Q2 2008
Strategic Overview
(Check Against Delivery)
Ed Clark, President and CEO

- Thanks Tim and good afternoon everyone.

- Colleen will be up shortly to provide the details on how we did in our second quarter of 2008. And sticking with tradition, I'd like to start off by sharing my thoughts on TD's performance and reiterate our outlook for the remainder of this year and into 2009.

Acceptable result in context of the environment

- I would characterize this quarter as slightly disappointing but quite acceptable in the context of what's happening in the markets.

- As I've previously indicated, we see 2008 as a pause year in terms of EPS growth – a year where we'll likely have to work hard to reach what were great 2007 earnings per share. We could get help from a spring back in earnings from Wholesale and Wealth Management later this year if markets improve. In contrast, we believe we'll follow up in 2009, with a year where – at a minimum - we'll get back to our medium term target EPS growth of 7 to 10% per year.

- Clearly, the most significant factor at work in the quarter is the step down in our Wholesale earnings. Three things are happening - the liquidity issues facing the market have resulted in unprecedented spreads between cash assets and derivative markets - this has been most apparent in our credit trading business. Market stress has also reduced activity in our franchise businesses and finally, this stress has slowed the realization of security gains in our merchant banking portfolio.

On track for close to $4bn in retail earnings

- Fortunately, our retail businesses in both Canada and the United States - which produced in excess of 90% of our earnings - did quite well this quarter. Overall, our retail businesses earned $894 million up 12% year over year.

- And at the halfway mark of 2008, we're at just over $1.8 billion in retail earnings. We're on track to reach our goal for this year of earning close to $4 billion in our retail businesses, with the help of the additional Commerce earnings.

Canadian Retail Operations

- In Canada, TD Canada Trust continued to demonstrate the strength of our franchise, growing earnings 8%. A very solid performance.

- And we stayed focused on building for the future - adding more new branches with longer hours, more customer facing employees and at the same time delivering record levels of customer satisfaction. I'm especially pleased with the impressive growth we've seen in Business banking – a direct result of the investments we've made in this business over the past few years. As we head into a downturn, we're going to stand by our Commercial banking customers and focus on growing our franchise.

- We're seeing some expense growth this quarter as we continue to invest in our businesses and widen the gap over our competitors - but inside of our growth in revenue. You can expect to see continued reinvestment going forward.

- The one exception to solid retail earnings growth was in our Canadian Wealth Management business which, similar to Wholesale, has been impacted by weaker capital markets and to a lesser extent strategic pricing decisions that we made last year which we believe will pay off in the future.

- Despite the market challenges, we remain positive about the underlying trends we're seeing in Wealth – and we're continuing to make investments in this business - investing in our network of client facing advisors, technology and products to ensure we continue to grow in the future.

U.S. Operations

- As we announced earlier, TD Banknorth contributed $130 million to our second quarter - another good performance in light of the continued deterioration in the overall U.S. banking environment.

- We're feeling very positive about our US P&C segment's ability to grow and deliver value to our shareholders. That's reflected in the fact we increased our earnings target expectation from C$700 million to at least C$750 million for 2008 and reiterated our expectation for a minimum of C$1.2 billion in earnings in 2009.

- The close of the Commerce deal is a major milestone for TD, and as I said on our April 21st investor call, we're incredibly excited about the progress we're making on integration and look forward to sharing our plans with you in more detail at our investor day on June 19th in New Jersey.

- As for TD Ameritrade, they generated solid volumes while building on their long term asset gathering strategy.

- Let me take this opportunity to comment on Joe Moglia, given the recent news about his move to Chairman of the Board at TD Ameritrade. Few CEO's have been able to do what Joe has done. He took a company that had a market cap of $700 million in 2001 and grew it to over $10 billion today. Earnings per share has grown from 32 cents in 2003 to a forecasted $1.32 in 2008 - a phenomenal 5-year CAGR of 35%. Joe led TD Ameritrade to be one of the largest brokerage firms in the US and the leader in trades per day. He guided the firm through the transformational TD Waterhouse USA acquisition and has led the charge in its new era as an asset gatherer. We're delighted Joe is staying on – he'll be a strong leader of the Board and be there to offer wisdom and strategic guidance as TD Ameritrade continues to grow.

