

Quarterly Financial Statements of

**CANADA PENSION PLAN
INVESTMENT BOARD**

*December 31, 2001
(Unaudited)*

CANADA PENSION PLAN INVESTMENT BOARD
Balance Sheet

December 31, 2001
(Unaudited)

(\$ 000's)	<u>December 31, 2001</u>	<u>March 31, 2001</u>	<u>December 31, 2000</u>
ASSETS			
Investments (Note 2)			
Canadian	\$ 9,762,783	\$ 5,024,457	\$ 4,937,807
Non-Canadian	4,034,949	2,130,419	1,502,812
TOTAL INVESTMENTS	13,797,732	7,154,876	6,440,619
Due from brokers	10,000	-	-
Premises and equipment	1,413	261	269
Other assets	115	167	156
Cash and short-term investments	112	546	1,539
Dividends receivable	-	493	9
TOTAL ASSETS	13,809,372	7,156,343	6,442,592
LIABILITIES			
Due to brokers	10,000	-	-
Accounts payable and accrued liabilities	4,753	2,174	2,262
TOTAL LIABILITIES	14,753	2,174	2,262
NET ASSETS	\$ 13,794,619	\$ 7,154,169	\$ 6,440,330
NET ASSETS, REPRESENTED BY			
Accumulated net income/(loss) from operations	(342,974)	(391,252)	396,532
Accumulated Canada Pension Plan transfers	14,137,593	7,545,421	6,043,798
NET ASSETS	\$ 13,794,619	\$ 7,154,169	\$ 6,440,330

CANADA PENSION PLAN INVESTMENT BOARD

Statement of Income/(Loss) and Accumulated Net Income/(Loss) from Operations

Three-month and nine-month periods ended December 31, 2001

(Unaudited)

(\$ 000's)	Three months ended December 31		Nine months ended December 31	
	2001	2000	2001	2000
INVESTMENT INCOME/(LOSS)				
Canadian	\$ 1,064,006	\$ (366,599)	\$ 180,007	\$ 61,439
Non-Canadian	358,178	(84,074)	(123,742)	(120,433)
	1,422,184	(450,673)	56,265	(58,994)
INVESTMENT AND ADMINISTRATIVE EXPENSES				
Salaries and benefits	1,118	640	3,085	1,356
Operating expenses	911	629	2,374	1,554
External investment management fees	736	469	2,137	1,198
Professional and consulting fees	138	270	391	704
	2,903	2,008	7,987	4,812
NET INCOME/(LOSS) FROM OPERATIONS	1,419,281	(452,681)	48,278	(63,806)
ACCUMULATED NET INCOME/(LOSS) FROM OPERATIONS, BEGINNING OF PERIOD	(1,762,255)	849,213	(391,252)	460,338
ACCUMULATED NET INCOME/(LOSS) FROM OPERATIONS, END OF PERIOD	\$ (342,974)	\$ 396,532	\$ (342,974)	\$ 396,532

Statement of Changes in Net Assets

Three-month and nine-month periods ended December 31, 2001

(Unaudited)

(\$ 000's)	Three months ended December 31		Nine months ended December 31	
	2001	2000	2001	2000
NET ASSETS, BEGINNING OF PERIOD	\$ 12,011,965	\$ 5,860,216	\$ 7,154,169	\$ 2,391,793
CHANGES IN NET ASSETS				
Canada Pension Plan transfers	363,373	1,032,795	6,592,172	4,112,343
Net income/(loss) from operations	1,419,281	(452,681)	48,278	(63,806)
INCREASE IN NET ASSETS FOR THE PERIOD	1,782,654	580,114	6,640,450	4,048,537
NET ASSETS, END OF PERIOD	\$ 13,794,619	\$ 6,440,330	\$ 13,794,619	\$ 6,440,330

CANADA PENSION PLAN INVESTMENT BOARD

Statement of Investment Portfolio

December 31, 2001

(Unaudited)

