June 12, 2009

Supermarkets

Sector Weighting: Market Weight

Cash Cow

The Lucrative Quebec Market

- The Quebec grocery market is probably the most lucrative in the country, with generally high prices and a lower discount penetration than anywhere else in Canada. The province is, or should be, a cash cow for all participants.

- With more than half its sales in the province, Metro has a lucrative business in Quebec, supporting its efforts to improve its Ontario operation. Empire also has a strong business, probably the best in the province. Loblaw, despite being the biggest player, may not be as profitable as the others.

- We do not believe that Walmart will open Supercenters in the Quebec market in the near term - the union situation is a huge barrier. So the biggest threat to Metro or Empire is that the sleeping giant - Loblaw - awakes and begins improving its network and market position.

- We believe that Loblaw will work to improve its image and standing in the marketplace, beginning with aggressive store renovations. But it will take at least two or three years before there is a meaningful improvement in the overall offering. In the meantime, there's plenty of profit available for all.

All figures in Canadian dollars, unless otherwise stated.

Perry Caicco
1 (416) 594-7279
Perry.Caicco@cibc.ca

Mark Petrie, CFA
1 (416) 956-3278
Mark.Petrie@cibc.ca

The Land Of Milk And Profits

Good Times In Grocery

The Canadian grocery scene these days is experiencing a relatively steady and calm pricing environment with inflation windfalls padding the bottom lines. The recession has driven consumers away from restaurants and into grocery stores; and within the grocery space, consumers have shifted even further into discount stores. That shift has its own issues (see our report "Discount Food In Canada" dated May 18), but in the meantime, most supermarket operators are having a nice year devoid of price pressure or a particular need to drive traffic. Even the strong growth of Walmart's (WMT-NYSE) Supercenters hasn't cast a cloud on this situation, since the growth of those units has simply replaced the growth from other competitors. We believe that the Canadian market can absorb a 2% square footage growth in any one year without degenerating into subsequent price wars, and it doesn't really matter where that 2% growth comes from.

On top of all this, grocers have been increasingly leveraging national buying power to drive better deals out of suppliers, further bolstering profits. On the earnings front, the fact that there has been very little real square footage or tonnage growth at some of the largest grocers in the country has been offset by rising prices and stronger buying practices. At least for this year, margin growth has superseded sales growth as the source of most EPS advancements.

At one point, of course, the good times will end. Inflation rates will decline (see our report "What Goes Up" dated May 14), and when the economy improves, discount banners will have to fight for traffic again. And when that happens, every grocer will wish they had strong assets in Quebec, a land of "milk and profits".

Quebec: The Grocers' Paradise

The Quebec grocery market is mature, calm and lucrative, and is supported by a consumer who has been largely unaffected by the recession and who truly understands food. Pricing is relatively high, margins are great and sales are solid. The Quebec consumer loves to cook and understands value propositions perhaps better than any consumer in Canada, and is willing pay up for a quality cut of meat, or better produce, or well-prepared entrees. On top of that, Walmart has not entered the province with Supercenters, and is not likely to as long as labor laws remain unchanged. The result is ongoing "quality" wars, where competitors compete not with price, but by developing new products, new programs and unique offerings that focus on innovation and service. Innovation is all over the market, with the best take-home meals programs, the best meat offerings and the best service elements in Canada. In short, this is the type of competitive environment grocers dream of.

Adding to the calmness of the market is the fact that market leader Loblaw (L-SP) has for the past few years been, in our opinion, a relatively benign force. The company has not used pricing as a major weapon; has altered strategic and operational direction a number of times; and has to this point not made a major dent with its Food Renewal project. In our view, Loblaw is effectively a "sleeping giant".

Across the province, there has been very little square footage growth in grocery, so there has been no widespread pressure on store sales productivity, and most existing stores [particularly those of Metro (MRU.A-SP) and Empire (EMP.A-SO)] are renovated and in good shape. Even the discount sector, the smallest in the country at about 23% of the market, has reached a calm equilibrium, divided between two players with clearly differentiated strategies.

Margin Haven

Pricing in the market is what we would describe as "soft", and we suspect that most grocers competing in the market experience higher gross margins than in almost any other region in Canada. By our estimates, market prices at both conventional and discount stores are anywhere from 5% to 15% above prices in similar formats in Ontario. On a couple of key commodities (milk and beer), the provincial government even sets minimum prices.

The generally high grocery prices and generally high gross margins in the province exist because:

1. **There has been little square footage growth in the market over the past four years.**

    - *We believe that square footage growth in Quebec has been barely over 1% for the past two years, and should remain that way in 2009 and 2010.*

2. **Walmart has no material food presence in the market.**

    - *Walmart has only 53 discount stores in Quebec and each has a modest "pantry" food presence. We would estimate Walmart's food sales in the province at only about $350 million, a fraction of our estimate of its overall $3.6 billion (2008) or $4.7 billion (2009) food business in Canada.*

3. **Loblaw has had a number of "false starts" in Quebec, and usually does not flex its pricing muscles.**

    - *We believe that outside of its Maxi operation, Loblaw has generally struggled in the province. Because Maxi's strategy is materially different from competitor Super C, there has been little need for price wars. Previous attempts to use low prices to drive sales into its conventional formats, both in Quebec and other parts of Canada, have not been repeated.*

4. **Quebec has a higher percentage of sales through <u>conventional</u> stores than any other region in the country.**

