CIBC Executives Always Win, But Is It Legal?

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Overview

CIBC top executive officers are responsible for too many high risk business fiascos over the past decade, some of which were determined unlawful, and all expected to cost shareholders $10.2 billion pre tax and $7.3 billion after tax in writedowns. Clients of CIBC World Markets have lost billions of dollars on defective non-bank asset backed commercial paper, where the firm was top originating distribution agent, and on income trusts, where the firm was top underwriter. Meanwhile, CIBC top executives' compensation was $588 million for the period 1999 to 2007.

The CIBC five top executive officers made an average of $84 million each during 1999 to 2007, which is egregious and rewarded reckless risk-taking and even illegal conduct. This executive compensation is egregious relative to the compensation of bank employees, especially relative to the low paid tellers who are fighting a $600 million class action against the CIBC for unpaid overtime.

The CIBC top executive officers are benefiting from the billions made each year from cash cow banking services, regardless of how effective they are as top managers. There are no significant financial consequences for CIBC top executive officers supervising excessively risky activities, which cause massive losses and even breach laws. CIBC's net income before unusual writedowns and gains during 1999 to 2007 would have been $17.4 billion, rather than the $12.3 billion actual income in this nine year period (allocating 2008's expected writedowns on US subprime mortgages and collateralized debt obligations of $3.1 billion after tax to this nine year period.)

CIBC top executives' compensation during 1999 to 2007 was inflated 35%, or about $154 million as of October 31, 2007, by an improper Special Incentive Plan (SIP) set up in December 1999 ($141 million of SIP-related CIBC share awards, plus $13 million of CIBC shares purchased from dividends). John Hunkin, Wayne Fox, David Kassie, Gerry McCaughey, Tom Woods, Brian Shaw, Gillian Denham, Steven McGirr, Sonia Baxendale and Ronald Lalonde participated in the SIP. John Hunkin, Wayne Fox and David Kassie may have sold their SIP-related CIBC shares after they left the CIBC, while Gerry McCaughey, the current Pesident & CEO, and Ronald Lalonde, the current Senior Vice President of Administration, Technology & Operations, are not entitled to sell their SIP-related CIBC shares. Brian Shaw left the CIBC on January 8, 2008 and has not sold his SIP-related CIBC shares, even though he was free to do so since October 31, 2003. The other participants in the SIP have sold all of their SIP-related CIBC shares, after they became saleable on October 31, 2003.

The SIP is an improper compensation plan because CIBC top executives should be paid on the overall performance of the bank over a long period of time, and not be permitted to cream off gains from single successful investments after the specific investments are made and the gains known.

It is not known whether the CIBC Management Resources and Compensation Committee approved the SIP and whether the SIP's creation in 1999 is fraudulent. (Conrad Black was on the CIBC Board at the time and Marie-Josee Kravis was on both the CIBC and Hollinger International Compensation Committees.)

However, the delays and omissions in SIP-related disclosure appear to violate securities and criminal law as there has been deception and an apparent intent to inflate the CIBC share price over what it would have been had shareowners known the true amount granted to executive officers under this improper plan.

If the CIBC Management Resources and Compensation Committee and the CIBC Board specifically approved the SIP and SIP-related disclosures, or omissions of disclosure, they were negligent in serving the interests of CIBC shareowners. These Directors did not reap any of the specific benefits from the SIP, while ten CIBC executive officers ultimately received combined value of at least $121 million for the SIP-related CIBC share awards and dividends as of January 25, 2008, with how much more depending upon what David Kassie, John Hunkin and Wayne Fox sold their shares at, if they are no longer holding them on January 25, 2008.

Executive Compensation Is Egregious, Especially Given Bad Performance

Figure 1 shows total compensation from salaries, bonuses, share option and share awards for named CIBC executive officers during the period of 1999 to 2007 calculated from Proxy Circulars and SEDI Insider Trading Reports:

- $86 million for David Kassie, who left the bank at February 5, 2004 after the December 22, 2003 US $80 million fine and monitoring settlement agreements between CIBC and the US Department of Justice, Federal Reserve Bank of New York and Canadian Office of the Superintendent of Financial Institutions relating to CIBC's participation in illegal Enron transactions;

- $90 million for John Hunkin, who left on July 31, 2005 after the July 20, 2005 US $125 million settlement with the US Securities and Exchange Commission and the New York Attorney General's Office relating to CIBC loans for illegal hedge fund market timing transactions in mutual funds, and just before the August 2, 2005 US $2.4 billion Enron shareholders class action settlement;

- $93 million for Wayne Fox, who left the bank at September 1, 2005 after the noted Enron settlements;

- $103 million for Gerry McCaughey, who became the current President & CEO on August 1, 2005; and,

- $50 million for Brian Shaw, who left on January 8, 2008 just before the January 14, 2008 CIBC media release announcing another US $2.460 billion writedowns of US subprime mortgages and collateralized debt obligations, in addition to the US $0.753 already announced during 2007. 2007 & 2008 writedowns on CIBC's US subprime mortgages and collateralized debt obligations could easily total $5.5 billion before the end of this year.

Figure 1: CIBC Top Officers Special Incentive Plan & Total Compensation

(Rounded to Nearest One Hundred Thousand Dollars)

1999 to 2007	Special Incentive Plan	Total Compensation
McCaughey, Gerry	$22,300,000	$102,900,000
Fox, Wayne	**$21,900,000**	$92,800,000
Hunkin, John	**$27,400,000**	$90,400,000
Kassie, David	**$27,400,000**	$85,600,000
Shaw, Brian	$12,800,000	$49,800,000
Lalonde, Ronald	**$7,100,000**	$41,900,000
Denham, Gillian	$11,900,000	$28,500,000
Woods, Tom	$3,300,000	$28,300,000
McGirr, Steven	$6,200,000	$26,900,000
Baxendale, Sonia	$700,000	$17,100,000
Marshall, I.D.	$0	$13,700,000
Woeller, Michael	$0	$9,900,000
Total	$141,000,000	$587,800,000

Notes:

(1) Includes salaries, bonuses, share options & share awards, dividends and other compensation, where relevant information was disclosed.

