



ANNUAL INFORMATION FORM

For the fiscal year ended
September 30, 2004

February 1, 2005

TABLE OF CONTENTS

INCORPORATION AND DESCRIPTION OF CAPITAL STOCK	1
CORPORATE STRUCTURE	1
SUBSIDIARIES	1
CAPITAL STRUCTURE	1
STOCK SPLITS	1
MARKET FOR SECURITIES, TRADING PRICE AND VOLUME	2
GENERAL DEVELOPMENT AND DESCRIPTION OF THE BUSINESS	2
GENERAL DEVELOPMENT OF BUSINESS	2
<i>Mission and Profile</i>	2
CGI'S BUSINESS APPROACH	3
<i>Strategic Alliances</i>	3
<i>Related Party Transactions</i>	3
<i>Commercial Alliances</i>	4
DESCRIPTION OF CGI'S BUSINESS	6
<i>Business Structure</i>	6
<i>Principal Offices</i>	7
<i>Main Services Offered by CGI</i>	7
<i>Research</i>	8
<i>Human and Material Resources</i>	8
<i>Client Base</i>	8
<i>The North American Information Technology Services Industry</i>	9
<i>Industry Trends and Outlook</i>	9
<i>CGI's Growth and Positioning Strategy</i>	9
<i>Quality Processes</i>	10
SIGNIFICANT ACQUISITIONS	11
RISK FACTORS	11
DIRECTORS AND OFFICERS	12
DIRECTORS	12
OFFICERS	12
OWNERSHIP OF SECURITIES ON THE PART OF DIRECTORS AND OFFICERS	13
LEGAL PROCEEDINGS	13
TRANSFER AGENT AND REGISTRAR	13
MATERIAL CONTRACTS	13
ADDITIONAL INFORMATION	14

This *Annual Information Form* is dated February 1, 2005 and, unless specifically stated otherwise, all information disclosed in this form is provided as at September 30, 2004, the end of the most recently completed fiscal year.

INCORPORATION AND DESCRIPTION OF CAPITAL STOCK

Corporate Structure

CGI Group Inc. (the “Company” or “CGI”) was incorporated on September 29, 1981 under, and is governed by, the provisions of Part IA of the Quebec *Companies Act*. The Company continued the activities of *Conseillers en gestion et informatique C.G.I. inc.*, which was originally founded in 1976. The executive and registered office of the Company is situated at 1130 Sherbrooke Street West, 5th floor, Montreal, Quebec, Canada, H3A 2M8. CGI became a public company on December 17, 1986, upon completing an initial public offering of 800,000 Class A subordinate shares.

Subsidiaries

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, 2004, 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, 2004.

Name	Laws of Incorporation	Percentage of Ownership
CGI Information Systems and Management Consultants Inc.	Canada	100%
Conseillers en gestion et informatique C.G.I. inc.	Québec	100%
CGI-AMS Inc.	Delaware	100%

Capital Structure

The Company’s authorized share capital consists of an unlimited number of First Preferred Shares (“First Preferred Shares”), issuable in series, an unlimited number of Second Preferred Shares (“Second Preferred Shares”), issuable in series, an unlimited number of Class A subordinate shares and an unlimited number of Class B shares (multiple voting) (“Class B shares”), all without par value, of which, as of February 1, 2005, 410,907,535 Class A subordinate shares, 33,772,168 Class B shares were issued and outstanding and none of the First Preferred Shares or Second Preferred Shares were issued and outstanding. As of February 1, 2005, 55% and 45% of the aggregate voting rights were attached to the outstanding Class A subordinate shares and Class B shares respectively.

The Company incorporates by reference the disclosure contained under the headings “Class A Subordinate Shares”, on page 10 and “First Preferred Shares” and “Second Preferred Shares” on page 11 of CGI’s *Management Proxy Circular* dated December 9, 2004 which was filed on December 30, 2004 and which is available at www.sedar.com and on the Company’s web site at www.cgi.com.

Stock Splits

As of February 1, 2005, the Company had proceeded with four subdivisions of its issued and outstanding Class A subordinate shares as follows:

- August 12, 1997 on a two for one basis;
- December 15, 1997 on a two for one basis;
- May 21, 1998 on a two for one basis; and
- January 7, 2000 on a two for one basis.

