

CGI GROUP INC.

ANNUAL INFORMATION FORM

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1. INCORPORATION AND DESCRIPTION OF CAPITAL STOCK

1.1 The Company

CGI Group Inc. (the “Company” or “CGI”) was incorporated under the provisions of Part IA of the *Companies Act* (Quebec) on September 29, 1981 to continue the activities of *Conseillers en Gestion et Informatique C.G.I. Inc.*, founded in 1976. On February 1983, September 1986 and September 1998, the Company obtained Certificates of Amendment to change its name.

On December 17, 1986, CGI completed its initial public offering with an issue of 800,000 Class A subordinate shares (“Class A shares”). A Certificate of Amendment was then obtained to reorganize the Company’s share capital, and its by-laws were modified to enable the creation of an unlimited number of First Preferred shares and Second Preferred shares, Class A shares and Class B shares (multiple voting) (“Class B shares”), all without par value. Class A shares carry one vote per share and Class B shares carry 10 votes per share. Class A shares may be converted into Class B shares, under certain conditions, in the event of certain take-over bids in respect of Class B shares.

In the context of acquisitions, the Company amended its articles on November 17, 1995, on June 21, 1996, on April 16, 1997, on October 21, 1997 and on June 18, 1998 in order to create series of First Preferred shares. The issued shares have since then been converted in Class A shares.

The Company also amended its articles on January 30, 1996, in order to grant the holders of First Preferred shares the right to be invited to any meeting of shareholders of the Company, to attend such meeting and to vote thereat.

On August 12, 1997, the Company proceeded with the subdivision, on a two for one basis, of all of the outstanding shares of its share capital. In connection therewith, the Company amended its articles in order to change the purchase for cancellation price of the First Preferred shares, Series 1 and Series 2 especially to reflect the subdivision.

On December 15, 1997 and on May 21, 1998 respectively, the Company proceeded with a subdivision, on a two for one basis, of all of the outstanding shares of its share capital.

On June 29, 1998, in the context of the agreements with BCE Inc. (“BCE”) and Bell Canada described below, the Company amended its articles by: (i) automatically converting the First Preferred shares, Series 1 into Class A shares on a one for one basis and deleting the First Preferred shares, Series 1 from the Company’s authorized capital, (ii) modifying the definition of “Majority Holder” in Section 3.4 of Annex I to the Articles of Amendment of the Company attached to the Certificate of Amendment dated November 25, 1986, and (iii) deleting from the Company’s authorized capital the First Preferred shares, Series 2, the First Preferred shares, Series 3, the First Preferred shares, Series 4 and the First Preferred shares, Series 5.

On June 30, 1998, again in the context of the agreements with BCE and Bell Canada described below, the Company amended its articles by providing for (i) the automatic conversion of the Class B shares into Class A shares on a one for one basis, (ii) the deletion of the Class B shares from the Company's authorized capital and (iii) the redesignation of the Class A shares as "Common Shares", in each case as of January 5, 2004, subject to certain terms and conditions of the Options Agreement (as defined below), and only if BCE and Bell Canada and any of their wholly-owned subsidiaries hold in the aggregate 30% of the issued and outstanding equity shares of CGI.

On November 18, 1998, Messrs. Serge Godin, André Imbeau and Jean Brassard, 9058-0705 Quebec Inc., 9061-9354 Quebec Inc. and 9065-4476 Quebec Inc. (collectively the "Majority Shareholders") executed a Second Amended and Restated Options Agreement and Shareholders' Agreement (the "Options Agreement") with, *inter alia*, BCE and Bell Canada (which Options Agreement replaced and superseded the options agreement executed on July 1, 1998) pursuant to which, *inter alia*, the Majority Shareholders were granted the right to sell to BCE, in the aggregate, up to 20% of their Class B shares held on July 1, 1998 at any time prior to January 5, 2002, up to 50% of the Class B shares held on July 1, 1998 at any time from January 5, 2002 and prior to January 5, 2003 and up to all Class B shares held on July 1, 1998 at any time from January 5, 2003 and prior to January 5, 2004, the whole subject to certain terms and conditions as set forth in such agreement. For a period of two years after January 5, 2004, BCE will have a right to purchase all Class A shares and Class B shares then held by the Majority Shareholders, subject to certain terms and conditions as set forth in such agreement.

On September 3, 1998, each of Serge Godin, André Imbeau and Jean Brassard partly exercised their put options pursuant to the Options Agreement, Mr. Serge Godin selling to BCE 700,000 Class B shares and Messrs. André Imbeau and Jean Brassard selling to BCE 400,000 Class B shares, respectively.

On March 1, 1999, each of the Majority Shareholders partly exercised their put options pursuant to the Options Agreement, 9058-0705 Quebec Inc. selling to BCE 1,577,365 Class B shares and each of 9061-9354 Quebec Inc. and 9065-4476 Quebec Inc. respectively selling to BCE 200,000 Class B shares.

On January 7, 2000, the Company proceeded with a subdivision, on a two for one basis, of all of the outstanding shares of its share capital.

On December 20, 2001, CGI completed its public offering of Class A shares, through which CGI issued 11,110,000 Class A shares at a price of \$11.25 per share, for gross proceeds of \$124,987,500, to a syndicate of investment dealers.

As at January 31, 2002, CGI's outstanding share capital was comprised of 338,751,369 Class A shares and 40,799,774 Class B shares.

1.2 The Subsidiaries

As of January 31, 2002, the following is a list of the subsidiaries of CGI having (i) total assets representing more than 10% of the consolidated assets of CGI as at September 30, 2001, or (ii) sales and operating revenues representing more than 10% of the consolidated sales and operating revenues of CGI for the year ended September 30, 2001.

<u>Name</u>	<u>Laws of Incorporation</u>	<u>Percentage of Ownership</u>
CGI Information Technology Services, Inc.(formerly IMRglobal Corp.)	Florida	100%
Conseillers en Gestion et Informatique C.G.I. Inc.	Québec	100%
CGI Information Systems and Management Consultants Inc.	Canada	100%
The CGI Group Holding Corporation	Delaware	100%

2. GENERAL DEVELOPMENT OF BUSINESS

2.1 Mission and Profile

The mission of CGI is to assist private and public sector organizations with professional services of outstanding quality, competence, performance and objectivity, delivering the best solutions to fully satisfy client objectives in information technology, telecommunications and management. In all it does, CGI fosters a culture of partnership, entrepreneurship and integrity, building an end-to-end world-class information technology company.

CGI is the largest independent Canadian information technology (“IT”) services company and the fourth largest independent in North America, based on its headcount of more than 13,000 employees. CGI helps its 3,000 clients in the private and public sectors meet their strategic goals by providing them with an end-to-end offering of high-level IT services and business solutions from more than 60 offices around the world. CGI provides the full range of IT services, including outsourcing, systems development and integration, and consulting.

2.1.1 CGI’s Business Approach

CGI focuses on serving specific industry sectors for which it has developed deep expertise. By identifying six specific target markets, over time the Company has been able to develop close, long-term relationships with its clients and to become their IT partner of choice. CGI professionals have a thorough understanding of its clients’ business needs.

CGI chose to focus on industries that make a strategic use of information technology and that rely on it to enhance their competitive position and therefore provides end-to-end IT services in six economic sectors: financial services, telecommunications, manufacturing/retail/distribution, governments, healthcare, as well as energy and services.

The Company provides IT facilities management to its clients using a network of state-of-the-art data centers in Montreal, Toronto and Regina, as well as in Phoenix (Arizona) and Basingstoke (UK). CGI also has applications maintenance and development centers in Mumbai and Bangalore (India).

2.1.2 Principal Acquisitions and Dispositions (1998-2001)

During the period of 1998 to 2001, CGI made several acquisitions. The following is a description of its major transactions:

On July 1, 1998, CGI acquired from Bell Canada the shares of 3439470 Canada Inc. (such company was known under the name of CGI Telecommunication Information Systems and Services Inc., a company to which substantially all of the assets of Bell Sygma Telecom Solutions (“Bell Sygma”) and the shares of Bell Sygma International (“BSI”) have been transferred). This transaction was paid for with a cash consideration of \$16.8 million and the issue of First Preferred shares, Series 6, of CGI at a price of \$11.49 per share, representing \$197.6 million in the aggregate. On April 30, 1998, Bell Sygma Inc. transferred to 3439470 Canada Inc. substantially all of the assets of Bell Sygma and the shares of BSI.

In connection with such acquisition, CGI, through CGI Telecommunication Information Systems and Services Inc., executes a ten-year outsourcing agreement (the “Outsourcing Agreement”) with Bell Canada, pursuant to which CGI manages Bell Canada’s IT systems development and maintenance. This is the largest outsourcing contract ever awarded in Canada and one of the largest in North America.

Moreover, pursuant to a revenue guarantee agreement, Bell Canada has guaranteed the following to CGI according to an agreed formula: i) annual revenue of \$280 million resulting from the Outsourcing Agreement for the three first years of this contract; and ii) annual revenue of \$80 million resulting from the activities of BSI for the three first years following July 1, 1998, the whole subject to certain terms and conditions.

The activities of CGI Telecommunication Information Systems and Services Inc. (which has been merged with CGI Information Systems and Management Consultants Inc.) have been integrated into those of CGI and include application development, systems integration, helpdesk, application maintenance and support services, among others. Its mandate includes contributing to Bell Canada’s architecture development as well as to information services and information technology modernization.

On September 1, 1998, CGI completed the acquisition of the shares of Perigon Solutions Inc. (“Perigon”), a Calgary-based information technology firm with annual revenue of \$8.7 million and a staff of 55. Perigon specialized in areas such as software engineering and maintenance and in the development of client-server systems, service data communications and networking. The activities of Perigon were merged into those of CGI Information Systems and Management Consultants Inc. after the end of fiscal 1998.

On January 1, 1999, CGI completed the acquisition of the assets (including all the contracts) of Technologie Desjardins Laurentienne Inc. (“TDL”). At the time of the transaction, TDL’s annual revenue totalled \$40 million. The contracts had an initial value of \$155 million over a five-year period. Following this transaction, approximately 100 TDL employees joined CGI. This transaction became effective on January 1, 1999.

On July 1, 1999, CGI completed the acquisition of the activities of DRT Systems International and DRT Systems International L.P. (jointly, “DRT”), a business unit of Deloitte Consulting. At the time of the transaction, DRT had an annual revenue of approximately US\$100 million. DRT provided technology services to companies in the United States and in Canada. This transaction allowed CGI to strengthen its presence in the United States and to grow its network of offices in this market. Approximately 975 DRT employees joined CGI. The activities of the former DRT have been integrated into those of CGI.

On October 26, 1999, the Company acquired all the outstanding shares of MCM Technology Inc. (“MCM”), for a consideration of \$9.3 million dollars in cash and shares. At the time of the acquisition, MCM had annual revenue of approximately \$10 million, and served a diverse client base across Atlantic Canada, as well as in Ontario and the Eastern United States. Its operations were integrated into those of CGI.

On October 29, 1999, the Company entered into a partnership agreement with third parties that involved the creation of Portugal-based PT Information Systems (“PT-SI”).

On September 1, 2000, CGI acquired all the outstanding shares of APG Solutions and Technologies Inc. (“APG”), for a consideration of \$60 million in cash and shares. APG was an information technology consulting firm specializing in the implementation of enterprise resource planning (“ERP”) packages and systems evolution. At the time of its acquisition, it employed some 750 people at seven offices located mainly in Canada, and its annualized revenue totalled close to \$80 million.

In fiscal 2001, CGI acquired eight niche companies and made one large acquisition and one strategic outsourcing alliance (that was accounted for as a business acquisition), as well as four joint venture investments, as described below.

On October 4, 2000, CGI completed the acquisition of Detroit-based C.U. Processing Inc. (“CUP”), a provider of information management systems primarily to US credit unions.

At the time of the acquisition, CUP had a staff of approximately 160 and for its latest fiscal year, it recorded revenue of more than \$35 million. CUP was acquired for a cash consideration of \$38.5 million and goodwill of \$41.6 million was recorded as part of the transaction.

Effective November 27, 2000, CGI completed a 49% equity investment in AGTI Consulting Services Inc. (“AGTI”), a Montreal-based IT consulting firm with more than 225 senior consultants and generating annual revenue of approximately \$27 million. This transaction was paid for by \$24.9 million in cash. Goodwill resulting from the transaction amounted to \$14.6 million.

On December 12, 2000, CGI completed the acquisition of Toronto-based RSI Realtime Consulting Inc. (“RSI”), an SAP implementation specialist. At the time of the acquisition, the consulting and software development firm employed a staff of 45 and had annual revenue of \$6 million. CGI completed this acquisition for a consideration of \$2.6 million in cash and shares. Goodwill resulting from the transaction amounted to \$3.1 million.