(2) Sources are the CIBC Proxy Circulars and Annual Reports, SEDI Insider Trading Database and share value calculations.

(3) Share options & share awards are the disclosed realized amounts, plus unrealized values at 2007, including for executives who have left the bank as noted in Note (6).

(4) Special Incentive Plan was initiated in December 1999 to pay CIBC top officers a share of profit on certain undisclosed merchant banking positions in the form of CIBC shares held in trust. The SIP-related CIBC shares vested on October 31, 2003 and were saleable by the executive officers at that time, except for McCaughey, Fox, Hunkin, Kassie and Lalonde, who could not sell their shares until they left the bank.

(5) Common share valued at market prices, without deducting cost bases on assumption these were derived from share award plans.

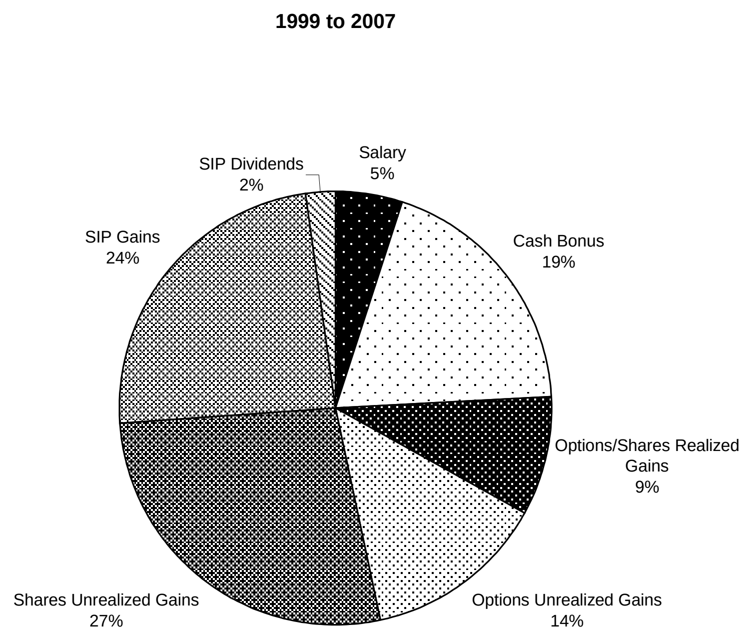
(6) Fox, Hunkin, & Kassie have left the bank, and possibly have sold their SIP-related shares. This assumes SIP-related shares are not sold.

(7) Gerry McCaughey, the current President & CEO, and Ronald Lalonde, the current Senior Vice President of Administration, Technology & Operations, are not entitled to sell their SIP-related CIBC shares. Brian Shaw was Senior Executive Vice-President, Chairman & CEO CIBC World Markets until January 8, 2008. Brian Shaw has not sold his SIP-related CIBC even though he was entitled to do so on the vesting date.

(8) All the other CIBC executives in the SIP have sold all of their SIP-related CIBC shares between 2003 and 2006.

Figure 2 shows cash bonuses, share option and share awards have been 95% of CIBC top executives' compensation between 1999 and 2007. Of total compensation, the cash bonus portion has been 19%, options/shares realized gains 9%, options unrealized gains 14% and other share awards 53%. One Special Incentive Plan (SIP) provided CIBC share awards that contributed 26% of total compensation. The SIP was improper and possibly illegal. The SIP-related disclosures were probably illegal.

Figure 2: CIBC Top Officers Compensation By Type



The Special Incentive Plan is Improper

The March 1, 2001 Proxy Circular contains the following description of the Special Investment Plan:

> **"4. CIBC Special Incentive Program ("SIP")**
>
> Certain senior employees of CIBC World Markets and certain other executives of CIBC participate in the SIP. Under the SIP, a specified number of units were allocated to eligible executives in 2000. The units are valued at the end of each fiscal year based on the net gains from certain CIBC merchant banking investments realized during the fiscal year. The face value of the units is used to purchase common shares of CIBC. Awards vest on October 31, 2003 for all executives other than Named Executive Officers and other members of the Senior Executive Team ("SET"). For Named Executive Officers and certain members of the SET, certain long-term performance criteria must also be met prior to vesting of award shares. Vested shares are distributed in the form of common shares of CIBC

> upon retirement or termination of employment. As well, any dividends earned on vested shares are not distributed prior to retirement or termination of employment."

The SIP is improper because it is believed to have paid CIBC top officers a retroactive unspecified percentage of the $2.7 billion windfall capital gain from CIBC's Global Crossing merchant banking investment, without an offsetting deduction for the expected $10.2 billion of writedowns shown in Figure 3, for the failed U.S. Amicus electronic bank, Enron fines and settlements, the settlement for loans to U.S. hedge funds for illegal mutual fund market timing trades, and now the U.S. subprime mortgage and collateralized debt obligation writedowns. The CIBC top executives should be paid on the overall performance of the bank over a long period of time, and not be permitted to cream off gains from single successful investments, after the investments are made and the gains known. Is retroactive siphoning of known gains from specific investments into a Special Incentive Plan any different than backdating stock options?

Figure 3: CIBC Unusual Gains & Writedowns 1999 to Present

($ Millions)	After Tax	Pre Tax
Global Crossing Gains	$2,185	$2,737
Amicus Losses & Writedowns	-$799	-$1,324
Enron Fines & Class Actions Settlements	-$2,814	-$3,239
Mutual Funds Market Timing Fine	-$99	-$153
Subprime/CDO Writedowns - Announced	-$2,135	-$3,266
Subprime/CDO Writedowns - More Expected	-$1,452	-$2,234
Subprime/CDO Writedowns - Total	-$3,587	-$5,500
Total Unusual Writedowns	-$7,300	-$10,216
Total Unusual Gains	$2,185	$2,737
Total Unusual Items	-$5,115	-$7,479

The SIP is Probably Illegal in Terms of Its Disclosure

The CIBC SIP is probably illegal in terms of the deceit in its disclosure to CIBC shareowners. The dateline, disclosure sources and disclosed facts are shown in Figure 5.

