

SOUTH FINANCIAL GROUP INC

Form 425

May 18, 2010

Filed by The Toronto-Dominion Bank
Pursuant to Rule 425 under the Securities Act of 1933
and deemed filed pursuant to Rule 14a-12 under the
Securities Exchange Act of 1934
Subject Company: The South Financial Group, Inc.
Commission File No.: 0-15083

This filing, which includes (i) a press release issued by The Toronto-Dominion Bank on May 17, 2010, (ii) emails sent to analysts and investors, on May 17, 2010, (iii) communications to employees of TD Bank, America's Most Convenient Bank and/or The Toronto-Dominion Bank on May 17, 2010 and (iv) communications to employees and customers of the South Financial Group, Inc. on May 17, 2010, may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and comparable safe harbour provisions of applicable Canadian legislation, including, but not limited to, statements relating to anticipated financial and operating results, the companies' plans, objectives, expectations and intentions, cost savings and other statements, including words such as anticipate, believe, plan, estimate, expect, intend, will, should, may, and other similar expressions. These statements are based upon the current beliefs and expectations of our management and involve a number of significant risks and uncertainties. Actual results may differ materially from the results anticipated in these forward-looking statements. The following factors, among others, could cause or contribute to such material differences: the ability to obtain the approval of the transaction by The South Financial Group, Inc. shareholders; the ability to realize the expected synergies resulting from the transaction in the amounts or in the timeframe anticipated; the ability to integrate The South Financial Group, Inc.'s businesses into those of The Toronto-Dominion Bank in a timely and cost-efficient manner; and the ability to obtain governmental approvals of the transaction or to satisfy other conditions to the transaction on the proposed terms and timeframe. Additional factors that could cause The Toronto-Dominion Bank's and The South Financial Group, Inc.'s results to differ materially from those described in the forward-looking statements can be found in the 2009 Annual Report on Form 40-F for The Toronto-Dominion Bank and the 2009 Annual Report on Form 10-K of The South Financial Group, Inc. filed with the Securities and Exchange Commission and available at the Securities and Exchange Commission's internet site (<http://www.sec.gov>).

The proposed merger transaction involving The Toronto-Dominion Bank and The South Financial Group, Inc. will be submitted to The South Financial Group, Inc.'s shareholders for their consideration. **Shareholders are encouraged to read the proxy statement/prospectus regarding the proposed transaction when it becomes available because it will contain important information.** Shareholders will be able to obtain a free copy of the proxy statement/prospectus, as well as other filings containing information about The Toronto-Dominion Bank and The South Financial Group, Inc., without charge, at the SEC's internet site (<http://www.sec.gov>). Copies of the proxy statement/prospectus and the filings with the SEC that will be incorporated by reference in the proxy statement/prospectus can also be obtained, when available, without charge, by directing a request to The Toronto-Dominion Bank, 15th Floor, 66 Wellington Street West, Toronto, ON M5K 1A2, Attention: Investor Relations, 1-866-486-4826, or to The South Financial Group, Inc., Investor Relations, 104 South Main Street Poinsett Plaza, 6th Floor, Greenville, South Carolina 29602, 1-888-592-3001.

The Toronto-Dominion Bank, The South Financial Group, Inc., their respective directors and executive officers and other persons may be deemed to be participants in the solicitation of proxies in respect of the proposed transaction. Information regarding The Toronto-Dominion Bank's directors and executive officers is available in its Annual Report on Form 40-F for the year ended October 31, 2009, which was filed with the Securities and Exchange Commission on December 03, 2009, and in its notice of annual meeting and proxy circular for its most recent annual meeting, which was filed with the Securities and Exchange Commission on February 25, 2010. Information regarding The South Financial Group, Inc.'s directors and executive officers is available in The South Financial Group, Inc.'s proxy statement for its most recent annual meeting, which was filed with the Securities and Exchange Commission on April 07, 2010. Other information regarding the participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the proxy statement/prospectus and other relevant materials to be filed with the SEC when they become available.

**THE FOLLOWING IS A PRESS RELEASE ISSUED BY THE
TORONTO-DOMINION BANK
ON MAY 17, 2010**

TD Bank Financial Group to Acquire The South Financial Group

Transaction will add 176 new stores in the U.S. Southeast, including 66 stores in the deposit-rich Florida market

TD will enter North and South Carolina, further filling out Maine-to-Florida footprint

Transaction fits within TD's risk framework

Note: All figures in US\$ unless otherwise noted.

CHERRY HILL, NJ, PORTLAND, ME and TORONTO, ON, May 17 /CNW/ TD Bank Financial Group Inc. (TSX and NYSE: TD) today announced that it has signed a definitive agreement with The South Financial Group, Inc. (Nasdaq: TSFG), for TD to acquire 100% of the outstanding common shares of South Financial for approximately \$61 million in cash or TD common stock. Common shareholders of South Financial will have the right to elect to receive either \$0.28 in cash, or .004 shares of TD common stock, for each outstanding South Financial common share. In addition, immediately prior to completion of the transaction, the United States Department of the Treasury will sell to TD its \$347 million of South Financial preferred stock and the associated warrant acquired under the Treasury's Capital Purchase Program and discharge all accrued but unpaid dividends on that stock for total cash consideration of approximately \$130.6 million.

