SOUTH FINANCIAL GROUP INC
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Pursuant to Rule 425 under the Securities Act of 1933
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Securities Exchange Act of 1934
Subject Company: The South Financial Group, Inc.
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This filing, which includes (i) communications made available to employees of The Toronto-Dominion Bank and/or TD Bank, America s Most Convenient Bank on May 21, 2010 and (ii) transcripts of media interviews, the replays of which were made available to employees of The Toronto-Dominion Bank on or about May 21, 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, should, may, and other similar expressions. 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 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, Attn: Brian Wildrick, 104 South Main Street Poinsett Plaza, 6th Floor, Greenville, South Carolina 29601, 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 2010 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 2010 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 ARE TRANSCRIPTS OF MEDIA INTERVIEWS, THE REPLAYS OF WHICH WERE MADE AVAILABLE TO EMPLOYEES OF THE TORONTO-DOMINION BANK ON OR ABOUT MAY 21, 2010
TD South Financial Media Interviews

EC: five in terms of stores. Number four, in terms of deposits they have that presence and so, again, you can build out from that presence and, in that case particularly, add a much more sophisticated product sweep.

Male: Right. Right. One thing, I mean, I look at the North Carolina banking market in general. I know RBC, for example, has struggled there. I mean, what will TD be able to do differently to sort of make the most of the opportunity there?

EC: Well, I think fundamentally we re getting to(?) South Carolina with our kind of entry point North Carolina.

Male: Mm-hm.

EC: But we actually look at the growth prospects in South Carolina and say, This has some quite positive things. Boeing is moving out a new Dreamliner fabrication plant to South Carolina. So there s a number of things where I think it s becoming a growth state. And so, you know, I think with our model, you know, we don t go into the US with a completely conventional model; we go in with a different model which is, you know, longer hours, more days, a different level of service. And so, you know, we believe that everywhere we can go, we can take market share.

This has been a franchise that we think is underdeveloped on the retail side but quite strong management on the commercial and risk side. So we think we re adding value to them, but they also then give us something to head south with because, you know, I think we re fairly confident that we know how to grow on the deposit and the retail side, but we don t have all the people in place that we need if we re going to also be then lending into that area. And that s what we get here with them.

Male: The way that these branches operate, I mean, do they have sort of the same customer service aspects that they d be looking for, or is this going to be something you re more building into?

EC: No, like, I think they have, as was true with Riverside if you go to Riverside you get the same flavor I think they had a lot of the flavor and I think a lot I ll call it the intention. I think, you know, we probably are just, you know, this is the business we re in, and so I think we can take that intention and make it, you know, more uniform, more consistent, and drive it into a brand that s recognizable.

Male: Mm-hm. One thing I noticed this morning is, when I add up all the branches now that will be in the US, it s definitely more than Canada, which has been sort of the traditional size and scope I ve been talking to you about for some time. Does that concern you, that there are now 1,300-odd branches in the US, either from sort of a risk profile or from the way that this may be perceived from the investor standpoint?

EC: I think it s fair to say that it s a question that you have to watch. I think, you know, we ve been moving judiciously. I think, you know, as you know, we are a positive outlier even in the regions that we operate in. So if you take a look at the Northeast and look at our loan(?) losses, they re significantly better than players in the Northeast, and obviously they re way better than players generally in the US because the Northeast has performed better. So I think, you know, I think we are saying, Yes, we recognize that given the state of the US economy that people are a little nervous about it, but we re doing this in quite a prudent way. I mean, we re doing some pretty dramatic marks to this book, so I think we re marking this book conservatively to deal with that exact issue.

Male: I see. Okay. Okay. And I guess just the last thing is, you mentioned this a little bit on the call, but in terms of the stock issuance, was that directly a request from Osby(?) to do something like this, or was this (inaudible)?

EC: I would say it was as a result of fulsome discussions with our regulator of how they like Canadian banks positioned in the world.

Male: Okay. All right. That s, I guess, a safe way to put it. Okay. Excellent. Anything else just you wanted to say just overall about

EC: No. No.

Male: ... transaction, where you re at at this point?

EC: No, I think we re quite pleased. I think this is a good transaction. It s a solid financial transaction in which we get management and get market extension. So I think it s totally consistent with what I ve been telling the market we would do, which is always a good thing.

Male: Right, absolutely. Excellent.

EC: Take care, son. Good talking to you again.