(a) CIBC implied immateriality of the SIP in the Proxy Circular of March 1, 2001, when it disclosed a low number of SIP units granted to John Hunkin, David Kassie, Wayne Fox and Gerry McCaughey. The sum of the units disclosed times the $32.75 CIBC share price on December 1, 1999 is only $573,000.

(b) There was a four year delay until the Proxy Circular of February 26, 2004 disclosed the number of CIBC shares that were awarded upon conversion of SIP units to John

Hunkin, David Kassie, Wayne Fox and Gerry McCaughey. All the SIP participants were awarded SIP-related CIBC shares at the rate of 38% on October 31, 2000, 25% on October 31, 2001, 17% on October 31, 2002 and 20% on October 31, 2003. The SIP-related CIBC shares of John Hunkin, David Kassie, Wayne Fox and Gerry McCaughey were worth $65 million, when shareowners were first able to calculate their value, four years after the SIP was created. The SIP-related CIBC shares were shown in a footnote, and neither the units, nor the valuation of the units, were included in the Summary Compensation Table for 2003, or any prior year.

CIBC legal counsel, John M. Tuzyk of Blake, Cassels & Graydon LLP, in his letter of September 26, 2007, expressed the opinion that the delay in SIP disclosures did not breach Ontario Securities Commission (OSC) compensation rules, and in fact, the CIBC made more disclosure than what is required under these OSC rules. He says:

> "The value of the RSIP awards [Retirement Special Incentive Plan Deferred Share Units (RSIPDSUs) as noted in Figure 5] at the time of the grant was not easily quantifiable or even estimable. Therefore, disclosure under the OSC Summary Compensation Table was not appropriate, if not impossible."
>
> "The term "vested" means a present right to immediate possession of property."

John Tuzyk is attempting to redefine the legal definition of vesting as it is commonly applied to pension plans and other deferred benefits. The SIP-related CIBC shares vested for all the participants on October 31, 2003. So, the SIP-related CIBC shares granted to John Hunkin, David Kassie, Wayne Fox and Gerry McCaughey during 2000 to 2003 vested on October 31, 2003. These officers took direct ownership of their SIP-related CIBC shares (labeled as RSIPDSUs) and they disclosed them in the SEDI system between July 2, 2003 and March 24, 2004 (labeled as Rights RSIP Units (Common Shares)). It was not impossible for CIBC to estimate the value of the RSIPDSU's on the October 31, 2003 vesting date, by taking the number of RSIPDSU's times the CIBC stock price on that date and placing the result on the 2003 Summary Compensation Table.

(c) The first time CIBC shareowners can find out that Gillian Denham, Brian Shaw, Steven McGirr, Tom Woods, Sonia Baxendale and Ronald Lalonde are SIP participants is by examining the SEDI Insider Trading System, where between June 18, 2003 and March 10, 2004 insider trading reports noting SIP-related CIBC shares are filed. In the January 1, 2008 Proxy Circular, CIBC discloses for the first time that Ronald Lalonde also owns RSIPDSUs derived from the SIP. The SIP-related CIBC share awards for the six additional SIP participants are worth $32 million at October 31, 2003. This makes ten executive officers participating in the SIP share awards worth $97 million collectively at October 31, 2003 as shown in Figure 4.

(d) Not until March 1, 2007 does CIBC disclose any of the SIP-related CIBC share dividends being paid to SIP participants and they finally do so as part of the 2006 Summary Compensation Table in the March 1, 2007 Proxy Circular and do so again in the Summary Compensation Table in the January 1, 2008 Proxy Circular. However, despite the new disclosure of SIP-related dividends, there are still neither SIP-related CIBC share units, nor dollar value for the SIP-related CIBC shares disclosed in the

March 1, 2007 Proxy Circular for Tom Woods, Brian Shaw, Steven McGirr and Sonia Baxendale. By October 31, 2006, Tom Woods, Steven McGirr and Sonia Baxendale had already sold all of their SIP-related CIBC share awards and these realized SIP-related benefits were never disclosed.

(e) CIBC's legal counsel says the value of SIP-related awards were impossible to quantify. There may be several reasons for this excuse: the value of the SIP at the time of setup was unknown since the expected gains on the applicable merchant banking investments was not certain at the time; the SIP-related CIBC shares would not vest until October 31, 2003; or, the SIP-related CIBC shares would not be saleable until the four top named executive officers left the bank. However, the SIP likely had a trust account of about $70 million value established between December 1, 1999 and October 31, 2000 to enable the SIP participants to share in the Global Crossing windfall gain of $2.7 billion, of which $1.3 billion had already been realized as of October 31, 2000.

The SIP trust account appears to have purchased all the CIBC shares in a short period of time as the price range for purchase is $43.25 to $45.31, based on SEDI Insider Trading reports for Wayne Fox, John Hunkin, Gerry McCaughey and Gillian Denham and the Proxy Circular of February 24, 2005 from which one can calculate the implied share price in the values for 2002 and 2003 retirement special incentive plan awards in individual executive compensation tables for John Hunkin, David Kassie, Gerry McCaughey, Gillian Denham and Tom Woods.

CIBC did not disclose the value of the SIP-related CIBC shares for David Kassie, Wayne Fox and Gillian Denham when they left the bank and had certain value at the time (probably because Kassie, Fox and Denham were not executive officers at the fiscal year ends in the year they left.) CIBC did not disclose the value of the SIP-related CIBC shares for Gillian Denham, Brian Shaw, Steven McGirr, Tom Woods and Sonia Baxendale, even though all of these individuals were named executive officers during relevant time periods, all were free to sell their shares after the October 31, 2003 vesting date and all but Brian Shaw did sell their shares between 2003 and 2006.

