

TORONTO DOMINION BANK

Form 424B3

January 12, 2005

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**Filed Pursuant to Rule 424(b)(3)**  
**Registration No. 333-119517**

January 11, 2005

**To the Shareholders of Banknorth Group, Inc.:**

We have entered into a merger agreement with The Toronto-Dominion Bank, or TD. The merger agreement provides that Banknorth will reincorporate in Delaware and then merge with a wholly-owned subsidiary of TD. Upon completion of these transactions, each Banknorth shareholder will be entitled to receive, in exchange for the shares of Banknorth common stock owned by such shareholder, a package of consideration consisting of TD common shares, cash and shares of new Banknorth common stock, plus cash in lieu of fractional share interests. The following table summarizes the package of consideration and the material U.S. federal income tax implications of each component of the consideration (see "Material U.S. Federal Income Tax Consequences" beginning on page 74 for more details):

Type of consideration	Amount of consideration included in package for each Banknorth shareholder, in each case multiplied by the number of shares of Banknorth common stock owned by such shareholder	Summary of material U.S. federal income tax implications
TD common shares	0.2351 of a share	Taxable
Cash	\$12.24	
New Banknorth common stock	0.49 of a share	Tax-free

Upon completion of the transaction, TD will own 51% of new Banknorth's common stock and existing Banknorth shareholders will own the other 49%. Based on the closing price of TD's common shares on the New York Stock Exchange on January 7, 2005 (the latest practicable date prior to the mailing of this document), this represents an effective purchase price of \$42.23 per Banknorth share for the 51% of the outstanding Banknorth shares that TD will acquire in the transaction (\$39.75 per Banknorth share based on the closing price on August 25, 2004, which was the last trading day before public announcement of this transaction). The exchange ratios are fixed and accordingly the value of the TD common shares and new Banknorth common stock which you receive in the transaction will change based on changes in market prices. You should obtain current market quotations for both the TD common shares and the Banknorth common stock. The TD common shares are listed on the New York Stock Exchange and the Toronto Stock Exchange under the symbol "TD". The Banknorth common stock is listed on the New York Stock Exchange under the symbol "BNK".

Your board believes that this transaction provides Banknorth shareholders with a unique opportunity to realize a substantial premium for a majority of their shares while also retaining a significant equity stake in a company which has enhanced growth potential. We believe that having TD as our majority shareholder will provide us with access to greater financial resources and an array of sophisticated financial services and products, which we believe will enhance our ability to implement our growth strategy.

**Your board has approved the merger agreement with TD and the transactions contemplated by the merger agreement, including the reincorporation of Banknorth from Maine to Delaware and the governance and other provisions in the post-transaction certificate of incorporation of the new Banknorth, and recommends that you vote FOR approval of these proposals at the special meeting.**

**Attached to this letter is an important document providing detailed information concerning TD, Banknorth and the proposed transaction. Please read this document carefully, including the section describing risk factors beginning on page 32.**

We will hold a special meeting of shareholders at the Portland Marriott Hotel, 200 Sable Oak Drive, South Portland, Maine 04106 at 10:00 a.m., local time, on February 18, 2005. At this special meeting, we will ask you to approve the merger agreement with TD and proposals relating to the reincorporation of Banknorth from Maine to Delaware and the governance and other provisions in the post-transaction certificate of incorporation of the new Banknorth. **Whether or not you plan to attend the special meeting, please submit your proxy promptly by telephone or via the Internet in accordance with the instructions on the enclosed proxy card or by completing, dating and returning your proxy card in the enclosed envelope. Returning the proxy card or otherwise submitting your proxy does not deprive you of your**

**right to attend the special meeting and vote in person. It is important to vote your shares in person or by proxy because we cannot complete this transaction unless (1) the holders of a majority of our outstanding shares vote to approve the merger agreement and (2) each of the proposals to approve the reincorporation of Banknorth from Maine to Delaware and the governance and other provisions in the post-transaction certificate of incorporation is approved by a majority of the votes cast on these proposals at the special meeting. Therefore, the failure to vote will have the same effect as a vote against the transaction.**

We look forward to your support.

Sincerely,

William J. Ryan  
Chairman, President and Chief Executive Officer  
Banknorth Group, Inc.

**Neither the Securities and Exchange Commission nor any U.S. state or Canadian provincial securities commission has approved or disapproved of the securities to be issued in connection with the transaction or determined if this proxy statement/ prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

**This proxy statement/ prospectus is dated January 11, 2005 and is expected to be first mailed to Banknorth shareholders on or about January 13, 2005.**

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**REFERENCE TO ADDITIONAL INFORMATION**

This proxy statement/ prospectus incorporates important business and financial information about Banknorth and TD from documents that are not included in or delivered with this document. This information is available to you without charge upon your written or oral request. You can obtain documents related to Banknorth and TD that are incorporated by reference in this document, without charge, by requesting them in writing or by telephone from the appropriate company.

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Investor Relations  
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Please note that copies of the documents provided to you will not include exhibits, unless the exhibits are specifically incorporated by reference in the documents or this proxy statement/ prospectus.

**In order to receive timely delivery of requested documents in advance of the special meeting, you should make your request no later than February 11, 2005.**

**See Where You Can Find More Information beginning on page 171.**

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**BANKNORTH GROUP, INC.**

**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON FEBRUARY 18, 2005**

To Our Shareholders:

A special meeting of shareholders of Banknorth Group, Inc. will be held at 10:00 a.m., local time, on February 18, 2005 at the Portland Marriott Hotel, 200 Sable Oak Drive, South Portland, Maine 04106, to consider and vote on:

Proposal 1: A proposal to approve the Amended and Restated Agreement and Plan of Merger, dated as of August 25, 2004, among The Toronto-Dominion Bank, its wholly-owned subsidiary Berlin Merger Co., Banknorth Group, Inc. and its wholly-owned subsidiary Banknorth Delaware Inc.;

Proposal 2: A proposal to approve the reincorporation of Banknorth from Maine to Delaware as provided by the merger agreement, which, among other things, will result in the inapplicability of Sections 1109 and 1110 of the Maine Business Corporation Act, antitakeover provisions which restrict business combinations between Banknorth and a significant shareholder and which give Banknorth's shareholders the right to demand payment of the fair value of their shares from a person or entity which becomes a significant shareholder;

Proposal 3: Proposals to approve the governance and other provisions in the post-transaction certificate of incorporation of Banknorth Delaware Inc. (which will be the successor to Banknorth following the completion of the transaction), consisting of the following proposals:

3A- a proposal to approve provisions authorizing the Class B common stock, which will be held by TD and will facilitate its exercise of control of the board of directors as majority shareholder of Banknorth Delaware;

3B- a proposal to approve provisions relating to the composition and powers of the board of directors of Banknorth Delaware and its committees, which will facilitate TD's ability to control the board and its committees;

3C- a proposal to approve a provision which permits action by less than unanimous written consent of shareholders in some circumstances;

3D- a proposal to approve a provision which increases the ownership threshold required for shareholders to call a special meeting of shareholders;

3E- a proposal to approve the elimination of Banknorth's classified board and elect all directors annually;

3F- a proposal to approve the elimination of the fair price provision in Banknorth's articles of incorporation;

3G- a proposal to approve the elimination of the super-majority voting requirements in Banknorth's articles of incorporation relating to charter amendments;

3H- a proposal to approve the elimination of the provision in Banknorth's articles of incorporation requiring the board of directors to consider the interests of non-shareholder constituencies;

3I- a proposal to include a provision in the post-transaction certificate of incorporation which limits the ability of Banknorth Delaware to adopt antitakeover provisions that are inconsistent with TD's rights under the stockholders agreement;

3J- a proposal to include a provision in the post-transaction certificate of incorporation by which Banknorth opts out of coverage under Section 203 of the Delaware General Corporation Law, a statute which restricts business combinations between corporations and their significant shareholders;

3K- a proposal to approve the grant to TD, under the stockholders agreement, of the right to subscribe for additional securities of Banknorth Delaware in order to maintain its ownership percentage, in lieu of providing TD preemptive rights in the

post-transaction

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certificate of incorporation as permitted by the Delaware General Corporation Law, and the right to contribute additional capital in return for additional shares of Banknorth Delaware common stock; and

3L- a proposal to approve a provision which allocates corporate opportunities between Banknorth Delaware and TD;

Proposal 4: A proposal to adjourn the special meeting if necessary to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting to approve any of the foregoing proposals; and

Any other matters that may properly come before the special meeting or any adjournment or postponement of the special meeting.

The close of business on December 13, 2004 has been fixed as the record date for determining those Banknorth shareholders entitled to vote at the special meeting. Accordingly, only shareholders of record at the close of business on that date are entitled to notice of, and to vote at, the special meeting or any adjournment or postponement of the special meeting.

**The Banknorth board of directors recommends that you vote in favor of the above proposals. The approval of each of the listed proposals (other than Proposal No. 4) is a condition to the completion of the transaction. Therefore, if Banknorth shareholders wish to approve the transaction, they must approve all of these proposals.**

**Your vote is very important.** Whether or not you plan to attend the special meeting, please submit your proxy promptly by telephone or via the Internet in accordance with the instructions on the accompanying proxy card, or by completing, dating and returning your proxy card in the enclosed envelope. A failure to vote by telephone, via the Internet, by mail or in person at the special meeting will have the same effect as a vote against the transaction.

By Order of the Board of Directors

Carol L. Mitchell, Esq.  
Executive Vice President, General Counsel,  
Secretary and Clerk

January 11, 2005

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**QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND RELATED MATTERS**

**Q1: What am I being asked to vote on?**

A1: You are being asked to vote to approve a merger agreement entered into by Banknorth Group, Inc. and its wholly-owned subsidiary Banknorth Delaware Inc. with The Toronto-Dominion Bank and its wholly-owned subsidiary Berlin Merger Co. Under the terms of the merger agreement, Banknorth will reincorporate in Delaware and then merge with Berlin Merger Co. Upon completion of this transaction, Banknorth will be a Delaware corporation and named TD Banknorth Inc. As a result of this transaction, TD will hold 51% of the outstanding shares of common stock of Banknorth Delaware and each Banknorth shareholder of record will receive, in exchange for the shares of Banknorth common stock owned by such shareholder, the following:

a number of TD common shares equal to 0.2351 multiplied by the number of shares of Banknorth common stock owned by such shareholder, plus cash in lieu of any fractional share interest;

an amount in cash equal to \$12.24 multiplied by the number of shares of Banknorth common stock owned by such shareholder; and

a number of shares of Banknorth Delaware common stock equal to 0.49 multiplied by the number of shares of Banknorth common stock owned by such shareholder, plus cash in lieu of any fractional share interest.

You are also being asked to vote to approve:

a proposal to approve the reincorporation of Banknorth from Maine to Delaware as provided by the merger agreement, which, among other things, will result in the inapplicability of Sections 1109 and 1110 of the Maine Business Corporation Act, antitakeover provisions which restrict business combinations between Banknorth and a significant shareholder and which give Banknorth's shareholders the right to demand payment of the fair value of their shares from a person or entity which becomes a significant shareholder;

proposals to approve the governance and other provisions of the post-transaction certificate of incorporation of Banknorth Delaware, consisting of the following proposals:

a proposal to approve provisions authorizing the Class B common stock, which will be held by TD and will facilitate its exercise of control of the board of directors as majority shareholder of Banknorth Delaware;

a proposal to approve provisions relating to the composition and powers of the board of directors of Banknorth Delaware and its committees, which will facilitate TD's ability to control the board and its committees;

a proposal to approve a provision which permits action by less than unanimous written consent of shareholders in some circumstances;

a proposal to approve a provision which increases the ownership threshold required for shareholders to call a special meeting of shareholders;

a proposal to approve the elimination of Banknorth's classified board and elect all directors annually;

a proposal to approve the elimination of the fair price provision in Banknorth's articles of incorporation;

a proposal to approve the elimination of the super-majority voting requirements in Banknorth's articles of incorporation relating to charter amendments;

a proposal to approve the elimination of the provision in Banknorth's articles of incorporation requiring the board of directors to consider the interests of non-shareholder constituencies;

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a proposal to include a provision in the post-transaction certificate of incorporation which limits the ability of Banknorth Delaware to adopt antitakeover provisions that are inconsistent with TD's rights under the stockholders agreement;

a proposal to include a provision in the post-transaction certificate of incorporation by which Banknorth opts out of coverage under Section 203 of the Delaware General Corporation Law, a statute which restricts business combinations between corporations and their significant shareholders;

a proposal to approve the grant to TD, under the stockholders agreement, of the right to subscribe for additional securities of Banknorth Delaware in order to maintain its ownership percentage, in lieu of providing TD preemptive rights in the post-transaction certificate of incorporation as permitted by the Delaware General Corporation Law, and the right to contribute additional capital in return for additional shares of Banknorth Delaware common stock; and

a proposal to approve a provision which allocates corporate opportunities between Banknorth Delaware and TD; and

a proposal to adjourn the special meeting if necessary to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting to approve any of the foregoing proposals.

**Q2: What vote of Banknorth shareholders and what vote of TD shareholders is required in connection with the mergers?**

A2: The affirmative vote of a majority of the outstanding shares of Banknorth common stock is required to approve the merger agreement. In addition, the approval of each of the proposals to approve the reincorporation of Banknorth from Maine to Delaware and the governance and other provisions in the post-transaction certificate of incorporation of the new Banknorth, each of which requires the affirmative vote of a majority of the votes cast on the matter at the special meeting, is a condition to completion of the mergers. As a result, a vote against any of these proposals effectively will be a vote against the transaction. No vote of TD shareholders is required (or will be sought) in connection with the transaction.

**Q3: What happens if I do not vote?**

A3: If the proposals to approve the merger agreement and the proposals to approve the reincorporation of Banknorth from Maine to Delaware and the governance and other provisions in the post-transaction certificate of incorporation of the new Banknorth receive the required approval of Banknorth's shareholders and the mergers are completed, your Banknorth shares will be exchanged for the merger consideration whether or not you voted in favor of the merger agreement or at all. However, if you do not vote your shares with respect to the proposal to approve the merger agreement, that will be the equivalent of a vote against approval of the merger agreement and, therefore, against the transaction. Accordingly, your board of directors urges you to vote your shares in favor of the merger agreement and the proposals to approve the reincorporation of Banknorth from Maine to Delaware and the governance and other provisions in the post-transaction certificate of incorporation of the new Banknorth. Banknorth and TD consider the reincorporation of Banknorth from Maine to Delaware, the provisions of the post-transaction certificate of incorporation and the resulting modifications to the rights of Banknorth shareholders to be an integral part of the transaction.

**Q4: What do I need to do now?**

A4: After carefully reading and considering the information contained in this document, please submit your proxy by telephone or via the Internet in accordance with the instructions set forth in the enclosed proxy card, or fill out, sign and date the proxy card, and then mail your signed proxy card in the enclosed prepaid envelope as soon as



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possible so that your shares may be voted at the special meeting. See *The Special Meeting How to Vote Your Shares* beginning on page 41.

**Q5: If my shares are held in street name by my broker, will my broker vote my shares for me?**

A5: You should instruct your broker to vote your shares. If you do not instruct your broker, your broker generally will not have the authority to vote your shares. Because approval of the merger agreement requires an affirmative vote of the holders of a majority of the outstanding shares of Banknorth common stock, these so-called broker non-votes, where the broker does not vote for or against approval of the merger agreement, have the same effect as votes cast against approval of the merger agreement and, therefore, against the transaction. Please check with your broker and follow the voting procedures your broker provides. Your broker will advise you whether you may submit voting instructions by telephone or via the Internet. See *The Special Meeting Broker Non-Votes and Quorum and Required Votes* beginning on pages 42 and 43 respectively.

**Q6: If my shares are held in the Banknorth 401(k) Plan or ESOP, what should I do?**

A6: If you are a participant in the Banknorth 401(k) Plan or the Employee Stock Ownership Plan of Cape Cod Bank & Trust Company, you may give voting instructions to American Stock Transfer & Trust Company, our transfer agent, by completing and returning a voting instruction ballot distributed to plan participants along with this proxy statement/prospectus, or by telephone or via the Internet as described on your ballot. Our transfer agent will certify the totals for the plans to Banknorth, NA, which acts as trustee for the plans, for the purpose of having those shares voted in accordance with your instructions.

**Q7: May I change my vote after I have submitted a proxy by telephone or via the Internet or mailed my signed proxy card?**

A7: Yes. You may change your vote at any time before your proxy is voted at the special meeting. You can do this in several ways. You can send a written notice stating that you want to revoke your proxy, or you can complete and submit a new proxy card. If you choose either of these methods, you must submit your notice of revocation or your new proxy card to the Clerk of Banknorth (Carol L. Mitchell, Esq., Executive Vice President, General Counsel, Secretary and Clerk, Banknorth Group, Inc., P.O. Box 9540, Two Portland Square, Portland, Maine 04112-9540).

You can also change your vote by submitting a proxy at a later date by telephone or via the Internet, in which case your later-submitted proxy will be recorded and your earlier proxy revoked. You can also attend the special meeting and vote in person. Simply attending the special meeting, however, will not revoke your proxy; you must vote at the special meeting.

If you have instructed a broker to vote your shares, you must follow the voting procedures received from your broker to change your vote.

**Q8: If I want to attend the special meeting, what do I do?**

A8: You must come to the Portland Marriott Hotel, 200 Sable Oak Drive, South Portland, Maine 04106, at 10:00 a.m., local time, on February 18, 2005. If you hold your shares in street name, you will need to bring proof of ownership (by means of a recent brokerage statement, letter from your bank or broker or similar means) to be admitted to the meeting. Shareholders of record as of the record date for the special meeting (December 13, 2004) can vote in person at the special meeting. If your shares are held in street name, then you are not the shareholder of record and you must ask your broker, bank or other nominee holder how you can vote at the special meeting.

**Q9: Should I send in my stock certificates now?**

A9: No. After we complete the transaction, you will receive written instructions for exchanging your Banknorth stock certificates for TD common shares and new Banknorth common stock and receiving the cash

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merger consideration. **Please do not send in your stock certificates with your proxy card.**

**Q10: What if I cannot find my stock certificate?**

A10: There will be a procedure for you to receive the merger consideration in the transaction, even if you have lost one or more of your Banknorth stock certificates. This procedure, however, may take time to complete. In order to ensure that you will be able to receive the merger consideration promptly after the transaction is completed, if you cannot locate your Banknorth stock certificates after looking for them carefully, we urge you to contact American Stock Transfer & Trust Company as soon as possible and follow the procedure they explain to you for replacing your Banknorth stock certificates. American Stock Transfer & Trust Company can be reached at (800) 937-5449 or (718) 921-8200, or on their website at [www.amstock.com](http://www.amstock.com), or you can write to it at the following address:

American Stock Transfer & Trust Company  
59 Maiden Lane  
New York, NY 10038

**Q11: Who can help answer my additional questions about this transaction?**

A11: If you have questions about this transaction, you should contact:

Morrow & Co., Inc.  
445 Park Avenue, 5th Floor  
New York, New York 10022

Banks and Brokerage Firms: (800) 654-2468  
Shareholders: (800) 607-0088  
All others call collect: (212) 754-8000

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**SUMMARY**

*This summary highlights selected information from this proxy statement/prospectus. It does not contain all of the information that may be important to you. You should carefully read this entire document, including the appendices and exhibits and the other documents to which this document refers you, for a more complete understanding of the matters being considered at the special meeting. See Where You Can Find More Information beginning on page 171. All references in this proxy statement/prospectus to dollars or \$ or U.S.\$ are to U.S. dollars and all references to C\$ are to Canadian dollars.*

**The Transaction (Page 45)**

The merger agreement provides for TD to acquire 51% of the outstanding common stock of new Banknorth and for Banknorth's current shareholders to receive TD common shares and cash in exchange, as well as retain a 49% interest in new Banknorth following the transaction. The transaction will be effected in two steps in immediate succession.

First, Banknorth will reincorporate from Maine to Delaware by merging into its wholly-owned subsidiary, Banknorth Delaware. In this migratory merger, your Banknorth shares will be converted into an identical number of shares of Banknorth Delaware. Following the migratory merger, Banknorth Delaware will be subject to the corporate laws of Delaware, where the majority of U.S. publicly-traded corporations are incorporated, rather than those of Maine. For a description of the material differences in the rights of shareholders of Banknorth and Banknorth Delaware, as well as TD, see Comparison of Shareholder Rights beginning on page 143.

Second, immediately after the migratory merger and without further action by Banknorth's shareholders, the acquisition merger will occur, in which TD's wholly-owned subsidiary, Berlin Merger Co., will merge into Banknorth Delaware, with Banknorth Delaware continuing as the surviving corporation with the name TD Banknorth Inc. As a result of the acquisition merger, TD will own approximately 51% of the outstanding shares of Banknorth Delaware common stock and the shareholders of Banknorth will own the remaining approximately 49% of the outstanding shares of Banknorth Delaware common stock.

The following diagrams show the steps in the transaction:

- 
- (1) Migratory merger to reincorporate Banknorth from Maine to Delaware.
  - (2) Acquisition merger for TD to acquire 51% of Banknorth Delaware's common stock.

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**What You Will Receive for Your Shares of Banknorth Common Stock if the Mergers Are Completed (Page 86)**

If the mergers are completed, you will be entitled to receive, in exchange for the shares of Banknorth common stock you own, the following:

a number of TD common shares equal to 0.2351 multiplied by the number of shares of Banknorth common stock you own;

an amount in cash equal to \$12.24 multiplied by the number of shares of Banknorth common stock you own; and

a number of shares of Banknorth Delaware common stock equal to 0.49 multiplied by the number of shares of Banknorth common stock you own.

You will not receive any fractional shares of Banknorth Delaware common stock or any fractional TD common shares. Instead, TD will pay you cash for any fractional shares of Banknorth Delaware common stock or any fractional TD common shares you would have otherwise received.

For example, if you own 1,000 shares of Banknorth common stock, when both mergers have been completed you will receive:

235 TD common shares;

\$12,240.00 in cash;

490 shares of Banknorth Delaware common stock; and

for the fractional TD common share, cash in U.S. dollars equal to 0.1 (the remaining fractional interest in a TD common share) multiplied by the average of the daily weighted averages of a TD common share on the Toronto Stock Exchange for the five trading days ending on the second business day preceding the date of completion of the mergers, as such price is converted into U.S. dollars. In this example, there is no fractional share interest in Banknorth Delaware common stock and thus no payment to be made in lieu of such fractional share interest under the terms of the merger agreement.

The exchange ratio relating to the TD common shares you will receive is a fixed ratio, which means that it will not change if the trading price of the TD common shares changes between now and the time the transaction is completed. Therefore, the market value of the TD common shares you will receive in the transaction will depend on the price of the TD common shares at the time the transaction is completed. Similarly, the market value of the shares of Banknorth Delaware common stock which you will receive in the transaction will depend on the price of such shares at the time the transaction is completed. For information on recent market prices of the TD common shares and the shares of common stock of Banknorth Delaware, see *Comparative Per Share Market Prices* beginning on page 23. See also *Risk Factors* beginning on page 32.

**Dividend Policies of TD and Banknorth and Possible Share Purchases by TD for Cancellation Following Completion of the Mergers**

Banknorth currently pays a dividend of approximately \$0.20 per quarter on its common stock, while TD currently pays a dividend of C\$0.36 per quarter (U.S.\$0.29 based on the Canadian dollar/ U.S. dollar exchange rate on January 7, 2004) on its common shares. Banknorth Delaware and TD expect to continue paying dividends at the respective current rates of Banknorth and TD following completion of the transaction, subject to the discretion of their respective boards of directors based upon the companies' respective financial results and condition, capital needs and other relevant considerations. Assuming that Banknorth Delaware and TD continue to pay dividends on their common shares at their respective current rates, the following table sets forth a comparison of the dividend rate per share of Banknorth common stock prior to the transaction and following the completion of the transaction assuming that such share of

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Banknorth common stock has been exchanged for the merger consideration and that the cash portion of the merger consideration has not been invested:

Prior to the transaction:	
<i>Banknorth dividend per share</i>	\$ 0.20
Following the transaction:	
<i>Banknorth Delaware dividend per share × 0.49</i>	\$0.098
<i>TD dividend per share × 0.2351</i>	\$0.068(1)
<i>Total post-transaction dividends per former share of Banknorth common stock</i>	\$0.166(1)

- (1) Based on the Canadian dollar/ U.S. dollar exchange rate on January 7, 2005. Does not give effect to any withholding taxes that may be applicable, as described below under **Material Canadian Federal Income Tax Consequences of the Mergers to Holders of Banknorth Common Stock**.

Following the completion of the mergers, TD may purchase on the Toronto Stock Exchange for cancellation up to C\$500 million in TD common shares, to a maximum of 14 million shares, subject to market conditions and in accordance with U.S. and Canadian securities and other applicable laws. TD has filed with the Superintendent of Financial Institutions of Canada, and intends to file with the Toronto Stock Exchange, an application to conduct a normal course issuer bid to effect these purchases of TD common shares; however, TD does not intend to purchase any of its common shares in a new normal course issuer bid prior to completion of the mergers. TD does not intend to make any share purchases in connection with this normal course issuer bid on the New York Stock Exchange.

**Material U.S. Federal Income Tax Consequences of the Mergers to Holders of Banknorth Common Stock (Page 74)**

For United States federal income tax purposes, you will be treated as exchanging your shares of Banknorth common stock for shares of Banknorth Delaware common stock in the migratory merger. It is anticipated that the migratory merger will be treated as a tax-free reorganization for United States federal income tax purposes, and you will not recognize gain or loss upon the exchange of Banknorth common stock solely for shares of Banknorth Delaware common stock. With respect to the acquisition merger, for United States federal income tax purposes, you will be treated as surrendering only those shares of Banknorth Delaware common stock that are exchanged for TD common shares and cash (with your remaining shares of Banknorth Delaware common stock being retained by you). The acquisition merger will be taxable to you, and you will recognize gain or loss equal to the difference between (1) the sum of the cash and the fair market value of the TD common shares that you receive and (2) your adjusted tax basis in the shares of Banknorth Delaware common stock that you surrender in the acquisition merger for TD common shares and cash. You will not recognize any gain or loss on the shares of Banknorth Delaware common stock that you retain in the acquisition merger.

**Material Canadian Federal Income Tax Consequences of the Mergers to Holders of Banknorth Common Stock (Page 79)**

In general, neither the exchange of a share of Banknorth common stock for a share of Banknorth Delaware common stock in the migratory merger nor the conversion of Banknorth Delaware common stock into the right to receive the merger consideration in the acquisition merger will be subject to Canadian tax for a holder of Banknorth common stock who is not and is not deemed to be a resident of Canada. Dividends paid or credited to holders of TD common shares who are not and are not deemed to be a resident of Canada are subject to a Canadian withholding tax of 25%, subject to any reduction in the rate of withholding under an applicable international tax convention. Under the Canada-United States Income Tax Convention (1980), the rate of that withholding tax is generally reduced to 15% for holders who are residents of the United States and who beneficially own the dividends. Assuming that the TD common shares are not taxable Canadian property at the time of disposition, any capital gain realized on the disposition of those shares will not be subject to tax in Canada.

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In considering the transaction, TD analyzed the potential accretive or dilutive effect that it would have on TD shareholders. While TD expects that the transaction will be dilutive to TD shareholders on an earnings per share basis calculated according to generally accepted accounting principles in Canada, or Canadian GAAP, for its fiscal years 2005 and 2006, TD expects that the transaction will be accretive to TD's shareholders for those same periods on a per share earnings basis before the amortization of intangible assets and transaction-related and restructuring expenses. The table below presents TD's earnings per share accretion/dilution estimates, as of August 2004, for TD's fiscal years 2005 and 2006, assuming that the transaction is completed on February 1, 2005. You should note that these estimates are based on a number of assumptions, the most material of which are summarized below, which were made at the time of TD's consideration of the transaction and which are subject to change, in some cases due to factors outside of TD's control. TD has not made, and does not intend to make, publicly available any update or other revision to these estimates.

	<b>Year Ending October 31, 2005</b>	<b>Year Ending October 31, 2006</b>
	_____	_____
<b>Accretion/(Dilution): Canadian GAAP Basis</b>		
TD estimated stand-alone earnings per share	C\$ 3.46	C\$ 3.89
TD pro forma earnings per share	C\$ 3.40	C\$ 3.88
Accretion/(dilution) from the transaction	C\$ (0.06)	C\$ (0.01)
	_____	_____
<b>Accretion/(Dilution) Before Amortization of Intangible Assets and Transaction-Related and Restructuring Expenses</b>		
TD estimated stand-alone earnings per share before amortization of intangible assets	C\$ 3.99	C\$ 4.31
TD pro forma earnings per share before amortization of intangible assets and transaction-related and restructuring expenses	C\$ 4.02	C\$ 4.38
Accretion/(dilution) from the transaction before amortization of intangible assets and transaction-related and restructuring expenses	C\$ 0.03	C\$ 0.07
	_____	_____
Pro forma average shares outstanding (in millions)	692.5	703.4

TD estimated stand-alone earnings per share are based on consensus earnings per share estimates for 2005 and 2006 as reported by Institutional Brokerage Estimate System, or I/B/E/S, as of August 24, 2004. However, these consensus estimates as reported by I/B/E/S exclude the amortization of existing intangible assets. Accordingly, in preparing its analysis of the potential accretive or dilutive effect of the transaction, TD adjusted these consensus estimates, as would be required by Canadian GAAP, to reflect the expected amortization of existing intangible assets. The resulting amount is presented in the table above as TD estimated stand-alone earnings per share in accordance with Canadian GAAP.

