



NOTICE OF REDEMPTION OF

NON-CUMULATIVE CLASS A PREFERRED SHARES SERIES 32

NOTICE IS HEREBY GIVEN that Canadian Imperial Bank of Commerce ("CIBC") will redeem on April 30, 2012 all of its outstanding Non-Cumulative Class A Preferred Shares Series 32 (the "Series 32 Shares") for cash. The amount paid on redemption for each such share is \$26.00 (the "Redemption Price"). All of the Series 32 Shares held by the person to whom this notice is addressed are to be redeemed.

The regular dividend for the period from February 1, 2012 to April 30, 2012 will be paid on April 27, 2012 in the amount of \$0.281250 per Series 32 Share to shareholders of record on March 28, 2012. The dividend will be paid separately from the Redemption Price.

For Canadian tax purposes, the Redemption Price per Series 32 Share you will receive upon redemption is treated as follows:

Redemption Price	\$26.00
Deemed Dividend	<u>\$ 1.00</u>
Proceeds of Disposition ⁱ⁾	\$25.00

i) Proceeds of disposition are reduced by the amount of the deemed dividend received on redemption.

You will be deemed to have received a dividend equal to the excess of the Redemption Price over the paid-up capital of the redeemed Series 32 Shares (i.e. \$26.00 less \$25.00). For purposes of determining any capital gain or capital loss to a holder who holds the Series 32 Shares as capital property, the proceeds of disposition are considered to be \$25.00, i.e. the proceeds of disposition do not include the deemed dividend. For a corporate holder, the deemed dividend may in certain circumstances be treated as proceeds of disposition.

The tax consequences of a redemption for both Canadian and non-resident holders are different from that of a sale. Holders should consult their tax advisors regarding the tax treatment to them of the deemed dividend and any capital gain or capital loss arising on the redemption of the Series 32 Shares based on their particular circumstances.

Payment of the Redemption Price (less any applicable non-resident withholding tax) will be made by CIBC on or after April 30, 2012, on presentation and surrender by the holders of certificates representing the Series 32 Shares together with a completed Letter of Transmittal at any of the offices of CIBC Mellon Trust Company or its agent set out on the reverse side of the enclosed Letter of Transmittal form. From and after April 30, 2012, the holders of Series 32 Shares will not be entitled to dividends or to exercise any rights of holders of Series 32 Shares in respect of such shares except to receive the amount paid on redemption.

DATED at Toronto, Ontario this 8th day of March, 2012.

CANADIAN IMPERIAL BANK OF COMMERCE



CANADIAN IMPERIAL BANK OF COMMERCE ("CIBC")

Redemption of Non-Cumulative Class A Preferred Shares Series 32 (the "Series 32 Shares")

Tax Questions & Answers

The redemption of the Series 32 Shares will have various tax consequences. For Canadian-resident individual shareholders (other than trusts) who hold their Series 32 Shares as capital property for purposes of the *Income Tax Act* (Canada), this explains the general tax treatment of the redemption.

The discussion below illustrates the tax consequences that may generally be expected for such a shareholder from a redemption of the Series 32 Shares as compared to a sale before the redemption date.

These comments are provided for general informational purposes only and should not be construed as legal, tax or investment advice. You should consult your tax advisor regarding the appropriate tax treatment of this redemption in your circumstances and how this would compare to the tax treatment if you sold your Series 32 Shares prior to redemption.

What amount will be paid on redemption?

On the redemption date of April 30, 2012, holders of Series 32 Shares will receive \$26.00 per share. This is comprised of the \$25.00 original issue price plus a \$1.00 redemption premium.

Separately from the redemption amount, a dividend for the period from February 1, 2012 to April 30, 2012 will be paid on April 27, 2012 to shareholders of record on March 28, 2012. The dividend will be \$0.281250 per Series 32 Share.

How will this redemption affect my taxes?

For Canadian-resident individual shareholders, the redemption will have two tax effects:

1. a deemed dividend of \$1.00 per Series 32 Share; and
2. a capital gain or capital loss, depending on your cost of the Series 32 Shares.

Both are explained further below.

Why is there a deemed dividend?

The redemption premium is treated as a deemed dividend for tax purposes. Technically, this deemed dividend of \$1.00 is the difference between the redemption price of \$26.00 per Series 32 Share and the "paid-up capital" of \$25.00 per Series 32 Share.

Redemption price	\$26.00
Paid-up capital	<u>25.00</u>
<i>Deemed dividend per Series 32 Share</i>	\$ 1.00

On a redemption of Series 32 Shares, the *Income Tax Act* (Canada) deems a shareholder to have received a dividend where the redemption price exceeds the paid-up capital of the redeemed shares at the time of redemption. The paid-up capital of \$25.00 is the amount that CIBC received per Series 32 Share at the time that the Series 32 Shares were issued.

The deemed dividend as well as the dividend for the period from February 1, 2012 to April 30, 2012 will be subject to the gross-up and dividend tax credit rules normally available on dividends from taxable Canadian corporations. Certain "eligible dividends" paid by corporations resident in Canada are eligible for an enhanced gross-up and dividend tax credit if the dividend recipient receives written notice from the paying corporation designating the dividend as an "eligible dividend". **CIBC has provided the required notice in respect of both the deemed dividend and the dividend for the period from February 1, 2012 to April 30, 2012.**

How is the capital gain or loss calculated?