Figure 4: CIBC Special Incentive Plan Valuation

(Rounded to Nearest One Hundred Thousand Dollars)						
	January 25, 2008	**Date**	**Realized or Value**	**October 31, 2003**	**October 31, 2000**	**December 1, 1999**
	Current Value	**Realized or Left**	**on Leaving CIBC**	**Fiscal Year of Vesting**	**Fiscal Year of Grant**	**SIP Units Granted**
Hunkin, John	**$21,000,000**	31-Jul-05	$25,700,000	$18,500,000	$15,100,000	5,000
Kassie, David	**$21,000,000**	5-Feb-04	$20,900,000	$18,500,000	$15,100,000	5,000
Fox, Wayne	**$16,800,000**	1-Sep-05	$17,500,000	$14,800,000	$12,100,000	4,000
McCaughey, Gerry	**$14,700,000**	Current Value	$14,700,000	$13,000,000	$10,600,000	3,500
Denham, Gillian	$11,900,000	2003-2005	$11,900,000	$11,100,000	$9,100,000	3,000
Shaw , Brian	$8,400,000	8-Jan-08	$8,800,000	$7,400,000	$6,100,000	2,000
McGirr, Steven	$6,200,000	2004-2006	$6,200,000	$5,600,000	$4,500,000	1,500
Lalonde, Ronald	**$4,600,000**	Current Value	$4,600,000	$4,100,000	$3,300,000	1,105
Woods, Tom	$3,300,000	2004-2005	$3,300,000	$3,000,000	$2,500,000	820
Baxendale, Sonia	$700,000	2005	$700,000	$600,000	$500,000	150
Total # Units	1,632,168		1,632,168	1,632,168	1,632,168	26,075
Total Value	$108,600,000		$114,300,000	$96,600,000	$78,900,000	$853,954
CIBC Share Price	$67.24		$70.03	$59.21	$48.40	$32.75

Figure 5: CIBC Special Incentive Plan Disclosure

Disclosure Date	Source	Description of Share Units Awarded	Year	Hunkin	Kassie	Fox	McCaughey	Denham	Woods	Shaw	McGirr	Baxendale	Lalonde
March 2, 2000	Proxy Circular - Footnote	Retirement Deferred Share Units (RDSUs)	Dec. 1/99		28,737	16,560	9,937						
March 1, 2001	Proxy Circular - Footnote	Special Incentive Plan Units	2000	5,000	5,000	4,000	3,500						
June 18, 2003	SEDI Insider Trading System	Rights SIP Share Units (Common Shares)						149,797					
June 23, 2003	SEDI Insider Trading System	Rights SIP Share Units (Common Shares)								125,203			
July 2, 2003	SEDI Insider Trading System	Rights RSIP Units (Common Shares)			271,395								
August 13, 2003	SEDI Insider Trading System	Rights SIP Share Units (Common Shares)							51,332				
Sept. 3, 2003	SEDI Insider Trading System	Rights SIP Share Units (Common Shares)									93,901		
Sept. 26, 2004	SEDI Insider Trading System	Rights SIP Share Units (Common Shares)										9,390	
Feb. 12, 2003	SEDI Insider Trading System	Rights RSIP Units (Common Shares)				219,739							
Feb. 18, 2004	SEDI Insider Trading System	Rights RSIP Units (Common Shares)					192,281						
Feb. 26, 2004	Proxy Circular - Footnote	Retirement Special Incentive Plan Deferred Share Units (RSIPDSUs)	2003	312,969	312,969	250,397	219,095						
March 10, 2004	SEDI Insider Trading System	Rights RSIP Units (Common Shares)											
March 24, 2004	SEDI Insider Trading System	Rights RSIP Units (Common Shares)		274,568									69,136
Feb. 24, 2005	Proxy Circular - Exec. Comp. Table	Retirement Special Incentive Plan Units	2000	5,000	5,000	4,000	3,500	3,000	820				
	Proxy Circular - Exec. Comp. Table	Retirement Special Incentive Plan Deferred Share Units $ Amount	2002	$2,348,386		$1,878,709	$1,643,870	$1,409,032	$855,856				
	Proxy Circular - Exec. Comp. Table	Retirement Special Incentive Plan Deferred Share Units $ Amount	2003	$2,870,249		$2,296,199	$2,009,174	$1,722,150	$0				
March 2, 2006	Proxy Circular - Footnote	Retirement Special Incentive Plan Deferred Share Units		312,969			219,095						
	Proxy Circular - Compensation Table	Long Term Incentive Plan Payout (LTIP)		$25,719,137									
March 1, 2007	Proxy Circular - Footnote &	Dividend equivalents on RDSUs, RSIPDSUs, LTIP &	2004				$604,015		$49,028	$192,105	$113,802	$59,988	
	Summary Compensation Table	Restricted Share Awards and Performance Share Awards	2005				$823,808		$73,521	$199,114	$341,053	$75,472	
			2006				$831,261		$87,807	$270,785	$229,906	$108,721	
	Proxy Circular -												
	Out. Deferred Equity Awards Table	RDSUs & RSIPDSUs $ Amount	2006				$24,553,141						
January 30, 2008	Proxy Circular -	RDSUs & RSIPDSUs Units					289,275						78,959
	Out. Deferred Equity Awards Table	RDSUs & RSIPDSUs $ Amount					$29,506,050						$8,053,818

Zero Bonuses Announced, But SIP Awards Realized Without Disclosure

SIP-related CIBC shares were granted to John Hunkin and David Kassie in 2002, despite CIBC shareowners being told that John Hunkin and David Kassie did not receive any bonuses, share options or share awards in 2002 due to poor CIBC profits in 2002, caused in part by $450 million of Amicus losses in 2002 ($1.3 billion Amicus accumulated losses and writedowns during 2000 to 2003).

David Kassie left the bank on February 5, 2004 with saleable SIP-related CIBC shares worth $21 million at the time, despite leaving after the December 22, 2003 settlement agreements between CIBC and the U.S. Department of Justice, Federal Reserve Bank of New York and Canadian Office of the Superintendent of Financial Institutions relating to CIBC's participation in illegal Enron transactions. CIBC makes no mention of David Kassie leaving with $21 million of SIP-related shares in its 2003 executive compensation disclosures.

Also, while CIBC shareowners were being told that the top executives did not receive any bonuses, share options or share awards in 2005 due to the US $2.5 billion Enron and market timing settlements, only John Hunkin's $26 million SIP-related LTIP shares are valued in the 2005 Summary Compensation Table in this year of his retirement. This is the first time CIBC discloses the aggregate dollar amount for the CIBC shares awarded to any SIP participant and this was on March 2, 2006, more than five years after the SIP was set up on December 1, 1999.