Male: Likewise. Take care, sir.

EC: Bye-bye.

Male: Bye.

Mo: All right?

EC: Yep.

[Dials number]

CVH: Caroline Van Hassel.

Mo: Hi Caroline. It s Mo. Is Fred with you?

CVH: Hold on and I ll just conference her, okay?

Mo: Okay, perfect.

CVH: Okay, hold on.

Mo: Thanks. (Inaudible).

FD(?): Hello, it s Fred(?). Hello?

CVH: Hello?

Mo: Hi. Hi. Perfect. We have all three of you. I m here with Ed.

Female: Hi.

EC: Geez, you re both journalists and technologists. I m very impressed.

Female: Well, yeah, I couldn t remember what my phone number was, but besides that we re okay. So you caught us in the evening before and now you re catching us first thing in the morning.

EC: Yeah.

Female: So Ed, why don t you just tell us, does this particular acquisition fill in any is there any overlap in Florida?

EC: Is there any overlap? No, basically not. So that we wouldn t, we really, the 66 branches in Florida will all be basically additive.

Female: And where does this bring you as far as your Florida goals? You were telling us last time that you had particular goals. Could you remind us what those were, market share-wise?

EC: We ll have about 170 branches, stores in Florida. And we ll be the seventh largest bank in terms of deposits and the tenth largest seven largest by stores and the tenth largest by deposits.

Female: Okay. And what were your goals?

EC: Well, I think our goal we re kind of at in the sense of where, you know, our short-term goals. I don t think we ve ever outlined a long-term goal. But I think what we wanted to do is, you know, 2007 we only had nine branches in Florida. We ve always viewed Florida as a critical state to both Canadian customers going south and Northeastern customers going south. But we also like Florida in its own right because we think, you know, Florida s issues were around the asset side, that weren t around the deposit side, so we still think it s an excellent source of deposits. And on the asset side, this is the time to be going into Florida, not, frankly, two or three years ago. And so it s not a bad time from the asset side to go in. So I think this gives us a basic footprint. In the Riverside acquisition we acquired the opportunity to look at 40 additional sites that they had secured options on.

Female: Mm-hm.

EC: And so I think we will be, you know, obviously getting some using some of those to then continue a fairly aggressive *de novo* strategy, but I think we ve now reached kind of critical mass.

Female: Okay. So you re pretty satisfied, then, with your

EC: Yeah, I think we re quite pleased with this transaction. I mean, it was, you know, it s obviously a lot of due diligence and a lot of negotiation, you know, because there was obviously a compromise of the TARP as well as, you know, finding the right price for the common shareholders. But I think the big, the thing from us, the tipping point positive was that we quite like the management team. There s a kind of(?) new management team that s come in and they give us the capability when we look at going into the South, you know, we re reasonably confident that we know how to run

the retail branch system and do more with the customer base and cross-sell them and, frankly, wow them and add more deposits per store, where we haven t had the infrastructure just for historical reasons on the lending side, and what we ve acquired is a solid set of lenders and a solid set of risk managers. And so, you know, for us, we always look at the, you know, if you took a(?) Banknorth, Commerce, and now this, we like to acquire management teams as part of acquisitions.

Female: Hm. So you re going to keep them in place.

EC: Yes.

Female: You re planning to ... Okay.

EC: Yep.

Female: How long, from the time you actually identified this as a potential acquisition target, did it take to seal(?) this deal?

EC: Well, they ve outlined that they ran a sort of six-month process to look at what their alternatives were, and there were a number of companies that, you know, they obviously talked to. So I think that s the framework we(?) can use, that this has been a six-month deal in the making.

Female: Okay.

Female: Okay. And the hundred let s see, how much was it? $61 million in cash or stock and the rest basically goes back, goes to pay back the TARP loan. Is that

EC: Yeah, so there s two components of what we re paying, is we re paying $130.6 million for $345 million of TARP, plus $8 million $347 million of TARP plus $8 million of accrued dividends, so $355 million in total. And we re paying, we re acquiring that prep(?) from the Treasury for $130.6 million. At the same time, we re offering 28 cents to the shareholders, which is a little over $60 million to the shareholders. And we are acquiring a voting preferred for 1,000 TD shares, or $70,000 approximately, to give us 39.9% voting rights in the company. So that s the core transaction.

