

CONSOLIDATED STATEMENT OF FINANCIAL
CONDITION

CIBC World Markets Corp. and Subsidiaries
Period Ended April 30, 2009

(Unaudited)

CIBC World Markets Corp. and Subsidiaries

Consolidated Statement of Financial Condition

April 30, 2009

(Unaudited)

(Dollars in Thousands, Except for Share and Par Value Information)

Assets

Cash	\$ 42,564
Securities purchased under resale agreements	2,526,689
Securities borrowed	2,712,884
Receivable from broker-dealers and clearing organizations	94,064
Receivable from customers	4,581
Securities owned, at fair value	44
Due from affiliates – income taxes	103,676
Securities received as collateral, at fair value	362,119
Other assets	159,645
Total assets	<u>\$ 6,006,266</u>

Liabilities and shareholders' equity

Liabilities:

Securities sold under repurchase agreements	\$ 2,106,054
Securities loaned	1,241,580
Payable to broker-dealers and clearing organizations	37,251
Payable to customers	509,117
Securities sold, not yet purchased, at fair value	63
Accrued employee compensation and benefits	38,594
Obligation to return securities received as collateral, at fair value	362,119
Other liabilities and accrued expenses	53,740
	<u>4,348,518</u>

Commitments and contingencies (*Notes 8 and 10*)

Liabilities subordinated to claims of general creditors	<u>1,045,500</u>
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Shareholders' equity:

Common stock, par value \$0.25 per share; 6,800 shares authorized; 6,758 shares issued and outstanding	1,690
Additional paid-in capital	930,986
Accumulated deficit	(309,226)
Accumulated other comprehensive loss	(11,202)
	<u>612,248</u>

Total liabilities and shareholders' equity	<u>\$ 6,006,266</u>
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See notes to consolidated statement of financial condition.

CIBC World Markets Corp. and Subsidiaries

Notes to Consolidated Statement of Financial Condition

April 30, 2009

(Dollars in Thousands)

1. Organization and Significant Accounting Policies

Basis of Presentation

The consolidated statement of financial condition includes the accounts of CIBC World Markets Corp., a registered broker-dealer, and its wholly owned subsidiaries (collectively, the “Company”). The Company is a subsidiary of CIBC World Markets Holdings, Inc. (“Holdings”). Holdings is a wholly owned subsidiary of CIBC Delaware Holdings, Inc. (“DHI”). DHI is a wholly owned subsidiary of CIBC World Markets Inc. (“WMI”). WMI is ultimately a wholly owned subsidiary of the Canadian Imperial Bank of Commerce (“CIBC” or the “Parent”), Toronto, Canada.

All intercompany balances have been eliminated upon consolidation.

The following paragraphs describe our significant accounting policies, including the changes to our accounting policies effective since November 1, 2008.

Nature of Business

The Company engages in providing clients and counterparties with a full range of services in connection with securities transactions, investment banking, and acting as a dealer in securities.

Securities and Commodities Transactions

Customers’ securities and commodities transactions are recorded on a settlement date basis. Securities and commodities transactions of the Company are recorded on a trade-date basis. The Company executes trades for customers on both an agency and principal basis.

The Company is currently not clearing commodities on behalf of customers. In 2003, the Company ceased clearing commodities for customers when the Wealth Management Division was sold to Oppenheimer Holdings Inc. (“Oppenheimer”).

Securities owned and securities sold, not yet purchased, are valued at fair value. The fair values of trading positions are generally based on listed market prices.

CIBC World Markets Corp. and Subsidiaries

Notes to Consolidated Statement of Financial Condition (continued)

April 30, 2009

(Dollars in Thousands)

1. Organization and Significant Accounting Policies (continued)

Securities Purchased Under Agreements to Resell and Securities Sold Under Agreements to Repurchase

Securities purchased under agreements to resell and securities sold under agreements to repurchase are treated as collateralized financing transactions. The agreements provide that the transferor will receive substantially the same securities in return at the maturity of the agreement and the transferor will obtain from the transferee sufficient cash or collateral to purchase such securities during the term of the agreement. These agreements are recorded at the amounts at which they will be subsequently resold or repurchased plus accrued interest.