On January 4, 2001, CGI completed the acquisition of Groupe-conseil CDL Inc. (“CDL”), a Montreal-based IT consulting firm specializing in the implementation of J.D. Edwards ERP solutions. At the time of the acquisition, CDL had 45 employees and annual revenue of \$6.4 million. CGI acquired CDL for a consideration of \$4.9 million in cash and shares. As part of the transaction, CGI recorded goodwill of \$4 million.

On January 9, 2001, CGI acquired all of the outstanding shares of Star Data Systems Inc. (“Star Data”), a Canadian-based provider of financial services with annual revenue, at the time of closing of the acquisition, of nearly \$80 million. Star Data employed over 400 professionals and operated two primary business units – Information Systems and Wealth Management Solutions – and its clients included major Canadian financial institutions. The transaction was completed on the basis of 0.737 Class A shares of CGI for each Star Data common share. As a result of the transaction, CGI issued 13.5 million Class A shares and recorded goodwill amounting to \$73.1 million.

On January 12, 2001, CGI increased its equity ownership in Quebec-based IT consulting firm Conseillers en informatique d'affaires from 35% to 49%. In the course of this transaction, CGI issued 153,895 Class A shares and recorded goodwill totalling \$2.8 million.

On February 1, 2001, CGI entered into a partnership with Loto-Québec, which involved the creation of Nter Technologies, Limited Partnership (“Nter”). Nter offers products and services to the worldwide gaming industry, including the development and sale of IT solutions, consulting and management services. CGI acquired a 49.9% interest in Nter. At the time of the announcement, the two partners estimated that the venture would generate revenues of approximately \$100 million over five years. CGI acquired its ownership

position for a cash consideration of \$5 million. As part of this transaction, CGI recorded goodwill totalling \$2.5 million.

On May 1, 2001, CGI signed a strategic, 10-year alliance worth an estimated value of \$1.2 billion with leading Canadian financial services group La Confédération des caisses populaires et d'économie Desjardins du Québec (now known under the name Fédération des caisses Desjardins du Québec) ("Fédération"). In the context of this agreement, CGI acquired the related assets, certain intellectual property rights and assumed liabilities of the Fédération used in data and micro-computing of Mouvement Desjardins ("Desjardins") operations. CGI also took over 450 Desjardins employees and two Montreal data centers and will manage Desjardins' data processing operations. CGI also agreed to join with Desjardins to market the client's banking solutions to financial institutions. In the context of this agreement, a warrant was issued by CGI to Fédération entitling it to subscribe, until April 30, 2006, for up to 4,000,000 Class A shares of CGI at a price of \$6.55 per share.

On May 31, 2001, CGI acquired California-based CyberBranch Corporation, an Internet and intranet provider of leading edge technology to credit unions across North America. The acquisition was paid for with a cash consideration of \$1.5 million, plus future royalties. Goodwill from this transaction totalled \$2.1 million.

On July 1, 2001, CGI completed the acquisition of Larochelle Gratton, a Quebec-based IT consulting firm, for a consideration of \$4.7 million in cash and 516,352 Class A shares. At the time of the acquisition, Larochelle Gratton had annual revenue of \$18 million and employed a staff of 200 employees. CGI recorded goodwill of \$7.8 million as part of this transaction.

On July 27, 2001, CGI completed the merger of one of its wholly-owned subsidiaries with IMRglobal Corp. ("IMRglobal", now CGI Information Technology Services, Inc.), following the approval of the merger agreement by a majority of IMRglobal shareholders. As part of this transaction, CGI acquired all common outstanding shares of IMRglobal, on the basis of 1.5974 Class A shares of CGI for each common share of IMRglobal. As a result of the merger, CGI issued 70.8 million Class A shares and 8.4 million options to acquire Class A shares, for a total value of \$552.8 million. Non cash working capital items acquired included costs totalling \$68 million for acquisition and integration liabilities incurred for professional fees and costs to exit and consolidate certain IMRglobal activities. CGI, as part of the preliminary price allocation, recorded goodwill of \$578.5 million on this transaction which, under the new accounting standards effective July 1, 2001, is not amortized.

On August 7, 2001, CGI acquired Portugal-based LoyalTech, a consulting and systems integration firm specializing in customer relationship management solutions and e-business strategies, for a total cash consideration of \$4.2 million. At the time of the acquisition, LoyalTech's sales run-rate totalled over \$4 million. Goodwill resulting from this transaction totalled \$4.2 million.

On August 27, 2001, CGI completed an investment with the former management team of Toronto-based strategy and research firm Digital 4Sight, which involved the creation of a new management strategy and research firm to accelerate Digital 4Sight's expansion. CGI paid a cash consideration of \$200,000 for its 51% interest, and recorded goodwill totalling that same amount.

On September 10, 2001, CGI acquired EPC Services Conseil Inc. ("EPC"), a Quebec-based IT consulting firm, for a consideration of \$155,000.

The above companies acquired by CGI were selected according to strict criteria for performance, potential, complementarity of expertise and compatibility in terms of corporate culture. These also include financial criteria, which require that all acquisitions be accretive to cash earnings.

The integration of these acquired companies was facilitated by the fact that their consultants were all given the opportunity to become CGI shareholders.

Between 1998 and 2001, CGI's acquisition strategy coupled with its internal growth allowed it to achieve compound annual growth of 28.7% in revenue and 21.7% in net earnings.

2.1.3 Strategic Alliances

BCE/Bell Canada

CGI has entered into a strategic alliance with BCE/Bell Canada, which originated in 1995 with a Bell Canada strategic agreement. On November 17, 1995, CGI and Bell Canada entered into a five-year renewable strategic agreement, which agreement was extended on July 1, 1998 until June 30, 2008. Bell Canada, the largest Canadian telecommunications operating company, markets a full range of state-of-the-art products and services to business and residence customers in Canada. In 1995, Bell Canada initially injected \$18.4 million into CGI's share capital to acquire 2,300,000 First Preferred shares, Series 1. Following this investment, two Bell Canada nominees were appointed to CGI's Board of Directors.

On January 5, 1998, BCE/Bell Canada acquired 6 million Class A shares of CGI from Teleglobe Investment Corp. On June 30, 1998, as part of CGI's acquisition of BCE/Bell Canada subsidiaries Bell Sygma and BSI, BCE acquired 8.6 million First Preferred shares, Series 6 of CGI. With these two transactions completed in 1998, BCE/Bell Canada's representation on CGI's Board of Directors was increased to three members; the equity interest of BCE/Bell Canada in CGI totalled 43% and its voting interest stood at 17.9%. As at January 31, 2002, as a result of various share issues completed by CGI, BCE's equity stake in CGI stood at 31.6% and its voting interest represented 24.5%.

2.1.4 Related-Party Transactions

Throughout fiscal 2001, CGI continued to build on its strategic alliance with BCE and Bell Canada. In the normal course of business, the Company is party to contracts with certain BCE subsidiaries and affiliated companies, pursuant to which the Company is their preferred supplier for information systems and IT needs.

2.1.5 Commercial Alliances

CGI currently has approximately 20 commercial alliance agreements with various business partners. These non-exclusive commercial agreements with hardware and software providers allow the Company to provide its clients with best-of-breed technology, often on the best commercial terms available. The following is a chronological list of CGI's primary commercial alliances:

- in 1996, CGI entered into a commercial alliance with IBM Canada;
- in 1998, CGI signed commercial agreements with ERP program developers SAP, PeopleSoft and Oracle;
- in September 1999, CGI entered into a non-exclusive alliance with Microsoft; and
- in October 1999, CGI signed a non-exclusive Direct Commercial Systems Integrator Agreement with Sun Microsystems.

3. DESCRIPTION OF BUSINESS

3.1 Corporate Structure

Head Office

(Montreal)

- Administrative and financial functions
- Communications and investor relations
- Corporate and strategic development
- Corporate affairs
- Human resources
- Investments and acquisitions
- Marketing
- Planning and corporate development
- Quality
- R&D and professional development programs
- Support to large outsourcing projects
- Knowledge management
- Project performance
- Large acquisitions

Strategic Business Units

(Canada, U.S. and International (Europe))

Services and areas of responsibility

- Consulting
- Management of resources and members including recruitment
- Outsourcing delivery – Large projects
- Outsourcing sales
- Performance management
- Strategic business units accounting and control
- Systems and solutions integration

Offices and data centres

NORTH AMERICA		EUROPE
Canada	U.S.	England
Burnaby, BC	Albany, NY	Basingstoke
Calgary, AB	Andover, MA	Bristol
Edmonton, AB	Atlanta, GA	Stevenage
Fredericton, NB	Canton, MA	(London)
Halifax, NS	Chicago, IL	
Jonquière, QC	Cincinnati, OH	
Montreal, QC	Clearwater, FL	France
Ottawa, ON	Cleveland, OH	Paris
Quebec City, QC	Dallas, TX	
Regina, SK	Detroit, MI	
Saint John, NB	Harrisburg, PA	Portugal
Toronto, ON	Houston, TX	Lisbon
Vancouver, BC	Howell, NJ	
Winnipeg, MB	Kansas City, KS	
	Minneapolis, MN	
	Nashville, TN	
	New Iberia, LA	
	New York, NY	
	Phoenix, AR	
	Pittsburg, PA	
	Rancho Cordova, CA	
	San Jose, CA	
	St. Louis, MO	

Other International Offices

Services offered

- Insurance and financial solutions and services
- Telecommunications solutions and services

LATIN AMERICA	ASIA PACIFIC
<i>Uruguay</i> Montevideo	<i>Australia</i> Sydney <i>India *</i> Bangalore Mumbai <i>Japan</i> Tokyo

*Indian operations in Bangalore and Mumbai are considered part of the US operations, which they support.

3.2 **Structure of Operations**

Since October 1, 2001, CGI has organized its business units according to the following breakdown: Canada and Europe, USA and Asia Pacific, and Business Process Services (outsourcing of a client's business processing functions).

3.3 **Main Services Offered by CGI**

CGI provides the full range of IT services including outsourcing, systems integration and consulting. The Company's primary focus is large scale systems integration and outsourcing contracts. CGI provides the consulting, implementation and operations services that companies need to turn their corporate strategy into reality.

Management of IT and Business Functions (outsourcing)

Outsourcing is one of the fastest-growing segments of the IT industry. CGI has been active in outsourcing since 1986, which makes it a pioneer in this sector. Through a series of acquisitions completed since 1996, including the acquisition on July 1, 1998 of Bell Sygma and BSI, the

Company has become the leading Canadian independent provider of outsourcing services and one of the four largest in North America, based on its headcount of more than 13,000 employees.

Generating approximately 69% of CGI's revenue as at September 30, 2001, outsourcing contracts are signed for periods ranging from five to ten years and are renewable. They are paid for according to a formula of monthly payments.

As part of outsourcing contracts, clients delegate entire or partial responsibility for IT or business functions in order to achieve significant savings and access the best information technology, while retaining control over strategic IT functions. These contracts provide revenue visibility and support performance stability. They include such services as systems development and maintenance, business solutions and technology management services. The Company defines its outsourcing business according to the four following categories:

Tier 1– Facilities management services including data centres, call centres, network and desktop services;

Tier 2– Functions associated with application maintenance and support, including corrective, perfective, preventative and adaptive maintenance;

Tier 3– Development and integration of new projects and applications to support clients' strategic objectives, including the full range of CGI consulting and implementation services;

Tier 4– Customer business process management, where CGI assumes responsibility for performance of both a business function and the IT platform that supports it. CGI provides industry specific services, such as insurance policy administration and wealth management back office services, as well as services across industry sectors, such as human resources, payroll, finance and administrative functions.

CGI today operates six technology management centres in Canada, namely Montreal (3), Mississauga (2) and Regina, as well as service centres in Montreal, Quebec City and Mississauga. In the United States, CGI operates nine credit union processing facilities. CGI operates one data centre facility in the United Kingdom (Basingstoke) and two application development centers in India (Bangalore and Mumbai).

Consulting and Systems Integration

When providing consulting services, CGI acts as a trusted advisor to its clients, offering a full range of IT and management consulting services, including IT strategic planning, business process engineering and systems architecture. In addition to their technical expertise, CGI professionals understand the business issues in a particular industry or sector.

In terms of systems integration, CGI provides implementation services covering the full scope of today's enterprise IT environment, integrating different technologies to create IT systems that respond to clients' strategic needs. In addition to its expertise at working with leading technologies and software applications, CGI provides customized application development services leveraging

its ISO and CMM certified methodologies and the option of economies from offshore development.

3.4 **R&D**

Information technologies are abundant, complex and rapidly changing. In this context, CGI's success depends on its ability to remain at the forefront of its field, as well as to adapt its service approach to suit each client's specific needs. This situation requires the ongoing development of cutting-edge expertise, tools and methodology. However, most of CGI's R&D activities are initiated as part of client projects and their cost is therefore supported by such clients.

