

Commerce Split Corp is an Investment Corporation designed to pay monthly cash dividends. The Corporation invests in common shares of Canadian Imperial Bank of Commerce, a Canadian financial institution with strong fundamentals and performance. Two types of shares are available, a Class A and a Preferred (Priority Equity Share).

Objectives

Preferred Shares (TSX: XCM.PR.A):

(i) to provide holders of the Preferred Shares with fixed, cumulative preferential monthly cash dividends in the amount of \$0.04375 per Preferred Share to yield **5.25% per annum** on the original issue price (\$10); and (ii) on or about December 1, 2014 (termination date), to pay the holders of the Preferred Shares the original issue price of those shares by way of the Portfolio Protection Plan.

Class A Shares (TSX: XCM):

(i) to provide holders of the Class A Shares with regular monthly cash dividends initially targeted to be \$0.05 per Class A Share to yield **6.0% per annum** on the original issue price; and (ii) on or about December 1, 2014 (termination date), to pay the holders of Class A Shares at least the original issue price (\$10) of those shares.

Distributions (by record date)

	XCM	XCM.PR.A	Total
Total to Date	\$0.6000	\$0.6766	\$1.2766
2008 YTD	\$0.1000	\$0.2188	\$0.3188
2007	\$0.5000	\$0.4578 ⁽¹⁾	\$0.9578

(1) Initial distribution for the period Feb 16/07 to Mar 31/07.

Commentary

In April dramatic action was taken by central banks around the world including the Bank of Canada which lowered the overnight lending rate another ½ percentage point. Lowering interest rates and providing liquidity to the market appears to have stabilized the credit crisis situation and allowed the market a confidence that has not been seen this year. This action by the BOC appears to have continued to stabilize the market throughout the month of May. The Toronto Stock Market hit an all time high (14,714) up 6.4% year to date with the crux of the return stemming from the commodity sector. The financial services sector has not performed well during this period of time with concerns about the ongoing announcements of the credit crisis / loan write downs. The nervousness is keeping large extended balances of cash in many investors' pockets until the credit concerns dissipate. It should be noted that the Canadian financial sector has little overall exposure to the U.S. sub prime loans.

CIBC common stock declined approximately 5.8% over the month of May. The current dividend yield on the portfolio is 5.0%.

Details

Gross Proceeds:	\$174,200,000
Units Issued:	8,710,000
Inception Date:	Feb 16, 2007
Termination Date:	Dec 1, 2014
Net Asset Value:	\$12.62 (May 31/08)

Cash & Fixed Income Weighting:	8%
Canadian Equity Weighting:	92%

XCM.PR.A Trading Price:	\$8.70 (May 31/08)
Current Yield:	6.0% annually
Asset Coverage:	126%
Market Capitalization:	\$75,404,640

XCM Trading Price:	\$3.87 (May 31/08)
Current Yield:	11.6% annually
Market Capitalization:	\$33,542,064

Holding

Symbol

Canadian Imperial Bank of Commerce	CM
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