If you want to look at it from an economic point of view, when you take the mark so we re taking the book and writing down that billion dollars, we re putting a $1 billion loan charge against the book. And when you run all that through and tax effect(?), there are other charges that there s real estate that we take charges against and there are rate marks where, you know, they have off-market CDs, etc. So all in, we end up with about $160 million of goodwill and intangibles. So you can look at it and say we re paying a little less than $1 million per branch, or you can contrast that $160 million to deposits; there are $10 billion of deposits. But if you look at the, take away the brokered CDs(?), which is really the right way to look at it, there s a little over $7 billion in deposits that we re paying $160 million for.

So I think it s a solid financial deal. We ve marked(?) the book conservatively, and we get management team and good market position obviously very good market position in South Carolina, and now, you know, a strong position in Florida when you combine the Riverside transaction with this.

Female: I m sorry, did you say you writing down about $1 billion versus this?

EC: Yeah, against the loans. We re taking a $1 billion credit mark against the loans.

Female: Okay. And that s largely real estate?

EC: Yes. Yes, it s largely real estate. I can, if you actually look at the presentation, you can actually see where we break the billion dollars down.

Female: Okay, I ll take a look. Do you require shareholder approval for this transaction as well? Because you re purchasing at a substantial discount.

EC: Yes, we do. And so that s why having the 39.9% voting interest gives us a good running start at getting we need 51% of the outstanding shares to vote in favor of the deal.

Female: Okay. So where do you go from here?

EC: I think we probably pause for a bit here unless the FDIC surprises us and offers us something we can t refuse. But I think we probably pause, digest this. We expect that we will have absorbed and converted all of Riverside by September, and the other two banks that we bought. On this one we hope to close this in the third quarter, and so, you know, by the end of August. But we probably wouldn t convert this until the spring of 2011. And, you know, I think we re, I think that we ll digest this and then see where we could, what else we could do later.

Female: But are you, I mean, your pre-shopping trips or your scouting around must precede your actual purchases. So are you still scouting around on the East Coast? Are you looking at places where you have gaps, which.

EC: Yeah, so I think, you know, inevitably, you know, we re seen as I think a good acquirer in the sense that people like to be acquired by us because I think we ve got, you know, obviously a strong balance sheet, but I think we have a business model that can add value, and it s a very employee-friendly model because to execute that business model we have to win the hearts and minds of the employees. So, you know, I think we get presented with lots of opportunities, and so that doesn t start, you know, in the sense, you know, we obviously had a Florida strategy and we ve executed it. Both Riverside and South Financial were on our screens as part of our Florida strategy. So we obviously, you know, you keep tilling the ground to sort of see where do you want to go next? But I would say for the moment we re probably going to see a bit of a pause here for the summer as we absorb what we have.

Female: And do you have a target in terms of where you want to be in the US vis-à-vis Canada? Do you see the US being a larger percentage of the bank s book in the future?

EC: Yeah, well, so now we have 1,300 stores in the US, so we have more stores in the United States than we do in Canada. But Canada still earns a lot more than the US does, and the deposits or loans per store are significantly higher in Canada. So I think we have a big journey to optimize what we have in the United States and then, you know, fill in where we think we add value to the shareholders in the franchise. But we don t I m suspicious of having sort of targets. I think if you have targets with companies, then the company actually starts running to the target rather than look at

each decision and say, Is this a sensible thing for us to do? So we ve stayed away from that. I think we could stop now and never do an acquisition and still have a very strong franchise in the US that has an ability to organically grow. So whether we do anything more from this depends on what the actual opportunity would be.

Female: And what is the revenue percentage in Canada now versus the US? And what would it be if they were both producing at the same rates?

EC: It s probably I m not sure I can give it to you revenue-side but, you know, if you think about our Canadian operation would earn easily more than twice what our US operation earns.

Female: Wow. And why is that? Is that because of the service charges?

EC: That s because, I think there s a series of things. First, just the size of the book per store. In Canada we call them branches. Just the size of the book is dramatically higher in Canada than it is in the United States. We cross a second difference would be we cross-sell the customer more. So in the United States our book is fundamentally a commercial book, whereas in Canada actually our personal lending is dramatically higher than our commercial lending. And so, and in a sense, you know, you run this is a mature system that we ve run and optimized for a longer period of time. And then the third impact would be that our loan losses have been less in Canada than they have been in the United States. Canada hasn t been as severely impacted from the downturn as the United States has.

Female: Okay. Any interest in the West Coast?