Exhibit 1. Estimated "Conventional" Sales By Region

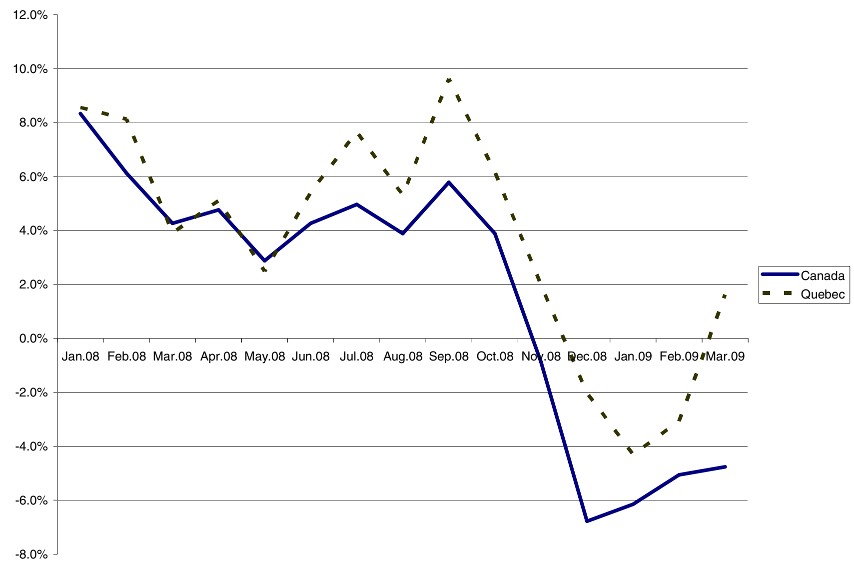
West	52.8%
Ontario	42.7%
Quebec	62.2%
Atlantic	52.5%
Canada	**52.0%**

Source: CIBC World Markets Inc.

Although discount stores can be just as profitable as conventional stores depending on the region and the structure, discount stores operate at lower gross margins than conventional stores. Compared to the rest of Canada, a smaller percentage of Quebec grocery sales are done through discount stores. The higher "conventional" mix makes the province, as a whole, probably more profitable than any other part of Canada at the gross margin line.

5. **The Quebec consumer does not seem to be participating in the Canadian recession, at least not to the same degree as in the rest of Canada.**

Exhibit 2. Change In Retail Trade, Canada And Quebec



Source: Statistics Canada.

As shown in Exhibit 2, retail trade in Quebec has tracked well ahead of the retail trade in the rest of Canada, including a remarkable outperformance in the most recent reported month. This trend concurs with recent commentary from many companies, and with anecdotal evidence, both of which suggest that there just has not been the economic downdraft in Quebec felt in the rest of Canada.

For grocers, although this means that the trade-down effect from restaurants has been muted, it also means that full-price conventional stores have been retaining business, and consumers have not been flowing to discount stores quite as quickly as in other provinces.

The End Result: High Prices

Below is a simple comparison of pricing on six key staple items at the price leaders in Ontario and Quebec. The comparison is between Walmart's Supercenters in Ontario (the everyday pricing leader in the province) and Maxi in Quebec (which we believe is the everyday pricing leader in that province).

Exhibit 3. Six Key Staple Items

	White Bread 675g or equiv.	Eggs Large doz Gr A white	Sugar 2kg	Butter salted 454g	Milk 4L 2%	Bananas per lb
WMT SUPERCENTER Markham ON	$1.47	$1.97	$1.98	$2.97	$3.97	$0.67
MAXI, LaSalle, Quebec	$1.99	$2.39	$2.19	$3.99	$5.58	$0.69

Prices surveyed May 20 in Montreal; May 13 in Ontario.

Source: CIBC World Markets Inc.

Although the provincial minimum milk price is obvious, the price gaps on the other key items are just as stark, and they are not inconsistent with other surveys we have done over the years. In general, when we compare prices on like items in similar formats between Ontario and Quebec, we find that prices in Quebec are between 5% and 15% higher than in Ontario. Given that the "cost of goods" on most items is probably identical between the provinces because of national buying programs, this means that Quebec is, in theory, an extremely lucrative market at the gross margin level.

Relatively high prices do not mean that the market is not competitive. Even at the discount end, this is a "high-low" environment and the weekly flyers are critical to short-term success. With not much square footage growth available, banners can only make progress by taking share from each other. As a result, the province sees regular market share shifts among the existing players, depending on programs, store conditions and promotional competitiveness. However, all of this competition seems to take place at a higher absolute pricing level than is experienced in most markets in Canada.

A Quick Who's Who

There will be close to $21 billion worth of "take-home" food sold in Quebec in 2009. The supermarkets will sell about 82% of that food; the remainder moves through Costco (COST-NASDAQ) (about 6%), Walmart's discount stores (less than 2%), plus drugstores and c-stores ("deppaneurs").

Our estimate of current market share in the supermarket segment in Quebec is as follows:

Exhibit 4. Estimated Quebec Market Share

Loblaw	36%
Sobeys	30%
Metro	27%
Other	7%

Source: CIBC World Markets Inc.

We believe that about 60% of Loblaw's market share is in its hard discount Maxi formats; about 25% is from its Loblaws stores in the province; and the remainder is mostly from Provigo. We believe that Metro does about one-third of its sales in its discount Super C stores and the rest from its conventional formats. Empire/Sobeys does almost all of its sales through its conventional IGA stores, but also has a sizable wholesale operation. The biggest single banner by sales in Quebec is Empire's IGA and IGA Extra.

Recent changes to market share in the province, which may have seen Loblaw slip a bit and others rise, were impacted by a strike at 13 Maxi stores in Quebec City. At this point, it is our suspicion that Empire/Sobeys has been gaining share in the province. It is tougher to get a read on Metro and Loblaw, because both were heavily impacted (positively and negatively, respectively) by the strike.