The Company's policy is to take possession of securities purchased under agreements to resell. As these transactions are short-term in nature, their carrying amounts are a reasonable estimate of fair value.

Securities sold under agreements to repurchase and securities purchased under agreements to resell with the same counterparty are reported on a net basis on the Consolidated Statement of Financial Condition if the conditions of FASB Interpretation No. 41, *Offsetting of Amounts Related to Certain Repurchase and Reverse Repurchase Agreements*, are met.

CIBC World Markets Corp. and Subsidiaries

Notes to Consolidated Statement of Financial Condition (continued)

April 30, 2009

(Dollars in Thousands)

1. Organization and Significant Accounting Policies (continued)

Securities Borrowed/Loaned

Securities borrowed and securities loaned transactions are generally reported as collateralized financings. In a non-cash securities lending transaction the securities received as collateral are recorded at fair value on the Consolidated Statement of Financial Condition. Securities borrowed transactions require the Company to deposit cash, letters of credit, or other collateral with the lender. With respect to securities loaned, the Company receives collateral in the form of cash or other collateral in an amount generally in excess of the market value of the securities loaned. The Company monitors the market value of securities borrowed and securities loaned on a daily basis, with additional collateral obtained or refunded as necessary.

Collateral

The Company accepts and pledges collateral in connection with secured financing and securities borrowing and lending transactions. Agreements covering these transactions may permit the secured party to sell or repledge the collateral. The Company monitors the risk of loss by assessing the fair value of the collateral accepted or pledged as compared with the related receivable, payable or other collateral exchanged and requests additional collateral where deemed appropriate.

Collateral accepted under reverse repurchase agreements, securities lending agreements and margin lending agreements is used to cover short positions and to enter into secured financing transactions.

CIBC World Markets Corp. and Subsidiaries

Notes to Consolidated Statement of Financial Condition (continued)

April 30, 2009

(Dollars in Thousands)

1. Organization and Significant Accounting Policies (continued)

Furniture, Fixtures and Leasehold Improvements

Furniture, fixtures and leasehold improvements are carried at cost, less accumulated depreciation and amortization and are included in other assets in the Consolidated Statement of Financial Condition. Depreciation of furniture and fixtures is provided on a straight-line basis over a period of 4 to 15 years. Depreciation of computer equipment and software is provided on a straight-line basis over a period of 2 to 7 years. Amortization of leasehold improvements is provided on a straight-line basis over the lesser of the economic useful lives of the improvements or the terms of the leases.

Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and related disclosures. Estimates and assumptions are primarily made in the area of accounting for financial instruments, income taxes, contingent liabilities and employee future benefits. Actual results could differ from these estimates and assumptions.

Currency Translation

Assets and liabilities denominated in foreign currencies are translated at exchange rates at the Consolidated Statement of Financial Condition date.

CIBC World Markets Corp. and Subsidiaries

Notes to Consolidated Statement of Financial Condition (continued)

April 30, 2009

(Dollars in Thousands)

1. Organization and Significant Accounting Policies (continued)

Income Taxes

The Company uses the asset and liability method to provide for income taxes. The asset and liability method requires that income taxes reflect the expected future tax effect of temporary differences between the carrying amounts of assets or liabilities and their tax bases. Future income tax assets and liabilities are determined for each temporary difference and for unused losses for tax purposes, as applicable, at rates expected to be in effect when the asset is realized or the liability is settled. A valuation allowance is established, if necessary, to reduce the future income tax asset to an amount that is more likely than not to be realized.

