CEO

I'm sure this is a setup, Quentin but I wouldn't anticipate that Banknorth is going to do a restructuring, but as Dan alluded, I think, when we look at acquisition targets, it may well be I think we would want to matched up the balance sheet that you acquire and the way you are running your own balance sheet. So, there is a philosophical view of how much interest rate risk we want to take. Clearly American banks take more interest rate risk than we have traditionally done, but I would also say that as banks get larger in the United States, they take less interest-rate risk, and so that portion of their earnings declines. As Banknorth gets bigger and makes more acquisitions, it's probably going to approach closer to the Canadian position but may never get to the Canadian position. As I've indicated before, since we don't put the same multiple on GAAP interest rate earnings as we would on core earnings, this is a pretty good environment for us as those earnings come out of those banks, because we didn't want to pay a lot for them anyway. But as Bill indicated, the real issue is, if you're still in your head locked in that somehow magically Mr. Greenspan is going to change his mind and go in the other direction and you keep putting out earnings forecasts for 2006 that assume that, then you don't adjust your acquisition price. So I think it's a game of waiting out until people say, he's not backing off; he really is going to raise short-term interest rates. Therefore, my real earnings in 2006 are going to look like that, and so maybe I ought to talk about multiples against those real earnings.

So, I think that's it. Thanks very much!

Operator

Ladies and gentlemen, this concludes the conference call for today. Thank you for participating. You may now disconnect your lines.