The Importance Of Quebec

Although the Quebec market is competitive due to the ongoing battle for market share, it seems that all of this competition takes place at a higher price level than, for instance, the market in Ontario. Since the three major grocers are all at some stage of establishing or negotiating "national" agreements with suppliers, the cost-of-goods for most products in the province is no different than it is Ontario or the West. This means that the higher prices in the province create a theoretical gross margin windfall for Loblaw, Empire and Metro. (Note that the windfall is at the gross margin level. Varying degrees of fixed and variable costs, plus the heavily franchised nature of the market can mean that not everything gets to the bottom lines in equal proportions.)

To the extent that the big three grocers are strongly positioned in the province, the region has become, and is likely to remain, a significant source of profitability. Although the level of profitability may not grow, we believe that it has become a large and, more importantly, stable profit source.

The Quebec market represents 26% of all the food sales in the country (with just 24% of the population). In Exhibit 5, we estimate the amount of sales each grocer generates in the province, and the percentage of each grocers total sales that these estimates represent.

Exhibit 5. Estimated Sales From Quebec

	Estimated 2009 sales	% of total sales
Loblaw	6,100	20%
Metro	5,846	54%
Sobeys	5,638	38%
Total	20,700	26%

Source: CIBC World Markets Inc.

Metro's high ratio of sales from Quebec gives the company the best margin stability in Canada. No matter what happens in Ontario, Metro's strong position in a high-priced marketplace gives the company a stable earnings base. Empire/Sobeys also has strong leverage to the province and with the biggest single banner (and with a very strong operation), Quebec is likely a very lucrative region. Loblaw, despite being the market leader in Quebec, may not have quite the protection or the stability of the other two. Obviously, Quebec is a smaller part of Loblaw's operation than anyone else's. Plus, our sense is that Quebec is not as profitable for Loblaw as it is for Metro and Sobeys.

ISSUES FOR GROCERS IN QUEBEC

There are certain issues for the grocery business in Quebec that are common to all grocers, and others that are unique to each player.

ISSUES COMMON TO ALL GROCERS

1. No Growth

Quebec's population growth lags the rest of Canada, and the province is well-served by a modern store base. There is a perception from most supermarket participants that there are not many new store growth opportunities remaining in the province. More importantly, the standing store base has been significantly expanded and modernized over the past decade. Loblaw's aggressive store growth in the province from 1999 to 2004 caused the competition to aggressively expand, re-locate and renovate, and put some mild pressure on pricing. The result has been a complete slowdown in square footage growth over the last couple of years and, with not much population growth, there are few opportunities on the horizon. As a result, most companies simply scrap for market share at the edges, battling more with quality and service than with price.

This lack of growth has caused Metro to leap outside the province with its A&P acquisition. It has caused Sobeys to make small acquisitions in the province (such as 25 stores in 2006) and focus more on its wholesale business. And it has caused Loblaw to put the brakes on square footage growth in the province while it re-sets its strategy.

2. When Will Walmart Arrive?

The biggest question surrounds the possible arrival of Walmart's Supercenters. With no available natural growth in the province and a generally high pricing level, the establishment of even a few Supercenters could collapse this lucrative market – more about that later.

3. Government Intervention

It is a gift to grocers that the provincial government sets minimum prices in the province for milk and beer; and provides a limited number of set-price wines for sale. This prevents crazy promotions and the bleeding of profits that would otherwise happen if these key items were used in a battle for a finite market. However, it is not impossible that at one point the provincial government could take the side of the consumer and eliminate or reduce minimum prices on these products. Although that would hurt the deppaneurs these laws are meant to protect, it would also hurt certain grocers if they were suddenly forced to respond to low commodity pricing in a battle for market share.

4. Indigenous Suppliers

Quebec consumers and governments seem particularly protective of indigenous Quebec producers. When Loblaw acquired Provigo in 1997, we understand that the deal included protections for Quebec-based suppliers. Grocers are forced to acknowledge and support this supply base, despite possible inefficiencies and occasional non-compliant practices, in order to maintain a good corporate image in the province. As well, it is our perception that Quebec consumers know and support indigenous producers.

LOBLAW SNAPSHOT

The Sleeping Giant

We believe that Loblaw is no more profitable in Quebec than it is in other parts of Canada which, given the dynamics in the marketplace, could be a significant opportunity. In many ways, Loblaw is the "sleeping giant" of the Quebec marketplace.

The single biggest problem for Loblaw in Quebec, and what makes it somewhat of a benign force today, has been its inconsistency of approach. Without belaboring the twists and turns since its first entry into the market in 1994, and since its purchase of Provigo in 1998, suffice it to say that there have been a number of mixed messages and altered strategies. As a result, we believe that only the Maxi banner (which we estimate does about 60% of Loblaw's sales) can be considered reasonably successful in the province; and the conventional Loblaw and Provigo banners may have suffered. We believe that the Loblaw and Provigo banners in Quebec are relatively unproductive and therefore not as profitable as its conventional banners in other regions. As a result, we do not believe that Loblaw is as profitable in Quebec as its competitors, despite much bigger buying power and stronger private labels. To the extent Quebec is a "cash cow" for Metro and Sobeys, it probably remains more of an opportunity for Loblaw.

Outsider Status

As the market leader, and as somewhat of an "outsider", the company is occasionally attacked in the Quebec press. Recently, despite (or perhaps because) of its position as the biggest buyer of Quebec products in the market, the company was publicly pilloried for de-listing a number of smaller Quebec producers who did not meet minimum quantity thresholds. The company has placed local market merchants back into the province and is attempting to rectify these issues, but there has been damage to the company's reputation in the province.

Operational Upside

We believe that the company's day-to-day operations in Quebec could be improved. We recently visited five stores in the Montreal area that were, in our opinion, in substandard condition for out-of-stocks and cleanliness. (The stores were the Loblaws in Brossard and Candiac; and the Maxis in Brossard, LaSalle Dollard and Lasalle Newman.) To be fair, these stores may not have been representative of overall conditions in the market due to the specific date we visited, where re-sets and re-merchandising were underway. However, for shoppers visiting those stores on those days, the experience would not have been optimal.

