



CANADIAN IMPERIAL BANK OF COMMERCE



**Notice of Annual Meeting  
of Shareholders and  
Management Proxy Circular**

JANUARY 21, 1999

## MANAGEMENT PROXY CIRCULAR

Unless otherwise stated, information contained herein is as of November 23, 1998.

### SOLICITATION OF PROXIES

**This Management Proxy Circular is furnished in connection with the solicitation of proxies by the management of Canadian Imperial Bank of Commerce ("CIBC") for use at the Annual Meeting of Shareholders of CIBC (the "Meeting") to be held at the time and place and for the purposes stated in the Notice of Meeting accompanying this Management Proxy Circular.** The solicitation will be primarily by mail. The return of proxies may also be solicited by regular employees of CIBC and by CIBC's agents at nominal cost. The cost of solicitation will be borne by CIBC.

### APPOINTMENT AND REVOCATION OF PROXIES

A form of proxy is enclosed and, if it is not your intention to be present in person at the Meeting, you are asked to sign, date and return the proxy in the envelope provided. Proxies to be exercised at the Meeting must be deposited with the Corporate Secretary at the head office of CIBC or with CIBC's transfer agent, CIBC Mellon Trust Company, 320 Bay Street, 6th Floor, Toronto, Ontario, M5H 4A6, in the enclosed envelope, or by facsimile to (416) 643-5501, not later than 10:00 a.m. on January 20, 1999.

Any shareholder having given a proxy has the right to revoke it by depositing an instrument in writing executed by the shareholder or his attorney authorized in writing with the Corporate Secretary at the head office of CIBC at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof or with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof.

However, if you are participating in the Shareholder Investment Plan (the "Plan") the enclosed form of proxy, when signed by you, will constitute a direction to CIBC Mellon Trust Company, the agent for the Plan, to vote or withhold from voting, in accordance with the instructions given on the form of proxy, common shares held by the agent in the Plan on behalf of such shareholder. The voting instructions may be withdrawn only by revoking the proxy before 10:00 a.m. on January 20, 1999.

The persons named in the enclosed form of proxy are directors of CIBC. **If you wish to appoint some other person or company to represent you at the Meeting you may do so by inserting the name of your appointee, who need not be a shareholder, in the blank space provided on the proxy form.**

### RECORD DATE AND VOTING OF SHARES

The date for determining shareholders entitled to receive Notice of the Meeting is December 7, 1998. Subject to certain provisions of the Bank Act, which prohibit under some circumstances the exercise of voting rights attached to bank shares, a person who was registered as a shareholder of CIBC at the close of business on December 7, 1998 is entitled to one vote for each common share shown opposite his name on the list prepared as of that time, except to the extent that:

- (a) the person has transferred the ownership of any of his common shares after December 7, 1998, and
- (b) the transferee of those common shares (i) produces properly endorsed share certificates, or (ii) otherwise establishes that he owns the common shares and demands, not later than 10 days before the Meeting, that his name be included in the list, in which case the transferee is, subject to the Bank Act, entitled to vote his common shares at the Meeting.

As at November 23, 1998, there were 415,529,334 common shares of CIBC outstanding. Each common share carries one vote. To the knowledge of the directors and officers of CIBC, no person or company beneficially owns, directly or indirectly, or exercises control or direction over, more than 10% of the votes attached to any class of shares of CIBC.

The Bank Act prohibits any person from exercising any voting rights attached to any share that is beneficially owned by the government of Canada or of a province or any agency thereof, or by the government of a foreign

country or any political subdivision thereof, or any agency thereof. The Corporate Secretary will, on request, provide further information regarding these restrictions.

Present arrangements provide for the confidentiality of voting by shareholders. Proxies are returned to CIBC's transfer agent, CIBC Mellon Trust Company, which records the votes by proxy as received and tabulates the results for use at the Meeting. This function is performed independently of CIBC. Any comments made by shareholders which are clearly intended for the attention of CIBC are communicated by the transfer agent to CIBC for information and, where appropriate, reply.

Management of CIBC is not aware how individual shareholders have voted except as may be required to meet legal requirements when, for example, the appropriate officer of CIBC is required to rule on the validity of a proxy or when requests are made by a shareholder to revoke a proxy. CIBC reserves the right to consider an exception in any situation where the issues at stake are so fundamental or so critical to the future of CIBC as to impose a responsibility on the directors and management to make every possible appeal to shareholders to obtain the necessary majority vote.

## **EXERCISE OF DISCRETION BY PROXIES**

Shares represented by any proxy given on the enclosed form of proxy to the persons named in the proxy will be voted or withheld from voting on any ballot in accordance with the instructions contained therein. **In the absence of such instructions, shares represented by proxies received will be voted FOR the election of all Directors, FOR the appointment of Auditors, FOR the resolution to amend The Employee Stock Option Plan, FOR Shareholder Proposal No. 1, and AGAINST Shareholder Proposals No. 2, No. 3, No. 4 and No. 5.** The enclosed form of proxy confers discretionary authority upon the persons named with respect to amendments to or variations in matters identified in the Notice of Meeting or other matters that may properly come before the Meeting. The management of CIBC knows of no matter to come before the Meeting other than the matters referred to in the Notice of Meeting. If any other matters which are not now known to management should properly come before the Meeting, the persons named in the accompanying form of proxy will vote on such matters in accordance with their best judgement.

Unless otherwise noted, a simple majority of the votes cast at the Meeting, whether by proxy or otherwise, will constitute approval of any matter submitted to a vote.

## **PRESENTATION OF ANNUAL STATEMENT AND AUDITORS' REPORT**





The Annual Statement of CIBC as at October 31, 1998, which is included in the 1998 Annual Report as the Consolidated Financial Statements, is being mailed to shareholders with this Notice and Management Proxy Circular. The Annual Statement and the Auditors' Report thereon will be placed before the shareholders at the Annual Meeting.






## **ELECTION OF DIRECTORS**



The persons named in the enclosed form of proxy intend to vote for the election of the nominees listed below, all of whom have been members of the Board of Directors since the dates indicated. Should any of the nominees be unable to serve as a director for any reason, the persons named in the form of proxy reserve the right to vote for another nominee in their discretion unless specifically instructed on the proxy form that the shares are to be withheld from voting. Each director elected will hold office until the next Annual Meeting, Special Meeting where directors are elected or until such office is earlier vacated.





The following table and notes thereto set out: the names of persons proposed to be nominated for election as directors; the year in which such persons became directors of CIBC; committee memberships; the approximate number of shares beneficially owned by them or over which control or direction is exercised by them; municipality of residence; all other positions and offices with CIBC and with significant subsidiaries, if any, now held by them; as well as a description of each nominee's involvement in business, academic, charitable and community affairs.





As required by the Bank Act, Schedule "B" hereto sets out in summary form the record of attendance by directors at meetings of the Board, Executive Committee and other committees for fiscal 1998.

Nominee for Election as Director	Director Since	Committees	Common Shares Owned, Controlled or Directed <sup>1</sup>
	1980	E, R	10,259
<p><b>Douglas G. Bassett</b> O.C., O.Ont., LL.D., D. Litt. Toronto, Ontario</p>			
<p>Douglas G. Bassett is Vice Chairman of Baton Broadcasting Incorporated, a communication and media broadcasting company; he served as President and Chief Executive Officer of Baton Broadcasting Incorporated from 1980 to 1996. Mr. Bassett is a director of a number of Canadian corporations including Rothmans Inc. and Mercedes-Benz Canada Inc. He is a director of the Canadian Council of Christians and Jews, The Council for Canadian Unity and the World Wildlife Fund — Canada. Mr. Bassett is also a cabinet member of The Venture Campaign for the University of New Brunswick. Mr. Bassett was appointed an Officer of the Order of Canada in 1991 and the Order of Ontario in 1995. He is active in cultural and community affairs.</p>			
	1994	E, P, R	10,000
<p><b>Jalynn H. Bennett</b> Toronto, Ontario</p>			
<p>Jalynn H. Bennett is President of Jalynn H. Bennett and Associates Ltd., a Toronto-based consulting firm specializing in strategic planning and organizational development. In 1988, she was the recipient of the YWCA of Metro Toronto Women of Distinction Award in Public Affairs and Communications, and in 1994, she received the McGill University Management Achievement Award. Ms. Bennett is a past director of the Bank of Canada and a former commissioner of the Ontario Securities Commission. Prior to setting up her own consulting firm, Ms. Bennett was associated for nearly 25 years with The Manufacturers Life Insurance Company. She is a director of Sears Canada Inc., Westburne Inc., CanWest Global Communications Corp. and the Ontario Teachers' Pension Plan Board. She is very active on boards and committees of institutions and organizations in the education and health sectors in Ontario.</p>			
	1977		5,076
<p><b>The Honourable Conrad M. Black</b> P.C., O.C., LL.D., Litt.D., LL.L., M.A. London, England</p>			
<p>Conrad M. Black is Chairman and Chief Executive Officer of Argus Corporation Limited, a holding company in the international publishing industry. Mr. Black is Chairman and Chief Executive Officer of The Ravelston Corporation Limited, Hollinger Inc., Southam Inc., Hollinger International Inc. and Chairman of the Telegraph Group Limited. He is also a director of EdperBrascan Corporation, Sotheby's Holdings Ltd., the Jerusalem Post Publications Limited and a member of the international advisory council of Gulfstream Aerospace Corporation (US). Mr. Black serves on several non-profit boards, foundations and councils, including the Chairman's Council of the Americas Society, the International Institute for Strategic Studies, the Bilderberg Meetings, the Malcolm Muggeridge Foundation, the National Interest, (Washington, D.C.), and The Council on Foreign Relations, (New York). A member of the Privy Council of Canada and an Officer of the Order of Canada, Mr. Black is also a recognized author and commentator on political and economic issues.</p>			
	1985	N	473
<p><b>The Honourable William G. Davis</b> P.C., C.C., Q.C. Brampton, Ontario</p>			
<p>William G. Davis is Counsel for Tory Tory DesLauriers &amp; Binnington, barristers and solicitors. A former Premier of Ontario, Mr. Davis is a director of a number of companies including The Seagram Company Ltd., Power Corporation of Canada, Algoma Steel Inc., Magna International Inc. and First American Title Insurance Company. Mr. Davis has served as Canada's Special Envoy on Acid Rain and became a Companion of the Order of Canada in 1986.</p>			