TD pro forma earnings per share are based on the same consensus earnings per share estimates for TD for 2005 and 2006 as reported by I/B/E/S as of August 24, 2004, and consensus earnings per share estimates for Banknorth for 2005 and 2006 as reported by I/B/E/S as of August 24, 2004. However, because these consensus estimates for TD do not reflect (1) the amortization of intangible assets (either existing or as may be expected to result from the transaction), (2) estimated funding costs to be incurred by TD for the cash portion of the merger consideration or (3) transaction-related and restructuring expenses, in preparing its analysis of the potential accretive or dilutive effect of the transaction, TD adjusted these consensus estimates to reflect these items, as would be required by Canadian GAAP. The resulting amount is presented in the table above as TD pro forma earnings per share in accordance with Canadian GAAP. Pro forma earnings per share calculations do not include the anticipated financial benefits from such items as cost savings and revenue enhancements arising from the transaction. The Banknorth earnings were translated to Canadian dollars at a currency exchange rate of C\$1.3043 per U.S.\$1.00 (a rate that was quoted on August 25, 2004).

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Accretion/ (dilution) from the transaction before the amortization of intangible assets and transaction-related and restructuring expenses is a non-GAAP financial measure derived by subtracting TD estimated stand-alone earnings per share before such items from pro forma earnings per share before such items. TD believes this measure provides information useful to investors in understanding TD's underlying operational performance, its business and performance trends and its ability to pay cash dividends, as well as facilitating comparison with the performance of other companies in the financial services industry. The following table reconciles the components of the calculation of accretion/(dilution) from the transaction before amortization of intangible assets and transaction-related and restructuring expenses to the most directly comparable financial measures presented in accordance with Canadian GAAP:

	Year Ending October 31, 2005	Year Ending October 31, 2006
TD estimated stand-alone earnings per share before amortization of intangible assets	C\$ 3.99	C\$ 4.31
Impact of amortization of intangible assets	C\$(0.53)	C\$(0.42)
TD estimated stand-alone earnings per share (Canadian GAAP)	<u>C\$ 3.46</u>	<u>C\$ 3.89</u>
TD pro forma earnings per share before amortization of intangible assets and transaction-related and restructuring expenses	C\$ 4.02	C\$ 4.38
Impact of amortization of intangible assets	C\$(0.60)	C\$(0.50)
Impact of transaction-related and restructuring expenses	C\$(0.02)	
TD pro forma earnings per share (Canadian GAAP)	<u>C\$ 3.40</u>	<u>C\$ 3.88</u>
Accretion/ (dilution) from the transaction before amortization of intangible assets and transaction-related and restructuring expenses	<u>C\$ 0.03</u>	<u>C\$ 0.07</u>

Pro forma average shares outstanding assumes an average fully diluted share count for TD on a stand-alone basis of 660 million shares for each of the fiscal periods indicated above plus an additional 43.4 million TD common shares expected to be issued in the transaction.

**Holders of Banknorth Common Stock Do Not Have Dissenters' Rights of Appraisal (Page 84)**

The holders of Banknorth common stock are not entitled to any dissenters' rights of appraisal in connection with the mergers.

**Your Rights as a Holder of Banknorth Delaware Common Stock and TD Common Shares Will Be Different from Your Rights as a Holder of Banknorth Common Stock (Page 143)**

The conversion of your shares of Banknorth common stock into shares of Banknorth Delaware common stock and TD common shares in the mergers will result in changes from your current rights as a Banknorth shareholder, which generally are governed by the Maine Business Corporation Act and Banknorth's organizational documents, to your rights as a Banknorth Delaware shareholder, which generally will be governed by the Delaware General Corporation Law and Banknorth Delaware's organizational documents, and to your rights as a TD shareholder, which generally will be governed by the Bank Act of Canada and TD's organizational documents.

**Banknorth's Financial Advisors Have Delivered Opinions that the Merger Consideration is Fair, from a Financial Point of View, to Banknorth Shareholders (Page 51)**

In determining to approve the merger agreement, the Banknorth board of directors considered the oral opinions of its financial advisors, Keefe, Bruyette & Woods, Inc. and Lehman Brothers Inc., which were subsequently confirmed in writing as of August 25, 2004 and August 26, 2004, respectively, and updated as of January 10, 2005, that, based upon and subject to the assumptions made, matters considered and

limitations described in their respective opinions, the merger consideration to be received by the



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Banknorth shareholders in the transaction was fair to such shareholders from a financial point of view. We have attached the Keefe, Bruyette & Woods opinion dated as of January 10, 2005 as Appendix E, and the Lehman Brothers opinion dated as of January 10, 2005 as Appendix F. You should read the opinions carefully, as well as the descriptions of the opinions contained elsewhere in this proxy statement/ prospectus, to understand the procedures followed, assumptions made, matters considered and qualifications and limitations on the reviews undertaken by Keefe, Bruyette & Woods and Lehman Brothers, as well as additional information regarding the compensation paid and to be paid by Banknorth to such firms in connection with the rendering of their opinions. Assuming the transaction is completed, Banknorth has agreed to pay Keefe, Bruyette & Woods an aggregate fee equal to 0.375% of the aggregate market value, determined as of closing, of the consideration paid for 51% of the outstanding shares of Banknorth common stock (approximately \$15.0 million based on the closing sale price of a TD common share on January 7, 2005), and Banknorth has agreed to pay Lehman Brothers an aggregate fee of \$2 million.

**Banknorth Executive Officers and Directors Have Financial and Other Interests in the Transaction that are Different from or in Addition to Your Interests (Page 67)**

When you consider the Banknorth board of directors' recommendation to vote in favor of approval of the merger agreement and the post-transaction certificate of incorporation, you should be aware that Banknorth's executive officers and directors have interests in the transaction that may be different from, or in addition to, the interests of the other Banknorth shareholders. Assuming the transaction is completed on March 1, 2005, Banknorth's eight executive officers may be entitled to receive, under employment agreements, retention agreements and incentive plans, approximately \$82.0 million in the aggregate, which amount includes non-competition and retention payments, amounts attributable to the accelerated vesting of restricted stock units, severance payments and amounts attributable to the value of supplemental retirement benefit enhancements. In addition, these eight officers would be entitled to accelerated vesting of their then-unvested stock options and approximately \$11.1 million of gross-up payments to cover excise taxes imposed under Section 4999 of the Internal Revenue Code. The aggregate amounts described above and the right to accelerated vesting of stock options assume that the executive officers who entered into these employment and retention agreements are terminated without cause immediately following the completion of the transaction, which is not expected to occur. The Banknorth board of directors was aware of these interests when it approved the merger agreement and the post-transaction certificate of incorporation and determined that the transactions contemplated by the merger agreement are fair to, and in the best interests of, Banknorth and its shareholders.

**The Companies**

*The Toronto-Dominion Bank*

Toronto-Dominion Centre

P.O. Box 1  
Toronto, Ontario, Canada M5K 1A2  
(416) 982-8222

TD is a Canadian chartered bank formed through the amalgamation of The Bank of Toronto (established 1855) and The Dominion Bank (established 1869). TD and its subsidiaries are collectively known as TD Bank Financial Group. In Canada and around the world, TD Bank Financial Group serves more than 13 million customers in three key businesses: personal and commercial banking including TD Canada Trust; wealth management including the global operations of TD Waterhouse; and wholesale banking, including TD Securities, operating in a number of locations in key financial centers around the globe. TD Bank Financial Group also ranks among the world's leading on-line financial services firms, with more than 4.5 million on-line customers. TD Bank Financial Group had C\$311 billion in assets, as of October 31, 2004.

Berlin Merger Co. is a Delaware corporation and a wholly-owned subsidiary of TD. Berlin Merger Co. was organized recently solely for the purpose of effecting the transaction with Banknorth described in this

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proxy statement/ prospectus. It has not carried on any activities other than in connection with the merger agreement.  
*Banknorth Group, Inc.*

Two Portland Square

P.O. Box 9540  
Portland, Maine 04112-9540  
(207) 761-8500

Banknorth is a Maine corporation and a registered bank holding company and financial holding company under the Bank Holding Company Act of 1956, as amended. Banknorth's principal asset is all of the capital stock of Banknorth, NA, a national bank that was initially formed as a Maine-chartered savings bank in the mid-19th century. At September 30, 2004, Banknorth, NA had 387 banking offices located in Maine, New Hampshire, Massachusetts, Vermont, New York and Connecticut. Through Banknorth, NA and its subsidiaries, Banknorth offers a full range of banking services and products to individuals, businesses and governments throughout its market areas, including commercial, consumer, trust, investment advisory and insurance brokerage services. At September 30, 2004, Banknorth had consolidated assets of \$29.0 billion and consolidated shareholders' equity of \$3.0 billion.

On June 20, 2004, Banknorth and BostonFed Bancorp, Inc. entered into a merger agreement providing for Banknorth to acquire BostonFed, subject to receipt of BostonFed shareholder and regulatory approvals. BostonFed shareholders have the right to elect to receive up to 15% of the purchase price in cash instead of Banknorth shares. A maximum of approximately 6.1 million shares of Banknorth common stock will be issuable upon completion of the merger with BostonFed. At September 30, 2004, BostonFed had \$1.7 billion of consolidated assets, \$98.7 million of consolidated shareholders' equity and 16 offices in Essex, Middlesex, Norfolk and Suffolk Counties, Massachusetts.

Banknorth Delaware is a Delaware corporation and a wholly-owned subsidiary of Banknorth. Banknorth Delaware was organized recently solely for the purpose of effecting the transaction with TD described in this proxy statement/ prospectus. It has not carried on any activities other than in connection with the merger agreement.

**Board of Directors and Executive Management of Banknorth Delaware Following the Mergers (Page 130)**

Following the mergers, the board of directors of Banknorth Delaware will be comprised of the Banknorth directors in office at the time of the closing (of which there are currently 14) and up to five additional directors designated by TD prior to the closing. TD has agreed, in the stockholders agreement described below, to take no action to remove any of the directors of Banknorth who become directors of Banknorth Delaware prior to the time that their current terms of office as Banknorth directors are currently scheduled to end.

In addition, it is expected that William J. Ryan will continue as the Chairman, President and Chief Executive Officer of Banknorth Delaware, and that substantially all other members of Banknorth's current executive management team will continue to hold their current positions at Banknorth Delaware.

**The Special Meeting of Banknorth Shareholders on February 18, 2005 (Page 40)**

*When and Where.* The special meeting of shareholders of Banknorth will be held at 10:00 a.m., local time, on February 18, 2005 at the Portland Marriott Hotel, 200 Sable Oak Drive, South Portland, Maine 04106.

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*Purposes of the Special Meeting.* The purposes of the special meeting are to consider and vote on:

A proposal to approve the merger agreement;

A proposal to approve the reincorporation of Banknorth from Maine to Delaware as provided by the merger agreement, which, among other things, will result in the inapplicability of Sections 1109 and 1110 of the Maine Business Corporation Act, antitakeover provisions which restrict business combinations between Banknorth and a significant shareholder and which give Banknorth's shareholders the right to demand payment of the fair value of their shares from a person or entity which becomes a significant shareholder;

Proposals to approve the governance and other provisions in the post-transaction certificate of incorporation of Banknorth Delaware, consisting of the following proposals:

a proposal to approve provisions authorizing the Class B common stock, which will be held by TD and will facilitate its exercise of control of the board of directors as majority shareholder of Banknorth Delaware;

a proposal to approve provisions relating to the composition and powers of the board of directors of Banknorth Delaware and its committees, which will facilitate TD's ability to control the board and its committees;

a proposal to approve a provision which permits action by less than unanimous written consent of shareholders in some circumstances;

a proposal to approve a provision which increases the ownership threshold required for shareholders to call a special meeting of shareholders;

a proposal to approve the elimination of Banknorth's classified board and elect all directors annually;

a proposal to approve the elimination of the fair price provision in Banknorth's articles of incorporation;

a proposal to approve the elimination of the super-majority voting requirements in Banknorth's articles of incorporation relating to charter amendments;

a proposal to approve the elimination of the provision in Banknorth's articles of incorporation requiring the board of directors to consider the interests of non-shareholder constituencies;

a proposal to include a provision in the post-transaction certificate of incorporation which limits the ability of Banknorth Delaware to adopt antitakeover provisions that are inconsistent with TD's rights under the stockholders agreement;

a proposal to include a provision in the post-transaction certificate of incorporation by which Banknorth opts out of coverage under Section 203 of the Delaware General Corporation Law, a statute which restricts business combinations between corporations and their significant shareholders;

a proposal to approve the grant to TD, under the stockholders agreement, of the right to subscribe for additional securities of Banknorth Delaware in order to maintain its ownership percentage, in lieu of providing TD preemptive rights in the post-transaction certificate of incorporation as permitted by the Delaware General Corporation Law, and the right to contribute additional capital in return for additional shares of Banknorth Delaware common stock; and

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a proposal to approve a provision which allocates corporate opportunities between Banknorth Delaware and TD.

**Approval of each of these proposals is a condition to completion of the transaction.**

At the special meeting Banknorth shareholders will also be asked to consider and vote on:

A proposal to adjourn the special meeting if necessary to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting to approve any of the foregoing proposals; and

Any other matters that may properly come before the special meeting or any adjournment or postponement of the special meeting.

*Record Date; Voting Power.* Banknorth has fixed the close of business on December 13, 2004 as the record date for the determination of holders of Banknorth common stock entitled to notice of and to vote at the special meeting and any adjournment or postponement of the special meeting. At the close of business on the record date, there were 178,559,086 shares of Banknorth common stock outstanding and entitled to vote. Each share of Banknorth common stock entitles the holder to one vote at the special meeting on all matters properly presented at the meeting.

*Required Votes.* The affirmative vote of the holders of a majority of the outstanding shares of Banknorth common stock, voting in person or by proxy, is necessary to approve the merger agreement. The affirmative vote of a majority of the votes cast on the matter at the special meeting is required to approve the proposals to approve the reincorporation of Banknorth from Maine to Delaware and the governance and other provisions in the post-transaction certificate of incorporation, as well as the proposal to adjourn the special meeting if necessary to permit further solicitation of proxies on any of the foregoing proposals. **The approval of each of these proposals, other than the proposal regarding adjournment of the special meeting, is a condition to the completion of the transaction.**

**The Banknorth Board of Directors Recommends Approval of the Merger Agreement and the Proposals to Approve the Reincorporation of Banknorth from Maine to Delaware and the Governance and Other Provisions in the Post-transaction Certificate of Incorporation (Page 44)**

Banknorth's board of directors has determined that the merger agreement and the mergers are fair to, and in the best interests of, Banknorth and its shareholders and approved and declared advisable the merger agreement, the mergers (including the reincorporation of Banknorth from Maine to Delaware) and the other transactions contemplated by the merger agreement. Banknorth's board of directors has also approved the post-transaction certificate of incorporation, including the governance and other provisions contained in that document. Banknorth's board of directors considers the reincorporation of Banknorth from Maine to Delaware, the provisions of the post-transaction certificate of incorporation and the resulting modifications to the rights of Banknorth shareholders to be an integral part of the transaction.

**Banknorth's board of directors recommends that you vote FOR approval of the merger agreement and the proposals to approve the reincorporation of Banknorth from Maine to Delaware and the governance and other provisions in the post-transaction certificate of incorporation.** The Banknorth board also recommends that you vote FOR the proposal to adjourn the special meeting if necessary to permit further solicitation of proxies to approve any of the foregoing proposals.

**The Merger Agreement (Page 86)**

The merger agreement is described beginning on page 86. The merger agreement is attached as Appendix A to this proxy statement/prospectus. We urge you to read the merger agreement in its entirety because this document is the legal document governing the mergers.

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*Completion of the Mergers is Subject to Conditions.* The respective obligations of each of TD and Banknorth to complete the mergers are conditioned upon the satisfaction or waiver of the following conditions:

receipt of the required approval of the Banknorth shareholders of the merger agreement and each of the proposals to approve the reincorporation of Banknorth from Maine to Delaware and the governance and other provisions in the post-transaction certificate of incorporation;

approval for the listing on the New York Stock Exchange of the shares of Banknorth Delaware common stock and TD common shares to be issued in the mergers and, in the case of the TD common shares, on the Toronto Stock Exchange;

the combined registration statement on Form S-4/F-4, which includes this proxy statement/ prospectus, filed by Banknorth Delaware and TD with the Securities and Exchange Commission, or SEC, must have been declared effective by the SEC; and

receipt of required regulatory approvals and the absence of any injunction or other legal prohibition against the mergers.

TD's obligation to complete the mergers is subject to the satisfaction or waiver of a number of conditions, including the following:

the accuracy of the representations and warranties of Banknorth as of the closing date of the mergers, other than, in most cases, those failures to be true and correct that would not reasonably be expected to result in a material adverse effect on Banknorth;

performance in all material respects by Banknorth of the obligations required to be performed by it at or prior to the closing date of the mergers;

there being no legal or regulatory restriction or condition applicable to the mergers that would be reasonably likely to have a material adverse effect on Banknorth, Banknorth Delaware or TD; and

the establishment of the Banknorth Delaware board of directors in the manner described in Proposal No. 1: The Merger Agreement Surviving Corporation Governing Documents and Directors.

Banknorth's obligation to complete the mergers is subject to the satisfaction or waiver of the following conditions:

the accuracy of the representations and warranties of TD as of the closing date of the mergers, other than, in most cases, those failures to be true and correct that would not reasonably be expected to result in a material adverse effect on TD;

performance in all material respects by TD of the obligations required to be performed by it at or prior to the closing date of the mergers; and

receipt of an opinion of Banknorth's counsel that the migratory merger will constitute a tax-free reorganization for U.S. federal income tax purposes.

*The Merger Agreement May Be Terminated Under Some Circumstances.* The merger agreement may be terminated at any time before the completion of the mergers, whether before or after approval of the merger agreement, the reincorporation of Banknorth from Maine to Delaware and the governance and other provisions in the post-transaction certificate of incorporation by the Banknorth shareholders, in any of the following ways:

by mutual written consent of TD and Banknorth; or

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by either TD or Banknorth if:

any governmental entity which must grant a required regulatory approval has denied approval of the mergers and this denial has become final and nonappealable or a governmental entity has issued a final nonappealable order prohibiting the completion of the mergers;

the mergers have not been completed by June 30, 2005, but neither TD nor Banknorth may terminate the merger agreement for this reason if its breach of any obligation under the merger agreement has resulted in the failure of the mergers to occur by that date;

there is a breach by the other party of the merger agreement which would prevent satisfaction of a closing condition and the breach cannot be cured or is not cured prior to 30 days after receipt of written notice of the breach, but neither TD nor Banknorth may terminate the merger agreement for this reason if it itself is then in material breach of the merger agreement; or

the shareholders of Banknorth fail to approve the merger agreement or any of the proposals to approve the reincorporation of Banknorth from Maine to Delaware or the governance and other provisions in the post-transaction certificate of incorporation at the Banknorth special meeting;

by TD, if the board of directors of Banknorth has withdrawn, modified or qualified in any manner adverse to TD its recommendation, or taken any action or made any other public statement in connection with the Banknorth shareholders meeting inconsistent with its recommendation, of the approval of the merger agreement and the proposals to approve the reincorporation of Banknorth from Maine to Delaware and the governance and other provisions in the post-transaction certificate of incorporation by the shareholders of Banknorth, or failed to call a special meeting of shareholders to vote on approval of the merger agreement and the proposals to approve the reincorporation of Banknorth from Maine to Delaware and the governance and other provisions in the post-transaction certificate of incorporation; or

by Banknorth, at any time during the five business day period beginning two business days after the date on which the approval of the Federal Reserve Board or the Superintendent of Financial Institutions of Canada (whichever is later) required for completion of the acquisition merger is received, if

the weighted average price of the TD common shares during a ten-trading day measurement period preceding the receipt of approval of the Federal Reserve Board or the Superintendent of Financial Institutions of Canada (whichever is later) of the acquisition merger is less than approximately \$29.10 (which would represent a decline by more than 15% from the weighted average price of the TD common shares on August 25, 2004, which was \$34.23); and

the percentage ratio of the weighted average price of the TD common shares during that pre-closing measurement period to \$34.23 (the weighted average price on August 25, 2004) is more than 15 percentage points below the percentage ratio of the indexed weighted average price of the shares of five other major Canadian banks over the same pre-closing measurement period to the indexed price of those banks on August 25, 2004 (which was approximately \$39.09).

If Banknorth elects to terminate the merger agreement because of a decline in TD's share price under the circumstances described in the preceding bullet point, TD will have the right to increase the exchange ratio of TD shares issued as merger consideration, as provided in the merger agreement, and if TD does so then Banknorth will no longer have the right to terminate the merger agreement on this basis.

*Banknorth May Be Required to Pay a Termination Fee Under Some Circumstances.* If the merger agreement is terminated under certain circumstances, including circumstances involving a change in recommendation by Banknorth's board of directors, Banknorth is required to pay TD a termination fee of up to \$150 million. The termination fee could discourage other companies from seeking to acquire or merge with Banknorth.

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**The Stockholders Agreement (Page 109)**

Concurrently with entering into the merger agreement, TD and Banknorth also entered into a stockholders agreement that will become effective upon the completion of the mergers. The stockholders agreement contains provisions dealing with corporate governance and board representation rights, share purchase and transfer restrictions and other matters relating to TD's ownership of Banknorth Delaware shares following the completion of the mergers. The stockholders agreement is included as Appendix D to this proxy statement/ prospectus, and we urge you to read it in its entirety.

*Governance of Banknorth Delaware.* The stockholders agreement, and related provisions of the post-transaction certificate of incorporation and by-laws of Banknorth Delaware, permit TD to nominate and elect a separate class of directors (designated as Class B directors) to the Banknorth Delaware board. Initially TD intends to elect up to 5 Class B directors, but generally it may increase that number at any time to a majority of the entire board. All corporate action by the Banknorth Delaware board will require the affirmative vote of both a majority of the entire board as well as a majority of the Class B directors.

It is expected that the current Banknorth board will continue in office as directors of Banknorth Delaware following the mergers. In addition, the stockholders agreement provides that the Banknorth Delaware board following the mergers will at all times include four independent directors initially chosen by the current Banknorth board who will not be affiliated in any way with TD and who will have sole authority to make various decisions on behalf of Banknorth Delaware under the stockholders agreement, such as approving amendments to the stockholders agreement or authorizing a going-private transaction involving TD (generally, any transaction in which TD acquires additional publicly-held shares of Banknorth Delaware common stock, with the result that this stock is no longer publicly traded on a national securities exchange or market or is held by fewer than 300 shareholders). We refer to these four independent directors in this proxy statement/ prospectus as the designated independent directors. The successors to the initial designated independent directors will generally be chosen by the designated independent directors then in office, subject to the consent of the board's nominating committee (a majority of whose members will be TD nominees).

*Share Ownership and Transfer of Shares of Banknorth Delaware Owned by TD.* The stockholders agreement generally prohibits TD from acquiring more than 66 2/3% of Banknorth Delaware's outstanding voting stock, except in an authorized going-private transaction or in some other limited circumstances involving repurchases by Banknorth Delaware of its outstanding common stock. The stockholders agreement permits TD to bid for the remaining publicly-held Banknorth Delaware shares or otherwise engage in a going-private transaction only in compliance with the following conditions:

TD may not initiate discussions regarding or engage in a going-private transaction during the first two years after the completion of the mergers unless requested to do so by the designated independent directors. During the next three years, TD may initiate discussions with the designated independent directors regarding a going-private transaction but only on a confidential basis and may not proceed with such a transaction unless authorized to do so by the designated independent directors. During the first five years after the completion of the mergers, any going-private transaction also requires the approval or acceptance of the holders of a majority of the outstanding shares of common stock of Banknorth Delaware not owned by TD or its affiliates.

After the fifth year following the completion of the mergers, TD may initiate a going-private transaction after first offering to negotiate the terms of the transaction with the designated independent directors, and if requested by the designated independent directors, negotiating those terms for up to 60 days. The transaction may only be completed if it is approved by a majority of the designated independent directors or if it is approved or accepted by the holders of a majority of the outstanding shares of common stock of Banknorth Delaware not owned by TD or its affiliates.

Any going-private transaction that TD initiates must be for 100% of the shares of common stock of Banknorth Delaware not owned by TD or its affiliates.

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As long as TD and its affiliates own 25% or more of Banknorth Delaware's voting stock, they will have a first right to purchase capital stock from Banknorth Delaware whenever Banknorth Delaware's board determines to raise capital. TD will also have the right to purchase its proportionate share of capital securities issued by Banknorth Delaware for any other reason, including in connection with acquisitions.

In the stockholders agreement, TD has agreed that during the first two years after the completion of the mergers it will not transfer any Banknorth Delaware voting shares except to its affiliates. During the next three years, TD generally will be permitted to transfer Banknorth Delaware voting shares in broadly dispersed offerings, as security to collateralize a loan, subject to some limitations, and to persons who would own less than 5% of Banknorth's voting stock following such transfer, subject to Banknorth Delaware's right of first offer to purchase the shares. These transfer restrictions will terminate after the fifth anniversary of the completion of the mergers.

In addition, commencing generally with the third anniversary of the completion of the mergers (or following the second anniversary in some circumstances), TD may transfer Banknorth Delaware voting shares to a person who would, following such transfer, own more than 10% of Banknorth Delaware's voting shares. If TD intends to transfer less than all of its Banknorth Delaware voting shares in this type of a transfer, it must give Banknorth Delaware a right of first offer to purchase the shares. In addition, if TD intends to make this type of a transfer and as a result of that transfer TD would own less than 50% of Banknorth Delaware's outstanding voting shares, the other shareholders of Banknorth Delaware will have the right to participate in the transfer by TD on a pro rata basis on the same terms as TD (unless Banknorth Delaware exercises its right to purchase the shares, if applicable). The transfer restriction described in this paragraph will apply for as long as TD and its affiliates beneficially own at least 25% of Banknorth Delaware's voting securities.

*Non-Compete Obligation of TD.* The stockholders agreement generally prohibits TD from providing branch-based consumer and commercial banking services in the continental United States through a federally-insured bank other than Banknorth Delaware's banking subsidiary. This restriction does not apply to banking operations that TD may conduct through its branches and agencies that operate in the U.S. as foreign branches of its Canadian banking operations, nor does it apply to banking services provided to TD's U.S. brokerage business through TD Waterhouse Bank, N.A. or any other bank whose primary business is to provide banking services to customers of a brokerage, mutual fund or other similar consumer financial business.

*Termination of the Stockholders Agreement.* The stockholders agreement will generally remain in effect until such time as TD owns less than 15% of Banknorth Delaware's outstanding voting stock. Some of the provisions, such as the rights to purchase securities from Banknorth Delaware, will terminate when TD owns less than 25% of Banknorth Delaware's outstanding voting stock, and some of the governance rights described above will continue, on a temporary basis, while TD owns less than 50% but at least 35% of Banknorth Delaware's outstanding voting stock.

**Regulatory Approvals Required for the Mergers (Page 81)**

*U.S. Bank Holding Company Act.* TD is required to obtain the approval of the U.S. Federal Reserve System under the Bank Holding Company Act for the acquisition of control of Banknorth as a result of the mergers. The U.S. Department of Justice will have an opportunity to comment during the approval process of the Federal Reserve Board and will have at least 15 but no more than 30 days following the approval of the Federal Reserve Board to challenge the approval on antitrust grounds.

*Bank Act of Canada.* Under the Bank Act of Canada, TD is required to obtain the approval of the Superintendent of Financial Institutions of Canada for the indirect acquisition of control, as a result of the transaction, of Banknorth, NA and of certain other Banknorth subsidiaries which are directly owned by Banknorth. Under the Bank Act of Canada, approval of the Superintendent of Financial Institutions of Canada is also required for the issuance of the TD common shares included in the merger consideration.



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On December 16, 2004, the Superintendent of Financial Institutions approved both the indirect acquisition of control of Banknorth, NA and certain other Banknorth subsidiaries directly owned by Banknorth and the issuance of the TD common shares in connection with the transaction.