Wayne Fox left the bank in 2005 too, presumably with no 2005 bonus like the rest of the executive officers, but he could now sell $18 million worth of SIP-related CIBC shares on that date. Gillian Denham, also left the bank in 2005 and is not a named executive officer in 2005, but she sold some of her SIP-related CIBC shares in 2005 and had sold her entire position for $12 million during 2003-2005. There is no mention of Wayne Fox's unrealized value and Gillian Denham's realized value from SIP-related CIBC shares in the 2005 CIBC executive compensation disclosures.

There is no mention of the SIP-related CIBC shares sold in 2005 by other executive officers whom CIBC says have received no bonuses, share option or share award benefits in 2005. Steven McGirr sold $6 million SIP-related CIBC shares during 2004 to 2006. Tom Woods sold $3 million SIP-related CIBC shares during 2004 to 2005, and Sonia Baxendale sold under $1 million SIP-related CIBC shares during 2005.

Gerry McCaughey had $18 million worth of SIP-related CIBC shares vested in his name at the time he became CEO on August 2005, not including the additional CIBC shares bought with the received dividends. These SIP-related CIBC shares are not saleable until he leaves the bank. A $25 million value for Gerry McCaughey's SIP-related CIBC shares was disclosed for the first time on March 1, 2007, which implies CIBC shares of 280,000. There are 219,000 originally granted shares to McCaughey and the remaining 61,000 must have been bought from received CIBC dividends. Gerry McCaughey is now the second CIBC executive officer to have the aggregate dollar value of his SIP- related CIBC shares disclosed. The January 1, 2008 Proxy Circular discloses that Gerry McCaughey's RSIPDSUs and RDSUs have risen to 289,275 as more dividends have been received in 2007. The valuation of Gerry McCaughey's RSIPDSUs and RDSUs is $30 million at October 31, 2007.

The January 1, 2008 Proxy Circular discloses for the first time that Ronald Lalonde has 78,959 RSIPDSUs and RDSUs, worth $8 million at October 31, 2007. Figure 1 shows $7 million without the impact of the accumulated dividends on the original SIP-related CIBC share awards.

Based on the precedent of the SIP-related CIBC share awards paid to David Kassie, John Hunken and Wayne Fox in the aftermath of the Amicus, Enron and market timing fiascos, Gerry McCaughey will not be asked to return any of his $19 million current worth of SIP-related CIBC shares after dividends, despite $3.2 billion of writedowns already announced for 2007 and 2008 and $5.5 billion total writedowns expected on US subprime mortgages and collateralized debt obligations. The high risk US subprime mortgages and CDOs were put on the CIBC balance sheet under Gerry McCaughey's short 18 months watch, when he said he was de-risking the bank. Similarly, Brian Shaw will get to keep and sell his $9 million SIP-related CIBC shares despite him leaving just before the $2.5 billion US subprime and CDO writedown announcement on January 8, 2008.

Did the CIBC Management Resources and Compensation Committee Approve the SIP Creation and Disclosure?

The SIP itself could not likely be found to be illegal if it were approved by the CIBC Management Resources and Compensation Committee and its Board of Directors. The minutes of the Management Resources and Compensation Committee are not public, so it is not possible to determine whether or not this committee approved the SIP or approved the SIP-related disclosures for the years 2000 to 2003, when the SIP-related CIBC shares were granted to the participating executive officers.

Robert Verdun, an investor advocate, wrote a letter to CIBC Chairman William Etherington on September 17, 2007 to express concerns about the legality of the SIP's disclosure. On September 26, 2007, Robert Verdun received a response to his letter to William Etherington from John M. Tuzyk of Blake, Cassels & Graydon LLP, legal counsel on this matter for the CIBC. Not surprisingly, the lawyer's letter expressed the opinion that the SIP-related disclosures did not breach Ontario Securities Commission (OSC) compensation rules, and in fact, he says the CIBC made more disclosure than what is required under these OSC rules. For the reasons noted earlier, John Tuzyk's legal defense arguments for CIBC delays and omissions of disclosure surrounding SIP-related awards do not hold water.

William Etherington has neither confirmed, nor denied, that the CIBC Management Resources and Compensation Committee and the CIBC Board of Directors knew about and approved the SIP creation and its subsequent SIP-related disclosures. His instructions for John Tuzyk to send Robert Verdun a legal defense letter suggests that he supports the findings of the letter and hence approves of the SIP and its subsequent SIP-related disclosures as Chairman of the Board.

The Directors on the CIBC Management Resources and Compensation Committee when the SIP was created were Margot Franssen, Marie-Josee Kravis (the same Compensation Committee Director who denied approving Conrad Black's Hollinger International non-competition payments and who did not read the footnote in public disclosure documents that provided information on these non-competition agreements years after they were granted), Arnold Naimark, Michael Phelps, Charles Sirois and Stephen Snyder. Jalynn Bennett was not on the Compensation Committee when the SIP was created and deceitfully disclosed in 2000, but she was there during 2001 to 2003, during the delay of disclosure on the number of SIP-related CIBC units being granted to John Hunkin, David Kassie, Wayne Fox and Gerry McCaughey prior to their vesting on October 31, 2003.

Figure 6 contains the name of all the CIBC Directors between 2000 and 2008. Conrad Black served on the CIBC Board of Directors during 2000 to 2003, when the improper SIP was created and the SIP-related CIBC shares were granted, while not being disclosed until the end of this period.

If these Directors on the Management Resources and Compensation Committee did not approve the SIP and did not read and give specific approval to the disclosures, or omissions of disclosures, of the SIP-related CIBC share awards during 2000 to 2003, then the CIBC executive officers created and received monetary benefits from an illegal SIP.

If on the other hand, these Directors on the Management Resources and Compensation Committee approved the SIP and did read and give specific approval to the disclosures, or omissions of disclosures, of the SIP-related CIBC share awards during 2000 to 2003, then these Directors have not served CIBC shareowners very well. The SIP is an improper compensation plan because CIBC top executives should be paid on the overall performance of the bank over a long period of time, and not be permitted to cream off gains from single successful investments after the investments are made and the gains known.

