



CGI Group Inc. 2000 Annual Report

***How do we help clients thrive  
by addressing mission-critical IT  
needs today, while assisting  
them in meeting their challenges  
of tomorrow?***





## Financial Highlights

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

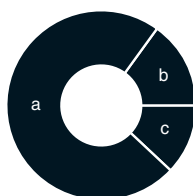
	2000	2000	1999	1998	Change 1999-2000	Average compound growth 1998-2000
	US\$ <sup>(1)</sup>	CDN\$	CDN\$	CDN\$	%	%
<b>Financial Performance</b>						
Revenue	957,339	1,436,008	1,409,458	740,963	1.9	39.2
Operating earnings (EBITDA)	114,465	171,697	214,277	101,367	-19.9	30.1
Operating earnings margin	12.0%	12.0%	15.2%	13.7%	-21.1	
Earnings before amortization of goodwill	49,028	73,542	99,906	43,166	-26.4	30.5
Per share <sup>(2)</sup>	0.18	0.27	0.37	0.18	-27.0	22.5
Amortization of goodwill, net of income taxes	11,917	17,876	16,090	8,338	11.1	46.4
Net earnings	37,111	55,666	83,816	34,828	-33.6	26.4
Per share <sup>(2)</sup>						
Basic	0.14	0.21	0.31	0.15	-32.3	18.3
Fully diluted	0.14	0.21	0.31	0.15	-32.3	18.3
Net margin	3.9%	3.9%	5.9%	4.7%	-33.9	
Operating cash flow	84,203	126,304	162,036	74,006	-22.1	30.6
Per share <sup>(2)</sup>	0.31	0.47	0.60	0.32	-21.7	21.2
<b>Financial Position</b>						
Total assets	613,915	920,873	866,489	744,930	6.3	11.2
Shareholders' equity	451,534	677,301	563,055	474,247	20.3	19.5
Per share <sup>(2)</sup>	1.64	2.46	2.10	1.78	17.1	17.6
Working capital	109,749	164,624	97,556	63,956	68.7	60.4
Current ratio	1.90:1	1.90:1	1.40:1	1.24:1		
Total bank indebtedness	20,000	30,000	46,200	1,073	-35.1	428.8
Total bank debt/equity ratio	0.04:1	0.04:1	0.08:1	0.00:1		

(1) Canadian dollar amounts for the period ended September 30, 2000 have been translated into US dollars solely for the convenience of the reader at the September 30, 2000 rate of CDN\$1.50 = US\$1.00.

(2) Adjusted for 2-for-1 stock splits effective December 15, 1997, May 21, 1998 as well as January 7, 2000.

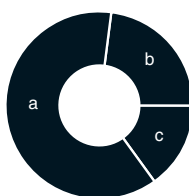
Note: CGI's policy is to reinvest earnings into its expansion rather than pay dividends.

### Revenue Mix



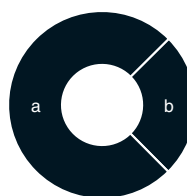
#### Geographic Markets

- a. Canada 73%
- b. U.S. 15%
- c. International 12%



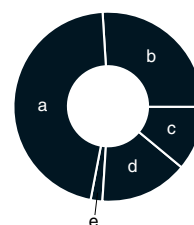
#### Services

- a. Management of IT and business functions (outsourcing) 62%
- b. Systems integration 23%
- c. Consulting 15%



#### Practices

- a. Systems planning, architecture, development and maintenance 75%
- b. IT infrastructure and networks 25%



#### Target Markets

- a. Telecommunications 46%
- b. Financial services 26%
- c. Governments 11%
- d. Manufacturing/retail/distribution 15%
- e. Public utilities and services 2%

## Our Mission

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 we do, we foster a culture of partnership, intrapreneurship and integrity, building a world-class end-to-end information technology company.

## Corporate Profile

CGI is the largest Canadian independent information technology (IT) services firm and the fifth largest in North America, based on its headcount of close to 10,000 employees. CGI has annual revenue of \$1.4 billion and helps its 2,500 clients in the private and public sectors meet their strategic goals by providing them with an end-to-end offering of high-level business and IT solutions. The company's unique mix of services is comprised of: strategic IT and management consulting; systems development and integration; and management of IT and business functions. The company is a leading provider of Web-related solutions and generates 25% of its revenue from e-business services. CGI's backlog of contracts totals \$7 billion. CGI has offices in Canada, the United States and the United Kingdom, and project offices in more than 20 other countries.

## Our Strengths

- CGI is focused on **long-term growth**. A \$7 billion order backlog of primarily large scale, renewable IT contracts, ranging from five to 10 years duration, provides revenue visibility and supports performance stability.
- Some 75% of outsourcing revenue comes from **higher value-added services**, linking CGI closely to the business strategies of its clients. They lead to strong partnerships and continuous growth as its clients' needs evolve.
- CGI provides **leading expertise in e-business**, which represents 25% of overall business.
- **Specialized expertise in five economic sectors** enables CGI to provide strategic IT solutions responsive to clients' needs.
- **Independence from any software or hardware supplier** enables CGI to provide the right solution for clients. CGI partners with all leading suppliers to ensure a broad range of solutions and to secure the lowest cost for its clients.
- **ISO 9001 certified management frameworks** enable CGI to deliver services on time and on budget well above industry standards. CGI has strong values and a deeply-rooted culture which focuses on delivering quality.
- **Integration of acquired companies' and outsourcing clients' IT personnel is a core competency**. CGI has successfully integrated a significant number of companies over the past 14 years. As a result, integrating new employees, whether through acquisitions or large outsourcing contracts, has become a core competency of CGI.
- **CGI has growing international operations** and is focused on developing a major position in the US market.

## Our Services

### *e-Business*

CGI's strategic e-business offering remains focused on enhancing—not replacing—client business models. Also, CGI is one of the few North American IT firms to provide its clients with an all-encompassing offering that includes the planning, design, implementation and management of e-business solutions. CGI offers e-business solutions and services for a range of applications including e-commerce, supply chain management, customer relationship management and collaborative technology.

CGI approaches its clients' e-business needs from a business perspective and based on its understanding of their industry. CGI tailors integrated solutions that take into consideration its clients' business, software and infrastructure requirements. Because CGI's e-solutions are founded on organizations' business needs, they reflect the way clients think and how they view e-business. Therefore, clients relate to CGI's e-solutions. CGI provides e-business services that span its entire offering, including:

### *Consulting*

IT and management consulting services, including IT strategic planning, business process engineering and systems architecture.

### *Systems Integration*

The integration of different technologies, resulting in IT systems which respond to clients' strategic needs. Comprehensive integrated solutions consist of a complex set of hardware, software, information systems and telecommunications components. Systems integration contracts are typically for six months to three years.

### *Management of IT and Business Functions (outsourcing)*

Clients delegate entire or partial responsibility for IT functions in order to achieve significant savings and access the best information technology, while retaining control over strategic IT functions. These contracts, typically for five to 10 years and renewable, include such services as systems development and maintenance, business solutions and technology management services. Some 75% of CGI's outsourcing business is in higher value-added Tier 2 and Tier 3 activities. The company defines its outsourcing business according to the three following categories:

- Tier 1 – Facilities management services including data centres, call centres and desktop services;
- Tier 2 – Functions associated with application maintenance and support, including Enterprise Resource Planning (ERP) applications and help desk;
- Tier 3 – Development and integration of new projects and applications to support clients' strategic objectives, including systems architecture and business process engineering.



***“We grow relationships.”***

	At the very root of our success since 1976 is the nature of the relationships we build. Our people combine passion, technological expertise and profound knowledge of our clients to deliver key IT solutions and nurture successful long-term relationships in which everyone thrives. In an industry where innovation and change are the order of the day, it's good to know you're on solid ground. <i>Any questions?</i>	

***Why did AXA, one of Canada’s leading property and casualty insurers, choose to outsource its crucial ERP general ledger and accounts payable functions to CGI?***

<p>Sylvain Simard Director, Consulting Services</p>	<p>Enterprise resource planning (ERP) solutions provide companies with a single, integrated, information technology tool. Because the system's components are interlinked, data entered becomes immediately available to all applications requiring it. ERP systems allow businesses to streamline their processes, accurately track performance, increase productivity and reduce costs. AXA Canada selected CGI to host and maintain its PeopleSoft ERP system because CGI's people are ERP specialists. And our in-depth understanding of AXA's needs and business objectives allowed us to ensure that the insurance industry's strict regulatory criteria were taken into account during the process. AXA also was satisfied that we were able to deliver their solution on time. You could say our coverage is complete.</p>	

A man with dark hair, wearing a black suit, white shirt, and dark tie, is leaning against a large, textured tree trunk. He is looking slightly to his left with a subtle smile. The background is dark and out of focus.