*U.S. Antitrust Laws.* TD and Banknorth are required, under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, to notify and furnish required information to the Antitrust Division of the U.S. Department of Justice and to the U.S. Federal Trade Commission prior to completing the mergers, and the mergers cannot be completed until these notifications and filings have been made and the required waiting period has expired or been earlier terminated. On December 9, 2004, the Antitrust Division and the Federal Trade Commission granted early termination of the waiting period under the Hart Scott-Rodino Act with respect to the transaction.

*Other Regulatory Approvals.* TD and Banknorth Delaware are also required to file, and have filed, applications with, and obtain the approval of, bank regulatory authorities in the State of Maine and, in the case of TD, the Commonwealth of Massachusetts, with respect to the transaction. The change in control of Banknorth, NA, which has a division which is registered as an investment advisor, requires the filing of notices with various U.S. state and federal securities authorities. Banknorth owns two captive insurance companies domiciled in the State of Vermont and, therefore, TD is required to obtain, and has obtained, the approval of the Vermont Insurance Commissioner for the change in ownership of those companies. Ownership changes regarding insurance brokerage agencies controlled by Banknorth also are subject to notice requirements with various state regulatory authorities.

**TD Will Account for the Transaction as a Purchase; Banknorth Will Not Change Its Financial Statements (Page 80)**

TD intends to account for the transaction on its financial statements as a purchase of Banknorth Delaware for both Canadian and U.S. financial accounting purposes. No accounting entries will be required on the separate stand-alone financial statements of Banknorth Delaware as a result of the mergers because push-down accounting rules do not apply in these circumstances. The availability or use of a specific method of accounting is not a condition to completion of the transaction.

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**COMPARATIVE PER SHARE DATA**

The following tables present, as at the dates and for the periods indicated, selected historical and pro forma consolidated financial information per TD common share and selected historical and pro forma equivalent financial information per share of Banknorth common stock.

You should read this information in conjunction with, and the information is qualified in its entirety by, the consolidated financial statements and accompanying notes of TD and Banknorth incorporated into this proxy statement/ prospectus by reference and the unaudited pro forma combined financial statements of TD and accompanying discussion and notes beginning on page 119. See also *Where You Can Find More Information* beginning on page 171. The pro forma amounts in the tables below are presented for informational purposes only. You should not rely on the pro forma or pro forma equivalent amounts as being necessarily indicative of the financial position or results of operations of TD or Banknorth that would have actually occurred had the transaction been effective during the periods presented or of the future financial position or results of operations of TD or Banknorth. The combined financial information as at or for the periods presented may have been different had the transaction actually been effective as at or during those periods.

**Banknorth Historical Share Data and Banknorth Pro Forma Equivalent Share Data Relating to Portion of Merger Consideration Consisting of TD Common Shares**

The following table presents, in U.S. dollars, the earnings per share, dividends per share and book value per share with respect to (1) Banknorth on a historical basis and (2) Banknorth on a pro forma equivalent basis with respect to the portion of the merger consideration that will be received in the form of TD common shares. The pro forma equivalent amounts with respect to the Banknorth common stock are calculated by multiplying the corresponding TD pro forma amount (which is described and presented under *TD Historical and Pro Forma Common Share Data* beginning on page 22) by the exchange ratio of 0.2351 TD common shares included in the merger consideration, and do not include the merger consideration of U.S.\$12.24 or 0.49 shares of Banknorth Delaware common stock. Because Banknorth and TD have different fiscal years, (1) Banknorth historical amounts are presented as at and for the twelve months ended September 30, 2004 and (2) for purposes of calculating the Banknorth pro forma equivalent amounts, the corresponding TD pro forma amounts as at and for the year ended October 31, 2004 were used to calculate the Banknorth pro forma equivalent amounts as at and for the twelve months ended September 30, 2004.

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	<b>As at and For the Twelve Months Ended September 30, 2004(a)</b>
	<b>(U.S.\$)</b>
<b>Basic Earnings Per Share</b>	
<i>Banknorth historical (U.S. GAAP)</i>	\$ 2.24
<i>Banknorth pro forma equivalent (Canadian GAAP)</i>	0.59
<i>Banknorth pro forma equivalent (U.S. GAAP)</i>	0.49
<b>Diluted Earnings Per Share</b>	
<i>Banknorth historical (U.S. GAAP)</i>	\$ 2.20
<i>Banknorth pro forma equivalent (Canadian GAAP)</i>	0.59
<i>Banknorth pro forma equivalent (U.S. GAAP)</i>	0.48
<b>Dividends Per Share</b>	
<i>Banknorth historical(b)</i>	\$ 0.78
<i>Banknorth pro forma equivalent</i>	0.26
<b>Book Value Per Share at Period End</b>	
<i>Banknorth historical (U.S. GAAP)</i>	\$ 17.50
<i>Banknorth pro forma equivalent (Canadian GAAP)</i>	4.02
<i>Banknorth pro forma equivalent (U.S. GAAP)</i>	4.15

- (a) Banknorth pro forma equivalent amounts (except with respect to book value per share at period end and dividends) have been converted into U.S. dollars based on the average U.S. Dollar/Canadian dollar exchange rate during the year ended October 31, 2004 of 1.3147. The average exchange rate is calculated as the average of the noon buying rate on the last business day of each month during the period. The Banknorth pro forma equivalent book value per share at period end has been converted into U.S. dollars using the U.S. dollar/Canadian dollar exchange rate as at October 31, 2004 of 1.2209. The Banknorth pro forma equivalent dividend has been converted into U.S. dollars based on the exchange rate used on each dividend payment date.
- (b) It is anticipated that the initial dividend rate on the Banknorth Delaware common stock will be equal to the current dividend rate on the Banknorth common stock.

**Banknorth Historical Share Data and Banknorth Pro Forma Equivalent Share Data Relating to Portion of Merger Consideration Consisting of TD Common Shares and Banknorth Delaware Common Stock**

The following table presents, in U.S. dollars, the earnings per share, dividends per share and book value per share with respect to (1) Banknorth on a historical basis and (2) Banknorth on a pro forma equivalent basis with respect to the portion of the merger consideration that will be received in the form of TD common shares and shares of Banknorth Delaware common stock. The pro forma equivalent amounts with respect to the Banknorth common stock are calculated by: (1) multiplying the corresponding Banknorth historical amount by 0.49; (2) multiplying the corresponding TD pro forma amount (on a U.S. GAAP basis) by 0.2351, and adjusting this number for foreign exchange rates; and (3) adding together the amounts determined in steps (1) and (2). The Banknorth pro forma equivalent amounts do not include the merger consideration of \$12.24 per share. Because Banknorth and TD have different fiscal years, (1) Banknorth historical amounts are presented as at and for the twelve months ended September 30, 2004 and (2) for purposes of calculating the Banknorth pro forma equivalent amounts, the corresponding TD pro forma amounts as at and for the year ended October 31, 2004 were used to calculate the Banknorth pro forma equivalent amounts as at and for the twelve months ended September 30, 2004.

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	As at and For the Twelve Months Ended September 30, 2004(a)
	(U.S. \$)
<b>Basic Earnings Per Share</b>	
<i>Banknorth historical</i>	\$ 2.24
	—
<i>Banknorth pro forma equivalent:</i>	
<i>Banknorth historical × 0.49</i>	1.10
<i>TD pro forma (U.S. GAAP) × 0.2351</i>	0.49
	—
<i>Banknorth pro forma equivalent</i>	\$ 1.59
	—
<b>Diluted Earnings Per Share</b>	
<i>Banknorth historical</i>	\$ 2.20
	—
<i>Banknorth pro forma equivalent:</i>	
<i>Banknorth historical × 0.49</i>	\$ 1.08
<i>TD pro forma (U.S. GAAP) × 0.2351</i>	0.48
	—
<i>Banknorth pro forma equivalent</i>	\$ 1.56
	—
<b>Dividends Per Share</b>	
<i>Banknorth historical(b)</i>	\$ 0.78
	—
<i>Banknorth pro forma equivalent:</i>	
<i>Banknorth historical × 0.49</i>	\$ 0.38
<i>TD historical and pro forma × 0.2351</i>	0.26
	—
<i>Banknorth pro forma equivalent</i>	\$ 0.64
	—
<b>Book Value Per Share at Period End</b>	
<i>Banknorth historical</i>	\$ 17.50
	—
<i>Banknorth pro forma equivalent:</i>	
<i>Banknorth historical × 0.49</i>	\$ 8.58
<i>TD pro forma (U.S. GAAP) × 0.2351</i>	4.15
	—
<i>Banknorth pro forma equivalent</i>	\$ 12.73
	—

- (a) TD pro forma amounts (except with respect to book value per share at period end and dividends) have been converted into U.S. dollars based on the average U.S. dollar/Canadian dollar exchange rate during the year ended October 31, 2004 of 1.3147. The average exchange rate is calculated as the average of the noon buying rate on the last day of each month during the period. The TD pro forma book value per share at period end has been converted into U.S. dollars using the U.S. dollar/Canadian dollar exchange rate as at October 31, 2004 of 1.2209. The TD pro forma dividend has been converted based on the exchange rate used on each dividend payment date.

- (b) It is anticipated that the initial dividend rate on the Banknorth Delaware common stock will be equal to the current dividend rate on the Banknorth common stock.

**Table of Contents****TD Historical and Pro Forma Common Share Data**

The following table presents, in Canadian dollars and in U.S. dollars, the earnings per share, dividends per share and book value per share with respect to (1) TD on a historical basis and (2) TD on a pro forma basis giving effect to the transaction. The TD pro forma amounts are presented as if the transaction had been effective for the period presented based on the purchase method of accounting. The TD pro forma amounts do not include any cost savings or revenue enhancements which may arise from the transaction, and do not include restructuring or integration costs.

	<b>As at and For the Year Ended October 31, 2004</b>	
	<b>(C\$)</b>	<b>(U.S.\$)(a)</b>
<b>Basic Earnings Per Share</b>		
<i>TD historical (Canadian GAAP)</i>	C\$ 3.41	U.S.\$ 2.59
<i>TD historical (U.S. GAAP)</i>	2.79	2.12
<i>TD pro forma (Canadian GAAP)(b)</i>	3.30	2.51
<i>TD pro forma (U.S. GAAP)(b)</i>	2.72	2.07
<b>Diluted Earnings Per Share</b>		
<i>TD historical (Canadian GAAP)</i>	C\$ 3.39	U.S.\$ 2.58
<i>TD historical (U.S. GAAP)</i>	2.77	2.11
<i>TD pro forma (Canadian GAAP)(b)</i>	3.28	2.49
<i>TD pro forma (U.S. GAAP)(b)</i>	2.70	2.05
<b>Dividends Per Share</b>		
<i>TD historical and pro forma</i>	C\$ 1.36	U.S.\$ 1.10
<b>Book Value Per Share at Period End</b>		
<i>TD historical (Canadian GAAP)</i>	C\$ 19.31	U.S.\$ 15.82
<i>TD historical (U.S. GAAP)</i>	20.03	16.41
<i>TD pro forma (Canadian GAAP)(c)</i>	20.90	17.12
<i>TD pro forma (U.S. GAAP)(c)</i>	21.57	17.67

- (a) TD historical and pro forma equivalent amounts (except with respect to book value per share at period end) have been converted into U.S. dollars based on the average U.S. dollar/Canadian dollar exchange rate during the year ended October 31, 2004 of 1.3147. The average exchange rate is calculated as the average of the noon buying rate on the last day of each month during the period. The TD historical and pro forma equivalent book value per share at period end has been converted into U.S. dollars using the U.S. dollar/Canadian dollar exchange rate as at October 31, 2004 of 1.2209. TD historical and pro forma dividend has been converted into U.S. dollars based on the exchange rate used on each dividend payment date.
- (b) These TD pro forma per share amounts were determined for the periods shown after giving effect to the appropriate pro forma adjustments (assuming completion of the transaction as at the beginning of the indicated period).
- (c) TD pro forma book value per share was determined as at October 31, 2004 after giving effect to estimated transaction-related expenses and other pro forma adjustments.

**Table of Contents****COMPARATIVE PER SHARE MARKET PRICES**

The TD common shares are listed on the Toronto Stock Exchange and the New York Stock Exchange under the trading symbol TD , and also trade on the Tokyo Stock Exchange. The Banknorth common stock is listed on the New York Stock Exchange under the trading symbol BNK. The following table sets forth, for the respective calendar (or, where noted, fiscal) quarters indicated, the high and low sale prices per share of Banknorth common stock as reported on the New York Stock Exchange Composite Tape, the high and low sale prices per TD common share as reported on the New York Stock Exchange Composite Tape and the Toronto Stock Exchange and the dividends declared by Banknorth and TD. Market price information for the Banknorth common stock for periods prior to November 4, 2002 represents trading on The Nasdaq Stock Market's National Market System. The Toronto Stock Exchange sale prices and the dividends declared by TD are presented in Canadian dollars, and the New York Stock Exchange sale prices and the dividends declared by Banknorth are presented in U.S. dollars. For comparison purposes, the following table uses calendar quarters (except with respect to dividends declared by TD, which are presented on a fiscal quarter basis), but it should be noted that TD's fiscal year end is October 31 and Banknorth's fiscal year end is December 31.

	The New York Stock Exchange			The Toronto Stock Exchange				
	Banknorth Common Stock			TD Common Shares		TD Common Shares		
	High	Low	Dividends Declared	High	Low	High	Low	Dividends Declared <sup>(1)</sup>
<b>2005</b>								
First Quarter (through January 7, 2005)	U.S.\$36.53	U.S.\$36.02	U.S.\$	U.S.\$41.68	U.S.\$39.25	C\$49.97	C\$48.36	C\$0.36
<b>2004</b>								
First Quarter	34.45	30.53	0.195	35.71	32.59	47.49	42.88	0.32
Second Quarter	34.75	30.25	0.195	36.69	31.16	48.25	42.67	0.34
Third Quarter	36.10	30.49	0.200	36.76	31.94	47.07	42.54	0.34
Fourth Quarter	36.71	34.49	0.200	41.69	36.50	50.10	45.94	0.36
<b>2003</b>								
First Quarter	U.S.\$24.02	U.S.\$20.60	U.S.\$0.160	U.S.\$23.27	U.S.\$20.50	C\$35.65	C\$31.20	C\$0.28
Second Quarter	26.68	21.09	0.160	28.71	21.94	38.52	32.36	0.28
Third Quarter	29.70	25.43	0.190	29.19	25.76	39.67	36.11	0.28
Fourth Quarter	33.57	27.58	0.190	33.76	28.42	44.78	38.25	0.32
<b>2002</b>								
First Quarter	U.S.\$26.80	U.S.\$22.25	U.S.\$0.135	U.S.\$27.87	U.S.\$25.13	C\$44.43	C\$40.16	C\$0.28
Second Quarter	27.45	24.96	0.145	28.60	21.52	45.03	32.40	0.28
Third Quarter	27.40	20.71	0.150	23.60	17.00	36.00	27.15	0.28
Fourth Quarter	24.58	20.68	0.150	22.81	15.77	35.40	25.17	0.28

(1) Dividends declared during fiscal quarters ended January 31, April 30, July 31 and October 31.

The table below sets forth the high and low sale prices for each of the six most recent full calendar months for the Banknorth common stock on the New York Stock Exchange Composite Tape and TD common shares as reported on the New York Stock Exchange Composite Tape and the Toronto Stock Exchange. The New York Stock Exchange sale prices of Banknorth common stock and TD common shares are presented in U.S. dollars and the Toronto Stock Exchange sale prices of TD common shares are presented in Canadian dollars.

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	The New York Stock Exchange				The Toronto Stock Exchange	
	Banknorth Common Stock		TD Common Shares		TD Common Shares	
	High	Low	High	Low	High	Low
December 2004	U.S.\$36.71	U.S.\$35.77	U.S.\$41.69	U.S.\$39.52	C\$50.10	C\$47.80
November 2004	36.20	34.92	40.97	39.00	49.18	45.94
October 2004	35.58	34.49	40.28	36.50	50.00	46.04
September 2004	35.00	33.62	36.76	34.58	47.07	45.00
August 2004	36.10	30.49	35.30	32.46	46.07	42.71

The table below sets forth the closing sale prices of the Banknorth common stock and TD common shares as reported on the New York Stock Exchange Composite Tape on August 24, 2004, the last trading day before the public announcement that TD and Banknorth were engaged in discussions regarding the mergers, August 25, 2004, the last trading day before the public announcement of the mergers, and January 7, 2005, the last practicable trading day before the distribution of this proxy statement/ prospectus. The table also sets forth the equivalent pro forma sale price of Banknorth common stock on each of these dates, as determined by multiplying the applicable closing sale price of TD common shares by the exchange ratio of 0.2351 TD common shares included in the merger consideration, adding \$12.24 (the per share cash component of the merger consideration), and dividing the sum by 0.51. The pro forma equivalent sale price for the Banknorth common stock approximates the value, based on the TD share price for a particular date, of the value of the TD common shares and cash consideration effectively to be paid for 51% of the outstanding Banknorth shares. **Shareholders should note that this calculation does not represent the per share value that they will effectively receive for each of their Banknorth shares (since the shareholders will effectively retain 49% of their Banknorth shares), nor is it indicative of the price at which shares of Banknorth Delaware common stock may trade following completion of the mergers.** We urge you to obtain current market quotations for both the TD common shares and the Banknorth common stock.

	Banknorth Common Stock	TD Common Shares	Banknorth Pro Forma Equivalent
At August 24, 2004	U.S.\$31.70	U.S.\$35.19	U.S.\$40.22
At August 25, 2004	34.88	34.17	39.75
At January 7, 2005	36.07	39.55	42.23



**Table of Contents****CURRENCY EXCHANGE RATE DATA**

The following tables show, for the date or periods indicated, certain information regarding the U.S. dollar/ Canadian dollar exchange rate and the Canadian dollar/ U.S. dollar exchange rate. The information is based on the noon buying rate as reported by the Federal Reserve Board in the City of New York.

	<u>C\$ per U.S.\$1.00</u>	<u>U.S.\$ per C\$1.00</u>
August 25, 2004 (the last trading day before public announcement of the transaction)	C\$ 1.3047	U.S.\$ 0.7665
January 7, 2005	C\$ 1.2333	U.S.\$ 0.8108
	<b>Average Rate(1)</b>	
	<u>C\$ per U.S.\$1.00</u>	<u>U.S.\$ per C\$1.00</u>
<b>Year Ended October 31,</b>		
2004	C\$ 1.3147	U.S.\$ 0.7606
2003	1.4379	0.6955
2002	1.5718	0.6362
2001	1.5411	0.6489
2000	1.4771	0.6770

- (1) The average rate is calculated as the average of the noon buying rate as reported by the Federal Reserve Board on the last day of each month during the period.

The following table shows the high and low U.S. dollar/ Canadian dollar exchange rates for each of the months indicated. The information is based on the noon buying rate as reported by the Federal Reserve Board in the City of New York.

	<u>High</u>	<u>Low</u>
	<b>(C\$ per U.S.\$1.00)</b>	
December 2004	C\$ 1.2401	C\$ 1.1856
November 2004	1.2263	1.1775
October 2004	1.2726	1.2194
September 2004	1.3071	1.2648
August 2004	1.3323	1.2964
July 2004	1.3353	1.3082

**Table of Contents****SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF TD**

The following table sets forth certain selected consolidated financial information of TD prepared in accordance with Canadian GAAP, except as otherwise indicated. The information as at and for each of the five years ended October 31, 2004, 2003, 2002, 2001 and 2000 has been derived from the consolidated financial statements of TD as filed with the SEC. The information presented below is only a summary and should be read in conjunction with the respective audited and unaudited financial statements of TD, including the notes thereto, incorporated by reference in this proxy statement/prospectus. See [Where You Can Find More Information](#) beginning on page 171.

Amounts determined under generally accepted accounting principles in the U.S. (which we refer to in this document as U.S. GAAP) that are materially different from those determined under Canadian GAAP are indicated below. For a discussion of the principal differences between Canadian GAAP and U.S. GAAP and a reconciliation to U.S. GAAP of TD's consolidated financial statements for the year ended October 31, 2004, see Note 24 to the consolidated financial statements of TD, incorporated by reference in this proxy statement/prospectus from TD's Form 40-F for the year ended October 31, 2004, filed with the SEC on December 13, 2004. A reconciliation to U.S. GAAP for other periods presented is included in the notes to the applicable historical consolidated financial statements of TD filed by TD with the SEC. See [Where You Can Find More Information](#) beginning on page 171.

	Year Ended October 31,				
	2004	2003	2002	2001	2000
(C\$ in millions, except per share data and ratios)					
<b>Operations Data:</b>					
Interest income	C\$11,132	C\$11,202	C\$11,606	C\$14,271	C\$13,675
Interest expense	5,189	5,586	6,306	9,880	10,070
Net interest income	5,943	5,616	5,300	4,391	3,605
Provision for (recovery of) credit losses	(386)	186	2,925	920	480
Net interest income after credit loss provision	6,329	5,430	2,375	3,471	3,125
Other income	4,883	4,424	4,929	6,447	6,400
Non-interest expenses	8,007	8,364	7,752	8,654	8,127
Net income (loss)	2,310	1,076	(67)	1,392	1,035
Net income (loss) (U.S. GAAP basis)	1,881	1,162	(95)	1,531	1,095
Preferred dividends	78	87	93	92	66
Net income (loss) applicable to common shares	2,232	989	(160)	1,300	969
Net income (loss) applicable to common shares (US GAAP basis)	1,828	1,098	(165)	1,461	1,051
<b>Per Common Share:</b>					
Net income (basic)	C\$3.41	C\$1.52	C\$(.25)	C\$2.07	C\$1.56
Net income (basic)(U.S. GAAP basis)	2.79	1.69	(0.26)	2.32	1.69
Net income (fully diluted)	3.39	1.51	(0.25)	2.05	1.53
Net income (fully diluted)(U.S. GAAP basis)	2.77	1.68	(0.26)	2.30	1.66
Cash dividends declared(1)	1.36	1.16	1.12	1.09	0.92
Book value (period end)	19.31	17.64	17.91	18.97	17.83

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	Year Ended October 31,				
	2004	2003	2002	2001	2000
(C\$ in millions, except share data and ratios)					
<b>Consolidated Balance Sheet (period end):</b>					
Total assets	C\$311,027	C\$273,532	C\$278,040	C\$287,838	C\$264,818
Total assets (U.S. GAAP basis)	317,494	283,439	289,565	301,587	265,885
Loans (net)	123,924	118,058	122,627	119,673	120,721
Deposits	206,893	182,880	189,190	193,914	185,808
Subordinated notes	5,644	5,887	4,343	4,892	4,883
Total shareholders' equity	13,978	13,111	13,041	13,404	12,350
Common shares outstanding (thousands)	655,902	656,261	645,399	628,451	622,616
<b>Selected Ratios:</b>					
Return on average assets(2)	0.75%	0.35%	(0.02)%	0.48%	0.40%
Return on average common equity	18.5	8.7	(1.3)	11.3	8.9
Common equity to total assets	4.1	4.2	4.2	4.1	4.2
Net impaired loans to net loans and bankers acceptances (period end)	(0.5)	(0.5)	(0.7)		(0.1)
Productivity(3)	74.0	83.3	75.8	79.8	81.2
Provision for credit losses as a % of net loans and bankers acceptances	(.30)	.15	2.24	.71	.39
Net common equity as a % of risk-weighted assets(4)(5)	9.0	6.9	5.1	5.3	4.3
Tier 1 capital to risk weighted assets(5)	12.6	10.5	8.1	8.4	7.2
Total capital to risk-weighted assets(5)	16.9	15.6	11.6	11.9	10.8
Common dividend payout ratio	39.9	76.2		52.6	59.0

(1) Equivalent to U.S.\$1.04 in fiscal 2004, U.S.\$0.81 in fiscal 2003, U.S.\$0.72 in fiscal 2002, U.S.\$0.70 in fiscal 2001 and U.S.\$0.62 in fiscal 2000, based on the exchange rate used at each payment date.

(2) Average assets are determined on a monthly basis.

(3) Non-interest expenses, as a percentage of the sum of net interest income and other income.

(4) Common shareholders' equity less net intangible assets and goodwill divided by risk weighted assets.

(5) Risk-weighted assets are determined in accordance with applicable Canadian bank regulations.

**Table of Contents****SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF BANKNORTH**

The following table sets forth certain selected consolidated financial information of Banknorth prepared in accordance with U.S. GAAP. This information as at and for each of the five years ended December 31, 2003, 2002, 2001, 2000 and 1999 has been derived from the consolidated financial statements of Banknorth and notes to the consolidated financial statements as filed with the SEC. The information as at and for the nine-month periods ended September 30, 2004 and September 30, 2003 has been derived from the unaudited consolidated financial statements and the notes thereto filed by Banknorth with the SEC, which reflect, in the opinion of Banknorth's management, all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of such information. Results for interim periods are not necessarily indicative of results which may be expected for any other interim period or for the fiscal year as a whole. The information presented below is only a summary and should be read in conjunction with the respective audited and unaudited financial statements of Banknorth, including the notes thereto, incorporated by reference in this proxy statement/ prospectus. See "Where You Can Find More Information" beginning on page 171.

	September 30, 2004	December 31,				
		2003	2002	2001	2000	1999
(U.S. \$ in millions, except per share data)						
<b>Balance Sheet Data:</b>						
Total assets	\$28,986	\$26,454	\$23,419	\$21,077	\$18,234	\$18,508
Securities(1)	7,463	7,247	6,948	6,157	5,881	6,873
Total loans and leases, net(2)	18,168	16,114	13,848	12,525	10,692	9,700
Goodwill and other intangibles	1,422	1,163	695	467	186	184
Deposits	19,370	17,901	15,665	14,221	12,107	11,711
Borrowings	6,357	5,883	5,433	4,602	4,659	5,466
Shareholders' equity	3,046	2,521	2,063	1,789	1,331	1,192
Nonperforming assets	68	63	69	81	67	69
Book value per share	17.50	15.54	13.70	11.83	9.42	8.22
Tangible book value per share	9.34	8.37	9.09	8.75	8.11	6.95

	Nine Months Ended September 30,		Year Ended December 31,				
	2004	2003	2003	2002	2001	2000	1999
(U.S. \$ in millions, except per share data)							
<b>Operations Data:</b>							
Interest and dividend income	\$927	\$903	\$1,193	\$1,235	\$1,264	\$1,330	\$1,227
Interest expense	240	275	352	439	584	726	613
Net interest income	687	628	841	796	680	604	614
Provision for loan and lease losses	30	32	42	44	42	24	24
Net interest income after provision for loan and lease losses	657	596	799	752	638	580	590
Net securities gains (losses)	10	40	42	7	1	(15)	1
Other noninterest income	259	243	325	267	239	226	191
Noninterest expense (excluding merger and consolidation costs and prepayment penalties on borrowings)	486	449	603	565	502	459	460
Merger and consolidation costs(3)	11	7	8	14	7	43	28
Prepayment penalties on borrowings		30	30		6		
Income before income tax expense	429	393	525	447	363	289	294
Income tax expense	145	134	174	148	124	97	97

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Net income before extraordinary item and cumulative effect of change in accounting principle	284	259	351	299	239	192	197
Cumulative effect of change in accounting principle, net of tax							
Net income	\$284	\$259	\$ 351	\$ 299	\$ 239	\$ 192	\$ 197

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	Nine Months Ended September 30,		Year Ended December 31,				
	2004	2003	2003	2002	2001	2000	1999
(U.S. \$ in millions, except per share data and ratios)							
Net income per share before extraordinary item and cumulative effect of change in accounting principle:							
Basic	\$ 1.68	\$ 1.61	\$ 2.18	\$ 2.01	\$ 1.73	\$ 1.33	\$ 1.35
Diluted	1.65	1.59	2.15	1.99	1.71	1.32	1.34
Net income per share:							
Basic	1.68	1.61	2.18	2.01	1.70	1.33	1.35
Diluted	1.65	1.59	2.15	1.99	1.68	1.32	1.34
Dividends per share	0.59	0.51	0.70	0.58	0.53	0.50	0.47

	At or For the Nine Months Ended September 30,		Year Ended December 31,				
	2004	2003	2003	2002	2001	2000	1999
<b>Other Data:</b>							
Return on average assets	1.35%	1.36%	1.37%	1.39%	1.29%	1.05%	1.12%
Return on average equity	13.61	14.45	14.51	16.25	16.48	15.69	16.42
Average equity to average assets	9.94	9.42	9.44	8.56	7.82	6.66	6.81
Interest rate spread(4)	3.44	3.40	3.41	3.69	3.43	3.05	3.33
Net interest margin(4)	3.67	3.67	3.66	4.07	3.99	3.60	3.80
Tier 1 leverage capital ratio at end of period	6.95	6.56	6.65	7.13	7.14	7.02	6.75
Dividend payout ratio	35.18	31.12	31.90	28.76	30.27	36.91	33.19
Efficiency ratio(5)	52.04	53.35	53.09	54.10	55.34	61.67	60.57
Nonperforming assets as a percent of total assets at end of period	0.23	0.27	0.24	0.29	0.39	0.37	0.37

- (1) Includes securities held to maturity.
- (2) Does not include loans held for sale.
- (3) Merger and consolidation costs consist of merger charges, charter consolidation costs, asset write-downs and branch closing costs where applicable.
- (4) Ratios are on a fully-tax equivalent basis.
- (5) The efficiency ratio represents noninterest expense as a percentage of net interest income and noninterest income.