Nominee for Election as Director	Director Since	Committees	Common Shares Owned, Controlled or Directed <sup>1</sup>
	1993	A, N	2,068
<b>Pat M. Delbridge</b> Toronto, Ontario			
<p>Pat M. Delbridge is President of PDA Partners Inc., an issues management and environmental strategic planning company. Ms. Delbridge is also President of Pat Delbridge Associates Inc. She has been a member of the National Round Table On Environment And Economy and is past Chair of the Environmental Choice Program. Mrs. Delbridge has worked for many years with voluntary organizations including The Consumers Association of Canada, Help the Aged International and the Ottawa Distress Centre.</p>			
	1991	E, A, N	6,000
<b>Edward L. Donegan</b> Q.C. Toronto, Ontario			
<p>Edward L. Donegan is Partner of Blake Cassels &amp; Graydon, barristers and solicitors, of which he is former Chairman and Managing Partner. The firm is one of the largest law firms in Canada. Mr. Donegan specializes in corporate and competition law. He is a director of a number of Canadian companies including Torstar Corporation, the owner of <i>The Toronto Star</i>. He was for many years a director of the Ontario Division of the Arthritis Society and acted as its solicitor.</p>			
	1991	A	2,393
<b>William L. Duke</b> Redvers, Saskatchewan			
<p>William L. Duke is a farmer who operates a 3500 acre mixed grain farm in south-east Saskatchewan. In 1996 he was appointed by the federal Minister of Agriculture to a task force on the marketing of Canadian grain and is a former member of the 1990 Canadian Wheat Board Review Panel, of the Sectoral Advisory Group, International Trade (SAGIT), Agriculture, Food and Beverages and of the Western Grain Stabilization Advisory Committee. Mr. Duke is a past President of the Western Canadian Wheat Growers Association and was a member of the Auditor General of Canada's Special Advisory Committee. He operated a farm management and tax consulting business from 1975 to 1985.</p>			
	1989	E, A	6,430
<b>Ivan E. H. Duvar</b> B.E., DCL, P. Eng. Halifax, Nova Scotia			
<p>Ivan E. H. Duvar is Chairman of Maritime Telegraph and Telephone Company, Limited, a principal supplier of telecommunications to Nova Scotia and through its subsidiary The Island Telephone Company Limited, to Prince Edward Island. He served as President and Chief Executive Officer of Maritime Telegraph and Telephone Company from 1985 to 1995. Mr. Duvar is a director of several other Canadian corporations including: Air Nova Inc.; Crossley Carpets; The Halifax Insurance Company and Western Union Insurance Company. He is a member of Dalhousie University Board of Governors and is a member of the Advisory Board of the Dalhousie School of Business Administration. He is a member of Professional Engineers of Nova Scotia and a fellow of the Canadian Academy of Engineering. He is Chairman of the Nova Scotia Junior Achievement Business Hall of Fame.</p>			
	1994	R	5,000
<b>William A. Etherington</b> New Canaan, CT, USA			
<p>William A. Etherington is Senior Vice President and Group Executive, Sales and Distribution, IBM Corporation, the world's largest information technology hardware, software and services company. He is also Chairman and President, IBM World Trade Corporation. In his current role Mr. Etherington has executive responsibility for IBM's revenue, profit performance and customer satisfaction in 164 countries around the world. He is a member of the University of Western Ontario, Engineering Sciences Advisory Council and has served on the boards of Ontario Hydro, IBM Canada Ltd., IBM Europe Middle East Africa, IBM South Africa, the Conference Board of Canada, the National Quality Institute and Junior Achievement of Canada.</p>			




Nominee for Election as Director	Director Since	Committees	Common Shares Owned, Controlled or Directed <sup>1</sup>
	1989	E	92,091
<p><b>A. L. Flood</b> Thornhill, Ontario</p>	<p>A. L. Flood is Chairman and Chief Executive Officer of CIBC. Mr. Flood joined CIBC in 1951 and has held various management positions in the Bank's domestic and international operations. He was appointed Chairman and Chief Executive Officer of CIBC in 1992. Mr. Flood is a member of the board of trustees of the Hospital for Sick Children; Chairman of the Business Council on National Issues; a director of The Council for Canadian Unity and a member of the Board of Governors of Junior Achievement of Canada and of the Advisory Board, Boy's and Girl's Club of Canada. He is a member of the Dean's Advisory Council, Faculty of Management, University of Toronto. Mr. Flood is a graduate of the program for management development, Graduate School of Business, Harvard University.</p>		
	1992	M, P	1,466
<p><b>Margot A. Franssen</b> Toronto, Ontario</p>	<p>Margot A. Franssen is President of The Body Shop, of Don Mills, Ontario with more than 100 retail stores in Canada and the United States. She was a member of The Salvation Army Toronto Advisory Board and of the Board of Governors of York University. Ms. Franssen has been a member of the Imagine Program of the Canadian Centre for Philanthropy, the Ontario Round Table On Environment And Economy and a director of the World Wildlife Fund — Canada and of the Family Services Association of Metropolitan Toronto. She is also a director of the United Nations Development Fund for Women (UNIFEM). Ms. Franssen has been the recipient of several business achievement awards including Entrepreneur of the Year in 1990 and the Canadian Institute of Retailing and Services Studies Henry Singer Award in 1993.</p>		
	1974	E	114,809
<p><b>R. D. Fullerton</b> Toronto, Ontario</p>	<p>R. D. Fullerton is Chairman of the Executive Committee of CIBC. Mr. Fullerton joined the Bank in 1953 and was Chairman and Chief Executive Officer from 1985 to 1992. Mr. Fullerton is a director of Honeywell Inc., Hollinger Inc., Westcoast Energy Inc., George Weston Limited, Asia Satellite Telecommunications Co. Ltd., Orange plc and The Wellesley Hospital Foundation. Mr. Fullerton has served on the Boards of many other medical, cultural, educational and business entities during his career.</p>		
	1991	E, C, R	5,000
<p><b>The Honourable James A. Grant</b> P.C., Q.C. Montreal, Quebec</p>	<p>James A. Grant is a Partner of Stikeman, Elliott, barristers and solicitors. Mr. Grant is a director of Biochem Pharma Inc., CAE Inc. and United Dominion Industries Limited. He also serves on several non profit boards, foundations and councils, including the Montreal Symphony Orchestra, Batshaw Family Centres, The Heward Stikeman Fiscal Institute, CARE Canada and the Security Intelligence Review Committee.</p>		
	1988	E, M	15,000
<p><b>Richard F. Haskayne</b> O.C., B. Comm., F.C.A., LL.D. Calgary, Alberta</p>	<p>Richard F. Haskayne is Chairman of the Board for TransCanada Pipelines Limited, a leading North American energy services company with businesses in transmission, marketing and processing. Mr. Haskayne is Chairman of MacMillan Bloedel Limited, a director of Alberta Energy Company Ltd., Crestar Energy Inc. and Fording Inc., and a former Chairman of TransAlta Corporation and NOVA Corporation. Mr. Haskayne is a fellow of the Canadian Institute of Chartered Accountants and a member of the Financial Executives Institute. Among other awards, he is the recipient of the Distinguished Business Leader Award from the Faculty of Management at The University of Calgary and the Calgary Chamber of Commerce. Mr. Haskayne was appointed an Officer of the Order of Canada in 1997.</p>		

Nominee for Election as Director	Director Since	Committees	Common Shares Owned, Controlled or Directed <sup>1</sup>
	<b>Albert E. P. Hickman</b> St. John's, Newfoundland	1989 P, R	9,838
<p>Albert E. P. Hickman is Chairman and President of Hickman Motors Limited, an automotive retailer. He is also the Chairman of the Hickman Group of Companies with diversified activities in Newfoundland (heavy equipment sales, building supplies, land development, Budget Rent-A-Car, and industrial equipment rentals). Mr. Hickman's directorships include Fishery Products International Limited, NewTel Enterprises Limited; NewTel Communications Limited; Buchans River Ltd., Environmental Excellence Corporation and Wilson Equipment Limited. He also has a distinguished record of service with charitable organizations including the Board of Governors of Junior Achievement of Canada and as a Patron of Laubach Literacy of Canada. As well, in the local community, he served as Campaign Chairman for the Newfoundland March of Dimes and as Chairman of the Construction Board for the YM/YWCA.</p>			
	<b>John S. Hunkin</b> Toronto, Ontario	1993 P	62,304
<p>John S. Hunkin is President of CIBC World Markets. Mr. Hunkin joined CIBC in 1969 and has held various positions in the Bank's domestic and international operations before being appointed General Manager, USA, in 1980. In 1984, he became Senior Vice-President, USA, and two years later was named Executive Vice-President of western hemisphere investment banking activities. In 1988, Mr. Hunkin moved to Wood Gundy Inc. as President and Chief Operating Officer and was named Wood Gundy's Deputy Chairman and Chief Executive Officer in 1990. In 1992, he was appointed President of CIBC's investment and corporate banking operations, which were renamed CIBC World Markets in 1997. Mr. Hunkin is a director of The CIBC Wood Gundy Corporation, CEF Capital Ltd. and the Canadian Psychiatric Research Foundation. He is a member of the Advisory Council, Schulich School of Business, York University; the York University Board of Governors and the Board of Trustees of the Montreal Museum of Fine Arts Foundation and is Co-Chair of the Board of Directors, St. Michael's Hospital Foundation.</p>			
	<b>William James</b> Toronto, Ontario	1983 A, N	21,191
<p>William James is President and Chief Executive Officer of INMET Mining Corporation, a natural resources company. Prior to joining INMET Mr. James held a number of senior executive positions in the mining industry, including President and Chief Executive Officer of Denison Mines Limited from 1990 to 1996, Chairman and Chief Executive Officer of Falconbridge Limited from 1983 to 1989 and Executive Vice President of Noranda Inc. from 1974 to 1982. Mr. James is a director of a number of mining companies as well as The Mining Association of Canada. He is also a director of Air Canada, St. Michael's Hospital, Templeton Growth Fund Limited and Sandvik Canada, Inc.</p>			
	<b>Holger Kluge</b> Toronto, Ontario	1992	46,399
<p>Holger Kluge is President, Personal and Commercial Bank, CIBC. Mr. Kluge joined CIBC in 1959 and has held various management positions in the branch system in Canada and in corporate and international banking in Singapore, Japan and Hong Kong. In 1981, he was appointed Vice President, Asia-Pacific operations and in 1984, he returned to Canada as Senior Vice President responsible for international operations. In 1990 Mr. Kluge was named President, Individual Bank where he was responsible for retail and private banking operations worldwide. Individual Bank was renamed Personal and Commercial Bank in 1993 to more accurately reflect the unit's responsibilities. Mr. Kluge is a director of CIBC West Indies Holdings Limited, CEF Holdings Limited and T.A.L. Global Asset Management Inc. His outside directorships include Husky Oil Ltd. based in Calgary. Mr. Kluge is Chairman and a director of the Corporate Council on Youth in the Economy as well as Vice Chairman of the Canadian Banker's Association.</p>			