Market for Securities, Trading Price and Volume

CGI's Class A subordinate shares are listed for trading on the *Toronto Stock Exchange* under the symbol GIB.SV.A and on the *New York Stock Exchange*, under the symbol GIB. A total of 150,128,615 Class A subordinate shares were traded on the *Toronto Stock Exchange* during the year ended September 30, 2004 as follows:

Month	High ^(a) (\$)	Low ^(a) (\$)	Volume
October 2003	7.97	7.25	13,359,132
November 2003	7.66	7.11	17,333,022
December 2003	8.12	7.35	9,878,908
January 2004	9.20	7.74	16,232,549
February 2004	9.29	8.41	13,180,899
March 2004	8.80	8.20	13,018,006
April 2004	9.00	7.76	10,129,032
May 2004	8.42	7.93	9,031,539
June 2004	9.08	8.16	17,218,682
July 2004	9.00	8.59	9,957,629
August 2004	8.80	8.25	8,632,044
September 2004	8.71	8.05	12,157,173

(a) The high and low prices reflect the highest and lowest prices at which a board lot trade was executed in a trading session during the month.

Normal Course Issuer Bid

On February 1, 2005 CGI announced that it was making a normal course issuer bid to repurchase up to 10% of the public float of its issued and outstanding Class A subordinate shares. See "Normal Course Issuer Bid" below in the section entitled "Significant developments since the most recent year end on September 30, 2004".

GENERAL DEVELOPMENT AND DESCRIPTION OF THE BUSINESS

GENERAL DEVELOPMENT OF BUSINESS

Mission and Profile

CGI's vision is to be a world-class information technology ("IT") and business process outsourcing ("BPO") leader helping our clients win and grow. The mission of CGI is to help its clients with professional services of outstanding quality, competence and objectivity, delivering the best solutions to fully satisfy client objectives in IT, business processes and management. In all we do, we foster a culture of partnership, intrapreneurship and integrity, building a world-class IT and BPO company.

At CGI we have always understood, and we have always valued, the link between sound, ethical business practices and the creation of shareholder value. We believe in balancing the interests of our key stakeholders: our clients, our members and our shareholders in order to be recognized by our clients as their partner of choice, for the depth of our experience in their industry sectors; to be recognized by our members and industry peers as the best employer in the industry; and by our shareholders as a well-managed company providing superior returns.

When our employees (whom we call our members) know that their contribution is valued and when their work environment is both challenging and rewarding, they deliver services to our clients that are consistently timely and of the highest quality. Our clients reap the considerable benefits of our members' exceptional

performance, and they in turn reward us with the trust and loyalty that help us to build the long-term partnerships on which CGI is built.

These fundamental business principles that underlie all of the Company's business activities are contained in a collection of documents and policies that collectively are called CGI's *Fundamental Texts* which contain the charter of the Company's Board of Directors and those of its Standing Committees, reflect applicable corporate governance regulations and guidelines and take into account evolving best practices in Canada and the US. These documents are to be read in the context of CGI's *Mission, Vision, Dream and Values* which are explained in the preamble to the *Fundamental Texts*. The *Fundamental Texts* are posted on the Company's web site at www.cgi.com.

CGI now ranks among the largest independent IT and business process services firms in North America. CGI helps its 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 offices located around the world. CGI's unique mix of services is comprised of management of IT and business functions, systems development and integration, and consulting.

CGI's Business Approach

As of February 1, 2005, CGI focused on serving markets in five sectors. 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 their clients' business needs.

CGI chooses to focus on industries that make a strategic use of IT and that rely on it to enhance their competitive position. CGI therefore provides end-to-end IT services in the following five economic sectors: financial services, manufacturing, retail and distribution, governments and healthcare, as well as telecommunications and utilities.

Strategic Alliances

BCE Inc. and Bell Canada

CGI has entered into a strategic alliance with *Bell Canada* which originated in 1995. On November 17, 1995, CGI and *Bell Canada* entered into a five year renewable strategic agreement, which was extended in July 2003 until June 2012. *Bell Canada*, the largest Canadian telecommunications operating company, markets a full range of state of the art products and services to business and residential 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. In addition to this strategic alliance, CGI and *Bell Canada* signed a commercial alliance whereby both companies agreed to partner in addressing certain market opportunities.