Share-Based Payment

The Company provides compensation to certain employees in the form of stock options and/or restricted share-based awards (“RSAs”) in the stock of CIBC. Forfeitures are required to be estimated upfront in the year an award is granted and are periodically reassessed and adjusted to reflect actual forfeitures. The holders of RSAs are entitled to receive a cash dividend based on the dividends declared on the common stock of CIBC. Settlement of grants made under the plan may be either in CIBC common shares or the equivalent cash value in accordance with the terms of the grant at the election of the employee.

Limited Partnerships

According to FASB Interpretation No. 46(R), *Consolidation of Variable Interest Entities* (“FIN 46R”), variable interest entities (“VIEs”) lack one or more of the characteristics of a voting interest entity. FIN 46R provides that a controlling financial interest in an entity is present when an entity has one or more variable interests that are expected to absorb a majority of the entity’s expected losses, receive a majority of the entity’s residual returns, or both. The entity that is determined to be the primary beneficiary holds the controlling financial interest and is required to consolidate the VIE. Accordingly, the Company consolidates VIEs in which the Company is deemed to be the primary beneficiary.

CIBC World Markets Corp. and Subsidiaries

Notes to Consolidated Statement of Financial Condition (continued)

April 30, 2009

(Dollars in Thousands)

1. Organization and Significant Accounting Policies (continued)

Limited Partnerships (continued)

When the Company does not have a controlling financial interest in an entity but exerts significant influence over the entity's operating and financial policies, the Company accounts for its investment in accordance with the equity method of accounting prescribed by Accounting Principles Board Opinion No. 18, *The Equity Method of Accounting for Investments in Common Stock*. This generally applies to cases in which the Company owns a voting or economic interest of between 20 and 50 percent.

The Company uses the accounting guidance issued by FASB in Emerging Issues Task Force Abstract (EITF) 04-5 *Investor's Accounting for an Investment in a Limited Partnership When the Investor Is the Sole General Partner and the Limited Partners Have Certain Rights* when determining whether a general partner controls a limited partnership. The EITF guidance is based on the fundamental principle that a general partner in a limited partnership is presumed to control the limited partnership, regardless of the extent of its ownership interest. Consequently, a general partner is required to consolidate the partnership unless the presumption of control can be overcome. The Company invests as a general partner in partnership structures that have another unrelated general partner. They work jointly to manage the partnership. Neither general partner can individually control or direct the actions of the partnership, therefore the Company's interest in these partnerships are accounted for under the equity method.

Accounting for Uncertainty in Income Taxes

In June 2006, the FASB issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109* ("FIN 48"). The interpretation requires that an entity recognize in the financial statements, the impact of a tax position, if that position is more likely than not to be sustained on examination by the taxing authorities, based on technical merits of the position. Tax benefits resulting from such a position should be measured as the amount that has at least fifty percent likelihood on a cumulative basis to be sustained on examination. The provisions of FIN 48 became effective for the Company's fiscal year beginning November 1, 2007. The Company's adoption of FIN 48 did not have a significant impact on its financial statements.

CIBC World Markets Corp. and Subsidiaries

Notes to Consolidated Statement of Financial Condition (continued)

April 30, 2009

(Dollars in Thousands)

1. Organization and Significant Accounting Policies (continued)

Accounting for Defined Benefit Pension and Other Post Retirement Plans

In September 2006, the FASB issued SFAS No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans* – an amendment of FASB Statements No. 87, 88, 106 and 123 (R) (“SFAS No. 158”). This statement requires an entity to recognize the over-funded or under-funded status of a defined benefit postretirement plan as an asset or liability in its balance sheet. The statement also requires an entity to measure the funded status of a plan as of the date of its year end balance sheet. The requirement to recognize the funded status of the defined benefit postretirement plan became effective for the Company for the year ending October 31, 2007. The effect of the change in accounting policy did not have a significant impact. The requirement to measure the plan assets and benefit obligations as of the date of the entity's fiscal year-end balance sheet is effective for the Company on October 31, 2009. The Company is currently evaluating the impact of the adoption of this requirement and does not expect the impact to be significant.