Nominee for Election as Director	Director Since	Committees	Common Shares Owned, Controlled or Directed <sup>1</sup>
	<b>Marie-Josée Kravis</b> O.C., M.Sc.(Econ.), LL.D. New York, NY, USA	1987 M	8,672
<p>Marie-Josée Kravis is a Senior Fellow at Hudson Institute Inc., an economics research institute. Ms. Kravis is an economist specializing in public policy analysis and strategic planning with many published writings on Canada's economic, social and political future. She is a director of Ford Motor Company of Canada, Limited, Hasbro Inc., Hollinger International Inc., The Seagram Company Ltd., and UniMedia Inc. She served on the dispute settlement panel established under the Canada-US free trade accord and was a member of the Quebec government's consultative committee on financial institutions. Ms. Kravis was appointed to the Order of Canada in 1993. She is also affiliated with various charitable organizations.</p>			
	<b>The Honourable Pearl McGonigal</b> C.M., LL.D. Winnipeg, Manitoba	1988 E, C, N	3,921
<p>Pearl McGonigal is former Lieutenant Governor of Manitoba. Active in municipal politics for many years, Ms. McGonigal was the first woman elected Deputy Mayor and Chairman of the Executive Policy Committee for the City of Winnipeg. She is President of Cardinal Properties Ltd., Chairman of the Foundation Board of Grace General Hospital, Commissioner of the Manitoba Law Reform Commission and a director of The Royal Canadian Geographical Society. Ms. McGonigal was appointed to the Order of Canada in 1995.</p>			
	<b>W. Darcy McKeough</b> O.C., B.A., LL.D. Chatham, Ontario	1978 E, N, R	20,000
<p>W. Darcy McKeough is Chairman and director of McKeough Supply Inc., a wholesale plumbing and heating company. He is also Chairman and President of McKeough Investments Ltd. Mr. McKeough is a director of Americare Corporation, Apollo Gas Inc., Canadian General-Tower Limited, Intertan Inc. and Numac Energy Inc. He is also a director of several charitable organizations including the Ridley College Foundation and The Richard J. Schmeelk Canada Fellowship. Mr. McKeough is a former Chairman of the Canada Development Investment Corp. and Treasurer of Ontario. He served for 15 years in the Ontario Legislature as member for Chatham-Kent riding. Mr. McKeough was appointed to the Order of Canada in 1994.</p>			
	<b>Arnold Naimark</b> O.C., M.D., LL.D., F.R.C.P.(C), F.R.S.(Can.) Winnipeg, Manitoba	1987 M	2,355
<p>Arnold Naimark is Past President and Vice-Chancellor of The University of Manitoba and Director of its Centre for the Advancement of Medicine. Dr. Naimark is a principal of Naimark Consulting, a director of Inspiraplex Inc. and was Chairman of the North Portage Development Corporation and its subsidiaries. In the voluntary sector, Dr. Naimark is Founding Chairman of the Canadian Health Services Research Foundation, a director of the John P. Robarts Institute, the Health Sciences Centre, the Manitoba Lung Association and the Manitoba Theatre Centre. He has published widely in the fields of medical research and higher education. Dr. Naimark is an Officer of the Order of Canada and a Fellow of the Royal College of Physicians and Surgeons of Canada and of the Royal Society of Canada and is the recipient of several medals and prizes related to his professional and community service.</p>			
	<b>Michael E. J. Phelps</b> B.A., LL.B., LL.M., LL.D. Vancouver, British Columbia	1989 M	4,452
<p>Michael E. J. Phelps is Chairman and Chief Executive Officer of Westcoast Energy Inc., a diversified energy company, and holds senior positions and directorships with a number of energy companies. Mr. Phelps is Chairman and director of Asia Pacific Foundation of Canada and a director of Canadian Pacific Limited and Canfor Corporation. He is on the Board of Trustees of the Simon Fraser University Foundation and the Advisory Council of the University of British Columbia, Faculty of Commerce and Business Administration. Earlier in his career Mr. Phelps was a crown attorney in Manitoba and a special advisor to the Minister of Energy Mines and Resources.</p>			



Nominee for Election as Director	Director Since	Committees	Common Shares Owned, Controlled or Directed <sup>1</sup>
	<b>Alfred Powis</b> O.C. Toronto, Ontario	1966 E, C, M	45,040
<p>Alfred Powis is former Chairman and Corporate Director of Noranda Inc., a diversified natural resources company. Prior to becoming Chairman he was President and Chief Executive Officer of Noranda Inc. from 1968 to 1990. He is also Chairman of Eden Roc Mineral Corp. and a director of a number of Canadian natural resource companies. Mr. Powis is a director of Sears Canada Inc., Sears Acceptance Company Inc., Sun Life Assurance Company of Canada and a member of the Ford Motor Company of Canada, Limited Advisory Board. In 1982, Mr. Powis was honored by the McGill University Faculty of Management for his promotion and advancement of Canadian business, outstanding success in personal endeavours and contribution to community affairs. He was appointed to the Order of Canada in 1984.</p>			
	<b>Barbara J. Rae</b> C.M., O.B.C., M.B.A., LL.D. Vancouver, British Columbia	1992 E, C, M, P	4,767
<p>Barbara J. Rae is former Chairman and Chief Executive Officer of ADECCO Canada Ltd., employment contractors. She is a director of a number of Canadian public companies including: BC Telecom Inc.; Noranda Inc. and Grosvenor International Holdings Limited. Ms. Rae was a member of the National Advisory Board of the Canadian Association for Community Living and a director of the Canadian Centre for Philanthropy and a past chair of the United Way of Canada, Vancouver. Ms. Rae is National Director of the Canadian Council of Christians and Jews, past Chair of the B.C. Women's Hospital Foundation and a director of The Salvation Army (Pacific Region) and KCTS Public Television. She has served as a member of the National Advisory Board on Science and Technology and the Labour Relations Review Panel, Province of British Columbia and was a member of the MacKay Task Force on the Future of the Canadian Financial Services Sector. Ms. Rae is a former Chancellor of Simon Fraser University and has received, among other awards, the 1991 Order of British Columbia and the British Columbia Entrepreneur of the Year Award in 1987. She was appointed a member of the Order of Canada in 1993.</p>			
	<b>Sir Neil M. Shaw</b> LL.D. London, England	1986 N	5,220
<p>Sir Neil Shaw is the recently retired Chairman of Tate &amp; Lyle plc and has over 40 years' experience in sugar and sweetener businesses. He has held a wide variety of management positions in the Tate &amp; Lyle plc organization, including Chief Executive Officer, Redpath Industries Limited. He joined the Board of Tate &amp; Lyle in 1975, becoming Group Managing Director in 1980 and Chairman in 1986. He has led an active role in commercial and political life through memberships with leading U.K. business and community groups. Mr. Shaw's former memberships in Canada include the Executive Council of the Canadian Chamber of Commerce, The Business Council on National Issues and The Council of The Conference Board of Canada.</p>			
	<b>Charles Sirois</b> B. Fin., M. Fin. Montreal, Quebec	1997 M	1,581
<p>Charles Sirois is Chairman and Chief Executive Officer of Teleglobe Inc., an international telecommunications company. He is also Chairman and Chief Executive Officer of Telesystem Ltd., a private holding company of which he is the founder and principal shareholder. In addition, Mr. Sirois is Chairman of Telesystem International Wireless Inc., Microcell Telecommunications Inc. and Coscient Group Inc. He is a director of Algène Biotechnologies Inc. and a member of the Advisory Board of Gasbeau Co., Schroder Canada and the Business Council on National Issues. Mr. Sirois received the Order of Canada in 1994 and was made a knight of the <i>Ordre national du Québec</i> in April 1998.</p>			

Nominee for Election as Director	Director Since	Committees	Common Shares Owned, Controlled or Directed <sup>1</sup>
 <p data-bbox="396 205 675 258"><b>John S. Walton</b> Victoria, British Columbia</p> <p data-bbox="396 275 1422 459">John S. Walton is Chairman and former President of Endeavour Financial Corporation, a company which provides independent corporate and financial advisory services. Mr. Walton is Chairman of Vengold Inc., a director and officer of Double J.W. Holdings Ltd. and Topland Investments Inc., and a director of MacMillan Bloedel Limited. He is President of The Victoria Hospice and Palliative Care Foundation and Chairman of the Victoria Commonwealth Games Society. Prior to joining the Board of CIBC Mr. Walton was President and Chief Executive Officer of Placer Development Limited.</p>	1986	A, P	4,570
 <p data-bbox="396 520 577 600"><b>W. Galen Weston</b> O.C. Toronto, Ontario</p> <p data-bbox="396 617 1422 831">W. Galen Weston is Chairman and director of George Weston Limited, Canada's largest privately-controlled food and merchandising company. Its largest subsidiary is Loblaw Companies Limited which operates across the country under the Loblaw, Zehr, No Frill and Great Canadian Superstore names. Loblaw Companies Limited is also a public company and Mr. Weston is also its Chairman. Mr. Weston was appointed to the Order of Canada in 1990 and in 1994 was the recipient of the University of Manitoba's Distinguished International Entrepreneur of the Year Award. He is involved with academic and charitable organizations in Canada, the United States and the United Kingdom.</p>	1978		204,522
 <p data-bbox="396 856 652 936"><b>Peter N. T. Widdrington</b> M.B.A., LL.D. London, Ontario</p> <p data-bbox="396 953 1422 1220">Peter N. T. Widdrington is Chairman of Laidlaw Inc., an international transportation and emergency healthcare services organization. He is also Chairman and director of Talisman Energy Inc., a senior upstream oil and gas company, as well as the President and CEO, Cuddy International Corporation, a producer of turkey hatching eggs and poults. Mr. Widdrington is also a director of CEC Resources Ltd., Chief Executives Organization, Inc., Cuddy International Corporation, Dialysis Centers of America, Radiology Corporation of America Inc. and SNC-Lavalin Group Inc. He is a member of various advisory boards, some of which include: Canadian Baseball Hall of Fame and Museum; Major League Baseball Players Trust for Children; St. Edmund Hall, Oxford University; and the University of Western Ontario Richard Ivey School of Business.</p>	1986	R	11,758

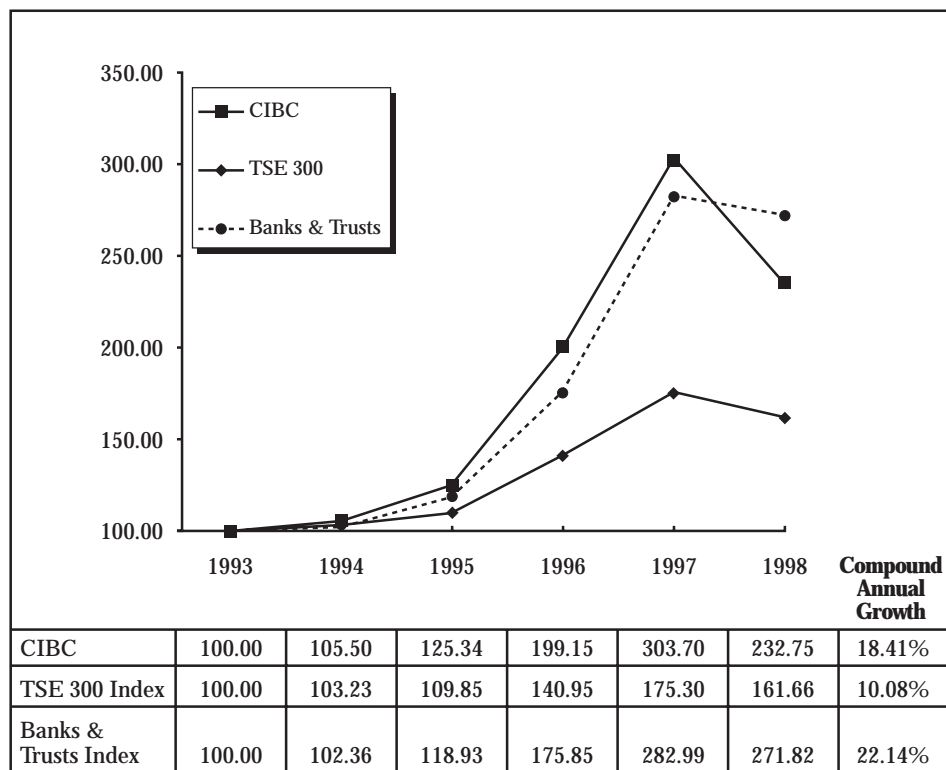
Notes:

- (E) Member of the Executive Committee of the Board
- (A) Member of the Audit Committee of the Board
- (C) Member of the Committee on Corporate Governance of the Board
- (M) Member of the Management Resources and Compensation Committee of the Board
- (N) Member of the Nominating Committee of the Board
- (P) Trustee of the Pension Funds
- (R) Member of the Risk Management and Conduct Review Committee of the Board
- (1) The information as to shares beneficially owned or shares over which control or direction is exercised, not being within the knowledge of CIBC, has been furnished by the directors.