EC: No, I think, you know, I think when you step back, you say, I ve been signaling(?) to the market, I think, pretty clearly where we ve been trying to go. Go down the East Coast, do FDIC (inaudible) deals, do small deals of $10 billion in assets or less. So this fits perfectly in that. I think we re going to I think everything I ve said, I continue to say. That s for the 2010, that s what our interest is. We wouldn t, you know, larger deals will have to wait until we get more clarity about where the US is going. And the good news was that we managed to get all this and acquire management at the same time. So that s a big add to us.

Female: Are you in Virginia and Georgia?

EC: No.

Female: No. Are those states where, I mean, they re a little bit of a gap there for you.

EC: Yeah, I don t think we look at the map and sort of say, If there s a state, we ve got to be there. I think we look and say, you know, Can we go is this a state that s interesting? And we actually think South Carolina is an interesting state. We obviously think Florida is an interesting state. And does this get us where do we have a path to get a market share that lets us be a major player in that state? That s how we sort of look at things.

Female: Okay. And by major, you mean the size you are now in Canada, which is

EC: Yeah, I don t think we can dream of being that, but I think if we re in the top five in a state, then we say, Okay, we will be one of the default choices. We can market at a

level that people really recognize our presence, you know, and we can outgrow the competition when we reach that critical threshold.

Female: Okay.

Female: Do these acquisitions at all give you a larger, potentially larger voice at the table in terms of talking with the FDIC and other US policy makers with respect to bank regulatory changes?

EC: I don t think particularly. I mean, I think we talk to them about specific things, but we wouldn t stylize ourselves as a heavyweight in the Washington world. I m not sure anybody wants to be that right now, but I wouldn t, I don t see ourselves playing that role. We re just there to try to provide good customer service and make money.

FD: Well, I don t have anything more to ask you. Caroline?

CVH: Well, I was just curious as to whether or not you ve had any, you know, you re getting any feedback from the editorial, you know, the column that you wrote in the *Financial Times*, from other bank chiefs(?) in the US.

EC: No, we didn t get I didn t get any feedback. We got lots of feedback from governmental and policy officials, I think, who found it a helpful position to take. But no. Maybe there ll be some meetings in the next few weeks that I ll be with my world colleagues, and so that will be interesting, whether Canadians are now pariahs in that camp(?) or not. We ll find out. Terrific. Thank you very much.

Female: Thank you.

Female: Thank you.

EC: Thank you.

Female: Bye.

PJ: Reuters.

Mo: Hey Pav. It s Moe. I m here with Ed Clark.

PJ: Hey Moe. Hi Ed. How are you?

EC: Hi Pav. How are you doing?

PJ: I m really good, thanks. Thanks again for taking the time. Last time we spoke you were

EC: At a hockey game!

PJ: Yeah. That s right. Yeah.

EC: You know, I kept thinking(?) Riverside, but

PJ: Yeah.

EC: And we haven t had much occasion to go to hockey games since then, right?

PJ: Exactly, yeah. Well, thanks for taking a few minutes now. I m sure you re doing a lot of these, so I ll jump right to the chase, (inaudible) to the chase. I was wondering if you could tell me, first of all, I m trying to get a figure for this, for this acquisition. Is this, I mean, all in, like, what is this costing the bank?

EC: Yeah, so I think the way to think of it is that in the end, what we, you know, we acquire, we pay $130.6 million for the TARP pref(?).

PJ: Yeah.

EC: And then we pay about $60-odd million to the common shares. So you could say, well, this is a $190-odd million acquisition. But we look at as the real cost to us is you acquire a balance sheet. We then take a $1 billion loan loss mark against the balance sheet to protect ourselves, to make sure that we haven t the assets, we ve protected ourselves on the asset side. There s a bunch of other small stuff. Real estate, we write off. Rate marks, where if you marked the CDs to what we would pay for them and mark them to market. And all in, you end up where, having paid this $190 million, we really end up with goodwill and intangibles of $160 million. So that s what the net cost of acquiring this franchise, and so you can think of it, we acquired about 170 stores for $160 million. So slightly(?), about $1 million a store. Or you can say we got about $7 billion of deposits after you get rid of the brokered CDs for about $160 million. That s how we look at it. When we check(?) about the return on invested capital, what we then have to do is then put the capital required to run the entity into the entity. And so in addition to the $160 million, we have to then capitalize the company.