This transaction represents another key milestone as we continue to build out our U.S. franchise. With the acquisition of South Financial, we're gaining established commercial banking assets and a solid network of stores in attractive and growing markets within our Maine-to-Florida footprint," said Ed Clark, President and CEO, TD Bank Financial Group.

This acquisition will not only accelerate our growth, but it will also enable us to deepen our market share by offering an extensive suite of retail and commercial banking products to South Financial customers.

This is a relatively small acquisition and exactly the kind of unassisted transaction that we've said we're comfortable doing," added Mr. Clark. After undertaking extensive due diligence, we're confident that this is an attractive opportunity that fits within our framework of only taking risks that we can clearly understand and manage. All in all, we think we're getting a strong franchise that offers a solid financial return, along with a good management team who will bring their expertise to help with the combined company's future growth plans.

The transaction is expected to close in TD's third fiscal quarter of 2010, promptly following receipt of regulatory approvals and approval by South Financial's shareholders. As part of the transaction, South Financial will issue voting preferred stock to TD and TD will issue 1,000 common shares to South Financial as consideration. This preferred stock will be entitled to vote with the South Financial common stock as a single class and will represent 39.9% of the total voting power after the issuance. All outstanding trust preferred securities and REIT preferred securities of South Financial will remain outstanding and any deferred dividends will be brought current after closing.

In connection with the transaction, TD's wholly-owned subsidiary TD Bank, America's Most Convenient Bank(R) (TD Bank) and Carolina First Bank, which operates under the Carolina First brand in the Carolinas and the Mercantile Bank brand in Florida, are also expected to merge. At March 31, 2010, South Financial had a total of \$8.0 billion in loans and \$9.8 billion in deposits (\$7.8 billion excluding brokered deposits). Its network of 176 stores includes a total of 66 stores in Florida, including locations in urban centers such as Miami, Tampa and Orlando, as well as 83 stores throughout South Carolina and 27 stores in North Carolina. Upon completion of the transaction and conversion of the South Financial franchise to the TD Bank operating platform in 2011, TD Bank intends to introduce its brand, retail banking expertise and model across South

Financial's footprint. Until conversion, South Financial will continue to operate under the Carolina First and Mercantile Bank brands in the Carolinas and Florida, respectively.

South Financial: A strong commercial lender caught in downturn

South Financial offers us a strong platform for expansion in the U.S. Southeast, further expands our presence in Florida and demonstrates our continued commitment to growing our franchise, said Bharat Masrani, President and CEO, TD Bank. We believe that we can add significant upside by applying our retail expertise and WOW! culture to this established regional bank. The transaction builds on our organic growth capability and the momentum of our recent acquisitions in the deposit-rich Florida market. It also gives us a strong position in North and South Carolina, where South Financial is a leading community bank with a solid base for market share growth and asset generation. Following the credit difficulties associated with residential construction and commercial real estate development lending, South Financial installed a new management team in 2008. This team has made a lot of progress in improving risk oversight and operations, making timely decisions and taking corrective action, but ultimately they determined that this was the best transaction for its shareholders and other constituents added Mr. Masrani.

South Financial has incurred more than \$1.3 billion in losses since the beginning of 2008, primarily as a result of loan charges associated with legacy residential, construction and development lending and commercial and residential mortgages in the Southeastern U.S. South Financial recently entered into a consent order with the Federal Deposit Insurance Corporation and the South Carolina State Board of Financial Institutions and a written agreement with the Board of Governors of the Federal Reserve System and the Federal Reserve Bank of Richmond. These agreements include a requirement for South Financial to raise a substantial amount of capital within 120 days and reduce criticized assets. These agreements also limit South Financial's access to brokered deposits and the rates it can pay on certain other customer deposits. As a result of these agreements, South Financial is no longer deemed to be well capitalized under applicable banking regulations.

Acquisition a positive outcome for South Financial shareholders, customers and employees

H. Lynn Harton, President and CEO of The South Financial Group stated: Our board and management have conducted a broad and extensive process over the last six months to seek the best outcome for our shareholders, as well as for our customers, employees and the communities which we serve. TD is a strongly-capitalized financial institution with a prudent approach to risk management. It is committed to maintaining South Financial's tradition of customer service and community involvement. TD's Aaa-rated financial strength will help the combined company position itself for future success and long-term growth. Our shareholders may elect to receive TD common shares in the transaction, which provides an opportunity to receive a stock with a current dividend yield of 3.32% annually.

South Financial's current senior management team has agreed to stay on and are expected to be valuable contributors to the combined company's future success. Mr. Harton who became South Financial's CEO in 2009 will report to Mr. Masrani and join TD Bank's management team. The current South Financial leadership team has solid management and risk experience. In particular, they bring with them hands-on lending experience in the Carolinas and in Florida. They have been instrumental in improving South Financial's operations in a difficult credit environment, said Mr. Masrani. We look forward to maintaining a strong presence in South Financial's existing footprint and welcoming its employees to the TD Bank family.