## PERFORMANCE GRAPH

The following graph compares the yearly percentage change in the cumulative total shareholder return over the last five fiscal years on CIBC's common shares with the cumulative total return of the TSE 300 Index and the TSE Banks & Trusts Index, assuming reinvestment of all dividends.

**FIVE-YEAR TOTAL RETURN ON \$100 INVESTMENT  
(Dividends Reinvested)**



## EXECUTIVE AND DIRECTOR COMPENSATION

### 1. Aggregate Compensation

The following table, presented in accordance with the regulations of the Bank Act, sets forth the aggregate compensation paid or payable by CIBC and its subsidiaries in respect of the financial year ended October 31, 1998 to the directors of CIBC, in their capacity as directors of CIBC and any of its subsidiaries, and to those officers of CIBC who received, in their capacity as officers or employees of CIBC and any of its subsidiaries, aggregate compensation in excess of \$75,000 in that year.

## NATURE OF COMPENSATION EARNED

	Directors' Fees (\$)	Salaries (\$)	Bonuses (\$)	Total (\$)
<b>Compensation of Directors</b>				
A) Number of directors: 33				
B) Corporation incurring the expense: CIBC	1,603,450			1,603,450
<b>Compensation of Officers</b>				
A) Number of officers: 269				
B) Corporation incurring the expense: CIBC		43,809,398	47,335,149	91,144,547
Subsidiaries		2,629,679	3,295,974	5,925,653
<b>Totals</b>	1,603,450	46,439,077	50,631,123	98,673,650

Note: There were no non-accountable expenses.

Additional information on compensation, including benefits paid or payable under pension and other plans and on options to purchase securities of CIBC may be found in the following sections.

### 2. Compensation of Directors

Directors are compensated for their services as such through a combination of retainer fees and meeting attendance fees. Directors receive an annual retainer of \$22,000 and directors who are members of the Executive Committee receive an additional annual retainer of \$5,000. A director, other than a full-time officer of CIBC, who is Chairman of any standing committee of the Board, other than the Executive Committee, receives an additional annual retainer of \$5,000. A fee of \$2,000 per meeting attended is paid to each director with respect to meetings of the Board and Executive Committee, and a fee of \$1,000 per meeting attended is paid with respect to meetings of any other standing committee of the Board and meetings of regional directors; no meeting fees are paid to any director who is also a full-time officer of CIBC.

CIBC encourages the ownership of CIBC shares by its directors, particularly, to align the interests of the directors with those of the shareholders. On March 5, 1998 the Board of Directors approved a guideline for director ownership of CIBC common shares. The guideline, which was structured as CIBC's Directors Share Purchase Program (the "Program") provided that half of a director's annual retainer after tax be invested in common shares until the director owns shares of a value at least eight times the annual retainer. The annual retainer being \$22,000, this would amount to a director owning CIBC common shares with an aggregate current market value of at least \$176,000. The Program came into effect with respect to directors' fees payable for the second quarter of fiscal 1998. The Board also encourages directors who hold CIBC common shares of a value at least eight times the annual retainer to invest all or a proportion of their annual retainer in CIBC common shares.

The Program was expanded by the creation of a new Non-Officer Director Share Plan (the "Plan") effective November 1, 1998. Under the Plan, which is only available to directors who are not full-time employees of the Bank, eligible directors may elect to receive all or a portion of their annual compensation in the form of cash, common shares of the Bank or deferred share units, or any combination. Annual compensation includes annual retainer, committee member fees and committee chair and meeting fees payable to each director. A deferred share unit is a bookkeeping entry, equivalent to the value of a common share of the Bank, credited to an account to be maintained for the individual director until retirement.

Mr. R. D. Fullerton, a director, Chairman of the Executive Committee, and former Chairman and Chief Executive Officer of CIBC, has a contract which commenced June 8, 1992 to provide consulting services to CIBC as required. This contract is subject to annual review and approval by the Management Resources and Compensation Committee of the Board. The contract was revised effective January 1, 1995. Mr. Fullerton is paid an annual retainer of \$100,000.

### 3. Summary Compensation Table

The following table, presented in accordance with the securities legislation of various provinces, sets forth all compensation during the three fiscal years ended October 31, 1998 for the Chief Executive Officer and the other four most highly compensated executive officers of CIBC (the “named executive officers”).

**SUMMARY COMPENSATION TABLE**

Name and Principal Position	Year	Annual Compensation			Long-Term Compensation Awards	All Other Compensation <sup>2</sup> (\$)
		Salary (\$)	Bonus (\$)	Other Annual Compensation <sup>1</sup> (\$)	Securities Under Options/SARs Granted (#)	
A. L. Flood Chairman and Chief Executive Officer	1998	1,019,506	Nil	Nil	260,000	30,585
	1997	968,877	1,656,800	Nil	260,000	29,066
	1996	920,833	1,656,750	6,658	130,000	27,703
J. S. Hunkin President CIBC World Markets	1998	299,178	Nil	Nil	Note 3	Nil
	1997	299,178	4,049,598	380	Note 4	Nil
	1996	300,000	4,600,400	3,591	Nil	Nil
H. Kluge President Personal and Commercial Bank	1998	740,273	476,400	Nil	175,000	22,208
	1997	690,411	919,900	Nil	150,000	20,712
	1996	641,667	748,000	2,530	60,000	19,307
G. E. Beasley Senior Executive Vice-President Risk Management	1998	394,301	224,500	Nil	60,000	11,828
	1997	364,384	527,404	Nil	50,000	10,932
	1996	340,000	370,000	3,864	25,000	10,228
J. C. Doran Executive Vice-President, Administration and Chief Financial Officer	1998	345,972	161,150	Nil	50,000	10,378
	1997	322,959	300,000	Nil	40,000	9,689
	1996	290,000	257,000	2,633	18,000	8,724

Notes:

- (1) Perquisites and other personal benefits do not exceed the lesser of \$50,000 and 10% of the total of the annual salary and bonus for any of the named executive officers. The amounts reported in this column relate to taxable benefits on employee loans only.
- (2) Amounts reported are CIBC contributions to the Employee Share Purchase Plan (see paragraph 5(d) below).
- (3) Pursuant to Mr. Hunkin’s participation in the CIBC World Markets Long Term Incentive Plan (LTIP) (see paragraph 5(c) below) he was granted 4,335 LTIP units in the beginning of 1998; the value of each unit was determined at fiscal year-end based on the performance of CIBC World Markets. At fiscal year-end each LTIP unit, based on the plan formula, had a value of \$364 for an aggregate award value of \$1,577,940, subject to a three-year vesting provision at the rate of one-third per year at October 31 in 1999, 2000 and 2001. All payouts are in the form of CIBC common shares, in order to ensure linkage with the interests of all CIBC shareholders.
- (4) Pursuant to the provisions of the CIBC World Markets LTIP (see paragraph 5(c) below), the value of Mr. Hunkin’s 1997 fiscal year-end LTIP units was converted into 140,501 LTIP Rights. Each Right represents the right to receive one CIBC common share subject to a three-year vesting period to ensure linkage with the interests of CIBC shareholders. For comparative purposes, the original calculated value of each 1997 LTIP Right was \$42.3412, for an aggregate value of \$5,948,981 as compared to the closing value on October 31, 1998 of \$30.65, for an aggregate value of \$4,308,356.

The balance of the information in this section is presented in accordance with the Bank Act and the securities legislation of various provinces.

### 4. Cash Compensation

During the financial year ended October 31, 1998, \$19,263,437 of cash compensation was paid to 25 officers who were at or above the level of Executive Vice-President by CIBC and its subsidiaries for services

rendered during that year. This amount included \$11,462,956 paid pursuant to incentive compensation plans.

## 5. Incentive Compensation Plans

CIBC and its subsidiaries have in place a range of incentive compensation plans. The principal plans which affect executives, including the named executives, are described as follows:

### (a) *TEAMS Plan*

This plan is an annual incentive plan which covers most employees of CIBC. It is applicable to all full-time and part-time employees including executives globally except employees of CIBC World Markets (formerly CIBC Wood Gundy), those on commission or those participating in a specialized business unit plan. Each participant is assigned a target bonus opportunity that, if paid, would result in a competitive total cash compensation in the relevant market. This target amount is modified by the business results achieved for the year and by the personal performance of the participant to arrive at the actual bonus amount payable.

In fiscal 1999, measures of customer loyalty will be added to the funding mechanism for Team\$. In addition, CIBC will increase the recognition of excellent people leaders.

### (b) *Employee Stock Option Plan (ESOP)*

This plan, approved by the shareholders on January 21, 1993 and as amended on November 1, 1995, enables the Board to grant options on CIBC common shares to selected employees. In compliance with the revised policies for stock option plans of The Toronto Stock Exchange and the Montreal Exchange announced in March 1994, the number of options that may be granted under this plan was converted by a resolution of the Board not to exceed 10,817,250 shares, effective November 1, 1995. On March 27, 1997, CIBC paid a 100% stock dividend on its common shares, as a result of which, the maximum number of shares which can be issued under this plan was adjusted to 21,634,500. The specific terms of each grant are to be determined by the Management Resources and Compensation Committee (the "Committee"). The Committee has assigned conditions under which the option price cannot be less than the market price of the shares at the time of grant, the options cannot be for a period greater than 10 years, and attached Stock Appreciation Rights ("SARs") may not exceed 50% of the options granted and any one person cannot receive options in excess of 1% of the outstanding shares. The Committee may also make other rules and stipulate other conditions such as specifying vesting requirements to make optimal use of the plan.

In 1998, options to acquire an aggregate of 3,632,980 common shares under the ESOP were granted to 794 eligible employees, of which options on 2,496,300 shares were granted to 183 officers who received in 1998 aggregate remuneration as officers or employees in excess of \$75,000, including options on 1,100,000 shares granted to 19 individuals who were executive officers at the date of grant. These options were granted on February 5, 1998 at an exercise price of \$40.65 per share. This price was the closing price of the common shares on The Toronto Stock Exchange on the trading day immediately preceding the grant date. Such options become exercisable at the rate of 25% per annum commencing February 5, 1999 and expire on February 4, 2008. In the thirty days prior to the grant of options on February 5, 1998, the closing price of the common shares ranged from a low of \$35.30 to a high of \$46.40 per share.

The following table sets forth individual grants of stock options under the ESOP during the financial year ended October 31, 1998 to the named executive officers.