PJ: Yeah. That segues into my next question, which is is this acquisition, is it in moving condition, so to speak? And what are the challenges going to be to, you know, taking over a bank that had to be bailed out?

EC: Yeah, so I think in a sense, what turned out when we started to do due diligence, you know, the first surprise was the strength of the management team, and then it sort of became obvious to us, well, this was a management team that had been brought in to clean up the credit side of the balance sheet. And so very solid risk well known(?) people as we sort of went around the industry and checked them out. So excellent credentials as no-nonsense, understand risk, good, solid commercial lenders. And so, like all these banks, they don t get into trouble on the deposit and the retail side; they get inside on the lending side. And so that was where the problem was. And that they had worked their way and managed the files quite well. What we obviously, though, in taking on this asset risk, you know, wanted to make sure that we marked them not just, like, they re required from an accounting point of view, you can only mark your expected losses for one year out. So you re left with a file that either are expected losses beyond one year, and that s really what the billion dollars is taking into account, is to mark those future losses in the balance sheet. So it s a good, it s a well operated company from our point of view, and so that s a big plus. And we would actually intend to have it run separately and not convert it until the spring of 2011.

PJ: So it will not carry the TD brand until

EC: Until the spring of 2011.

PJ: Okay.

EC: It will be known to the customers and we ll have little brochures, etc., but, you know, once we close, which we hope to do by August, that it s a bank that s owned by TD Financial Group, but we won t brand that until we convert it.

PJ: Okay. So and that timeline is what s involved in that timeline is just getting all the books in order and preparing a launch, so to speak, right? I mean

EC: Yeah, so the big thing is that, when you buy at this size, you want to do a conversion that s customer friendly. So, you know, if you say the historical, traditional US-style acquisition is a rip-and-replace, where you basically take the customer base and you load them onto your system, but the customer often loses all their history, all their historical financial data. In our more automated conversion, you actually convert it and you hold the information, all their history, and it s a lot more friendly experience to the customer.

PJ: Yeah.

EC: Since we re trying to buy 250,000 customers here or acquire them, you want to do it in a way that makes them feel good.

PJ: Yes, yeah. I can totally understand that. Okay. The other question was, so this is the second announced acquisition within a month. I was wondering if you could put into the context of your strategy, I mean, we know you re expanding in the Southeast, or your US acquisition strategy is based in the Southeast, but in simple terms, where are you now in that strategy and where do you want to be? You know, I m trying to get a feel for is this are we going to hear about more acquisitions a month from now, a week from now as well? Or how are you going in that building process?

EC: Yeah, so we re not deal junkies. I guess we strongly believe that if you can t grow your market share organically, you ve got a business that doesn t work. And you certainly shouldn t do acquisitions as a way to solve that problem, because you re not adding value. So we re going to continue to grow 30 to 40 new stores in our existing footprint. I think we ve always said we d like to go down the East Coast, but particularly we focused on Florida.

So I think this gets us an established base in Florida. With the Riverside transaction, we also got access to 40 additional sites, and so we ll look over those sites and decide which ones to build. But obviously it gives us an opportunity to have an aggressive *de novo* strategy surrounding the Riverside acquisition. So I think it gives us a kind of solid base in Florida, and like I said before, a management team that knows how to work the lending side of Florida.

And then, obviously in South Carolina, I think fifth position by stores, fourth by deposits is a solid market now in the Carolinas to have. So if we stopped now, we would be happy. We re not strategically endangered. We re, you know, a pretty big bank now in the United States. So I think the way we look at it is, if acquisitions come along, we look and say, Are they shareholder friendly? And if they are, are they strategically in

line? And that would be, you know, continuing to grow out the Eastern Seaboard, either it would be infills in(?) existing areas, or places that we aren t now.

So we ll take it as we go. I think you ll see us kind of pause for the summer here and absorb what we got. But we re not in complete control of the world. If the FDIC offered us something that we said, This is perfect for us, then we d obviously take a look at it.

PJ: Okay. Can you also explain you did the $250 million common stock issue, that s in TD, right?