Fair Value Measurements

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* (“SFAS No. 157”), which offers enhanced guidance for using fair value to measure assets and liabilities. It provides a single definition of fair value, together with a framework for measuring it, and requires additional disclosure about the use of fair value to measure assets and liabilities. Statement 157 emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and sets out a fair value hierarchy with the highest priority being quoted prices in active markets. Under the Statement, fair value measurements are disclosed by level within that hierarchy. While the Statement does not add any new fair value measurements, it does change current practice. The Statement is effective for fiscal years beginning after November 15, 2007. The Company is currently evaluating the impact that the adoption of SFAS No. 157 will have on its financial statements and does not expect the impact to be significant.

CIBC World Markets Corp. and Subsidiaries

Notes to Consolidated Statement of Financial Condition (continued)

April 30, 2009

(Dollars in Thousands)

1. Organization and Significant Accounting Policies (continued)

Fair Value Option for Financial Assets and Financial Liabilities

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities, Including an amendment of FASB Statement No. 115* (“SFAS No. 159”). SFAS No. 159 permits entities to choose to measure many financial instruments and certain other items at fair value. SFAS No. 159’s objective is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedging procedures. SFAS No. 159 is effective in fiscal years beginning after November 15, 2007, and early adoption is permitted as of the beginning of a fiscal year that begins on or before November 15, 2007, provided the entity also elects to apply the provisions of SFAS No. 157. The Company is currently evaluating the impact that the adoption that SFAS No. 159 will have on its financial statements and does not expect the impact to be significant.

2. Cash

Cash represents funds deposited with financial institutions that can be withdrawn without restriction. Substantially all cash is on deposit with major money center banks.

CIBC World Markets Corp. and Subsidiaries

Notes to Consolidated Statement of Financial Condition (continued)

April 30, 2009

(Dollars in Thousands)

3. Receivable from Broker-Dealers and Clearing Organizations and Payable to Broker-Dealers and Clearing Organizations

The components of receivable from broker-dealers and clearing organizations and payable to broker-dealers and clearing organizations as of April 30, 2009 are as follows:

Receivable from broker-dealers and clearing organizations:

Clearing organizations	\$ 26,459
Securities failed to deliver	26,829
Dividends and interest receivable	463
Receivable from Oppenheimer	34,741
Receivable from other brokers	2,238
Other	3,334
	<hr/>
	\$ 94,064

Payable to broker-dealers and clearing organizations:

Clearing organizations	\$ 8,372
Securities failed to receive	2,897
Dividends and interest payable	5,615
Payable to Oppenheimer	19,582
Other	785
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	\$ 37,251

Securities borrowed, securities loaned, securities failed to deliver and securities failed to receive are substantially short-term in nature, and accordingly their carrying amounts are a reasonable estimate of fair value.

4. Receivable from and Payable to Customers

Balances receivable from securities customers are generally collateralized by marketable securities. Balances payable to securities customers primarily represent amounts payable against receipts of marketable securities.

CIBC World Markets Corp. and Subsidiaries

Notes to Consolidated Statement of Financial Condition (continued)

April 30, 2009

(Dollars in Thousands)

5. Secured Financing Transactions

At April 30, 2009, the fair value of collateral accepted under reverse repurchase agreements, securities borrow transactions and for customer margin loans was \$5,120,627 all of which was sold or re-pledged.

Securities purchased under resale agreements with a market value of \$242,086 have been segregated in a special reserve bank account for the exclusive benefit of Customers pursuant to Rule 15c3-3 of the Securities Exchange Act.

6. Securities Owned and Securities Sold, Not Yet Purchased

Securities owned and securities sold, not yet purchased as of April 30, 2009 consisted of the following (at fair value):

	Securities Owned	Securities Sold, Not Yet Purchased
U.S. government and agency obligations	\$ 4	\$ 0
State and municipal obligations	–	25
Stocks and warrants	40	38
	<u>\$ 44</u>	<u>\$ 63</u>

7. Related Party Transactions

In the normal course of business, the Company engages in various transactions with CIBC and affiliates. These transactions include, but are not limited to, repurchase and reverse repurchase agreements, securities borrowed and loaned, trade execution and custodial services, and services related to investment banking and financial products activities.