On January 5, 1998, *BCE Inc.* and *Bell Canada* acquired 6 million Class A subordinate shares of CGI from *Teleglobe Investment Corp.* On June 30, 1998, as part of CGI's acquisition of *BCE Inc.* subsidiaries *Bell Sygma* and *Bell Sygma International*, *BCE Inc.* acquired 8.6 million First Preferred Shares, Series 6 of CGI. With these two transactions completed in 1998, *BCE Inc.*'s representation on CGI's Board of Directors was increased to three members; the equity interest of *BCE Inc.* in CGI totalled 43% and its voting interest stood at 17.9%. In July 2003, the Company, *BCE Inc.* and certain other parties entered into a new agreement with respect to *BCE Inc.*'s ownership interest in CGI. See "Material Contracts" below.

As of February 1, 2005 *BCE Inc.*'s equity stake in CGI stood at 28.85% and its voting interest represented 17.14%.

Related Party Transactions

Throughout fiscal 2003, CGI continued to build on its strategic alliance with *BCE Inc.* and *Bell Canada* and in July 2003 the IS/IT outsourcing agreement with *Bell Canada* was extended until June 2012. In the normal

course of business, the Company is party to contracts with certain *BCE Inc.* subsidiaries and affiliated companies, pursuant to which CGI is their preferred supplier for information systems and IT needs.

In July of 2004 CGI, *Bell Canada* and *Connexim Inc.*, a subsidiary of *Bell Canada*, entered into an agreement pursuant to which the Company's network services will be outsourced to *Connexim Inc.* The outsourcing agreement provides the Company with economies of scale as well as best practices in network management.

Commercial Alliances

CGI currently has 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 procurement relationship 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*;
- in October 1999, CGI signed a non-exclusive direct commercial systems integrator agreement with *Sun Microsystems*;
- in December 2000, CGI signed a non-exclusive systems integration agreement with *Siebel*; and
- in July 2002, CGI signed a non-exclusive systems integration agreement with *BEA Systems*.

Significant developments since the most recent year end on September 30, 2004

Normal Course Issuer Bid

On February 1, 2005 the Company's Board of Directors authorized the purchase of up to 10% of the public float of the Company's Class A subordinate shares during the ensuing 12 months through a Normal Course Issuer Bid (the "Issuer Bid"), which was approved by the *Toronto Stock Exchange* the same day. Management and the Board of Directors of the Company believe that the Class A subordinate shares of the Company, at the market prices prevailing on February 1, 2005, represent an attractive investment opportunity for the Company, and the Issuer Bid provides the Company with the flexibility to purchase Class A subordinate shares from time to time as the Company considers it advisable, as part of its strategy to increase shareholder value

The Issuer Bid enables the Company to purchase on the open market through the facilities of the *Toronto Stock Exchange* up to 27,834,417 Class A subordinate shares for cancellation. As of January 28, 2005, the reference date used to determine the number of shares eligible to be repurchased under the Issuer Bid, the Company had 410,902,202 Class A subordinate shares issued and outstanding, and as of that date, people who were directors, officers or holders of more than 10% of the shares of the Company held 132,558,031 Class A subordinate shares, resulting in the Company having a public float of 278,344,171 Class A subordinate shares for the purposes of the Issuer Bid. Purchases may be made under the Issuer Bid commencing on February 3, 2005 and ending no later than February 2, 2006, or on such earlier date when the Company completes its purchases or elects to terminate the bid.

Credit Facility Renewal

On December 20, 2004 CGI announced that it had concluded a five-year unsecured revolving credit facility, which replaced its previous syndicated bank facilities. The new credit facilities of an aggregate amount of CDN\$800 million are presently comprised of a US tranche worth the equivalent of CDN\$ 300 million and a Canadian tranche worth CDN\$500 million. The credit facilities were concluded with a banking syndicate in which the *National Bank of Canada* acted as administrative agent and lead arranger; *JPMorgan Chase Bank* and *Caisse centrale Desjardins* acted as syndication agents and lead arrangers; *The Toronto Dominion Bank*, *Bank of America*, *KeyBank* and *Caisse de dépôt et placement du Québec* acted as documentation agents; *ABN AMRO*, *Bank of Montreal*, *Canadian Imperial Bank of Commerce*, the *Royal Bank of Canada*, *United Overseas Bank* and *Société Générale* acted as managing agents and *Citibank* acted as a participant.