EC: Yes, yeah. So that s really, you know, we have quite high tier one ratios, and so you d say from a pure business point of view, you might not need this capital we obviously don t need this capital to do this acquisition. But in discussions with our government and our regulator, I think it s clear that Canada wants to play a role of being aggressive in saying, We ought to reform the world s financial system. We ought to get the right capital position. We ought to make sure that everyone has a level playing field, so that everybody does actually adhere to these capitals. And so I think there s a reluctance to see that Canadian banks draw down on their strong capital position too much, and in this context. So we said, Look, we re certainly comfortable raising $200 million or $250 million of additional capital as a message that we re going to have strong capital position, despite doing acquisitions.

PJ: Okay. Is there a timetable on that stock issue?

EC: No, I think we ll do it, obviously, before we close, which will be sometime in August.

PJ: Okay.

EC: Hopefully.

PJ: Okay, and finally, is there anything else that you d like to highlight, here? Within that is, can you tell me how TD how the branding effort is going in the US?

EC: Well, the TD branding effort is going spectacularly. Well, I don t know whether you saw it in the Canadian newspapers, in the *Globe* this morning I gather that we ve been ranked by Interbrand as the second best brand in Canada, so that s pretty good, and noted that we seem to be particularly adept at developing our brand in the US. So I d say we re extremely pleased with the progress we re making in the US, and I d say I think the thing that I say is, if you look at what I ve been saying for the last six months publicly about what we re going to do, this is absolutely consistent with what we re going to do: go down the East Coast, get significant market share in Florida, secure bases where we can grow, and have strong management.

PJ: Perfect, okay. Well, thank you very much.

EC: Thank you.

PJ: Nice talking to you again.

EC: Nice talking to you.

PJ: Right.

EC: Take care.

Mo: Thanks Pav.

PJ: Okay, bye-bye. Yeah.

EC: Bye.

Mo: Perfect.

[Dials number]

DF: Canadian Press Business, this is David.

Mo: Hi David, it s Mo. I m here with Ed Clark.

DF: Hello.

EC: Hi, how are you?

DF: Good, how are you doing?

EC: Good.

DF: Excellent. So I m just hoping we can sort of talk about the deal, here. I guess the first question would be on Florida. I was hoping maybe you could give me a little bit more detail on why TD has set their sights on this state as much as they have. I know we touched on it before, but obviously you re sort of reasserting.

EC: Yeah, so we think if you look across the United States, Florida represents still one of the most interesting places. Fourth largest state in the United States, very strong deposit base and growing deposit base. I mean, I think the issues that people have had with Florida on the asset side got(?) on the deposit side. So I think now is not a bad time to be going into Florida, versus before. So I think we look at this and say we can, in a sense, now have a position seventh, in terms of stores in Florida, where we re now a player in Florida and we can grow from there organically. As part of this deal, we got an option on 40 different sites from the Riverside acquisition, so I think we ve got a solid position to grow from.

So we like Florida over the long run. I think if you re going to go into the South though, you ought to have strong risk management and lending experience, and that s what we re acquiring with South Financial.

DF: Okay.

EC: A very good team.

DF: Florida, it s a very competitive state for banking, as I understand it. Why would you enter a state that is that competitive? Are there advantages in that sort of environment?

EC: Yeah, well, I guess I would say everywhere you know, people might say downtown New York is a pretty competitive environment, and we take market share every single day. So I think we run we re not afraid of competition. When you run a system that gives you better hours, more days, better locations and better service, you don t actually competition tells you that there s money there, so why don t you go where the money is?

DF: Some of the banks that have been there for awhile tend to get involved in more risk than TD has in the past. Is that anything that concerns you?

EC: Well, that s exactly the issue for us, and that s why we re much more comfortable that what we got with this was a conservative risk management team. So we re acquiring more than a company, more than a set of customers and stores, we re acquiring a management team as well. So yes, very definitely you want to have people that know their way around the South.

DF: Okay. Now, on the call you seemed to basically say that you re still looking around for acquisitions, that s correct? If they crop up?

EC: I think we said we re probably going to pause for a few months here, to digest. You know, we ve done quite a bit here in the last month.

DF: Right.

EC: So we re going to probably pause and digest that. So, you know, barring that suddenly the FDIC says, We ve got the deal for you, and we have to go, I think our preference would be just to pause and get through the summer, get Riverside and the other two banks integrated, close out on this deal we wouldn t convert this deal until the spring. But I think until the fall, I think you ll see a pause for us.

DF: Okay. In terms of the management team, is that sort of the missing puzzle piece, per se, of the acquisitions so far?

