

Letter to Shareholders

MICHAEL E. ROACH

President and
Chief Executive Officer

SERGE GODIN

Founder and
Executive Chairman of the Board

80%

CGI's powerful sense of ownership and accountability derives from a singular fact: more than 80 percent of our members are CGI shareholders, representing the largest single block of ownership.



IN VIEW OF THE PAST YEAR'S RESULTS, TRACK RECORD AND LONG-TERM PERFORMANCE, WE'RE DELIGHTED TO AFFIRM THAT CGI IS ONE COMPANY THAT'S VERY GOOD TO KNOW. EXCEEDINGLY GOOD FOR OUR CLIENTS, OF COURSE. BUT EQUALLY GOOD TO KNOW FOR CGI'S SHAREHOLDERS, MEMBERS AND PARTNERS. FISCAL 2007 WAS, AS DEMONSTRATED BY JUST ABOUT EVERY METRIC — REVENUE, EBIT, NET EARNINGS AND EARNINGS PER SHARE — A RECORD BREAKING YEAR. WE GREW OUR MOMENTUM IN EVERY QUARTER, IN EVERY GEOGRAPHIC MARKET, AND IN EVERY LINE OF BUSINESS.

FOUR WAYS TO BUILD GROWTH

We pursued four initiatives to build organic growth during fiscal 2007.

First, we focused on clients who already appreciate the value CGI adds to their business. We targeted our top clients, out of a roster of thousands, and, with discipline, we reviewed precisely why CGI is "good to know." We reintroduced our broad portfolio of solutions, services and capabilities. And we explained how we could help to further drive value creation. The goal was to cross- and up-sell services — and it's working. We expanded the program to other clients and prospects, generating a steady stream of new contracts, renewals and extensions.

Second, we focused on excellence in execution. This means delivering on time and on budget and striving to actually *exceed* client expectations. Based on our Client Partnership Management Framework, we measure client satisfaction regularly. We're pleased to report



GOOD RESULTS ARE BETTER THAN A LONG EXPLANATION.

that CGI continued to prioritize client satisfaction, obtaining a score of 8.8 out of 10 in fiscal 2007.

Third, we continued to expand our global delivery model to better serve clients while improving our competitive position. In a global business environment, clients now have more choices among onshore, offshore and nearshore service delivery. We believe that any business should be able to choose not just one of these options, but also any combination that suits their needs. This is why, over the past two years, we've added strategically located global delivery centers in Canada, the United States and Europe, which complement our two centers in Bangalore and Mumbai, India.

The newest center, which opened in Bangalore in November 2007, can accommodate up to 5,000 members — and it is currently our intention to bring it to capacity. Our global recruitment drive is in high gear, attracting over 1,000 professionals in the past 12 months alone. We're currently recruiting another 1,500 — half in

Canada and the remainder in the United States and Europe, in addition to recruiting 50-75 new members monthly in India. Meanwhile, during the past year, we also significantly increased our staff utilization rate and carefully managed our operational costs across the organization. The result? Better performance and record margins of 6.4 percent on net earnings of \$236.4 million. This represents a 61 percent improvement over the previous year's margins.

Fourth, we brought renewed rigor to fiscal management. Over the past 12 months, we strengthened our balance sheet by paying down \$331 million on our long-term debt. Over the past 18 months, we've cancelled 25 percent of our outstanding shares, including buying back more than 12 million shares in fiscal 2007.

The rigor with which we achieved our results is complemented by our transparency. We are pleased to have been recognized by the Canadian Institute of Chartered Accountants (CICA) with an Award of Excellence in corporate reporting.

HOW WE'RE GROWING SHAREHOLDER VALUE

Working in concert, these four initiatives achieved rapid results, as CGI's stock price surged in value by over 50 percent in fiscal 2007. As managers and shareholders, we're certainly pleased by these results and believe the price is headed in the right direction. But we also believe there's significant opportunity for additional value creation. Our price-to-earnings (P/E) ratio has reached the average of our peer group — and yet we perform significantly *above average* among our peers in such key metrics as net margin and cash flow.

Clearly, then, there's a valuation gap between CGI's share price and where we believe it should trade. We've therefore launched an aggressive investor relations campaign to tell our story, describe our strategy and set out CGI's key differentiators. Focusing on the United States, home to more than 40 percent of CGI's institutional shareholders, the campaign

culminated in our first Investor Day held in New York City on November 16. Judging by the positive reactions and questions, the event was a success. We're also making a compelling case for CGI to investors who hold stock in one or more of our competitors and who value strong fundamentals such as cash flow. CGI is actually one of the largest cash generators among its peers, producing \$550 million, or \$1.65 per share, during fiscal 2007.

SETTING "STRETCH" GOALS

The past 12 months have been both eventful and satisfying. Our overarching goal is to continue building on this hard-won momentum to generate even more profitable and sustainable growth with our "build and buy" strategy. This is why we've set several "stretch" goals for the near to medium term.