***"Because of our enterprise,  
resources and planning."***

***How has CGI succeeded in helping Portugal Telecom, Portugal’s largest telecommunications and multimedia operator, manage its entire information technology operation?***

Thérèse Bacon-Lamoureux Director, Consulting	As part of its major restructuring strategy, Portugal Telecom (PT) is transferring its IS/IT functions to a separate entity. CGI leads the new consortium, which is responsible for the information systems and data processing functions of a significant portion of the PT Group. In managing the transition to the new company, CGI is involved in defining and implementing management processes and tools, monitoring service levels and managing contracts. We've also	helped establish a better help desk, and we're involved in core IS/IT strategic projects that include billing systems, client relation management and data warehousing. Overall, it's an initiative that spells growth for PT and its people. And that translates into satisfaction for PT customers.



***"We speak the same language."***



***Where's the obvious place to find  
and trade crude oil on the Enbridge  
Petroleum Exchange?***

Maureen Mallmes Senior Consultant	<p>Calgary's Enbridge Petroleum Exchange (EPE) was the first to offer real-time, crude oil trading over the Internet. So the company needed a solid structure, secure application and reliable process that would reflect its no-nonsense approach to e-business. Enter CGI's Calgary team. With our extensive technology expertise and our ISO-certified methodology, we provided Enbridge with the security, stability and flexibility they were seeking. We supply Enbridge with desktop support,</p> <p>applications development and business analysis. Today, buy and sell orders become electronically available to all market participants simultaneously via a safe and efficient conduit. EPE is now partially owned internationally and looking to move into new markets. And CGI is ready and able to help them take their next steps. Our quality won Enbridge's business; our people won their trust.</p>	



A woman with blonde, curly hair, wearing a dark green jacket, is looking up and smiling at a large tree with vibrant yellow autumn leaves. Some leaves are falling through the air, creating a sense of movement. The background shows a clear blue sky and a blurred landscape with green grass and distant trees.

***"On the desktop."***



***What fuels CGI's team as we help the Arbella Insurance Group accelerate its program to enhance its in-house information systems services?***

Kevin Hurley Director, Consulting	<p>Arbella takes pride in partnering with agents, vendors and others to deliver excellent products and services. And that's exactly what the American insurer did when it teamed up with CGI to re-establish in-house support for a mission-critical system. A solid partnership and business relationship drove the project, with three CGI offices teaming up to share their collective expertise with Arbella employees. The project's success has allowed CGI</p> <p>to partner with Arbella in other projects. We have taken a leading role in the company's first e-commerce project, which will provide policy and billing information over the Internet. We've also helped Arbella introduce and strengthen internal best practices, including project management and systems development. Now that's a great formula.</p>	

A man with short brown hair and glasses, wearing a dark suit, white shirt, and dark tie, stands in a narrow path between two tall, dense green hedges. He is looking directly at the camera with a neutral expression. The hedges are made of a coniferous plant, possibly cedar, and are very tall, reaching above his head. The ground is covered with dry leaves and twigs. The lighting is soft, suggesting an overcast day or a shaded area.

***"We're driven."***



***Who did the leaders of Public Works and Government Services Canada turn to as a private sector partner, when they replaced key central systems to support the Government of Canada’s move to a private sector model of accounting?***

Andrea Saslove  
Consultant

Public Works and Government Services Canada (PWGSC) is responsible for the mission-critical systems behind essential government operations. In partnership with PWGSC, CGI developed and implemented three key systems: a shared departmental financial system now used by a number of government departments; the payment system that processes most of the 210 million payments the government issues to Canadians each year; and the system that consolidates and reports

on the financial accounts of all federal departments and agencies. These systems form the core of the government's Financial Information Strategy, which includes the adoption of accrual accounting to better enable the government to report the true cost of programs and improve accountability. It all adds up to a significant track record in the development of systems that will prove pivotal as the government moves to deliver effective services to Canadians via the Internet.



***"An IT leader."***



***“An important reason for our positive outlook is  
our proven ability to build long-term relationships with our clients.”***

Following four years of very strong growth in revenue and earnings, the unexpected slowdown in fiscal 2000 for CGI, as for the IT services industry generally, presented a significant challenge. We marshalled our efforts to maintain our leadership position for the inevitable return of business momentum, while carefully managing expenses. All indications are that we have been successful, and we are positive about the outlook for our industry and for CGI.

An important reason for our positive outlook is our proven ability to build long-term relationships with our clients. We grow with our clients, and our reputation supports new business development. CGI is a client driven company whose mission is to provide professional services of outstanding quality, competence, performance and objectivity to fully satisfy client objectives. This mission is fundamental to our deeply rooted quality culture and to our ability to continuously strengthen our position in all business environments.

#### **Financial and Operational Overview**

In the 1997-1999 period, CGI achieved an average compound growth of 147% for revenue and 192% for earnings before interest, taxes, depreciation and amortization (EBITDA). In fiscal 2000, revenue increased marginally to \$1.44 billion. This growth is in line with the industry but below our established pace. Our largest client, Bell Canada, initiated a cost reduction program which reduced IT outsourcing revenue to CGI by \$123.3 million compared with fiscal 1999. EBITDA declined 20% to \$171.7 million, as we increased investment in new business and technology development and maintained readiness for the business upturn.

Signs of an industry upturn emerged in the US industry during the spring of 2000, and in Canada in the fall. In October 2000, CGI won one of the first major IT outsourcing contracts in Canada since the turn of the new century—a \$1 billion-plus 10-year contract with Mouvement Desjardins, a major financial services organization in Canada. This contract is expected to be finalized in the spring of 2001. We also acquired two IT services companies, one in Canada and the other in the US. We are encouraged by these and other developments, and look for a gradual business strengthening throughout fiscal 2001.

The two factors most responsible for the industry slowdown are receding. The first factor was the very significant expenditures on IT services in 1999 as organizations sought to make their systems Y2K compliant or to replace existing systems altogether prior to the millennium. As a result, many organizations reduced their IT budgets for 2000. The second factor was that many organizations elected to postpone large outsourcing contract decisions until later in 2000, to focus their efforts on ensuring a smooth transition into the new century.

These delays are creating pent-up demand for large outsourcing and systems integration contracts, and it is only a matter of time before the awarding of these contracts spurs industry growth.

CGI's two main growth drivers are large contracts and acquisitions. At year end, CGI had a backlog of signed contracts amounting to \$7 billion, most of them renewable outsourcing contracts with an average term remaining of seven years. We also have a pipeline of contracts in negotiation amounting to \$4 billion, adjusted conservatively for a win factor.

The sales cycle for large contracts has lengthened by as much as six months during the past year, and we expect the cycle will return to the previous range of six to 18 months as the upturn gains strength.



CGI is well positioned to capitalize on the return to higher growth throughout the industry, which we believe will be driven by the increasing complexity of e-business contracts as well as by a resurgence in large contracts. As e-business efforts have become more complex, there has been a shift in e-business contracts from the small, specialized consulting and software firms to full service firms with in-depth business understanding and broad IT and industry expertise, such as CGI.

Earlier this year, we committed an investment of \$50 million over two years to train our members, Web-enable our IT solutions and to further strengthen our Web-enabling capabilities and related intellectual property. With this investment, we also will extend our network of centres of expertise, through which we develop and share specialized expertise throughout the Company. We partner with the leading software providers in all the major e-business applications—e-commerce, supply chain management, customer relationship management and collaborative technology.

Our competitive strengths include leading technology, our full range of IT services for all platforms, from legacy systems to Web-based platforms, our strategic understanding of our targeted economic sectors, our ISO 9001 certified processes which enable CGI consistently to deliver on time and on budget throughout its network, and our strong financial position.