EC: Well, that s what I think we re getting. That s the special, the sort of hidden asset, if you want to call it, in this deal is that we re not, as I say, when you go into the South, we re confident of our ability to take the retail side, add our wow mix to it, and sell more products to the customers and add to the deposits per store. What I wouldn t say is that we had deep bench strength on southern lending management, and so that s what we re getting with this team.

DF: Now, the fact that this was done without the FDIC, as the previous deals were, seemed to surprise some. Is that a conscious effort? Is that something that you d be looking for in the future to, you know, get them before the banks end up with the FDIC?

EC: Sorry, say that again? Just, I wasn t sure.

DF: Was it sort of a conscious effort to get the banks before the FDIC became involved? Is that something that you would be looking for in the future if, say, there was going to be further acquisitions?

EC: Yeah, so I think what our view is, is that if we had taken the attitude, Why don t we let this bank fail? the bank we would ve ended up with by the time it got through the FDIC process would probably be a different bank than the bank we re acquiring. There s something about the process that s harder to hold the management team in place. You lose some of your dynamic. You, frankly, lose some clients and

customers along the way. So we thought that there was an advantage, in the sense, doing this deal ahead of allowing it to go to the FDIC.

DF: How does that work? I don t know if you can give me any more detail there. I know with the FDIC it s a pretty clarified process. They actually send out a list, as I understand it.

EC: Yeah, so there s a whole long process that the FDIC goes through once they don t believe what you basically do is that, this bank had a consent order. So it had 120 days to raise capital to become well capitalized. So it was given a consent order. So you could either step back and say, Well, why don t we see them go through that? and if they fail to get it, then you start down the process of the FDIC saying, We ll move in. That s the process that we were truncating.

DF: Okay, so was the notification still through the FDIC, as it would ve been otherwise?

EC: Sorry?

DF: Was the FDIC involved in the point to where they send out the list that I understand

EC: No, no, no, right now all that s happened so far is that the company has in the public domain, they ve been given a consent order.

DF: Okay.

EC: So they re in that first stage of the process.

DF: All right, okay. All right, well you know what? I think that pretty much covers all the questions.

EC: Terrific.

DF: All right, thanks a lot.

EC: Good talking to you.

DF: Talk to you soon.

EC: Thank you, bye.

Mo: Thank you.

DF: Bye.

Mo: Yeah, bye.

DF: Bye.

[Dials number]

TP: Tara Perkins speaking.

EC: Hi Tara, it s Mo. I m here with Ed.

TP: Hi Ed, how are you?

EC: I m terrific. How are you doing?

TP: I feel like I talk to you regularly these days. Too soon (inaudible). I was hoping you could tell me one thing that I found interesting that I was hoping to get a bit more off the bat from the call, you spoke about how interest rates, not credit losses, are what we should be watching in the US.

EC: Yeah?

TP: Could you expand on that a little bit for me?

EC: Yeah.

TP: Because I think interest rates would have a mixed impact on the bank, right?

EC: No, see, for us, because we have a large amount of deposits if you think about a chequing account where, say, you re not paying any interest or very small interest, what you actually if you think about the average chequing account has $1,000 in it. If interest rates are 5%, you get $50 on the float. If they re 1%, you get ten bucks on the float. So the way banks make money is, the absolute level of interest actually is a major factor in how well off you are as a bank. So when I you know, I think people have been assuming that interest rates are going to move up in the States. What s happened here is a result of the European crisis, at least temporarily. Five-year rates in the United States have dropped significantly. The whole rates structure has come down.

So I think what I was trying to say is, we took in this balance sheet and we put $1 billion against the future loan losses. So what happens is, under accounting rules, you really can only put loan loss reserves for your expected loss in the next year. So that s what they ve carried that. They ve written the assets down appropriately for what they know the losses are now, but they can t put up reserves for all future losses on that book. We ve then added when you buy them you can do a purchase accounting adjustment, where you actually add that. So we ve added that billion dollars there to protect ourselves on the asset side.

I know why the analysts and investors will immediately go and say, Well, have you done a stupid deal on the asset side? and I say, Well, if you ask me, that s not actually where the risk is. The risk is that interest rates stay low, and it just takes us a little longer to get a good margin on the deposit side, because we re obviously buying another whole set of stores and deposits.

TP: Okay, and do you think how serious do you deem the situations in Europe to be? Do you think that they ll stay lower for longer than we predicted?

EC: I think Europe will. Whether it will result in low I m not sure that I know whether it wi