

CORPORATE GOVERNANCE PRACTICES

TD's Board of Directors and management have established corporate governance practices that are appropriate for one of the world's leading financial institutions. The Board of Directors oversees the management of the business and affairs of the Bank. The Board's duties and objectives are to protect the assets of the Bank and assure its viability, to enhance profitability and facilitate the development of business, and to ensure the effective operation of the Bank. Each Director is accountable to the shareholders and the other Directors.

The Board makes all major policy decisions for the Bank, including those set out below. Many Board functions are carried out by the four committees of the Board. The Board and its committees perform these main functions:

- monitoring the effectiveness of the Bank's corporate governance practices and approving any necessary changes;
- approving Bank strategies and overseeing their implementation;
- setting performance objectives and monitoring results;
- approving compensation for senior officers and compensation policies for the Bank;
- approving operating and capital budgets, and specific requests for major capital expenditures;
- overseeing the proper management of business risks;
- ensuring proper financial reporting and financial control systems are operating, and approving the quality and sufficiency of information provided to the Directors;
- reviewing control and audit procedures, and approving internal control procedures;
- overseeing communications with shareholders and other stakeholders, including approving the quarterly financial statements, annual financial statements, Annual Report and Annual Information Form;
- overseeing succession planning and approving succession decisions for senior officers;
- establishing general Bank policies; and
- performing other tasks required by law.

The effectiveness of the Board and the committees is assessed annually by each Director. The Corporate Governance Committee considers Directors' comments and then proposes modifications to improve the Board and committee functions, and the Bank's corporate governance processes.

The Directors are elected to exercise their independent judgment on all issues concerning the Bank. At least two-thirds of all Directors are unaffiliated with and unrelated to the Bank.

The determination of each Director's status is made in accordance with the Bank Act affiliation rules and by reviewing whether the size and importance of the business or other relationships of the Director and the Director's spouse with the Bank could reasonably give rise to a perception of a lack of independence for the Director.

The Board and committees can meet in the absence of management at their discretion and then, the Chair of the Corporate Governance Committee serves as chair of the meeting in his or her capacity as lead director. In accordance with the Bank's corporate governance policies, the Board, committees and individual Directors can retain independent advisors on any matter relating to the Bank. No Bank officers may be appointed to the Audit and Risk Management, Corporate Governance or Management Resources committees.

The Board expects the Chief Executive Officer and the Bank's other officers to manage all aspects of the Bank's business and affairs to achieve the Bank's objectives, and rates their performance accordingly. Management's discussion and analysis of the Bank's operating performance is included in this Annual Report, commencing on page 8.

The Bank's Shareholder Relations department provides information to shareholders and responds to their inquiries. Shareholder inquiries or suggestions are forwarded to the appropriate committee or person. The Bank has established toll-free lines by which shareholders, customers and others can receive information from the Bank and contact it: various telephone numbers, internet web site addresses and an internet e-mail address are provided on page 77 of this Annual Report. The Bank has also appointed an Ombudsman to assist customers with the resolution of complaints or disputes with the Bank.

The Bank's corporate governance practices comply with the Guidelines for Improved Corporate Governance in Canada adopted by The Toronto Stock Exchange.