The following chart shows the amounts invested in R&D in the past three years.

	<u>2001</u>	<u>2000</u>	<u>1999</u>
Revenue	\$1,581,315,000	\$1,436,008,000	\$1,409,458,000
R&D	\$12,585,000	\$9,960,000	\$9,618,000

3.5 **Human and Material Resources**

As at January 31, 2002, CGI had more than 13,000 permanent employees with an average of 5.6 years' experience at the Company. None of its employees are unionized. In order to encourage a high degree of commitment necessary to ensure the quality and continuity of customer service, CGI has had an employee share purchase plan in place for several years. In 1990, the Company introduced a profit-sharing program based on the performance of its business units. These measures, together with the Company's ongoing training programs, are based on the concepts of intrapreneurship and total quality that form the core of CGI's corporate culture.

As for facilities, the vast majority of CGI's offices are located in rented premises. A portion of the computer equipment, furniture and software used by the Company is covered by capital leases. As of September 30, 2001, the net value of CGI's fixed assets was \$123.4 million. Capital leases related to these fixed assets amounted to \$11.4 million.

3.6 **Client Base**

CGI works with some 3,000 large and medium-sized businesses in the private and public sectors, throughout Canada, the United States and internationally. The Company's clientele is well-balanced in terms of quality, quantity, stability and diversity. The BCE group of companies' domestic operations accounted for 28.5% of CGI's revenue in fiscal 2001, compared with 39.9% in fiscal 2000. With the exception of Bell Canada, none of CGI's clients accounted for more than 10% of its business. During the past ten years, CGI has had a customer retention rate of approximately 90%.

3.7 The North American Information Technology Consulting Services Industry

3.7.1 Size, Structure and Recent Developments

CGI is evolving within one of the most dynamic industries in the world. In November 2000, according to United States based research firm International Data Corp., the total annual spending in IT services, excluding hardware and software sales, but including a portion of the internal IT spending of organizations, was valued at US\$37 billion in Canada, US\$713 billion in the United States and US\$661 billion in Europe. CGI refers to this total IT spending potential as the IT domain. In Canada, the three largest IT services companies currently hold an 8% market share, of which CGI represents 3%. Therefore, CGI believes that the Canadian IT services market offers significant growth opportunities.

3.7.2 Industry Trends and Outlook

In the last few years, this industry has also grown very rapidly in terms of its main services and formulas. For instance, in the early to mid-1990s, 75% of the industry's revenue came from per diem services, i.e. from specialized assistance within specific projects. Such services did not require a large or complex organization nor did they allow for much differentiation between firms, which resulted in fierce competition.

Today, 80% of the large firms' revenues are generated by systems integration or outsourcing projects aimed at comprehensive business solutions. Both public and private sector organizations are looking for new ways to provide better services at lower cost. For organizations, the emergence of Internet applications and Web-based business models have shortened implementation time for solutions while increasing pressure to retain scarce professional resources. Their need to concentrate on their core mission and to be more flexible explains why companies increasingly turn to outside professionals for the development and management of some of their specialized functions, including information systems. They are demanding proven technological solutions that will be rapidly installed, while allowing them to minimize operating costs.

Additionally, in view of the recent slowing of the world economy, many clients place greater emphasis on a reduction of their cost base and are more inclined than ever to consider outsourcing part or all of their IT services. These factors explain the growing popularity of global outsourcing services, a trend that is all the more important in the field of information systems given the fact that specialized firms are the ones that can best cope with the high variety and complexity of information technologies.

Today, major IT outsourcing firms, with adequate financial strength and a wide range of services and technological infrastructure, have easier access to large-scale IT outsourcing contracts.

3.8 **CGI's Growth and Positioning Strategy**

CGI has major competitive advantages to efficiently meet market demand. The Company benefits from a strong financial position and offers the full range of information technology services.

Its independence from computer hardware manufacturers is also a decisive factor, since CGI is among the few major players in North America that can guarantee their clients that their technological decisions are completely transparent and based on performance, quality and cost criteria.

CGI benefits from a highly flexible delivery model, which allows it to serve its US clients using a mix of domestic (US) facilities, Canadian-based infrastructure and Indian-based application development centers. This flexible service offering provides clients with high quality services on very competitive terms, while protecting CGI's margins. Today, CGI is one of only a few providers of outsourcing services in the world that can provide this delivery through all of its own operations.

CGI's client base represents all of the main economic sectors. In order to develop services adapted to the specific needs of each market, the Company's professionals are grouped according to targeted client segments, which provides the Company with a deeper understanding of the trends specific to each industry, as well as a better understanding of the clients' competitive and technological challenges. This market expertise is a key factor in a company's ability to develop comprehensive business solutions.

Quality Processes

CGI's ISO 9001 certified management frameworks ensure that its clients' objectives are clearly defined, that projects are properly scoped and that the necessary resources are applied to meet such objectives. These processes ensure that clients' requirements drive CGI's solutions. Clients are constantly kept informed; their degree of satisfaction is constantly measured and the remuneration of CGI managers is linked to results.

In 1993, the Company began working towards obtaining ISO 9001 certification for its Project Management Framework. CGI's Quebec City office was granted ISO 9001 certification in June 1994, which allowed CGI to become North America's first organization in the information technology consulting field to receive ISO 9001 certification for the way in which it managed projects. Between 1995 and 2001, CGI expanded the ISO 9001 certification throughout its Canadian, U.S. and international offices as well as its corporate headquarters. Over the past several years, in the context of CGI's high growth rate, its ISO-certified quality system has been a key ingredient in spreading its culture, in part because it helps to successfully integrate new members.

As clients grow and IT projects become increasingly complex, CGI strives to further refine its quality processes while allowing it to branch out across all its activities. Today, CGI's enhanced Quality System, referred to as the Client Partnership Management Framework (CPMF) is simpler and provides the Company's business units with greater autonomy in a context of decentralized

activities. One of CGI's key focus areas remains the successful management of client relationships, especially those that extend over the long term. Following its merger with IMRglobal in July 2001, CGI gained applications development centers in Mumbai and Bangalore which benefit from CMM Level 4 quality certification.

CGI strives to ensure that clients benefit from a seamless offering of consistently high quality. Regardless of which CGI business unit they deal with, clients know that CGI will provide the same quality services, while delivering projects on time and on budget by a margin that far exceeds industry standards.

4. PRINCIPAL FINANCIAL INFORMATION

4.1 Table of Comparative Results

Fiscal years ended September 30
(in thousands of dollars, except per share amounts)

	2001	2000	1999	1998	1997
Revenue	1,581,315	1,436,008	1,409,458	740,963	231,916
Earnings before amortization of goodwill	89,924	73,542	99,906	43,166	9,210
Per share (1)	0.30	0.27	0.37	0.18	0.06
Net earnings	62,789	55,666	83,816	34,828	7,765
Per share (1)	0.21	0.21	0.31	0.15	0.05
Total assets	2,062,793	928,555	866,489	744,930	154,143
Shareholders' equity	1,481,917	677,301	563,055	474,247	72,271
Per share (1)	4.03	2.46	2.10	1.78	0.43
Long-term debt (2)	25,000	30,000	46,200	0	21,515

(1) Adjusted for two for one stock splits effective August 12 and December 15, 1997, as well as May 21, 1998 and January 7, 2000.

(2) Does not include current portion and obligations under capital leases.

4.2 Management's Discussion and Analysis of Financial Position and Results of Operations

4.2.1 Fiscal 2001

The following discussion and analysis should be read in conjunction with the Company's fiscal 2001, 2000 and 1999 Consolidated Financial Statements and the notes thereto on pages 33 to 57 of the Company's 2001 Annual Report (the "Consolidated Financial Statements"). All dollar amounts are in Canadian dollars unless otherwise indicated.

Corporate Overview

Headquartered in Montreal, CGI was organized along geographic lines with three strategic business lines: Canada, US and International. Effective October 1, 2001, CGI reorganized its business units according to the following breakdown: Canada and Europe, US and Asia Pacific, and Business Process Services (see the section entitled "Organizational Change")

on page 19). CGI provides end-to-end (IT) services in six economic sectors: financial services, telecommunications, manufacturing/retail/distribution, governments, energy and services, as well as healthcare. Some 69% of the Company's business is in the management of business and IT functions (outsourcing), and 31% in consulting and systems integration.

CGI has more than 13,000 employees (members) and provides end-to-end IT services and business solutions to some 3,000 clients in North America, Europe and Asia Pacific from more than 60 offices around the world. The Company provides IT facilities management to its clients using a network of state-of-the-art data centers in Montreal, Toronto and Regina, as well as in Phoenix (US) and Basingstoke (UK). CGI also has applications maintenance and development centers in Mumbai and Bangalore (India).

Business Acquisitions

In fiscal 2001, CGI completed the acquisition of eight niche companies, one large acquisition and one strategic outsourcing alliance that was accounted for as a business acquisition, as well as four joint venture investments, which are described in section 2.1.2, "Principal Acquisitions and Dispositions (1998-2001)".

Large Contracts

On January 4, 2001, CGI signed an outsourcing contract worth more than \$119 million with UK-based financial services company Sun Life Financial ("Sun Life"). Under the terms of the contract, extending over a seven-year period, CGI has taken over Sun Life's Basingstoke (UK) data center and will run and support the client's IT infrastructure and desktops.

On January 22, 2001, CGI announced the 10-year extension and broadening of an IT outsourcing agreement with Interac Association, for an undisclosed amount.

On February 7, 2001, CGI signed a major multi-million pounds sterling contract with insurance industry leader Allianz AG, for the implementation of GIOS, CGI's insurance solution, in more than 20 countries around the world.

On April 5, 2001, CGI and UCAR International Inc. ("UCAR") signed a 10-year outsourcing contract valued at approximately US\$75 million. Under the agreement, CGI will manage UCAR's data center services, networks, desktops, telecommunications and legacy systems by leveraging its cost efficient near-shore delivery model.

On June 14, 2001, CGI began operating the IT systems of Laurentian Bank of Canada ("Laurentian Bank"), as part of a \$300 million, 10-year outsourcing contract with this client. The agreement covers areas such as project development, applications maintenance and evolution, operations support and automated banking machine support. The contract with Laurentian Bank was signed on June 4, 2001. In the context of this agreement, a

warrant was issued by CGI to Laurentian Bank entitling it to subscribe, until June 12, 2006, for up to 1,118,210 Class A shares of CGI at a price of \$8.877 per share.

On October 1, 2001, CGI signed a US\$380 million, strategic 10-year alliance with California-based Fireman's Fund Insurance Company ("Fireman"). As part of the agreement, CGI took over the client's Phoenix-based, state-of-the-art data center and will provide Fireman with IT support services to some 80 locations across the United States.

Organizational Change

On July 27, 2001, CGI announced the launch of a new business unit, responsible for providing business process services to CGI's worldwide client base. On the same date, CGI also announced organizational adjustments to better reflect the nature of the Company's operations. Based on these changes, the Company's operations are managed by three senior executives, namely Michael Roach, President, Canada and Europe, Satish Sanan, President, US and Asia Pacific, and Joseph Saliba, President, Business Process Services. All CGI global and corporate functions remain the same. This change in operations management will be reflected in the Company's accounting effective October 1, 2001.

Each unit is evaluated primarily on its revenue, operating earnings and net contribution (the latter being defined as earnings before interest, income taxes, entity subject to significant influence and amortization of goodwill) by its respective President, who reports directly to the Chief Executive Officer.

Growth Strategy of the Company

The Company's growth strategy is comprised of four pillars, namely organic growth, large outsourcing contracts, acquisition of niche companies and large business acquisitions.

During the year, CGI signed several outsourcing contracts, with an aggregate value of \$2.1 billion (excluding backlog from acquired companies), plus a US\$380 million contract signed with Fireman effective October 1, 2001. Some of these negotiations had been ongoing since the latter part of fiscal 2000, but their signing had been delayed by the turn of the millennium.

Throughout fiscal 2001, the Company continued to acquire niche players in the IT services sector, which allowed it to enrich its vertical industry offering or complete its geographic coverage. The acquisition of these companies and the Company's joint ventures represented the addition of approximately \$160 million and \$35 million in annual revenue, respectively (based on annualized revenues as at acquisition date).

In addition to the acquisition of these niche companies, CGI also pursued its large acquisition strategy. On July 27, 2001, CGI closed its merger agreement with IMRglobal, which provided it with significantly greater critical mass in the United States and other

international markets. For the six-month period ended June 30, 2001, representing its last two quarters as a publicly traded company, IMRglobal achieved revenue totalling approximately US\$235 million on an annualized basis.

CGI continues to seek large business acquisitions and continues to focus on growing its presence in the US market. One main component of this growth is the Company's highly cost effective IT services delivery model, which allowed it to sign several IT outsourcing contracts during the year. CGI's flexible model allows it to serve its US clients using a combination of local (US), near-shore (Canadian) and off-shore (Indian) operations. CGI is in a position to leverage its newly acquired Phoenix-based US data center, its network of Canadian infrastructure facilities, as well as its Bangalore and Mumbai applications development centers.