Significant developments of the most recent three fiscal years

Fiscal Year ended September 30, 2004

Significant Acquisitions

In fiscal 2004 we acquired *American Management Systems, Incorporated* ("AMS"), a premier business and IT consulting firm to the government, healthcare, financial services and communications industries. CGI acquired AMS' business with associated revenue of more than \$900 million for a net cash consideration of \$584 million. For a more detailed description of the AMS acquisition see "Significant Acquisitions" below.

Other Significant Developments

On October 21, 2003, *Nexxlink Technologies Inc.* ("Nexxlink") purchased various non-core CGI assets generating approximately \$40 million in annual revenue for a price of \$21 million payable to CGI in cash, a convertible note and shares of Nexxlink. This transaction provided CGI initially with a 32% equity interest in Nexxlink. On December 9, 2004, *Bell Canada* announced that it was making an offer to acquire all of the outstanding shares of Nexxlink at a price of \$6.05 per share for an equity value of approximately \$67 million. CGI agreed with *Bell Canada* to support *Bell Canada's* offer and therefore tendered the Nexxlink shares that it or its wholly-owned subsidiaries owned in response to *Bell Canada's* bid. The bid closed successfully on January 25, 2005 with the result that the Company disposed on that date of all of its interest in Nexxlink.

On January 30, 2004, we announced that CGI had completed a US\$192 million private debt placement financing with US institutional investors. The private placement was comprised of three tranches of guaranteed senior unsecured notes, with a weighted average maturity of 6.4 years and a weighted average fixed coupon of 4.97%. The proceeds were used to reimburse the drawn-down portion of the Company's existing credit facilities, as well as for general corporate purposes.

On March 19, 2004, we completed (i) a firm underwritten private placement in Canada and the US of approximately 33.1 million subscription receipts at a price of CDN\$8.00 per subscription receipt for gross proceeds of CDN\$264.6 million and (ii) a private placement of approximately 8.3 million subscription receipts with *BCE Inc.* at a price of CDN\$8.00 per subscription receipt for proceeds of approximately CDN\$66.1 million, on the same terms and conditions as the firm underwritten private placement offering. The private placements were undertaken in connection with our acquisition of AMS (see "Significant Acquisitions" below). On May 3, 2004, upon the satisfaction of certain conditions related to the acquisition of AMS, each subscription receipt was automatically exchanged for one Class A subordinate share without payment of additional consideration.

Fiscal Year ended September 30, 2003

Significant Acquisitions

In fiscal 2003 we closed the acquisition of *COGNICASE Inc.* ("Cognicase") for \$329.4 million in a combination of \$180.2 million in cash and 19,850,245 Class A subordinate shares. Cognicase was the second largest independent IT solutions provider in Canada with approximately 4,300 employees, an annualized revenue run-rate of approximately \$500 million and a solid recurring revenue base.

Other Significant Developments

In November 2002, we signed an agreement with a banking syndicate pertaining to two unsecured credit facilities. As part of the agreement, we secured a \$265 million, three-year term revolving credit facility for the financing of acquisitions and outsourcing contracts. The agreement provided access to a \$150 million revolving credit facility for our operating activity and working capital needs. The credit facilities totaling \$415 million were concluded with a banking syndicate comprised of the following: *Canadian Imperial Bank of Commerce*, *The Toronto Dominion Bank* and *Caisse centrale Desjardins*, as co-arrangers; as well as *Caisse*

de dépôt et placement du Québec, Bank of Montreal, Royal Bank of Canada and United Overseas Bank Limited, as participants.

In July 2003, *BCE Inc.* and CGI announced that *Bell Canada* and CGI had extended their IS/IT outsourcing agreements. We renewed and expanded our commercial alliance, which designates *Bell Canada* as our preferred telecom services provider and added a new network management agreement. Additionally, *BCE Inc.* and CGI signed a new shareholders' agreement with respect to *BCE Inc.*'s ownership in CGI. Among other details, the put and call options with the majority shareholders - Messrs. Serge Godin, André Imbeau and Jean Brassard - were cancelled. Additionally, *BCE Inc.* converted all of its Class B shares into Class A subordinate shares on a one-for-one basis. The strengthening of our strategic alliance with *BCE Inc.* cleared the way for us to focus on our continuing growth.

Fiscal Year ended September 30, 2002

Significant Developments

On May 3, 2002, CGI signed a shareholders' agreement which finalized the terms and conditions of a new jointly-owned IT services company, *Innovapost Inc.* ("Innovapost"), with *Canada Post* as co-owner. Innovapost provides all IT services to *Canada Post*, its affiliated companies, and potentially to other postal organizations worldwide.