**Table of Contents****SELECTED UNAUDITED PRO FORMA CONSOLIDATED  
FINANCIAL DATA OF TD**

The following tables set forth selected unaudited pro forma consolidated financial data of TD. The pro forma amounts included in the tables below have been prepared in accordance with Canadian GAAP (except where noted), are based on the purchase method of accounting and are presented as if the transaction had occurred (1) as at October 31, 2004 for the purposes of the pro forma consolidated balance sheet and (2) as at November 1, 2003 for the purposes of the unaudited pro forma consolidated statements of income for the fiscal year ended October 31, 2004. Pro forma earnings per share does not include the anticipated financial benefits from such items as cost savings and revenue enhancements arising from the transaction, or restructuring and other costs that may be incurred in connection with the transaction.

You should read this information in conjunction with, and the information is qualified in its entirety by, the consolidated financial statements and accompanying notes of TD and Banknorth incorporated into this proxy statement/ prospectus by reference and the unaudited pro forma consolidated financial statements of TD and accompanying discussions and notes beginning on page 119. See *Where You Can Find More Information* beginning on page 171. The pro forma amounts in the tables below are presented for informational purposes only. You should not rely on the pro forma amounts as being necessarily indicative of the financial position or results of operations of TD that would have actually occurred had the transaction been effective during the periods presented or the future financial position or results of operations of TD. The consolidated financial information as at the date and for the periods presented may have been different had the transaction actually been effective as at such date or during those periods.

	<b>As at October 31, 2004</b>
	<b>(C\$ in millions)</b>
<b>Balance Sheet Data:</b>	
Total assets	C\$351,008
Total assets (U.S. GAAP basis)	357,467
Loans (net of allowances for credit losses)	146,888
Loans (net of allowances for credit losses) (U.S. GAAP basis)	146,934
Total deposits	234,360
Total deposits (U.S. GAAP basis)	234,710
Total shareholders equity	15,928
Total shareholders equity (U.S. GAAP basis)	16,045
	<b>Year Ended October 31, 2004</b>
	<b>(C\$ in millions, except per share data)</b>
<b>Operations Data:</b>	
Net income	C\$2,383
Net income (U.S. GAAP basis)	1,954
Net income (basic) per common share	3.30
Net income (basic) per common share (U.S. GAAP basis)	2.72
Net income (diluted) per common share	3.28
Net income (diluted) per common share (U.S. GAAP basis)	2.70

**Table of Contents****Pro Forma Tier 1 Ratio**

TD prepares its capital ratios using Canadian guidelines for capital adequacy requirements as specified by the Superintendent of Financial Institutions of Canada. TD's Tier 1 ratio at October 31, 2004 was 12.6%.

Pro forma capitalization ratios include Banknorth's September 30, 2004 risk weighted assets. Adjustments to TD's consolidated Tier 1 capital arising from the transaction include adding the issuance of TD common shares, adding the non-controlling interest in subsidiaries and deducting the additional goodwill and intangibles (net of future tax and adjusted for intangible assets in excess of 5% of gross Tier 1 capital), but do not include adding Banknorth's trust preferred securities because it is not anticipated that TD would receive Tier 1 capital credit for these securities. The resulting pro forma Tier 1 capital ratio is 9.3%, which remains above the Superintendent of Financial Institutions of Canada's target level of 7%.

**Earnings Before Amortization of Intangibles**

TD prepares its financial statements in accordance with Canadian GAAP. TD also utilizes earnings before the amortization of intangibles to assess each of its businesses and to measure overall performance. To arrive at this measure, TD removes amortization of intangibles from Canadian GAAP earnings.

Currently, the majority of TD's intangible amortization relates to the Canada Trust acquisition in fiscal 2000. TD excludes amortization of intangibles as this approach ensures comparable treatment with goodwill, which is not amortized. Consequently, TD believes that earnings before amortization of intangibles provides the reader with an understanding of TD's results that can be consistently tracked from period to period.

As explained, earnings before amortization of intangibles is different from reported results determined in accordance with Canadian GAAP. Earnings before amortization of intangibles is not a defined term under Canadian GAAP, and therefore it may not be comparable to similar terms used by other issuers. The table below provides a reconciliation between TD's pro forma earnings before amortization of intangibles and its pro forma reported results determined in accordance with Canadian GAAP.

Pro forma earnings before amortization of intangibles, applicable to common shares and per common share, are determined after excluding the amortization expense arising from intangibles from the pro forma consolidated statement of income.

**Pro forma Consolidated Net Income**

	<b>Year Ended October 31, 2004</b>
	<b>(C\$ in millions, except share data)</b>
Net income applicable to common shares	C\$2,305
Impact of intangibles amortization expense (tax effected)	572
Earnings before amortization of intangibles	C\$2,877
Diluted average common shares outstanding ( <i>millions</i> )	702.8
Diluted net income per common share, before amortization of intangibles	C\$ 4.09



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**RISK FACTORS**

In addition to the other information included or incorporated by reference in this proxy statement/ prospectus, you should carefully consider the matters described below relating to the proposed transaction in deciding whether to vote for approval of the merger agreement and the proposals to approve the reincorporation of Banknorth from Maine to Delaware and the governance and other provisions in the post-transaction certificate of incorporation. Although the matters described below cover all material risks related to the transaction, they may not contain all of the information that is important to you in evaluating the transaction. Accordingly, we urge you to read the entire proxy statement/prospectus, including the appendices and the information included or incorporated by reference in this document.

***Because the TD exchange ratio is fixed and the market price of TD common shares may fluctuate, and because the value of the Banknorth Delaware common stock which you will receive is not known at this time, you cannot be certain of the dollar value of the merger consideration that you will receive upon completion of the mergers.***

Upon completion of the mergers, each Banknorth shareholder of record will be entitled to receive, in exchange for the shares of Banknorth common stock owned by such shareholder, a package of consideration consisting of (1) a number of TD common shares equal to 0.2351 multiplied by the number of shares of Banknorth common stock owned by such shareholder, (2) an amount in cash equal to \$12.24 multiplied by the number of shares of Banknorth common stock owned by such shareholder and (3) a number of shares of Banknorth Delaware common stock equal to 0.49 multiplied by the number of shares of Banknorth common stock owned by such shareholder, plus cash in lieu of any fractional share interests. Because the exchange ratio of 0.2351 TD common shares as part of the consideration for each Banknorth share is fixed, the value of the TD common shares issued in the acquisition merger will depend on the market price of TD common shares at the time they are issued. There will be no adjustment to the fixed number of shares of TD common stock issued to you based upon changes in the market price of TD common shares or Banknorth common stock prior to the closing. While Banknorth has the right to terminate the merger agreement if the market price of TD s common shares declines by more than 15% between the announcement of this transaction and a measuring period prior to the closing and this decline is more than 15 percentage points greater than the decline, if any, in an index of Canadian bank stocks over the same period, this termination right is not available to Banknorth if TD increases the exchange ratio as provided in the merger agreement. Accordingly, there can be no assurance that Banknorth would be able to exercise this termination right in the event of a significant decline in TD s common share price or that Banknorth s board would elect to exercise this right even if permitted to do so.

The dollar value of the merger consideration that you will receive also is dependent on the value of the shares of Banknorth Delaware common stock which you will receive upon completion of the mergers. The initial trading price of the Banknorth Delaware common stock upon completion of the mergers will reflect changes in the price of the Banknorth common stock prior to such time, as well as factors relating to completion of the mergers. The market price of the Banknorth common stock prior to the completion of mergers should reflect the fact that 51% of the outstanding shares will be converted in the mergers into TD common shares and cash representing a significant premium over Banknorth s stand-alone market prices, while the market price of the Banknorth Delaware common stock after the mergers will not reflect that implied premium. Accordingly, the pre-merger market price of the Banknorth common stock will not be directly comparable to the post-merger market price of the Banknorth Delaware common stock.

The market price of the Banknorth Delaware common stock and the TD common shares at the time the mergers are completed may vary from the respective prices of the Banknorth common stock and the TD common shares on the date the merger agreement was executed, on the date of this proxy statement/ prospectus and on the date of the special meeting as a result of various factors that are beyond the control of TD and Banknorth, including the following:

changes in the business, operations or prospects of TD or Banknorth;

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governmental or regulatory developments, including any limitations or conditions to consummation of the mergers;

changes in the interest rate environment;

changes in general economic conditions and the outlook for economic conditions;

changes in securities markets, including changes due to terrorist activities, world events or other factors;

the market assessment of the benefits of the mergers and of the likelihood that the mergers will be completed; and

the timing of the completion of the mergers.

Certain institutional shareholders of Banknorth may only be able to own shares of U.S. companies and therefore may not be permitted to hold TD common shares, and others may not wish to hold TD common shares for various reasons, including because TD is not a U.S. company. As a result, related sales are likely to occur prior to or following the completion of the mergers. If the supply of TD common shares is significantly greater than the associated demand, the market price of the TD common shares may significantly decline, in which case there can be no assurance that the market price would thereafter recover.

In addition to the approval of Banknorth's shareholders, completion of the mergers is subject to receipt of regulatory approvals and satisfaction of other conditions that may not occur until some time after the special meeting. Therefore, at the time of the special meeting you will not know the precise dollar value of the merger consideration you will become entitled to receive at the effective time of the mergers. You are urged to obtain a current market quotation for the TD common shares and the Banknorth common stock.

***The rights of Banknorth shareholders will change as a result of the mergers.***

Following the completion of the mergers, Banknorth shareholders will no longer be shareholders in Banknorth, a Maine corporation, but will instead be shareholders of both Banknorth Delaware, a Delaware corporation, and TD, a Canadian chartered bank. The post-transaction certificate of incorporation and the stockholders agreement that Banknorth Delaware and TD have entered into contain a number of governance and other provisions that will affect the rights of all Banknorth Delaware shareholders. There will be important differences between your current rights as a shareholder of Banknorth, on the one hand, and the rights to which you will be entitled as a shareholder of Banknorth Delaware and of TD, on the other hand. For example:

Banknorth Delaware and its shareholders will not be entitled to the protection of the anti-takeover provisions contained in Sections 1109 and 1110 of the Maine Business Corporation Act. As a result, Banknorth Delaware will not be restricted from engaging in a business combination with TD in its capacity as the holder of 25% or more of the outstanding Banknorth Delaware common stock under Section 1109 of the Maine Business Corporation Act. In addition, the shareholders of Banknorth and Banknorth Delaware will not have the opportunity to demand payment in cash of the fair value of their shares, under Section 1110 of the Maine Business Corporation Act, from TD in connection with the transactions contemplated by the merger agreement or from any other person or entity which subsequently acquires 25% or more of the outstanding Banknorth Delaware common stock. See Proposal No. 2: The Reincorporation of Banknorth from Maine to Delaware beginning on page 100.

The Banknorth board of directors is divided into three classes and one-third of the directors are elected annually to serve three-year terms, whereas all members of the TD board of directors are, and all members of the Banknorth Delaware board of directors will be, elected annually for one-year terms.

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Banknorth's and TD's governing documents provide that shareholder action may be taken without a meeting of shareholders if all shareholders entitled to vote with respect to the action consent in writing to that action. Banknorth Delaware's governing documents upon completion of the mergers will provide that such action may be taken by written consent of at least the number of shareholders whose vote would be required to take the action if it were taken upon a vote at a meeting of shareholders. As a result, TD's 51% ownership of Banknorth Delaware will allow it to take most actions that require shareholder approval by written consent, without the requirement that Banknorth Delaware call a special meeting of shareholders.

The rights of shareholders of Banknorth Delaware will also be affected by a number of the rights granted to TD as the controlling shareholder of Banknorth Delaware. For a discussion of these rights, see the risk factor captioned "TD will exercise significant control over Banknorth Delaware" below and "The Stockholders Agreement" beginning on page 109.

For a more detailed discussion of the differences in the rights of shareholders of Banknorth, Banknorth Delaware and TD, see also "Comparison of Shareholder Rights" beginning on page 143.

***Some directors and executive officers of Banknorth have interests in the transaction that may differ from the interests of shareholders including, if the mergers are completed, the receipt of financial and other benefits.***

When considering the recommendation of Banknorth's board of directors, you should be aware that some executive officers and directors of Banknorth may have interests in the transaction that are different from your interests. For example, some executive officers have entered into agreements with Banknorth in connection with the mergers that provide, among other things, restricted stock unit grants, retention and non-competition payments and termination benefits following the transaction. Assuming the transaction is completed on March 1, 2005, Banknorth's eight executive officers may be entitled to receive, under these agreements and incentive plans, approximately \$82.0 million in the aggregate, which amount includes non-competition and retention payments, amounts attributable to the accelerated vesting of restricted stock units, severance payments and amounts attributable to the value of supplemental retirement benefit enhancements. In addition, these eight officers would be entitled to accelerated vesting of their then-unvested stock options and approximately \$11.1 million of gross-up payments to cover excise taxes imposed under Section 4999 of the Internal Revenue Code. The aggregate amounts described above and the right to accelerated vesting of stock options assume that the executive officers who entered into employment and retention agreements are terminated without cause immediately following the completion of the transaction, which is not expected to occur. These and some other additional interests of Banknorth directors and executive officers may create potential conflicts of interest and cause some of these persons to view the proposed transaction differently than you may view it, as a shareholder. See "The Transaction" "Interests of Banknorth's Executive Officers and Directors in the Transaction" beginning on page 67.

***TD will exercise significant control over Banknorth Delaware.***

When the mergers are completed, TD will own approximately 51% of the outstanding shares of Banknorth Delaware common stock and may acquire additional shares subject to some limitations. As a result, TD generally will have the ability to control the outcome of any matter submitted for the vote or consent of Banknorth Delaware shareholders. The stockholders agreement provides that TD may increase the number of Class B directors (who are elected exclusively by TD) at any time to a majority of the entire board and that all corporate action by the Banknorth Delaware board will require the affirmative vote of both a majority of the entire board as well as a majority of the Class B directors (whether or not the Class B directors then constitute a majority of the entire board). Accordingly, TD generally will be able to control the outcome of all matters that come before the Banknorth Delaware board except in the specific instances where the stockholders agreement requires separate approval of the designated independent directors. The stockholders agreement and related provisions of the post-transaction certificate of incorporation also permit TD to retain its majority position on the Banknorth Delaware board and certain of its governance rights for limited periods of time even after its ownership of Banknorth Delaware

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common stock has declined below 50% (but not below 35%) of the outstanding shares. As a result of TD's controlling interest in Banknorth Delaware, TD will have the power, subject to applicable law, to take actions that might be favorable to TD but not necessarily favorable to other Banknorth Delaware shareholders. In addition, TD's ownership position and governance rights will prevent Banknorth Delaware from participating in a change of control transaction with a third party in the future unless TD consents to such transaction. Moreover, TD will be under no obligation to purchase all of the remaining publicly-held shares of Banknorth Delaware at any particular time and may, in its discretion, purchase significant additional amounts of Banknorth Delaware common stock (but generally not in excess of 66 2/3% of the outstanding shares) in the open market or otherwise without making an offer for all remaining publicly-held shares. As a result, the stock of Banknorth Delaware could trade at prices that do not reflect a takeover premium to the same extent as do the stocks of similarly-situated companies that do not have a majority or significant shareholder.

In addition, TD is generally free under the stockholders agreement, after the third anniversary of the completion of the mergers (and in some circumstances after the second anniversary), to transfer some or all of its shares of Banknorth Delaware common stock, including a controlling block, to a third party (although in some circumstances TD must give Banknorth Delaware the opportunity to purchase such transferred shares (which it could assign to another buyer) and/or allow the public shareholders of Banknorth Delaware to transfer a pro rata portion of their shares on the same financial terms as TD). Accordingly, there can be no assurance that in the future TD will continue to be Banknorth's controlling shareholder.

Targeted acquisitions of other banks have been an important strategy of Banknorth. The ability to accomplish such acquisitions depends on a number of factors, including the selling bank's perception of the quality of the consideration that is being offered in the transaction, expectations for the prospects of the combined institution after the merger and, where stock is part of the consideration as it frequently has been, the anticipated performance and liquidity of the buyer's stock following the merger. There can be no assurance that future acquisition targets will view Banknorth Delaware, or the liquidity and growth potential of its stock, as favorably following the mergers as they did prior to the announcement of the proposed transaction with TD. Accordingly, while we expect that Banknorth Delaware will continue to grow by acquisition after the mergers, there can be no assurance that Banknorth Delaware will be able to continue to identify and execute beneficial acquisition opportunities following the mergers.

***Conflicts of interest may arise between TD and Banknorth Delaware, which may be resolved in a manner that adversely affects Banknorth Delaware's business, financial condition or results of operations.***

Conflicts of interest may arise between Banknorth Delaware, on the one hand, and TD and its other affiliates, on the other hand, in areas relating to past, ongoing and future relationships, including corporate opportunities, potential acquisitions or financing transactions, sales or other dispositions by TD of its interest in Banknorth Delaware and the exercise by TD of its potential to control the management and affairs of Banknorth Delaware. It is expected that after the mergers a significant number (and potentially a majority) of the directors on the Banknorth Delaware board will be persons who are also officers or directors of TD and its subsidiaries. Service as a director or officer of both Banknorth Delaware and TD or its other subsidiaries could create conflicts of interest if such directors or officers are faced with decisions that could have materially different implications for Banknorth Delaware and for TD. The post-transaction certificate of incorporation and the stockholders agreement contain provisions relating to the allocation of business opportunities that may be suitable for both Banknorth Delaware and TD. The parties have not established any other formal procedures for Banknorth Delaware and TD to resolve potential or actual conflicts of interest between them. There can be no assurance that any of the foregoing conflicts will be resolved in a manner that does not adversely affect the business, financial condition or results of operations of Banknorth Delaware.

In addition, although the stockholders agreement restricts TD's ability to conduct a branch-based banking business in the United States other than through Banknorth Delaware, there are a number of limitations and exceptions to those restrictions, including operations conducted directly by TD branches

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and agencies, banking support of the TD Waterhouse brokerage business (including through TD's existing U.S. insured depository institution, TD Waterhouse Bank, N.A.) and the ability to at least temporarily operate banks acquired by TD incidentally to a business combination between TD and a third party. It is possible that some of those businesses may compete with Banknorth Delaware and may have greater resources to do so. Moreover, because TD currently controls a depository institution in the United States the deposits of which are insured by the Federal Deposit Insurance Corporation and may in the future control others, Banknorth Delaware's subsidiary bank, Banknorth, NA, could be assessed for losses suffered or anticipated by the Federal Deposit Insurance Corporation as a result of a default by, or assistance provided by the Federal Deposit Insurance Corporation in connection with the potential default by, another insured depository institution controlled by TD. Any such assessment would be senior to the claims of Banknorth Delaware as shareholder and may adversely affect the business, financial conditions or results of operations of Banknorth Delaware. In addition, TD will have other obligations under U.S. banking laws to any such other depository institutions in the United States that it controls, including an obligation to guarantee, subject to certain limits, any plan of prompt corrective action such an institution is required to undertake should it become undercapitalized. Should these obligations arise, they may limit TD's ability to make capital available to, and otherwise support, Banknorth Delaware.

***TD, as the majority shareholder of Banknorth Delaware, will have limited fiduciary duties to the minority shareholders of Banknorth Delaware.***

Because TD will be the controlling shareholder of Banknorth Delaware following completion of the mergers, TD will owe fiduciary duties, under Delaware common law, to Banknorth Delaware and the other shareholders of Banknorth Delaware. The fiduciary duties of controlling shareholders under Delaware law, however, are limited in a number of respects. For example, a controlling shareholder generally may sell its shares of stock in the corporation to any buyer and at any price it wishes, as long as the shareholder does not have reason to suspect that the buyer will harm the corporation or the non-controlling shareholders. A controlling shareholder is also generally entitled to vote its shares as it chooses, including to advance its own financial interest. Moreover, Delaware courts have stated that the law generally does not require that a controlling shareholder sacrifice its own financial interest in the enterprise for the sake of the corporation or its minority shareholders. Accordingly, a controlling shareholder is not under a duty to sell its holdings in the corporation or to agree to a sale of the corporation merely because the sale would profit the minority. While the determination of the fiduciary obligations of TD in any particular context will depend on the specific facts, as a controlling shareholder TD will have significant discretion to act in its own interest with respect to the voting and sale of its shares and will have limited fiduciary duties to Banknorth Delaware and its minority shareholders with respect to these matters.

***The ability of TD and Banknorth Delaware to pay dividends to their shareholders is subject to regulatory requirements.***

The ability of TD, Banknorth and, upon completion of the mergers, Banknorth Delaware to pay dividends to their shareholders is subject to various regulatory requirements. At September 30, 2004, Banknorth, NA had \$689.3 million available for dividends that could be paid without prior regulatory approval. At November 1, 2004, TD would be able to pay dividends of approximately C\$0.5 billion without prior regulatory approval. For a description of the requirements which are applicable to TD, see "Description of TD Share Capital Limitations Affecting Holders of TD Common Shares" beginning on page 138, and for a description of the requirements which are applicable to Banknorth Delaware, see "Description of Banknorth Delaware Capital Stock Regulatory Limitations" beginning on page 141.

Banknorth Delaware currently intends to continue Banknorth's quarterly dividend policy, but the merger agreement does not commit Banknorth, Banknorth Delaware or TD to do so.

***The mergers are subject to the receipt of consents and approvals from government entities that may not be received or that may impose conditions that could have an adverse effect on TD or Banknorth Delaware.***

We cannot complete the mergers unless we receive various consents, orders, approvals and clearances from the Federal Reserve Board, the Superintendent of Financial Institutions of Canada and other bank

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regulatory, antitrust and other authorities in the U.S. While we believe that we will receive the requisite regulatory approvals from these authorities, there can be no assurance of this. In addition, these authorities may impose conditions on the completion of the mergers or require changes to the terms of the mergers. While TD and Banknorth do not currently expect that any such conditions or changes would be imposed, there can be no assurance that they will not be, and such conditions or changes could have the effect of delaying completion of the mergers or imposing additional costs on or limiting the revenues of TD or Banknorth Delaware following the mergers, any of which may have an adverse effect on TD or Banknorth Delaware following the mergers. See *The Transaction Regulatory Matters Related to the Mergers* beginning on page 81 and *Proposal No. 1: The Merger Agreement Conditions to the Mergers* beginning on page 96.

***TD expects to maintain its status as a foreign private issuer in the U.S. and thus will be exempt from a number of rules under the U.S. Securities Exchange Act of 1934 and will be permitted to file less information with the SEC than a company incorporated in the United States.***

As a foreign private issuer, TD is exempt from rules under the U.S. Securities Exchange Act of 1934, or Exchange Act, that impose disclosure requirements, as well as procedural requirements, for proxy solicitations under Section 14 of the Exchange Act. In addition, TD's officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions of Section 16 of the Exchange Act. Moreover, TD is not required to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act, nor is it generally required to comply with Regulation FD, which restricts the selective disclosure of material nonpublic information. Accordingly, there may be less information concerning TD publicly available than there is for U.S. public companies such as Banknorth and, following the mergers, Banknorth Delaware. In addition, TD is permitted, under a multi-jurisdictional disclosure system adopted by the United States and Canada, to prepare its disclosure documents in accordance with Canadian disclosure requirements, including preparing its financial statements in accordance with Canadian generally accepted accounting principles, which differ in some respects from U.S. generally accepted accounting principles.

***Upon completion of the acquisition merger, holders of Banknorth common stock will also become holders of TD common shares, and the market price for TD common shares may be affected by factors different from those that historically have affected Banknorth or may in the future affect Banknorth Delaware.***

Upon completion of the mergers, holders of Banknorth Delaware common stock will also become holders of TD common shares. TD's businesses differ from those of Banknorth Delaware, and accordingly the results of operations of TD will be affected by some factors different from those currently affecting the results of operations of Banknorth. For a discussion of the businesses of Banknorth and TD and of some important factors to consider in connection with those businesses, see the documents incorporated by reference in this proxy statement/prospectus and referred to under *Where You Can Find More Information* beginning on page 171.

***Applicable laws restrict the purchase, sale and transfer of TD's securities.***

The Bank Act of Canada contains restrictions on the purchase or other acquisition, issue, transfer and voting of TD shares. Under the terms of these restrictions, no person is permitted to acquire any shares of TD if the acquisition would cause the person to have a significant interest in any class of shares of TD, without obtaining the prior approval of the Minister of Finance of Canada. In addition, TD is not permitted to record any transfer or issue of shares of TD if the transfer or issue would cause the person to have a significant interest in TD, unless prior approval is obtained from the Minister of Finance. No person who has a significant interest in TD may exercise any voting rights attached to the shares held by that person, unless that prior approval of the Minister of Finance was obtained. For these purposes, a person has a significant interest in a class of shares of TD where the aggregate of any shares of that class beneficially owned by that person, any entity controlled by that person and by any person acting jointly or in concert with that person exceeds 10% of all of the outstanding shares of that class of shares of TD. If a

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person contravenes any of these restrictions, the Minister of Finance may, by order, direct that person to dispose of all or any portion of those shares.

In addition, under the Bank Act of Canada, the Minister of Finance may only approve the acquisition of up to 30% of the shares of any class of non-voting shares and up to 20% of the shares of any class of voting shares and provided, in each case, that the person acquiring those shares does not have any direct or indirect influence over TD that, if exercised, would result in that person having de facto control of TD. For these purposes, the shares beneficially owned by that person, any entity controlled by that person and by any person acting jointly or in concert with that person with respect to TD common shares are aggregated. In addition, the Bank Act of Canada prohibits banks, including TD, from recording a transfer or issuing shares of any class to Her Majesty in right of Canada or of a province, an agent of Her Majesty, a foreign government or an agent of a foreign government.

Finally, the government of Canada has placed a temporary moratorium on mergers among Canada's largest financial institutions, including TD and its peers. The government has stated that it will lift this moratorium once it has had the opportunity to complete a policy review of its merger review guidelines. No precise timetable for the completion of this review has been announced.

The restrictions contained in the Bank Act of Canada and the Canadian government's policies may deter, delay or prevent a future acquisition of a significant interest in TD and will prevent the acquisition of control of TD, including transactions that could be perceived as advantageous to TD's shareholders.

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**CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS**

Some of the statements contained or incorporated by reference in this proxy statement/ prospectus, including those relating to TD's and Banknorth's strategies and other statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as expects, anticipates, intends, plans, believes, estimates or similar expressions, are forward-looking statements within the meaning of Section 21E of the Exchange Act and Section 27A of the U.S. Securities Act of 1933, or Securities Act. Without limiting the generality of the preceding sentence, statements contained in the sections The Transaction Banknorth's Reasons for the Transaction, Opinions of Banknorth's Financial Advisors, TD Projections, August 17, 2004 Presentation by KBW to the Banknorth Board and TD's Reasons for the Transaction include forward-looking statements. These statements are not historical facts but instead represent only TD's and/or Banknorth's expectations, estimates and projections regarding future events.

The forward-looking statements contained or incorporated by reference in this proxy statement/ prospectus are not guarantees of future performance and involve certain risks and uncertainties that are difficult to predict. The future results and shareholder values of TD, Banknorth and Banknorth Delaware may differ materially from those expressed in the forward looking statements contained or incorporated by reference in this proxy statement/ prospectus due to, among other factors, the matters set forth under Risk Factors beginning on page 32 and the factors detailed in each company's filings with the SEC, including the factors detailed in TD's Form 40-F for its fiscal year ended October 31, 2004, TD's reports on Form 6-K and Banknorth's annual report on Form 10-K for the year ended December 31, 2003 and Banknorth's quarterly reports on Form 10-Q and current reports on Form 8-K. Neither TD nor Banknorth undertakes any obligation to update or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this proxy statement/ prospectus or to reflect the occurrence of unanticipated events, except as required by law.



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**THE SPECIAL MEETING**

**Date, Time and Place**

A special meeting of shareholders of Banknorth will be held at 10:00 a.m., local time, on February 18, 2005 at the Portland Marriott Hotel, 200 Sable Oak Drive, South Portland, Maine 04106.

