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March 1, 1994

Ms Hilary C. Barton  
Group Planning Co-ordinator  
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England



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Purdy Crawford  
Chairman and  
Chief Executive Officer

Dear Hilary -

With reference to your letter of February 2nd, you will note from the enclosure that we have only two minor changes to suggest in Paragraphs 3. and 8. of the minutes of the 7th January Plan Review meeting.

In connection with Paragraph 11. of the minutes, CT has been making progress on reducing its costs. Ed Clark has provided personal leadership to the organization in this regard. CT is employing many of the techniques described in the article which you forwarded to me, such as extensive business process reengineering; benchmarking; centralization of administrative and processing functions and use of part-time staff. Much was achieved in 1993. As we indicated at the Plan review meeting, a gross reduction of approximately 900 staff was achieved in 1993. Approximately 250 were allocated to the expanded delivery system (new branches, telephone banking, etc) and the balance took early retirement or were otherwise terminated at CT. During this period, customer service scores on branch service improved and unionization was avoided.

While we watch the Canadian bank expense ratios, their value as benchmarks is limited by the banks' significantly different business mix (including for example, investment banking, corporate banking and derivative operations not engaged in by CT) and the fact that the ratios are consolidated and do not break out the retail banking operations. In addition, both the 1993 and 1994 numbers at CT are distorted by discontinued operations (real estate brokerage), accounting changes and restructuring charges.

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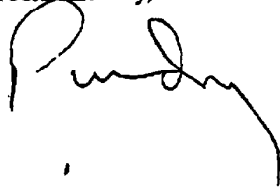
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The focus on cost management is continuing in 1994. We are confident that CT management is pushing ahead on this front as vigorously as is reasonably possible.

Kindest regards.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'P. J. ...', written over the typed name 'PC:ld'.

PC:ld

Encl.

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