The failure of these Directors to ensure prominent disclosure of the value of the SIP-related CIBC share awards could be considered negligent carriage of their duties to the CIBC shareowners, as it is hard to believe that these Directors would intend to act illegally to deceive the CIBC shareowners about the compensation being paid to the CIBC executives for the purpose of inflating the CIBC share price. These Directors did not reap any of the specific benefits from the SIP, while ten executive officers ultimately received combined value of $121 million for the SIP-related CIBC share awards and dividends as of January 25, 2008, or much more depending upon what David Kassie, John Hunkin and Wayne Fox sold their shares at, if they are no longer holding them on January 25, 2008.

Figure 6: CIBC Board of Directors and Committees 2000 to 2008

CIBC Board of Directors 2000 to 2008										
	Directors Since	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**
On Board of Directors 2000 to 2003										
Douglas G. Bassett	1980	R	A,R	A,R	A	GONE	GONE	GONE	GONE	GONE
Jalynn H. Bennett	1994	C,R	C,M	C,M	C,M	C,M	A,C,M	A,C	A,C	A,C
Conrad M. Black	1997	-	-	-	-	GONE	GONE	GONE	GONE	GONE
Gary F. Colter	2003	LATER	LATER	LATER	A,C	A,C	A,C	A,C	A,C	A,C
William L. Duke	1991	A	A	A	A	A	A,M	M	M	M
Ivan E. H. Duvar	1989	A,C	A,C	A,C	A,C	A,C	A	A	A	A
William A. Etherington	1994	CHAIR,C	CHAIR,C	CHAIR	CHAIR	CHAIR	CHAIR	CHAIR	CHAIR	CHAIR
A. L. Flood	1989	R	R	R	R	R	GONE	GONE	GONE	GONE
Margot A. Franssen	1992	M	M	M	M	M	M	M	M	M
R. D. Fullerton	1974	A	A	A	A	A	GONE	GONE	GONE	GONE
Gordon D. Giffen	2001	LATER	A	A,R	R	R	R	R	C,R	C,R
James A. Grant	1991	C,R	C,R	C,R	C,R	C,M	C,M,R	GONE	GONE	GONE
Pat M. Hayles (Delbridge)	1993	A	A	A	A	A	A,R	GONE	GONE	GONE
Albert E. P. Hickman	1989	R	R	R	R	GONE	GONE	GONE	GONE	GONE
John S. Hunkin	1993	CEO	CEO	CEO	CEO	CEO	GONE	GONE	GONE	GONE
Marie-Josee Kravis	1987	M	M	M	GONE	GONE	GONE	GONE	GONE	GONE
W. Darcy McKeough	1978	R	A,R	A,R	R	GONE	GONE	GONE	GONE	GONE
Arnold Naimark	1987	M	R	R	R	GONE	GONE	GONE	GONE	GONE
Michael E. J. Phelps	1989	C,M	C,M	C,M	C,M,R	GONE	GONE	GONE	GONE	GONE
Charles Sirois	1997	M	M	M	C,M	C,M	C,M	C,M	C,M	C,M
Stephen G. Snyder	2000	M	M	M	M	C,M,R	C,R	C,R	C,R	R
W. Galen Weston	1978	-	-	-	-	GONE	GONE	GONE	GONE	GONE
On Board of Directors 2004 to 2008										
Brent Belzberg	2005	LATER	LATER	LATER	LATER	LATER	R	R	R	R
Linda S. Hasenfratz	2004	LATER	LATER	LATER	LATER	M	M	M	M	M
John Lacey	2004	LATER	LATER	LATER	LATER	R	C,M,R	C,M	C,M	C,M
John Manley	2005	LATER	LATER	LATER	LATER	LATER	A	A	A,R	R
Gerald McCaughey	2005	LATER	LATER	LATER	LATER	LATER	CEO	CEO	CEO	CEO
Leslie Rahl	2007	LATER	LATER	LATER	LATER	LATER	LATER	LATER	R	R
Cynthia M. Trudell	2005	LATER	LATER	LATER	LATER	LATER	A	A	A	A
Ronald Tysoe	2004	LATER	LATER	LATER	LATER	R	R	R	A,R	A
Board Committees										
(A) Audit Committee										
(C) Corporate Governance Committee										
(M) Management Resources and Compensation Committee										
(R) Risk Management and Conduct Review Committee										

Executive Officers Get Half a Billion +, While Writedowns Exceed $5 Billion

CIBC top executive officers got paid $588 million during 1999 to 2007, while the CIBC shareowners have expected net writedowns of $5.1 billion after tax during 1999 to 2007, allocating $3.1 billion after tax of expected writedowns on US subprime mortgages and collateralized debt obligations in early 2008 to this period when the investments were made. On January 14, 2008, CIBC has announced $1.6 billion after tax of writedowns on these investments that will be booked in fiscal 2008.

Figure 7 shows the net income before and after unusual writedowns and windfall gains on the Global Crossing investment for each year during 1999 to 2007. The net income before unusual writedowns and gains during 1999 to 2007 would have been $17.4 billion, rather than the $12.3 billion actual income in this nine year period, allocating $3.1 billion after tax of expected writedowns on US subprime mortgages and collateralized debt obligations in early 2008 to this nine year period.

Figure 7: CIBC Net Income Before & After Unusual Writedowns & Gains

($ Millions)	Net Income						
	Before Unusual Items	After Unusual Items	Unusual Items	Unusual Writeoffs		Unusual Gains	
1999	$698	$1,029	$331	$0		$331	Global Crossing
2000	$1,786	$2,060	$274	-$123	Amicus	$397	Global Crossing
2001	$1,062	$1,686	$624	-$226	Amicus	$850	Global Crossing
2002	$496	$653	$157	-$450	Amicus	$607	Global Crossing
2003	$2,037	$1,950	-$87	-$87	Enron	$0	
2004	$2,285	$2,091	-$194	-$194	Enron	$0	
2005	$2,600	-$32	-$2,632	-$2,632	Enron & Market Timing	$0	
2006	$2,646	$2,646	$0	$0		$0	
1999 to 2006	$13,610	$12,083	-$1,527	-$3,712		$2,185	
2007	$3,788	$3,296	-$492	-$492	Subprime/CDOs		
Post 2007 Announced Writeoffs	0	-$1,643	-$1,643	-$1,643	Subprime/CDOs		
Post 2007 Expected More Writeoffs	$0	-$1,452	-$1,452	-$1,452	Subprime/CDOs		
1999 to 2007 (2008 Writedowns to 2007)	$17,398	$12,284	-$5,115	-$7,300		$2,185	

The CIBC top executive officers are benefiting from the billions made each year from cash cow banking services, regardless of how effective they are as top managers. There are no significant financial consequences for CIBC executive officers supervising activities that take excessive business risks and even breach laws, occasionally producing windfall gains, but too often leaving shareholders with billions of dollars in writedowns.