**Matters to be Considered**

The purposes of the special meeting are to consider and vote on:

a proposal to approve the merger agreement;

a proposal to approve the reincorporation of Banknorth from Maine to Delaware as provided by the merger agreement, which, among other things, will result in the inapplicability of Sections 1109 and 1110 of the Maine Business Corporation Act, antitakeover provisions which restrict business combinations between Banknorth and a significant shareholder and which give Banknorth's shareholders the right to demand payment of the fair value of their shares from a person or entity which becomes a significant shareholder;

proposals to approve the governance and other provisions in the post-transaction certificate of incorporation of Banknorth Delaware, consisting of the following proposals:

a proposal to approve provisions authorizing the Class B common stock, which will be held by TD and will facilitate its exercise of control of the board of directors as majority shareholder of Banknorth Delaware;

a proposal to approve provisions relating to the composition and powers of the board of directors of Banknorth Delaware and its committees, which will facilitate TD's ability to control the board and its committees;

a proposal to approve a provision which permits action by less than unanimous written consent of shareholders in some circumstances;

a proposal to approve a provision which increases the ownership threshold required for shareholders to call a special meeting of shareholders;

a proposal to approve the elimination of Banknorth's classified board and elect all directors annually;

a proposal to approve the elimination of the fair price provision in Banknorth's articles of incorporation;

a proposal to approve the elimination of the super-majority voting requirements in Banknorth's articles of incorporation relating to charter amendments;

a proposal to approve the elimination of the provision in Banknorth's articles of incorporation requiring the board of directors to consider the interests of non-shareholder constituencies;

a proposal to include a provision in the post-transaction certificate of incorporation which limits the ability of Banknorth Delaware to adopt antitakeover provisions that are inconsistent with TD's rights under the stockholders agreement;

a proposal to include a provision in the post-transaction certificate of incorporation by which Banknorth opts out of coverage under Section 203 of the Delaware General Corporation Law, a statute which restricts business combinations between corporations and their significant shareholders;

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a proposal to approve the grant to TD, under the stockholders agreement, of the right to subscribe for additional securities of Banknorth Delaware in order to maintain its ownership percentage, in lieu of providing TD preemptive rights in the post-transaction certificate of incorporation as permitted by the Delaware General Corporation Law, and the right to contribute additional capital in return for additional shares of Banknorth Delaware common stock; and

a proposal to approve a provision which allocates corporate opportunities between Banknorth Delaware and TD.

**The approval of each of these proposals is a condition to the completion of the transaction. Therefore, if Banknorth shareholders wish to approve the transaction, they must approve all of these proposals.**

At the special meeting Banknorth shareholders will also be asked to consider and vote on:

a proposal to adjourn the special meeting if necessary to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting to approve any of the foregoing proposals; and

any other matters that may properly come before the special meeting or any adjournment or postponement of the special meeting.

At this time, the Banknorth board of directors is unaware of any matters, other than those set forth in the preceding sentence, that may properly come before the special meeting.

**Shares Outstanding Entitled to Vote; Record Date**

The close of business on December 13, 2004 has been fixed by Banknorth as the record date for the determination of holders of Banknorth common stock entitled to notice of and to vote at the special meeting and any adjournment or postponement of the special meeting. At the close of business on the record date, there were 178,559,086 shares of Banknorth common stock outstanding and entitled to vote. Each share of Banknorth common stock entitles the holder to one vote at the special meeting on all matters properly presented at the meeting.

**How to Vote Your Shares**

Shareholders of record may vote by telephone, via the Internet, by mail or by attending the special meeting and voting in person. Our telephone and voting procedures are designed to authenticate shareholders.

Voting by Telephone: You can vote your shares by telephone by calling the toll-free telephone number on your proxy card. Telephone voting is available 24 hours a day. Easy-to-follow voice prompts allow you to vote your shares and confirm that your instructions have been properly recorded. Our telephone voting procedures are designed to authenticate shareholders by using individual control numbers. **IF YOU VOTE BY TELEPHONE, YOU DO NOT NEED TO RETURN YOUR PROXY CARD.**

Voting via the Internet: You can vote via the Internet by accessing the web site listed on your proxy card and following the instructions you will find on the web site. Internet voting is available 24 hours a day. As with telephone voting, you will be given the opportunity to confirm that your instructions have been properly recorded. **IF YOU VOTE VIA THE INTERNET, YOU DO NOT NEED TO RETURN YOUR PROXY CARD.**

Voting by Mail: If you choose to vote by mail, simply mark the enclosed proxy card, date and sign it, and return it in the postage paid envelope provided.

If your shares are held in the name of a bank, broker or other holder of record, you will receive instructions from the holder of record that you must follow in order for your shares to be voted. Please

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follow their instructions carefully. Also, please note that if the holder of record of your shares is a broker, bank or other nominee and you wish to vote at the special meeting, you must request a legal proxy from your bank, broker or other nominee that holds your shares and present that proxy and proof of identification at the special meeting.

If you are a participant in the Banknorth 401(k) Plan or the Employee Stock Ownership Plan of Cape Cod Bank & Trust Company, you may give voting instructions to American Stock Transfer & Trust Company, our transfer agent, by completing and returning a voting instruction ballot distributed to plan participants along with this proxy statement, or by telephone or via the Internet as described on your ballot. Our transfer agent will certify the totals for the plans to Banknorth, NA, which acts as trustee for the plans, for the purpose of having those shares voted in accordance with your instructions.

## **How to Change Your Vote**

You will have the power to revoke your proxy at any time before it is exercised by:

delivering to the clerk of Banknorth prior to the special meeting a written notice of revocation (Carol L. Mitchell, Esq., Executive Vice President, General Counsel, Secretary and Clerk, Banknorth Group, Inc., P.O. Box 9540, Two Portland Square, Portland, Maine 04112-9540);

delivering to Banknorth prior to the special meeting a properly executed proxy with a later date;

voting on a later date by telephone or via the Internet (only your last telephone or Internet proxy will be counted); or

attending the special meeting and giving the clerk notice of your intention to vote in person.

Attendance at the special meeting will not, in and of itself, constitute revocation of a proxy.

## **Counting Your Vote**

If you provide specific voting instructions, your shares will be voted as instructed. If you hold shares in your name and sign and return a proxy card or vote by telephone or via the Internet without giving specific voting instructions, your shares will be voted FOR approval of the merger agreement, FOR approval of each of the proposals to approve the reincorporation of Banknorth from Maine to Delaware and the governance and other provisions in the post-transaction certificate of incorporation, and FOR the proposal to adjourn the special meeting if necessary to permit further solicitation of proxies on any of the foregoing proposals.

At this time, we are unaware of any matters, other than set forth above, that may properly come before the special meeting. If any other matters properly come before the special meeting, the persons named as proxies will vote in accordance with their judgment with respect to such matters.

Proxies solicited may be voted only at the special meeting and any adjournment or postponement of the special meeting and will not be used for any other meeting.

## **Broker Non-Votes**

Any broker non-votes submitted by brokers or nominees in connection with the special meeting will not be counted for purposes of determining the number of votes cast on a proposal but will be treated as present for quorum purposes. Broker non-votes are shares held by brokers or nominees as to which voting instructions have not been received from the beneficial owners or the persons entitled to vote those shares and the broker or nominee does not have discretionary voting power under rules applicable to broker-dealers. Under these rules, the proposal to approve the merger agreement, the proposal to approve the reincorporation of Banknorth from Maine to Delaware, the proposals to approve the governance and other provisions in the post-transaction certificate of incorporation and the proposal to adjourn the special meeting are not items on which brokerage firms may vote in their discretion on behalf of their clients if

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such clients have not furnished voting instructions within ten days of the special meeting. Because the proposal to approve the merger agreement is required to be approved by the holders of a majority of the outstanding shares of Banknorth common stock, abstentions and broker non-votes will have the same effect as a vote against the proposal to approve the merger agreement at the special meeting. And for the same reason, the failure of any Banknorth shareholder to vote by proxy or in person at the special meeting will have the effect of a vote against this proposal. Because of the vote required for the proposals to approve the reincorporation of Banknorth from Maine to Delaware and the governance and other provisions in the post-transaction certificate of incorporation and the proposal to adjourn the special meeting, abstentions and broker non-votes will have no effect on these proposals.

### **Quorum and Required Votes**

A quorum, consisting of the holders of a majority of the issued and outstanding shares of Banknorth common stock, must be present in person or by proxy before any action may be taken at the special meeting. Abstentions will be treated as shares that are present for purposes of determining the presence of a quorum but will not be counted in the voting on a proposal.

*Proposal No. 1: The Merger Agreement.* The affirmative vote of the holders of a majority of the outstanding shares of Banknorth common stock, voting in person or by proxy, is necessary to approve the merger agreement.

*Proposal Nos. 2 and 3A-L: The Reincorporation of Banknorth from Maine to Delaware and the Post-Transaction Certificate of Incorporation.* All of the proposals relating to the proposed transaction are integral parts of a single transaction agreed to by TD and Banknorth and reflected in the merger agreement. In order to comply with applicable rules of the SEC relating to proxy statements, proposal nos. 2 and 3A-L are presented to Banknorth shareholders as separate proposals. As a matter of state law, Banknorth shareholder approval of the merger agreement, as contemplated by proposal no. 1, is the only approval required to approve all transactions contemplated by the merger agreement, including the reincorporation of Banknorth from Maine to Delaware and the adoption of the post-transaction certificate of incorporation. Accordingly, as provided by Banknorth's by-laws, the required vote to approve each of proposal nos. 2 and 3A-L is the affirmative vote of a majority of the votes cast on the proposal at the special meeting. **The approval of each of proposal nos. 2 and 3A-L is a condition to completion of the mergers, and thus a vote against any of these proposals effectively will be a vote against the transaction.**

*Proposal No. 4 and Any Other Proposals.* The affirmative vote of the holders of a majority of the votes cast on the matter at the special meeting is required to approve the proposal to adjourn the special meeting if necessary to permit further solicitation of proxies on any of the foregoing proposals and any other matter properly submitted to shareholders for their consideration at the special meeting.

The directors and executive officers of Banknorth and their respective affiliates collectively owned approximately 1.2% of the outstanding shares of Banknorth common stock as of December 13, 2004 (inclusive of shares subject to stock options which may be exercised within 60 days following that date). See *Beneficial Ownership of Banknorth Common Stock* on page 132. It is anticipated that all officers and directors, with the exception of John Otis Drew, will vote their shares in favor of the proposal to approve the merger agreement and the proposals to approve the reincorporation of Banknorth from Maine to Delaware and the governance and other provisions in the post-transaction certificate of incorporation.

As of the close of business on the record date for the special meeting, TD beneficially owned less than 0.01% of the outstanding shares of Banknorth common stock and, to the knowledge of TD, none of its directors and executive officers beneficially owned any shares of Banknorth common stock.

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**Solicitation of Proxies**

Banknorth will pay for all costs incurred by it in connection with the solicitation of proxies from its shareholders on behalf of its board of directors, except that Banknorth and TD will share equally the cost of printing and mailing this document and the fee payable to the SEC in connection with the filing of the registration statement of which this document is a part. In addition to solicitation by mail, the directors, officers and employees of Banknorth, TD and their respective subsidiaries may solicit proxies from shareholders of Banknorth in person or by telephone, telegram, facsimile or other electronic methods without compensation other than reimbursement for their actual expenses.

Banknorth has retained Morrow & Co., Inc., a professional proxy solicitation firm, to assist it in the solicitation of proxies for the special meeting. Banknorth will pay Morrow & Co. a fee of \$125,000 in connection with the transaction, plus reimbursement for reasonable out-of-pocket expenses.

Arrangements also will be made with brokerage firms and other custodians, nominees and fiduciaries for the forwarding of solicitation material to the beneficial owners of stock held of record by such persons, and Banknorth will reimburse such custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses in connection therewith.

**Recommendation of the Board of Directors**

The Banknorth board of directors has approved the merger agreement, the transactions contemplated by the merger agreement (including the reincorporation of Banknorth from Maine to Delaware) and the post-transaction certificate of incorporation, including the governance and other provisions contained in that document. Based on Banknorth's reasons for the merger described in this document, including the fairness opinions of Keefe, Bruyette & Woods and Lehman Brothers, the board of directors of Banknorth believes that the merger agreement and the transactions contemplated by the merger agreement are in the best interests of Banknorth's shareholders and recommends that you vote FOR approval of the merger agreement. See The Transaction Banknorth's Reasons for the Transaction beginning on page 49. The Banknorth board of directors also recommends that you vote FOR approval of each of the proposals to approve the reincorporation of Banknorth from Maine to Delaware and the governance and other provisions in the post-transaction certificate of incorporation, and FOR approval of the proposal to adjourn the special meeting if necessary to solicit additional proxies to vote in favor of any of the foregoing proposals.

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**THE TRANSACTION**

**Background of the Transaction**

As part of its continuing efforts to improve Banknorth's community banking franchise and enhance shareholder value, Banknorth's board of directors and management, together with Banknorth's financial advisors, have periodically reviewed various strategic options available to Banknorth, including, among other things, continued independence, the acquisition of other institutions and a strategic merger with or acquisition by another financial institution. These evaluations have included annual meetings between the board of directors of Banknorth and representatives of Keefe, Bruyette & Woods Inc., or KBW, to discuss Banknorth's strategic options. In the course of these periodic reviews, the board of directors and management have considered, among other things, trends in the local, regional and national financial institutions merger and acquisition market, as well as information about companies that were possible merger targets for Banknorth and companies that were considered to be possible acquirors of Banknorth.

In recent years, management of Banknorth and representatives of KBW have communicated informally with representatives of other larger financial institutions with respect to their views regarding the banking industry and their respective companies' strategic direction. None of these discussions, other than with TD as described below, proceeded beyond the exploratory stage and no understanding with respect to the terms of any potential transaction was reached.

In considering a potential transaction with TD, the board of directors of Banknorth evaluated the ability and interest of other potential acquirors of Banknorth. This evaluation took into account information presented by Banknorth's financial advisors regarding potential acquirors, the above-referenced discussions with other larger financial institutions in recent years and a recent confirmation by KBW that a particular potential acquiror did not currently have an interest in pursuing a business combination with Banknorth. Based on this evaluation, Banknorth determined that it was unlikely that another company had the ability and interest to acquire Banknorth at this time and decided to proceed to negotiate a merger agreement with TD without formally soliciting other potential acquirors.

On March 8, 2004, William J. Ryan, Chairman, President and Chief Executive Officer of Banknorth, had an introductory meeting with W. Edmund Clark, President and Chief Executive Officer of TD, and J. David Livingston, Executive Vice President - Corporate Development of TD, in New York, New York. This meeting was held following a call from Goldman, Sachs & Co., TD's financial advisor, to Mr. Ryan earlier in the year advising Mr. Ryan that Mr. Clark would like to meet him. At this initial meeting, Mr. Clark outlined his views of a potential transaction between TD and Banknorth. At this time and throughout the discussions and negotiations that followed, TD proposed a transaction involving the acquisition of 51% of the outstanding stock of Banknorth. TD determined that this structure was preferable to the acquisition of 100% of Banknorth because TD would be able to retain greater capital resources to fund potential future acquisitions by Banknorth, which was a key reason for TD's interest in a transaction with Banknorth. In addition, the proposed structure would maintain a U.S. share currency for potential future acquisitions by Banknorth and would provide additional options for management and employee incentive compensation. For the reasons described in greater detail under Banknorth's Reasons for the Transaction beginning on page 49, Banknorth's board and management concluded that the structure offered several significant benefits for Banknorth and its shareholders, and accordingly determined to continue discussions with TD on a possible transaction based on this structure.

On April 6, 2004, Mr. Ryan and Peter J. Verrill, Senior Executive Vice President and Chief Operating Officer of Banknorth, met with Mr. Livingston in Portland, Maine. Following this meeting, on April 16, 2004, TD and Banknorth entered into a confidentiality agreement, and on April 21, 2004 Banknorth sent certain information regarding it to TD.

On April 27, 2004, representatives of KBW met with Messrs. Ryan and Verrill in Portland, Maine to discuss strategic alternatives that may be available to Banknorth, including a potential transaction with TD.

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On May 18, 2004, Messrs. Ryan, Clark and Livingston met in Portland, Maine to discuss a potential transaction between TD and Banknorth. At this meeting, they discussed possible financial terms and governance arrangements.

On May 26, 2004, Mr. Ryan telephoned Mr. Clark and advised Mr. Clark that Banknorth wished to postpone further discussions regarding a possible transaction because Banknorth was engaged in discussions regarding a potential acquisition of a company by Banknorth, which ultimately were not successful.

On June 8-9, 2004, the board of directors and management of Banknorth held its annual strategic planning retreat in Bretton Woods, New Hampshire. Representatives of KBW attended these meetings to discuss strategic alternatives with the board of directors and management of Banknorth.

On June 15, 2004, Mr. Verrill and Mr. Livingston spoke by telephone and agreed that they and Messrs. Ryan and Clark should meet again to discuss the possibility of a transaction. During the week of June 23, 2004, Messrs. Ryan and Clark and Messrs. Verrill and Livingston spoke by telephone, and on July 1, 2004, Messrs. Verrill and Livingston met in Toronto. These telephone conversations and the July 1 meeting primarily involved updates on Banknorth's and TD's financial position and operations since the parties had last met and further discussion of the possible financial terms and governance arrangements discussed in May 2004.

On July 6, 2004, Banknorth sent to TD additional materials regarding Banknorth prepared by management of Banknorth and KBW. On July 20, 2004, Goldman Sachs sent to Banknorth a proposed term sheet and other discussion materials for a proposed transaction between TD and Banknorth.

On July 21, 2004, Messrs. Clark and Livingston met with John M. Thompson, the chairman of TD's board of directors, the U.S.-based members of TD's board and the chairs of the committees of TD's board, at which Messrs. Clark and Livingston provided an overview of Banknorth, its operations, financial history and other matters and a summary of the proposed transaction. On July 26, 2004, the strategic planning committee of the board of directors of Banknorth held a telephonic meeting to discuss a potential transaction with TD and other possible transactions.

On July 28, 2004, Mr. Livingston met with Messrs. Ryan and Verrill in Portland, Maine. During this meeting, Mr. Livingston outlined TD's proposed terms for the proposed transaction, including a price of \$36-\$37 per share for 51% of the outstanding Banknorth common stock and a package of merger consideration which consisted of cash, TD common shares and Banknorth Delaware common stock. Mr. Ryan informed Mr. Livingston that TD's price proposal was inadequate and that a price of at least \$40 per share would be required for him to support a transaction.

On August 2, 2004, Banknorth retained Wachtell, Lipton, Rosen & Katz to act as co-counsel with Elias, Matz, Tiernan & Herrick L.L.P. in connection with the potential transaction with TD. On this same date, Mr. Verrill and Carol L. Mitchell, Executive Vice President and General Counsel of Banknorth, met in Portland, Maine with Fredric Tomczyk, Vice Chair - Corporate Operations of TD, regarding the retention of executives and employee benefit matters.

On August 4, 2004, the strategic planning committee of the board of directors of Banknorth and representatives of KBW had a telephonic meeting to discuss the status of discussions with TD and the financial and strategic rationale for a potential transaction with TD. On this same date, representatives of Banknorth and TD and their respective financial and legal advisors had a conference call to discuss the terms of the potential transaction.

On August 9, 2004, Messrs. Ryan and Verrill met with Mr. Clark and Mr. Livingston in Toronto, Canada to discuss the proposed transaction. At this meeting the parties discussed and agreed generally on a framework for determining the per share purchase price for 51% of the outstanding Banknorth common stock and Mr. Ryan reiterated his insistence on a price of at least \$40 per share for 51% of the outstanding Banknorth common stock.

On August 11, 2004, the board of directors of Banknorth held a telephonic special meeting in which management and representatives of KBW participated to discuss the financial and strategic rationale for a

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potential transaction with TD. After discussion, it was generally agreed that management should proceed with the discussions with TD.

On August 13, 2004, Simpson Thacher & Bartlett LLP, U.S. counsel to TD, distributed an initial draft of the stockholders agreement, which was followed by distributions of initial drafts of the merger agreement on August 17, 2004 and initial drafts of other ancillary documents during the following days. These documents were the subject of negotiations by the parties and their respective advisors over the next week.

On August 16, 2004, the board of directors of TD held a meeting in Toronto, Canada to review and discuss the proposed transaction with Banknorth. At this meeting, members of TD management reviewed with the TD board the proposed terms of the transaction, financial and operational information regarding Banknorth, and management, due diligence and legal issues relating to the possible transaction. After discussion, the board agreed that TD management should continue negotiations with Banknorth.

Also on August 16, 2004, Ms. Mitchell and Mr. Tomczyk and representatives of counsel to TD and Banknorth met in New York, New York to discuss retention of executives and employee benefit matters, and on August 18, 2004, Ms. Mitchell and Mr. Tomczyk met in Portland, Maine to continue these discussions.

On August 17, 2004, the board of directors of Banknorth held a regular meeting in Lake George, New York at which management, representatives of KBW and representatives of Banknorth's legal advisors were present. At this meeting, representatives of KBW made a preliminary presentation regarding the financial aspects of the proposed transaction, TD and its operations and the other strategic alternatives likely to be available to Banknorth. At this meeting, counsel reviewed with the board the fiduciary obligations and legal standards applicable to the proposed transaction. After discussion, it was generally agreed that management should proceed with the discussions with TD.

In the evening of August 17, 2004, Messrs. Clark, Thompson, Ryan and Verrill met for dinner in Toronto, Canada. On August 18, 2004, members of the respective managements of TD and Banknorth met for an introductory dinner in Portland, Maine, at which they discussed, among other things, the scope and process of mutual due diligence investigations to be conducted relating to the proposed transaction.

During the following days, the parties and their respective advisors extensively negotiated the terms of the transaction, including the governance arrangements, and the related documents. Between August 18 and 22, 2004, reciprocal due diligence was conducted by TD and Banknorth in Portland, Maine and Toronto, Canada. Representatives of TD remained on site at Banknorth through August 25, 2004.

On August 20, 2004, Banknorth retained Lehman Brothers to render its opinion with respect to the fairness, from a financial point of view, to Banknorth's shareholders of the merger consideration.

On August 25, 2004, newspaper reports cited a potential transaction between TD and Banknorth and, in response, TD and Banknorth issued a joint press release confirming the existence of discussions regarding a potential transaction between the parties.

On August 25, 2004, the board of directors of Banknorth held a special meeting in Portland, Maine to review and discuss the proposed transaction with TD. Represented at the meeting were management of Banknorth and representatives of its financial and legal advisors. Counsel to Banknorth presented the terms of the definitive merger agreement and stockholders agreement, the form of the post-transaction certificate of incorporation, the effects of the proposed transaction on existing severance agreements and employee benefit plans of Banknorth and the employment agreements, retention agreements and other arrangements which had been negotiated by the parties to increase the likelihood that the members of Banknorth's senior management would remain in the employ of Banknorth Delaware for a substantial period following the mergers. Counsel again reviewed with the board the fiduciary obligations and legal standards applicable to the proposed transaction, and also discussed the approvals and other conditions necessary to consummate the transaction and the regulatory process involved in obtaining requisite regulatory approvals. Representatives of KBW and Lehman Brothers made a presentation regarding the fairness, from a



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financial point of view to the shareholders of Banknorth, of the consideration to be received by such shareholders in the mergers, and each of KBW and Lehman Brothers rendered its opinion that, as of August 25, 2004, and based upon and subject to certain matters stated in their respective opinions, the merger consideration was fair from a financial point of view to Banknorth's shareholders. After the presentations and extensive review and discussion, the board went into an executive session at which only directors were present to further discuss the proposed transaction. At the end of this session, the board of directors of Banknorth unanimously approved and adopted the merger agreement and the stockholders agreement and the transactions contemplated by these agreements, as well as the form of the post-transaction certificate of incorporation, the employment agreements and retention agreements and a necessary amendment to Banknorth's shareholder rights plan to exempt TD and the mergers from its terms. The board also instructed management to execute and deliver the merger agreement, the stockholders agreement and the related agreements, and to take all other steps which are necessary to effect the mergers and the other transactions contemplated by these agreements.

On August 25, 2004, following the meeting of the board of directors of Banknorth, the board of directors of TD held a special meeting in Toronto, Canada to review and discuss the proposed transaction with Banknorth. After extensive review and discussion, the board of directors of TD unanimously approved the merger agreement and the stockholders agreement and the transactions contemplated by these agreements, as well as the employment agreements and retention agreements. The board also instructed management to execute and deliver the merger agreement, the stockholders agreement and the related agreements, as applicable, and to take all other steps which are necessary to effect the mergers and the other transactions contemplated by these agreements.

On August 26, 2004, Banknorth and TD issued a joint press release announcing the transaction before the opening of trading on the NYSE and the Toronto Stock Exchange.

On September 29, 2004, the board of directors of Banknorth held a telephonic meeting to consider amended and restated versions of the merger agreement and the stockholders agreement, which reflected certain technical and clarifying changes to these agreements. Represented at the meeting were management of Banknorth and representatives of its financial and legal advisors. During the meeting, the board of directors discussed with management and its financial and legal advisors the reaction to the proposed transaction in the investment community since the announcement of the transaction. During this discussion, one director, John Otis Drew, expressed continuing concerns about the transaction, which generally reflected the comments he subsequently made in the written statement described below. No other director expressed agreement with Mr. Drew's concerns. Following this discussion, counsel to Banknorth presented the terms of the proposed amended and restated versions of the merger agreement and the stockholders agreement. After this presentation, the board of directors of Banknorth approved the amended and restated versions of the merger agreement and the stockholders agreement and instructed management to execute and deliver them. All directors voted to approve these actions, with the exception of Mr. Drew. TD (acting under the authority granted by its board of directors), Banknorth and their respective merger subsidiaries subsequently entered into these amended and restated agreements.

On September 30, 2004, Mr. Drew provided a statement to Ms. Mitchell and Banknorth directors explaining his vote at the September 29 board meeting against the amended and restated merger agreement and the amended and restated stockholders agreement. Mr. Drew stated that he voted against the amended and restated agreements based on factors relating to shareholder value and the lack of protections afforded to minority shareholder interests. Mr. Drew stated that he believed that an auction process would be the best way to optimize shareholder value. He expressed concerns regarding the taxability of the portion of the merger consideration consisting of cash and TD shares and future dividends on such shares. Mr. Drew also expressed concern over the future value of the Banknorth Delaware common stock to shareholders of Banknorth and to potential acquisition targets, in light of what he viewed as limited protections on the value of the Banknorth Delaware shares held by minority shareholders and concerns regarding the future independence of Banknorth Delaware directors to protect minority shareholders. Mr. Drew also stated that he found troublesome the agreements entered into with certain members of Banknorth management in connection with the transaction (which are described in

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Interests of Banknorth's Executive Officers and Directors in the Transaction (beginning on page 67), which he believed served to reduce or eliminate their downside risk in the transaction compared to other Banknorth shareholders. Therefore, Mr. Drew stated that he opposes the transaction, although he does not generally oppose a transaction with TD.

### **Banknorth's Reasons for the Transaction**

The Banknorth board has determined that the merger agreement and the transactions contemplated by the merger agreement are fair to, and in the best interests of, Banknorth and its shareholders. In approving the merger agreement and the transactions contemplated by the merger agreement, the board of directors of Banknorth consulted with its financial advisors with respect to the financial aspects and fairness of the mergers to Banknorth's shareholders from a financial point of view and with its legal counsel as to its legal duties and the terms of the merger agreement, the stockholders agreement and the related documents, including the form of the post-transaction certificate of incorporation. In reaching its determination to approve the merger agreement and the stockholders agreement, the transactions contemplated by these agreements and the related documents, including the reincorporation of Banknorth from Maine to Delaware and the form of the post-transaction certificate of incorporation, the board of directors of Banknorth, with advice from Banknorth's executive officers and Banknorth's financial and legal advisors, considered a number of factors, including the following material factors:

The board's knowledge of Banknorth's business, operations, financial condition and prospects and of TD's business, operations, financial conditions and prospects, taking into account the results of Banknorth's due diligence review of TD, discussions with management of TD and the presentations of Banknorth's financial advisors.

The board's knowledge of the current and prospective environment in which Banknorth operates, including national and economic conditions, the competitive environment, the market for potential acquisitions and the likely effect of these factors on Banknorth's potential growth, development, productivity, profitability and strategic options.

The board's assessment that the transaction was reasonably likely to enhance Banknorth's strategic goal of expanding its operations geographically, which would reduce Banknorth's exposure to regional economic conditions and enhance its ability to expand into higher-growth banking markets. The board also considered the potential for Banknorth Delaware to market TD products and services to an expanded and more diverse customer base. In that regard, the board considered, among other things, the likely risks to Banknorth and its shareholders of expanding in a significant manner outside New England without a strong financial partner, potential acquisitions which may be pursued by Banknorth, the sources of capital which may be available to Banknorth Delaware following the mergers and the experience of Banknorth's management in identifying previous acquisition opportunities and in implementing numerous previous acquisitions. The board also considered the potential hurdles to a growth strategy that could result from the mergers, including the need to obtain TD's approval with respect to acquisitions and other significant corporate decisions, and the possibility that certain acquisition targets could be less inclined to enter into acquisition transactions with Banknorth Delaware in the context of the company having a controlling shareholder; in this regard, the board also considered the experience of other U.S. bank holding companies owned by foreign banks that have successfully implemented acquisition strategies in the U.S.