**OPTION/SAR GRANTS DURING THE FINANCIAL YEAR ENDED  
OCTOBER 31, 1998**

Name <sup>1</sup>	Securities Under Options/SARs Granted (#)	% of Total Options/SARs Granted to Employees in Financial Year	Exercise or Base Price (\$/Security)	Market Value of Securities Underlying Options/SARs on the Date of Grant (\$/Security)	Expiration Date
A. L. Flood	260,000	7.16	40.65	40.65	Feb. 4, 2008
H. Kluge	175,000	4.82	40.65	40.65	Feb. 4, 2008
G. E. Beasley	60,000	1.65	40.65	40.65	Feb. 4, 2008
J. C. Doran	50,000	1.38	40.65	40.65	Feb. 4, 2008

Note:

(1) Mr. J. S. Hunkin is ineligible to participate in this program.

The following table sets forth each exercise of options (or tandem SARs) under the Employee Stock Option Plan during the financial year ended October 31, 1998 by the named executive officers.

**AGGREGATED OPTION/SAR EXERCISES DURING THE FINANCIAL YEAR ENDED  
OCTOBER 31, 1998 AND FINANCIAL YEAR-END OPTION/SAR VALUES**

Name	Securities Acquired On Exercise (#)	Aggregate Value Realized (\$)	Unexercised Options/SARs at FY-End Exercisable/Unexercisable (#)	Value of Unexercised in-the-Money Options/SARs at FY-End (\$) Exercisable/Unexercisable <sup>1</sup>
A. L. Flood	Nil	Nil	680,000/640,000	8,094,300/2,024,300
J. S. Hunkin	Nil	Nil	140,000/0	1,968,400/0
H. Kluge	Nil	2,132,870	242,500/372,500	2,541,600/928,800
G. E. Beasley	Nil	Nil	115,000/135,000	1,336,150/416,750
J. C. Doran	Nil	Nil	90,500/105,500	1,055,240/278,640

Note:

(1) Amounts reported are based on a fiscal year-end price of \$30.65.

(c) ***CIBC World Markets Incentive Plans***

In order to attract and retain top performers in the highly competitive investment banking businesses, CIBC World Markets has two primary incentive compensation plans:

i) **The Long Term Incentive Plan (LTIP)**

This plan provides certain senior professionals of CIBC World Markets at the Managing Director level, globally, with an opportunity to participate in the earnings of the business. Any payouts under this plan are in the form of CIBC common shares, purchased in the market by the plan trustee, in order to ensure linkage with the interests of all CIBC shareholders. Selected participants are eligible for annual grants of Long Term Incentive Plan Units (LTIU). LTIU are valued at the end of each fiscal year and converted to LTIP Rights. Each LTIP Right represents a right to receive one CIBC common share. In order to incent the retention of key employees LTIP Rights are vested over a three-year period. Each LTIU entitles the participant to 0.001% of the Long Term Incentive Pool. The funding for the LTIP Pool is based annually upon a percentage of

CIBC World Markets' Net Income Before Tax (NIBT) excluding Earnings on Capital (EOC) but after bonus accrual. There is an LTIP provision that provides for the LTIP Pool funding percentage to increase or decrease based on whether CIBC World Markets achieves certain ROE targets. This provision was temporarily suspended for 1998. For fiscal 1999, this LTIP provision is expected to be reinstated.

The LTIP Pool funding rate and ROE adjustment factor are reviewed annually by CIBC executive management and the Management Resources and Compensation Committee of the Board.

ii) **The Short Term Incentive Plan (STIP)**

This plan is the principal annual incentive plan for employees of CIBC World Markets. It is applicable to all employees globally except those on commission or those participating in a specialized plan. It provides for the creation of a bonus pool based on market-driven Net Revenue percentages by business line. The adequacy of the pool size is reviewed in the context of competitive market norms and CIBC World Markets overall Net Contribution. Allocation of bonuses to individual participants from this pool is at management's discretion.

(d) ***CIBC Employee Share Purchase Plan (ESPP)***

All full-time and part-time employees of CIBC in Canada and, at management's discretion, employees of certain CIBC subsidiaries and affiliates, may participate in this plan. Similar plans are in place in other countries in which CIBC has employees. This plan encourages employees to save and provide for their future through the regular purchase of CIBC shares. An eligible employee can contribute between 1% — 6% of annual salary into the plan, depending on years of service and level of position. CIBC contributes an amount equal to 50% of the employee's contribution.

## **6. Pension Arrangements**

The aggregate pension expense for CIBC for the year ended October 31, 1998 for both the registered pension plans and supplemental arrangements was \$6,910,000.

Officers are eligible to participate in either the contributory or non-contributory defined benefit pension plans and to receive supplemental pension benefits. The following three benefits charts, which set out the pension payable at retirement, assume retirement at or after age 61, the earliest age at which an officer can retire with an unreduced pension.

(a) ***Executive Vice-Presidents and Above***

For officers at or above the level of Executive Vice-President, pensions are based on the individual's pensionable earnings and years of pensionable service. Pensionable earnings include base salary plus 25% of bonus paid in 1992, and 50% of bonus in each year thereafter, except for Mr. Hunkin, for whom pensionable earnings include base salary only after November 1, 1994. Pensionable earnings are calculated on the average of the last 60 consecutive months' earnings or the best consecutive five years' earnings in the last ten years prior to retirement. For the first year of retirement, officers at or above the level of Executive Vice-President receive their full salary paid in the 12 months immediately prior to retirement. Subsequent pension payments are made over the life of such officer, and are capped at one times base salary. In the event of the death of such officer, 50% of the pension will be continued for the life of the officer's spouse. Other optional forms of payment are available on an actuarially equivalent basis. For members of the contributory plan, annual contributions are 2.4% of pensionable earnings up to the Canada Pension Plan ("CPP") earnings base, and 4.5% of pensionable earnings in excess of the CPP earnings base, to a maximum annual contribution of \$3,500. For officers who retire before age 65 an additional pension equivalent to the amount of benefit payable under the CPP will be paid for the period from date of retirement to age 65.

For purposes of computing their total retirement benefit, pensionable service as of October 31, 1998 was 35 years for Mr. Flood, 24.5 years for Mr. Hunkin, 35 years for Mr. Kluge, 29.4 years for Mr. Beasley and 10.5 years for Mr. Doran.



**EXECUTIVE VICE PRESIDENT AND ABOVE PENSION  
(CONTRIBUTORY PLAN PLUS SUPPLEMENT)**

Average Pensionable Earnings (S)	Years of Service				
	15	20	25	30	35
300,000	81,019	111,019	141,019	171,019	201,019
400,000	111,019	151,019	191,019	231,019	271,019
500,000	141,019	191,019	241,019	291,019	341,019
600,000	171,019	231,019	291,019	351,019	411,019
700,000	201,019	271,019	341,019	411,019	481,019
800,000	231,019	311,019	391,019	471,019	551,019
900,000	261,019	351,019	441,019	531,019	621,019
1,000,000	291,019	391,019	491,019	591,019	691,019
1,100,000	321,019	431,019	541,019	651,019	761,019
1,200,000	351,019	471,019	591,019	711,019	831,019
1,300,000	381,019	511,019	641,019	771,019	901,019
1,400,000	411,019	551,019	691,019	831,019	971,019
1,500,000	441,019	591,019	741,019	891,019	1,041,019
1,600,000	471,019	631,019	791,019	951,019	1,111,019

CIBC also provides a non-contributory plan for officers at or above the level of Executive Vice-President, which provides a level of benefits which is approximately 25% lower than that of the contributory plan. As at October 31, 1998, only five officers at or above the level of Executive Vice-President were participants in the non-contributory plan.

(b) **Other Officers**

For officers below the level of Executive Vice-President, pensions are based on the individual's pensionable earnings and years of pensionable service.

Pensionable earnings under the contributory and non-contributory pension plans include base salary only, and are calculated on the average of the last 60 consecutive months' earnings or the best consecutive five years' earnings in the last 10 years prior to retirement. Pension payments are made for the life of the individual officer. For the contributory plan, in the event of death, 50% of the officer's pension will be continued for the life of the spouse. Other optional forms of pension payment are available on an actuarially equivalent basis. For members of the contributory plan, annual contributions are 2.4% of pensionable earnings up to the CPP earnings base, and 4.5% of pensionable earnings in excess of the CPP earnings base, to a maximum annual contribution of \$3,500.

**OTHER OFFICER CONTRIBUTORY PLAN PENSION AND  
CIBC PENSION SUPPLEMENT BENEFIT**

Average Pensionable Earnings (S)	Years of Service				
	15	20	25	30	35
125,000	33,787	45,049	56,311	67,574	78,836
150,000	41,287	55,049	68,811	82,574	96,336
175,000	45,000	60,000	75,000	90,000	105,000
200,000	45,000	60,000	75,000	90,000	105,000
225,000	45,000	60,000	75,000	90,000	105,000
250,000	45,000	60,000	75,000	90,000	105,000
275,000	45,000	60,000	75,000	90,000	105,000
300,000	45,000	60,000	75,000	90,000	105,000

**OTHER OFFICER NON-CONTRIBUTORY PLAN PENSION AND  
CIBC PENSION SUPPLEMENT BENEFIT**

Average Pensionable Earnings (\$)	Years of Service				
	15	20	25	30	35
125,000	24,412	32,549	40,686	48,824	56,961
150,000	30,037	40,049	50,061	60,074	70,086
175,000	33,750	45,000	56,250	67,500	78,750
200,000	33,750	45,000	56,250	67,500	78,750
225,000	33,750	45,000	56,250	67,500	78,750
250,000	33,750	45,000	56,250	67,500	78,750
275,000	33,750	45,000	56,250	67,500	78,750
300,000	33,750	45,000	56,250	67,500	78,750

**7. Other Compensation**

The aggregate value of all other compensation, not referred to above, paid during the financial year ended October 31, 1998, to the executive officers of CIBC does not exceed the lesser of \$25,000 multiplied by the number of executive officers or 10 per cent of the compensation stated under "Cash Compensation" above.

**8. Report on Executive Compensation**

It is the responsibility of the Management Resources and Compensation Committee of the Board of Directors (the "Committee") to oversee and approve all major compensation policies of CIBC. During the year ended October 31, 1998, the following individuals served as Committee members: Margot A. Franssen, Richard F. Haskayne, Marie-Josée Kravis, Arnold Naimark, Michael E. J. Phelps, Alfred Powis, Barbara J. Rae and Charles Sirois. None of these individuals is a present or former officer or employee of CIBC or any of its subsidiaries.

The guiding philosophy of the Committee in the determination of senior executive compensation is pay-for-performance balanced against the need to provide a total compensation package that will enable the organization to attract and retain qualified and experienced executives. Executive salary bands are established approximating the average salaries in the financial services sector with emphasis on banking. These bands are reviewed and adjusted periodically against survey data gathered by independent professional compensation consultants, supplemented by other sources of information. Based on such comparisons, the salary bands for executives in Canada were last increased effective January, 1998 and will remain unchanged effective January, 1999. Individual salaries are set in relation to the salary bands and based on the executive's experience plus demonstrated or expected performance.

The Committee assessed the Chief Executive Officer of CIBC's performance in 1997 in four key performance areas: (1) achievement of agreed upon financial objectives for CIBC, (2) achievement of significant milestones in CIBC's strategic goals, (3) establishment and maintenance of a high standard in Corporate Governance, and (4) demonstration of effective personal leadership. Based on this assessment, the salary for the CEO was increased effective January 1, 1998 to \$1,030,000 per annum. This represented a \$50,000 per annum or 5.10% increase. This increase also took into consideration such factors as maturity in the position, position in the salary band and other competitive data.