CIBC World Markets Corp. and Subsidiaries

Notes to Consolidated Statement of Financial Condition (continued)

April 30, 2009

(Dollars in Thousands)

7. Related Party Transactions (continued)

The Company and its affiliates participate in transactions to arrange financing for third parties.

The Company and its affiliates purchase goods and services from un-affiliated entities under contracts where each company in the affiliated group pays their pro-rata share of the external invoice. The Company does not consider payments made under these contracts to be related party transactions.

The following amounts related to transactions with CIBC and affiliates are included in the accompanying consolidated financial statements:

Assets	
Securities borrowed	\$ 1,190,186
Receivable from broker-dealers and clearing organizations	2,414
Due from affiliates – income taxes	103,676
Securities received as collateral, at fair value	22,016
Service Fees	101,183
Liabilities	
Securities sold under repurchase agreements	1,350,039
Securities loaned	95,452
Payable to customers	485,761
Obligation to return securities received as collateral, at fair value	22,016
Other liabilities and accrued expenses	2,484
Liabilities subordinated to claims of general creditors	1,045,500

In February 2009, the Company sold at fair value a portfolio of Yankee bond and swap positions to an affiliate for \$31,865 cash.

The Company has pledged securities with a fair value of \$70,248 to an affiliate against securities borrowed from an affiliate with a fair value of \$45,326. Additionally, the Company made loans to employees in the amount of \$464.

CIBC World Markets Corp. and Subsidiaries

Notes to Consolidated Statement of Financial Condition (continued)

April 30, 2009

(Dollars in Thousands)

8. Liability Subordinated to Claims of General Creditors

Liability subordinated to claims of general creditors as of April 30, 2009, was recorded on the Consolidated Statement of Financial Condition and consisted of the following:

Subordinated loan due July 2011	<u>\$ 1,045,500</u>
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The subordinated loan maturing July 2011 bears interest at the three-month LIBOR rate plus seventy-five basis points per annum. The fair market rate for a similar funded loan would be approximately three-month LIBOR rate plus thirty-five basis points.

Additionally, the Company has two revolving subordinated loan facilities in an amount of \$300,000 each, which represent commitments by an affiliate to fund the Company. These committed facilities expire on September 15, 2009 and September 15, 2010, respectively and were not utilized as of April 30, 2009. The Company is not charged a fee for unutilized commitments. The fair market rate for a similar funded commitment would be approximately one-month LIBOR rate plus forty-seven basis points and one-month LIBOR rate plus sixty-five basis points for the notes that expire on September 15, 2009 and September 15, 2010, respectively. The note due September 15, 2009 has effectively matured. In accordance with the revolving subordinated loan agreement, the affiliate lender will only provide funding up to September 15, 2008 with a final repayment of any outstanding balance on September 15, 2009.

The liability subordinated to claims of general creditors is subordinated to all existing and future claims of all non-subordinated creditors of the Company. It has been approved as regulatory capital and constitutes part of the Company's net capital under the SEC's Uniform Net Capital Rule 15c3-1 (the "Uniform Net Capital Rule") and Commodity Futures Trading Commission ("CFTC") Regulation 1.17(d) and 1.17(h). The liability may be repaid only if, after giving effect to such repayment, the Company meets the specified requirements of the SEC and CFTC.

CIBC World Markets Corp. and Subsidiaries

Notes to Consolidated Statement of Financial Condition (continued)

April 30, 2009

(Dollars in Thousands)

9. Income Taxes

The Company is part of the consolidated U.S. federal income tax return filed by DHI. In addition, the Company is part of a general corporation combined group with various affiliates for New York State (“NYS”) and New York City (“NYC”) income tax purposes.