Performance Overview

Fiscal 2001 marked the twenty-fifth consecutive year of growth for CGI, as revenue totalled \$1.58 billion, up from \$1.44 billion in fiscal 2000 and \$1.41 billion in fiscal 1999. Operating earnings before depreciation and amortization of fixed assets and amortization of contract costs and other long-term assets totalled \$229.6 million, compared with \$171.7 million in fiscal 2000 and \$214.3 million in 1999. Earnings before amortization of goodwill were \$89.9 million (\$0.30 per share basic and diluted), compared with \$73.5 million (\$0.27 per share basic and diluted) in fiscal 2000 and \$99.9 million (\$0.37 per share basic and diluted) in fiscal 1999. The year-over-year improvement in earnings before amortization of goodwill was 22.3%. Net earnings amounted to \$62.8 million (\$0.21 per share basic and diluted), compared with \$55.7 million (\$0.21 per share basic, \$0.20 per share diluted) in fiscal 2000 and \$83.8 million (\$0.31 per share basic and diluted) in fiscal 1999. The net margin was 4.0%, compared with 3.9% one year ago and 5.9% in 1999.

In the fourth quarter, revenue was \$469 million, compared with \$320.1 million in the fourth quarter a year ago. Operating earnings before depreciation and amortization of fixed assets and amortization of contract costs and other long-term assets totalled \$72.6 million, compared with \$24.8 million in the fourth quarter of fiscal 2000. Earnings before amortization of goodwill were \$27.2 million (\$0.08 per share basic and diluted), compared with \$7.1 million (\$0.03 per share basic and diluted) in fiscal 2000. Net earnings were \$19.8 million (\$0.06 per share basic and diluted), compared with \$2.4 million (\$0.01 per share basic and diluted) in the same quarter of fiscal 2000. The year-over-year improvement in earnings before amortization of goodwill was 283.1% while the improvement over the same period for net earnings was 725%.

The balance sheet remained strong at September 30, 2001, with \$46 million in cash and cash equivalents, \$1.48 billion of shareholders' equity and \$40.3 million in long-term debt, related to bankers' acceptances and capital leases.

Seasonality

CGI's quarterly results reflect some seasonality, which in many years has been offset to some extent by the Company's growing outsourcing revenue, which is earned consistently on a monthly basis throughout the year. Seasonality in the fourth quarter of fiscal 2001 has increased marginally following the July 2001 acquisition of IMRglobal, whose business is mainly comprised of consulting and systems integration services.

Comparison of Operating Results for the Years Ended September 30, 2001, 2000 and 1999

Revenue

Revenue increased by 10.1% in fiscal 2001 to \$1,581.3 million, following a marginal increase to \$1,436 million in fiscal 2000, and a 90.2% increase to \$1,409.5 million in fiscal 1999. In fiscal 2001, revenue growth was driven by business acquisitions.

Throughout the year, revenue growth from the United States and international markets remained challenged. Completion in fiscal 2000 of a large international systems integration contract in Brazil also hindered internal growth.

These factors were more than compensated by CGI's dynamic two-fold acquisition strategy, aimed at acquiring niche IT companies as well as large players. In fiscal 2001, CGI acquired nine IT companies and took an equity position in four such entities, which together made a revenue contribution of \$216.5 million in the year. CGI also acquired one large US-based company (IMRglobal), which added another \$48.7 million to revenue in the two last months of fiscal 2001.

Throughout the year, CGI signed several large IT outsourcing contracts, which contributed significantly to its revenue growth. CGI benefited from a five-month contribution from its contract with Desjardins, three and a half month contribution from its agreement with Laurentian Bank, in addition to contracts with Allianz AG (effective February 7, 2001) and Sun Life (effective January 4, 2001), among others.

In fiscal 2000, the Company benefited from a 12-month contribution of its contract with Bell Mobile Communications Inc. ("Bell Mobility"), as well as from its DRT acquisition, effective July 1, 1999. These revenue gains were partially offset by Bell Canada's reduction in IT budgets, compounded by an industry-wide slowdown in IT spending related to the Year 2000 phenomenon. The 90.2% increase in revenue in fiscal 1999 reflected the \$4.5 billion, 10-year IT outsourcing contract with Bell Canada (through CGI's acquisition of Bell Sygma) and the acquisition of BSI for the full year. The 1999 revenue increase also reflected the acquisition of TDL effective January 1, 1999.

In fiscal 2001, the revenue mix by geographic region was : Canada 77%, compared with 73% in fiscal 2000 and 81% in fiscal 1999; United States 17%, compared with 15% in

2000 and 10% in 1999; and International 6%, compared with 12% in 2000 and 9% in 1999.

In fiscal 2001, the mix by type of service was 69% management of IT and business functions (outsourcing), and 31% from consulting and systems integration. In fiscal 2000, the mix was 62% outsourcing and 38% systems integration and consulting. In fiscal 1999, these two sectors represented 72% and 28%, respectively.

Operating expenses

Costs of services, selling and administrative expenses amounted to \$1,339.1 million in fiscal 2001 or 84.7% of revenue, compared with \$1,254.4 million or 87.3% the previous year and \$1,185.6 million or 84.1% of revenue in fiscal 1999. This reduction in the operating expenses to revenue ratio in fiscal 2001 was achieved by lower overhead costs in the United States and international units resulting from the improvements in the utilization of CGI's IT members, synergies from the integration of the business acquisitions and outsourcing contracts, the revenue contribution of IMRglobal and other acquired companies and, finally, the Company's participation in the Quebec government's refundable tax credits on salaries program which the Company benefits from as a result of its future relocation to E-Commerce Place.

Research expenses amounted to \$12.6 million in fiscal 2001, up from \$10 million in the previous fiscal year and \$9.6 million in fiscal 1999. During 2001, CGI continued to invest in the \$50 million Strategic Investment Program announced in fiscal 2000. The purpose of the program is to support client oriented initiatives, development of CGI's proprietary solutions and implementation of new technologies. CGI's efforts are aimed at assisting its clients in meeting their growing and diversified needs. In fiscal 2000, research expenses were related to the Web-enabling of CGI's capabilities and intellectual property. In 1999, research spending revolved around the development of solutions for the property and casualty insurance markets in Canada and the United States.

Earnings before depreciation and amortization of fixed assets and amortization of contract costs and other long-term assets

Earnings before depreciation and amortization of fixed assets and amortization of contract costs and other long-term assets totalled \$229.6 million, compared with \$171.7 million in fiscal 2000 and \$214.3 million in fiscal 1999. In fiscal 2001, CGI reported depreciation and amortization of fixed assets totalling \$32.5 million, compared with \$26.4 million in fiscal 2000 and \$27.4 million in fiscal 1999. In fiscal 2001, amortization of fixed assets increased as a result of the acquisition of fixed assets related to the Desjardins contract, as well as other asset purchases acquired through the nine companies acquired, and the four joint ventures in which CGI acquired interests. In fiscal 2000, amortization of fixed assets was slightly lower than in fiscal 1999, due to the fact that some assets were fully amortized and

given that only two companies were acquired. In fiscal 1999, amortization of fixed assets reflected the purchase of new assets resulting from business acquisitions.

Amortization of contract costs and other long-term assets totalled \$33.5 million in fiscal 2001, up from \$22 million in the previous year and \$20.9 million in fiscal 1999. Amortization of contract costs and other long-term assets increased as a result of costs incurred for the delivery of large outsourcing contracts with Desjardins, Laurentian Bank, UCAR and Sun Life, among others. In fiscal 2000, the increase in amortization of contract costs and other long-term assets reflected the addition of licensing fees and other expenses incurred in the course of IT management contracts.

Interest

Interest on long-term debt increased to \$4.2 million from \$3.6 million in the previous year and \$1.4 million in 1999. In fiscal 2001, interest expense was related mainly to a loan contracted in the course of a large outsourcing contract and an acquisition. In fiscal 2000, such expense stemmed from a full year of outstanding long-term debt relating to the acquisition of DRT. Fiscal 1999 interest expense was primarily related to the financing of the DRT acquisition over a period of three months.

Interest income amounted to \$3 million, compared with \$3.9 million in fiscal 2000 and \$5.3 million in 1999. Interest income was related to investment of excess cash balances in short-term fixed income instruments.

Income taxes

The effective income tax rate before goodwill amortization was 44.5% in fiscal 2001, compared with 40.5% in 2000 and 41.2% in 1999. In fiscal 2001, the Company recorded additional valuation allowances relating to the tax benefit on losses incurred in the United States and certain international operations.

Earnings before amortization of goodwill

Earnings before amortization of goodwill totalled \$89.9 million (\$0.30 per share basic and diluted) in fiscal 2001, compared with \$73.5 million (\$0.27 per share basic and diluted) in 2000 and \$99.9 (\$0.37 per share basic and diluted) in 1999. CGI's increase in earnings before amortization of goodwill was driven by the Company's higher revenue stream resulting from new large IT outsourcing contracts and business acquisitions. However, earnings were negatively impacted by the Company's higher tax expense.

Amortization of goodwill

Amortization of goodwill, net of income taxes, increased to \$27.1 million, from \$17.9 million in fiscal 2000 and \$16.1 million in 1999. The increase was mainly due to amortization of the goodwill from the companies acquired in fiscal 2001, and the goodwill resulting from the acquisition of APG, over a full 12-month period, compared with one month in fiscal 2000. Effective July 1, 2001, CGI has been applying the Canadian Institute of Chartered Accountants (“CICA”) Handbook Sections 1581, *Business Combinations*, and 3062, *Goodwill and Other Intangible Assets*. Please refer to Note 2 to the Consolidated Financial Statements. Accordingly, CGI has not amortized goodwill related to the business acquisitions of IMRglobal, LoyalTech, Larochelle Gratton, EPC and Digital4Sight. Effective October 1, 2001, CGI will no longer record amortization of goodwill.

Net Earnings

Net earnings increased 12.8% to \$62.8 million (\$0.21 per share basic and diluted), from \$55.7 million (\$0.21 per share basic and \$0.20 per share diluted) in fiscal 2000 and \$83.8 million (\$0.31 per share basic and diluted) in fiscal 1999. The net margin was 4%, compared with 3.9% in fiscal 2000 and 5.9% in fiscal 1999.

The weighted average number of shares outstanding increased by 10.7% to 299,500,350, compared with a 0.9% increase to 270,442,354 in fiscal 2000 and 14.2% increase to 267,969,082 in fiscal 1999, adjusted for a two for one share split in January 2000. In fiscal 2001, the increase in the weighted number of shares outstanding resulted from the issue of 70,753,841 shares for the acquisition of IMRglobal on July 27, 2001, the issue of 5,953,248 shares on August 14, 2001 for the exercise of preemptive rights of Serge Godin and André Imbeau in the course of the IMRglobal transaction, and the issue of 15,081,337 shares in consideration for the business acquisitions outlined in Note 9 to the Consolidated Financial Statements.

On October 1, 2000, the Company adopted the new recommendations of the CICA Handbook Section 3500, *Earnings per share*. Under the revised section 3500, the treasury stock method is used instead of the imputed earnings approach for determining the dilutive effect of options and warrants issued. In addition, the section requires that a reconciliation of the numerator and denominator be disclosed (see Notes 2 and 7 to the Consolidated Financial Statements).

In accordance with United States generally accepted accounting principles (“GAAP”), net earnings were \$46.2 million (\$0.15 per share basic and diluted) in fiscal 2001, \$53.9 million (\$0.20 per share basic and diluted) in fiscal 2000 and \$86.1 million (\$0.32 per share basic and diluted) in fiscal 1999. Differences between Canadian GAAP and United States GAAP arise mainly from the difference in the accounting treatment of warrants issued, as well as the method used for integration costs recognition.

Liquidity and financial resources

CGI concluded fiscal 2001 with a strong balance sheet and cash position, which, together with its available credit facility, is sufficient to support the Company's organic growth strategy. If these resources need to be augmented due to the financing requirements related to new large outsourcing contracts or large acquisitions, significant additional cash requirements would likely be financed by the issuance of debt and/or equity securities.

In fiscal 2001, the Company renewed the \$250 million revolving credit facility arranged in 1999 with four Canadian chartered banks. The credit facility is available for business acquisitions, for general working capital purposes and can be locked into a three-year term at the Company's initiative. At the close of fiscal 2001, the total credit facilities available amounted to \$225.2 million.

Operating cash flow before changes in non-cash operating working capital items was \$194.2 million (\$0.65 per share) in fiscal 2001, compared with \$126.3 million in fiscal 2000 (\$0.47 per share) and \$162 million (\$0.60 per share basic) in fiscal 1999. When adjusted for changes in non-cash operating working capital items, the operating cash flow was \$174 million, compared with \$67.6 million in fiscal 2000 and \$76.5 million in 1999. The change in the operating cash flow reflected the \$7.1 million increase (12.8%) in net earnings, as well as higher depreciation and amortization expenses and future income taxes.