Another important strength remains our independence from any one software or hardware provider. This gives us the flexibility to recommend the best solution for the client. We have forged partnerships with major software and hardware providers, in order to gain expertise in installing and maintaining their solutions and to secure the lowest cost of technology for our clients. We also work with the leading providers to develop joint go-to-market strategies. This past year, we initiated or strengthened partnerships with a number of leading suppliers, including SAP, Microsoft, Sun Microsystems and Nortel Networks.

#### **Contracts and Acquisitions**

An increasing proportion of CGI's business is e-business related, with network-based technology, solutions and services now representing 25% of overall revenue. Clients include Compaq Computer Corporation in the US, and the credit union movement in Canada.

The proportion of revenue from outside of Canada continues to grow. In fiscal 2000, 15% of revenue was from the United States and 12% from outside North America. In October 1999, we signed a 10-year contract with Portugal Telecom, creating a systems and information technology partnership. During the year, we also announced contracts in Norway, Ireland and the United Kingdom, in addition to contracts in the United States.

Nevertheless, the majority of large contracts in our order backlog and large proposals in the pipeline are in Canada, where we already have the data centre infrastructure in place to provide full outsourcing services.

CGI's recent agreement for a major outsourcing contract to manage the data processing operations of Desjardins underlines our strategic approach to large contracts. The business case we presented included our ability to leverage our deep expertise and understanding of the needs of the credit union movement not only in Canada, but also in the United States following a recent acquisition. We currently provide IT services for five million individual credit union members in North America.

Earlier in fiscal 2000, strong stock markets affected technology company valuations, and some companies we had identified as potential acquisition candidates preferred to explore public offerings. With the subsequent reduction in market valuations, we now are seeing more acquisition opportunities. While CGI's shares have declined from previous highs, they still represent good currency for acquisitions that will be accretive to cash earnings.

In fiscal 2000, we launched a joint venture with Loto-Québec, to offer solutions and services to the gaming industry around the world, including the development and sale of information technology solutions, consulting and management services. We completed two acquisitions that bring complementary strengths—Canadian-based IT consulting firm APG Solutions & Technologies, and US-based C.U. Processing—and further extend and strengthen our offering in key markets and industry sectors. We also signed two letters of intent with Canadian-based companies, one to take a 49% equity stake in AGTI and one to increase our equity position in Conseillers en informatique d'affaires, from 35% to 49%.

## Strategy and Outlook

We plan to achieve strong sustainable growth by acquisition as well as organically. We have a two-pronged acquisition strategy, whereby we target one or more large acquisitions in the US to gain infrastructure and greater critical mass, while making frequent, smaller acquisitions throughout North America and in Europe to incrementally grow our presence and expertise in target markets. To gain infrastructure, large outsourcing contracts could include the data centres of new clients for which we provide full IT outsourcing. Ultimately, we are positioning CGI to propose on the full IT outsourcing contracts in both the US and Europe, as is the case in Canada.

We target companies with a cultural fit and complementary offering to CGI. Our core competency in successfully integrating new employees, whether through acquisitions or large outsourcing contracts, enables us to grow our operations on a solid foundation.

A decision in October 2000 by our largest equity shareholder, BCE Inc., to restructure its operations and accept dilution of its interest in CGI, will provide CGI with greater flexibility when pursuing acquisitions using shares as currency. While gaining this flexibility, it is business as usual regarding our long-term contracts with Bell Canada and other companies in the BCE group, and we retain our status as the preferred IT services provider to this group. We view this restructuring as a very positive development for CGI.

We are confident that the growth momentum for the industry and CGI will return, as IT services are central to the new business paradigm worldwide. Organizations everywhere will have to adapt their business models to exploit the efficiencies and market advantages that result from Web-based technology applied to transactions and relationships with customers, suppliers and employees. This includes sharing vast amounts of information with new channels and therefore supporting a much greater volume of transactions and processing.

In today's e-business environment, the majority of organizations will need to re-evaluate their entire IT legacy systems, including infrastructure, networks and suites of applications, to ensure that they are capable of supporting the new requirements. This change will require massive IT undertakings, not unlike those witnessed a decade ago as client server technology emerged to complement mainframe technology.

The re-engineering of legacy environments creates large consulting and systems integration opportunities for IT services firms, like CGI, that understand their clients' business and that are capable of handling the complexity and technical demands of such projects. Customer relationship management (CRM) and e-business related services are expected to be the most rapidly growing areas of expenditure. These projects will require major investments in Internet technology infrastructure and application software, such as enterprise application integration (EAI) software. CGI has equipped itself for these trends by creating centres of expertise in these areas.

While demand for full IT outsourcing is expected to continue to grow significantly for the foreseeable future, there are some changes taking place in the industry in which CGI will participate. More and more, Internet technology is growing as a viable complement to existing legacy processing environments and provides a new driver for infrastructure outsourcing, as businesses struggle with the need for new technology skills and capital investment.

As well, IT utilities such as application service providers (ASP) are emerging. CGI has been offering select ASP services for some time and will be expanding this offering in the coming year. This allows CGI to continue providing its clients with the full range of IT services they require.

According to technology research firm IDC, the total potential annual market for IT services, what we call the IT domain, has a value of US\$37 billion in Canada, US\$713 billion in the US, and close to US\$661 billion in Europe. This excludes hardware and software sales and part of the already outsourced IT spending. Clearly, the market for IT spending that has yet to be outsourced is very large, and CGI is determined to play a leading role in consolidating these opportunities.

CGI provides full IT services to its five targeted industry sectors in all its key markets, namely Canada, the US and Europe. Outside of Europe, we will focus on the telecommunications and financial services sectors on a project basis.

CGI is currently entering into year two of its three-year strategic plan and in spite of the slowdown experienced in fiscal 2000, we remain fully committed to achieving our objectives. Our vision statement, a part of our strategic plan, is to be:

- a world champion with international reach;
- recognized by our clients as their firm of choice, a leader in providing business solutions through end-to-end services;
- recognized by our clients and key players in targeted industry sectors for the depth of our specialized expertise;
- recognized by our partners as a value-added team player seeking high performance and total client satisfaction;
- recognized by our people and industry peers as the best employer in our industry;
- recognized by our stakeholders as a healthy company providing superior returns.

CGI is a company with a deep understanding of its clients' business, and leading edge expertise in today's new technology. As we enter into our 25th year as a company, we have demonstrated our staying power, which is based on our financial strength and ability to build long-term relationships with our clients.

### **Management**

One of CGI's core strength lies in the expertise and dedication of its management team and its members. Across our entire network of operations, we have a team of seasoned and dedicated leaders who are fully immersed in our Company's values and culture.

Toward the end of fiscal 2000, we adjusted the company's organizational structure, whereby the senior executives managing each of the company's three strategic business units will report directly to me. Michael Roach became executive vice-president and general manager, Canada; François Chassé became executive vice-president and general manager, US and M&A (mergers and acquisitions), and Luc Pinard became executive vice-president and general manager, International. This provides us with the assurance of operational continuity as these executives have been managing key CGI operations for some time, and have excellent credentials, a successful track record and a commitment to achieving strong growth. Including these three senior executives, CGI's senior management team reporting directly to me includes seven executives with many years of industry experience and a well established track record within CGI.

This organizational adjustment stems from the retirement of Jean Brassard as president and chief operating officer. Mr. Brassard has led this careful succession planning process. Jean, who has been a personal friend and colleague for 30 years and one of the chief architects of CGI's success over the past 22 years, remains a director and significant shareholder in CGI. On behalf of all CGI members, I wish to extend my heartfelt gratitude for his major contribution to this company.

Turn of the century IT preparations and the demands of the fast evolving e-business economy presented our members during the past year with significant challenges. As always, they have performed remarkably well, supported by the quality system and strong values that are firmly entrenched throughout our operations. Times of particular challenge are times when the strong get stronger, and I am convinced that we enter fiscal 2001 stronger than ever with unprecedented growth opportunities. As we enter into our 25th year with fiscal 2001, on behalf of the board and senior management, I wish to thank our members, clients and shareholders for their continuing support.