On October 1, 2001, *Fireman's Fund Insurance Company* ("Fireman's Fund"), a subsidiary of *Allianz AG* of Munich, and CGI finalized a 10-year IT outsourcing agreement originally valued at US\$380 million. Over time, the client had negotiated to reduce the scope of services under the contract, and had entered into negotiations in late 2004 to obtain further cost reductions resulting from new business requirements and technology changes. Since the contract was not meeting CGI's profitability standards and it was not possible to achieve a revised agreement that would meet the client's requirements while also being in the interests of CGI's shareholders, it was mutually announced on October 20, 2004 that the contract would be terminated. Taking the net impact of the termination into account, CGI's backlog at September 30, 2004 was \$13 billion.

On December 20, 2001, CGI closed a public offering of more than 11 million Class A subordinate shares in Canada. The net proceeds of the offering were added to CGI's general funds and used to finance its development activities, including the funding of large outsourcing contracts and acquisitions, and for other general corporate purposes.

DESCRIPTION OF CGI'S BUSINESS

Business Structure

CGI's business operations are structured in two key lines of business ("LOB"): The IT Services LOB and the Business Process Services ("BPS") LOB. CGI's remaining business activities are in the nature of corporate services that are carried on primarily by CGI's head office staff.

Corporate services - Head Office
(Montreal)

- Administrative and financial functions
- Communications and investor relations
- Corporate and strategic development
- Corporate affairs
- Human resources
- Internal Audit
- Legal
- Marketing
- Mergers & Acquisitions
- Planning and corporate development
- Quality

- Research & Development
- Professional development programs
- Support to large outsourcing projects
- Knowledge management
- Project performance

IT Services LOB

The IT Services LOB provides a full range of services in systems integration, consulting and outsourcing, to clients primarily located in Canada, the United States and Europe. CGI's professionals and facilities in India and Canada also serve US and foreign-based clients as an integral part of our offshore and near-shore global delivery model.

BPS LOB

The BPS LOB provides a full spectrum of BPO services to our client base. Our services include end-to-end business processing for insurance companies, banks, investment firms and financial cooperatives as well as payroll services, document management and finance and administration services.

Principal Offices

The Company has 107 offices in 19 countries worldwide, with 50 offices in the United States. Its main locations are listed on page 71 of CGI's *Annual Report* for fiscal 2004 which information is incorporated by reference. The *2004 Annual Report* was filed on December 30, 2004 and is available at www.sedar.com and on the Company's web site at www.cgi.com.

Main Services Offered by CGI

CGI provides the full range of IT services including the management of IT and business processes on an outsourced basis, as well as 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.

Outsourced Management of IT and Business Processes

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 segment. Through a series of acquisitions completed since 1996, including the acquisition on July 1, 1998 of *Bell Sygma* and *Bell Sygma International*, the Company is now the largest provider of IT and BPO services in Canada, and continues to strengthen its position in the US outsourcing market.

Outsourcing contracts are signed for periods ranging from five to ten years and are generally renewable. They are paid for according to a formula of monthly payments.

As part of outsourcing contracts, clients delegate entire or partial responsibility for their IT operations or a business process in order to achieve significant savings and access the best IT, while retaining control over strategic functions. These contracts provide revenue visibility and support performance stability.

Services provided as part of an outsourcing contract may include facilities management (data centres, call centres, network and desktop services), application maintenance and support, development and integration of new projects and applications, as well as BPS including functions such as document management, payroll services, finance and accounting administration or insurance policy administration.

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

Research

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 research activities are initiated as part of client projects and their cost is therefore supported by its clients.

The following table shows the Company's revenues and the amounts invested in research in the past three years.

(in '000's of Canadian dollars)	2004	2003	2002
Revenue	\$3,243,612	\$ 2,684,816	\$2,135,189
Research	\$26,710	\$22,036	\$17,609

Research expenses as a percentage of revenue were 0.8%, which is comparable with previous years. In fiscal 2004, research and development expenses including capitalized expenses were \$76.8 million, of which direct costs represented \$55.6 million. In fiscal 2003, research and development expenses including capitalized expenses were \$59.2 million of which direct costs totalled \$42.8 million.