An annual incentive bonus program exists in order to link a significant portion of the executives' compensation to the financial performance of CIBC. Except for the President of CIBC World Markets, J.S. Hunkin, "target bonus opportunities", expressed as a percentage of annual salary, are established for each position. Target bonus opportunity for the CEO position is 60% of the salary paid. Payment at the threshold performance level is 30% and the maximum bonus opportunity is 180%. The target bonus opportunity for the positions of President and Senior Executive Vice-President is 55% and the range of

bonus opportunity is from 27.5% to 165%. For the position of Executive Vice-President, the target bonus opportunity is 45% and the range of bonus opportunity is from 22.5% to 135%.

For the most senior executives, including the named executive officers, other than Mr. Hunkin, the actual bonus amount is determined either solely or significantly by CIBC's return on equity (ROE) achieved for the year in relation to a pre-established target and modified by a personal performance factor. The calibration of the rating scale opposite the business results is reviewed and set annually by the Committee taking into consideration expected business conditions for the year. In varying degrees, this system is applied throughout CIBC except for employees in CIBC World Markets which has its own short term incentive bonus plan. In the case of Mr. Hunkin, his compensation was determined in reference to the competitive practice of a global investment/corporate banking business and the financial results and strategic business goals achieved by CIBC World Markets. A total compensation model made up of salary, bonus and annual distribution from the Long Term Incentive Plan is used for this purpose.

In applying the terms of these plans in 1998, the Committee, in continuing its philosophy of aligning senior executive compensation with shareholder interests, has concluded that Mr. Flood's and Mr. Hunkin's bonus will be zero for the fiscal year 1998.

To further link the interests of management with those of CIBC's shareholders, stock options with tandem stock appreciation rights (SARs) are granted annually at 100% of market value to a significant number of officers and senior managers and a limited number of exemplary employees in other categories. To encourage continued service, the options become exercisable over four years in four equal annual installments from the date of grant. The options expire after 10 years. Officers and senior managers in CIBC World Markets participate in a separate long term incentive plan and are not eligible to participate in this plan. The numbers of stock options granted to the named executive officers in 1998 were intended to be competitive with other comparable organizations in terms of their expected values to the recipient. In granting new options, the Committee did not take into consideration the aggregate number of options already held by the employee.

Certain benefits and perquisites are also provided, based primarily on their cost effectiveness and value in assisting the officers to carry out their duties effectively. The prevalence of benefits and perquisites in the marketplace is a secondary consideration.

Each element of compensation — base salary, short-term incentive, long-term incentive, benefits and perquisites — fulfils a different role in the attraction, retention and motivation of qualified officers and employees and has to be kept in proper balance. For the named executive officers, the least emphasis is currently given to benefits and perquisites. The greatest emphasis is on performance-related rewards, particularly on the annual incentive bonus, which reflects the current success of the organization, and on stock options, which are intended to reflect the organization's long-term success. Both are intended to link the rewards of the executives more closely to those experienced by the shareholders.

Presented by the Committee:

Alfred Powis, Chairman  
Margot A. Franssen  
Richard F. Haskayne  
Marie-Josée Kravis

Arnold Naimark  
Michael E. J. Phelps  
Barbara J. Rae  
Charles Sirois

## INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS

During the 1998 financial year, 33 individuals served as directors of CIBC. Of these individuals, and of the 44 executive officers or senior officers of CIBC, only those who have non-routine indebtedness (as defined in the securities legislation of various provinces) are required to be included in the following tables (see notes 1 and 2 below).

As at November 6, 1998, the aggregate indebtedness of all officers and employees, in amounts exceeding \$25,000 to CIBC and its subsidiaries, entered into in connection with a purchase of securities of CIBC or any of its subsidiaries, was approximately \$23,587,557.

### INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS UNDER SECURITIES PURCHASE PROGRAMS

Name and Principal Position	Largest Amount Outstanding During FY-Ended 31.10.98 (\$)	Amount Outstanding as at 06.11.98 (\$)	Financially Assisted Securities Purchases During FY-Ended 31.10.98 (#)	Security for Indebtedness <sup>3</sup>
G. E. Beasley, Senior EVP, RM, CIBC	258,500	234,500	—	19,000
B. M. Cassidy, EVP, Electronic Banking, P&C	99,280	99,280	3,200	3,200
J. C. Doran, EVP, Administration and CFO, CIBC	197,740	197,740	—	10,660
D. S. Ferguson, EVP, Large Corporate, RM, CIBC	247,975	247,975	—	14,400
A. L. Flood, Chairman and CEO, CIBC	500,000	Nil	—	—
H. Kluge, President, Personal and Commercial Bank	190,000	Nil	—	—
Y. J. Mirza, EVP, Asia Pacific, CIBC World Markets	188,925	188,925	—	15,606
D. S. Weinberg, President, CIBC Development Corporation	284,974	284,974	—	11,350

Notes:

- (1) Loans to directors of CIBC, other than officer directors and to proposed nominees for election as directors, and their associates, are made on substantially the same terms, including those as to interest rate and security, as are available when a loan is made to other customers of CIBC with comparable credit ratings and involve no more than usual risks of collectibility, and are therefore not reportable.
- (2) All regular full time employees, including senior officers, are eligible for loans at preferential interest rates to encourage the purchase of CIBC shares. CIBC's policy is that an employee may borrow an aggregate maximum of one times annual salary at preferred rates for all loans excluding mortgage loans secured on the employee's principal residence and margin loans; such loans in excess of one times annual salary are made at normal customer rates. For officers, the aggregate maximum amount of loans excluding the residential mortgage is limited to two times annual salary. The preferred rate for loans to purchase CIBC shares is one-third of CIBC prime lending rate at the time the loan is granted but subject to a minimum of 5.0% per annum, or prime if lower.
- (3) The security for indebtedness column shows the number of shares which were held by CIBC as at November 6, 1998 as evidence of good faith.
- (4) In all cases, the involvement of CIBC or a subsidiary is as lender, not as provider of a guarantee, support agreement, letter of credit or similar arrangement or understanding.
- (5) The loans were for the purchase of CIBC shares in all cases.
- (6) Messrs. Flood and Kluge are among the nominees proposed for election as directors.
- (7) CEO: Chief Executive Officer; CFO: Chief Financial Officer; EVP: Executive Vice-President; P&C: Personal and Commercial Bank, CIBC; RM: Risk Management Division.

As at November 6, 1998, the aggregate indebtedness of all officers and employees in amounts exceeding \$25,000 to CIBC and its subsidiaries, not entered into in connection with a purchase of securities of CIBC or any of its subsidiaries, was approximately \$837,785,000. This includes employee residential mortgage loans of approximately \$737,770,000.

**INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS  
OTHER THAN UNDER SECURITIES PURCHASE PROGRAMS**

Name and Principal Position	Involvement of Issuer or Subsidiary	Largest Amount Outstanding During FY-Ended 31.10.98 (\$)	Amount Outstanding as at 06.11.98 (\$)
G. E. Beasley, Senior EVP Risk Management Division, CIBC	CIBC	30,000	30,000
G. H. Denham, EVP CIBC Europe, CIBC WG Oppenheimer	CIBC	302,650	195,436
D. S. Ferguson, EVP, Large Corporate, RM, CIBC	CIBC	45,000	45,000
P. T. Fisher, VP & Corporate Secretary, CIBC	CIBC	50,005	38,356
A. L. Flood, Chairman and Chief Executive Officer, CIBC	CIBC	42,716	30,000
W. Fox, Managing Director, CIBC World Markets	CIBC	110,000	110,000
E. Gettings, President & CEO, CIBC Mortgages Inc.	CIBC	198,934	162,074
G. Gill, former EVP, Strategy Development, P&C	CIBC	448,143	116,800
L. M. Hohol, EVP, Wealth Management, P&C	CIBC	107,988	70,624
J. S. Hunkin, President, CIBC World Markets	CIBC	500,394	485,000
A. G. Kenyon, SVP Taxation, AFG, CIBC	CIBC	220,000	220,000
H. Kluge, President, Personal and Commercial Bank	CIBC	48,432	35,000
D. E. Lacey, CEO, CIBC Insurance Management Company Limited	CIBC	175,000	173,300
R. A. Lalonde, EVP & CAO, CIBC World Markets	CIBC	28,000	28,000
B. E. MacDonald, SVP & former CFO, CIBC World Markets	CIBC	96,095	70,463
R. M. Mark, EVP, Market Risk Management, CIBC	CIBC	40,001	40,001
D. S. McCreesh, EVP, Human Resources	CIBC	30,001	30,001
Y. J. Mirza, EVP, Asia Pacific, CIBC World Markets	CIBC	40,000	40,000
B. G. Napier, EVP, Operations & Technology, P&C	CIBC	50,000	50,000
C. A. Novick, SVP and Chief Accountant, CIBC	CIBC	83,400	83,356
M. J. O'Leary, EVP, CIBC World Markets	CIBC	245,000	56,000
M. B. Pedersen, EVP, Branch Banking, P&C	CIBC	220,000	220,000
B. E. Quinlan, SVP and General Counsel, CGG, CIBC	CIBC	52,639	42,816
B. A. Renihan, SVP and Controller, CIBC	CIBC	331,535	307,275
H. S. Velazquez, President, Intria Corporation	CIBC	53,640	44,420
P. J. Vessey, EVP, Personal Lending Products, P&C	CIBC	61,000	61,000
P. Watkins, EVP & CIO, CIBC	CIBC	65,001	65,001
D. S. Weinberg, President, CIBC Development Corporation	CIBC	35,000	35,000
T. Woods, Managing Director & CFO, CIBC World Markets	CIBC	30,000	30,000

Notes:

- (1) Loans to directors of CIBC, other than officer directors and to proposed nominees for election as directors, and their associates, are made on substantially the same terms, including those as to interest rate and security, as are available when a loan is made to other customers of CIBC with comparable credit ratings and involve no more than usual risks of collectibility, and are therefore not reportable.

- (2) All regular full time employees, including senior officers, are eligible for loans at preferential interest rates to assist them in the purchase of their homes and to assist with other credit requirements. CIBC's policy is that an officer may borrow an aggregate maximum of one times annual salary at preferred rates for all loans excluding mortgage loans secured on the officer's principal residence; such loans in excess of one times annual salary are made at normal customer rates. For officers, the aggregate maximum amount of loans excluding the residential mortgage on the principal residence and margin loans is limited to two times annual salary. Interest rates for consumer loans range from CIBC prime lending rate to one-half of prime with a minimum of 6% per annum (or prime if prime is less than 6%). VISA interest charges are one-half normal customer rates. Educational and computer loans are interest free. Residential mortgages are 1.5% below normal customer rates up to one times salary.
- (3) Messrs. Flood, Hunkin and Kluge are among the nominees proposed for election as directors.
- (4) In all cases, the involvement of CIBC or a subsidiary is as lender, not as provider of a guarantee, support agreement, letter of credit or similar arrangement or understanding.
- (5) CEO: Chief Executive Officer; CFO: Chief Financial Officer; CIO: Chief Information Officer; CAO: Chief Administrative Officer; EVP: Executive Vice-President; SVP: Senior Vice-President; VP: Vice-President; P&C: Personal and Commercial Bank, CIBC; WG: Wood Gundy; AFG: Administration and Finance Group; CGG: Corporate Governance Group; RM: Risk Management Division.