The Company is part of the consolidated U.S. federal income tax return filed by DHI. In addition, the Company is part of a general corporation combined group with various affiliates for New York State (“NYS”) and New York City (“NYC”) income tax purposes.

Pursuant to an intercompany tax allocation agreement, the Company’s current tax liability or benefit is to be computed as if a separate tax return had been filed for federal, NYS and NYC income tax purposes. The Company’s loss and credit utilization are calculated to the extent the consolidated group has capacity to utilize such loss and credit carryovers.

The valuation allowance as at April 30, 2009 of \$44,058 fully offsets deferred tax assets attributable to NYS and NYC net operating losses (“NOL”). The Company believes that the current level of valuation allowance is sufficient based on all available evidence, that it is more likely than not that the remaining deferred tax assets will not be realized prior to expiration.

Under SFAS No. 109, temporary differences between recorded amounts and the tax bases of assets and liabilities are accounted for at future income tax rates. Under certain circumstances, estimates are used in determination of temporary differences.

As of April 30, 2009, the amount due from DHI that pertains to income taxes was \$103,676, recorded as due from affiliates – income taxes in the Consolidated Statement of Financial Condition. Included in such amounts due from DHI are net deferred tax assets of \$27,849. The principal temporary differences that give rise to the Company’s deferred tax assets are net operating losses, restructuring expenses and depreciation. Additionally, the principal temporary differences that give rise to the Company’s deferred tax liabilities are deferred compensations and other reserves.

CIBC World Markets Corp. and Subsidiaries

Notes to Consolidated Statement of Financial Condition (continued)

April 30, 2009

(Dollars in Thousands)

10. Commitments and Contingencies

Long-Term Lease Commitments

The Company leases office space, primarily in New York City, under non cancelable operating leases expiring on various dates between 2009 and 2015. At April 30, 2009, aggregate minimum rental commitments for non-cancelable leases are as follows:

Period Ending April 30,

	Leased	Sub-leased
2009	\$ 8,166	\$ 7,825
2010	7,539	7,214
2011	4,280	4,036
2012	1,636	1,525
2013	1,607	1,586
2014 and thereafter	944	944
	<u>\$ 24,172</u>	<u>\$ 23,130</u>

Some of the Company's leases contain provisions for optional renewal, which are at the Company's option with defined terms.

At April 30, 2009, the Company remained primarily liable for minimum rental commitments of \$23,130 for leases on premises that have been surrendered to the landlord or subleased to a third party tenant. The Company's commitments on these leases expire on various dates between 2009 and 2015. The Company expects to receive \$14,199 which represents the minimum amount due from third party tenants on non-cancelable subleases through 2015. The Company has provided adequate reserves for any projected losses on these sub-leases.

CIBC World Markets Corp. and Subsidiaries

Notes to Consolidated Statement of Financial Condition (continued)

April 30, 2009

(Dollars in Thousands)

10. Commitments and Contingencies (continued)

Assigned Lease Commitments

In connection with the sale of its US Wealth Management Division to Oppenheimer in 2003, the Company also remains contingently liable under the terms of the leases that have been assigned to Oppenheimer in the event of an Oppenheimer default. At April 30, 2009, future minimum rental payments for these leases for which the Company is contingently liable are as follows:

Period Ending April 30:	
2009	\$ 4,318
2010	3,986
2011	3,861
2012	3,624
2013	3,574
2014 and thereafter	2,421
	<u>\$ 21,784</u>

Other Commitments

At April 30, 2009, the Company had outstanding commitments to repurchase, to fund investments in partnerships and a letter of credit of approximately \$250,000, \$3,071 and \$30, respectively.

Litigation

The Company is a party to a number of legal proceedings, including regulatory investigations, in the ordinary course of its business. While there exists an inherent difficulty in predicting the outcome of such matters, based on current knowledge and consultation with legal counsel, the Company does not expect that the outcome of any of these matters, individually or in aggregate, would have a material adverse effect on our consolidated financial position. However, the outcome of any such matters, individually or in aggregate, may be material to our operating results for a particular year.