The financial terms of the transaction, including the ability of Banknorth's shareholders to continue to participate in the future growth of Banknorth Delaware by receiving Banknorth Delaware common stock and in the future growth of TD by receiving TD common shares. In this regard, the board considered the possibility that, with TD as a controlling shareholder, the stock of Banknorth Delaware could trade at prices that do not reflect a takeover premium to the same extent as do the stocks of similarly situated companies that do not have a majority or large shareholder, and the fact that the arrangements with TD would permit it to purchase a significant additional equity

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ownership position in Banknorth Delaware beyond its initial 51% without requiring TD to make an offer to purchase all of the remaining public shares.

The financial analysis presented by KBW and Lehman Brothers, as financial advisors to Banknorth, and the opinions delivered by each of them to the effect that, as of August 25, 2004, and based upon and subject to the assumptions made, matters considered and limitations set forth in the opinions, the merger consideration is fair to Banknorth's shareholders from a financial point of view. See Opinions of Banknorth's Financial Advisors beginning on page 51.

The board's understanding of the other strategic alternatives likely to be available to Banknorth.

The structure of the transaction and its effects, including without limitation the fact that TD would become the majority shareholder of Banknorth Delaware upon consummation.

The fact that, based on the transaction structure required by TD as a result of its existing corporate structure, the TD common shares (as well as the cash) received by Banknorth shareholders in the acquisition merger would be taxable to them for U.S. federal income tax purposes;

The terms of the merger agreement, including provisions restricting Banknorth's solicitation of third party acquisition proposals, requiring Banknorth to hold a special meeting of its shareholders to vote on the merger agreement notwithstanding the potential receipt of a competing third party acquisition proposal and providing for Banknorth's payment of a termination fee to TD in certain events, all of which the Banknorth board understood, while required by TD as a condition to TD's willingness to enter into the merger agreement, could affect the willingness of a third party to propose a competing business transaction with Banknorth.

The terms of the stockholders agreement, including without limitation the provisions dealing with the corporate governance of Banknorth Delaware, TD's preemptive and other rights to purchase capital stock of Banknorth Delaware from Banknorth Delaware or in the open market, restrictions on TD's acquisition and transfer of Banknorth Delaware common stock, and the requirements to be followed by TD in seeking to effect any going private transaction with respect to Banknorth Delaware. In considering the foregoing, the board also generally considered its understanding of the rights of TD as a majority shareholder of Banknorth Delaware following the mergers.

The expected effect of the mergers on Banknorth's employees, all of whom are anticipated to become employees of Banknorth Delaware and have opportunities for continued career advancement following the mergers.

The expected effect of the mergers on the depositors, customers and the communities served by Banknorth, which the board believed likely would be positive due to the absence of any requirement to divest or close overlapping branches and the expected continuity of Banknorth's existing senior management team.

The employment agreements being entered into with William J. Ryan, chief executive officer of Banknorth, and Peter J. Verrill, chief operating officer of Banknorth, and the retention agreements to be entered into with other executive officers of Banknorth, and the consequent increased likelihood that the members of Banknorth's senior management would remain in place at Banknorth Delaware for a substantial period following the mergers.

The benefits to which officers and employees of Banknorth would be entitled under the pre-existing employee benefit plans of Banknorth which contained change-in-control provisions that would be triggered by the mergers, including Banknorth's Executive Incentive Plan and equity compensation plans, and the fact that Banknorth's executive officers have other interests in the transaction that may be different from, or in addition to, their interests as shareholders of Banknorth, including the employment and retention agreements described in the preceding paragraph. See Interests of Banknorth's Executive Officers and Directors in the Transaction beginning on page 67.

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The shareholder and regulatory approvals required in connection with the mergers and the other terms of the merger agreement, and the likelihood that, once the merger agreement had been entered into, the mergers would be completed if approved by Banknorth's shareholders.

Banknorth agreed to the majority ownership structure proposed by TD because it determined that the proposed transaction would provide the best value currently available to shareholders of Banknorth and was fair to such shareholders from a financial point of view. In addition, Banknorth believed that the proposed structure, which would permit TD to preserve additional capital that could facilitate the funding of future acquisitions by Banknorth Delaware, would be beneficial to Banknorth's plan to enhance shareholder value in future periods. The structure therefore had the benefit of providing Banknorth shareholders with the opportunity to realize a substantial premium for a majority of their shares while also retaining a significant equity stake in a company with enhanced growth potential.

The foregoing discussion of the information considered by Banknorth's board of directors is not exhaustive, but includes the material factors that Banknorth's board of directors considered in approving and recommending the transaction. In view of the wide variety of factors considered by Banknorth's board of directors in connection with its evaluation of the transaction and the complexity of these factors, the board of directors of Banknorth did not consider it practical to, nor did it attempt to, quantify, rank or otherwise assign any specific or relative weights to the specific factors that it considered in reaching its decision. The board of directors discussed the factors described above, including asking questions of Banknorth's senior management and legal and financial advisors, and reached a consensus that the transaction was in the best interests of Banknorth and its shareholders. In considering the factors described above, individual directors may have assigned different weights to different factors. Banknorth's board of directors relied on the experience and expertise of Banknorth's financial advisors for quantitative analysis of the financial terms of the transaction. See below under **Opinions of Banknorth's Financial Advisors**.

The above explanation of the reasoning of Banknorth's board of directors and all other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors discussed under **Cautionary Statement Concerning Forward-Looking Statements** beginning on page 39.

**For the reasons set forth above, Banknorth's board of directors has approved the merger agreement and the transactions contemplated by the merger agreement (including the reincorporation of Banknorth from Maine to Delaware) as advisable and in the best interests of Banknorth and its shareholders and recommends that Banknorth shareholders vote for approval of the merger agreement. For the reasons set forth above, Banknorth's board of directors has also approved the reincorporation of Banknorth from Maine to Delaware and the post-transaction certificate of incorporation and recommends that Banknorth shareholders vote for approval of each of the proposals to approve the reincorporation of Banknorth from Maine to Delaware and the governance and other provisions in the post-transaction certificate of incorporation.**

## **Opinions of Banknorth's Financial Advisors**

*Opinion of Keefe, Bruyette & Woods, Inc.* Banknorth engaged KBW to act as a financial advisor in connection with a possible transaction with TD. Under the terms of its engagement, KBW agreed to assist Banknorth in analyzing, structuring, negotiating and effecting a transaction with TD. Banknorth selected KBW because KBW is a nationally-recognized investment banking firm with substantial experience in transactions similar to the mergers and is familiar with Banknorth and its business. As part of its investment banking business, KBW is continually engaged in the valuation of businesses and their securities in connection with mergers and acquisitions.

On August 25, 2004, the board of directors of Banknorth held a meeting to evaluate the proposed mergers. At this meeting, KBW reviewed the financial aspects of the proposed mergers and rendered an oral opinion (subsequently confirmed in writing) to Banknorth that, as of August 25, 2004, the consideration to be received by Banknorth shareholders was fair from a financial point of view. That opinion was reconfirmed in writing as of January 10, 2005.

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The full text of KBW's written opinion is attached as Appendix E to this document and is incorporated into this proxy statement/prospectus by reference. Shareholders of Banknorth are urged to read the opinion in its entirety for a description of the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by KBW.

**KBW's opinion is directed to the board of directors of Banknorth and addresses only the fairness, from a financial point of view, of the merger consideration to Banknorth shareholders. It does not address the underlying business decision to proceed with the mergers and does not constitute a recommendation to any shareholder of Banknorth as to how the shareholder should vote at Banknorth's special meeting with respect to the merger agreement or any matter related to the merger agreement.**

In rendering its opinion, KBW:

reviewed the merger agreement;

reviewed the stockholders agreement;

reviewed annual reports to shareholders of TD which it deemed relevant;

reviewed annual reports to shareholders and annual reports on Form 10-K of Banknorth which it deemed relevant;

reviewed quarterly reports to shareholders of TD which it deemed relevant;

reviewed quarterly reports on Form 10-Q of Banknorth which it deemed relevant;

reviewed certain other communications from Banknorth and TD to their respective shareholders which it deemed relevant;

reviewed certain internal financial data, projections and other information of both Banknorth and TD, including financial projections prepared by management;

held discussions with senior management of Banknorth and TD with respect to their past and current business operations, regulatory relationships, financial condition and future prospects;

reviewed and studied the historical stock prices and trading volumes of the common stocks of Banknorth and TD;

reviewed the market prices, valuation multiples, publicly reported financial condition and results of operations for Banknorth and TD and compared them with those of certain publicly-traded companies that KBW deemed to be relevant;

evaluated the potential pro forma impact of the mergers on TD;

compared the proposed financial terms of the mergers with the financial terms of certain other business combinations in the banking industry that KBW deemed comparable or relevant; and

performed such other studies and analyses that it considered appropriate.

In conducting its review and arriving at its opinion, KBW relied upon and assumed the accuracy and completeness of all of the financial and other information provided to or otherwise made available to KBW or that was discussed with, or reviewed by or for KBW, or that was publicly available. KBW did not attempt or assume any responsibility to verify such information independently. KBW relied upon the managements of Banknorth and TD as to the reasonableness and achievability of the financial and operating forecasts and projections, and assumptions and bases for those projections, provided to KBW. KBW assumed, without independent verification, that the aggregate allowances for loan and lease losses for Banknorth and TD are adequate. KBW did not make or obtain any evaluations or appraisals of any assets or liabilities of Banknorth or TD, and KBW did not examine any books and records or review individual credit files.

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For purposes of rendering its opinion, KBW assumed that, in all respects material to its analyses:

the mergers will be completed substantially in accordance with the terms set forth in the merger agreement;

the representations and warranties of each party in the merger agreement and in all related documents and instruments referred to in the merger agreement are true and correct;

each party to the merger agreement and all related documents will perform all of the covenants and agreements required to be performed by such party under such documents;

all conditions to the completion of the mergers will be satisfied without any waivers; and

in the course of obtaining the necessary regulatory, contractual, or other consents or approvals for the mergers, no restrictions, including any divestiture requirements, termination or other payments or amendments or modifications that will be imposed, will have a material adverse effect on the future results of operations or financial condition of TD or Banknorth Delaware or the contemplated benefits of the mergers, including any cost savings, revenue enhancements and related expenses expected to result from the mergers.

KBW's opinion is not an expression of an opinion as to the prices at which shares of Banknorth Delaware common stock or TD common shares will trade following the announcement of the mergers, the actual value of the TD common shares or shares of Banknorth Delaware common stock when issued under the terms of the merger agreement or the prices at which the TD common shares or Banknorth Delaware common stock will trade following the completion of the mergers.

In performing its analyses, KBW made numerous assumptions with respect to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of Banknorth, TD and KBW. Any estimates contained in the analyses performed by KBW are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by these analyses. Additionally, estimates of the value of businesses or securities do not purport to be appraisals or to reflect the prices at which such businesses or securities might actually be sold. Accordingly, these analyses and estimates are inherently subject to substantial uncertainty. In addition, the KBW opinion was among several factors taken into consideration by the Banknorth board of directors in making its determination to approve the merger agreement and the mergers. Consequently, the analyses described below should not be viewed as determinative of the decision of the Banknorth board of directors of Banknorth with respect to the fairness of the merger consideration.

*Opinion of Lehman Brothers.* Banknorth engaged Lehman Brothers to render its opinion with respect to the fairness, from a financial point of view, to Banknorth's shareholders of the consideration to be received by Banknorth shareholders in the transaction. On August 25, 2004, Lehman Brothers rendered its oral opinion to the Banknorth board of directors that as of that date, and based upon and subject to certain matters stated in that opinion, from a financial point of view, the consideration to be received by Banknorth's shareholders in the mergers was fair to Banknorth's shareholders. Lehman Brothers subsequently confirmed the oral opinion by delivery of its written opinion dated August 26, 2004 and updated this opinion as of January 10, 2005.

The full text of Lehman Brothers' opinion is attached as Appendix F to this document. The opinion outlines the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by Lehman Brothers in rendering its opinion. The description of the opinion set forth below is qualified in its entirety by reference to the opinion. Banknorth shareholders may read the entire opinion for a discussion of the assumptions made, matters considered and limitations on the review undertaken by Lehman Brothers in rendering its opinion.

No limitations were imposed by Banknorth on the scope of Lehman Brothers' investigation or the procedures to be followed by Lehman Brothers in rendering its opinion. The Lehman Brothers opinion was provided for the information and assistance of the Banknorth board of directors in connection with its consideration of the mergers. The Lehman Brothers opinion does not address any other aspect of the

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transaction and is not intended to be and does not constitute a recommendation to any shareholder of Banknorth as to how that shareholder should vote with respect to the merger agreement. Lehman Brothers was not requested to opine as to, and the Lehman Brothers opinion does not address, Banknorth's underlying business decision to proceed with or effect the mergers, nor does the Lehman Brothers opinion address the relative merits of the mergers compared to any other business strategies or alternatives that might be available to Banknorth.

In arriving at its opinion, Lehman Brothers reviewed and analyzed:

the merger agreement and the specific terms of the proposed mergers;

publicly available information concerning Banknorth that Lehman Brothers believed to be relevant to its analysis, including Banknorth's annual report on Form 10-K for the fiscal year ended December 31, 2003, and Banknorth's quarterly reports on Form 10-Q for the quarters ended March 31, 2004 and June 30, 2004;

publicly available information concerning TD that Lehman Brothers believed to be relevant to its analysis, including TD's annual report for the fiscal year ended October 31, 2003, and TD's quarterly reports for the quarters ended January 31, 2004 and April 30, 2004;

financial and operating information with respect to the business, operations and prospects of Banknorth furnished to Lehman Brothers by Banknorth, including financial projections prepared by Banknorth's management;

the trading histories of the Banknorth common stock and the TD common shares from August 23, 1999 to August 23, 2004 and a comparison of those trading histories with each other and with those of other companies that Lehman Brothers deemed relevant;

a comparison of the historical financial results and present financial condition of Banknorth and TD with those of other companies that Lehman Brothers deemed relevant;

the potential pro forma impact of the proposed mergers on the future financial performance of TD;

the dividends expected to be received by the holders of Banknorth common stock on their shares of Banknorth Delaware common stock and TD common shares following consummation of the proposed mergers;

a comparison of the financial terms of the proposed mergers with the financial terms of certain other transactions that Lehman Brothers deemed relevant; and

independent research analysts' estimates of the future financial performance of Banknorth and TD published by First Call and I/B/E/S.

In addition, Lehman Brothers had discussions with the managements of Banknorth and TD concerning their respective businesses, operations, assets, liabilities, financial condition and prospects and undertook such other studies, analyses and investigations as Lehman Brothers deemed appropriate. In connection with providing its updated opinion, Lehman Brothers also considered financial projections of TD summarized under "TD Projections."

In arriving at its opinion, Lehman Brothers assumed and relied upon the accuracy and completeness of the financial and other information used by Lehman Brothers without assuming any responsibility for independent verification of that information. Lehman Brothers further relied upon the assurances of management of Banknorth or TD that they were not aware of any facts or circumstances that would make that information inaccurate or misleading. In arriving at its opinion, Lehman Brothers reviewed and analyzed financial projections for Banknorth prepared by the management of Banknorth. Upon advice of the management of Banknorth, Lehman Brothers assumed that such projections were reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of Banknorth as to the future financial performance of Banknorth and that Banknorth would perform substantially in accordance with such estimates. Lehman Brothers is not an expert in the evaluation of loan portfolios or allowances for loan and real estate owned losses and, upon advice of the management of Banknorth and TD, we have assumed that Banknorth's and TD's current allowances for loan and real estate owned losses will be in the aggregate adequate to cover all such losses. In arriving at its opinion, Lehman Brothers did

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not conduct a physical inspection of the properties and facilities of Banknorth or TD and did not make or obtain any evaluations or appraisals of the assets or liabilities of Banknorth or TD. Lehman Brothers' opinion necessarily was based upon market, economic and other conditions as they existed on, and could be evaluated as of, the date of the Lehman Brothers opinion.

Lehman Brothers' opinion is not an expression of an opinion as to the future trading or acquisition value of the TD common shares or the Banknorth Delaware common stock.

In performing its analyses, Lehman Brothers made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of Lehman Brothers, Banknorth or TD. In its analyses, Lehman Brothers assumed stable business and economic conditions and a stable competitive environment in the markets in which the Company operates. These assumptions are beyond the control of Banknorth or Lehman Brothers. Any estimates contained in the analyses of Lehman Brothers are not necessarily indicative of future results or actual values, which may be significantly more or less favorable than those suggested by those estimates. In addition, analyses relating to the value of businesses do not purport to be appraisals or to reflect the prices at which businesses actually may be sold. The analyses performed were prepared solely as part of the analysis by Lehman Brothers of the fairness to Banknorth's shareholders of the consideration to be received by those shareholders in the mergers, from a financial point of view, and were prepared in connection with the delivery by Lehman Brothers of its opinion to the Banknorth board of directors.

*August 25, 2004 Joint Presentation by KBW and Lehman Brothers.* At the August 25, 2004 meeting of the Banknorth board of directors, KBW and Lehman Brothers made a joint presentation of certain financial analyses of the proposed mergers.

The following is a summary of the material analyses presented jointly by KBW and Lehman Brothers to the Banknorth board of directors on August 25, 2004, in connection with their oral and written opinions. The summary is not a complete description of the analyses underlying the KBW or Lehman Brothers opinions or the presentation made by KBW and Lehman Brothers to the Banknorth board, but summarizes the material analyses performed and presented in connection with such opinions. The preparation of a fairness opinion is a complex analytic process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. Therefore, a fairness opinion is not readily susceptible to partial analysis or summary description. In arriving at their opinions, KBW and Lehman Brothers did not attribute any particular weight to any analysis or factor considered, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. The financial analyses summarized below include information presented in tabular format. Accordingly, KBW and Lehman Brothers believe that their analyses and the summary of its analyses must be considered as a whole and that selecting portions of its analyses and factors or focusing on the information presented below in tabular format, without considering all analyses and factors or the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the process underlying its analyses and opinion. The tables alone do not constitute a complete description of the financial analyses.

**Summary of Proposal.** KBW and Lehman Brothers summarized the proposed mergers, in which TD would acquire 51% of the Banknorth Delaware common stock outstanding upon consummation of the mergers and existing Banknorth shareholders would retain a 49% ownership stake in Banknorth Delaware. Upon completion of the mergers, each Banknorth shareholder of record will be entitled to receive, in exchange for the shares of Banknorth common stock owned by such shareholder, a package of consideration consisting of (1) a number of TD common shares equal to 0.2351 multiplied by the number of shares of Banknorth common stock owned by such shareholder, (2) an amount in cash equal to \$12.24 multiplied by the number of shares of Banknorth common stock owned by such shareholder and (3) a number of shares of Banknorth Delaware common stock equal to 0.49 multiplied by the number of shares of Banknorth common stock owned by such shareholder, plus cash in lieu of fractional share interests. The negotiated per share value of the 51% ownership interest to be sold to TD was \$40.00, based on the



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average price for a TD common share over a measuring period prior to announcement of the transaction, of which 60% was payable in cash and 40% was payable in TD common shares.

**Banknorth Discounted Cash Flow Analysis.** KBW and Lehman Brothers calculated the present value of Banknorth's common stock by adding (1) the present value of the estimated future dividend stream that it was estimated Banknorth could generate over the period beginning January 2005 and ending in December 2009 and (2) the present value of the terminal value of the Banknorth common stock.

The base case discounted cash flow analysis used earnings per share and dividends per share in accordance with projections prepared by Banknorth management, a 14.0 times terminal multiple consistent with Banknorth's nationwide peer group median price to estimated 2004 earnings per share multiple as of August 23, 2004, and an 11.02% discount rate calculated by the capital asset pricing model. The analysis produced a present value of \$31.63 per share. This value was used as the base case discounted cash flow valuation of both Banknorth and Banknorth Delaware.

The discounted cash flow value of Banknorth based on five years of estimated future dividends with a sale of control in 2009 used identical earnings per share, dividends per share and capital asset pricing model based discount rate assumptions as utilized in the base case analysis. A terminal value of 16.2 times the 2009 estimated earnings per share was utilized, which was consistent with the median price to estimated 2004 earnings per share calculated in the Whole Company Transaction Analysis described below. The analysis produced a present value of \$36.02 per share.

KBW and Lehman Brothers presented a sensitivity table with a range of discount rates from 10.0% to 12.0% and a range of terminal multiples from 13.0 times to 17.0 times applied to the 2009 earnings per share estimate. This resulted in a range of values from \$28.42 to \$39.33 per share, as depicted in the following table.

Discount Rate	Terminal Multiple				
	13.0x	14.0x	15.0x	16.0x	17.0x
10.0%	\$30.95	\$33.05	\$35.14	\$37.24	\$39.33
11.0	29.65	31.65	33.65	35.66	37.66
12.0	28.42	30.33	32.24	34.16	36.07

**Summary Valuation Analysis of the TD Proposal.** KBW and Lehman Brothers presented a comparison of values attributable to Banknorth on a per share basis. The comparison included Banknorth's closing market price of \$31.49 as of August 23, 2004, the base case discounted cash flow value of \$31.63, three blended valuation scenarios incorporating the values theoretically attributable to the mergers with and without potential future sales of the remaining Banknorth Delaware common stock, and the \$36.02 discounted cash flow value of Banknorth based on a continued independence strategy with a sale of control in 2009.

KBW and Lehman Brothers used three scenarios to calculate the estimated per share value attributable to the mergers and the potential future sale of the remaining 49% ownership interest in Banknorth Delaware:

*Scenario 1 Value Per Share Assuming No Eventual Premium Paid for Remaining Shares of Banknorth Delaware:* KBW and Lehman Brothers calculated the estimated per share value by adding the product of 51% and \$40.00 to the product of 49% and \$31.63 (the base case discounted cash flow value), to produce a value of \$35.90 per share.

*Scenario 2 Value Per Share Assuming a 10% Premium Paid for the Remaining Shares of Banknorth Delaware:* KBW and Lehman Brothers calculated the estimated per share value by adding the product of 51% and \$40.00 to the product of 15.7% (representing the additional percentage of shares TD may accumulate in the open market under the stockholders agreement) and \$31.63 to the product of 33.3% and \$34.42 (representing the potential purchase by TD of the remaining 33.3% of Banknorth Delaware's outstanding shares at a 10% premium to the terminal value calculated in the base case discounted cash flow analysis), to produce a value of \$36.83 per share.

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*Scenario 3 Value Per Share Assuming a 25% Premium Paid for the Remaining Shares of Banknorth Delaware:* KBW and Lehman Brothers calculated the estimated per share value by adding the product of 51% and \$40.00 to the product of 15.7% (representing the additional percentage of shares TD may accumulate in the open market under the stockholders agreement) and \$31.63 to the product of 33.3% and \$38.60 (representing the potential purchase by TD of the remaining 33.3% of Banknorth Delaware's outstanding shares at a 25% premium to the terminal value calculated in the base case discounted cash flow analysis), to produce a value of \$38.23 per share.

The following table summarizes the calculations made in the three scenarios:

	<b>Value Received for 51% of One Share at \$40.00 Value</b>	<b>Value Received for 49% of One Share at Banknorth Base Case Discounted Cash Flow Value</b>	<b>Value Received for 15.7% of One Share at Banknorth Base Case Discounted Cash Flow Value</b>	<b>Value Received for 33.3% of One Share with Premium Applied to Discounted Cash Flow Terminal Value</b>	<b>Blended Total Value Received Per Share</b>
<b>Valuation Scenario 1:</b>					
Value per share assuming no minority premium	\$20.40	\$15.50	NA	NA	\$35.90
<b>Valuation Scenario 2:</b>					
Value per share assuming a 10% terminal value premium	\$20.40	NA	\$4.96	\$11.47	\$36.83
<b>Valuation Scenario 3:</b>					
Value per share assuming a 25% terminal value premium	\$20.40	NA	\$4.96	\$12.87	\$38.23

The following table summarizes the comparison of the values attributable to Banknorth on a per share basis:

Current Market Price	\$31.49
Base Case DCF Valuation	\$31.63
Base Case DCF Change-of-Control Valuation	\$36.02
<b>TD Proposal:</b>	
Per Share Value Received for 51% of the shares	\$40.00
Valuation Scenario 1	\$35.90
Valuation Scenario 2	\$36.83
Valuation Scenario 3	\$38.23

KBW and Lehman Brothers stated that the discounted cash flow present value analysis is a widely used valuation methodology but noted that it relies on numerous assumptions, including asset and earnings growth rates, terminal values and discount rates. The analysis did not purport to be indicative of the actual values or expected values of the Banknorth common stock or the Banknorth Delaware common stock following the mergers. Additionally, KBW and Lehman Brothers noted that neither the merger agreement nor the stockholders agreement contained any legal commitments on behalf of TD to purchase additional shares of Banknorth Delaware common stock.

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**Whole Company Transaction Analysis.** KBW and Lehman Brothers reviewed certain financial data related to a set of acquisitions of banking institutions nationwide announced after January 1, 2004, with aggregate announced transaction values over \$1 billion. The transactions included in the analysis are set forth below:

<u>Acquiror</u>	<u>Acquiree</u>
Fifth Third Bancorp	First National Bankshares of Florida, Inc.
Wachovia Corporation	SouthTrust Corporation
SunTrust Banks, Inc.	National Commerce Financial Corp.
Citizens Financial Group, Inc.	Charter One Financial, Inc.
BNP Paribas Group	Community First Bankshares, Inc.
National City Corporation	Provident Financial Group, Inc.
Regions Financial Corporation	Union Planters Corporation
J.P. Morgan Chase & Co.	Bank One Corporation

For each whole company transaction, KBW and Lehman Brothers compared, among other things, the implied ratio of price per common share paid for the acquired company to:

- (a) the earnings per share of the acquired company for the latest twelve months of results publicly available prior to the date the transaction was announced;
- (b) the First Call mean estimated earnings per share of the acquired company for the calendar year ended December 31, 2004, as of the announcement of the transaction;
- (c) the First Call mean estimated earnings per share of the acquired company for the calendar year ended December 31, 2005, as of the announcement of the transaction;
- (d) the First Call mean estimated earnings per share of the acquired company for the next four quarters as of the announcement of the transaction;
- (e) the book value per share of the acquired company based on the latest publicly available financial statements of the company available prior to the announcement of the acquisition;
- (f) the tangible book value per share of the acquired company based on the latest publicly available financial statements of the company available prior to the announcement of the acquisition;
- (g) the closing market price of the acquired company, if publicly traded or listed, on the day preceding the announcement of the transaction; and
- (h) the closing market price of the acquired company, if publicly traded or listed, on the day one month preceding the announcement of the transaction.

Additionally, KBW and Lehman Brothers compared the core deposit premium paid in each whole company transaction. The core deposit premium is calculated as the premium paid in the transaction over the acquired company's tangible common equity as a percentage of the acquired company's core deposits. For purposes of this analysis, core deposits are defined as total deposits less the sum of all certificates of deposits with balances over \$100,000 and any brokered or purchased deposits.

Financial data for Banknorth was as of June 30, 2004, and adjustments were made for its pending acquisition of BostonFed Bancorp, Inc. Earnings per share estimates for Banknorth were based on First Call published estimates.

KBW and Lehman Brothers compared the whole company transactions to the \$40.00 per share offered in exchange for 51% of Banknorth's shares outstanding and the three valuation scenarios attributable to Banknorth in the mergers as described above.



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The results of the comparison to whole company transactions are set forth in the following table:

	<b>Valuation Scenario 1: \$35.90 Per Share</b>	<b>Valuation Scenario 2: \$36.83 Per Share</b>	<b>Valuation Scenario 3: \$38.23 Per Share</b>	<b>51% of Banknorth Shares Sold for \$40.00 Per Share</b>	<b>Comparable Transactions Average</b>	<b>Comparable Transactions Median</b>
Deal Price/ Trailing 12 Months Earnings per Share	16.4x	16.8x	17.5x	18.3x	19.9x	19.4x
Deal Price/ 2004 Estimated Earnings per Share	15.4x	15.8x	16.4x	17.2x	17.7x	16.2x
Deal Price/ 2005 Estimated Earnings per Share	14.0x	14.3x	14.9x	15.6x	15.9x	14.9x
Deal Price/ Next Four Quarters Estimated Earnings per Share	14.5x	14.9x	15.5x	16.2x	17.3x	16.3x
Deal Price/ Book Value per Share	209%	215%	223%	233%	264%	255%
Deal Price/ Tangible Book Value per Share	427%	438%	454%	475%	382%	364%
Core Deposit Premium	26.7%	27.7%	29.1%	30.9%	29.9%	29.9%
1 Day Market Premium	14.0%	17.0%	21.4%	27.0%	16.7%	15.2%
1 Month Market Premium	14.4%	17.3%	21.8%	27.4%	21.1%	21.2%

No company or transaction used as a comparison in the above analysis is identical to Banknorth, TD or the mergers. Accordingly, an analysis of these results is not purely quantitative. Rather, it involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies. All of the transactions included in this analysis involved the sale of a 100% interest in the selling institution, as opposed to the sale of a 51% interest in Banknorth in the mergers.