Additional details of the transaction

In connection with this transaction, TD intends to issue approximately Cdn \$250 million worth of common shares in Canada prior to closing for prudent capital management. These common

shares are not expected to be registered under the U.S. Securities Act of 1933 and may not be offered or sold in the U.S. absent registration or an applicable exemption from registration requirements. TD may determine to make purchases of South Financial common stock from time to time through market purchases or otherwise. The timing and nature of such purchases, if any, will depend on market conditions and applicable securities law.

The transaction is expected to be slightly accretive to TD's earnings in fiscal 2011 and to have an impact of 40-50 basis points on Tier 1 capital, after taking into account the Cdn \$250 million capital issuance.

Nasdaq Listing Rules would normally require South Financial to obtain shareholder approval with respect to the issuance of the South Financial voting preferred stock to TD. However, South Financial intends to rely on the financial viability exception provided in Nasdaq Listing Rule 5365(f) which provides that no shareholder approval is required when the delay in securing shareholder approval would seriously jeopardize the financial viability of the enterprise. The audit committee of the board of directors of South Financial has approved the reliance on the Nasdaq financial viability exception.

Investor information and call:

The call will be audio webcast live at www.td.com/investor/ at 8:30 a.m. ET and is expected to last about 60 minutes. The call and webcast will feature presentations by TD executives on the transaction and will be followed by a question-and-answer period.

The presentation material referenced during the call will be available on the website at www.td.com/investor/calendar_arch.jsp. A listen-only telephone line will be available at 416-644-3417 or 1-800-814-4861 (toll free).

Advisors

BofA Merrill Lynch and Goldman Sachs & Co. are serving as joint financial advisors and Simpson Thacher & Bartlett LLP is serving as legal advisor to TD and TD Bank in this transaction. Morgan Stanley is serving as financial advisor and Wachtell, Lipton, Rosen & Katz is serving as legal advisor to TSFG in this transaction.

About TD Bank Financial Group

The Toronto-Dominion Bank and its subsidiaries are collectively known as TD Bank Financial Group (TDBFG). TDBFG is the sixth largest bank in North America by branches and serves more than 18 million customers in four key businesses operating in a number of locations in key financial centres around the globe: Canadian Personal and Commercial Banking, including TD Canada Trust and TD Insurance; Wealth Management, including TD Waterhouse and an investment in TD Ameritrade; U.S. Personal and Commercial Banking, including TD Bank, America's Most Convenient Bank; and Wholesale Banking, including TD Securities. TDBFG also ranks among the world's leading online financial services firms, with more than 6 million online customers. TDBFG had \$567 billion in assets on January 31, 2010. The Toronto-Dominion Bank trades under the symbol TD on the Toronto and New York Stock Exchanges.

About TD Bank, America's Most Convenient Bank(R)

TD Bank, America's Most Convenient Bank, is one of the 15 largest commercial banks in the United States with \$152 billion in assets, and provides customers with a full range of financial products and services at more than 1,000 convenient locations from Maine to Florida. TD Bank, N.A., is headquartered in Cherry Hill, N.J., and Portland, Maine. TD Bank is a trade name of TD Bank, N.A. For more information, visit www.tdbank.com.

Caution Regarding Forward Looking Information and Additional Information

From time to time, the Bank makes written and oral forward-looking statements, including in this presentation, in other filings with Canadian regulators or the U.S. Securities and Exchange Commission (SEC), and in other communications. In addition, representatives of the Bank may make forward-looking statements orally to analysts, investors, the media and others. All such statements are made pursuant to the safe harbour provisions of applicable Canadian and U.S. securities laws, including the U.S. Private Securities Litigation Reform Act of 1995.

Forward-looking statements include, among others, statements regarding the Bank's objectives and priorities for 2010 and beyond and strategies to achieve them, and the Bank's anticipated financial performance. Forward-looking statements are typically identified by words such as will, should, believe, expect, anticipate, intend, estimate, may and could.

By their very nature, these statements require the Bank to make assumptions and are subject to inherent risks and uncertainties, general and specific. Especially in light of the uncertainty related to the current financial, economic and regulatory environments, such risks and uncertainties many of which are beyond the Bank's control and the effects of which can be difficult to predict may cause actual results to differ materially from the expectations expressed in the forward-looking statements. Risk factors that could cause such differences include: credit, market (including equity, commodity, foreign exchange and interest rate), liquidity, operational, reputational, insurance, strategic, regulatory, legal and other risks, all of which are discussed in the Management's Discussion and Analysis (MD&A) in the Bank's 2009 Annual Report. Additional risk factors include changes to and new interpretations of risk-based capital guidelines and reporting instructions; increased funding costs for credit due to market illiquidity and competition for funding; the failure of third parties to comply with their obligations to the Bank or its affiliates relating to the care and control of information; and the use of new technologies in unprecedented ways to defraud the Bank or its customers and the organized efforts of increasingly sophisticated parties who direct their attempts to defraud the Bank or its customers through many channels. We caution that the preceding list is not exhaustive of all possible risk factors and other factors could also adversely affect the Bank's results. For more detailed information, please see the Risk Factors and Management section of the MD&A, starting on page 65 of the Bank's 2009 Annual Report. All such factors should be considered carefully, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements, when making decisions with respect to the Bank and undue reliance should not be placed on the Bank's forward-looking statements. Finally, there can be no assurance that the bank will realize the anticipated benefits related to the acquisition of The South Financial Group, Inc.