On redemption, you will dispose of your Series 32 Shares for tax purposes. In addition to the deemed dividend discussed above, this disposition may also give rise to a capital gain or loss, depending on the cost of your Series 32 Shares for tax purposes (the "adjusted cost base"). The capital gain or loss is determined by calculating the difference between your proceeds of disposition and your cost (i.e., adjusted cost base) of the redeemed Series 32 Shares. Your proceeds of disposition will be \$25.00 per Series 32 Share which is the redemption price (\$26.00) less the deemed dividend (\$1.00).

Assuming that your Series 32 Shares were purchased at \$27.00 or \$24.00 per Series 32 Share including acquisition costs, (e.g., brokerage commissions) the capital gain/loss will be calculated as follows:

	<u>Loss</u>	<u>Gain</u>
Proceeds of disposition	\$25.00	\$25.00
Less adjusted cost base	<u>27.00</u>	<u>24.00</u>
<i>Capital gain/ (loss) per share</i>	\$ (2.00)	\$ 1.00

Generally, one-half of a capital loss (an "allowable capital loss") is deductible only against one-half of capital gains ("taxable capital gains") in accordance with the detailed provisions of the *Income Tax Act* (Canada). An allowable capital loss may only be claimed against taxable capital gains realized in that year, any future year, or one of the three preceding years. An allowable capital loss cannot be deducted from other income including dividends or deemed dividends.

What if I bought my Series 32 Shares as part of the initial issue on February 14, 2007?

If you bought your shares at \$25.00 per Series 32 Share as part of the initial issue on February 14, 2007, you will receive a deemed dividend of \$1.00 and your capital gain / loss will be zero.

What if I sell my Series 32 Shares before the redemption date?

IF YOU SELL YOUR SERIES 32 SHARES TO A THIRD PARTY BEFORE April 30, 2012, YOU WILL REALIZE A CAPITAL GAIN OR LOSS, WITH NO DEEMED DIVIDEND. YOUR PROCEEDS OF DISPOSITION WILL BE THE SALE PRICE OF THE SHARES (NET OF ANY DISPOSITION COSTS, E.G., BROKERAGE COMMISSIONS).

You should note that the effective rate of income tax applicable to a capital gain realized by an individual will generally be slightly lower than that applicable to a dividend received or deemed to have been received by such individual. For example, an individual resident in Ontario subject to a marginal income tax rate of 46.4%¹ would generally be subject to an effective

¹ This represents the top combined federal/provincial marginal income tax rate for an Ontario-resident individual for 2012.

tax rate of 29.5%² for dividends eligible for the enhanced dividend tax credit (discussed above) and an effective tax rate of 23.2% on capital gains realized (not taking into account transaction costs). Furthermore, in the event that redemption would result in an allowable capital loss that may only be claimed against taxable capital gains, you may wish to consult your tax advisor as to whether it is preferable for you to sell your Series 32 Shares rather than have them redeemed. If you elect to sell your Series 32 Shares, you should consult your broker well in advance of the redemption date to allow sufficient time for the transaction to settle prior to the redemption date. The chart below illustrates the general income tax consequences to an individual subject to a 46.4% marginal income tax rate as between a redemption and sale of a Series 32 Share for \$26.00 in circumstances where the individual's cost of the Series 32 Share was \$23.00, \$25.00 or \$27.00. **This chart assumes that the deemed dividend received by shareholders on the redemption will be an "eligible dividend" and therefore qualify for the enhanced dividend tax credit.**

Per Share	Cost = \$25.00		Cost = \$23.00		Cost = \$27.00	
	Redemption	Sale	Redemption	Sale	Redemption	Sale
Redemption Price	\$26.00		\$26.00		\$26.00	
Paid-Up Capital	<u>25.00</u>		<u>25.00</u>		<u>25.00</u>	
Deemed Dividend	\$ 1.00		\$ 1.00		\$ 1.00	
Proceeds of Disposition (as adjusted by deemed dividend)	\$25.00	\$26.00	\$25.00	\$26.00	\$25.00	\$26.00
Adjusted Cost Base	<u>25.00</u>	<u>25.00</u>	<u>23.00</u>	<u>23.00</u>	<u>27.00</u>	<u>27.00</u>
Capital Gain (Loss)	Nil	\$ 1.00	\$ 2.00	\$ 3.00	(\$2.00)	(\$1.00)
Tax on Deemed Dividend	\$0.30	N/A	\$0.30	N/A	\$0.30	N/A
Tax on Capital Gain (Tax Savings on Capital Loss) ³	Nil	\$0.23	\$0.46	\$0.70	(\$0.46)	(\$0.23)
Total Income Tax ⁴	\$0.30	\$0.23	\$0.76	\$0.70	(\$0.16) ⁵	(\$0.23) ⁵

² This represents the net tax on "eligible dividends" for an Ontario-resident individual subject to the top marginal income tax rate for dividends received in 2012.

³ Note that allowable capital losses may be claimed only against taxable capital gains.

⁴ Excludes tax applicable to regular dividend payable to shareholders of record on March 28, 2012.

⁵ Assumes that individual has sufficient capital gains against which the capital losses generated on redemption may be claimed.