Executives Paid From the Profits on Defective Non Bank ABCP

CIBC World Markets is the top originating distribution agent for the Non Bank ABCP sold to Canadian pension funds, government treasuries, and some retail clients. Figure 8 lists the CIBC as originating distribution agent for 13 of the 22 frozen trusts under the

Montreal Accord and for Foundation Trust that dropped out of the Montreal Accord. The fourteen Non Bank ABCP trusts have total face amount of about $22 billion.

The well-funded Non Bank ABCP owners are waiting for the details of the proposed restructuring settlement for the frozen Non Bank ABCP, before making decisions on whether to litigate the CIBC and other Canadian investment bank distributors for their estimated damages of $7 to $14 billion on the $35 billion of Non Bank ABCP trusts.

CIBC is believed to be the liquidity agreement signatory for Ironstone Trust, giving it additional potential liability. Henri-Paul Rousseau testified before the Quebec Public Accounts Committee that it was CIBC who first refused to honour a Non Bank ABCP liquidity agreement and who started this summer's liquidity crisis for Canadian Non Bank ABCP.

On January 7, 2008, CIBC announced that it will nominate Nicholas D. Le Pan for election as a member of its board of directors at the company's Annual General Meeting on February 28, 2008. Mr. Le Pan, served as Superintendent in the Office of Superintendent for Financial Institutions of Canada (OSFI) from 2001 to 2006 and as Deputy Superintendent, OSFI, from May 2000. In May 2007, Mr. LePan was appointed by the federal government as Senior Expert Advisor to the RCMP on its white-collar crime unit, the Integrated Market Enforcement Teams. He is also the Chair-elect of the Canadian Public Accountability Board which oversees auditors of public companies. It is not appropriate for senior banking, securities and accounting regulators to be appointed to bank directorships, as it has the perception of being a reward for these senior regulators supporting the banks during their regulatory tenure in the form of weak regulations, auditting and enforcement.

Nick LePan is not likely to provide adequate stewardship to the CIBC on the lessons learned and responsibility for the losses of clients, who bought Non Bank ABCP from CIBC World Markets. Nick LePan was Superintendent at OSFI when it confirmed and clarified OSFI Regulation 5 on Asset Securitization at November 2004. OSFI Regulation 5 encouraged the banks to sign "no use" liquidity agreements for the Non Bank ABCP, by allowing the banks to set aside no capital under the Tier 1 capital requirements provided they adopted the general disruption clause set out in the guidelines for OSFI Regulation 5. OSFI Regulation 5 protects the balance sheets of the banks, while it is widely acknowledged to have been contrary to the interests of Non Bank ABCP investors and to have been a contributing cause to the August 2007 Non Bank ABCP liquidity crisis.

Figure 8: CIBC World Markets Top Canadian ABCP Distribution Agent

ABCP Trust Names	Liquidity Agreements/ Credit Default Swaps									Distribution Agents										
	ABN Ambro	Barclays Bank	CIBC	Deutsche Bank	HSBC Bank	Royal Bank	Scotiabank	Societe Generale Securities	UBS	BMO	BNP Parabas	CIBC World Markets	Desjardins Securities	Deutsche Bank Securities	HSBC Securities	Laurentian Bank Securities	National Bank of Canada	RBC Dominion	Scotia Capital	Societe Generale Securities
Apollo Trust												1			1	1	1			
Apsley Trust				1								1	1	1	1	1	1			1
Aria Trust																				
Aurora Trust																	1			
Comet Trust												1			1	1	1			
Devonshire Trust		1																		
Encore Trust																				
Gemini Trust												1			1	1	1			
Ironstone Trust			1									1								
MMAI-I Trust				1																
Newshore Canadian Trust																				
Opus Trust										1		1		1	1		1			1
Planet Trust												1			1	1	1	1	1	
Rocket Trust												1			1	1	1			
Selkirk Funding Trust										1					1	1				
Silverstone Trust				1							1	1		1	1		1			
Skeena Capital Trust	1				1	1	1												1	
SLATE Trust																	1			
Structured Asset Trust												1			1				1	
Structured Investment Trust III												1			1				1	
Symphony Trust										1		1		1	1	1	1			1
Whitehall Trust				1								1		1			1			
Foundation Trust								1				1				1	1			1
Participations - Distribution Agent										3	1	14	1	5	12	9	13	1	4	4

Executives Paid From Profits of Income Trusts Sold on Deceptive Cash Yields

Figure 9 shows that CIBC World Markets was the top underwriter of business income trusts between January 1, 2001 and December 31, 2006, co-leading in 36% and participating in 69% of the underwriting syndicates. Figure 10 shows that 39% of the business income trust offerings underwritten by CIBC World Markets are down more than -20% since their last offering price, for an average decline of -51% and over $10 billion of capital losses for their owners. The list of business income trusts underwritten by CIBC World Markets that are down 50% or more are shown in Figure 11.