Human and Material Resources

As of February 1, 2005, CGI had approximately 25,000 employees. In order to encourage the high degree of commitment necessary to ensure the quality and continuity of client 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, 2004, the net value of CGI's fixed assets was \$142.7 million. Capital leases related to these fixed assets amounted to \$4.5 million.

Client Base

CGI works with large and medium sized businesses in the private and public sectors worldwide. The Company's clientele is well balanced in terms of quality, quantity, stability and diversity. The *BCE Inc.* group of companies' (including *Bell Canada*) domestic operations accounted for 15.9% of CGI's revenue in fiscal 2004, compared with 18.6% of CGI's revenue in fiscal 2003, and 23.5% in fiscal 2002. However, on an absolute dollar basis, revenue from the *BCE Inc.* family increased 3.4% compared to fiscal 2003. 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 client retention rate of approximately 90%.

The North American IT Services Industry

Size, Structure and Recent Developments

Looking ahead, we expect that market demand for systems integration and consulting services will increase, in line with improving economic conditions. With respect to information technology and business process services outsourcing, we believe that the potential remains enormous. Each year, for the past few years, CGI has commissioned a study from *International Data Corp.* ("IDC") which provides us with the spending on information technology and business process services for Canada, the United States and Western Europe. We exclude the numbers related to services that are already outsourced.

These numbers represent the opportunity for outsourcing and they indicate that this is largely an untapped market. The new business opportunity for information technology outsourcing represents US\$682 billion in the US, US\$476 billion in Western Europe and US\$60 billion in Canada. For business process services, the opportunity is even greater, amounting to US\$1.4 trillion in the US, US\$480 billion in Europe, and US\$80 billion in Canada.

Another study we commissioned from *Gartner/Dataquest* identifies a trend to full information technology outsourcing. According to this study, there is an 80% chance that half of current information technology operations will be outsourced by 2010. CGI therefore believes that the Canadian IT services market offers significant growth opportunities. In the US market, where the size of the market is about 11 times larger, the opportunities for CGI are many times greater.

Industry Trends and Outlook

In the last few years, our 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.

For the last few years, due to conditions in the global economy, many clients continued to 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 large 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.

CGI's Growth and Positioning Strategy

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

Its independence from 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 centres. 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 provide 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.

With the addition of the operations we acquired when we purchased AMS in May of 2004 (see "Significant Acquisitions" below), our presence in the US market today is roughly at the same stage we had reached several years ago in Canada. The strategy that we are pursuing is to replicate what we successfully applied in Canada, by becoming an end-to-end IT services provider in the US and a significant player for large outsourcing contracts.

CGI utilizes a four-pronged growth strategy that combines organic growth and acquisitions.

- The first growth driver, focused on organic growth, is comprised of systems integration and consulting contract wins, renewals and extensions, and outsourcing contracts valued under \$50 million a year. This business is mainly identified and won at the local and regional level of our operations. We are growing our sales funnel of contract proposals across all of our geographic markets.
- The second element of our growth strategy is the pursuit of new large outsourcing contracts, valued at more than \$50 million per year. Canada continues to offer tremendous untapped opportunities, and proposal activity is healthy across all regions.

The third and fourth drivers of our growth strategy focus on acquisitions of smaller firms or niche players and of large companies, respectively. In North America, we will continue to be an IT domain consolidator of both small and large IT services companies.

- Small acquisitions: We identify niche company acquisitions through our strategic mapping program that systematically searches for companies that could strengthen our geographic presence, vertical market knowledge or increase the richness of our service offerings. Currently, we are focused on acquisitions in our targeted verticals and metro markets in the US, as well as on expanding our BPO capabilities.
- Large acquisitions: Through large acquisitions, we are seeking targets in Europe and the US that will increase our geographical presence and critical mass in order to further qualify us for larger outsourcing deals.

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 objectives. These processes ensure that clients' requirements drive CGI's solutions. Clients are constantly kept informed; their degree of satisfaction is constantly measured and part of the incentive remuneration of CGI managers is linked to the 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 IT consulting field to receive ISO 9001 certification for the way in which it managed projects. Since 1995 CGI has expanded the ISO 9001 certification throughout its Canadian, US 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 integrate new members successfully.

As clients grow and IT projects become increasingly complex, CGI strives to further refine its quality processes while allowing them to branch out across all its activities. 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, leading to long-term partnerships. Following its merger with *IMRglobal* in July 2001, CGI gained applications development centres in Mumbai and Bangalore which have achieved SEI CMM Level 5 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.