**"Signed"**

Serge Godin  
Chairman, president and CEO

November 7, 2000



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## Financial Highlights

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

	2000	1999	1998	1997	1996	1995	Compound annual growth 1995-2000
	\$	\$	\$	\$	\$	\$	%
<b>Financial Performance</b>							
Revenue	1,436,008	1,409,458	740,963	231,916	122,015	96,690	71.5
Operating earnings (EBITDA)	171,697	214,277	101,367	25,124	8,601	5,859	96.5
Operating earnings margin	12.0%	15.2%	13.7%	10.8%	7.0%	6.1%	
Earnings before amortization of goodwill	73,542	99,906	43,166	9,210	3,163	1,294	124.3
Per share <sup>(1)</sup>	0.27	0.37	0.18	0.06	0.02	0.01	93.3
Net earnings	55,666	83,816	34,828	7,765	2,718	1,059	120.9
Per share <sup>(1)</sup>	0.21	0.31	0.15	0.05	0.02	0.01	83.8
Operating cash flow	126,304	162,036	74,006	21,771	7,851	4,006	99.4
Per share <sup>(1)</sup>	0.47	0.60	0.32	0.14	0.06	0.04	63.7
<b>Financial Position</b>							
Total assets	920,873	866,489	744,930	154,143	72,159	42,785	84.7
Shareholders' equity	677,301	563,055	474,247	72,271	40,789	16,481	110.3
Per share <sup>(1)</sup>	2.46	2.10	1.78	0.43	0.27	0.16	72.7
Working capital	164,624	97,556	63,956	16,935	18,823	8,515	80.8
Current ratio	1.90:1	1.40:1	1.24:1	1.30:1	1.66:1	1.36:1	
Total bank indebtedness	30,000	46,200	1,073	34,822	10,023	17,409	11.5
Total bank debt/equity ratio	0.04:1	0.08:1	0.00:1	0.48:1	0.25:1	1.06:1	

## Quarterly Financial Results

	Fiscal 2000				Fiscal 1999			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	404,673	380,533	330,701	320,101	334,348	338,790	342,315	394,005
Earnings before amortization of goodwill	27,351	27,786	11,312	7,093	21,973	25,079	25,572	27,282
Per share <sup>(1)</sup>	0.10	0.10	0.04	0.03	0.08	0.09	0.10	0.10
Net earnings	22,959	23,412	6,876	2,419	18,237	21,253	21,746	22,580
Per share <sup>(1)</sup>	0.08	0.09	0.03	0.01	0.07	0.08	0.08	0.08
Operating cash flow	43,728	38,879	23,083	20,614	25,347	38,344	40,952	57,393
Per share <sup>(1)</sup>	0.16	0.14	0.09	0.08	0.10	0.14	0.15	0.21

(1) Adjusted for 2-for-1 stock splits effective August 12 and December 15, 1997, as well as May 21, 1998 and January 7, 2000.

Note: CGI's policy is to reinvest earnings into its expansion rather than pay dividends.

The following discussion and analysis should be read in conjunction with the Company's fiscal 2000, 1999 and 1998 Consolidated Financial Statements and the notes thereto beginning on page 28 of this Annual Report. All dollar amounts are in Canadian dollars unless otherwise indicated.

#### **Corporate Overview**

Headquartered in Montreal, CGI is organized along geographic lines with three strategic business units: Canada, United States and International. CGI provides end-to-end IT services in five economic sectors: telecommunications, financial services, manufacturing/retail/distribution, governments, public utilities and services. Some 62% of the Company's business is in the management of IT and business functions (outsourcing), 23% is in systems integration and 15% is in consulting. The outsourcing business generates some 75% of its revenues from higher value-added tier 2 and tier 3 activities and 25% from tier 1 activities (see on the inside front cover for tier 1, 2 and 3 definitions).

CGI has close to 10,000 professionals and provides end-to-end IT services and business solutions to some 2,500 clients in Canada, the United States and more than 20 countries around the world. The Company has four state-of-the-art data centres in Canada, providing IT facilities management to clients coast-to-coast. In the US, through an agreement, CGI has secured access to a data centre facility in Andover, Massachusetts.

#### **Acquisitions**

Since fiscal 1999, CGI has made three acquisitions, which have contributed IT expertise and additional market presence in Canada and the United States.

On October 26, 1999, CGI acquired MCM Technology Inc. ("MCM") a New Brunswick-based firm with a reputation for leading edge component-based development expertise. At closing, MCM had approximately \$10 million of annual revenue, 85 employees and two offices in Canada. CGI acquired all the outstanding shares of MCM for a total consideration of \$9.3 million, of which \$8.9 million was goodwill.

Effective September 1, 2000, CGI acquired APG Solutions & Technologies inc. ("APG") a Montreal-based consulting firm, which specializes in the implementation of enterprise resource planning packages, application evolution, systems evolution and maintenance mainly in the telecommunications and financial services sectors. This transaction will allow the Company to increase its critical mass in these sectors. At closing, APG had annual revenue close to \$80 million, 750 employees in seven offices, mainly in Canada. CGI acquired all the outstanding shares for a total consideration of \$60.0 million. Goodwill amounted to \$64.3 million, as outlined in Note 9 to the Consolidated Financial Statements.

Subsequent to year-end, on October 4, 2000, CGI acquired C.U. Processing Inc., a Detroit-based firm that provides information management systems primarily to US credit unions. With this transaction, the Company now serves a total of five million credit union members, equally distributed across Canada and the US. At closing, C.U. Processing had annual revenue of \$35 million, 160 professionals in 14 locations in the US and an office in Toronto. CGI acquired C.U. Processing for a total consideration of \$37 million.

#### **Large contracts**

In October 1999, CGI entered into an agreement with Portugal Telecom, IBM and Case, creating a systems and information technology partnership over 10 years. The information systems and data processing functions of Portugal Telecom were outsourced to a newly-created company (PT Information Systems, "PT-SI"), held by Portugal Telecom (51%), the CGI-Case consortium (44%) and IBM (5%). In the scope of the agreement, the CGI and Case consortium manages the IT functions, including applications management and support of PT-SI. PT-SI began operations on January 15, 2000.

In April 2000, the Co-operators General Insurance Company renewed an IT services contract initially signed in 1997. As part of the new five-year renewable agreement, the Co-operators has committed to acquiring IT services from CGI with a total value of at least \$100 million.



Subsequent to year-end, on October 24, 2000, CGI announced that it had entered into a strategic alliance with the Mouvement Desjardins to manage its data processing operations through a 10-year contract worth more than \$1 billion. Under the agreement, which is expected to be concluded by May 2001, CGI will assume the management of Desjardins' data processing operations and will take on 550 Desjardins employees who work in this sector. Desjardins will maintain control of its technological orientations.

#### **Organizational Change**

As outlined in Note 11 to the Consolidated Financial Statements, during the fourth quarter of fiscal 2000, the Company announced changes to its organizational structure. The Company's six strategic business units (SBU), that were organized along geographic lines except for the Telecommunications SBU, were regrouped into three SBUs: Canada, US and International. Each SBU is evaluated primarily on its revenue, operating earnings and net contribution (net contribution being defined as earnings before interest, income taxes, entity subject to significant influence and amortization of goodwill) by its respective senior executive, who reports directly to the chief executive officer.

#### **Growth Strategy Initiatives**

The main growth drivers for CGI are large outsourcing contracts and acquisitions. In 1999, a large number of organizations carried out significant expenditures in IT services to make their systems Y2K compliant or replace existing systems altogether, prior to the turn of the millennium. As a result of this unusually high level of spending, many client organizations lowered the value of their IT investments in 2000. Also, toward the end of 1999, a number of clients elected to postpone large outsourcing contract decisions until later in 2000, to focus their efforts on ensuring a smooth transition into the new century.

In the second half of fiscal 2000, CGI's business units were invited to identify smaller acquisition candidates and contract opportunities valued at under \$100 million. At the corporate level, the Company maintains its focus on large contracts and acquisitions. In the United States, the Company is targeting primarily systems integration companies to gain critical mass and complementary expertise, and outsourcing companies or contracts to gain data centre infrastructure which will enable it to make proposals on major outsourcing contracts.

In fiscal 2000, the Company committed to an investment in e-business to further strengthen the expertise in Web-related services and solutions. As part of this initiative to support the evolution of the e-business capabilities, the Company is investing in the development of centres of expertise and in training for its members.

In the course of fiscal 2000, CGI announced that it was taking part in the Quebec government's program aimed at establishing E-Commerce Place, a pole of development of electronic business. As part of this program, CGI will receive Quebec provincial tax credits. The ministère des Finances (Quebec) granted the Company refundable tax credits on salaries, calculated at the rate of 25% on salaries paid in Quebec, for a maximum of \$10,000 a year per eligible employee. The period covered by the agreement varies from five to 10 years, and is conditional upon the Company's relocation to E-Commerce Place.

