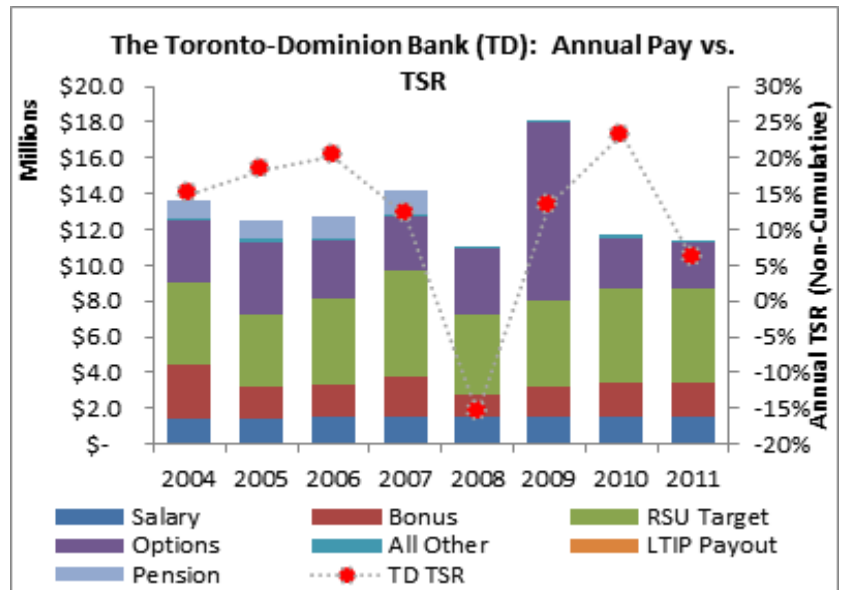
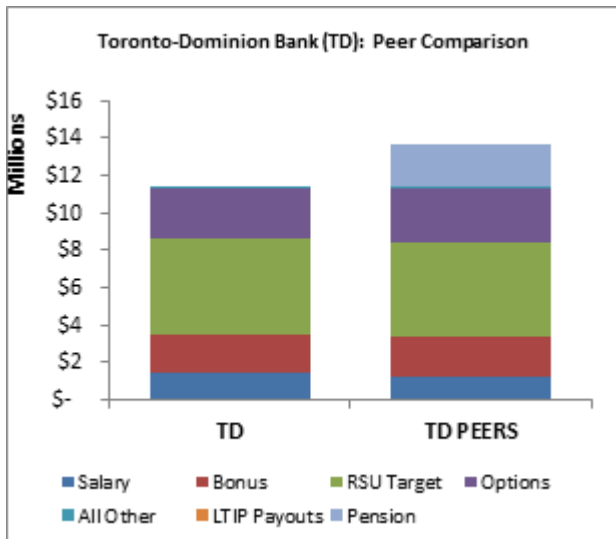


# Toronto-Dominion Bank (TD): 2004-2011 Pay for Performance

PAY FOR PERFORMANCE SCORE				
1 YEAR = 3	4 YEAR = 1	6 YEAR = 5	8 YEAR = 3	TOTAL: 12/24

TD's TSR was positive in each of our observation periods, while CEO pay has been reasonably stable over our sample. 8-year TSR was 129%, while 8-year CEO pay change was -2.3%. **TD's pay and TSR only moved in the same direction in two out of four observations, while the other two showed negative CEO pay change and positive TSR. Because the misalignment was not due to 'overpayment', TD's Pay for Performance Score is a reasonably good 12/24.**

TD's total CEO pay in 2011 ranked 5th out of 7 peers and 3rd out of 5 Canadian peers. Each peer in the sample posted rather flat TSR in 2011, although TD came out on top with 6%. Year-over-year, TD has primarily used bonus and RSU grants to adjust pay for performance outcomes, although as mentioned above CEO pay has tended to be very stable throughout our observation.