Although pricing was strong – overall lower than conventional competitors at Loblaws, and everyday prices lower than Super C at Maxi – there were certain pricing inconsistencies among products. These may have been strategic, but seemed to us to be somewhat puzzling nonetheless, and may speak to a need for faster response times and a more detailed merchandising focus in the market.

Going forward, we believe that Loblaw will put a stronger emphasis on Quebec, since the company may not be fully participating in the lucrative margins available in the market. Because of the unusual nature of the market and the opportunity for profitability, we do not believe that Loblaw will use pricing blindly as a strategic weapon to rebuild market share in the province. Instead, Loblaw is likely to focus on its core Loblaws chain, possibly converting several of those units to Maxi while renovating a number of others. The smaller (by sales) Provigo banner seems to need serious remedial work, but that banner benefits from small and manageable store sizes and great locations. Maxi will probably continue on its current successful path although, as mentioned, a focus on better store conditions would be useful.

METRO SNAPSHOT

Strong And Steady

Metro has such a strong and profitable position in the Quebec market that management has correctly decided to focus its marginal resources elsewhere, namely in Ontario, where the profit opportunity is strongest.

Metro's market share in the province has held steady over the past few years. Its Super C banner is sufficiently differentiated from Maxi that, although the two are direct competitors, they offer different shopping experiences. Super C is much more promotional, excels at large in-store deals and offers service in deli and bakery. Its recent renovations (which now cover 90% of the chain) have resulted in a much improved fresh presentation and more impactful graphics in the grocery department. In our recent visits, store conditions were generally stronger than at Maxi. Although Super C's regular prices are somewhat higher than at Maxi, its strong promotional program closes the gap in most consumer baskets.

The Metro and MetroPlus stores are among the best-run conventional grocery operations in the country. They compete neck-and-neck with Sobeys' much larger IGA and IGA-Extra operations, but the lucrative conventional store segment is big enough for both. Metro's store growth plans for Quebec are modest at this point, reflecting the relatively "saturated" nature of the Quebec market. Essentially, the company is focused almost entirely on replacements, re-locations and renovations. Square footage growth for Metro in the province will probably be not much over 1% for this year and next. Only Empire/Sobeys is adding stores at a similar rate.

EMPIRE SNAPSHOT

Leading On Value

Empire's IGA business in Quebec might be the single strongest division of any company in any market in Canada. Competing only in conventional stores, it does substantially more business than Metro's conventional units, mostly due to larger store sizes. In the recent battle of larger stores, the 83 IGA Extra units and the 86 Metro Plus units compete almost identically on price and service. IGA might have a small edge on produce and Metro may have a slight edge on meat, but these are two of the most similar competitors we have seen in any market anywhere.

Where IGA might have an advantage is on its price image, and that is strictly due to a stronger promotional program. About 18 months ago, IGA exploited a systems advantage and began offering a free item with a $60 order every week. (We believe that it would be difficult for Metro and Loblaw to match that program efficiently at the point-of-sale.) These items, which are typically produce or otherwise "healthy" products, have become a staple of Sobeys' weekly ad campaign and offer sampling opportunities for new and unique products. Combined with its marvelous stores, we would consider IGA the overall "value" leader in the market.

WHAT COULD GO WRONG

1. Loblaw Wakes Up

The biggest issue for Metro or Empire is when (and if) the "sleeping giant" awakes. If Loblaw were to get serious about its conventional assets in Quebec, there could be a quality-driven battle for the Quebec consumer. If the company succeeds in improving its asset base through various Food Renewal initiatives, it is not impossible that in two or three years, Loblaw might resort to aggressive pricing to lure disaffected Quebec consumers back into its (hopefully) improved stores. That might not be the best tactic in a lucrative market, but Loblaw may have to "kick-start" its business in order to overcome a time period of relative inactivity. Metro might be the most vulnerable in that fray, since we believe that its conventional pricing image is not quite as strong as IGA's.

2. Walmart Goes With Supercenters

Quebec is a ripe market for Walmart's Supercenters. The generally high price levels and the relatively small presence of discount food stores should theoretically be too tempting for Walmart to ignore. The trouble, of course, is unionization. Labor laws in Quebec include a version of the infamous "card-check" system, and this has already resulted in three distinct unionization battles for existing Walmart discount stores. Although the company grudgingly accepted an arbitrated contract at its Ste. Hyacinthe store, and although that contract was generally low-cost and favorable, the very idea of unionization seems to violate the most fundamental principles of Walmart Canada. This is understandable: even the mildest acquiescence by Walmart could be seen as capitulation to unionization, and could open the door for more attempts in other parts of the country. What's more, the first Supercenter in the province would probably, as a grocery store, attract a different and more onerous union contract than at Ste. Hyacinthe.

3. Government Stops Regulating Prices

As mentioned earlier, the province regulates minimum prices on beer and milk, which prevent those key commodities from being used as expensive traffic-builders. Any change to those laws, up to an including a complete abandonment of minimum pricing, could result in quick margin erosion as grocers battle for share in a slow-growth market.

OUTLOOK: NOT LIKELY TO CHANGE

In the near term, we believe that the dynamics of the Quebec market are not likely to change. It should remain the most lucrative grocery market in the country, and food stores with a strong position in the province should be able to use the margins from Quebec to supplement price battles, or store growth, or strategic expenditures in other parts of the country. We do not see a Walmart entry with Supercenters as imminent.

The fact that Metro generates an estimated 54% of its revenue from Quebec is one the company's biggest strengths. The fact that Loblaw is probably not as profitable as it should be in the province is both a problem and an opportunity.