CIBC World Markets Corp. and Subsidiaries

Notes to Consolidated Statement of Financial Condition (continued)

April 30, 2009

(Dollars in Thousands)

11. Employee Benefit and Other Compensation Plans

The Company participates in a defined contribution plan administered by an affiliate, which meets the requirements of Section 401(k) of the Internal Revenue Code.

Under the RSA Plan, certain key employees are granted awards to receive CIBC common shares. Some granted awards are settled in the cash equivalent of CIBC common shares. In general, RSAs vest one-third annually beginning in the year after the grant.

Awards are granted to employees by the Parent and are settled by the Parent. The Parent allocates the costs of these awards to the Company. For the period ended April 30, 2009, the Company paid CIBC \$13,451 for RSAs awarded.

12. Postretirement Benefits

Healthcare

The Company, through a plan administered by an affiliate, currently provides certain health care and life insurance benefits to eligible retired employees. Eligible retirees share in the cost of the healthcare benefits. Effective November 1, 2007, the Company adopted SFAS No. 158. The Company and its affiliates share in the cost of the plan based on their respective number of active employees.

Pension Benefits

The Company, other affiliates and U.S. employees of CIBC participate in CIBC's noncontributory defined benefit plan (the "Pension Plan"). This is a single Pension Plan which multiple CIBC affiliates participate in. Under IRS regulations each of the affiliated companies is jointly and severally liable for the Pension Plan. The Pension Plan benefit payment formula is generally based upon retired employees' length of service and a percentage of qualifying compensation during the final years of employment. The Company and its affiliates share in the cost of the plan based on their respective number of active employees.

CIBC World Markets Corp. and Subsidiaries

Notes to Consolidated Statement of Financial Condition (continued)

April 30, 2009

(Dollars in Thousands)

13. Financial Instruments with Off-Balance Sheet Risk and Concentration of Credit Risk

In the normal course of business, the Company enters into securities transactions. If the securities subject to such transactions are not in the possession or control of the Company, the Company is subject to risk of loss if the security is not received and the fair value has increased over the contract amount of the transactions.

The Company enters into various transactions in financial instruments with off-balance sheet risk in order to meet the needs of its clients, to manage its exposure to market risks and in connection with its normal proprietary trading activities. These transactions include the purchase and sale of interest rate contracts and over-the-counter options. Each of these transactions contains varying degrees of off-balance sheet risk.

Risks arise in interest rate contracts from unfavorable changes in the market price of the underlying financial instruments. In written option contracts, the Company receives premiums at the outset and then bears the risk of unfavorable changes in fair values of the underlying instruments.

The notional or contractual amounts do not represent the potential market or interest rate risk to the Company. Generally, derivative financial instruments are hedged with offsetting positions or are utilized to reduce the Company's interest rate risk.

Similarly, the notional or contractual amounts of derivative financial instruments does not represent the Company's exposure to credit risk. Credit risk arises from the failure of the counterparty to perform according to the terms of the contract. The Company's exposure to credit risk associated with these contracts is the replacement cost of these contracts.

As agent, the Company executes securities and commodities transactions on behalf of its customers. If either the customer or a counterparty fails to perform, the Company may be required to discharge the obligations of the nonperforming party. In such circumstances, the

CIBC World Markets Corp. and Subsidiaries

Notes to Consolidated Statement of Financial Condition (continued)

April 30, 2009

(Dollars in Thousands)

13. Financial Instruments with Off-Balance Sheet Risk and Concentration of Credit Risk (continued)

Company may sustain a loss if the fair value of the security or commodity contract is different from the contract value of the transaction.