(\$ 000's)	Fair Value of Investments		
	December 31, 2001	March 31, 2001	December 31, 2000
CANADIAN INVESTMENTS (Note 2)			
Public Market Equities	\$ 9,427,918	\$ 5,024,457	\$ 4,937,807
Money Market Investments	217,399	-	-
Private Market Investments	117,466	-	-
Total Canadian Investments			
(Cost Dec. 2001 - \$ 10,305,732			
March 2001 - \$ 5,635,082			
Dec. 2000 - \$ 4,991,158)	9,762,783	5,024,457	4,937,807
NON-CANADIAN INVESTMENTS (Note 2)			
United States Public Market Equities	1,807,688	1,069,852	748,878
Non-North American Public Market Equities	1,960,394	1,060,567	753,934
Private Market Investments	266,867	-	-
Total Non-Canadian Investments			
(Cost Dec. 2001 - \$ 4,178,674			
March 2001 - \$ 2,407,243			
Dec. 2000 - \$ 1,586,399)	4,034,949	2,130,419	1,502,812
TOTAL INVESTMENTS	\$ 13,797,732	\$ 7,154,876	\$ 6,440,619
% OF PORTFOLIO AT FAIR VALUE			
Total Canadian Investments	70.8%	70.2%	76.7%
Total Non-Canadian Investments	29.2%	29.8%	23.3%
	100.0%	100.0%	100.0%

CANADA PENSION PLAN INVESTMENT BOARD

Notes to the Financial Statements

December 31, 2001

(Unaudited)

ORGANIZATION

The Canada Pension Plan Investment Board (the "CPP Investment Board") was formed pursuant to the *Canada Pension Plan Investment Board Act* (the "Act"). The CPP Investment Board is responsible for managing amounts that are transferred to it under Section 111 of the *Canada Pension Plan* in the best interests of the beneficiaries and contributors under that Act. The amounts are to be invested with a view to achieving a maximum rate of return without undue risk of loss, having regard to the factors that may affect the funding of the Canada Pension Plan (the "CPP") and the ability of the CPP to meet its financial obligations.

The CPP Investment Board has a fiscal year end of March 31.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements present the financial position and operations of the CPP Investment Board as a separate legal entity, and therefore include only a portion of the assets (as described in Note 2) and none of the pension liabilities of the CPP. These interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and the requirements of the Act and the accompanying regulations (the "Regulations") and follow the same accounting policies and methods of computation as the March 31, 2001 annual financial statements. The interim statements should be read in conjunction with the March 31, 2001 annual financial statements, as they do not include all information and notes required by GAAP for annual financial statements.

Valuation of investments

Investments are recorded as of the trade date and are stated at fair value. Fair value is the amount of the consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

Market prices for publicly traded securities and unit values for pooled and mutual funds are used to represent fair value for the investments. Unit values reflect the quoted market prices of the underlying securities. In the case of private market investments where quoted market prices are not available, fair value is determined using applicable industry valuation methods. In the first year of ownership cost is generally considered to be an appropriate estimate of fair value, unless there is an indication of permanent impairment of value.

2. INVESTMENTS

The CPP Investment Board has established investment policies which set out the manner in which assets shall be invested. In determining the asset mix, the CPP Investment Board must take into consideration certain assets of the CPP which are held outside of the CPP Investment Board. As at December 31, 2001, these assets totalled approximately \$ 32.9 billion (at cost) and consisted primarily of government debt obligations. As a result, and in accordance with investment policies, the majority of the CPP Investment Board's investments are allocated to equities in the public and private markets in Canada, the United States and Non-North American markets. Investments are not hedged against changes in foreign exchange rates.

CANADA PENSION PLAN INVESTMENT BOARD

Notes to the Financial Statements

December 31, 2001

(Unaudited)

3. COMMITMENTS

The CPP Investment Board has committed to enter into private market investment transactions, which will be funded over the next several years in accordance with the terms and conditions agreed to. As at December 31, 2001, these commitments totaled \$1.7 billion (2000 – nil).

4. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current presentation.