We believe that Loblaw will make an effort to repair and improve its business in Quebec, beginning with aggressive store renovations, and continuing with a major push on operating conditions. To the extent the company can recommit resources to local suppliers; and become more responsive and strategic with its pricing and merchandising efforts, there should be improved sales and profits available. Our guess is that the focus will be on re-connecting with Quebec suppliers; improving operations at Maxi; converting a number of Loblaws to Maxi's; and re-merchandising Provigo.

Having said that, given the position that Loblaw is in today; given the resources currently committed to the province; and given the somewhat damaged reputation with consumers and suppliers, our prediction is that we are at least two or three years away from meaningful and profitable progress for Loblaw. In the meantime, Quebec should remain a nice cash cow for all concerned.

THE NEXT BIG MOVES

Strategically, there are very few moves available to the existing players, but here are two that we would consider as possibilities:

1. **Metro acquires Jean Coutu (PJC.A-SO).** Once the Rite Aid (RAD-NYSE) problem is solved, (meaning that Jean Coutu divests the position on the back of operating progress), Metro and Jean Coutu could be the perfect match. Although the multiples are divergent (Jean Coutu trades at a higher multiple than Metro), there are sizable synergies available in purchasing, head office costs and distribution. Longer term, Metro's Ontario infrastructure could eventually support a serious move of Jean Coutu stores outside of Quebec.

2. **Loblaw sells the Provigo stores.** At one point, Loblaw is going to have to decide what to do with the 85 remaining Provigo stores. It is not impossible that, given the state of the business, the current profitability, and the projected cost of renovation, that the company would consider a sale of the assets. Loblaw, to us, has never seemed fully committed to these small units, which probably comprise no more than 15% of its sales in the province. We doubt if the chain is very profitable, and it might well be better suited to an Empire or Metro. Empire in particular, with its strong wholesale operations and greater variety of smaller surface stores, would probably be the best home. Loblaw might be able to realize $100 million to $150 million for this business, and the loss of volume – no more than 3% of its Canadian business – would likely not have any meaningful effect on its volume rebate programs.

These were our observations from our specific store visits and may not be indicative of the experience across all of the companies' stores.

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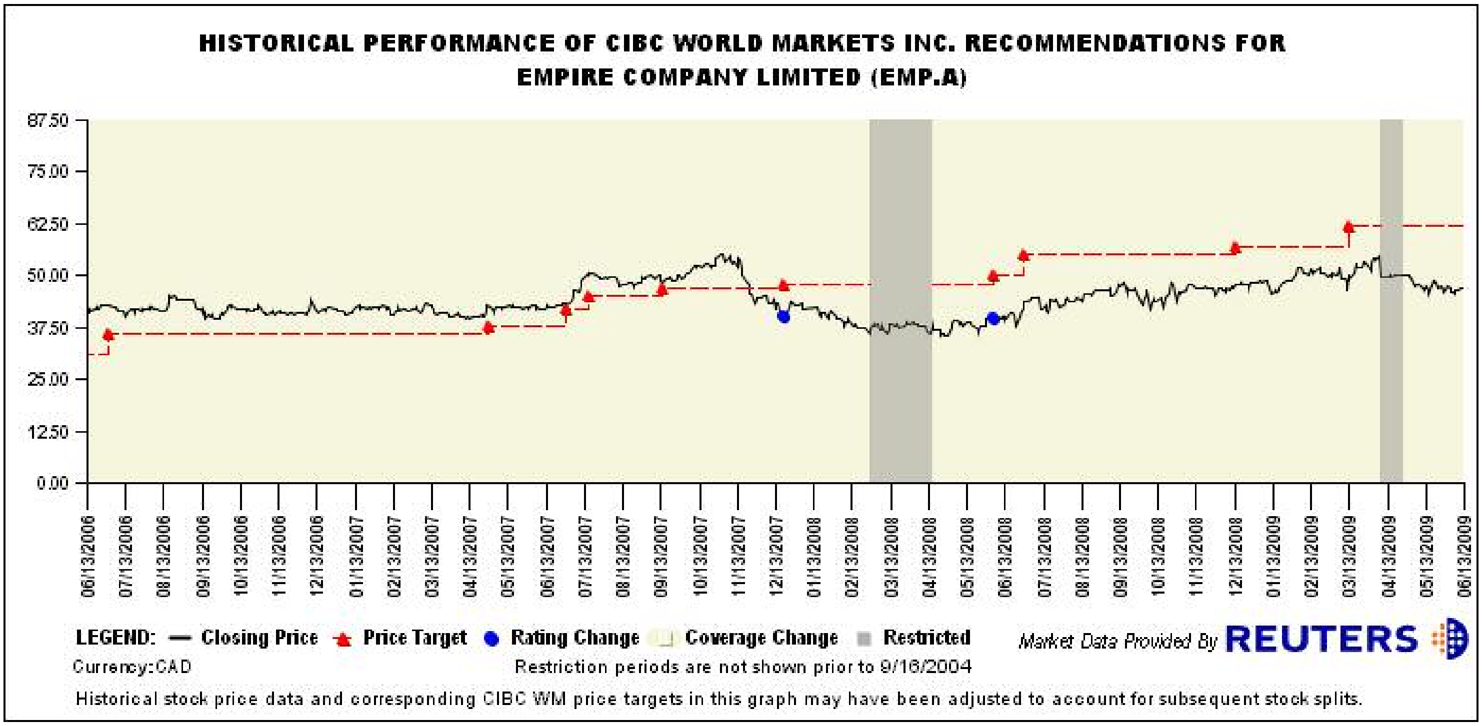
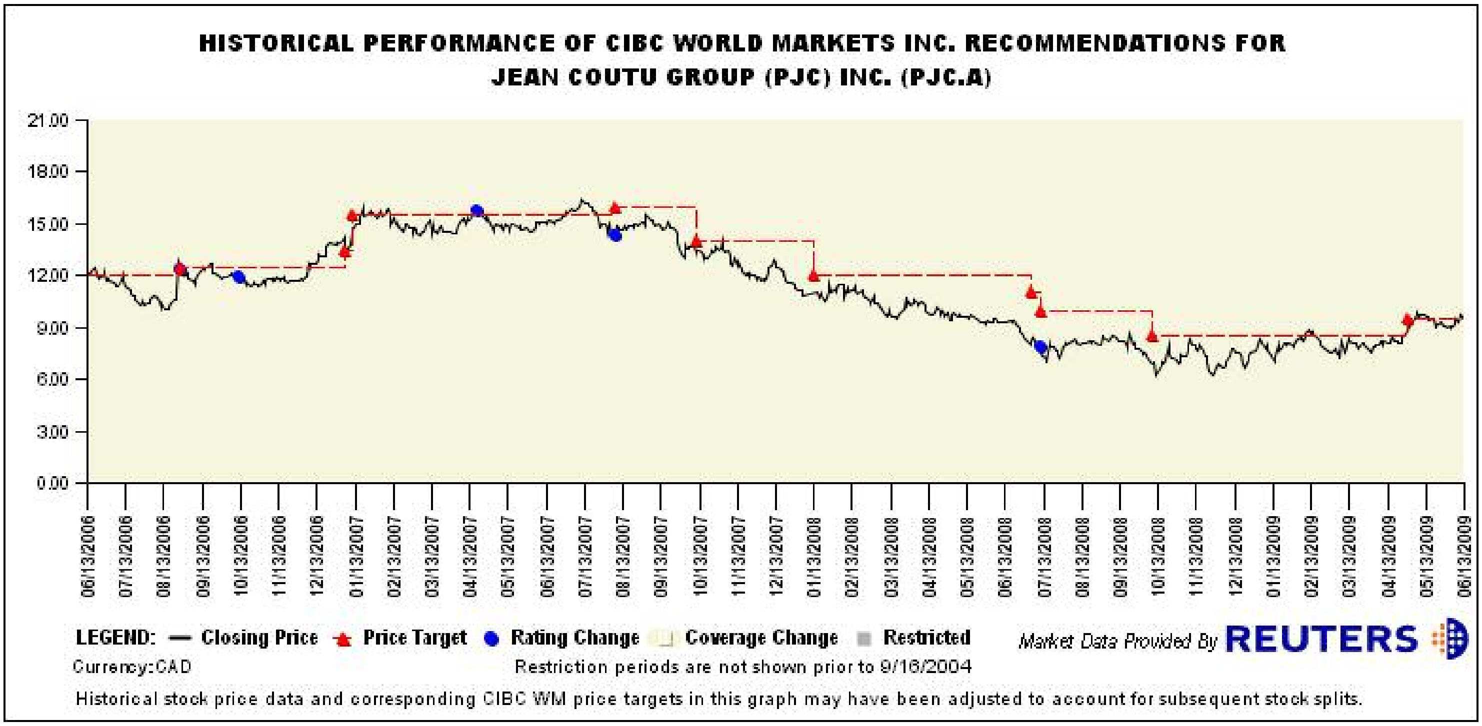