Outlook

- So what is the outlook? Let me start with an overview of how I see the financial markets evolving given what's happened. As banks have become more transparent in their holdings, taken their writedowns and raised new equity, the issue in the capital markets surrounding banks has moved from a concern over bank's solvency to a supply / demand imbalance in bank funding.

- The dramatic reduction in securitizations combined with the reintermediation of many assets is causing banks around the world to borrow externally at unprecedented levels. Not surprisingly, the cost of such borrowing has risen significantly. This shift in the nature of bank funding will not happen instantly, so we should expect strains in the capital markets for some time and continued upward pressure on lending spreads as banks try to pass on the higher funding costs they're absorbing.

- At the same time, the worry is shifting to the impact on banks of a slowing world economy and the extent to which bank funding issues will exacerbate the downturn because of a reluctance of banks to lend. Concern in the US has spread from housing losses to credit cards and auto receivables. We're likely dealing with an old fashioned credit downturn, with some risk that the US will suffer a double dip downturn as the fiscal stimulus effect wears off while the economy absorbs upward pressure on prices.

- While the industry may have already felt much of the impact in their mark to market books, it is probably too optimistic to assume that there will be no more writedowns, although it 's hoped any remaining writedowns will be smaller in size.

- It's difficult for investors and analysts to predict Wholesale earnings in normal times – but it's especially difficult in this environment. The real issue in the industry going forward is the level of sustainable earnings in Wholesale businesses - this may be hard to discern for some time. Clearly some business models have been broken. Regulatory pressures will reduce leverage and heightened concern over liquidity will make many financing structures uneconomic. Short term earnings will likely be even more opaque because some of the writedowns which the industry has taken will bleed back into income.

- For TD, the impacts, both positive and negative, will be more muted. Obviously, the market's negative impacts have been less severe. The relative size of our Wholesale business is smaller. We have already made the shift to a franchise focus and our reliance on non-deposit funding is dramatically smaller. Going forward, as a medium term run rate, after all the noise is quieted down, we see

TD Securities as a 15 to 20% ROIC business with sound growth potential. Interestingly, since the issues in the market began last August, TD Securities has earned a 17% ROIC while absorbing the full impact of the turmoil – a truly remarkable performance.

- We feel very good about continuing to run a Wholesale business model that has taken out the tail risks and is focused on supporting our franchise clients. We have the capital and funding to support our client base and will continue to do so - using the opportunity to extend our franchise businesses.

- As for our other businesses, we believe that the effect of the economic slowdown in the US on Canada will reduce TD Canada Trust's growth rate as we have seen this quarter, but our franchise strength will make us a positive outlier. In the US, as you're aware, we've planned for a significant step up in loan losses but we're very comfortable with our earnings projection even in a worsening economic environment.

Stock Options

- Let me add a personal note. You would have seen a press release earlier today that announced I am beginning a program to exercise options later this year. I have struggled to find the most shareholder friendly way to do this - up to now the easiest way was to not exercise options. But I'm at the point where I have a series of options which are set to expire, so I need to act. It seems the best way to move forward is to give the market lots of notice, remove any market timing element and to ensure that I have a strong incentive to grow our share price continuously over the long term.

- For this reason, I have announced that I will begin exercising 10,000 options per week starting September 30th of this year as a way of exercising the 650,000 options coming due during 2010. I've prescribed that, until at least the end of 2009, 40% of the pre-tax gains will be given to charity and 15% will be used to acquire TD stock.