Our chief goal — to profitably double CGI's size over the next three to five years — hinges on our ability to grow revenue mainly from outside Canada. While our Canadian operations continue to grow, they currently account for 60 percent of revenue, with the balance generated by U.S., European and Asian operations. We're working to reverse this 60/40 split, and to thereby broaden our global scope. Revenue from outside Canada continues to rise — a trend we are accelerating. More specifically, we're targeting our growth in the United States and Europe to outpace our global growth in the coming years.

However, our success will depend on our ability to balance and serve the interests of three key stakeholders. CGI clients, members and shareholders must all feel — and *understand* — that they share in our company's success.

Clients are CGI's most important stakeholders. How we deliver on their expectations, and how we continue to outperform the competition, will determine how swiftly we achieve our goals. As the past year's experience has shown, execution is essential to growing these all-important client relationships.

As for our professional staff (or "members"), their individual success is closely linked to CGI's collective dream — as it always has been. We call our professionals "members" for reasons laid out in our original guiding dream — **to create an environment in which members enjoy working together and, as owners, contribute to building a company they can be proud of.**

The dream's core concept is *ownership* in every sense of the word. The financial rewards of ownership are important. But equally important are empowerment, accountability and, ultimately, work satisfaction. This powerful sense of ownership and accountability derives from a singular fact: more than 80 percent of our members are CGI shareholders, representing the largest single block of ownership.

In order to best serve all our shareholders, who constitute CGI's third set of stakeholders, our goal is to generate long-term sustainable value. To do this, we're working to ensure that every decision we make generates a return. This is the mindset we have across the organization — we are owners, and we act like it. Everything, from our shared processes and methodologies to our structures and incentive plans, is geared toward achieving client satisfaction and, ultimately, our financial objectives. We believe this is the best way to create value for the short and long term.

HOLDING STEADY TO OUR "BUILD AND BUY" STRATEGY

From a strategic perspective, the year ahead will see us hold steady to our "build and buy" strategy. We will continue to "build" organic growth by cultivating new business from clients and prospects, and delighting them with the excellence of our execution.

As for the "buy" component of this strategy, or growth through acquisitions, we are in excellent financial shape. We have a strong balance sheet, and we have increased our credit line to \$1.5 billion, with a possible extension to \$1.75 billion, as required. In addition, the surging Canadian dollar encourages us to look aggressively for opportunities among publicly traded and private companies, especially in the United States and Europe. But, as always, any "buy" will be strictly contingent on strategic fit, synergies and the target company's contribution to earnings and EPS in the first year.

FIVE REASONS WHY WE'RE GOOD TO KNOW

In an increasingly competitive global economy, the factors that clearly distinguish CGI from the competition will be critical to our continued success. In this respect, we're confident of possessing the kind of attributes that make us not just good to know, but the *best* to know.

First differentiator: the sheer breadth and depth of our offerings. CGI is among the very few end-to-end IT and business process services firms operating and competing on a global scale. Today's organizations are migrating more of their IT and business processes to the back office

so they can better focus on front-line operations. That's where CGI comes in. We have the expertise, track record and offering to manage that growing back office. Most competitors simply can't match what we bring to the table.

Second differentiator: our global delivery model. Competitors offer onshore, nearshore or offshore services. We offer all three, crafting a delivery model matched to the client's needs. Our unique global supply chain can serve clients anywhere in the world, yielding the best combination of quality, flexibility and cost.

Third differentiator: we're local, and we need to be. It's the reason we have over 100 offices in major metropolitan areas in North America and Europe. Our members live and work alongside our clients to deliver a level of accountability, supported by global resources, that's beyond the capacity of most competitors.

Fourth differentiator: our ability to leverage opportunities. We've enjoyed tremendous success in translating one-time projects into long-term relationships. From the sale of single proprietary solutions — particularly our Advantage and Momentum solutions in the United States — we've built several long-term hosting and management relationships. In other words, we're very good at transforming discrete revenue into recurring revenue, and thereby helping our clients win and grow.

Fifth differentiator: the caliber of CGI's management team and members. As our remarkably low attrition rate and high ownership participation suggest, CGI managers truly believe in this company. They invest significantly in and are fully committed to our company's

success. Given their long service and deep expertise, we believe they are the best management team in the industry.

Ever since its founding more than 30 years ago, CGI has grown profitably and steadily. In 1976, we posted \$138,000 in revenue. Today, thanks to the support of our clients and members, we generate that amount in a few minutes. Our unbroken record of success suggests several things: strength in our management team, strength in strategy, and an abiding commitment to all our stakeholders.

For clients, members and investors, CGI is a company that is good to know — indeed *great* to know. For today, and especially for the future.

We wish to thank our clients and shareholders for their trust and confidence. And we would like to pay tribute to our members for their loyalty and dedication. We look forward to an exciting future together.

\$550
million

CGI is one of the largest cash generators among its peers, producing \$550 million, or \$1.65 per share, during fiscal 2007.

[signed] | [signed]

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