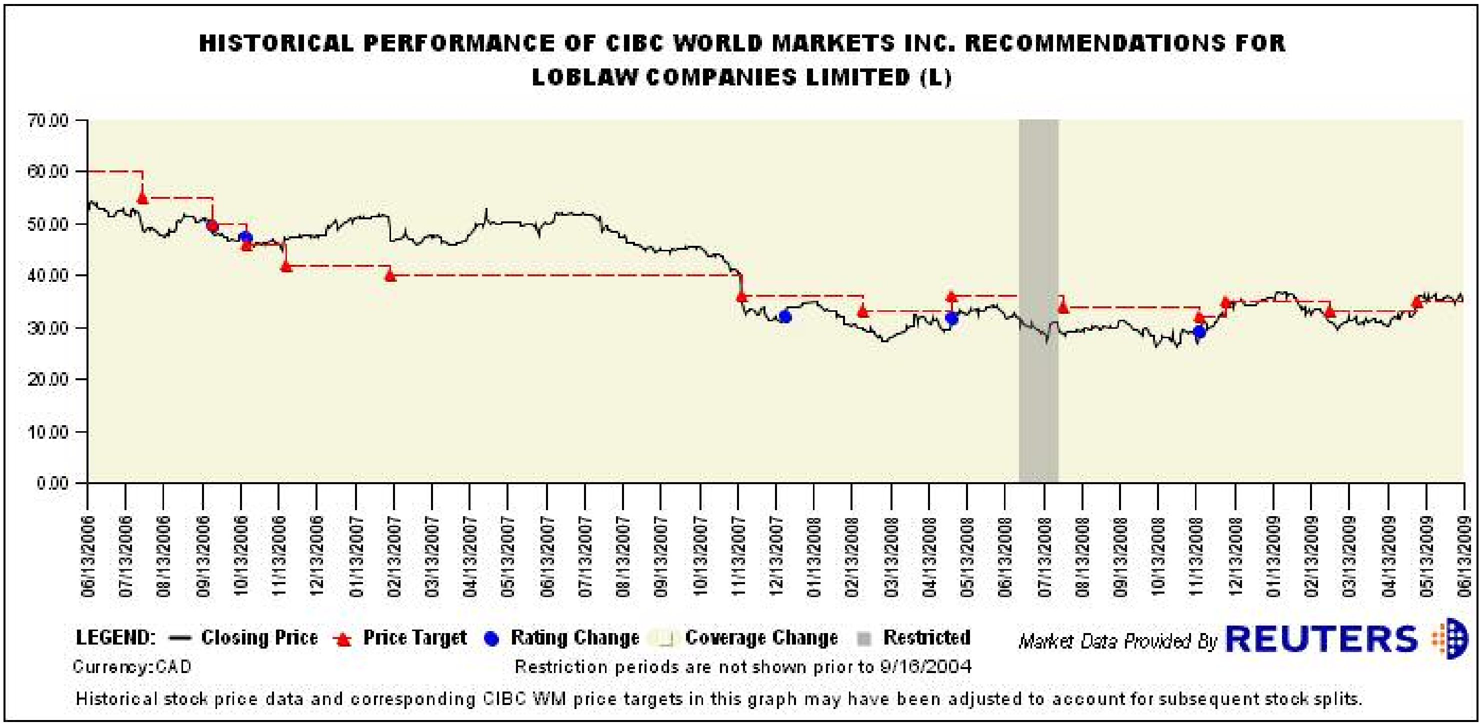
HISTORICAL PERFORMANCE OF CIBC WORLD MARKETS INC. RECOMMENDATIONS FOR EMPIRE COMPANY LIMITED (EMP.A)