Material economic assumptions underlying the forward-looking statements contained in this presentation are set out in the Bank's 2009 Annual Report under the heading Economic Summary and Outlook, as updated in the First Quarter 2010 Report to Shareholders; and for each of the business segments, under the headings Business Outlook and Focus for 2010, as updated in the First Quarter 2010 Report to Shareholders under the headings Business Outlook.

Any forward-looking statements contained in this presentation represent the views of management only as of the date hereof and are presented for the purpose of assisting the Bank's shareholders and analysts in understanding the Bank's financial position, objectives and priorities and anticipated financial performance as at and for the periods ended on the dates presented, and may not be appropriate for other purposes. The Bank does not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time by or on its behalf, except as required under applicable securities laws.

The information presented may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and comparable safe harbour provisions of applicable Canadian legislation, including, but not limited to, statements relating to anticipated financial and operating results, the companies' plans, objectives, expectations and intentions, cost savings and other statements, including words such as anticipate, believe, plan, estimate, expect, intend, will, should, may, and other similar expressions. Such

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For further information: Media: Mohammed Nakhoda, (416) 983-8622, mohammed.nakhoda@td.com; Jennifer Morneau, (207) 761-8762, jennifer.morneau@tdbanknorth.com; Investor Relations: Rudy Sankovic, (416) 308-9030 or toll-free at (866) 486-4826, tdir@td.com

THE FOLLOWING IS AN EMAIL SENT TO ANALYSTS ON MAY 17, 2010

ANALYST EMAIL

Good morning,

Today, TD Bank Financial Group announced that it has entered into an agreement to acquire The South Financial Group, Inc.

News Release (17May2010NewsRelease.pdf)

Presentation Slides (14May2010Presentation.pdf)

The documents attached are also available on the TD Investor Relations website at <http://www.td.com/investor>

For your convenience, below is the information for the conference call this morning:

Conference Call: TD enters into an agreement to acquire The South Financial Group, Inc.

Date: Monday May 17, 2010

Time: 8:30 a.m. ET

Dial-In Numbers: 416-644-3417 or 1-800-814-4861 (toll free). Individuals are encouraged to call in beginning at 8:15 a.m. ET

Webcast: Accessible at www.td.com/investor

Presentation Material: Available at http://www.td.com/investor/calendar_arch.jsp

Playback and Webcast Archive: Consistent with regulatory requirements, the conference call replay is expected to be available before the end of day May 19, after the related SEC filings are complete.

Thank you kindly.

Regards,

Fathima

Fathima Jaffer, MBA

Associate, Investor Relations

TD Bank Financial Group

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THE FOLLOWING IS AN EMAIL SENT TO INVESTORS ON MAY 17, 2010

INVESTOR EMAIL

Good morning,

Today, TD Bank Financial Group announced that it has entered into an agreement to acquire The South Financial Group, Inc. To access the news release, presentation slides and conference call webcast, please visit the TD Investor Relations website at <http://td.com/investor/>

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Thank you kindly.

Regards,
Fathima

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results may differ materially from the results anticipated in these forward-looking statements. The following factors, among others, could cause or contribute to such material differences: the ability to obtain the approval of the transaction by The South Financial Group, Inc. shareholders; the ability to realize the expected synergies resulting from the transaction in the amounts or in the timeframe anticipated; the ability to integrate The South Financial Group, Inc. s businesses into those of The Toronto-Dominion Bank in a timely and cost-efficient manner; and the ability to obtain governmental approvals of the transaction or to satisfy other conditions to the transaction on the proposed terms and timeframe. Additional factors that could cause The Toronto-Dominion Bank s and The South Financial Group, Inc. s results to differ materially from those described in the forward-looking statements can be found in the 2009 Annual Report on Form 40-F for The Toronto-Dominion Bank and the 2009 Annual Report on Form 10-K of The South Financial Group, Inc. filed with the Securities and Exchange Commission and available at the Securities and Exchange Commission s Internet site (<http://www.sec.gov>).

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THE FOLLOWING IS A COMMUNICATION SENT TO EMPLOYEES OF TD BANK, AMERICA'S MOST CONVENIENT BANK ON MAY 17, 2010

To: TD Bank Employees

From: Bharat Masrani, President & CEO
TD Bank, America's Most Convenient Bank

Subject: FYI: Exciting Opportunity to Grow TD Bank

Please share with your teams as appropriate.