BOARD OF DIRECTORS

A. Charles Baillie Chairman and Chief Executive Officer Toronto	Roger Phillips President and Chief Executive Officer IPSCO Inc. Regina
* William T. Brock Deputy Chairman Toronto	Edward S. Rogers President and Chief Executive Officer Rogers Communications Inc. Toronto
M. Norman Anderson President Norman Anderson & Associates Ltd. Vancouver	Helen K. Sinclair Chief Executive Officer BankWorks Trading Inc. Toronto
G. Montegu Black Chairman and President Txibanguan Limited Toronto	Donald R. Sobey Chairman Empire Company Limited Stellarton, Nova Scotia
Eleanor R. Clitheroe President and Chief Executive Officer Ontario Hydro Services Co. Toronto	Michael D. Sopko Chairman and Chief Executive Officer Inco Limited Toronto
Marshall A. Cohen Counsel Cassels Brock & Blackwell Toronto	John M. Thompson Senior Vice President and Group Executive IBM Corporation Somers, New York
Wendy K. Dobson Professor and Director Institute for International Business Joseph L. Rotman School of Management University of Toronto Toronto	Richard M. Thomson Former Chairman and Chief Executive Officer The Toronto-Dominion Bank Toronto
Henry H. Ketcham Chairman of the Board, President and Chief Executive Officer West Fraser Timber Co. Ltd. Vancouver	George W. Watson Principal Northridge Canada Inc. Calgary
Pierre H. Lessard President and Chief Executive Officer Metro Inc. Montréal	
Brian F. MacNeill President and Chief Executive Officer Enbridge Inc. Calgary	

BOARD COMMITTEES

Audit and Risk Management Committee

MEMBERSHIP:

Wendy K. Dobson
Chair

Henry H. Ketcham
Pierre H. Lessard

Brian F. MacNeill
Helen K. Sinclair

This committee reviews the audited financial statements of the Bank before they are approved by the Board; reviews, evaluates and approves internal control procedures; and reviews any investments and transactions which could adversely affect the well-being of the Bank. The committee reviews and approves policies and procedures related to seven of the eight Canada Deposit Insurance Corporation Standards (credit risk management, foreign exchange risk management, interest rate risk management, internal control, liquidity management, real estate appraisals and securities portfolio management) and monitors the Bank's risk management performance and regulatory compliance program. The committee regularly meets with the shareholders' auditors, the Superintendent of Financial Institutions Canada and the Bank's Chief Financial Officer, Chief Auditor and Senior Vice President, Compliance in the conduct of its duties.

This committee also reviews procedures for and approves transactions with related parties of the Bank, as defined by the *Bank Act*, and ensures that any such transactions which have a material effect on the stability or solvency of the Bank are identified. In addition, it reviews, monitors and approves procedures established by the Board to resolve conflict of interest situations and to restrict the use of confidential information, monitors procedures relating to disclosure of information to customers of the Bank that is required by the *Bank Act* and monitors the functions of the Bank's Ombudsman.

Corporate Governance Committee

MEMBERSHIP:

Marshall A. Cohen
Chair

Eleanor R. Clitheroe **Michael D. Sopko**
Roger Phillips **George W. Watson**
Edward S. Rogers

This committee is responsible for corporate governance issues, including structures and procedures for the independent functioning of the Board. It recommends criteria for the composition of the Board and the number of Directors. It also identifies candidates for the position of Director, reviews their qualifications, annually assesses the contribution of each Director, recommends to the Board a slate of Directors for election at the Annual Meeting, and recommends to the Board candidates to fill any vacancies on the Board that occur between Annual Meetings.

Executive Committee

MEMBERSHIP:

A. Charles Baillie
Chair

M. Norman Anderson **Edward S. Rogers**
G. Montegu Black **John M. Thompson**
Marshall A. Cohen **Richard M. Thomson**
Wendy K. Dobson **George W. Watson**

Since the Board has been reduced in size, it has become increasingly effective to hold discussions at full Board meetings on matters which previously would have been discussed at Executive Committee meetings. This committee is now an ad hoc committee, which meets as required.

Management Resources Committee

MEMBERSHIP:

John M. Thompson
Chair

G. Montegu Black **Donald R. Sobey**
Brian F. MacNeill **Michael D. Sopko**

This committee reviews and approves executive compensation policies and practices and the Bank's benefit plans. It reviews significant organizational changes, monitors succession planning, and reviews and recommends to the Board candidates for senior officer appointments. The committee recommends to the Board terms and conditions of any incentive or deferred compensation plan for officers of the Bank, and also reviews executive pension plans and loans to senior officers.

*Resigned effective January 31, 2000 in conjunction with his retirement from the Bank.