COMPANY'S DISCLOSED PEER FIRMS	
TICKER	NAME
TSE:BMO	Bank of Montreal
TSE:BNS	Bank of Nova Scotia
TSE:CM	Canadian Imperial Bank of Commerce
NYSE:PNC	PNC Financial Services Group Inc.
TSE:RY	Royal Bank of Canada
NYSE:USB	U.S. Bancorp

FY 2011 FINANCIAL PERFORMANCE RANKINGS						
#	PEER	TSR	PEER	ROE	PEER	ROA
1	TSE:TD	6.0%	TSE:CM	19.9%	NYSE:USB	1.4%
2	TSE:BMO	3.7%	TSE:BNS	17.5%	NYSE:PNC	1.1%
3	NYSE:USB	2.3%	NYSE:USB	15.0%	TSE:BNS	0.9%
4	TSE:BNS	1.9%	<b>TSE:TD</b>	<b>13.1%</b>	<b>TSE:TD</b>	<b>0.8%</b>
5	TSE:CM	1.2%	TSE:RY	12.5%	TSE:CM	0.8%
6	NYSE:PNC	-3.1%	TSE:BMO	12.4%	TSE:BMO	0.7%
7	TSE:RY	-6.7%	NYSE:PNC	9.2%	TSE:RY	0.6%
8						
9						
10						
11						

CEO COMPENSATION RANKINGS AGAINST COMPANY'S DISCLOSED PEER FIRMS										
	PEER	TOTAL PAY	PEER	SALARY	PEER	BONUS	PEER	TOTAL CASH	PEER	TOTAL EQUITY
1	NYSE:PNC	\$16,172,535	TSE:BNS	\$1,500,000	TSE:CM	\$3,404,000	TSE:CM	\$4,904,000	TSE:BNS	\$8,477,746
2	NYSE:USB	\$14,208,328	<b>TSE:TD</b>	<b>\$1,500,000</b>	NYSE:USB	\$3,165,021	NYSE:USB	\$4,129,401	NYSE:PNC	\$8,463,411
3	TSE:RY	\$12,680,149	TSE:CM	\$1,500,000	NYSE:PNC	\$1,988,029	<b>TSE:TD</b>	<b>\$3,460,000</b>	TSE:RY	\$8,359,020
4	TSE:BMO	\$11,672,664	TSE:RY	\$1,476,712	<b>TSE:TD</b>	<b>\$1,960,000</b>	TSE:RY	\$3,226,712	TSE:BMO	\$7,952,422
5	<b>TSE:TD</b>	<b>\$11,426,077</b>	NYSE:PNC	\$1,156,450	TSE:RY	\$1,750,000	NYSE:PNC	\$3,144,479	<b>TSE:TD</b>	<b>\$7,860,381</b>
6	TSE:BNS	\$11,378,942	TSE:BMO	\$1,026,250	TSE:BNS	\$1,400,000	TSE:BNS	\$2,900,000	NYSE:USB	\$6,134,661
7	TSE:CM	\$10,498,798	NYSE:USB	\$964,379	TSE:BMO	\$1,150,000	TSE:BMO	\$2,176,250	TSE:CM	\$5,003,798
8										
9										
10										
11										

# PAY FOR PERFORMANCE SCORING

For 2012, the Clarkson Centre for Board Effectiveness (CCBE), prepared a Pay for Performance report for each firm currently listed on the TSX 60 Index that has at least 8 years of historical compensation or share price data available. The CCBE's Performance Score measures how closely CEO pay and TSR are aligned over four different time horizons. Compensation data is gathered from the firm's public filings, and valued at the time of grant. Options are valued using the binomial tree fair value method, and PSUs are valued at the grant date value of the target payout. TSR is calculated using a 30-day average start and end date share price, and assumes the reinvestment of dividends.

CCBE collected pay and performance data for up to ten peer companies for each TSX 60 constituent. Peer companies were selected from each TSX 60 constituent's performance benchmarking peer group, as disclosed in its most recent Management Information Circular. If a performance peer group was not disclosed, the CCBE collected information on the disclosed constituents of the total pay benchmarking peer group. If a peer group had more than 10 constituents, we randomly selected ten from among the disclosed list.

Our Pay for Performance Score takes into account alignment between change in CEO pay and TSR in 1-, 4-, 6- and 8-year observations. CEO pay change is 'smoothed' to account for outlying years. For example, in our 8-year observation we calculate CEO pay change as the percent change of the sum of total CEO pay from 2004-2007 against the sum of total CEO pay from 2008-2011. This helps to normalize our longer observations for unusual events like CEO turnover and large one-time payouts. The Pay for Performance Score gives significantly more weight to longer-term observations than shorter ones.

1-YEAR SCORE	4-YEAR SCORE	6-YEAR SCORE	8-YEAR SCORE
A = 3	A = 4	A = 7	A = 10
B = 3	B = 3	B = 5	B = 8
C = 2	C = 2	C = 3	C = 5
D = 1	D = 1	D = 1	D = 3
E = 0	E = 0	E = 0	E = 0