I'm thrilled to share the news of an exciting opportunity that will accelerate our growth and expansion plans. This morning we announced in the attached press release that TD Bank Financial Group intends to acquire The South Financial Group, Inc, including its 176 Stores 66 in Florida, 83 in South Carolina and 27 in North Carolina. This acquisition, upon regulatory and shareholder approval, would expand our Florida network to 169 Stores 7 largest in the state by locations! It also would enable us to bring the TD Bank, America's Most Convenient Bank brand to the Carolinas.

Unassisted Acquisition Different From Recent Florida Transactions

Today's announcement is different from our recent FDIC-assisted transactions. As we have said previously, we would consider opportunities to acquire companies on an unassisted basis, when the risks are ones that we can understand and manage. South Financial presented us with such an opportunity, so we decided to act.

With Riverside Bank, First Federal and AmericanFirst, we completed the acquisitions on the same day we announced them. In this case, the transaction cannot close until after the required regulatory and shareholder approvals have been received. Until that happens, South Financial will operate as a completely separate company.

Growing our Footprint

Today's announcement is all about our continued growth. This is an exciting way to rapidly expand our footprint in Florida and extend it into the Carolinas. Subject to regulatory and shareholder approval, we expect this transaction to close in TD's fiscal third quarter, 2010.

Expected Rebranding Planned for 2011

We look forward to welcoming South Financial to the TD family. Pending the required approvals, we expect to rebrand South Financial locations as TD Bank Stores in 2011, when they will begin selling TD products to their Customers. We'll also introduce our retail expertise, unparalleled convenience and legendary service into the South Financial footprint.

If you receive any inquiries from the media, please contact Jennifer Morneau at 207-761-8762. To answer your immediate questions, we have developed a brief Q&A document, which is also attached. We will provide more information when it becomes available.

I am extremely excited about this transaction; it is a significant step forward for our Customers, Employees and Shareholders. Together with the strength of TD Bank Financial group, we truly are Building The Better Bank!

Bharat

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**THE FOLLOWING IS A COMMUNICATION THAT WAS MADE AVAILABLE TO EMPLOYEES OF
THE
TORONTO-DOMINION BANK AND TD BANK, AMERICA'S MOST CONVENIENT
BANK ON MAY 17, 2010
The South Financial Group, Inc. Announcement
Q&A**

May 17, 2010

Who is The South Financial Group, Inc.?

The South Financial Group, Inc. is a bank holding company operating a top 40 U.S. commercial bank with 176 locations – 83 Stores in South Carolina, 66 in Florida and 27 in North Carolina. The company conducts banking operations in North and South Carolina as Carolina First Bank and in Florida as Mercantile Bank.

Why are we making this acquisition now?

This is another great opportunity to fill out our U.S. footprint and strengthen the TD Bank, America's Most Convenient Bank[®], brand in attractive markets. This is a great franchise that would fill out our U.S. footprint and strengthen the TD Bank brand in attractive markets. It also introduces the TD Bank brand to North and South Carolina, where South Financial is an established commercial bank.

Why are we making this unassisted deal?

South Financial fits within our framework of only taking risks that we can understand and manage. It is a good fit and an attractive opportunity for TD Bank, and we undertook extensive due diligence on South Financial's loan book, branches and operations before deciding to proceed with this transaction.

How many of South Financial's Stores would we keep?

We would expect to keep the vast majority of the locations. There is minimal overlap with our locations and those we gained with the FDIC-assisted transactions announced in April. This acquisition is about growth, expanding our footprint in Florida and filling out our Maine-to-Florida footprint.

When would we rebrand the Stores?

Provided that we receive regulatory and shareholder approval, we anticipate rebranding South Financial locations in 2011, when they will begin selling the TD Bank products to their Customers.

Does South Financial have any troubled assets or problems with its loan portfolio?

Yes, South Financial has been impacted by the current economic downturn. However, their current senior management team – who will stay on to help with the combined company's future growth plans in Florida and the Carolinas – has made good progress in improving operations and risk oversight. They also have good, hands-on lending experience in the Carolinas market. We feel we have the necessary skills to manage troubled assets over time and this transaction fits within our framework of only taking risks that we can understand and manage.

Does the South Financial acquisition fit with the TD Bank, America's Most Convenient Bank retail model and culture?

We believe the vast majority of these locations fit within our retail model. We've spent time getting to know South Financial's current senior management team as part of the due diligence process and we also feel there is good alignment of culture, experience and expertise.

Will we be bringing the TD Bank, America's Most Convenient Bank model to South Financial?

Yes, we believe the TD shield is a recognized sign of strength in financial services, and our positioning as America's Most Convenient Bank will give us a unique brand identity that resonates with Customers and is a clear differentiator in the market. Our model will give Customer-facing Employees in these locations strong support for delivering unparalleled convenience and a legendary Customer experience.

Are we planning to bring 7-day banking and extended hours to all locations of South Financial (Carolina First and Mercantile Bank)?

Our plan always has been to own the service and convenience space in all the markets where we do business. We will provide longer hours than anyone else in our markets. This means we may increase hours in these locations to be best in market.