#### **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) compared with \$99.9 million (\$0.37 per share) in fiscal 1999. Net earnings amounted to \$55.7 million (\$0.21 per share, basic and fully diluted) compared with \$83.8 million (\$0.31 per share, basic and fully 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 \$394.0 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 fully diluted), compared with \$22.6 million or \$0.08 per share (basic and fully 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 Systems International L.P. and DRT Systems International (jointly "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 \$1,436.0 million, following a 90% increase to \$1,409.5 million in fiscal 1999, and a 219% increase to \$741.0 million in fiscal 1998. Revenue from acquisitions was responsible for the 2% increase in consolidated revenue.

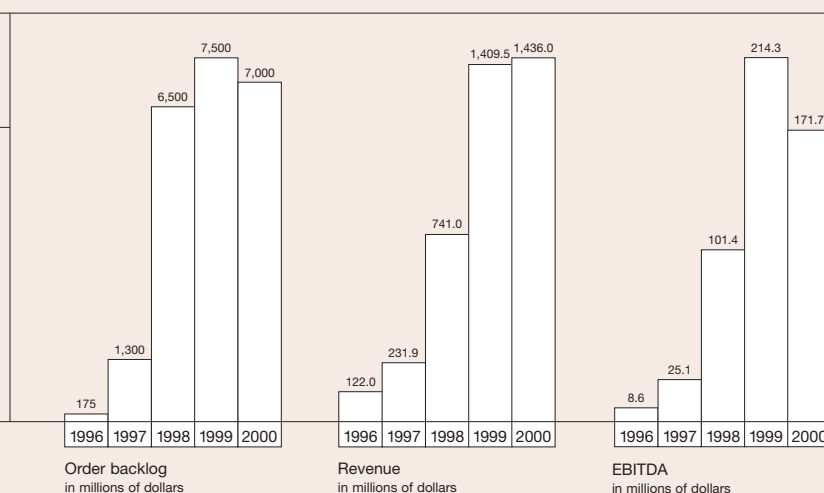
In 2000, the Company benefited from a full 12-month contribution from a major contract with Bell Mobility, which was effective May 1, 1999, as well as from DRT which was acquired effective July 1, 1999. In fiscal 2000, Bell Canada reduced its IT expenses by \$123.3 million which partially offset these 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 \$4.5 billion 10-year Bell Canada IT outsourcing contract (through its acquisition of Bell Sygma Telecom Solutions) and the acquisition of Bell Sygma International for the full year versus only three months in fiscal 1998. The 1999 increase also reflects the acquisition of Technologie Desjardins Laurentienne ("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 US, 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 US, 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 \$10.0 million in fiscal 2000 compared with \$9.6 million in fiscal 1999 and \$6.0 million in 1998. During the year, the Company committed an investment of \$50 million over two years to train its members and 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)*

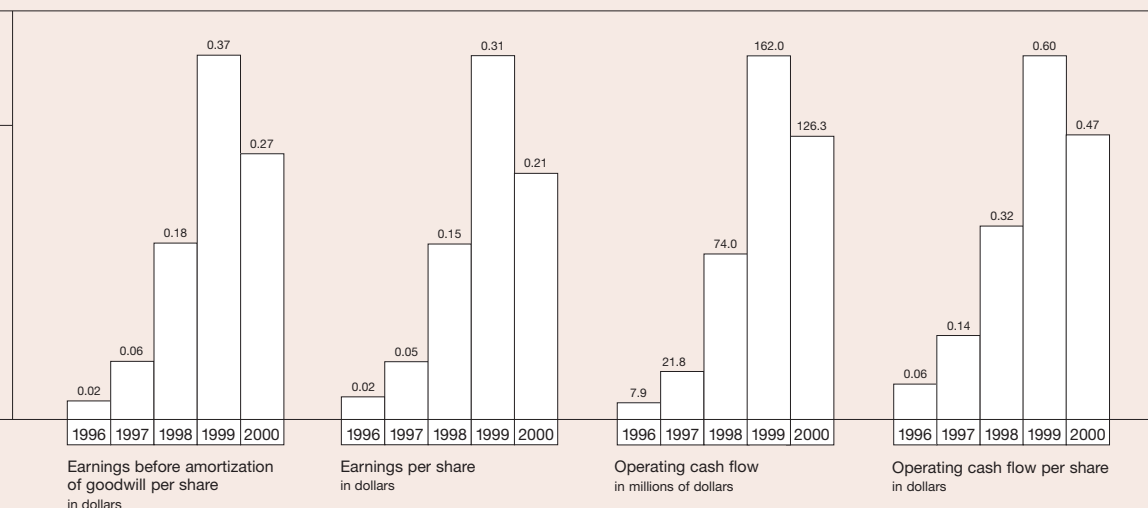
EBITDA declined 19.9% to \$171.7 million in fiscal 2000, from \$214.3 million, following several years of strong growth. EBITDA in fiscal 1999 represented growth of 111.4% compared with EBITDA of \$101.4 million reported in fiscal 1998. The decrease in EBITDA in fiscal 2000 was mainly due to the reduced 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 12.0%, 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 \$2.0 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, on October 1, 1999, the Company adopted the recommendations of the Canadian Institute of Chartered Accountants ("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*

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) in fiscal 2000, compared with \$99.9 million (\$0.37 per share) in fiscal 1999 and \$43.2 million (\$0.18 per share) 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 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 fully diluted) in fiscal 2000, from \$83.8 million (\$0.31 per share, basic and fully diluted) in fiscal 1999 but ahead of \$34.8 million (\$0.15 per share, basic and fully 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 slow-down 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 1.0% 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 US generally accepted accounting principles ("GAAP"), net earnings were \$53.9 million (\$0.20 per share, basic and fully diluted) in fiscal 2000, \$86.1 million (\$0.32 per share, basic and fully diluted) in fiscal 1999, and \$32.8 million (\$0.14 per share, basic and fully diluted) in fiscal 1998. Differences between Canadian GAAP and US 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 \$162.0 million (\$0.60 per share) in fiscal 1999 and \$74.0 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 a portion of the 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 \$5.0 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.

#### *Future 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.

### **Risks and Uncertainties**

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

*The competition for contracts*—CGI has a highly disciplined approach to management of all aspects of its business, with an increasing proportion of this approach codified under ISO 9001 certified processes and in corporate manuals. These processes were developed to meet CGI's high standards for consistently delivering the specifications and are based on strong values underlying its customer-focused corporate 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 five economic sectors it targets, and this contributes to its competitive position. CGI's critical mass and end-to-end IT services have qualified the Company to make proposals on large IT services contracts.

*The long sales cycle for major outsourcing contracts*—The average sales cycle for a large outsourcing contract is six to 18 months, and exceptionally, in fiscal 2000, the average cycle has lengthened as a result of organizations delaying decisions during and after the Y2K compliance period.

*The availability and cost of qualified IT professionals*—The high growth of the IT industry is placing strong demand on qualified people. CGI has been able to successfully staff for its needs because its corporate culture, strong values and emphasis on career development and performance-driven remuneration have made the Company a preferred employer for qualified professionals. CGI has put in place a comprehensive program to attract and retain qualified and dedicated professionals. CGI also gains qualified professionals through outsourcing contracts.

*The ability to successfully integrate acquisitions and IT operations 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 14 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 the human and capital resources of acquired companies and the IT operations of outsourcing clients. As at the end of fiscal 2000, the vast majority of CGI's operations had received ISO 9001 certification.

*The ability to continue to develop and expand service offerings to address emerging business demand and technology trends*—CGI remains in the forefront of IT services for its clients in a number of ways. These include its specialization in five targeted economic sectors; non-exclusive strategic alliances with major software and hardware vendors; development of proprietary IT solutions to meet the competitive requirements of clients; regular training and professional interchange of expertise and experience within CGI; and acquisitions to gain new technology and expertise.

*Material developments regarding major commercial customers resulting from such causes as changes in financial condition, mergers or acquisitions*—With the exception of BCE Inc., its subsidiaries and its affiliates, no one company or group of related companies represents more than 10% of total revenue.

*Potential liability if contracts are not successfully carried out*—CGI has a strong record of successfully meeting or exceeding client requirements. 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.