Changes in non-cash operating working capital items, which excludes business acquisitions described in Note 9 of the Consolidated Financial Statements, reflected an increase in accounts receivable and work in progress, which resulted from the increased business volumes, business acquisitions and major outsourcing contracts signed during the year. Accounts payable and accrued liabilities increased in the normal course of business. Deferred revenue increased due to the billing in advance on new outsourcing contracts as well as a general increase related to other outsourcing contracts. In fiscal 2000, the change in non-cash working capital items reflected mainly a decrease in accounts payable and accrued liabilities related to the decrease in the operating expenses on a quarter-over-quarter basis.

Net cash used for financing activities amounted to \$15.8 million, from \$11.2 million in fiscal 2000 while \$41.5 million was provided by financing activities in fiscal 1999. The \$65 million of debt repayment during fiscal 2001 was related to the reimbursement of outstanding long-term debt of acquired companies (mostly Star Data and IMRglobal). Also, during fiscal 2001 the Company repaid, on its credit facility, an amount of \$5 million over and above the sums drawn during the year.

In fiscal 2001, the issuance of shares provided \$54.2 million to the cash balance, compared with \$10.9 million in the previous year. This resulted primarily from the exercise of preemptive rights by two majority shareholders of the Company pursuant to the IMRglobal merger, as well as from the exercise of options.

Net cash used for investing activities totalled \$157.8 million, up from \$50.3 million in fiscal 2000. Business acquisitions increased to \$86.4 million, up from \$18.4 million in fiscal 2000, reflecting the Company's 10 business acquisitions and four joint venture investments completed in fiscal 2001, compared with two business acquisitions in fiscal 2000 (for a complete description of business acquisitions, please refer to section entitled "Business Acquisitions"). The purchase of fixed assets totalled \$24 million, compared with \$18.1 million in fiscal 2000. The increase reflected improvements that were carried out on Star Data's infrastructure and other assets which were also acquired in the normal course of business.

Contract costs and other long-term assets include costs incurred as part of outsourcing contracts signed during the year, including those with Desjardins, Laurentian Bank, Sun Life and UCAR.

The net decrease in cash position amounted to \$3.3 million, compared with a net increase of \$7.1 million in fiscal 2000, and a net decrease of \$79.2 million in fiscal 1999.

Accounting changes

Effective July 1, 2001, CGI has been applying CICA Handbook Sections 1581, *Business Combinations* and 3062, *Goodwill and Other Intangible Assets*. The Standards require that all business combinations be accounted for using the purchase method. Additionally, effective January 1, 2002, goodwill and other intangible assets with an indefinite life will no longer be amortized to earnings and will be assessed for impairment on an annual basis in accordance with the new standards. Please refer to Note 2 to the Consolidated Financial Statements.

Balance Sheet—Fiscal Year-Ends 2001 and 2000

Assets totalled \$2,062.8 million at the end of fiscal 2001, compared with \$928.6 million at September 30, 2000, representing an increase of 122.2%. All asset items increased over the previous fiscal year, the major item being goodwill, which increased by \$718.9 million (181.6%) to \$1,114.8 million, from \$395.9 million in fiscal 2000 due to goodwill resulting from the 10 business acquisitions and four joint venture investments completed during the year. This \$718.9 million increase also includes \$578.5 million of goodwill from the acquisition of IMRglobal.

Fiscal 2001 accounts receivable include the Quebec government's E-Commerce Place tax credits on salaries which the Company has been accounting for since the third quarter of fiscal 2000. Such credits were excluded from the calculation of the Company's collection period for accounts receivable and work in progress (days-sales outstanding or DSOs), which amounted to 72 days, compared with 75 days in fiscal 2000. Excluding the impact on DSOs of the IMRglobal acquisition, DSOs for CGI would have totalled 65 days as at September 30, 2001. This difference is due to the fact that IMRglobal's revenue stream

was accounted for over a period of only two months. In fiscal 2000, the DSOs reflected the closing of the APG acquisition shortly before the end of the fiscal year.

Fixed assets increased to \$123.4 million, up from \$58.9 million in fiscal 2000. The increase was primarily a result of assets acquired through business acquisitions and large outsourcing contracts. Four buildings, located in Clearwater (two), Mumbai and New Delhi and worth \$23.4 million, were acquired through the merger agreement with IMRglobal.

Contract costs and other long-term assets are related to large outsourcing contracts and include certain integration costs as well as incentives and warrants granted to clients to encourage the use of IT services from CGI. These contracts include conditions for early termination such that any unamortized amount would be refundable to CGI upon termination.

Accounts payable and accrued liabilities totalled \$315.9 million, up 121.3% from the amount of \$142.8 million recorded in fiscal 2000, primarily due to 10 business acquisitions and four joint venture investments. The transaction with IMRglobal also resulted in an addition of \$53.1 million in accounts payable, as at September 30, 2001.

Deferred revenue totalled \$85.2 million, up from \$33.2 million in fiscal 2000. The current liability is comprised mostly of billing revenue, related to certain outsourcing contracts, which has been paid prior to the delivery of services. This increase is consistent with the greater number and larger value of outsourcing contracts signed during fiscal 2001.

CGI's long-term debt decreased by 7.1% to \$40.3 million as at September 30, 2001, compared with \$43.4 million one year prior. This is the result of a net repayment of \$5 million on its credit facility line, partially offset by additional capital leases.

Deferred credits are primarily comprised of unused portion of discounts granted under the terms of the contracts entered into with Desjardins and Laurentian Bank.

Risks and Uncertainties

While management is optimistic about the Company's long-term prospects, the following risks and uncertainties should be considered in evaluating CGI's potential.

The competition for contracts

CGI has a highly disciplined approach to management of all aspects of its business, with an increasing proportion of its operations codified under ISO 9001 certified processes and in corporate manuals. These processes were developed to help CGI ensure that its employees deliver services consistently according to the Company's high standards and they are based on strong values underlying its client-focused culture. These processes contribute to CGI's high contract win rate and renewal rate. Additionally, the Company has developed a deep strategic understanding of the six economic sectors it targets, and this

helps enhance its competitive position. CGI's critical mass and end-to-end IT services have qualified it to make proposals on large IT services contracts across North America and in Europe.

The long sales cycle for major outsourcing contracts

The average sales cycle for large outsourcing contracts typically ranges from six to 18 months. In the second half of fiscal 2001, however, CGI witnessed a shortening of the sales cycle and, in some cases, signing of outsourcing contracts only a few months after issuance of requests for proposals.

Foreign currency risk

The increased international business volume could expose CGI to greater foreign currency exchange risks, which could adversely impact its operating results. To the extent possible, CGI protects itself from currency exposure either through its hedging strategy or by taking on foreign currency debt.

Business mix variations

Following the merger with IMRglobal, the greater proportion of consulting and systems integration services in CGI's business mix, versus outsourcing, may result in greater quarterly revenue variations. However, CGI's efforts are aimed at developing IMRglobal's capability to deliver an end-to-end IT outsourcing offering. As a result of this transition, CGI expects to increase the proportion of its outsourcing business, thus ensuring greater revenue visibility and predictability.

The availability and cost of qualified IT professionals

The high growth of the IT industry results in strong demand for qualified individuals. Over the years, CGI has been able to successfully staff for its needs thanks to its solid culture, strong values and emphasis on career development, as well as performance-driven remuneration. In addition, CGI has implemented a comprehensive program aimed at attracting and retaining qualified and dedicated professionals and today, CGI is a preferred employer in the IT services industry. CGI also secures access to additional qualified professionals through outsourcing contracts and business acquisitions.

The ability to successfully integrate business acquisitions and the operations of IT outsourcing clients

The integration of acquired operations has become a core competency for CGI, which has acquired a significant number of companies over the past 15 years. The Company's disciplined approach to management, largely based on its ISO 9001 certified management frameworks, has been an important factor in the successful integration of human resources

of acquired companies and the IT operations of outsourcing clients. As at the end of fiscal 2001, the vast majority of CGI's operations had received ISO 9001 certification.

The ability to continue developing and expanding service offerings to address emerging business demand and technology trends

CGI remains at the forefront of developments in the IT services industry, thus ensuring that it can meet the evolving needs of its clients. The Company achieves the aforementioned through: its specialization in six targeted economic sectors, its non-exclusive commercial alliances with hardware and software vendors and strategic alliances with major partners, its development of proprietary IT solutions to meet the needs of clients, regular training and sharing of professional expertise across its network of offices, and business acquisitions that provide specific knowledge or added geographic coverage.

Material developments regarding major commercial clients resulting from such causes as changes in financial condition, mergers or business acquisitions

With the exception of BCE Inc., its subsidiaries and affiliates, no one company or group of related companies represents more than 10% of CGI's total revenue.

Potential liability if contracts are not successfully carried out

CGI has a strong record of successfully meeting or exceeding client needs. The Company takes a professional approach to business, and its contracts are written to clearly identify the scope of its responsibilities and to minimize risks.

4.2.2 Fiscal 2000

Performance Overview

Fiscal 2000 marked the twenty-fourth consecutive year of revenue growth for CGI. Fiscal 2000 revenue increased to \$1.44 billion, from \$1.41 billion in fiscal 1999.

Earnings before interest, taxes, depreciation and amortization (EBITDA) totalled \$171.7 million, compared with \$214.3 million in fiscal 1999. Earnings before amortization of goodwill were \$73.5 million (\$0.27 per share basic and diluted) compared with \$99.9 million (\$0.37 per share basic and diluted) in fiscal 1999. Net earnings amounted to \$55.7 million (\$0.21 per share basic and diluted) compared with \$83.8 million (\$0.31 per share basic and diluted) the previous year. The net margin was 3.9% compared with 5.9% a year ago.

In the fourth quarter, revenue was \$320.1 million, compared with \$394 million in the fourth quarter a year ago. EBITDA was \$24.8 million, compared with \$56.5 million in the fourth quarter of fiscal 1999. Earnings before amortization of goodwill were \$7.1 million, or \$0.03 per share, compared with \$27.3 million or \$0.10 per share a year ago. Net earnings were

\$2.4 million or \$0.01 (per share basic and diluted), compared with \$22.6 million or \$0.08 (per share basic and diluted) in the same quarter of fiscal 1999.

The balance sheet remained strong at September 30, 2000, with \$49.3 million of cash and cash equivalents, \$677.3 million of shareholders' equity and \$43.4 million of long-term debt which is mostly related to the funding of the DRT acquisition made in 1999.

Seasonality

CGI's quarterly results reflect some seasonality, which in many years has been offset to some extent by the Company's continuing expansion and growth through outsourcing contracts. The fourth quarter results reflect the impact of summer vacations.

Comparison of Operating Results for the Years ended September 30, 2000, 1999 and 1998

Revenue

Revenue increased marginally in fiscal 2000 to \$1,436 million, following a 90% increase to \$1,409.5 million in fiscal 1999, and a 219% increase to \$741 million in fiscal 1998. Revenue from acquisitions was responsible for the 2% increase in consolidated revenue.

In 2000, the Company benefited from a full 12-month contribution from a major contract with Bell Mobility, which was effective May 1, 1999, as well as from DRT which was acquired effective July 1, 1999. In fiscal 2000, Bell Canada reduced its IT expenses by \$123.3 million which partially offset these revenue gains. Excluding the Bell Canada contract, CGI's revenue growth for fiscal 2000 amounted to 15.7% compared with the previous year. The reduction in revenue growth also reflects the industry-wide slowdown in IT services spending. The 90% increase in revenue in fiscal 1999 reflects the 10-year Bell Canada IT outsourcing contract (through its acquisition of Bell Sygma) and the acquisition of BSI for the full year versus only three months in fiscal 1998. The 1999 increase also reflects the acquisition of TDL effective January 1, 1999, the \$750 million, 10-year Bell Mobility contract effective May 1, 1999 and the acquisition of DRT on July 1, 1999.

The revenue mix by geographic region was: Canada, which represented 73% of revenue in fiscal 2000 and 81% in fiscal 1999; the United States, which represented 15% in fiscal 2000 and 10% in fiscal 1999; and International, which represented 12% in fiscal 2000 and 9% in fiscal 1999. In fiscal 1998, the mix was 83% from Canada, 13% from the United States, and 4% from International.

The mix by type of services in fiscal 2000 was 62% from management of IT and business functions (outsourcing), 23% from systems integration and 15% from consulting. This compares with 72%, 17% and 11% respectively in fiscal 1999, and 70%, 18% and 12%, respectively in fiscal 1998.