**Selected Peer Group Analyses for Banknorth.** Using publicly available information, KBW and Lehman Brothers compared the financial performance, financial condition and market valuations of Banknorth to those of a group of comparable nationwide regional banking institutions.

Companies included in Banknorth's peer group were the following:

- Comerica Incorporated
- M&T Bank Corporation
- AmSouth Bancorporation
- UnionBanCal Corporation
- Huntington Bancshares Incorporated
- Zions Bancorporation
- Compass Bancshares, Inc.
- Commerce Bancorp, Inc.
- North Fork Bancorporation, Inc.
- Hibernia Corporation
- Colonial BancGroup, Inc.
- Webster Financial Corporation
- Associated Banc-Corp

For purposes of such analysis, the financial information used by KBW and Lehman Brothers was as of and for the quarter ended June 30, 2004. Stock price information was as of August 23, 2004, and earnings per share estimates were taken from First Call, a recognized data service that monitors and publishes compilations of earnings per share estimates by selected research analysts.

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The KBW and Lehman Brothers analysis showed the following concerning Banknorth's financial performance:

Performance Measure	Banknorth	Peer Group Average	Peer Group Median
Core Return on Assets	1.40%	1.40%	1.44%
Core Return on Equity	13.92%	17.46%	18.88%
Core Cash Return on Average Tangible Assets	1.49%	1.45%	1.45%
Core Cash Return on Average Tangible Equity	26.67%	24.90%	21.72%
Net Interest Margin	3.66%	3.77%	3.82%
Fee Income/ Total Revenue	27.2%	32.3%	32.9%
Efficiency Ratio	50.5%	54.1%	55.4%

The KBW and Lehman Brothers analysis showed the following concerning Banknorth's financial condition:

Measure	Banknorth	Peer Group Average	Peer Group Median
Equity/ Assets	9.79%	8.11%	8.53%
Tangible Equity/ Tangible Assets	5.20%	6.24%	6.23%
Loans Held for Investment/ Deposits	93.7%	93.7%	97.6%
Securities/ Assets	27.3%	25.9%	24.4%
Loan Loss Reserve/ Loans Held for Investment	1.37%	1.43%	1.41%
Non Performing Assets/ Loans Held for Investment + Other Real Estate Owned	0.37%	0.55%	0.50%
Net Charge Offs/ Average Loans Held for Investment	0.20%	0.25%	0.22%

The KBW and Lehman Brothers analysis showed the following concerning Banknorth's market valuation:

Valuation Metric	Banknorth	Peer Group Average	Peer Group Median
One Year Stock Price Performance	13.4%	24.0%	24.4%
Stock Price/ Book Value per Share	1.84x	2.37x	2.18x
Stock Price/ Tangible Book Value per Share	3.74x	3.18x	3.01x
Stock Price/ 2004 Earnings per Share Estimate	13.5x	14.3x	14.0x
Stock Price/ 2005 Earnings per Share Estimate	12.3x	12.9x	12.7x
Dividend Yield	2.5%	2.7%	3.0%
2004 Dividend Payout Ratio	34.3%	38.5%	43.0%

**Selected Peer Group Analyses for TD.** Using publicly available information, KBW and Lehman Brothers compared the financial performance, financial condition and market valuations of TD to those of a group of comparable Canadian banks, which are set forth below.

Royal Bank of Canada  
 Canadian Imperial Bank of Commerce  
 The Bank of Nova Scotia  
 Bank of Montreal  
 National Bank of Canada

For purposes of such analysis, the financial information used by KBW and Lehman Brothers was as of and for the fiscal quarter ended April 30, 2004. Stock price information was as of August 23, 2004, and



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earnings per share estimates were taken from I/B/E/S, a recognized data service that monitors and publishes compilations of earnings per share estimates by selected research analysts.

The KBW and Lehman Brothers analysis showed the following concerning TD's financial performance:

Performance Measure	TD	TD Peer Group Average	TD Peer Group Median
Return on Common Equity	16.30%	19.40%	19.00%
Net Interest Margin	2.34%	1.89%	1.80%
Fee Income/ Total Revenue	46.4%	56.6%	57.4%
Cash Efficiency Ratio	65.3%	63.4%	63.2%

The KBW and Lehman Brothers analysis showed the following concerning TD's financial condition:

Measure	TD	TD Peer Group Average	TD Peer Group Median
Tangible Common Equity/ Risk Weighted Assets	8.0%	7.8%	7.3%
Tier 1 Risk Based Capital Ratio	11.9%	10.2%	9.7%
Total Risk Based Capital Ratio	16.4%	12.8%	12.9%
Loans/ Deposits	58.3%	73.5%	73.4%
Loan Loss Reserve/ Loans	1.21%	1.45%	1.45%
Loan Loss Reserve/ Gross Impaired Loans	161.4%	144.9%	136.7%
Gross Impaired Loans/ Loans	0.75%	1.00%	1.02%

The KBW and Lehman Brothers analysis showed the following concerning TD's market valuation:

Measure	TD	TD Peer Group Average	TD Peer Group Median
Stock Price/ Book Value per Share	1.83x	1.69x	1.69x
Stock Price/ Tangible Book Value per Share	3.00x	2.07x	2.00x
Stock Price/ 2004 Earnings per Share Est	12.1x	12.3x	12.4x
Stock Price/ 2005 Earnings per Share Est	11.2x	11.3x	11.4x
Dividend Yield	3.2%	3.1%	3.1%
2004 Dividend Payout Ratio	39.2%	38.5%	37.7%

Because of the inherent differences between the businesses, operations, financial conditions and prospects of TD and Banknorth and the businesses, operations, financial conditions and prospects of the companies included in their peer groups, KBW and Lehman Brothers believed that it was inappropriate to rely solely on the quantitative results of the analysis, and accordingly, also made qualitative judgments concerning differences between the financial and operating characteristics of TD, Banknorth and the companies in their respective peer groups that would affect the public trading values of TD, Banknorth and the peer companies. In particular, KBW and Lehman Brothers considered markets served, rates of growth and profitability of TD and Banknorth and each of the companies in the peer groups.

**Financial Impact Analysis.** KBW and Lehman Brothers performed a pro forma merger analysis that combined projected income statement and balance sheet information of TD and Banknorth to determine the impact of the mergers on TD. Assumptions regarding the accounting treatment and acquisition adjustments were used to calculate the financial impact that the mergers would have on certain projected financial results of TD. This analysis indicated that the mergers are expected to be accretive to TD's estimated GAAP and cash earnings per share in fiscal 2005 and 2006. Furthermore, the analysis indicated





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that TD's tangible common equity to risk weighted assets ratio, tier one risk-based capital ratio and total risk-based capital ratio would all decline but remain above regulatory minimums for well capitalized institutions, as set forth by the Superintendent of Financial Institutions of Canada. This analysis was based on independent research analysts' estimates published by I/B/E/S for TD and internal projections of Banknorth provided by Banknorth's senior management.

The following table sets forth the estimated effect of the proposed transaction on TD's earnings per share and cash earnings per share under U.S. GAAP for the periods indicated.

	Year Ending October 31, 2005	Year Ending October 31, 2006
Earnings per share (U.S. GAAP)	1.0%	1.0%
Cash earnings per share (U.S. GAAP)	1.0	1.2

The assumptions used by KBW and Lehman Brothers do not necessarily reflect assumptions which may be used by TD in evaluating the estimated effects of the transaction on its operations.

For all of the above analysis, the actual results achieved by TD following the mergers may vary from the projected results, and the variations may be material.

**TD Discounted Cash Flow Analysis.** KBW and Lehman Brothers calculated the present value of the TD common stock by adding (1) the present value of the estimated future dividend stream that TD could generate over the period beginning November 2004 and ending in October 2009 and (2) the present value of the terminal value of the TD common stock.

The base case discounted cash flow analysis used TD's I/B/E/S mean estimated operating earnings per share for the fiscal year ending October 31, 2005, an 8.0% post 2005 operating earnings per share growth rate, dividends per share based on a 40% payout ratio, a 12.1 times terminal multiple consistent with TD's price to estimated 2004 operating earnings per share multiple as of August 23, 2004, and an 11.76% discount rate calculated by the capital asset pricing model. The analysis produced a value of U.S.\$33.93. TD's closing stock price at August 23, 2004 was U.S.\$34.07.

KBW and Lehman Brothers presented a sensitivity table with a range of discount rates from 11.0% to 13.0% and a range of terminal multiples from 11.0 times to 13.0 times applied to the 2009 operating earnings per share estimate. This resulted in a range of values from U.S.\$29.75 to U.S.\$37.26 per share, as depicted in the following table.

Discount Rate	Terminal Multiple		
	11.0x	12.0x	13.0x
11.0%	\$32.33	\$34.79	\$37.26
12.0	31.00	33.36	35.72
13.0	29.75	32.00	34.25

KBW and Lehman Brothers presented a second sensitivity table with a range of operating earnings per share growth rates from 6.0% to 10.0% and a range of terminal multiples from 11.0 times to 13.0 times applied to the 2009 operating earnings per share estimate. This resulted in a range of values from U.S.\$29.25 to U.S.\$38.62 per share, as depicted in the following table.

Cash EPS Growth	Terminal Multiple		
	11.0x	12.0x	13.0x
6.0%	\$29.25	\$31.46	\$33.67

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7.0	30.27	32.56	34.86
8.0	31.31	33.70	36.08
9.0	32.39	34.86	37.33
10.0	33.50	36.06	38.62

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KBW and Lehman Brothers presented a third sensitivity table with a range of discount rates from 11.0% to 13.0% and a range of operating earnings per share growth rates from 6.0% to 10.0%. This resulted in a range of values from U.S.\$30.09 to U.S.\$37.50 per share, as depicted in the following table.

Cash EPS Growth	Discount Rate		
	11.0%	12.0%	13.0%
6.0%	\$32.71	\$31.36	\$30.09
7.0	33.86	32.46	31.14
8.0	35.04	33.59	32.23
9.0	36.25	34.76	33.34
10.0	37.50	35.95	34.48

KBW and Lehman Brothers stated that the discounted cash flow present value analysis is a widely used valuation methodology but noted that it relies on numerous assumptions, including asset and earnings growth rates, terminal values and discount rates. The analysis did not purport to be indicative of the actual values or expected values of the TD common stock.

**Related Buy-in Transaction Analysis.** KBW and Lehman Brothers summarized the market premiums paid for the remaining outstanding shares of selected acquired companies where the parent company held a controlling interest or large minority interest in the acquired institution prior to the acquisition of the remaining outstanding shares. The transactions included in this analysis are set forth below.

Acquiror	Acquiree
<i>Transactions in the Banking Industry:</i>	
BNP Paribas Group	BancWest Corporation
Allied Irish Banks Limited	First Maryland Bancorp
The Hongkong and Shanghai Banking Corporation, or HSBC	Marine Midland Banks, Inc.
<i>Other Relevant Transaction:</i>	
Toronto-Dominion Bank	TD Waterhouse Group, Inc.

For each precedent transaction, KBW and Lehman Brothers compared, among other things, the implied ratio of price per common share paid for the acquired company to:

the closing market price of the acquired company on the day preceding the announcement of the buy-in transaction;

the closing market price of the acquired company on the day five days preceding the announcement of the buy-in transaction;

the closing market price of the acquired company on the day one month preceding the announcement of the buy-in transaction; and

an adjusted closing market price of the acquired company on the day preceding the announcement of the buy-in transaction, whereby the acquired company's closing market price was adjusted upward by a percentage equivalent to any underperformance relative to the NASDAQ Bank Index from the announcement of the parent company's initial investment in the acquired company to the announcement of the buy-in transaction.

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The results of the analysis are set forth in the following table.

	<b>Pre Buy-In Ownership of Buyer</b>	<b>1 Day Market Premium</b>	<b>5 Day Market Premium</b>	<b>1 Month Market Premium</b>	<b>Adjusted One Day Premium</b>
BNP Paribas/ BancWest	45.0%	40.1%	40.3%	47.6%	40.1%
Allied Irish/ First Maryland	49.9%	57.0%	60.2%	55.4%	19.0%
HSBC/ Marine Midland	51.1%	38.9%	38.6%	60.4%	25.2%
Average of Relevant Banking Industry Transactions	NM	45.3%	46.4%	54.5%	28.1%
Median of Relevant Banking Industry Transactions	NM	40.1%	40.3%	55.4%	25.2%
Toronto-Dominion/ TD Waterhouse	88.0%	53.2%	49.1%	32.9%	53.2%

No company or transaction used as a comparison in the above analysis is identical to Banknorth, TD or the mergers. Accordingly, an analysis of these results is not mathematical. Rather, it involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies.

**Other Analyses.** KBW and Lehman Brothers compared the relative financial and market performance of Banknorth and TD to a variety of relevant industry peer groups and indices. KBW and Lehman Brothers also reviewed earnings estimates, balance sheet composition, historical stock performance and other financial data for TD.

In connection with their updated opinions dated as of January 10, 2005, KBW and Lehman Brothers reviewed the assumptions on which the analyses described above were based and the factors considered in connection therewith. In addition, in connection with its updated opinion, Lehman Brothers reviewed financial projections for TD previously made available to KBW, but continued to rely on outstanding consensus analysts' estimates of TD's earnings in future periods, as both it and KBW did for purposes of their joint presentation to the board of directors of Banknorth.

The Banknorth board of directors retained KBW as an independent contractor to act as financial advisor to Banknorth in connection with the mergers, and engaged Lehman Brothers solely to deliver its fairness opinion. As part of their investment banking businesses, KBW and Lehman Brothers are continually engaged in the valuation of banking businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for estate, corporate and other purposes. As specialists in the securities of banking companies, KBW and Lehman Brothers have experience in, and knowledge of, the valuation of banking enterprises. In the ordinary course of their business as broker-dealers, KBW and Lehman Brothers may, from time to time, purchase securities from, and sell securities to, Banknorth and TD. As market makers in and active traders of securities, KBW and Lehman Brothers may from time to time have a long or short position in, and buy or sell, debt or equity securities of Banknorth and TD for KBW or Lehman Brothers' own account and for the accounts of their customers.

Banknorth and KBW have entered into an agreement relating to the services to be provided by KBW in connection with the mergers. Banknorth agreed to pay KBW a cash fee of \$500,000 upon execution of a definitive agreement with respect to the mergers, \$1,000,000 upon delivery of a written fairness opinion in connection with the mergers, \$500,000 concurrent with the mailing of a proxy statement/ prospectus in connection with the mergers and, at the time of closing, a cash contingent fee equal to 0.375% of the aggregate market value of the consideration paid for 51% of the outstanding shares of Banknorth common stock. The contingent fee is dependent upon the final per share consideration received by Banknorth shareholders. All fees paid by Banknorth to KBW prior to the contingent fee will be credited against the contingent fee. Assuming the transaction is consummated and based on the value, as of January 7, 2005, of the consideration payable for 51% of the shares of Banknorth common stock outstanding as of December 31, 2004 plus an additional 6.1 million shares of Banknorth common stock to be issued

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pursuant to the proposed acquisition of BostonFed, KBW would be entitled to receive an aggregate fee of approximately \$15.0 million. If the transaction is not consummated, KBW would be entitled to receive the aggregate fee of \$2 million payable in connection with the execution of the merger agreement, the delivery of KBW's fairness opinion and the mailing of this proxy statement/ prospectus, as described above. Under the KBW engagement agreement, Banknorth also agreed to indemnify KBW and its affiliates against certain liabilities, including liabilities under the federal securities laws.

Banknorth and Lehman Brothers have entered into an agreement relating to the services to be provided by Lehman Brothers in connection with the mergers. Banknorth agreed to pay Lehman Brothers a cash fee of \$1,000,000 upon delivery of a fairness opinion in connection with the mergers and a cash fee of \$1,000,000 upon closing of the mergers. Under the terms of the Lehman Brothers engagement agreement, Banknorth also agreed to indemnify Lehman Brothers and its affiliates against certain liabilities, including liabilities under the federal securities laws.

During the two years ended September 30, 2004, Banknorth paid KBW and Lehman Brothers \$2.4 million and \$1.2 million, respectively, in fees for services rendered to Banknorth (and in the case of KBW to an institution acquired by Banknorth), which are in addition to the fees relating to the proposed transaction with TD described above.

## **TD Projections**

In the course of discussions regarding the proposed transaction, TD provided to Banknorth, and Banknorth subsequently provided to KBW and Lehman Brothers, certain internal projections for TD summarized below. TD does not publicly disclose internal management projections of the type provided to Banknorth in connection with its review of the mergers. As a result, these projections were not prepared with a view towards public disclosure.

These projections were prepared by the management of TD in April 2004 for internal use and for assistance in budgeting, planning, capital allocation and other management decisions and not in connection with the proposed transaction. The projections were originally prepared as part of a preliminary medium-term planning process and reflect initial expectations of business unit leaders on various aspects of their respective business plans based on information available at that time. The individual business unit leaders' expectations reflected in the projections summarized below do not reflect a rigorous or consistent application of TD's overall corporate planning and forecasting methodology that it uses in developing its annual plan.

The projections summarized below were not prepared in compliance with Canadian GAAP, the published guidelines of the SEC, the guidelines established by the American Institute of Certified Public Accountants regarding forecasts and projections or the guidelines of the Canadian Institute of Chartered Accountants regarding future-oriented financial information. In addition, the projections are based on numerous assumptions, and those we believe to be material are summarized below. The projections and assumptions may not be realized and are subject to contingencies and uncertainties, many of which are beyond the control of TD. For example, TD's business, and the basis for the preparation of TD's projections, depends on conditions in the financial markets, including the level of interest rates and the performance of the equity and debt markets. Because the projections were prepared in April 2004, some of these assumptions may now be outdated. Moreover, the projections do not take into account the mergers or the benefits described above under "Banknorth's Reasons for the Transaction" and below under "TD's Reasons for the Transaction." In light of the foregoing, the inclusion of these projections should not be interpreted as an indication that TD considers this information a reliable prediction of future results, and this information should not be relied upon for this purpose. Actual results may differ materially from those set forth below. For a discussion of some of the factors that could cause actual results to differ from the projections, see "Cautionary Statement Concerning Forward-Looking Statements" on page 39. TD does not intend to make publicly available any update or other revision to these projections.

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While TD is providing these projections in this document because they were provided by TD to Banknorth, the projections were used by KBW solely to confirm that it was reasonable to rely on consensus analysts' estimates of earnings of TD in future periods for purposes of its fairness analysis. These projections were also provided to and considered by Lehman, together with such consensus analysts' estimates, in connection with its updated opinion dated as of January 10, 2005.

The projections TD provided to Banknorth, and that Banknorth subsequently provided to KBW and Lehman Brothers, included, among other things, the following projections:

	Year Ending October 31,		
	2005	2006	2007
	(C\$ in millions, except share data and ratios)		
Revenue	C\$ 11,622	C\$ 12,457	C\$ 13,469
Net income after tax but before amortization of intangibles	2,599	2,920	3,319
Diluted earnings per share before amortization of intangibles	3.90	4.53	5.26
Tier 1 capital ratio	11.5%	11.7%	11.8%

The projections were prepared using assumptions considered to be representative of market conditions over the periods presented in certain cases, such as Canadian and U.S. gross domestic product growth rates, inflation rates and interest rates, and using static assumptions in other cases, such as foreign exchange rates, cost of capital and corporate tax rates. The underlying interest rate assumptions were consistent with the implied forward short-term and long-term rate scenarios, and generally these scenarios reflected a rising rate environment. Growth in the equity markets was assumed to be 8% per year. Additional assumptions were made relating to capital requirements, dividend payout ratios, share repurchases, preferred shares and subordinated debt issuances and redemptions.

The projections and other information outlined above should be read in conjunction with the audited and unaudited consolidated financial statements of TD, including the accompanying notes. See *Where You Can Find More Information* beginning on page 171.

**August 17, 2004 Presentation by KBW to the Banknorth Board**

As noted in *Background of the Transaction* beginning on page 45, on August 17, 2004, KBW made a preliminary presentation to the board of directors of Banknorth. The presentation included an overview of the proposed transaction terms and structure as of that date (which were subject to ongoing negotiations), a summary overview of publicly-available information about TD, a discussion of the financial performance of Banknorth and its peers based on publicly available information, a review of the pro forma impact of the transaction at the TD and Banknorth levels, a review of publicly-available information regarding recent merger and acquisition transactions in the banking sector and a review of publicly-available information about precedent minority buy-in transactions. The presentation also contained an analysis of multiple potential growth scenarios of Banknorth that had been prepared by Banknorth at the request of TD in connection with its evaluation of Banknorth, including a summary of valuations that might be realized under such potential growth scenarios. These analyses were based on numerous hypothetical assumptions and estimates regarding possible future events and scenarios, many of which are beyond the control of KBW, Banknorth or TD. For a summary of the analyses underlying KBW's fairness opinion, see *Opinions of Banknorth's Financial Advisors* beginning on page 51.

Utilizing the hypothetical growth scenarios, KBW provided a five-year discounted cash flow analysis of the possible value to Banknorth shareholders of (1) the proposed transaction, when combined with future open-market purchases of Banknorth Delaware common stock that TD might make and a possible future acquisition by TD of all of the shares of Banknorth Delaware common stock not owned by TD, in comparison to (2) Banknorth's prevailing stock price range. The hypothetical growth scenarios used by KBW compared a base case model using earnings per share and dividends per share in accordance with projections prepared by Banknorth management with two additional hypothetical scenarios that assumed

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the successful accomplishment of acquisitions over a five-year period that would result in the addition of an average of \$3 billion, in one case, and \$6 billion, in the other case, in tangible assets per year and an associated positive impact on projected earnings per share. For each of these illustrative scenarios, KBW assumed that (1) TD would initially purchase 51% of Banknorth's outstanding common stock in the proposed transaction, (2) it would buy additional shares on the open market over the succeeding five years to increase its percentage ownership position in Banknorth Delaware and (3) it would purchase the remaining publicly-held shares at the end of the fifth year following completion of the proposed transaction. KBW estimated the net present value of each of these components as well as of projected dividends.

In order to determine the possible value of a hypothetical future acquisition by TD of all of the shares of Banknorth Delaware common stock not then owned by TD at the end of the fifth year, KBW reviewed the premiums to prevailing stock market prices paid in similar precedent transactions involving minority buy-ins and determined median premiums of 12.5%, 13.4% and 10.6% to the stock price one day before, five days before and one month before announcement respectively for non-bank transactions, and median premiums of 40.1%, 40.3% and 55.4% to the stock price one day before, five days before and one month before announcement respectively for three precedent banking transactions—BNP Paribas/ Bancwest Corporation, Allied Irish Banks/ First Maryland Bancorp and HSBC/ Marine Midland.

KBW used a discount rate of 9% to estimate the net present value of the hypothetical open market purchases by TD of additional shares of Banknorth Delaware common stock over the five years following completion of the proposed transaction and of 11% to estimate the net present value of the hypothetical purchase of the remaining publicly-held shares at the end of the fifth year; assumed that the stock of Banknorth Delaware would trade at a stock price equating to 15.7 times projected earnings and maintain a dividend payout ratio of 35% during the five-year period; and assumed that TD would pay a market premium of 10% to the projected market price in the assumed minority buy-in transaction. Based on these assumptions, KBW determined net present values for each component (initial purchase of 51% of Banknorth shares, open market purchases and minority buy-in transaction by TD) and of projected dividends, which resulted in an aggregate net present value of \$38.72 for the scenario not assuming any acquisitions (base case), \$40.53 for the scenario assuming the acquisition of an average of \$3 billion in tangible assets per year and \$41.10 for the scenario assuming the acquisition of an average of \$6 billion in tangible assets per year. These hypothetical values were compared to the prevailing Banknorth common stock price of \$31.02. For each scenario, KBW also presented sensitivity analyses showing the effect on the estimated net present values of changing assumptions regarding the market premium paid in the minority buy-in, the relevant discount rates and the trading multiple of the Banknorth Delaware common stock.

## **TD's Reasons for the Transaction**

The board of directors of TD approved the merger agreement after TD's senior management discussed with the board of directors the business, assets, liabilities, results of operations, financial performance and prospects of Banknorth, the possibilities for continued growth through future acquisitions, Banknorth's history of completing such acquisitions and the experience of Banknorth's management team and their commitment to remain with Banknorth Delaware following the transaction. The board of directors of TD determined that the acquisition of 51% of the outstanding stock of Banknorth Delaware would have the benefits of, among other things, maintaining a U.S. share currency for potential future acquisitions and providing additional options for management and employee incentive compensation. In addition, TD would be able to retain greater capital resources to fund potential future acquisitions by Banknorth, which was a key reason for TD's interest in a transaction with Banknorth.

## **Interests of Banknorth's Executive Officers and Directors in the Transaction**

When you are considering the recommendation of Banknorth's board of directors with respect to approving the merger agreement, the reincorporation of Banknorth from Maine to Delaware and the governance and other provisions in the post-transaction certificate of incorporation, you should be aware that Banknorth's directors and executive officers have interests in the mergers which are in addition to, or different from, their interests as shareholders of Banknorth. The Banknorth board of directors was aware of



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these factors and considered them, among other matters, in approving the merger agreement, the transactions contemplated thereby and the post-transaction certificate of incorporation. These interests are described below.

*Existing Severance Agreements.* Banknorth previously entered into severance agreements with Messrs. Ryan, Verrill, Ott, Greene and Ms. Suehrstedt, as well as Stephen J. Boyle, John W. Fridlington and Carol L. Mitchell and certain other officers of Banknorth, which provided that these officers would receive specified benefits in the event that their employment was terminated by Banknorth other than for cause, disability, retirement or death following a change in control of Banknorth or the officers terminated their employment under such circumstances for good reason (each as defined in the applicable severance agreement). Upon a qualifying termination following a change in control, the officer would be entitled to a lump sum payment equal to three times (in the case of the above-named officers) and two or three times (in the case of other officers) the sum of the officer's annual salary and the greatest of the annual bonuses paid or accrued in the year of termination and any of the three immediately preceding years. For purposes of determining the officer's benefit under the officer's supplemental retirement agreement with Banknorth, the severance agreements also provide that the officer would be credited with additional age and service equal to three years (in the case of the above-named officers) and two or three years (in the case of other officers). With the exception of Mr. Boyle and the other officers not named above, reductions for early commencement of supplemental retirement benefits for these executives would be eliminated and provisions in the executive's supplemental retirement agreement with Banknorth (which we refer to in this document as the SERP) that prohibit the accrual of additional benefits after the executive has been credited with more than a stated number of years of service would be disregarded. In the case of Mr. Boyle and all but one of the other officers not named above, for purposes of determining each such officer's early retirement and other forms of benefit under his or her SERP, if such officer is less than 55 years of age on the date of termination of employment, such officer would be deemed to be at least 55 years of age on the date of termination. In addition, upon a qualifying termination, each covered officer would be entitled to continued welfare benefits coverage at Banknorth Delaware's expense at a level equivalent to the insurance coverage in effect for the officer immediately prior to termination of his or her employment until the earlier of three years (in the case of the above-named officers) and two or three years (in the case of other officers) following termination of employment or the date the officer has commenced new employment which provides comparable benefits. In addition, all rights under any equity or long-term incentive plan would be fully vested to the extent not otherwise provided by the terms of any such plan. The agreements also provide that if any amounts or benefits received under the existing agreements or otherwise are subject to the excise tax imposed under Section 4999 of the Internal Revenue Code of 1986, as amended, or the Internal Revenue Code, an additional payment will be made to restore the executive to the after-tax position that he or she would have been in if the excise tax had not been imposed.

*New Agreements with Banknorth Executive Officers.* In order to increase the likelihood that Banknorth's executive officers would remain in the employ of Banknorth Delaware following the completion of the mergers, employment agreements were entered into with each of Messrs. Ryan and Verrill and retention agreements were entered into with Messrs. Ott and Greene and Ms. Suehrstedt, as well as Messrs. Boyle and Fridlington and Ms. Mitchell and certain other officers. Upon completion of the mergers, these agreements will become effective and will supersede the existing severance agreements between Banknorth and the officers named above.

The new employment agreement among Banknorth, TD and Mr. Ryan provides that during the five-year period following the completion of the mergers, Mr. Ryan will be employed as Chairman, President and Chief Executive Officer of Banknorth Delaware and will serve as a director and Vice Chairman of TD. The new employment agreement between Banknorth and Mr. Verrill provides that during the four-year period following the completion of the mergers, Mr. Verrill will be employed as Senior Executive Vice President and Chief Operating Officer of Banknorth Delaware. The retention agreements between Banknorth and each of the other six Banknorth executives, including Messrs. Ott and Greene and Ms. Suehrstedt, provide that during the three-year period following the completion of the mergers, each

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executive will serve in such positions as may be assigned by Banknorth Delaware consistent with the executive's position prior to the mergers.