Do we plan to maintain South Financial's offices in Greenville, S.C.?

We do envision maintaining a credible corporate presence in Greenville, S.C.

How will this announcement affect South Financial's Employees?

We will work with Employees to ensure they are notified of any changes in a timely manner after closing. All transition plans will be pending regulatory and shareholder approval of the transaction. As always, we are committed to treating all Employees fairly and equitably during this process.

Will the South Financial integration be difficult?

The strength and expandability of the new technology platform we created for our recent Integration will enable us to work with South Financial executives to seamlessly migrate their Stores and operations into our network.

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THE FOLLOWING IS A COMMUNICATION SENT TO EMPLOYEES OF TD BANK, AMERICA'S MOST CONVENIENT BANK ON MAY 17, 2010

May 17, 2010

To: All Employees

From: Bharat Masrani, President and CEO
TD Bank, America's Most Convenient Bank

Subject: FYI: Exciting Opportunity for Growth

I'm thrilled to share the news of an exciting opportunity that will accelerate our growth and expansion plans. Today we announced that TD Bank Financial Group intends to acquire The South Financial Group, Inc., including its 176 Stores 66 in Florida, 83 in South Carolina and 27 in North Carolina.

This acquisition, upon regulatory and shareholder approval, would expand our Florida network to 169 Stores 7 largest in the state by locations! It also would enable us to bring the TD Bank, America's Most Convenient Bank® brand to the Carolinas.

Our Continued Growth

Today's announcement is about our continued growth. This is an exciting way to rapidly expand our footprint, while increasing our loan portfolio. We look forward to welcoming South Financial to the TD family. Subject to regulatory and shareholder approval, we expect this transaction to close in TD's fiscal third quarter and we anticipate rebranding South Financial locations as TD Bank Stores in 2011.

Integration Progress Continues

I want to emphasize that this announcement will not impact our ongoing integration and conversion activities in Florida. Thanks to all of you, we are making excellent progress on the integration of Riverside Bank, AmericanFirst and First Federal Bank, and we look forward to continuing to work together toward completing our conversion and rebranding to TD Bank later this year.

Unassisted Transaction

Today's announcement is different from our recent FDIC-assisted transactions, which we closed the same day we announced them. In the case of today's announcement, the transaction cannot close until the required shareholder and regulatory approvals have been received. Until that happens, South Financial will operate as a completely separate company.

Please see the attached news release for further details. If you receive any inquiries from the media, please contact Jennifer Morneau at 207-761-8762.

I am extremely excited about this transaction; it is a significant step forward for our Customers, Employees and Shareholders. We truly are Building The Better Bank!

Bharat

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**THE FOLLOWING IS A COMMUNICATION SENT TO EMPLOYEES OF TD BANK,
AMERICA'S MOST CONVENIENT BANK ON MAY 17, 2010**

More Growth for TD Bank!

TD just keeps on growing – and growing fast! Today we announced that TD Bank Financial Group entered into an agreement to acquire The South Financial Group, Inc. This would give us an additional 66 stores in Florida and – how cool is this – our first Stores in North and South Carolina! That's right, it would give us 83 Stores in South Carolina and 27 in North Carolina!

Of course, this is all subject to the approval of regulators and The South Financial Group Inc.'s shareholders. If approved, this acquisition would bring us to a total of 169 Stores in Florida – WOW! The Florida market is rockin'! And we are equally excited about the opportunity to introduce our brand and WOW! culture to the Carolinas!

We look forward to welcoming South Financial to the TD family! We hope to close this transaction in our Q3, subject to shareholder and regulatory approvals. After that occurs, we expect to rebrand South Financial locations (operating as Carolina First Bank in the Carolinas and Mercantile Bank in Florida) as TD Bank Stores in 2011, when they would begin selling the TD Bank products to their Customers.

We're continuing to push full speed ahead as we Build The Better Bank!

You'll be seeing more information on this announcement in the coming months, but for now, click on the links below for details.

Press Release

Q&A

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**THE FOLLOWING IS A COMMUNICATION THAT WAS MADE AVAILABLE TO EMPLOYEES OF
THE
TORONTO-DOMINION BANK ON MAY 17, 2010**

TD continues to accelerate Florida growth and enters the Carolinas to further fill out Maine-to-Florida footprint

Today, we announced that we've agreed to buy The South Financial Group Inc., marking the latest U.S. acquisition for TD. We spoke with TD CEO Ed Clark and Bharat Masrani, CEO of TD Bank, America's Most Convenient Bank, to get some insight into this transaction.

Ed, this is our second acquisition announcement in about a month. Can you tell us a bit about what's driving this transaction?

Ed: Yes, it has most definitely been a busy month! As with the recent Riverside, First Federal and AmericanFirst transactions, this is about growing—and growing fast. Subject to the approval of regulators and South Financial's shareholders, we will again expand our operations in the deposit-rich Florida market, and we will also enter the Carolinas, which helps us fill out our Maine-to-Florida footprint. We also believe these assets offer a solid financial return. The bottom line here is that we're pushing full speed ahead as we continue to build the first truly North American bank. This is pretty exciting if you consider that just six years ago, we didn't have a single retail banking store in the U.S.!