Operating expenses

Costs of services, selling and administrative expenses amounted to \$1,254.4 million or 87.3% of revenue in fiscal 2000, compared with \$1,185.6 million or 84.1% of revenue in fiscal 1999, and \$633.6 million or 85.5% of revenue in fiscal 1998. The increase in the operating expense ratio in fiscal 2000 reflects the combination of reduced revenue growth and the Company's decision to retain its professionals in view of an expected growth in demand in the information technology services industry. The improvement in the operating expense ratio in fiscal 1999 reflects efficiencies resulting from applying ISO 9001 certified business processes, synergies resulting from integration of acquisitions, and increasing economies of scale. The Company maintains its efforts toward operating efficiency by continuing to take advantage of the aforementioned.

Research and development (R&D) expenses amounted to \$10 million in fiscal 2000 compared with \$9.6 million in fiscal 1999 and \$6 million in 1998. During the year, the Company committed an investment of \$50 million over two years to strengthen its Web-enabling capabilities and related intellectual property. The R&D focus in 1999 was primarily on the development of solutions for property and casualty insurance markets in Canada and the United States.

Earnings before interest, taxes, depreciation and amortization (EBITDA)

EBITDA declined 19.9% to \$171.7 million in fiscal 2000, from \$214.3 million, following several years of strong growth. EBITDA in fiscal 1999 represented growth of 111.4% compared with EBITDA of \$101.4 million reported in fiscal 1998. The decrease in EBITDA in fiscal 2000 was mainly due to the reduced revenue growth combined with higher costs of services, selling and administrative expenses as the Company retained its professionals to sustain future expected strengthened demand. The 1999 increase was largely attributable to the contribution of major outsourcing contracts added at the end of fiscal 1998 and during fiscal 1999. The EBITDA margin was 12%, compared with 15.2% in fiscal 1999 and 13.7% in fiscal 1998.

Depreciation and amortization

In fiscal 2000, CGI adjusted its reporting of depreciation and amortization in order to begin reporting earnings before amortization of goodwill (net of income taxes), also known as cash earnings. Total depreciation and amortization, which excludes amortization of goodwill, increased marginally to \$48.4 million, from \$48.3 million in fiscal 1999, compared with \$30.3 million in fiscal 1998. In fiscal 1999, the increase in depreciation and amortization of fixed assets reflects investment in new assets and assets resulting from acquisitions. The increase in the amortization of contract costs primarily relates to licensing fees and other expenses incurred in the course of IT management contracts.

Interest

Interest on long-term debt increased to \$3.6 million from \$1.4 million in fiscal 1999 and \$0.8 million in 1998. The increase in fiscal 2000 reflects a full year of long-term debt outstanding related to the financing of DRT, compared to three months in 1999. Fiscal 1999 interest expense was largely related to the financing of the DRT acquisition.

Interest income amounted to \$3.9 million in fiscal 2000, compared with \$5.3 million in fiscal 1999 and \$2 million in fiscal 1998. Interest income is related to investment of excess cash balances in short-term fixed income instruments, which were lower during fiscal 2000 compared with fiscal 1999.

Income taxes

The effective income tax rate was 40.5% in fiscal 2000, compared with 41.2% in fiscal 1999 and 40.6% in fiscal 1998. As outlined in Note 2 to the consolidated financial statements of the Company presented in its 2000 Annual report, on October 1, 1999, the Company adopted the recommendations of the CICA Handbook section 3465, *Income taxes*, which replaces the deferral method with the liability method of tax allocation. The Company applied the new recommendations retroactively without restating prior years.

Earnings before amortization of goodwill

Starting in the first quarter of fiscal 2000, the Company started presenting earnings before amortization of goodwill. In doing so, the Company presents a more accurate picture of the Company's profitability, since the goodwill amortization has no impact on its cash resources.

Earnings before amortization of goodwill were \$73.5 million (\$0.27 per share basic and diluted) in fiscal 2000, compared with \$99.9 million (\$0.37 per share basic and diluted) in fiscal 1999 and \$43.2 million (\$0.18 per share basic and diluted) in fiscal 1998. The decrease in fiscal 2000 reflects the combination of reduced revenue growth and the Company's decision to retain its professionals in view of an expected strengthening of demand in the IT services industry. The increase in 1999 was largely attributable to the contribution of major outsourcing contracts added at the end of fiscal 1998 and during fiscal 1999.

Amortization of goodwill

Amortization of goodwill, net of income taxes, increased to \$17.9 million in fiscal 2000, from \$16.1 million in fiscal 1999 and \$8.3 million in fiscal 1998. The increase is mainly due to amortization of the acquisition of DRT for the full year in fiscal 2000 compared with three months in fiscal 1999 and, to a lesser extent, the amortization of MCM, acquired in the first quarter of fiscal 2000 and of APG, acquired in the fourth quarter. Goodwill is amortized over 20 years.

Net earnings

Net earnings declined by 33.6% to \$55.7 million (\$0.21 per share basic and diluted) in fiscal 2000, from \$83.8 million (\$0.31 per share basic and diluted) in fiscal 1999 but ahead of \$34.8 million (\$0.15 per share basic and diluted) in fiscal 1998. The net margin was 3.9 % in fiscal 2000, compared with 5.9% in fiscal 1999 and 4.7% in fiscal 1998. The decrease in net earnings and net earnings margin was mainly due to the slowdown in revenue growth in fiscal 2000 and CGI's decision to maintain its level of professionals. The increase in 1999 was largely attributable to the contribution of major outsourcing contracts added at the end of fiscal 1998 and during fiscal 1999.

The weighted average number of shares outstanding increased by 1% to 270,442,354 in fiscal 2000, and by 14.2% to 267,969,082 in 1999, adjusted for two for one share splits in December 1997, May 1998 and January, 2000. In fiscal 1999, the increase in weighted average number of shares outstanding resulted primarily from the timing of the issuance of shares related to business acquisitions.

Reconciled in accordance with United States GAAP, net earnings were \$53.9 million (\$0.20 per share basic and diluted) in fiscal 2000, \$86.1 million (\$0.32 per share basic and diluted) in fiscal 1999, and \$32.8 million (\$0.14 per share basic and diluted) in fiscal 1998. Differences between Canadian GAAP and United States GAAP arise mainly from the difference in the method used for foreign currency translation, goodwill amortization and integration costs.

Liquidity and financial resources

CGI concluded the fiscal year with a strong balance sheet and cash position, which, together with bank lines, is sufficient to support the Company's growth strategy. In fiscal 2000, the Company renewed the \$250 million revolving credit facility arranged in 1999 with four Canadian chartered banks. The credit facility is available for acquisitions, for general working capital purposes and can be locked into a three-year term at the Company's initiative. At close of fiscal 2000, the total credit facility available amounted to \$218.9 million.

Operating cash flow was \$126.3 million (\$0.47 per share), compared with \$162 million (\$0.60 per share) in fiscal 1999 and \$74 million (\$0.32 per share) in fiscal 1998. The variation in operating cash flow is reflective of the variation in net earnings. When adjusted for changes in non-cash operating working capital items, the operating cash flow was \$67.6 million, compared with \$76.5 million in fiscal 1999, and \$150.4 million in fiscal 1998. The change in non-cash working capital items reflected a decrease in accounts payable and accrued liabilities related to the decrease in the operating expenses on a quarter-over-quarter basis. In fiscal 1999, the change in non-cash working capital items reflected an increase in accounts receivable and work in progress related to increased business volumes and major systems integration contracts signed during the year.

Net cash used for financing activities amounted to \$11.2 million in fiscal 2000, compared with net cash provided by financing activities of \$41.5 million in fiscal 1999 and \$22.4 million in fiscal 1998. In fiscal 2000, the Company used cash to reduce its long-term debt by a net amount of \$22.1 million. Most of this amount was used to repay long-term debt which resulted from the 1999 acquisition of DRT. In fiscal 1999, the Company increased its long-term debt by a net amount of \$36.5 million compared to a net decrease of \$25.3 million in fiscal 1998. The increase in debt in fiscal 1999 was related to the acquisition of DRT. In fiscal 1998, the Company repaid a revolving credit facility. The Company issued \$10.9 million of capital stock in fiscal 2000 compared with \$5 million in fiscal 1999 and \$47.7 million in fiscal 1998. This capital stock was issued as part of the Company's Share Option Plan to allow BCE to maintain its proportionate equity interest in CGI and as consideration for business acquisitions.

Cash used for investing activities totalled \$50.3 million, compared with \$196.5 million in fiscal 1999 and \$37.8 million in fiscal 1998. Business acquisitions include MCM and APG in fiscal 2000 and DRT and TDL in fiscal 1999. Contract costs include costs incurred for the re-engineering of business processes and investments to achieve synergies. These costs also include software licensing fees and costs related to development of business solutions. In 1999, the increase is mostly reflective of the impact of a significant outsourcing contract signed during the year. Purchases of fixed assets were made in the normal course of business.

The net increase in cash and cash equivalents amounted to \$7.1 million in fiscal 2000, compared with a net cash position decrease of \$79.2 million in fiscal 1999 and a net increase of \$136.2 million in fiscal 1998.

Accounting changes

On October 1, 2000, the Company adopted the recommendations of the CICA Handbook Section 3461, *Employee Future Benefits*. This standard requires companies to accrue the costs of post-retirement benefits other than pensions over the expected working lives of employees in a manner similar to pension costs. Under current practice, such costs are charged to income as incurred. The standard also requires a change in the

discount rate used to value liabilities and service costs from an estimated long-term interest rate to a market-based interest rate. The adoption of the recommendations of Section 3461 did not have a material effect on the consolidated financial statements of the Company.

Balance Sheet – Fiscal Year-Ends 2000 and 1999

Assets totalled \$920.9 million at the end of fiscal 2000, compared with \$866.5 million at September 30, 1999. The increase is mostly due to the increase in goodwill and future income tax assets. The increase in goodwill of \$37.1 million is due to the acquisitions of MCM and APG. The increase in future income tax assets of \$31.5 million is due to the adoption of the recommendations of the CICA Handbook Section 3465, *Income taxes*, which replaces the deferral method with the liability method of tax allocation. This section does not allow the offsetting of future income tax assets against future income tax liabilities of different legal entities within a consolidated group, which used to be allowed in the past with the deferral method. Working capital amounted to \$164.6 million at the end of fiscal 2000, compared with \$97.6 million at the end of fiscal 1999. At September 30, 2000, CGI had cash and equivalents of \$49.3 million, compared with \$42.2 million at the end of fiscal 1999. The company's current portion of long-term debt remained stable.

In fiscal 2000, the collection period for accounts receivable and work in progress amounted to 75 days compared to 68 in 1999. The increase stems mostly from the APG acquisition made in the last month of the year and the increase of international contracts.

Long-term debt decreased to \$43.4 million at the end of fiscal 2000, from \$59.8 million at the end of fiscal 1999. This debt mostly reflects the partial draw down of a revolving credit facility related to the funding of the DRT acquisition in 1999, as well as \$12.8 million of obligations under capital leases. The Company reduced its long-term debt in fiscal 2000.

4.2.3 Fiscal 1999

Performance Overview

Fiscal 1999 marked the twenty-third consecutive year of revenue growth for CGI. Revenue increased by 90% to \$1,409.5 million in fiscal 1999, and by 219% to \$741 million in fiscal 1998. The Company achieves continuous incremental growth from IT services contracts of increasing average size and strategic acquisitions, and significant growth through large contracts and major acquisitions. These last two components represented 70% of the increase in revenue for fiscal 1999.

Earnings before interest, taxes, depreciation and amortization (EBITDA) increased 111% to \$214.3 million in fiscal 1999, and by 303% to \$101.4 million in fiscal 1998, reflecting strong revenue growth and increasing operating margins. The EBITDA margin increased to 15.2% in 1999, from 13.7% in 1998 and 10.8% in 1997. Net earnings increased 141% to \$83.8 million in fiscal 1999, and by 349% to \$34.8 million in fiscal 1998 from

\$7.8 million in fiscal 1997. Earnings per share increased 110% to \$0.63 (basic and diluted) in fiscal 1999, and by 200% to \$0.30 in fiscal 1998, based on a 14% increase in the weighted average number of shares in fiscal 1999, and a 51% increase in fiscal 1998. The net margin increased to 5.9% in fiscal 1999, from 4.7% in 1998 and 3.3% in fiscal 1997.

Revenue increased 21% to \$394 million in the fourth quarter of fiscal 1999, and by 348% to \$324.5 million in the fourth quarter of fiscal 1998. The increase in 1999 primarily reflects the acquisition of the assets and all contracts of TDL on January 1, 1999, the contribution from the \$750 million, 10-year outsourcing contract with Bell Mobility) effective May 1, 1999, and the acquisition of DRT on July 1, 1999. The increase in 1998 reflects the Outsourcing Agreement with Bell Canada signed July 1, 1998.