## **DIRECTORS & OFFICERS LIABILITY INSURANCE**

Effective December 1, 1997 CIBC has purchased at its expense, an integrated insurance program that includes Directors & Officers Liability Insurance under two policies. The first policy applies to protection provided for directors and officers against liability incurred by them while acting in their capacities as directors and officers of CIBC and its subsidiaries. This policy has an insurance limit of \$150,000,000 per claim and an aggregate limit of \$300,000,000 for the 35 month period ending November 1, 2000. There is no deductible. The second policy applies when the law permits or requires CIBC to indemnify the directors and officers and provides payment on behalf of CIBC to the extent that indemnification was granted. This policy has a combined limit of \$150,000,000 for each loss or claim and a combined aggregate limit of \$300,000,000 for the 35 month period ending November 1, 2000. This limit is in excess of a self-retention or deductible of \$10,000,000 for each loss or claim. Premiums paid by CIBC include approximately \$600,000 per annum relating to Directors & Officers Liability Insurance.

## **APPOINTMENT OF AUDITORS**

It is proposed that the firms of PricewaterhouseCoopers LLP and Arthur Andersen LLP be reappointed as Auditors of CIBC. The persons named in the enclosed form of proxy intend to vote for the reappointment of PricewaterhouseCoopers LLP and Arthur Andersen LLP as Auditors of CIBC until the next Annual Meeting or Special Meeting where Auditors are appointed.

PricewaterhouseCoopers LLP (formerly Price Waterhouse) and Arthur Andersen LLP (formerly Arthur Andersen & Co.) have served as the Auditors of CIBC since their appointment in 1993.

## **AMENDMENT TO THE EMPLOYEE STOCK OPTION PLAN**

The Employee Stock Option Plan (the "ESOP") was approved by the shareholders on January 21, 1993. Under the ESOP, selected employees may be granted options to acquire Common Shares of CIBC. Non-employee members of the Board are not eligible to participate under the ESOP. A description of the ESOP and grants under the ESOP in 1998 is contained under "Incentive Compensation Plans — Employee Stock Option Plan (ESOP)" above.

The ESOP is the only incentive or compensation arrangement of CIBC which provides for the issue of shares from treasury to employees.

The ESOP provided that the number of Common Shares (the "Shares") that could be issued under the ESOP could not exceed 10,817,250 Shares. On March 27, 1997, CIBC paid a 100% stock dividend on its Shares, as a result of which the maximum number of Shares which can be issued under the ESOP was adjusted to 21,634,500.

As of November 27, 1998, 3,682,694 Shares had been issued under the ESOP and options to acquire 13,074,625 Shares were issued and outstanding. Accordingly, as of that date, only 4,877,181 Shares were available for new grants.

As the Board believes that it is appropriate to increase the number of available Shares under the ESOP so that the Bank can maintain an attractive and competitive total compensation program for its key employees beyond 1999, on December 3, 1998 the Board approved an amendment to the ESOP providing that the maximum number of Shares which may be issued from treasury under the ESOP be increased by 8,000,000 Shares.

Shareholders will be asked to consider the following resolution at the Annual Meeting to be held on January 21, 1999:

1. Be it resolved that the amendment made to the Employee Stock Option Plan by the Board of Directors on December 3, 1998, as described in this Management Proxy Circular, is hereby approved.

To be adopted, the resolution must be passed by a majority of the votes cast at the Meeting.

**The Board of Directors recommends that shareholders vote IN FAVOUR of the resolution.**

## **SHAREHOLDER PROPOSALS**

Attached to this Management Proxy Circular as Schedule "A" are certain shareholder proposals which have been submitted for consideration at the Annual Meeting of Shareholders.

## **DIRECTORS' APPROVAL**

The contents and sending of this Notice and Management Proxy Circular have been approved by the Directors.

By Order of the Board

**Paul T. Fisher**  
Corporate Secretary

December 3, 1998

## **SCHEDULE “A” SHAREHOLDER PROPOSALS**

Proposals by Yves Michaud (Nos. 1 to 4) and J. Robert Verdun (No. 5) to the Canadian Imperial Bank of Commerce (CIBC) under section 143(3) of the Bank Act to be included in the management proxy circular for the next annual meeting of shareholders.

### **PROPOSAL No. 1**

**It is proposed that directors hold common shares in the Bank at a value equal to at least six (6) times the annual fixed remuneration.**

*Mr. Yves Michaud has submitted the following statement in support of his proposal:*

This proposal is verbatim from the changes to the Royal Bank of Canada’s guidelines on page seven (7) of the notice of the annual common shareholders’ meeting and management proxy circular dated January 20, 1998. “Annual fixed remuneration,” the documents adds, “less taxes, is paid in common shares until the value set in the guidelines is reached.”

This proposal is common sense. It is in the shareholders’ interest that directors hold a reasonable number of shares in the Bank, so that in looking after the shareholders’ interest as the law requires, they protect their own interests. Adopting this proposal would prevent directors from being on the Bank’s board of directors with an insignificant number of shares.

**The Board of Directors recommends that shareholders vote IN FAVOUR of this proposal.**

#### ***Board and Management Statement:***

The directors and executive management are in agreement with the principles reflected in Proposal No.1. CIBC has already established a policy guideline which was approved by the Board of Directors in March, 1998 and which encourages its directors to own common shares of CIBC. We would emphasize our belief that good corporate governance practices should not be limited by a rigid formula but should be flexible in order to fit each particular company and its circumstances. The provision as to share ownership approved by the Board for CIBC’s directors is a guideline expressing what the Board believes is a desirable alignment between director and shareholder economic interests, but is not mandatory; it is respectful of the circumstances of individual directors — the Board’s guideline expresses the view that it is desirable that directors own a number of common shares of CIBC of at least eight (8) times their annual retainer but it recognizes and respects the different financial capabilities and circumstances of individual directors. A Non-Officer Director Share Plan is in place to facilitate having each director move up to the eight times ownership level. The guideline indeed goes beyond the eight times threshold in that it states that CIBC encourages all directors to contribute all of their annual retainer to the purchase of CIBC shares no matter how many they currently own. Each director makes his or her own decision and advises CIBC how they will participate.

### **PROPOSAL No. 2**

**It is proposed that the bank put an end to the undemocratic practice of providing electoral funds to political parties at all levels of government.**

*Mr. Yves Michaud has submitted the following statement in support of his proposal:*

Canada’s largest Institutional investor, the Caisse de dépôt et placement du Québec, in its corporate governance principles, states that “*Exercising the right to vote, in a democracy, belongs to the citizens, not to corporations, which should not financially influence the democratic process. The Caisse is therefore opposed to all forms of contributions by corporations to political parties or similar movements...*”

It is immoral and indecent for members of the Bank’s board of directors to use shareholders’ money to promote their personal and partisan political opinions with money that does not belong to them. Between 1992 and 1997, CIBC paid **\$1,569,840.00\*** to the Liberal Party of Canada and the Progressive Conservative



Party. The other parties represented in Canada's House of Commons were not entitled to the Bank's favours. The above amount does not include any "donations" to provincial or municipal political parties, or to parapolitical or similar organizations, outside Quebec where the law forbids legal entities from contributing to the electoral funds of political parties.

This practice, which was condemned by an editorial, *Money and politics*, in The Gazette on July 8, 1998, and by the Globe and Mail's business columnist, Terence Corcoran, on July 10, 1998, under the title *Corporate political funding should end*, threatens the democratic process. The bank, which does not have the right to vote, should not usurp the voters' right to finance the political parties of their choice.

As The Gazette's editorialist concludes, "*It is scandalous that millions are paid by corporations, several of which are subject to government regulations or who maintain business relationships with governments.*"

Laurentian Bank is the only bank in Canada to have forbidden all contributions to federal, provincial and municipal political parties for the past (10) years.

\* source: Chief Electoral Officer, Ottawa.

**The Board of Directors believes that all Canadians, individual and corporate, should support the Canadian democratic system, including through financial donations; however, in order to obtain the views of shareholders on this issue, the Board has decided to remain neutral on the issue.**

***Board and Management Statement:***

The Board of Directors and the management of CIBC strongly support the Canadian democratic system and institutions; CIBC believes that democracy is fundamental to the effective working of Canada's free enterprise system and the success of CIBC. It is our belief that it is important for all Canadians, individual and corporate, to support the Canadian democratic political system. As a Canadian corporation, we believe we have sizeable obligations to our Canadian community. It has been the tradition in Canada for political parties to finance their activities by raising money from individuals and corporations. CIBC has provided funds over many years to political parties. CIBC has done so at the federal level and in every province of Canada, with the recent exception of Quebec where corporations are now prohibited from making such donations. The Board believes that this proposal provides an opportunity for the shareholders of CIBC to express their views on this issue in their capacity as the owners of CIBC's common shares.

We believe it is useful for the shareholders to understand the practices of CIBC with respect to political donations. CIBC has provided donations to every party that has made a request and which represents the mainstream of Canadian political thought: these include the Liberal, Progressive Conservative, Reform and the New Democratic parties. CIBC does not, unlike most individuals who donate to political parties, support a particular party because of that party's policies and platforms. CIBC does not approach political parties to offer financial support; it responds to requests and may or may not provide support at the level requested. It does not provide support at a level higher than that requested. It is CIBC's policy not to give to candidates for the leadership of political parties or to parties or candidates at the municipal level. To provide a perspective it should be noted that CIBC, in fiscal 1998, made charitable donations of over \$23.6 million plus more than \$3 million for other community programs while all political donations in fiscal 1998 by the CIBC group of companies in Canada, federally and provincially, totaled \$236,713.

The Board of Directors and management emphasize that CIBC adheres to prevailing ethical & legal standards for Canadian society; with respect to political donations these standards now encourage corporations as well as individuals to support Canadian political parties. CIBC believes that all corporations in Canada should be bound by the same rules and as such any restrictions on political donations should be legislated by the democratically elected members of the federal and provincial parliaments.

### **PROPOSAL No. 3**

**It is proposed that the minutes of the annual shareholders' meeting be sent to all the Bank's shareholders, both registered and unregistered.**

*Mr. Yves Michaud has submitted the following statement in support of his proposal:*

The minutes of the annual shareholders' meeting is the key piece of information to which shareholders are entitled. It must contain an accurate summary of the agenda items of the meeting, the result of the votes resulting from proposals by the bank and shareholders, questions raised by the shareholders and answers given by the management or board of directors. The presence of shareholders or proxies at the banks' annual meetings fluctuates between 1 and 2% of all shareholders, leaving 99% or 98% of the bank's owners totally unaware of the questions discussed. It is unacceptable that banks shirk this duty imposed by law on even the smallest non-profit organization in Canada.

Some ten years ago, a section of the Bank Act prescribed the obligation of the banks to send their shareholders the minutes of the annual meeting. This section disappeared as if by magic for reasons unknown! The costs related to mailing the minutes to the shareholders could largely be absorbed by the adoption of Proposal #2 [sic] regarding the financing of the electoral funds of political parties.