Bharat, can you tell us a bit more about what we're buying? When does this acquisition close?

Bharat: South Financial is a commercial bank with 83 stores in South Carolina, 66 in Florida and 27 in North Carolina. In the Carolinas, South Financial is an established franchise with a good store network and a solid base for market share growth and asset generation. And in Florida, some of its stores are located in attractive urban centres like Miami, Orlando and Tampa. We hope to close this transaction in the fiscal third quarter, subject to shareholder and regulatory approvals. Pending those approvals, we'll also now rank among the top ten biggest banks in Florida by both stores and deposits.

The Federal Deposit Insurance Corporation (FDIC) was involved in the Riverside, First Federal and AmericanFirst transactions. What's different this time around?

Bharat: In the earlier transactions, we were buying certain assets and liabilities of failed banks that had been seized by the FDIC in what is known as an assisted transaction. The FDIC also agreed to cover part of the loan losses that we may incur. South Financial has not failed and we are buying it from its shareholders. This is a relatively small, unassisted acquisition and exactly the kind of transaction that we've said we're comfortable doing. We're confident that this is an attractive opportunity that fits within our framework of only taking risks that we can clearly understand and manage.

South Financial has posted large losses in recent quarters and the FDIC no longer deems the company to be well capitalized. Isn't this a risky acquisition?

Ed: It's true that like many other banks in the U.S., South Financial wasn't immune to the economic downturn. It fell victim to the credit difficulties related to aggressive residential construction and commercial real estate lending. However, two years ago, South Financial installed a new management team. This new team has made a lot of progress in improving risk oversight and operations, making timely decisions and taking corrective action. Since we started looking at South Financial, we've spent a great deal of time with

its management and are very comfortable with their knowledge and experience. We also conducted extensive due diligence on South Financial and are comfortable that the risks related to this transaction are ones that we can clearly understand and manage.

Are you worried that we're moving too quickly with these acquisitions in such an uncertain economy?

Ed: I don't think anyone has a perfect crystal ball when it comes to the economy, but we've said before we're ready to take advantage of opportunities created by the market dislocation in the U.S. South Financial and the FDIC transactions are perfect examples of such opportunities and we think that they, just like the rest of our U.S. franchise, will shine brightly when the economy recovers. In terms of integration, we're confident we have the expertise to take on that task without overextending ourselves. South Financial also has a great new management team which will help us make sure things run smoothly, both before and after the transaction closes.

Ed, does this transaction mean we're done with acquisitions in the U.S. for now?

Ed: We're always looking out for assets that we think can add long-term value and we've said before that we are capable of doing small, unassisted transactions like South Financial. We've also said we continue to be interested in more acquisitions that involve the FDIC. With that said, I think the talented folks on our team wouldn't mind having a couple days to catch their breath!

To find out more about TD's agreement to acquire South Financial, please take a look at the press release we issued today. You can find it at XXXXXXXXXXXXXXXX.

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EMPLOYEES OF THE TORONTO-DOMINION BANK
ON MAY 17, 2010**

NEWS AND VIEWS RE HUNT FINAL May 16, 2010

TD To Expand Presence in Deposit-rich Florida Market and Enter North and South Carolina News and Views

You may have seen media coverage of TD's agreement to acquire The South Financial Group Inc., a South Carolina-based commercial bank with operations in Florida and the Carolinas.

Key Points You Can Share:

South Financial is a commercial bank with 83 stores in South Carolina, 66 in Florida and 27 in North Carolina. In the Carolinas, South Financial is an established franchise with a good store network and a solid base for market share growth and asset generation. In Florida, some of its stores are located in attractive urban centres like Miami, Orlando and Tampa. We hope to close this transaction in our fiscal third quarter, subject to South Financial shareholder and regulatory approvals.

This transaction is all about growth as we continue to build the first truly North American bank.

We plan to inject our retail expertise and WOW! culture into South Financial's stores and offer a broader suite of retail and commercial banking products. The conversion and integration process is not expected to begin until 2011, but once it's complete, we plan to offer the same legendary customer experiences that have made us the leader in service and convenience.

This acquisition builds on the Florida transactions we announced last month. It's also a relatively small transaction and the exact kind of unassisted acquisition that we've said we're comfortable doing.

After undertaking extensive due diligence, we're confident that this is an attractive opportunity that fits within our framework of only taking risks that we can clearly understand and manage. We think we're getting a good franchise that offers a solid financial return with the added benefit of South Financial's new, talented management team.

This transaction is subject to South Financial shareholder and regulatory approval.