Date	Change Type	Closing Price	Rating	Price Target	Coverage
06/30/2006		42.72	SU	36.00	Perry Caicco
04/27/2007		42.70	SU	38.00	Perry Caicco
06/29/2007		43.06	SU	42.00	Perry Caicco
07/16/2007		50.64	SU	45.00	Perry Caicco
09/12/2007		48.86	SU	47.00	Perry Caicco
12/17/2007		40.30	SP	48.00	Perry Caicco
02/25/2008		36.00	R	-	Perry Caicco
04/14/2008		36.13	SP	48.00	Perry Caicco
06/01/2008		39.50	SO	50.00	Perry Caicco
06/26/2008		42.00	SO	55.00	Perry Caicco
12/11/2008		47.00	SO	57.00	Perry Caicco
03/12/2009		49.98	SO	62.00	Perry Caicco
04/06/2009		54.78	R	-	Perry Caicco
04/24/2009		50.04	SO	62.00	Perry Caicco



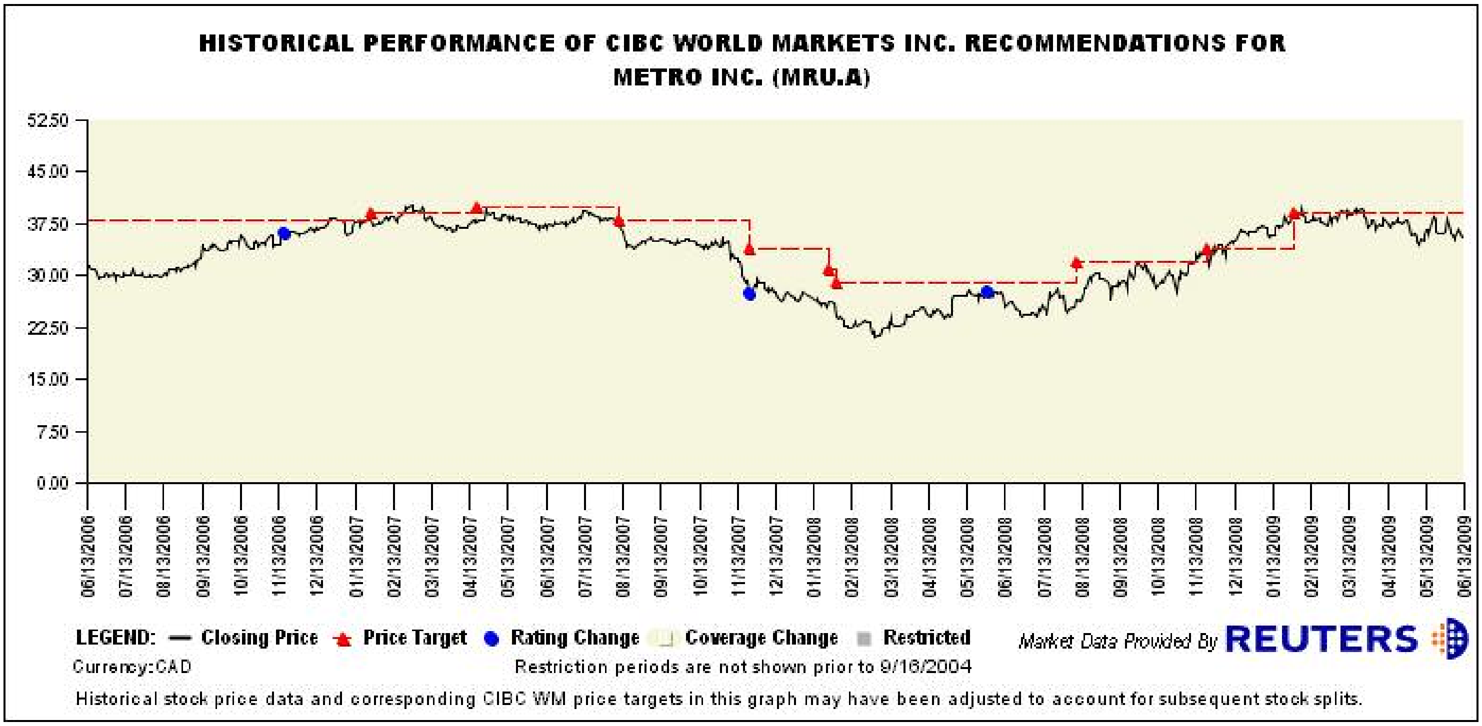
HISTORICAL PERFORMANCE OF CIBC WORLD MARKETS INC. RECOMMENDATIONS FOR JEAN COUTU GROUP (PJC) INC. (PJC.A)