EBITDA increased 32% to \$56.5 million in the fourth quarter of fiscal 1999, and by 395% to \$42.8 million in the same quarter of fiscal 1998. Net earnings increased by 40% to \$22.6 million (\$0.17 per share basic and diluted) in the last quarter of fiscal 1999, and by 463% to \$16.1 million (\$0.13 per share basic and diluted) in the fourth quarter of fiscal 1998.

Comparison of Operating Results for the years ended September 30, 1999, 1998 and 1997

Revenue

Revenue increased by 90% in fiscal 1999 to \$1,409.5 million and by 219% in fiscal 1998 to \$741 million. The increase in fiscal 1999 reflects the 10-year Bell Canada IT Outsourcing Agreement (through the acquisition of Bell Sygma) and the acquisition of BSI for the full year versus only three months in fiscal 1998. The increase also reflects the acquisition of TDL effective January 1, 1999, the \$750 million, 10-year Bell Mobility contract effective May 1, 1999, and the acquisition of DRT on July 1, 1999. Bell Sygma, BSI, and TDL are now fully integrated into CGI, and DRT will be integrated by 1999 calendar year end. Revenue growth in fiscal 1998 primarily resulted from the Bell Canada Outsourcing Agreement, and the acquisition in April and November 1997 of two companies focussed on IT services in retail banking and the property and casualty insurance businesses, respectively.

Prior to significant business acquisitions made in fiscal 1998, CGI was organized essentially on a geographic basis with office locations throughout Canada and was considered to be active in one single segment. During the fourth quarter of 1998, CGI reorganized its activities into six strategic business units, two of which, International and Western Canada, have been combined into "Other" due to their relative size. Each business unit offers end-to-end IT services. In fiscal 1999, the contribution to revenue by business unit was: Telecommunications, 36%; Ontario and Atlantic Provinces, 23%; Quebec, 19%; International and Western Provinces (Other), 12%; and the United States, 10%.

The geographic mix of revenue for fiscal 1999 was 81% from Canada, 10% from the United States and 9% outside of North America, primarily in the United Kingdom and Europe. In fiscal 1998, the mix for the year was 83% from Canada, 13% from the United States, and 4% from Other. In fiscal 1997, the mix was 96%, 3% and 1%, respectively.

The mix by services line in fiscal 1999 was 72% from outsourcing, 17% from systems integration, and 11% from consulting. This compares with 70%, 18% and 12%, respectively in fiscal 1998, and 42%, 35% and 23%, respectively, in fiscal 1997.

Operating expenses

Costs of services, selling and administrative expenses represented 84.1% of revenue in fiscal 1999, compared with 85.5% in 1998 and 87.8% in 1997. The improvement reflects efficiencies resulting from applying ISO 9001 certified business processes, synergies resulting from integration of acquisitions, and increasing economies of scale.

Research and development expenses amounted to \$9.6 million in fiscal 1999, compared with \$6 million in 1998 and \$3.1 million in 1997. The R&D focus in 1999 was primarily on the development of an IT business solution geared to the property and casualty insurance business in the United Kingdom and Europe.

Earnings before interest, taxes, depreciation and amortization (EBITDA)

EBITDA increased 111% to \$214.3 million in fiscal 1999, and by 303% to \$101.4 million in fiscal 1998, reflecting continuing strong revenue growth and increasing operating margins. The increase in the EBITDA is largely attributable to the contribution of major outsourcing contracts added at the end of fiscal 1998 and during fiscal 1999. The EBITDA margin increased to 15.2% in 1999, from 13.7% in 1998 and 10.8% in 1997.

Depreciation and amortization

Total depreciation and amortization increased 68% to \$64.9 million in fiscal 1999, and by 300% to \$38.7 million in fiscal 1998. The increase in depreciation and amortization of fixed assets reflects investment in new assets, and assets resulting from acquisitions. The increase in the amortization of costs related to outsourcing contracts primarily relates to licensing fees and other expenses incurred in the course of IT management contracts. Goodwill is amortized over 20 years, and the increase in the amortization of goodwill reflects the business acquisitions of the past year.

Interest

Interest expense is largely related to the financing of acquisitions, notably DRT effective July 1, 1999. Interest income relates to investment of cash balances in short-term fixed income instruments.

Income taxes

The income tax rate was 45.3% in fiscal 1999, compared with 45.8% in fiscal 1998 and 40.9% in 1997. The increase in the tax rate from 1997 reflects the increase of the goodwill related to business acquisitions, which is not deductible for tax purposes, and from significant tax benefits derived through a business acquisition in 1997.

Net earnings

Net earnings increased 141% to \$83.8 million in fiscal 1999, and by 349% to \$34.8 million in fiscal 1998. The net margin increased to 5.9% in 1999, from 4.7% in fiscal 1998, and 3.3% in fiscal 1997. Earnings per share increased 110% to \$0.63 (basic and diluted) in fiscal 1999, and by 200% to \$0.30 in fiscal 1998. The weighted average number of shares outstanding increased by 14% to 133,984,541 in fiscal 1999, and by 51% to 117,307,162 in 1998, adjusted for two for one share splits in August and December 1997 and May 1998. The increase in the weighted average number of shares outstanding results primarily from the exercise of stock options in fiscal 1999, and from the issuance of shares related to business acquisitions, as well as the exercise of options in fiscal 1998.

Reconciled in accordance with United States GAAP, net earnings were \$86.1 million (\$0.64 per share basic and diluted) in fiscal 1999, \$32.8 million (\$0.28 per share basic and diluted) in fiscal 1998 and \$6.1 million (\$0.08 per share) in fiscal 1997. Differences between Canadian GAAP and United States GAAP arise mainly from the difference in the method used for foreign currency translation, research and development expenses and the method used to account for income taxes.

Liquidity and financial resources

CGI concluded the fiscal year with a strong balance sheet and cash position which, together with bank lines, is sufficient to support the Company's growth strategy. Just prior to the end of fiscal 1999, the Company arranged an additional \$250 million revolving credit facility with four Canadian chartered banks. The credit facility is available for acquisitions and for general working capital purposes, and can be locked into a three-year term at the Company's initiative.

Operating cash flow increased 119% to \$162 million (\$1.21 per share) in fiscal 1999 and by 240% to \$74 million (\$0.63 per share) in fiscal 1998. When adjusted for changes in non-cash operating working capital items, the operating cash flow was \$76.5 million in fiscal 1999, \$150.4 million in 1998 and \$8.4 million in fiscal 1997. The changes in non-cash operating working capital items in fiscal 1999 reflect an increase in accounts receivable and work in progress related to increased business volumes and major systems integration contracts signed during the year.

Through financing activities, the Company issued \$5 million of shares through its Share Option Plan in fiscal 1999, \$47.7 million of shares through the Share Option Plan and for cash to Bell Canada to maintain its proportionate equity interest in 1998, and \$2.9 million of shares through the Share Option Plan and for cash in 1997. The net increase in long-term debt of \$48.5 million in 1999 reflects the funding of the DRT acquisition compared to a net decrease of \$18.8 million in the previous year reflecting repayment of a revolving credit facility.

Cash used for investing activities totalled \$208.4 million in fiscal 1999, \$44.3 million in 1998 and \$37 million in 1997. Business acquisitions (net of cash acquired) in 1999 include DRT and TDL. Costs related to outsourcing contracts include costs incurred for the re-engineering of business processes and investments to achieve synergies. These costs also include software licensing fees and costs related to development of business solutions.

The Company had a net cash position decrease amounting to \$79.2 million in fiscal 1999, compared with a net cash position increase of \$136.2 million in 1998 and a net cash position decrease of \$6.2 million in 1997.

Balance Sheet – Fiscal Year-Ends 1999-1998

Assets totalled \$866.5 million at September 30, 1999, compared with \$744.9 million at the end of fiscal 1998. The increase reflects a \$70.7 million increase in goodwill, attributed to the acquisitions of TDL and DRT, and increases in accounts receivable and costs related to outsourcing contracts, which reflect the increased revenue base. Working capital amounted to \$97.6 million at the end of fiscal 1999, compared with \$64 million at the end of fiscal 1998. At September 30, 1999, CGI had cash and cash equivalents amounting to \$42.2 million, compared with \$121.4 million at the end of fiscal 1998. The reduction in cash and cash equivalents reflects the cash used for business acquisitions. The Company's current portion of long-term debt remained stable.

CGI continued to achieve efficient management of current assets with a turnover rate of 49 days for accounts receivable, compared with 52 days in fiscal 1998. The notable progress in 1999 reflects the increasing proportion of outsourcing business and the corresponding increase in contracts providing for pre-payment each month. The increase in work in progress turnover from three days to 19 days results from major systems integration contracts signed during the year.

The increase in goodwill to \$358.8 million in fiscal 1999 and \$288.1 million in fiscal 1998 is largely attributable to the excess of the purchase price over the fair values of the net assets acquired. These acquisitions comprise TDL and DRT in 1999, and Bell Sygma and BSI, the Insurance Systems group of Teleglobe Inc. and Perigon in fiscal 1998.

Long-term debt of \$59.8 million at the end of fiscal 1999 mostly reflects the partial drawdown of a revolving credit facility related to the funding of the DRT acquisition, as well

as \$13.4 million of obligations under capital leases. The Company reduced its long-term debt in fiscal 1998 to \$11.3 million, through the repayment of a revolving credit facility.

4.2.4 Fiscal 1998

Performance Overview

Revenue in fiscal 1998 increased by 219% to \$741 million. The increase from fiscal 1997 reflects the acquisition effective July 1, 1998 of the operations of Bell Sygma and BSI. As part of the acquisition of Bell Sygma, CGI and Bell Canada entered into a 10-year outsourcing contract. Revenue also included the former Insurance Systems group of Teleglobe Inc. acquired in October 1997, and the first full year of the acquisition of CDSL Holdings Limited (“CDSL”) which is focussed on retail banking, effective April 1997. Internal growth of \$130 million reflects numerous IT systems integration and outsourcing contracts.

Direct costs, selling and administrative expenses represented 85.5% of revenue in fiscal 1998, compared with 87.8% the previous year. The improvement reflects efficiencies resulting from: applying ISO 9001 certified business processes, synergies resulting from integration of acquisitions, and increasing economies of scale.

Research and development expenses amounted to \$6 million and are related to the ongoing development of IT business solutions.

EBITDA increased 303% to \$101.4 million in fiscal 1998, from \$25.1 million a year ago, reflecting strong revenue growth and increasing operating margins.

Total depreciation and amortization increased to \$38.7 million in fiscal 1998, from \$9.7 million in fiscal 1997. Depreciation and amortization of fixed assets increased to \$16.9 million from \$3.6 million, with the increase reflecting acquisitions. The increase in the amortization of costs related to outsourcing contracts reflects an increase in outsourcing activities which resulted in higher licensing fees, start-up costs and other expenses. The amortization of software and development costs primarily relates to Sofkit Technologies Inc., a developer of decision-making software which was consolidated into CGI in June 1997. Goodwill is amortized over 20 years, and the increase in the amortization of goodwill reflects the acquisitions of the past year.

The effective income tax rate increased to 45.8% in fiscal 1998 from 40.9% one year earlier as some of the goodwill related to acquisitions was not deductible for tax purposes. The low tax rate in fiscal 1997 results from the realization of prior year’s unrecorded tax benefits acquired as part of the CDSL acquisition.

Net earnings increased 349% to \$34.8 million in fiscal 1998, from \$7.8 million in fiscal 1997. The net profit margin increased to 4.7% in fiscal 1998, and 5% in the fourth quarter of fiscal 1998, from 3.3% in fiscal 1997. Earnings per share increased 200% to \$0.30 in

fiscal 1998, from \$0.10 in fiscal 1997, based on 117,307,162 Class A shares, Class B shares, and First Preferred shares, Series 1, outstanding on a weighted average basis (fiscal 1997 — 77,802,808 shares outstanding on a weighted average basis) and adjusted for two for one share splits in December 1997 and May 1998. The 50.8% increase in shares outstanding on a weighted average basis results primarily from the issue of shares related to acquisitions.

Reconciled in accordance with United States GAAP, net earnings were \$32.8 million (\$0.28 per share). The \$0.02 per share variance from earnings per share based on Canadian GAAP reflects the difference in the method used for foreign exchange translation, research and development expenses and the treatment of tax benefits not accounted for at the acquisition of an enterprise.

CGI concluded the fiscal year with a strong balance sheet and cash flow which, together with bank lines, is sufficient to support the Company's growth strategy. Cash flow increased 248% to \$75.8 million (\$0.65 per share) compared with \$21.8 million (\$0.28 per share) in fiscal 1997. When adjusted for changes in non-cash operating working capital items, cash and cash equivalents increased to \$151.7 million from \$8.4 million in fiscal 1997.