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The Toronto-Dominion Bank, The South Financial Group, Inc., their respective directors and executive officers and other persons may be deemed to be participants in the solicitation of proxies in respect of the proposed transaction. Information regarding The Toronto-Dominion Bank's directors and executive officers is available in its Annual Report on Form 40-F for the year ended October 31, 2009, which was filed with the Securities and Exchange Commission on December 03, 2009, and in its notice of annual meeting and proxy circular for its most recent annual meeting, which was filed with the Securities and Exchange Commission on February 25, 2010. Information regarding The South Financial Group, Inc.'s directors and executive officers is available in The South Financial Group, Inc.'s proxy statement for its most recent annual meeting, which was filed with the Securities and Exchange Commission on April 07, 2010. Other information regarding the participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the proxy statement/prospectus and other relevant materials to be filed with the SEC when they become available.

THE FOLLOWING IS A COMMUNICATION SENT TO EMPLOYEES OF THE TORONTO-DOMINION BANK ON MAY 17, 2010

Thank you note:

Please share with anyone who may have inadvertently been left off the distribution list.

Great news the Hunt is on! We'll have to wait for shareholder and regulatory approvals before we can truly celebrate, but on behalf of TD's Board of Directors and the entire Senior Executive Team, I want to thank you for the enormous effort you've put into Project Hunt. Your contributions were crucial to our achievement.

We only barely had time to catch our breath after the Riverside, First Federal and AmericanFirst transactions, but instead of slowing down, you showed relentless dedication and excellence in continuing to build the first truly North American bank.

It amazes me that just a month ago, we had about 30 stores in Florida. Now, pending regulatory and shareholder approval, we'll have about 170 stores in that state! We'll also enter the Carolinas, helping us fill out our Maine-to-Florida footprint. This would have been impossible without you. To say you've gone above and beyond what's expected would be a big understatement.

This acquisition again showcased your ability to handle a complicated project under pressure and to work together toward an important common goal. I'm truly awed by the depth of talent on our team, as well as by your commitment to the bank.

Thank you!

Ed

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The information presented may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and comparable safe harbour provisions of applicable Canadian legislation. Such statements are based upon the current beliefs and expectations of our management and involve a number of significant risks and uncertainties. Actual results may differ materially from the results anticipated in these forward-looking statements.

THE FOLLOWING IS A COMMUNICATION SENT TO EMPLOYEES OF THE TORONTO-DOMINION BANK ON MAY 17, 2010

Please share with your teams

Acquisition will build TD's momentum in Florida, open new markets in North and South Carolina

I've got some great news! As you'll see from Bharat's note below, we've just announced an agreement to acquire The South Financial Group Inc. As with the recent transactions we made in Florida with the assistance of the U.S. Federal Deposit Insurance Corporation (FDIC), this acquisition fits with our plans to build the first truly North American bank. Pending shareholder and regulatory approval, this transaction will bolster our presence in the deposit-rich Florida market and give us a strong entry point into North and South Carolina. I'm very proud of how far we have come since 2004, when TD did not have a single retail banking store in the U.S!

Why is this deal exciting to us?

Our plan is to apply our retail banking expertise and WOW! culture to South Financial's operations and offer our broad suite of retail and commercial banking products and services to its customers.

This acquisition is not exactly like the previous ones we did in Florida, which were done with FDIC assistance. This is an unassisted and relatively small acquisition, and it's also exactly the kind of transaction that we've said we're comfortable doing. After undertaking extensive due diligence, we believe it carries risks that we can clearly understand and manage and comes with a great new management team which has worked hard since 2008 to improve South Financial's operations.

I'm very excited about this addition to our U.S. franchise and how it positions us for future growth. Please join me in congratulating Bharat and his team on this acquisition!

Ed

The information presented may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and comparable safe harbour provisions of applicable Canadian legislation, including, but not limited to, statements relating to anticipated financial and operating results, the companies' plans, objectives, expectations and intentions, cost savings and other statements, including words such as anticipate, believe, plan, estimate, expect, intend, will, should, may, and other similar expressions. Such statements are based upon the beliefs and expectations of our management and involve a number of significant risks and uncertainties. Actual results may differ materially from the results anticipated in these forward-looking statements. The following factors, among others, could cause or contribute to such material differences: the ability to obtain the approval of the transaction by The South Financial Group, Inc. shareholders; the ability to realize the expected synergies resulting from the transaction in the amounts or in the timeframe anticipated; the ability to integrate The South Financial Group, Inc.'s businesses into those of The Toronto-Dominion Bank in a timely and cost-efficient manner; and the ability to obtain governmental approvals of the transaction or to satisfy other conditions to the transaction on the proposed terms and timeframe. Additional factors that could cause The Toronto-Dominion Bank's and The South Financial Group, Inc.'s results to differ materially from those described in the forward-looking statements can be found in the 2009 Annual Report on Form 40-F for The Toronto-Dominion Bank and the 2009 Annual Report on Form 10-K of The South Financial Group, Inc. filed with the Securities and Exchange Commission and available at the Securities and Exchange Commission's Internet site (<http://www.sec.gov>).

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**THE FOLLOWING IS A COMMUNICATION THAT WAS MADE AVAILABLE TO
EMPLOYEES OF TD BANK, AMERICA S MOST CONVENIENT BANK
ON MAY 17, 2010**

Daily News Brief

May 17, 2010

Compiled by Lauren S. McClintock,