CGI also obtained ISO 9001 certification for the application of its *Member Partnership Management Framework* in its operations, and most recently, in 2004, similarly obtained ISO 9001 certification for its *Shareholder Partnership Management Framework* ("SPMF"). The SPMF structures the processes and information flows between CGI and its shareholders as well as with the investment community.

CGI now holds ISO quality certification for the management of its partnerships with each of its three major stakeholder groups.

SIGNIFICANT ACQUISITIONS

On March 10, 2004 the Company entered into a merger agreement (the "Merger Agreement") with *American Management Systems, Incorporated* ("AMS") pursuant to which the Company indirectly acquired by way of a tender offer (the "Tender Offer") all of the issued and outstanding shares of AMS for a purchase price of approximately \$1.1 billion (the "AMS Acquisition"). As part of the AMS Acquisition, *CACI International Inc.* ("CACI") agreed to first purchase from AMS the U.S. assets of its defence and intelligence Group (the "DIG Business") for an aggregate consideration of approximately \$549 million, subject to certain closing adjustments (the "Disposition") (the AMS Acquisition excluding the DIG Business is hereafter referred to as the "Acquisition"). In connection with the Disposition, income taxes of approximately \$147 million were incurred by the Company. The Acquisition closed on May 3, 2004.

RISK FACTORS

The Company incorporates by reference the disclosure contained in the section entitled "Risks and Uncertainties" describing the risk factors to which the Company's business is exposed, which is contained in its *Management's Discussion and Analysis* for the year ended September 30, 2004 on pages 33 to 36 in the *2004 Annual Report* which was filed on December 30, 2004 and which is available on www.sedar.com as well as on CGI's web site at www.cgi.com.

DIRECTORS AND OFFICERS

Directors

The Company incorporates by reference the disclosure under the heading “Nominees for Election as Directors” relating to the Company’s directors contained on pages 13 to 17 of CGI’s *Management Proxy Circular* dated December 9, 2004 which was filed on December 30, 2004 and which is available at www.sedar.com and on the Company’s web site at www.cgi.com.

Officers

The following table states the names of CGI’s Senior Officers, their place of residence and their principal occupation:

Name and place of residence	Principal occupation
Serge Godin Montreal, Quebec Canada	Chairman of the Board and Chief Executive Officer
Jean Brassard Longueuil, Quebec Canada	Vice-Chairman of the Board
David Anderson Toronto, Ontario Canada	Senior Vice-President and Corporate Controller
André Bourque Montreal, Quebec Canada	Senior Vice-President and Chief Legal Officer
Paule Doré Montreal, Quebec Canada	Executive Vice-President and Chief Corporate Officer and Secretary
André Imbeau Beloeil, Quebec Canada	Executive Vice-President and Chief Financial Officer and Treasurer
Donna Morea Falls Church, Virginia USA	President – Information Technology Services – U.S.A. Operations
Luc Pinard Longueuil, Quebec Canada	Chief Technology Officer
Michael E. Roach Ajax, Ontario Canada	President and Chief Operating Officer
Daniel Rocheleau Longueuil, Quebec Canada	Executive Vice-President and Chief Business Engineering Officer
Jacques Roy Longueuil, Quebec Canada	Senior Vice-President, Finance and Treasury
Joseph Saliba London England	President – Business Process Services and President Europe and Asia Pacific Operations

All of the above-mentioned persons have held the position set out opposite their names, or other executive or equivalent management functions in the Company or its subsidiaries during the last five years, except Donna Morea who prior to May 3, 2004 served as *Executive Vice-President – Public Sector Group* of AMS and in other equivalent executive positions at AMS prior to its acquisition by CGI on May 3, 2004, and Joseph Saliba, who, prior to July 2001, was *President, Outsourcing and Software Solutions* with *Sabre Inc.* until July 2001.

Ownership of Securities on the Part of Directors and Officers

The Company incorporates by reference the disclosure under the heading "Voting Shares and Principal Holders of Voting Shares" on page 11 of CGI's *Management Proxy Circular* dated December 9, 2004 which was filed on December 30, 2004 and which is available at www.sedar.com and on the Company's web site at www.cgi.com.