Figure 9: CIBC World Markets Top Income Trusts Underwriter

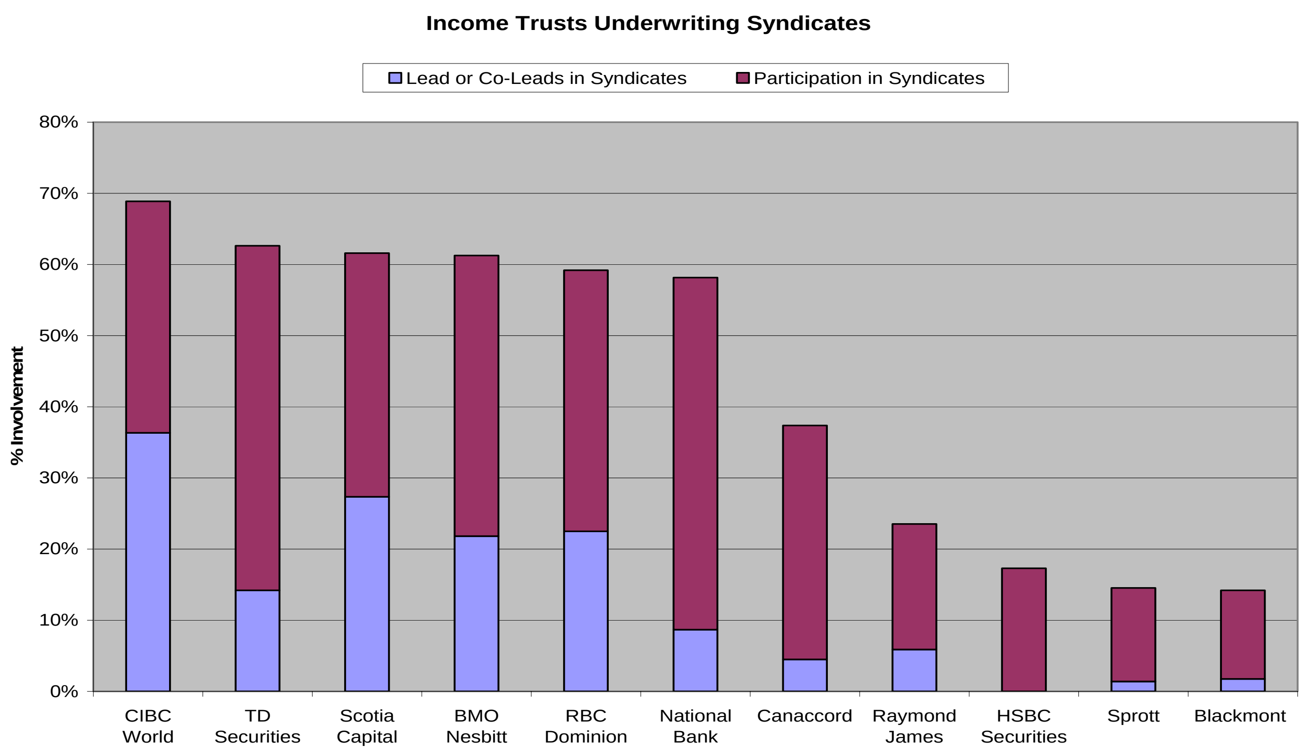


Figure 10: CIBC World Markets Income Trust Underwritings in Capital Loss > -20%

January 27, 2008	All Offerings In Capital Loss > -20%
# Trusts	54
# Offerings	77
Offerings $ Millions	$9,973
% of All Offerings	39%
Offerings Gain (Loss) Average %	-51%
Market Cap Gain (Loss) * $ Mil	-$10,294

Figure 11: CIBC Income Trust Underwritten Issuers in Capital Loss > -50%

BUSINESS INCOME TRUST OFFERINGS BETWEEN JANUARY 1, 2001 & DECEMBER 31, 2006

Issuers Down More Than -50% As of 01-Jan-08		Date	Size of Offering $ Millions	Investment Banking Fee $ Millions	Other Expenses $ Millions	CIBC World	% Change As of 27-Jan-08
HEATING OIL PARTNERS	0	7/22/2004	$30.2	$1.5	$0.5	1	-100%
SPECIALTY FOODS	1	3/13/2003	$201.3	$11.6	$3.4	3	-100%
GRANBY INDUSTRIES	1	12/16/2004	$73.8	$4.4	$4.0	1	-98%
MENU FOODS	1	5/22/2002	$129.0	$7.7	$1.3	1	-93%
BLACKWATCH ENERGY SERVICES	1	8/11/2006	$73.0	$4.4	$0.8	1	-92%
ASSOCIATED BRANDS	1	11/15/2002	$117.6	$7.1	$3.4	1	-92%
IMPAX ENERGY SERVICES	1	6/14/2006	$68.0	$4.1	$4.0	2	-91%
ART IN MOTION	1	8/3/2004	$80.3	$4.8	$2.9	2	-91%
XS CARGO	1	5/17/2005	$61.1	$3.7	$1.0	3	-89%
BUILDERS ENERGY SERVICES	0	8/24/2006	$30.0	$1.5	$0.3	1	-83%
WELLCO ENERGY SERVICES	0	2/23/2006	$32.3	$1.6	$0.3	1	-82%
MADACY ENTERTAINMENT	1	4/20/2005	$75.4	$4.5	$2.4	1	-79%
SPINRITE	1	2/8/2005	$202.9	$11.7	$5.0	2	-78%
DRIVE PRODUCTS	1	8/25/2006	$70.0	$4.2	$4.7	1	-72%
TERRAVEST	0	4/13/2006	$30.2	$1.5	$0.3	1	-71%
ADVANCED FIBER TECHNOLOGIES	1	3/28/2002	$130.8	$7.8	$3.0	3	-70%
TREE ISLAND WIRE	0	10/13/2004	$76.7	$3.8	$0.4	2	-68%
CLEARWATER SEAFOODS	1	7/31/2002	$232.9	$13.4	$0.8	2	-66%
ENTERTAINMENT ONE	1	11/4/2003	$141.4	$8.5	$2.4	3	-64%
NEWPORT PARTNERS	0	6/6/2006	$75.4	$3.8	$1.5	1	-61%
CONNORS BROTHERS	0	1/13/2005	$115.6	$5.8	$0.6	3	-60%
GIENOW WINDOWS & DOORS	1	10/19/2004	$165.0	$9.5	$10.8	1	-58%
CANEXUS	1	8/18/2005	$317.5	$16.7	$3.0	2	-58%
OFI	1	9/1/2005	$129.6	$7.8	$3.0	2	-56%
SUPERIOR PLUS	0	10/19/2005	$160.0	$8.0	$0.5	1	-56%
PRIMARY ENERGY RECYCLING	1	8/16/2005	$285.0	$15.0	$6.0	2	-50%

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