Date	Change Type	Closing Price	Rating	Price Target	Coverage
08/25/2006	▲●	12.34	SU	12.50	Perry Caicco
10/11/2006	●	11.97	SP	12.50	Perry Caicco
01/04/2007	▲	13.64	SP	13.50	Perry Caicco
01/10/2007	▲	14.65	SP	15.50	Perry Caicco
04/18/2007	●	15.70	SU	15.50	Perry Caicco
08/06/2007	▲●	14.33	SP	16.00	Perry Caicco
10/10/2007	▲	13.30	SP	14.00	Perry Caicco
01/10/2008	▲	10.84	SP	12.00	Perry Caicco
07/02/2008	▲	8.00	SP	11.00	Perry Caicco
07/09/2008	▲●	7.90	SO	10.00	Perry Caicco
10/06/2008	▲	6.97	SO	8.50	Perry Caicco
04/27/2009	▲	8.60	SO	9.50	Perry Caicco



HISTORICAL PERFORMANCE OF CIBC WORLD MARKETS INC. RECOMMENDATIONS FOR LOBLAW COMPANIES LIMITED (L)

Date	Change Type	Closing Price	Rating	Price Target	Coverage
07/26/2006	▲	49.21	SO	55.00	Perry Caicco
09/20/2006	▲●	49.50	SP	50.00	Perry Caicco
10/17/2006	▲●	47.25	SU	46.00	Perry Caicco
11/17/2006	▲	46.92	SU	42.00	Perry Caicco
02/09/2007	▲	46.81	SU	40.00	Perry Caicco
11/15/2007	▲	35.55	SU	36.00	Perry Caicco
12/19/2007	●	31.92	SP	36.00	Perry Caicco
02/20/2008	▲	29.56	SP	33.00	Perry Caicco
04/30/2008	▲●	31.83	SO	36.00	Perry Caicco
06/23/2008	■	31.58	R	-	Perry Caicco
07/16/2008	■	28.22	SO	36.00	Perry Caicco
07/17/2008	■	30.46	R	-	Perry Caicco
07/25/2008	■	29.25	SO	36.00	Perry Caicco
07/27/2008	▲	29.25	SO	34.00	Perry Caicco
11/14/2008	▲●	29.28	SP	32.00	Perry Caicco
12/05/2008	▲	34.20	SP	35.00	Perry Caicco
02/24/2009	▲	31.27	SP	33.00	Perry Caicco
05/05/2009	▲	35.31	SP	35.00	Perry Caicco



HISTORICAL PERFORMANCE OF CIBC WORLD MARKETS INC. RECOMMENDATIONS FOR METRO INC. (MRU.A)

Date	Change Type	Closing Price	Rating	Price Target	Coverage
11/16/2006	●	36.15	SP	38.00	Perry Caicco
01/24/2007	▲	38.17	SP	39.00	Perry Caicco
04/19/2007	▲	37.77	SP	40.00	Perry Caicco
08/09/2007	▲	37.40	SP	38.00	Perry Caicco
11/21/2007	▲●	27.47	SO	34.00	Perry Caicco
01/23/2008	▲	26.24	SO	31.00	Perry Caicco
01/29/2008	▲	24.00	SO	29.00	Perry Caicco
05/28/2008	●	27.59	SP	29.00	Perry Caicco
08/08/2008	▲	26.40	SP	32.00	Perry Caicco
11/19/2008	▲	33.00	SP	34.00	Perry Caicco
01/27/2009	▲	38.35	SP	39.00	Perry Caicco

CIBC World Markets Inc. Stock Rating System

Abbreviation	Rating	Description
Stock Ratings		
SO	Sector Outperformer	Stock is expected to outperform the sector during the next 12-18 months.
SP	Sector Performer	Stock is expected to perform in line with the sector during the next 12-18 months.
SU	Sector Underperformer	Stock is expected to underperform the sector during the next 12-18 months.
NR	Not Rated	CIBC World Markets does not maintain an investment recommendation on the stock.
R	Restricted	CIBC World Markets is restricted*** from rating the stock.
Sector Weightings**		
O	Overweight	Sector is expected to outperform the broader market averages.
M	Market Weight	Sector is expected to equal the performance of the broader market averages.
U	Underweight	Sector is expected to underperform the broader market averages.
NA	None	Sector rating is not applicable.

**Broader market averages refer to the S&P 500 in the U.S. and the S&P/TSX Composite in Canada.
"Speculative" indicates that an investment in this security involves a high amount of risk due to volatility and/or liquidity issues.
***Restricted due to a potential conflict of interest.

Ratings Distribution*: CIBC World Markets Inc. Coverage Universe

(as of 12 Jun 2009)	Count	Percent	Inv. Banking Relationships	Count	Percent
Sector Outperformer (Buy)	118	36.6%	Sector Outperformer (Buy)	107	90.7%
Sector Performer (Hold/Neutral)	156	48.4%	Sector Performer (Hold/Neutral)	134	85.9%
Sector Underperformer (Sell)	32	9.9%	Sector Underperformer (Sell)	22	68.8%
Restricted	15	4.7%	Restricted	14	93.3%

Ratings Distribution: Merchandising Coverage Universe

(as of 12 Jun 2009)	Count	Percent	Inv. Banking Relationships	Count	Percent
Sector Outperformer (Buy)	5	50.0%	Sector Outperformer (Buy)	5	100.0%
Sector Performer (Hold/Neutral)	5	50.0%	Sector Performer (Hold/Neutral)	3	60.0%
Sector Underperformer (Sell)	0	0.0%	Sector Underperformer (Sell)	0	0.0%
Restricted	0	0.0%	Restricted	0	0.0%

Merchandising Sector includes the following tickers: CTC.A, EMP.A, L, MRU.A, NWF.UN, PJC.A, RON, SC, THI, WN.

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