## Outlook

CGI's growth has come from a balance of internal and external growth, with large acquisitions and outsourcing contracts being the main growth drivers. Outsourcing is becoming more pronounced due to user technical skills shortages, rapidly advancing new technologies, client competitive pressures and the need to adopt an e-business model. There is pent-up demand for outsourcing and systems integration, and there are signs that the slowdown is beginning to reverse.

Additionally, as e-business efforts have become more complex, there has been a shift in e-business contracts from the specialized consulting and software firms to full service IT outsourcing firms. These developments and others augur well for established IT services firms such as CGI.

CGI believes that its competitive strengths for e-business, as for other business, include its leading technology, its full range of IT services for all platforms, from legacy systems to Web-based platforms, its strategic understanding of our targeted markets, its ISO 9001 certified methodology which enables CGI to deliver on time and on budget, and its strong financial 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.

### Forward-looking statements

All statements contained in the Annual Report of CGI Group Inc., or in any document filed by the Company with the US Securities and Exchange Commission ("SEC"), 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 Private Securities Litigation Reform Act of 1995. These statements represent CGI Group Inc.'s intentions, plans, expectations, and beliefs, and no assurance can be given that the results described in such statements will be achieved.

The Annual Report 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 operations. There is a number of factors that could cause such 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 Financial Position and Results of Operations of this report under Risks and Uncertainties, or Form 40F filed with the SEC, which important factors are included here by reference.

CGI disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

*Management's Report*

The management of the Company is responsible for the preparation and integrity of the financial statements contained in the Annual Report. These statements have been prepared in accordance with accounting principles generally accepted in Canada and necessarily include some amounts that are based on management's best estimates and judgment. Management considers that the statements present fairly the financial position of the Company, the results of its operations and its cash flows.

To fulfil its responsibility, management developed and continues to maintain systems of internal accounting controls and establishes policies and procedures to ensure the reliability of financial information and to safeguard assets. The internal control systems and financial records are subject to reviews by external auditors during the examination of the financial statements.

The Audit Committee of the Board of Directors meets regularly with the external auditors and with management to approve the scope of audit work and assess reports on audit work performed. The financial statements have been reviewed and approved by the Board of Directors on the recommendation of the Audit Committee.

"Signed"

Serge Godin  
Chairman, president and chief executive officer  
November 7, 2000

"Signed"

André Imbeau  
Executive vice-president and chief financial officer

*Auditors' Report*

To the Shareholders of CGI Group Inc.

We have audited the consolidated balance sheets of CGI Group Inc. as at September 30, 2000 and 1999 and the consolidated statements of earnings, retained earnings and cash flows for each of the years in the three-year period ended September 30, 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2000 and 1999 and the results of its operations and its cash flows for each of the years in the three-year period ended September 30, 2000 in accordance with Canadian generally accepted accounting principles.

"Signed"

Samson Bélair Deloitte & Touche

Chartered Accountants  
Montreal, Quebec  
November 7, 2000

*Consolidated Statements of Earnings*

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

	2000	1999	1998
	\$	\$	\$
<b>Revenue</b>	<b>1,436,008</b>	<b>1,409,458</b>	<b>740,963</b>
Operating expenses			
Costs of services, selling and administrative expenses	1,254,351	1,185,563	633,616
Research and development	9,960	9,618	5,980
	<b>1,264,311</b>	<b>1,195,181</b>	<b>639,596</b>
Operating earnings (EBITDA) before:	<b>171,697</b>	<b>214,277</b>	<b>101,367</b>
Depreciation and amortization of fixed assets	26,387	27,415	16,851
Amortization of contract costs	21,991	19,002	11,321
Amortization of software and development costs	–	1,874	2,105
	<b>48,378</b>	<b>48,291</b>	<b>30,277</b>
Earnings before the following items	<b>123,319</b>	<b>165,986</b>	<b>71,090</b>
Interest			
Long-term debt	(3,624)	(1,389)	(816)
Other	(130)	(120)	(107)
Income	3,898	5,310	1,987
	<b>144</b>	<b>3,801</b>	<b>1,064</b>
Earnings before income taxes, entity subject to significant influence, non-controlling interest and amortization of goodwill	<b>123,463</b>	<b>169,787</b>	<b>72,154</b>
Income taxes (Note 8)	<b>49,985</b>	<b>69,943</b>	<b>29,285</b>
Earnings before entity subject to significant influence, non-controlling interest and amortization of goodwill	<b>73,478</b>	<b>99,844</b>	<b>42,869</b>
Entity subject to significant influence	<b>64</b>	<b>62</b>	<b>44</b>
Non-controlling interest	–	–	253
Earnings before amortization of goodwill	<b>73,542</b>	<b>99,906</b>	<b>43,166</b>
Amortization of goodwill, net of income taxes	<b>17,876</b>	<b>16,090</b>	<b>8,338</b>
<b>Net earnings</b>	<b>55,666</b>	<b>83,816</b>	<b>34,828</b>
Weighted average number of outstanding Class A subordinate shares, Class B shares and first preferred shares	<b>270,442,354</b>	<b>267,969,082</b>	<b>234,614,324</b>
<b>Earnings before amortization of goodwill per share</b>	<b>0.27</b>	<b>0.37</b>	<b>0.18</b>
<b>Basic and fully diluted earnings per share</b>	<b>0.21</b>	<b>0.31</b>	<b>0.15</b>

See Notes to the Consolidated Financial Statements

*Consolidated Statements of Retained Earnings*

years ended September 30  
(in thousands of Canadian dollars)

	2000	1999	1998
	\$	\$	\$
<b>Retained earnings, beginning of year, as previously reported</b>	<b>139,080</b>	<b>55,264</b>	<b>20,436</b>
Adjustment for change in accounting policy (Note 2)	(11,590)	–	–
Retained earnings, beginning of year, as restated	<b>127,490</b>	<b>55,264</b>	<b>20,436</b>
Net earnings	<b>55,666</b>	<b>83,816</b>	<b>34,828</b>
<b>Retained earnings, end of year</b>	<b>183,156</b>	<b>139,080</b>	<b>55,264</b>

See Notes to the Consolidated Financial Statements



Consolidated Balance Sheets

as at September 30  
(in thousands of Canadian dollars)

	2000	1999
	\$	\$
<b>Assets</b>		
Current assets		
Cash and cash equivalents	49,341	42,229
Accounts receivable (Note 3)	211,188	208,392
Income taxes	10,483	–
Work in progress	49,117	79,899
Prepaid expenses and other current assets	19,442	13,631
Future income taxes (Note 8)	7,052	–
	346,623	344,151
Investment in an entity subject to significant influence	1,261	683
Fixed assets (Note 4)	58,900	63,094
Contract costs (Note 5)	93,716	99,774
Future income taxes (Note 8)	24,470	–
Goodwill	395,903	358,787
	920,873	866,489
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	142,754	204,397
Income taxes	–	10,177
Deferred revenue	25,512	21,351
Future income taxes (Note 8)	7,963	5,531
Current portion of long-term debt (Note 6)	5,770	5,139
	181,999	246,595
Future income taxes (Note 8)	23,929	2,214
Long-term debt (Note 6)	37,644	54,625
	243,572	303,434
<b>Shareholders' equity</b>		
Capital stock (Note 7)	491,807	423,764
Contributed surplus	211	211
Retained earnings	183,156	139,080
Foreign currency translation adjustment (Note 2)	2,127	–
	677,301	563,055
	920,873	866,489

See Notes to the Consolidated Financial Statements

Approved by the Board

“Signed”  
Serge Godin

Director

“Signed”  
André Imbeau

Director

Consolidated Statements of Cash Flows

years ended September 30  
(in thousands of Canadian dollars)