- I can't resist putting in an advertising plug for the Private Giving Foundation, a donor-advised endowment created by TD Waterhouse. This entity gives individuals a simple way to separate the timing decision of when they'll exercise options and the giving decision. It's going to work great for me and I would recommend it to anyone who wants to set up a long term giving program.

- On that note, I'll turn things over to Colleen.

Overall Call Closing

- Let me wrap up with the 4 key messages I hope you'll take away from today's meeting.

- One – Acceptable results given market conditions

- Two – Wholesale earnings are weak given market circumstances and are stepping down to a new rate
- Three – Close to $4bn in retail earnings this year with excellent prospects for strong growth in 2009
- Four – Remain focused on executing our strategy

Thanks for your time.

Caution regarding forward-looking statements

From time to time, the Bank makes written and oral forward-looking statements, including in this document, in other filings with Canadian regulators or the U.S. Securities and Exchange Commission (SEC), and in other communications. In addition, the Bank's senior management may make forward-looking statements orally to analysts, investors, representatives of the media and others. All such statements are made pursuant to the "safe harbour" provisions of the U.S. Private Securities Litigation Reform Act of 1995 and applicable Canadian securities legislation. Forward-looking statements include, among others, statements regarding the Bank's objectives and targets for 2008 and beyond, and strategies to achieve them, the outlook for the Bank's business lines, and the Bank's anticipated financial performance. The forward-looking information contained in this document is presented for the purpose of assisting our shareholders and analysts in understanding our financial position as at and for the periods ended on the dates presented and our strategic priorities and objectives, and may not be appropriate for other purposes. The economic assumptions for 2008 for each of our business segments are set out in the 2007 Annual Report under the headings "Economic Outlook" and "Business Outlook and Focus for 2008", as updated in the subsequently filed quarterly Reports to Shareholders. Forward-looking statements are typically identified by words such as "will", "should", "believe", "expect", "anticipate", "intend", "estimate", "plan", "may" and "could". By their very nature, these statements require us to make assumptions and are subject to inherent risks and uncertainties, general and specific, which may cause actual results to differ materially from the expectations expressed in the forward-looking statements. Some of the factors – many of which are beyond our control – that could cause such differences include: credit, market (including equity and commodity), liquidity, interest rate, operational, reputational, insurance, strategic, foreign exchange, regulatory, legal and other risks discussed in the Bank's 2007 Annual Report and in other regulatory filings made in Canada and with the SEC; general business and economic conditions in Canada, the U.S. and other countries in which the Bank conducts business, as well as the effect of changes in monetary policy in those jurisdictions and changes in the foreign exchange rates for the currencies of those jurisdictions; the degree of competition in the markets in which the Bank operates, both from established competitors and new entrants; the accuracy and completeness of information the Bank receives on customers and counterparties; the development and introduction of new products and services in markets; developing new distribution channels and realizing increased revenue from these channels; the Bank's ability to execute its strategies, including its integration, growth and acquisition strategies and those of its subsidiaries, particularly in the U.S.; changes in accounting policies and methods the Bank uses to report its financial condition, including uncertainties associated with critical accounting assumptions and estimates; the effect of applying future accounting changes; global capital market activity; the Bank's ability to attract and retain key executives; reliance on third parties to provide components of the Bank's business infrastructure; the failure of third parties to comply with their obligations to the Bank or its affiliates as such obligations relate to the handling of personal information; technological changes; the use of new technologies in unprecedented ways to defraud the Bank or its customers; legislative and regulatory developments; change in tax laws; unexpected judicial or regulatory proceedings; continued negative impact of the U.S. securities litigation environment; unexpected changes in consumer spending and saving habits; the adequacy of the Bank's risk management framework, including the risk that the Bank's risk management models do not take into account all relevant factors; the possible impact on the Bank's businesses of international conflicts and terrorism; acts of God, such as earthquakes; the effects of disease or illness on local, national or international economies; and the effects of disruptions to public infrastructure, such as transportation, communication, power or water supply. 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