As of February 1, 2005, the directors and officers of the Company, as a group, beneficially owned, directly or indirectly, 4,263,636 Class A subordinate shares representing 1.04% of the issued and outstanding Class A subordinate shares and 33,772,168 Class B shares representing 100% of the issued and outstanding Class B shares.

LEGAL PROCEEDINGS

A suit was launched on May 9, 2002 under the U.S. *False Claims Act* ("FCA") against *American Management Systems, Incorporated* ("AMS") which, further to CGI's acquisition of AMS, is now the Company's U.S. operating subsidiary, *CGI-AMS Inc.* The lawsuit, alleging violations of the FCA, is currently pending in the U.S. *District Court* for the Southern District of Ohio. Under the treble damages provisions of the FCA, the lawsuit seeks more than US\$290 million.

The case involves CGI-AMS Inc.'s five-year, \$100 million plus contracts with the Ohio *Department of Job and Family Services* ("Ohio DJFS") for the development and implementation of an integrated computer system called the electronic client management system ("the e-ICMS Contracts").

The suit alleges that *CGI-AMS Inc.* knowingly billed the Ohio DJFS for services performed outside the scope of the e-ICMS Contracts and outside of the intended purpose of the federal grant funds that Ohio DJFS would use to pay the invoices. In addition, the lawsuit alleges that *CGI-AMS Inc.* billed the Ohio DJFS for services performed by certain employees at a rate higher than that which was authorized, and that *CGI-AMS Inc.* billed Ohio DJFS for the full-time work of employees who devoted only part of their time to the e-ICMS Contracts.

On July 13, 2004, the Court issued a memorandum and order (the "Order") granting in part *CGI-AMS Inc.*'s motion to dismiss the lawsuit, which significantly reduces *CGI-AMS Inc.*'s exposure, with the result that the Company does not consider the lawsuit to be a material claim. *CGI-AMS Inc.* has a good defence to the law suit, which is currently in the discovery phase of the proceedings, and the Company will continue to contest the suit vigorously.

TRANSFER AGENT AND REGISTRAR

The Company's transfer agent for the Company's Class A subordinate shares is Computershare Trust Company of Canada whose head office is situated in Toronto (Ontario). Share transfer service is available at Computershare's Montreal (Quebec) and Toronto (Ontario) offices as well as at the principal office of Computershare Trust Company, Inc. in Denver (Colorado), and New York (New York). The transfer agent for the Company's Class B shares is National Bank Trust Inc. and the register for Class B shares is situated in Montreal (Quebec).

MATERIAL CONTRACTS

The only material contracts entered into during the year ended September 30, 2004 or in prior years that are still in effect are:

i) the agreements entered into with *BCE Inc.* and its affiliates in July 2003 that are described in the Company's *Management Proxy Circular* under the heading on page 36 entitled "Agreements with BCE Inc." which is incorporated by reference, which was filed on December 30, 2004 and which is available on www.sedar.com as well as on CGI's web site at www.cgi.com; and

ii) the agreements entered into with AMS and *CACI International Inc.* in relation to the Company's acquisition of AMS in May 2004 are described above in the section entitled "Significant Acquisitions".

ADDITIONAL INFORMATION

The Company will provide to any person, upon request to the secretary of the Company, (i) a copy of the *Annual Information Form* of the Company, together with one copy of any document, or the pertinent pages of any document incorporated by reference in the *Annual Information Form*, (ii) a copy of the comparative financial statements of the Company for the year ended September 30, 2004 together with the accompanying report of the auditor and one copy of any subsequent interim financial statements, (iii) a copy of the *Management Proxy Circular* dated December 9, 2004 and (iv) a copy of the *2004 Annual Report* of the Company.

Additional information including directors' and officers' remuneration and indebtedness, securities authorized for issuance under equity compensation plans and principal holders of the Company's shares is included in the *Management Proxy Circular* dated December 9, 2004.

Additional financial information on the last fiscal year ended September 30, 2004, is presented in the audited financial statements (pages 39 to 70) and under the title *Management's Discussion and Analysis of Financial Position and Results of Operations* (pages 19 to 37), in the *2004 Annual Report*.

The documents mentioned above are available on www.sedar.com and on the Company's web site at www.cgi.com as well as at the Company's head office:

1130 Sherbrooke Street West
5th Floor
Montreal, Quebec
H3A 2M8
Telephone: (514) 841-3200
Fax: (514) 841-3299