Financial activities raised a net amount of \$348.3 million, primarily reflecting the issuance of shares for acquisitions, but also reflecting the issuance of shares for cash to Bell Canada to maintain its proportionate equity interest at the acquisition of Teleglobe Inc.'s Insurance Systems group, and the issuance of shares for stock options exercised. The Company reduced its debt position to \$11.3 million, from \$28.4 million at the end of fiscal 1997.

Investing activities totalled \$363.7 million, including \$317.7 million related to business acquisition costs (net of cash acquired), \$25.5 million related to capital expenditures and \$21.3 million related to outsourcing contracts.

At September 30, 1998, assets were \$744.9 million, compared with \$154.1 million at the end of fiscal 1997.

Working capital increased to \$64 million at the end of fiscal 1998, from \$16.9 million the previous year. At September 30, 1998, CGI had a cash position of \$121.4 million, compared with bank indebtedness of \$14.8 million at the end of fiscal 1997.

Long-term debt of \$11.3 million mainly comprise capital leases related to equipment. The reduction in debt from one year earlier results from the repayment of a revolving line of credit.

4.3 Statistics for Past Nine Quarters (1999-2001)

Statistics for past nine quarters

(all amounts in thousands of dollars, except per share amounts)

	Fiscal year 2002		Fiscal year 2001			Fiscal year 2000			
	12/31/2001	30/09/01	31/03/01	30/06/01	31/12/00	30/09/00	31/03/00	30/06/00	31/12/99
Revenue	520,783	469,018	404,136	373,982	334,179	320,101	330,701	380,533	404,673
Earnings before amortization of goodwill	30,612	27,275	24,312	22,198	16,142	7,093	11,312	27,786	27,351
Net Earnings	30,612	19,821	17,340	15,206	10,422	2,419	6,876	23,412	22,959
Earnings per share before amortization of goodwill	0.08	0.08	0.08	0.08	0.06	0.03	0.04	0.10	0.10
Earnings per share	0.08	0.06	0.06	0.05	0.04	0.01	0.03	0.09	0.09

Please note that all amounts are in thousands of dollars, except per share amounts.

4.4 Management's Discussion of Quarterly Results

While in fiscal 2000 clients had postponed their decision to outsource because of the Y2K phenomenon, in fiscal 2001 many organizations elected to enter into a long-term outsourcing agreement with CGI. Also, in fiscal 2001 the North American IT outsourcing market witnessed a gradual improvement in business as clients sought to reduce their cost base in view of deteriorating economic conditions.

In the U.S., however, the systems integration and consulting sector faced challenging conditions as clients reduced IT spending. In Canada, where CGI conducts the majority of its business, the market for IT services remained solid throughout the year and the Company posted strong revenue increases, especially in the second part of the fiscal year.

In the U.S., CGI increased the level of synergy in its U.S. operations as it realized the potential of its acquisition of IMRglobal.

5. EVENTS SUBSEQUENT TO FISCAL 2000-2001 AND OUTLOOK

5.1 Subsequent Events

5.1.1 Strategic Developments

On October 1, 2001, CGI signed a US\$380 million, 10-year outsourcing agreement with California-based insurance company Fireman's Fund. As part of the agreement, CGI took over the client's Phoenix-based, state-of-the-art data center and will provide Fireman's Fund with IT support services to some 80 locations across the United States.

On December 20, 2001, CGI closed its public offering of Class A shares, through which it issued 11,110,000 Class A shares at a price of \$11.25 per share, for gross proceeds of \$124,987,500, to a syndicate of investment dealers.

5.1.2 First-Quarter Results for 2001-2002

Revenue for the first quarter ended December 31, 2001 increased 55.8% to \$520.8 million, from \$334.2 million in the same quarter the prior year, and was up 11.0% sequentially over fourth quarter revenue of \$469 million. The significant growth in revenue was due primarily to continuing strong demand for outsourcing services, across all geographic areas, but especially in Canada. Revenue growth also reflected the contribution of acquisitions carried out over the previous year.

In the first quarter, revenue from long-term outsourcing contracts represented 72% of the Company's total revenue, including 10% from business process services outsourcing; while project oriented consulting and systems integration work represented 28%. Geographically, contribution to revenue from clients in Canada was 71% in the first quarter, while clients in the US represented 22%; and all other regions, 7%. CGI continued to solidify its leading position as an IT services provider in the financial services sector, which represented 40% of revenue in the first quarter, while telecom represented 26%; manufacturing, retail and distribution, 17%; government, 14%; utilities and services, 2%; and healthcare, 1%.

EBITDA for the first quarter increased 83.8% to \$76.9 million, compared with \$41.9 million in the same quarter a year ago, and was up 5.9% on a sequential basis compared with \$72.6 million reported in the fourth quarter of fiscal 2001. The EBITDA margin was 14.8% at the end of the first quarter, compared with 15.5% at the end of the fourth quarter of fiscal 2001 and 12.5% in the first quarter of fiscal 2001.

5.2 Outlook for 2001-2002

CGI expects to post solid growth in fiscal 2002. The Company's strategy will continue to be based on its four pillars of growth, namely organic growth, growth through large outsourcing contracts, and growth through the acquisition of niche players and large companies.

CGI will continue to leverage its unique and highly flexible outsourcing delivery model in order to secure a growing number of large outsourcing contracts in the US market. As CGI successfully completes the integration of IMRglobal, it expects to gradually migrate IMRglobal's business model away from pure consulting and systems integration, to focus more on providing end-to-end IT outsourcing services.

There is growing demand for IT services outsourcing in CGI's markets in general, and particularly in North America. In a slowing economic environment, more and more companies recognize the

value of outsourcing their IT services in order to reduce their cost base while using IT to further enhance their competitive position.

Also, CGI's solid balance sheet with a strong liquidity position enables it to capitalize on acquisition opportunities and is an important strength when bidding on large contracts. CGI maintains a conservative approach to financial management.

6. DIRECTORS AND OFFICERS

6.1 Directors

The following table states the names of CGI's Directors, their place of residence and the number of shares of the Company beneficially owned, directly or indirectly, or over which control was exercised by each Director as of November 21, 2001.

Name	Principal Occupation	First Year as Director	Number of Shares Beneficially Owned or Controlled	
			Class A Shares	Class B Shares
YVAN ALLAIRE ^(a)	Emeritus Professor (UQAM), President, Governance Value Added Inc.	1999	172	-
WILLIAM D. ANDERSON ^(b)	President BCE Ventures Inc.	1999	1,000	-
CLAUDE BOIVIN ^(a)	Director of Companies	1993	106,596	-
JEAN BRASSARD	Vice-chairman, CGI Group Inc. and Director of Companies	1978	51,296	1,334,496
CLAUDE CHAMBERLAND ^(b)	Director of Companies	1998	11,396	-
PAULE DORÉ	Executive Vice-President and Chief Corporate Officer and Secretary CGI Group Inc.	1996	471,948	-
SERGE GODIN ^(c)	Chairman and Chief Executive Officer CGI Group Inc.	1976	563,288	28,216,507
ANDRÉ IMBEAU	Executive Vice-President and Chief Financial Officer and Treasurer CGI Group Inc.	1976	47,386	4,221,165
DAVID L. JOHNSTON ^(b)	President and Vice-Chancellor University of Waterloo	1994	73,120	-
EILEEN A. MERCIER ^(a)	President Finvoy Management Inc.	1996	15,278	-
SATISH K. SANAN	President U.S. and Asia Pacific CGI Group Inc.	2002	19,543,949	-
C. WESLEY M. SCOTT	Director of Companies	2001	1,000	-
CHARLES SIROIS	Chairman and Chief Executive Officer Telesystem Ltd.	1998	2,642	-

- (a) Member of the Audit Committee
- (b) Member of the Human Resources and Corporate Governance Committee
- (c) Ex-officio member of the Human Resources and Corporate Governance Committee

For the past five years, all of the nominees have been engaged in their present occupation or in other management capacities with the companies with which they currently hold positions, except for: Mr. Yvan Allaire who, prior to July 3, 2001, was Executive Vice-President, Bombardier Inc. and Chairman, Bombardier Capital; Mr. William D. Anderson who, prior to December 1st, 2000, was Chief Financial Officer of BCE Inc.; Mr. Jean Brassard who, prior to October 1, 2000, was President and Chief Operating Officer of CGI Group Inc.; Mr. Claude Chamberland who, prior to May 1, 2001, was President of Alcan International Ltd.; Mr. C. Wesley M. Scott who, prior to March 1, 2001 was Chief Corporate Officer of BCE Inc.; Mr. Charles Sirois who, prior to February 15, 2000, was Chairman and Chief Executive Officer of Teleglobe Inc.; Mr. Satish Sanan who, prior to July 27, 2001, was Chairman and Chief Executive Officer, IMRglobal Corp.; and Mr. Siim A. Vanaselja who, prior to January 15, 2001, was Executive Vice-President and Chief Financial Officer of BCI Inc.

6.2 Officers

The following table states the names of CGI's Senior Officers, their place of residence and their principal occupation within the five preceding years:

Name and place of residence	Principal occupation
Serge Godin Montreal, Quebec	Chairman of the Board, President and Chief Executive Officer
Jean Brassard Longueuil, Quebec	Vice-Chairman
David Anderson Toronto, Ontario	Senior Vice-President and Corporate Controller
André J. Bourque Montreal, Quebec	Senior Vice-President and Chief Legal Counsel
François Chassé Oakville, Ontario	Executive Vice-President, Mergers and Acquisitions
Paule Doré Montreal, Quebec	Executive Vice-President and Chief Corporate Officer and Secretary
André Imbeau Beloeil, Quebec	Executive Vice-President and Chief Financial Officer and Treasurer
André Nadeau Montreal, Quebec	Executive Vice-President and Chief Strategy Officer
Luc Pinard Longueuil, Quebec	President, European Operations

Name and place of residence	Principal occupation
Michael E. Roach Ajax, Ontario	President, Canada and Europe
Daniel Rocheleau Longueuil, Quebec	Executive Vice-President and Chief Business Engineering Officer
Jacques Roy Longueuil, Quebec	Senior Vice-President, Finance and Treasury
Joseph I. Saliba Boston, Massachussets	President, Business Process Services
Satish Sanan Clearwater, Florida	President, United States and Asia Pacific

All of the above-mentioned persons have held the position set out opposite their names, or other executive or management functions in the Company or its subsidiaries during the last five years, except:

- (i) David Anderson, who was Chief Financial Officer of Bell Sygma Telecom Solutions until June 1998;
- (ii) André J. Bourque, who was external legal counsel to CGI, until April 1998;
- (iii) André Nadeau, who was a professional consultant until October 1997;
- (iv) Michael E. Roach, who was President and Chief Executive Officer of Bell Sygma Inc. until June 30, 1998;
- (v) Joseph Saliba, who was President, Outsourcing and Software Services with Sabre Group until July, 2001; and
- (vi) Satish Sanan, who was Chairman and Chief Executive Officer of IMRglobal, Corp. until July, 2001.

7. MARKET FOR SECURITIES

CGI's Class A shares are traded on The Toronto Stock Exchange under the symbol GIB.A and on the New York Stock Exchange, under the symbol GIB.

8. **ADDITIONAL INFORMATION**

The Company shall provide to any person, upon request to the secretary of the Company, (i) a copy of the Annual Information Form of the issuer, together with one copy of any document, or the pertinent pages of any document incorporated by a reference in the Annual Information Form, (ii) a copy of the comparative financial statements of the Company for the year ended September 30, 2001 together with the accompanying report of the auditor and one copy of any subsequent interim financial statements, (iii) a copy of the Information Circular dated December 12, 2001 and (iv) a copy of the 2001 Annual Report of the Company.

Additional information including directors' and officers' remuneration and indebtedness, and principal holders of the Company's shares is included in the Information Circular dated December 12, 2001.

Additional financial information on the last fiscal year ended September 30, 2001, is presented in the audited financial statements (pages 33 to 57) and under the title "Management's Discussion and Analysis of Financial Position and Results of Activities" (pages 25 to 32), in the 2001 Annual Report.

All statements contained in this Annual Information Form of CGI, or in any document filed by the Company with the U.S. Securities and Exchange Commission, or in any other written or oral communication by or on behalf of the Company, that do not directly and exclusively relate to historical facts, constitute "forward looking statements" within the meaning of the *U.S. Private Securities Litigation Report Act of 1995*. These statements represent the Company's expectations and beliefs, and no assurance can be given that the results described in such statements will be achieved.

This Annual Information Form may contain forward looking statements that involve a number of risks and uncertainties, including statements regarding the outlook for the Company's business and results of activities. There is a number of factors that could cause actual results to differ materially from those indicated. Such factors include, without limitation, the various factors set forth in the Management's Discussion and Analysis of this document under Risks and Uncertainties.

The documents mentioned above are available at the Company's head office:

1130 Sherbrooke Street West
5th Floor
Montreal, Quebec
H3A 2M8

Telephone: (514) 841-3200
Fax: (514) 841-3299