	2000	1999	1998
	\$	\$	\$
<b>Operating activities</b>			
Net earnings	55,666	83,816	34,828
Adjustments for:			
Depreciation and amortization of fixed assets	26,387	27,415	16,851
Loss (gain) on disposal of fixed assets	1,454	(135)	–
Amortization of contract costs	21,991	19,002	11,321
Amortization of software and development costs	–	1,874	2,105
Amortization of goodwill	19,153	16,584	8,434
Future income taxes	2,214	12,364	2,526
Foreign exchange (gain) loss	(497)	988	(1,547)
Entity subject to significant influence	(64)	(62)	(44)
Non-controlling interest	–	–	(253)
Other	–	190	(215)
Operating cash flow	126,304	162,036	74,006
Changes in non-cash operating working capital items:			
Accounts receivable	17,206	(10,229)	(35,774)
Work in progress	31,725	(56,552)	2,957
Prepaid expenses and other current assets	(5,486)	(1,389)	(1,216)
Accounts payable and accrued liabilities	(92,027)	(10,998)	89,722
Income taxes	(13,647)	(16,218)	24,052
Deferred revenue	3,475	9,860	(3,300)
	(58,754)	(85,526)	76,441
Cash provided by operating activities	67,550	76,510	150,447
<b>Financing activities</b>			
Addition of long-term debt	–	46,200	–
Reduction of long-term debt	(22,107)	(9,670)	(25,321)
Issuance of shares	10,931	4,992	47,720
Cash (used for) provided by financing activities	(11,176)	41,522	22,399
<b>Investing activities</b>			
Business acquisitions (net of cash) (Note 9)	(18,395)	(119,106)	1,720
Investment in an entity subject to significant influence	(514)	–	(577)
Purchase of fixed assets	(18,090)	(20,678)	(19,002)
Proceeds from sale of fixed assets	845	2,201	1,334
Contract costs	(14,177)	(58,884)	(21,288)
Cash used for investing activities	(50,331)	(196,467)	(37,813)
Foreign exchange gain (loss) on cash held in foreign currencies	1,069	(754)	1,207
Net increase (decrease) in cash and cash equivalents	7,112	(79,189)	136,240
Cash and cash equivalents at beginning of year	42,229	121,418	(14,822)
<b>Cash and cash equivalents at end of year</b>	<b>49,341</b>	<b>42,229</b>	<b>121,418</b>

Supplementary cash flow information (Note 10)  
See Notes to the Consolidated Financial Statements

## Notes to the Consolidated Financial Statements

years ended September 30, 2000, 1999 and 1998  
(tabular amounts only are in thousands of Canadian dollars)

### 1. Description of business

CGI Group Inc. (the "Company"), directly or through its subsidiaries, provides a full range of information technology ("IT") services including management of IT and business functions, systems integration and consulting. The Company's primary focus is large-scale systems integration and outsourcing contracts for both private and public sector organizations.

### 2. Summary of significant accounting policies

#### *Preparation of consolidated financial statements*

The consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP") which differ in certain material respects with United States GAAP. Significant differences relevant to the Company are presented in Note 15.

#### *Use of estimates*

The preparation of the consolidated financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Because of the use of estimates inherent in the financial reporting process, actual results could differ from those estimates.

#### *Principles of consolidation*

The financial statements of entities controlled by the Company are consolidated; entities jointly controlled by the Company, referred to as joint ventures, are accounted for using the proportionate consolidation method; the associated company, which the Company has the ability to significantly influence, is accounted for using the equity method.

#### *Revenue recognition and work in progress*

The Company provides professional services under level-of-effort, cost-based and fixed-price contracts. Work in progress is valued at estimated net realizable value. Under level-of-effort contracts, revenue is recorded as services are provided. For cost-based contracts, revenue is recorded as reimbursable costs are incurred. Revenue from fixed-price contracts is recorded using the percentage-of-completion method, whereby revenue and profit are based on a ratio of costs incurred to total estimated costs of the project. Deferred revenue principally represents billings to customers in excess of work in progress. Losses, if any, on long-term contracts are recognized during the period they are determined. Revenue from the sale of software licences is recognized when the product is delivered to the customer.

#### *Cash and cash equivalents*

Cash and cash equivalents consist primarily of unrestricted cash and short-term investments having an initial maturity of three months or less.

#### *Depreciation and amortization*

Fixed assets are recorded at cost and are depreciated and amortized over their estimated useful lives, using principally the straight-line method. The annual depreciation and amortization periods by fixed asset category are as follows:

Leasehold improvements	Term of lease plus first renewal option
Furniture and fixtures	3 to 10 years
Computer equipment	3 to 5 years
Software	1 to 5 years

#### *Contract costs*

These costs include expenses incurred in the course of IT management contracts obtained by the Company for periods varying from two to ten years. These expenses are recorded at cost and amortized using the straight-line method over the term of the respective contracts.



## 2. Summary of significant accounting policies (cont'd)

### *Software and development costs*

Costs incurred for the design and development of software and products are capitalized only after technological feasibility is established. Purchased computer software is recorded at cost.

Capitalized software and development costs are amortized on a straight-line basis from the time the software and products are in use, over their estimated useful lives, ranging between three and five years.

### *Goodwill*

Goodwill represents the excess of the purchase price over the fair values of the net assets of entities acquired at the respective dates of acquisition. Goodwill is amortized on a straight-line basis over its expected useful life of 20 years.

### *Impairment of long-lived assets*

The Company evaluates the carrying value of its long-lived assets on an ongoing basis. In order to determine whether an impairment exists, management considers the undiscounted cash flows estimated to be generated by those assets as well as other indicators. Any permanent impairment in the carrying value of assets is charged against earnings in the period an impairment is determined.

### *Stock option plan*

The Company has a stock option compensation plan, which is described in Note 7. No compensation expense is recognized for this plan when stock options are granted to employees and directors. Any consideration paid by employees and directors on exercise of stock options is credited to share capital.

### *Research and development*

Research and development expenses are charged to earnings in the year they are incurred, net of related investment tax credits.

### *Income taxes*

On October 1, 1999, the Company adopted the recommendations of the Canadian Institute of Chartered Accountants ("CICA") Handbook section 3465, Income taxes, which replaces the deferral method with the liability method of tax allocation. The Company applied the recommendations retroactively without restating prior years.

Future income taxes relate to the expected future tax consequences of differences between the carrying amount of balance sheet items and their corresponding tax values. Future tax assets are recognized only to the extent that, in the opinion of management, it is more likely than not that the future income tax assets will be realized. Future income tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment or substantive enactment.

The change had the following cumulative effect on the October 1, 1999 accounts:

	Increase	Decrease
	\$	\$
Retained earnings		11,590
Goodwill		16,869
Current future income tax assets	9,060	
Long-term future income tax assets	4,722	
Current future income tax liabilities	15	
Long-term future income tax liabilities	8,488	

### *Translation of foreign currencies*

On January 1, 2000, the Company reclassified its US subsidiary companies from integrated foreign operations to self-sustaining foreign operations as a result of changes in the economic facts and circumstances.

Accordingly, self-sustaining subsidiaries are accounted for using the current-rate method. Assets and liabilities denominated in a foreign currency are translated into Canadian dollars at exchange rates in effect at the balance sheet date. Revenues and expenses are translated at average exchange rates prevailing during the year. Resulting unrealized gains or losses are accumulated and reported as translation adjustment in shareholders' equity. This change has been applied prospectively.

The accounts of foreign subsidiaries, which are financially or operationally dependent on the parent company, are accounted for using the temporal method. Under this method, monetary assets and liabilities are translated at the exchange rates in effect at the balance sheet dates and non-monetary assets and liabilities are translated at historical exchange rates. Revenues and expenses are translated at average rates for the period. Translation exchange gains or losses of such subsidiaries are reflected in net earnings.

Revenues and expenses denominated in foreign currencies are recorded at the rate of exchange prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at exchange rates prevailing at the balance sheet dates. Other unrealized translation gains and losses are reflected in net earnings.

#### *Earnings per share*

Basic earnings per share are calculated using the weighted average number of common shares and first preferred shares outstanding during the period. Fully diluted earnings per share reflects the incremental increase in common shares outstanding, assuming the exercise of all outstanding employee and director stock options and conversions.

#### *Future 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.

### **3. Accounts receivable**

	2000	1999
	\$	\$
Trade	202,108	204,405
Other <sup>(1)</sup>	9,080	3,987
	<b>211,188</b>	<b>208,392</b>

(1) The ministère des Finances (Quebec) granted the Company refundable tax credits on salaries, calculated at the rate of 25% on salaries paid in Quebec, for a maximum of \$10,000 a year per eligible employee. The period covered by the agreement varies from five to 10 years and takes effect starting May 11, 2000, the date the agreement was signed, and is conditional upon the Company's relocation to E-Commerce Place. Accordingly, other accounts receivable, as at September 30, 2000, include an amount of approximately \$7,800,000 in refundable tax credits on salaries receivable.