Each of the new agreements provides that during the term of the agreement the executive will receive an annual base salary at least equal to his or her base salary in effect immediately prior to the completion of the mergers, will have incentive compensation opportunities no less favorable than those available to the executive prior to the completion of the mergers and will be entitled to participate in all employee benefit plans offered by Banknorth Delaware to its employees. Assuming the mergers were completed as of the date of this document, the annual base salary payable to each of Messrs. Ryan, Verrill, Ott and Greene and Ms. Suehrstedt would be \$853,500, \$480,434, \$348,000, \$303,000 and \$296,000, respectively, and the annual base salary payable to Messrs. Boyle and Fridlington and Ms. Mitchell would be \$219,763, \$296,000 and \$296,000, respectively. Additionally, each agreement provides that, within 10 days of the completion of the mergers, each executive will receive any unpaid portion of a pro-rata long-term incentive award in an amount as provided in Section 5 of Banknorth's Executive Incentive Plan. Mr. Ryan's employment agreement also provides for the purchase of a \$5 million whole life insurance policy on his life, with Banknorth to pay the premiums on the policy until the policy is fully paid. The total insurance premiums for this policy are currently estimated to amount to \$1.3 million.

Under the terms of the new agreements, each executive agreed to waive existing rights to accelerated vesting of the options to acquire Banknorth common stock held by him or her that would otherwise occur upon completion of the mergers in accordance with the terms of the stock compensation plans under which such options were granted.

Each of the agreements provides that upon completion of the mergers, the executive will be granted restricted stock units in TD with a grant date value equal to \$6 million in the case of Mr. Ryan, \$3 million in the case of Mr. Verrill and \$2 million in the case of each of the other six executives. These TD restricted stock units will vest based on the executive's continued employment through the third anniversary of the completion of the mergers, subject to earlier vesting upon termination of employment due to death, disability, involuntary termination other than for cause, as defined in the agreements, or voluntary termination by the executive for good reason, as defined in the agreements. However, even if the restricted stock units vest prior to the third anniversary of the completion of the mergers, payment of the awards will be delayed until that third anniversary and will be contingent upon the executive's compliance with the non-solicitation and non-competition provisions in the new agreements. The restricted stock units will be paid out in cash based on the closing price of the TD common shares on the third anniversary of the completion of the mergers, unless the executive elects to defer the cash payment under the terms of a deferred compensation plan maintained by Banknorth Delaware. The cash amount payable in respect of the restricted stock units will be adjusted up or down, but not by more than 20%, to reflect the performance of Banknorth Delaware against an annual growth in operating earnings per share target established each year by the compensation committee of the board of directors of Banknorth Delaware, provided that such operating earnings per share target (1) may not increase by more than 10% annually and (2) will exclude for all relevant years costs associated with the mergers, any cost related to the expensing of stock options and extraordinary items.

In consideration for each of the eight executive officers' continued employment through the third anniversary of the mergers and his or her agreement to comply with the non-solicitation and non-compete provisions in the new agreement, each executive will become entitled to receive a non-competition and retention amount on the third anniversary of the completion of the mergers, subject to earlier payment upon termination of employment due to death, disability, involuntary termination other than for cause or voluntary termination by the executive for good reason. The non-competition and retention amount consists of a lump sum cash payment and various enhancements to the executive's existing SERP. The lump sum cash payments equal \$6,081,925 for Mr. Ryan, \$2,788,977 for Mr. Verrill, \$1,746,675 for Mr. Greene, \$2,098,239 for Mr. Ott, \$1,571,925 for Ms. Suehrstedt, \$1,046,964 for Mr. Boyle, \$1,571,925 for Mr. Fridlington and \$1,571,925 for Ms. Mitchell. The SERP enhancements generally consist of (1) crediting the executive with an additional 36 months of age and service for all purposes under the SERP, including benefit accrual, (2) disregarding any SERP provisions that prohibit the accrual of

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additional benefits after the executive has been credited with more than a stated number of years of service and (3) treating the executive as immediately eligible for any early retirement benefit without being subject to reduction for early commencement of payment (except that, in the case of Mr. Boyle, for purposes of determining the early retirement and other forms of benefit under his SERP, if Mr. Boyle is less than 55 years of age on the date of termination of employment, he would be deemed to be at least 55 years of age on such date). The value of the SERP enhancements are estimated to be approximately \$2,880,000 for Mr. Ryan, \$2,450,000 for Mr. Verrill, \$460,000 for Mr. Greene, \$1,000,000 for Mr. Ott, \$920,000 for Ms. Suehrstedt, \$140,000 for Mr. Boyle, \$670,000 for Mr. Fridlington and \$860,000 for Ms. Mitchell.

If, during the term of the new agreement, the executive's employment is involuntarily terminated without cause, or the executive terminates his or her employment for good reason, the executive will be entitled to receive the following:

accrued benefits through the date of termination,

the non-competition and retention payment,

a prorated bonus for the year of termination based on the executive's average annual bonuses for the prior three years (which we refer to in this document as the prorated bonus),

continued welfare benefits coverage at Banknorth Delaware's expense until the earlier of 36 months or the date the executive commences new employment with comparable benefits or, under certain circumstances where it is not possible to provide continued coverage, a lump sum cash amount equal to twice the aggregate allocable cost of such coverage, and

accelerated vesting of (1) all unvested stock options granted prior to the mergers, (2) any grants of equity-based compensation awards from TD or Banknorth Delaware after the mergers if the termination of employment occurs after a subsequent change in control of either TD or Banknorth Delaware and (3) the restricted stock units granted upon completion of the mergers (without regard to the performance conditions) although such units will not be payable until the third anniversary of the completion of the mergers and will be forfeited if the executive fails to comply with the non-solicitation and non-compete provisions of the new agreement.

In addition, upon a qualifying termination of Messrs. Ryan's or Verrill's employment, the executive will be entitled to receive a lump sum severance amount equal to the product of:

(1) the sum of

his annual base salary,

his average annual bonus for the last three years,

the maximum employer matching contributions (other than employee contributions) that would have been credited to his account under Banknorth's 401(k) plan for the year of termination and

the total value of all other contributions and forfeitures allocated to his 401(k) account for the plan year ending immediately prior to either the completion of the mergers or the termination of his employment, whichever year would produce the greater value;

*multiplied by*

(2) the lesser of three or the number of years and portions of a year remaining until, in the case of Mr. Ryan, the fifth anniversary of the completion of the mergers and, in the case of Mr. Verrill, the fourth anniversary of the completion of the mergers, but not less than one and a half years (if his termination occurs prior to a change in control of either TD or Banknorth Delaware) or two years (if his termination occurs after a subsequent change in control of either TD or Banknorth Delaware).

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In addition, each of the executives (other than Messrs. Ryan and Verrill) will be entitled to two years of salary continuation upon a termination of employment, following the third anniversary of the completion of the mergers, either by Banknorth Delaware without cause or by the executive for good reason.

In the event of a termination due to death or disability (or, in the case of Messrs. Ryan and Verrill, retirement at or after age 65), the executive will receive the accrued benefits, prorated bonus, the non-competition and retention payment and accelerated vesting of the unvested stock options granted prior to the mergers and the restricted stock units granted upon completion of the mergers, and in the case of Mr. Ryan continued payments on his life insurance policy by Banknorth Delaware. If the executive ceases to be employed for any reason at or following the end of the term of the agreement other than a termination for cause, the executive will be entitled to continued welfare benefits coverage at the expense of Banknorth Delaware until the earlier of 36 months or the date the executive commences new employment with comparable benefits.

During and after the term of each applicable agreement, the executives will not disclose confidential information of Banknorth or Banknorth Delaware. During the term of each applicable agreement and for a period of three years following the date the executive ceases to be employed by Banknorth Delaware, the executive may not hire or solicit any employees or consultants of Banknorth Delaware and may not solicit certain clients of Banknorth Delaware or compete with Banknorth Delaware.

If any amounts or benefits received under the new agreements or otherwise are subject to the excise tax imposed under Section 4999 of the Internal Revenue Code, an additional payment will be made to restore the executive to the after-tax position that he or she would have been in if the excise tax had not been imposed, provided that such excess parachute payments exceed 105% of three times the executive's base amount, as defined in Section 280G of the Internal Revenue Code. In the event this 105% threshold is not met, the excess parachute payments will be reduced so that they do not exceed three times the executive's base amount.

Assuming that the mergers are completed on March 1, 2005, in the event that immediately after the completion of the mergers the employment of the executives was involuntarily terminated by Banknorth without cause or by the executives for good reason, the aggregate cash benefits payable to the executives under the new agreements would be approximately \$18.8 million for Mr. Ryan, \$10.4 million for Mr. Verrill, \$4.1 million for Mr. Greene, \$5.1 million for Mr. Ott, \$4.5 million for Ms. Suehrstedt, \$3.2 million for Mr. Boyle, \$4.3 million for Mr. Fridlington and \$4.4 million for Ms. Mitchell, in each case including the restricted stock units and SERP enhancements described above and excluding the payments under the Executive Incentive Plan described below. In addition, under these circumstances these officers would be entitled to accelerated vesting of their unvested stock options and Banknorth Delaware would be obligated to pay them an aggregate of approximately \$11.1 million of gross-up payments to cover excise taxes imposed under Section 4999 of the Internal Revenue Code. However, we do not anticipate that these gross-up payments or the full amount of the aggregate cash benefits payable under the new agreements will be payable to these executive officers in connection with the completion of the mergers because it is anticipated that they will remain in Banknorth Delaware's employ following completion of the mergers. If the executive voluntarily terminates his or her employment prior to the third anniversary of the completion of the mergers, the executive will not receive any of the above amounts. In such event, the executive will receive the payments under the Executive Incentive Plan described below plus any gross-up payment if the executive is subject to excise taxes under Section 4999 of the Internal Revenue Code.

*Executive Incentive Plan.* Under Banknorth's Executive Incentive Plan, Banknorth has granted incentive awards each year that provide for cash payments if performance goals are achieved during the performance period. Both short-term (one-year) and long-term (three-year) incentive awards have been granted under the plan, with the performance periods commencing each January 1. Under the terms of the plan, in the event of a change in control of Banknorth, each participant will receive payments for his or her incentive awards within 30 days of the date of the change in control as follows: (1) for performance periods which had an original term of one year or less, the amount required to be paid under the terms of the participant's severance agreement and (2) for performance periods of more than one year, an amount based on the greater of (A) the actual attainment of the performance goals and (B) the assumed

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attainment of the maximum of the performance goals for each respective performance period, pro rated to the date of the change in control. Completion of the mergers will constitute a change in control under the Executive Incentive Plan. Accordingly, each participant will receive a payment under the change in control provision of the Executive Incentive Plan in connection with the mergers. The long-term incentive payments for the performance periods due to end on December 31, 2005, 2006 and 2007 under this plan are estimated to be approximately \$6,260,440 for Mr. Ryan and \$3,130,220 for each of Messrs. Verrill, Fridlington, Greene and Ott and Ms. Mitchell and Ms. Suehrstedt, and \$526,374 for Mr. Boyle, assuming the mergers are completed on March 1, 2005. With the approval of TD, Banknorth paid short-term incentive awards for the 2004 calendar year, which are not contingent on the mergers, and the above-referenced long-term incentive payments, in December 2004. Any additional amounts that may be owed to the participants based on Banknorth's actual operating results for 2004, in the case of the short-term payments, and the actual date of completion of the mergers, in the case of the long-term payments, will be paid to the participants upon completion of the mergers.

*Equity-Based Awards.* The merger agreement provides that upon completion of the mergers, each outstanding and unexercised option to acquire shares of Banknorth common stock will cease to represent the right to acquire shares of Banknorth common stock and will become a right to acquire shares of Banknorth Delaware common stock. See Treatment of Banknorth Stock Options and Other Equity-Based Awards beginning on page 84. Under the terms of Banknorth's stock option and equity incentive plans, all unvested options to purchase shares of Banknorth common stock will become vested and exercisable upon completion of the mergers, except for options held by those executives who have agreed to waive their right to accelerated vesting (which include the eight executives discussed above). As of December 13, 2004, the eight executive officers of Banknorth as a group held options to acquire an aggregate of 795,707 shares of Banknorth common stock under Banknorth's stock option plans that are not vested. Because the executives have waived their right to accelerated vesting, none of these options will vest solely as a result of the mergers, although they will vest immediately if the executive's employment is terminated following the mergers due to death, disability, involuntary termination without cause or voluntarily termination by the executive for good reason (and, in the case of Messrs. Ryan and Verrill, retirement at or after age 65). The stock options to acquire shares of Banknorth common stock granted to non-employee directors of Banknorth are fully vested as of the date of grant and therefore the mergers will not result in any accelerated vesting of such options.

It is anticipated that the executive officers of Banknorth will be granted stock options and/or restricted stock approximately 30 days following completion of the mergers in the following amounts, assuming such officers are still actively employed at such time: stock options for 72,500 shares to Mr. Ryan, 40,000 shares to Mr. Verrill, 32,500 shares to Mr. Ott, 27,500 shares to each of Mr. Greene, Ms. Suehrstedt, Mr. Fridlington and Ms. Mitchell, and 13,500 shares to Mr. Boyle; and restricted stock awards for 19,725 shares to Mr. Ryan, 10,883 shares to Mr. Verrill, 8,842 shares to Mr. Ott, 7,482 shares to each of Mr. Greene, Ms. Suehrstedt, Mr. Fridlington and Ms. Mitchell, and 3,673 shares to Mr. Boyle. The stock options will have an exercise price equal to the fair market value of the Banknorth Delaware common stock at the time of grant. The stock options will vest over a period of three years, and the restricted stock awards will become 100% vested on the third anniversary of the date of grant, subject to earlier vesting in the event of death, disability, retirement in certain circumstances, change in control or involuntary termination without cause.

Shares of Banknorth common stock issued under Banknorth's Restricted Stock Plan for Non-Employee Directors may not be transferred except upon the death, disability or retirement of the director, termination of the director's service with the consent of a majority of the board of directors or a change in control of Banknorth. The restrictions on these shares will lapse upon completion of the mergers. As of December 13, 2004, the non-employee directors of Banknorth held an aggregate of 23,971 shares of Banknorth common stock under this plan.

*Deferred Compensation Plan.* Under Banknorth's Deferred Compensation Plan, directors and executive officers of Banknorth may defer specified compensation in accordance with the terms set forth in this plan. In connection with deferral elections, a participant may elect one or more specified measurement funds, including a fund based on units of Banknorth's common stock, to determine amounts earned on

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deferrals. Under the Deferred Compensation Plan, the compensation committee of the board of directors of Banknorth is authorized to make appropriate adjustments to the number of Banknorth common stock units credited to a participant's account in the event of a merger or similar event affecting Banknorth. Under the terms of the merger agreement, at the time of the migratory merger, each stock account under the Banknorth deferred compensation plan will cease to represent shares of Banknorth common stock and will represent the number of shares of Banknorth Delaware common stock equal to the number of shares of Banknorth common stock previously subject to such account.

The Deferred Compensation Plan also provides that in the event of a change in control of Banknorth, which would include the proposed transaction with TD, each participant will become entitled to receive his or her vested account balance under the plan in a single lump payment on the ninetieth day following the change in control, unless the participant has affirmatively elected not to receive such distribution prior to the change in control.

The recently-enacted American Jobs Creation Act of 2004, which generally imposes new requirements with respect to compensation deferred under deferred compensation plans after December 31, 2004, as well as under the terms of an existing deferred compensation plan in the event that the plan is materially modified after October 3, 2004, other than as permitted by the American Jobs Creation Act. Under new Section 409A of the Internal Revenue Code, the U.S. Treasury Department was directed to issue regulations by December 21, 2004 that will provide a limited period during which a deferred compensation plan may be amended to allow a participant that does not wish to comply with the new requirements of Section 409A to (i) terminate his or her participation in the plan or (ii) cancel an outstanding deferral election with regard to amounts to be deferred after December 31, 2004.

Pursuant to a notice of guidance under Section 409A of the Internal Revenue Code issued by the U.S. Treasury on December 20, 2004, Banknorth intends to adopt amendments to the Deferred Compensation Plan which will permit participants to terminate participation in the plan prior to completion of the transaction in 2005. Distributions of amounts based on units of Banknorth common stock prior to a change in control of Banknorth would be based on the fair market value of the Banknorth common stock at the time of the distribution.

Pursuant to the existing terms of the Deferred Compensation Plan and the above-referenced notice of guidance under Section 409A, Banknorth distributed in December 2004 the total deferred account balance of each executive officer who was a participant in the Deferred Compensation Plan, as well as the account balances of certain other participants in this plan.

At December 13, 2004, non-employee directors had an aggregate account balance of \$1.5 million of directors' fees under the Deferred Compensation Plan, which was deemed to be invested in part in 32,333 units of Banknorth common stock. In addition, two of the non-employee directors had an aggregate account balance as of December 13, 2004 of \$1.3 million in deferred compensation plans assumed in acquisitions, which was deemed to be invested in part in 33,547 units of Banknorth common stock. At the same date, the total account balances and Banknorth common stock units of executive officers under the Deferred Compensation Plan were as follows: Mr. Ryan: \$478,641 and 0 units; Mr. Verrill: \$65,458 and 1,806 units; Mr. Ott: \$434,172 and 3,568 units; Mr. Greene, \$842,890 and 20,251 units; Ms. Suehrstedt: \$0 and 0 units; Mr. Boyle: \$0 and 0 units; Mr. Fridlington: \$369,845 and 0 units; and Ms. Mitchell: \$503,345 and 0 units.

*Indemnification and Insurance.* The merger agreement provides that Banknorth's directors and officers will be entitled to continuing indemnification against certain liabilities. Under the terms of the merger agreement, Banknorth Delaware agreed to indemnify and hold harmless, and provide advancement of expenses to, each present and former director or officer of Banknorth or its subsidiaries determined as of completion of the migratory merger (which we refer to collectively in this document as the indemnified parties), arising out of matters relating to their service as a director or officer and existing or occurring prior to the completion of the mergers, to the fullest extent to which such indemnified parties would be entitled under applicable law and the by-laws of Banknorth and Banknorth Delaware as in effect on August 25, 2004. Banknorth Delaware also generally agreed in the merger agreement that all rights to

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indemnification and all limitations on liability existing in favor of the indemnified parties in the respective certificate of incorporation, by-laws or similar organizational documents of Banknorth, Banknorth Delaware or any of their respective subsidiaries as in effect on August 25, 2004 with respect to matters occurring prior to the completion of the mergers will survive the mergers and will continue in full force and effect after the completion of the mergers.

Under the terms of the merger agreement, Banknorth Delaware agreed to maintain in effect, for six years following the completion of the mergers, directors' and officers' liability insurance containing terms and conditions which are not less advantageous than any such policies maintained by Banknorth as of August 25, 2004, with respect to matters occurring prior to the completion of the mergers. TD may elect to substitute TD policies of at least the same coverage, which may be tail policies, for all or any part of the six-year period.

Under the terms of the merger agreement, Banknorth Delaware also generally agreed, during the three-year period following completion of the mergers, not to change the terms of the post-transaction certificate of incorporation or Banknorth Delaware's by-laws regarding indemnification or related matters or make material changes to Banknorth Delaware's policies and practices with respect to directors' and officers' liability insurance, which in either case relate to matters arising after the completion of the mergers and would reasonably be expected to be adverse to Banknorth Delaware's directors, unless in the case of changes to such policies or practices relating to directors' and officers' liability insurance, such change is approved in advance by the designated independent directors.

Other than as set forth above, no director or executive officer of Banknorth has any direct or indirect material interest in the mergers, except insofar as ownership of Banknorth common stock might be deemed such an interest. See Beneficial Ownership of Banknorth Common Stock beginning on page 132.

**Material U.S. Federal Income Tax Consequences**

The following discussion, insofar as it relates to matters of United States federal tax law and regulations or legal conclusions with respect thereto, constitutes the opinion of Simpson Thacher & Bartlett LLP, U.S. counsel to TD, as to the material United States federal income tax consequences of the acquisition merger to U.S. holders (as defined below) of Banknorth common stock and the ownership of TD common shares received in the acquisition merger, as of the date of this proxy statement/prospectus. The discussion of the material United States federal income tax consequences of the migratory merger to U.S. holders of Banknorth common stock is based upon the opinion of Elias, Matz, Tiernan & Herrick L.L.P., counsel to Banknorth as of the date of this proxy statement/prospectus. As discussed in greater detail below, the receipt of TD common shares and cash in the acquisition merger generally will be taxable to Banknorth shareholders, while the receipt of shares of Banknorth Delaware common stock in the migratory merger will generally not be taxable. This discussion is based upon the Internal Revenue Code, the regulations of the United States Treasury Department and court and administrative rulings and decisions in effect on the date of this document. These laws may change, possibly retroactively, and any change could affect the continuing validity of this discussion.

For purposes of this discussion, we use the term "U.S. holder" to mean:

an individual citizen or resident of the United States;

a corporation (or other entity treated as a corporation for United States federal income tax purposes) created or organized in or under the laws of the United States, any U.S. state or the District of Columbia;

an estate the income of which is subject to United States federal income taxation regardless of its source; or

a trust which either (1) is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the

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trust or (2) has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person.

If a partnership holds TD common shares or Banknorth common stock, the tax treatment of a partner will generally depend on the status of the partners and the activities of the partnership. If you are a partner of a partnership holding TD common shares or Banknorth common stock, you should consult your tax advisors.

This discussion assumes that you hold your TD common shares or Banknorth common stock as capital assets within the meaning of Section 1221 of the Internal Revenue Code. This discussion does not address any tax consequences arising under the laws of any state, local or foreign jurisdiction or under any U.S. federal laws other than those pertaining to the income tax. Further, this discussion does not address all aspects of United States federal income taxation that may be relevant to you in light of your particular circumstances or that may be applicable to you if you are subject to special treatment under the United States federal income tax laws, including if you are:

a financial institution;

a tax-exempt organization;

an S corporation or other pass-through entity;

an insurance company;

a mutual fund;

a dealer in securities or foreign currencies;

a trader in securities who elects the mark-to-market method of accounting for your securities;

a person liable for alternative minimum tax;

a Banknorth shareholder who received Banknorth common stock through the exercise of employee stock options or through a tax-qualified retirement plan;

a person that has a functional currency other than the United States dollar;

a holder of options granted under any Banknorth benefit plan; or

a Banknorth shareholder who holds Banknorth common stock as part of a hedge against currency risk, straddle or a constructive sale or conversion transaction.

***Migratory Merger***

For U.S. federal income tax purposes, you will be treated as exchanging your shares of Banknorth common stock for shares of Banknorth Delaware common stock in the migratory merger. It is a condition to the completion of the mergers that Banknorth receive an opinion from Elias, Matz, Tiernan & Herrick L.L.P. that, for United States federal income tax purposes, the migratory merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code. This opinion will be based on representation letters provided by Banknorth and Banknorth Delaware to be delivered at the time of the completion of the mergers, and on customary factual assumptions and will assume that the migratory merger will be completed according to the terms of the merger agreement. Banknorth has not and does not intend to seek any ruling from the Internal Revenue Service regarding any matters relating to the migratory merger, and as a result, there can be no assurance that the Internal Revenue Service will not disagree with or challenge any of the conclusions described in this proxy statement/prospectus.

Based on facts and representations and assumptions regarding factual matters that were provided by Banknorth and Banknorth Delaware in connection with the filing of the registration statement of which this prospectus/proxy statement is a part and assuming that such facts and representations will remain true, complete and correct until the completion of the mergers, it is the opinion of Elias, Matz, Tiernan & Herrick L.L.P., counsel to Banknorth, that the migratory merger will qualify as a reorganization within the





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meaning of Section 368(a) of the Internal Revenue Code. Accordingly, the material federal income tax consequences of the migratory merger to shareholders of Banknorth that are U.S. holders will be as follows:

you will not recognize gain or loss upon the exchange of Banknorth common stock solely for Banknorth Delaware common stock;

your aggregate tax basis in the Banknorth Delaware common stock that you receive in the migratory merger will equal your aggregate tax basis in the Banknorth common stock you surrender in the migratory merger; and

your holding period for the Banknorth Delaware common stock that you receive in the migratory merger will include your holding period for the shares of Banknorth common stock that you surrender in the migratory merger.

If you acquired different blocks of Banknorth common stock at different times and at different prices, your tax basis and holding period in your Banknorth Delaware common stock may be determined with reference to each block of Banknorth common stock.

Additionally, you will be required to retain records pertaining to the migratory merger and you will be required to file with your United States federal income tax return for the year in which the migratory merger takes place a statement setting forth certain facts relating to the migratory merger.

***Acquisition Merger***

For U.S. federal income tax purposes, you will be treated as surrendering only those shares of Banknorth Delaware common stock that are exchanged for TD common shares and cash in the acquisition merger (with your remaining shares of Banknorth Delaware common stock being retained by you). The acquisition merger will be treated for United States federal income tax purposes as a taxable sale by you of the shares of Banknorth Delaware common stock that you surrender in the acquisition merger. The material United States federal income tax consequences of the acquisition merger are as follows:

you will recognize gain or loss equal to the difference between (1) the sum of the cash consideration (including any cash received in lieu of fractional shares) and the fair market value of the TD common shares received in the acquisition merger and (2) your adjusted tax basis in the shares of Banknorth Delaware common stock surrendered in the acquisition merger for TD common shares and cash;

your aggregate tax basis in the shares of Banknorth Delaware common stock that you retain will equal your tax basis in such shares immediately prior to the acquisition merger;

your aggregate tax basis in the TD common shares that you receive in the acquisition merger will equal the fair market value of such common shares at the time of the acquisition merger;

your holding period for the shares of Banknorth Delaware common stock that you retain will not change as a result of the acquisition merger; and

your holding period for the TD common shares that you receive in the acquisition merger should generally begin on the date after the acquisition merger.

If you acquired different blocks of Banknorth common stock at different times and at different prices, with respect to the Banknorth Delaware common stock you received in exchange for each of those blocks of Banknorth common stock in the migratory merger, any gain or loss will be determined separately with respect to each such block of Banknorth Delaware common stock surrendered, and the cash and TD common shares you receive will be allocated pro rata to each such block of Banknorth Delaware common stock.

See Appendix G to this document for examples relating to the tax treatment of the transaction as described in the preceding bullet points, including with respect to alternatives relating to the allocation of

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your tax basis between the TD common shares and the shares of Banknorth Delaware common stock that you will hold upon completion of the mergers.

*Taxation of Capital Gain or Loss.* Any gain or loss that you recognize in connection with the acquisition merger will generally be capital gain or loss and will be long-term capital gain or loss if, as of the date of the acquisition merger, your holding period in your Banknorth Delaware common stock is greater than one year as of the date of the acquisition merger. For non-corporate shareholders, long-term capital gain generally is subject to tax at preferential rates. There are limitations on the deductibility of capital losses.

*Backup Withholding and Information Reporting.* If you are a non-corporate holder of Banknorth Delaware common stock, you may be subject to information reporting and backup withholding on any cash payments you receive in the acquisition merger. You will not be subject to backup withholding, however, if you:

furnish a correct taxpayer identification number and certify that you are not subject to backup withholding on the substitute Form W-9 or successor form included in the letter of transmittal you will receive; or

are otherwise exempt from backup withholding.

Any amounts withheld under the backup withholding rules will be allowed as a refund or credit against your United States federal income tax liability, provided you furnish the required information to the Internal Revenue Service.

***Taxation of Dividends***

Distributions on your TD common shares (including amounts withheld to reflect Canadian withholding taxes) will be taxable as dividends to the extent paid out of TD's current or accumulated earnings and profits, as determined under United States federal income tax principles. Such income (including withheld taxes) will be includable in your gross income as ordinary income on the day actually or constructively received by you. Because TD is not a U.S. corporation, such dividends will not be eligible for the dividends received deduction allowed to corporations. With respect to non-corporate U.S. holders, certain dividends received before January 1, 2009 from a qualified foreign corporation may be subject to reduced rates of taxation (currently 15%). A foreign corporation is treated as a qualified foreign corporation with respect to dividends paid by that corporation on shares that are readily tradable on an established securities market in the United States. United States Treasury Department guidance indicates that the TD common shares, which are listed on the New York Stock Exchange, are readily tradable on an established securities market in the United States. There can be no assurance that the TD common shares will be considered readily tradable on an established securities market in later years. Non-corporate holders that do not meet a minimum holding period requirement during which they are not protected from the risk of loss or that elect to treat the dividend income as investment income under Section 163(d)(4) of the Internal Revenue Code will not be eligible for the reduced rates of taxation re