

Quarterly Financial Statements of

**CANADA PENSION PLAN
INVESTMENT BOARD**

*September 30, 2001
(Unaudited)*

CANADA PENSION PLAN INVESTMENT BOARD

Balance Sheet

September 30, 2001

(Unaudited)

(\$ 000's)	<u>September 30, 2001</u>	<u>March 31, 2001</u>	<u>September 30, 2000</u>
ASSETS			
Investments (Note 2)			
Canadian equities	\$ 8,351,056	\$ 5,024,457	\$ 4,834,459
Non-Canadian equities	3,666,736	2,130,419	1,023,378
TOTAL INVESTMENTS	12,017,792	7,154,876	5,857,837
Premises and equipment	1,462	261	259
Dividends receivable	477	493	390
Cash and short-term investments	275	546	3,068
Due from brokers	187	-	115,369
Other assets	180	167	48
TOTAL ASSETS	12,020,373	7,156,343	5,976,971
LIABILITIES			
Due to brokers	4,437	-	115,054
Accounts payable and accrued liabilities	3,971	2,174	1,701
TOTAL LIABILITIES	8,408	2,174	116,755
NET ASSETS	\$ 12,011,965	\$ 7,154,169	\$ 5,860,216
NET ASSETS, REPRESENTED BY			
Share capital	\$ -	\$ -	\$ -
Accumulated net income/(loss) from operations	(1,762,255)	(391,252)	849,213
Accumulated Canada Pension Plan transfers	13,774,220	7,545,421	5,011,003
NET ASSETS	\$ 12,011,965	\$ 7,154,169	\$ 5,860,216

CANADA PENSION PLAN INVESTMENT BOARD

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

Three-month and six-month periods ended September 30, 2001

(Unaudited)

(\$ 000's)	Three months ended September 30		Six months ended September 30	
	2001	2000	2001	2000
INVESTMENT INCOME/(LOSS)				
Canadian equities	\$ (1,009,918)	\$ 126,850	\$ (883,999)	\$ 428,037
Non-Canadian equities	(414,119)	(29,499)	(481,921)	(36,359)
	(1,424,037)	97,351	(1,365,920)	391,678
INVESTMENT AND ADMINISTRATIVE EXPENSES				
Salaries and benefits	904	369	1,967	715
Operating expenses	851	462	1,463	925
External investment management fees	702	489	1,400	729
Professional and consulting fees	95	122	253	434
	2,552	1,442	5,083	2,803
NET INCOME/(LOSS) FROM OPERATIONS	(1,426,589)	95,909	(1,371,003)	388,875
ACCUMULATED NET INCOME/(LOSS) FROM OPERATIONS, BEGINNING OF PERIOD	(335,666)	753,304	(391,252)	460,338
ACCUMULATED NET INCOME/(LOSS) FROM OPERATIONS, END OF PERIOD	\$ (1,762,255)	\$ 849,213	\$ (1,762,255)	\$ 849,213

Statement of Changes in Net Assets

Three-month and six-month periods ended September 30, 2001

(Unaudited)

(\$ 000's)	Three months ended September 30		Six months ended September 30	
	2001	2000	2001	2000
NET ASSETS, BEGINNING OF PERIOD	\$ 10,967,114	\$ 4,841,328	\$ 7,154,169	\$ 2,391,793
CHANGES IN NET ASSETS				
Canada Pension Plan transfers	2,471,440	922,979	6,228,799	3,079,548
Net income/(loss) from operations	(1,426,589)	95,909	(1,371,003)	388,875
INCREASE IN NET ASSETS FOR THE PERIOD	1,044,851	1,018,888	4,857,796	3,468,423
NET ASSETS, END OF PERIOD	\$ 12,011,965	\$ 5,860,216	\$ 12,011,965	\$ 5,860,216

CANADA PENSION PLAN INVESTMENT BOARD

Statement of Investment Portfolio

September 30, 2001

(Unaudited)

(\$ 000's)	Fair Value of Investments		
	September 30, 2001	March 31, 2001	September 30, 2000
CANADIAN EQUITIES (Note 2)			
Canadian Equities - TSE 300 (Combination of index funds and direct security investments that substantially replicate the TSE 300)	\$ 8,314,884	\$ 3,057,054	\$ 3,131,472
Other Canadian Equities			
Pooled Fund and Direct Security Investments	-	1,967,403	1,702,987
Private Market Investments	36,172	-	-
Total Canadian Equities			
(Cost Sept. 2001 - \$ 9,767,933 March 2001 - \$ 5,635,082 Sept. 2000 - \$ 4,314,136)	8,351,056	5,024,457	4,834,459
NON-CANADIAN EQUITIES (Note 2)			
US Equity Index Fund - S&P 500	1,817,555	1,069,852	536,473
EAFE Equity Index Fund	1,816,713	1,060,567	486,905
Private Market Investments	32,468	-	-
Total Non-Canadian Equities			
(Cost Sept. 2001 - \$ 4,172,566 March 2001 - \$ 2,407,243 Sept. 2000 - \$ 1,022,239)	3,666,736	2,130,419	1,023,378
TOTAL INVESTMENTS	\$ 12,017,792	\$ 7,154,876	\$ 5,857,837
% OF PORTFOLIO AT FAIR VALUE			
Total Canadian Equities	69.5%	70.2%	82.5%
Total Non-Canadian Equities	30.5%	29.8%	17.5%
	100.0%	100.0%	100.0%

CANADA PENSION PLAN INVESTMENT BOARD

Notes to the Financial Statements

September 30, 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. Where quoted market prices are not available, fair value is determined in accordance with industry practice.

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 September 30, 2001, these assets totalled approximately **\$35.9 billion** (at cost) and consisted primarily of government debt obligations. As a result, and in accordance with investment policies, 100% of the CPP Investment Board’s investments are allocated to equities.

CANADA PENSION PLAN INVESTMENT BOARD

Notes to the Financial Statements

September 30, 2001

(Unaudited)

2. INVESTMENTS (continued)

As at September 30, 2001, Canadian equity investments were primarily held in funds that substantially replicated the Toronto Stock Exchange 300 Composite Index. The remaining Canadian investments were private equities purchased during the current quarter.

The Non-Canadian equities were primarily held in funds that substantially replicate the Morgan Stanley Capital International EAFE Index and the Standard & Poor's 500 Index. The remaining Non-Canadian investments were private equities purchased during the current quarter. Investments are not hedged against changes in foreign currency exchange rates.

3. COMPARATIVE FIGURES

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