

The Passport Office has also undertaken a number of service improvement initiatives. Our new Q-Matic system efficiently prioritizes customers by type of request to reduce waiting times. Already operational in a number of offices, the results have convinced us to implement this system in all regional

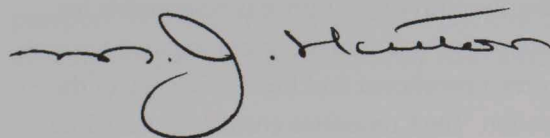
offices by the end of next year. Our partnership with Canada Post is another initiative to make applying for a passport more convenient. Under this project, selected Canada Post outlets act as receiving agents for passport applications, thus increasing our points of service across the country.

Moving ahead, an electronic version of all our forms will soon be available on the Internet.

The 1999 KPMG study on External Governance recommended a review of the Passport Office's organizational structure. The Executive Committee was restructured and a Management Committee formed. These committees are positive, forward-looking forces to give us new direction and steer us successfully into the next decade.

It is easy to acknowledge that our success is due to outstanding employee performance. But the overwhelming response of personnel to the crises we experienced in 2000-2001 demonstrated what superb employees we have at the Passport Office. The willingness of staff to pitch in to help solve a problem proved that the pillars of this organization are, indeed, the people who work here. Our employees are vital to the success of this organization and I want to thank every one of them on behalf of the Passport Office for their indefatigable dedication and support.

Sincerely,



Michael J. Hutton
Chief Executive Officer