**The Board of Directors recommends that shareholders vote AGAINST this proposal.**

#### ***Board and Management Statement:***

In mid 1992 the Bank Act was amended to remove the requirements for Canadian banks to send the minutes of their annual meetings to shareholders. The rationale for the deletion is essentially that shareholders were not finding the information of value relative to (i) the costs involved and (ii) the environmental impact of sending out materials that were not being read. It is CIBC's policy to prepare and maintain a record of its meetings of shareholders in a minute book; a copy of these minutes will be sent to any shareholder upon request. Only one such request has been received in recent years, in August 1998. We will also send the minutes in electronic form via the internet to those shareholders who request them in this form. Where there are issues discussed at the annual meetings which may be of great interest we have found that the national media has provided coverage on them. We do not believe there is sufficient interest or need, relative to the very large costs, to revert to the practice of sending minutes to all shareholders.

### **PROPOSAL No. 4**

**It is proposed that the Bank adopt the corporate governance policies of the Caisse de dépôt et placement du Québec regarding directors' independence.**

*Mr. Yves Michaud has submitted the following statement in support of his proposal:*

The question of directors' independence is one of the major points of the Policy Principles Concerning Voting Rights Within the Caisse de dépôt et placement du Québec, published in April 1998. The Caisse deems it appropriate that the board of directors disclose each director's connections and specify what constitutes connections of a nature that may call or appear to call into question a director's independence. The separate vote then allows shareholders to assess such connections without calling into question the composition of the board as such.

The Caisse does not consider independent those who:

- are current or former staff members;
- are related to an executive staff member;
- have economic connections to the business, such as:
  1. clients and suppliers;
  2. advisers such as attorneys or securities brokers;
  3. members of organizations that may benefit from a program or subsidy;

4. shareholders maintaining significant business relations;
5. have other than financial relations and engage in administrative exchanges.

It is the disclosure of a connection, the Caisse concludes, that allows a director's actual independence to be assessed.

**The Board of Directors recommends that shareholders vote AGAINST this proposal.**

***Board and Management Statement:***

The statement supporting Proposal No. 4 is not completely reflective of the Caisse's position on the independence of directors. In its "Corporate Governance: Policy & Summary of the Principles Concerning the Exercise of Voting Rights" the Caisse states that it "would like the board of each company to be constituted of a majority of directors independent of management and free from any links that might prevent an evaluation of management". This statement refers to Appendix 1, which is similar to the language in the shareholder's statement on Proposal No. 4 set out above but states that "for instance, the following persons are generally not independent" and while the list is close to that set out above the Caisse's policy further states: "Independent directors must be free of any link that might prevent them from evaluating the management of the company or the company's transactions. If such links exist, then they must not prevent directors from revealing the evaluations they have made, nor create situations which might cast doubt or seem to cast doubt on their independence".

The Board agrees with the principle set out in the Caisse's policy that it must be independent of management in order to carry out its fundamental duties, which duties are encapsulated in the obligation found in the Bank Act "... to supervise the management" of CIBC in the interest of all shareholders. The Board ensures that it remains independent of management and acts, when necessary, independently of management, through various structures and procedures many of which are set out in detail in the Annual Report section on Corporate Governance (pages 106 to 109).

It is in the interest of shareholders to be able to select directors with extensive business and professional experience. The shareholders of CIBC should not be constrained, by arbitrary rules which exceed regulatory requirements, from electing directors with a wide range of business and professional experience. The Caisse's policy suggests that directors who are customers of CIBC and thus, have an economic relationship with the company, may not be independent. We disagree. We believe it is generally beneficial for directors to have an informed understanding of the businesses of CIBC and as such encourage them to be customers of CIBC including using bank accounts, credit cards and lending facilities. The related party rules of the Bank Act restrict the relationship of CIBC with a director to transactions which are on "market terms and conditions" available to all customers in like business circumstances. Statutory provisions require that directors must declare conflicts of interest and cannot be present nor vote at board meetings where material loans or other contracts are being considered involving themselves or other companies where they serve as directors.

The Bank Act provides that no more than two-thirds of the directors may be "affiliated" with the Bank. An "affiliated person" includes a person who provides goods or services to CIBC with annual billings to the Bank exceeding 10% of total annual billings. Currently, only three directors other than three officer-directors are "affiliated" with CIBC and none of these are affiliated as a result of providing goods or services to the Bank. The Toronto Stock Exchange Report proposed that every board should be constituted with a majority of "unrelated" directors. CIBC's Corporate Governance Committee has confirmed that the CIBC Board is fully in compliance with this guideline.

The Board feels that the structures and processes which it has put in place to ensure its independence of management, either to implement statutory requirements or its own views on what constitute good corporate governance practices, are effective in ensuring its independence and that it is free from anything that would prevent an objective evaluation of management.

## **PROPOSAL No. 5**

### **Shareholder Proposal from J. Robert Verdun:**

**The shareholders of the Canadian Imperial Bank of Commerce resolve that, commencing with the annual general meeting of CIBC shareholders for the fiscal year ending Oct. 31, 1999, the board of directors shall submit a list of qualified candidates for election as directors that is at least two more than the number of directors to be elected by the shareholders.**

**The names of the candidates for election to the board of directors shall appear in alphabetical order on the proxy ballot, with no other information.**

**Within the proxy circular, the board of directors may, at its discretion, recommend preferred choices for election as directors, but this information shall not appear on the proxy ballot.**

*Mr. J. Robert Verdun has submitted the following statement in support of his proposal:*

Shareholders currently have no meaningful participation in the annual meeting, particularly if they are unable to attend in person. The so-called election of a pre-arranged slate of directors is a mere formality, and is as undemocratic as what purports to be elections in communist countries. For an election to be meaningful, shareholders must have real choices to make. The Bank Act envisages contested elections, which are the best way of emphasizing that the directors represent the shareholders, and are responsible to the shareholders.

**The Board of Directors recommends that shareholders vote AGAINST this proposal.**

### ***Board and Management Statement:***

CIBC is a large and complex organization, offering financial services across Canada and around the world. For the Board to fulfill its obligations to shareholders, depositors, communities and CIBC itself, a diversity of knowledge and experience is required. This in turn requires a diversity of geographic origin and business, academic and professional backgrounds.

In addition, the duties and responsibilities of CIBC's directors are continuing to increase in scope and complexity. This is due to the rapid changes in the business of the organization and the increasing emphasis being placed on good corporate governance. Directors are required to spend an ever-increasing amount of time in discharging their duties, particularly as they are required to participate on one or more of the six committees of the Board or as a Trustee of CIBC's Pension Funds. Nonetheless with thirty directors standing for election on January 21, 1999, the Board feels that the size of the Board should be reduced over time.

The Board of Directors has delegated to the Nominating Committee of the Board the responsibility to deliberate and report back to the Board with recommendations on the size and composition of the Board, the criteria for selection of candidates, the names of the candidates for election as Directors and the fees payable to directors. The term of office for all directors has been approximately one year, from the date of their election at a meeting of shareholders to the next annual meeting. The Nominating Committee receives suggestions from time to time from shareholders as to individuals the shareholder recommends to be considered to be a candidate for election. The Nominating Committee thoroughly reviews the credentials of each candidate for election to the Board; outside advisors have been used to assist the Committee for this purpose. The Nominating Committee, after deliberation recommends to the Board, which in turn recommends to the shareholders, through the proxy circular and at the annual meeting of shareholders, a list of candidates to stand for election as directors. The Bank Act provides that a shareholder may propose, in a proposal to be included in the proxy circular and voted on at the meeting of shareholders, nominations for the election of directors if the proposal is signed by one or more holders of shares representing in the aggregate not less than 5 per cent of the shares or 5 per cent of the shares of a class of shares of the bank entitled to vote at the meeting to which the proposal is to be presented. This minimum level of support is required to ensure that a convincing argument is made as to the qualifications of the nominee who is being proposed outside the usual process.

**SCHEDULE "B"**  
**NUMBER OF MEETINGS ATTENDED**  
**During the period November 1, 1997 to October 31, 1998**

<u>Name</u>	<u>Board</u>	<u>Executive Committee</u>	<u>Other Committees</u>
Douglas G. Bassett, O.C., O.Ont., LL.D., D.Litt.	12	7	6
Jalynn H. Bennett	14	8	13
The Honourable Conrad M. Black, P.C., O.C., LL.D., Litt.D., LL.L., M.A.	1		
Bertrand P. Collomb <sup>1</sup>	0		
The Honourable William G. Davis, P.C., C.C., Q.C.	11		1
Pat M. Delbridge	12		5
Edward L. Donegan, Q.C.	12	8	5
William L. Duke	14		3
Ivan E. H. Duvar, B.E., DCL, P. Eng.	12	7	3
William A. Etherington	10		5
A. L. Flood	14	8	
Margot A. Franssen	13		13
R. D. Fullerton	13	8	
The Honourable James A. Grant, P.C., Q.C.	14	8	11
Richard F. Haskayne, O.C., B.Comm., F.C.A., LL.D.	9	7	5
Albert E. P. Hickman	14		15
John S. Hunkin	14		3
William James	11		4
Holger Kluge	13		
Marie-Josée Kravis, O.C., M.Sc.(Econ.), LL.D.	8		3
Maurice LeClair, C.C., M.D., LL.D., D.Sc. <sup>2</sup>	3		1
The Honourable Pearl McGonigal, C.M., LL.D.	14	8	4
W. Darcy McKeough, O.C., B.A., LL.D.	14	8	9
Stanley A. Milner, A.O.E., B.Sc., LL.D. <sup>3</sup>	11	7	6
Arnold Naimark, O.C., M.D., LL.D., F.R.C.P.(C), F.R.S.(Can.)	14		6
Michael E. J. Phelps, B.A., LL.B., LL.M., LL.D.	8		3
Alfred Powis, O.C.	14	7	9
Barbara J. Rae, C.M., O.B.C., M.B.A., LL.D.	12	8	16
Sir Neil M. Shaw, LL.D.	9		
Charles Sirois, B. Fin., M. Fin.	10		5
John S. Walton	12		11
W. Galen Weston, O.C.	6		
Peter N. T. Widdrington, M.B.A., LL.D.	12		6

Notes:

- (1) Resigned October 7, 1998.
- (2) Retired January 22, 1998.
- (3) Will retire at annual meeting January 21, 1999.

**Summary of Meetings Held:**

Board	14
Executive Committee	8
Audit Committee	4
Committee on Corporate Governance	3
Management Resources and Compensation Committee	6
Nominating Committee	1
Risk Management and Conduct Review Committee	8
Trustees of the Pension Funds	7

**Regional Meetings Attended By Directors:**

Atlantic Provinces	4
Quebec	4
Manitoba / Saskatchewan	5
Alberta / Northwest Territories	4
British Columbia / Yukon	4



**Canadian Imperial Bank of Commerce**

*Head Office*  
Commerce Court  
Toronto, Ontario  
CANADA  
M5L 1A2

*Corporate Secretary's Division*  
Corporate Governance Group  
199 Bay Street  
Commerce Court West, Suite 1530  
Toronto, Ontario M5L 1A2

Telephone: (416) 980-3096  
Telecopier: (416) 980-7012  
Email: [paul.fisher@cibc.com](mailto:paul.fisher@cibc.com)

Printed in Canada on recycled paper