The Company may deliver securities as collateral in support of various secured financing sources such as bank loans, securities loaned and repurchase agreements. In such circumstances, the Company may incur a loss up to the amount by which the fair value of the securities delivered exceeds the fair value of the loan or other collateral received or in the possession or control of the Company. Additionally, the Company delivers customer securities as collateral to satisfy margin requirements of various exchanges. In the event the counterparty is unable to meet its contractual obligation to return customer securities delivered as collateral, the Company may be obligated to purchase the securities in order to return them to the customer.

As general partner, the Company is contingently liable for the obligations of various limited partnerships engaged primarily in securities investments and real-estate activities. In the opinion of the Company, such liabilities, if any, for the obligations of the partnerships will not in the aggregate have a material adverse effect on the Company's financial position.

The majority of the Company's transactions and, consequently, the concentration of its credit exposure are with customers, broker-dealers and other financial institutions in the United States. These activities primarily involve collateralized arrangements and may result in credit exposure in the event that the counterparty fails to meet its contractual obligations. The Company's exposure to credit risk can be directly impacted by volatile securities markets, which may impair the ability of counterparties to satisfy their contractual obligations.

The Company seeks to control its credit risk through a variety of reporting and control procedures, including establishing credit limits based upon a review of the counterparties' financial condition and credit ratings. In addition, the Company monitors collateral levels on a daily basis for compliance with regulatory and internal guidelines and requests changes in collateral levels as appropriate.

CIBC World Markets Corp. and Subsidiaries

Notes to Consolidated Statement of Financial Condition (continued)

April 30, 2009

(Dollars in Thousands)

14. Net Capital Requirements

As a registered broker-dealer and member firm of the Financial Industry Regulatory Authority (“FINRA”), the Company is subject to the SEC Uniform Net Capital Rule. The Company has elected to use the alternative method, permitted by the Uniform Net Capital Rule, which requires that the Company maintain minimum net capital, as defined, equal to the greater of \$1,500 or 2% of aggregate debit items arising from customer transactions, as defined. FINRA may prohibit a member firm from expanding its business and declaring dividends if its net capital is less than 5% of aggregate debit items. As a Futures Commission Merchant regulated by the CFTC, the Company is subject to the risk-based minimum capital requirements adopted and administered by the CFTC and by certain commodity exchanges in the United States and overseas. In the United States, the Company is required to maintain “adjusted net capital” equivalent to \$250 or 4% of the non-customer risk maintenance margin requirement as defined by the CFTC, whichever is greater.

As of April 30, 2009, the Company’s net capital under the Uniform Net Capital Rule was \$1,122,646 and the amounts in excess of 2% and 5% of aggregate debit items were \$1,113,816 and \$1,100,571, respectively.

CIBC World Markets Corp. and Subsidiaries

Notes to Consolidated Statement of Financial Condition (continued)

April 30, 2009

(Dollars in Thousands)

15. Discontinued Operations

Effective January 1, 2008, the Parent sold the Company's U.S.-based investment banking, leveraged finance, equities and related debt capital markets businesses and its Israeli investment banking and equities businesses (the "transferred businesses") to Oppenheimer. The sale to Oppenheimer of certain other U.S. capital markets-related businesses located in the U.K. and Asia closed in the fourth quarter of 2008. In consideration, Oppenheimer provided the Parent warrants for one million shares exercisable at the end of five years. In addition, Oppenheimer will pay the Company a minimum deferred purchase price of \$25 million at the end of five years based on the earnings of the transferred businesses. Included in receivable from broker-dealers and clearing organizations on the Consolidated Statement of Financial Condition is \$19 million which represents the current present value of the deferred purchase price.

As of April 30, 2009, the Company had accrued approximately \$2 million to cover for any future reimbursements related to Oppenheimer indemnities.

Pursuant to the sale agreement, the Parent invested in a \$100 million subordinated debenture issued by Oppenheimer and is providing certain credit facilities to Oppenheimer and its investment banking clients to facilitate Oppenheimer's business, with each loan subject to approval by the Parent's credit committee.