### **4. Fixed assets**

	2000		
	Cost	Accumulated depreciation and amortization	Net book value
	\$	\$	\$
Leasehold improvements	25,887	5,917	19,970
Furniture and fixtures	24,260	11,569	12,691
Computer equipment	72,886	52,002	20,884
Software	15,516	10,161	5,355
	<b>138,549</b>	<b>79,649</b>	<b>58,900</b>

	1999		
	\$	\$	\$
Leasehold improvements	17,914	1,229	16,685
Furniture and fixtures	16,189	3,715	12,474
Computer equipment	45,568	16,856	28,712
Software	11,770	6,547	5,223
	<b>91,441</b>	<b>28,347</b>	<b>63,094</b>

Fixed assets include assets acquired under capital leases totalling \$10,549,000 (\$12,463,000 in 1999), net of accumulated depreciation and amortization of \$7,981,000 (\$6,911,000 in 1999).

## 5. Contract costs

	2000		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Software acquired and developed	41,022	9,241	31,781
Software licences and other expenses	95,225	33,290	61,935
	136,247	42,531	93,716
	1999		
	\$	\$	\$
Software acquired and developed	34,564	4,740	29,824
Software licences and other expenses	98,896	28,946	69,950
	133,460	33,686	99,774

## 6. Long-term debt

	2000	1999
	\$	\$
Unsecured revolving credit facility, bearing interest at bankers' acceptance rate plus 0.375% with no principal payments before 2004 <sup>(1)</sup>	30,000	46,200
Obligations under capital leases, bearing interest at various interest rates varying from 5.7% to 14.7% and repayable in blended monthly instalments maturing at various dates until 2005	12,777	13,398
Other unsecured loans, without interest, repayable ending in September 2001	637	166
	43,414	59,764
Current portion	5,770	5,139
	37,644	54,625

(1) An amount of \$195,000,000 is available under the terms of this unsecured revolving credit facility. In addition to this revolving credit facility, the Company also has available lines of credit totalling \$25,500,000 under which approximately \$1,650,000 has been used to cover letters of credit issued for contracts with major outsourcing and systems integration customers.

Principal repayments on long-term debt over the next five years are as follows:

	\$
2001	637
2002	—
2003	—
2004	30,000
2005	—

Minimum capital lease payments are as follows:

	Payment	Interest	Principal
	\$	\$	\$
2001	5,969	836	5,133
2002	3,523	512	3,011
2003	2,609	290	2,319
2004	2,343	51	2,292
2005	22	—	22
Total minimum capital lease payments	14,466	1,689	12,777



## 7. Capital stock

Authorized, an unlimited number without par value

- First preferred shares, carrying one vote per share, ranking prior to second preferred shares, Class A subordinate shares and Class B shares with respect to the payment of dividends;
- Second preferred shares, non-voting, ranking prior to Class A subordinate shares and Class B shares with respect to the payment of dividends;
- Class A subordinate shares, carrying one vote per share, participating equally with Class B shares with respect to the payment of dividends and convertible into Class B shares under certain conditions in the event of certain takeover bids on Class B shares;
- Class B shares, carrying ten votes per share, participating equally with Class A subordinate shares with respect to the payment of dividends, convertible at any time at the option of the holder into Class A subordinate shares.

		2000	1999
		\$	\$
Issued and paid			
240,755,667	Class A subordinate shares (116,943,987 in 1999)	490,645	423,616
34,846,526	Class B shares (17,386,826 in 1999)	1,162	148
		491,807	423,764

On June 18, 1998, the Company modified its authorized capital stock by creating Series 6 first preferred shares. Series 6 first preferred shares are convertible into Class A subordinate shares on the basis of one Class A subordinate share for each first preferred share, Series 6.

On June 29, 1998, the Company modified its authorized capital stock by converting the first preferred shares, Series 1 into Class A shares on a one-for-one basis and cancelling the unissued first preferred shares, Series 1, 2, 3, 4 and 5 from the Company's authorized share capital.

For 2000, 1999 and 1998 and after giving retroactive effect to the subdivision of the Company's shares that occurred on December 15, 1997, May 21, 1998 and January 7, 2000, the Class A subordinate shares, Class B shares and first preferred shares changed as follows:

	Class A subordinate shares		Class B shares		First preferred shares	
	Number	Amount	Number	Amount	Number	Amount
		\$		\$		\$
Balance at September 30, 1997	87,962,160	33,037	43,718,624	187	36,800,000	18,400
Issued for cash	—	—	—	—	17,512,864	43,672
Issued as consideration for						
business acquisitions	3,015,712	1,800	—	—	76,521,600	317,628
Options exercised	1,340,388	4,048	—	—	—	—
Conversion	139,779,436	379,739	(8,944,972)	(39)	(130,834,464)	(379,700)
Balance at September 30, 1998	232,097,696	418,624	34,773,652	148	—	—
Options exercised	1,790,278	4,992	—	—	—	—
Balance at September 30, 1999	233,887,974	423,616	34,773,652	148	—	—
Issued for cash	287,914	4,003	—	—	—	—
Issued as consideration for						
business acquisitions	5,626,369	57,112	—	—	—	—
Options exercised	953,410	5,914	72,874	1,014	—	—
Balance at September 30, 2000	240,755,667	490,645	34,846,526	1,162	—	—

### Stock option plan

Under a Stock option plan for certain employees and directors of the Company and its subsidiaries, the Board of Directors may grant, at its discretion, options to purchase company stock to certain employees and directors of the Company and its subsidiaries. The exercise price is established by the Board of Directors but may not be lower than the average closing price for Class A shares over the five business days preceding the date of the grant. Options are exercisable from the date of grant. Each option must be exercised within a ten-year period, except in the event of retirement, termination of employment or death. Options for 23,307,734 Class A subordinate shares have been reserved for issuance under the stock option plan.

## 7. Capital stock (cont'd)

The following table presents information concerning all stock options granted to certain employees and directors by the Company at September 30, 2000:

	2000		1999		1998	
	Number of options	Weighted average exercise price per share	Number of options	Weighted average exercise price per share	Number of options	Weighted average exercise price per share
		\$		\$		\$
Outstanding, beginning of year	4,996,414	8.23	5,497,696	4.85	3,834,640	2.77
Granted during the year	2,565,594	15.93	1,415,980	14.65	3,027,444	6.71
Exercised, forfeited and expired during the year	(1,148,827)	7.44	(1,917,262)	3.26	(1,364,388)	3.02
Outstanding, end of year	6,413,181	11.46	4,996,414	8.23	5,497,696	4.85

The following table summarizes information about outstanding stock options granted to certain employees and directors of the Company at September 30, 2000:

Options outstanding				Options exercisable	
Range of exercise price	Number outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price	Number exercisable	Weighted average exercise price
\$			\$		\$
0.98	181,000	2	0.98	181,000	0.98
1.88	175,000	2	1.88	175,000	1.88
3.15 to 4.44	565,496	2	4.07	565,496	4.07
5.39 to 5.75	1,215,500	3	5.71	1,038,000	5.71
9.03 to 13.33	1,084,490	5	12.02	917,654	11.90
14.00 to 16.63	3,146,127	10	15.73	632,724	15.33
24.51 to 26.03	45,568	10	25.99	1,068	24.51
	6,413,181	7	11.46	3,510,942	8.37

## 8. Income taxes

As described in Note 2, the Company adopted the recommendations of CICA Handbook Section 3465, Income Taxes, effective October 1, 1999 and prior year figures have not been restated. The terminology used to describe comparative figures is consistent with the terminology used to describe current year figures calculated using the liability method of tax allocation.

The income tax provision for the years ended September 30, is as follows:

	Liability method 2000	Deferral method 1999	Deferral method 1998
	\$	\$	\$
Current	46,494	57,085	26,663
Future <sup>(1)</sup>	3,491	12,858	2,622
	49,985	69,943	29,285

(1) Includes \$1,277,000 (\$494,000 in 1999 and \$96,000 in 1998) of future income taxes related to goodwill amortization.

The Company's effective income tax rate differs from the combined Canadian statutory tax rate for the following reasons:

	Liability method 2000	Deferral method 1999	Deferral method 1998
	%	%	%
Combined federal and provincial statutory tax rates	40.6	41.9	41.9
Non-deductible items	4.7	5.1	6.8
Utilization of non-recognized tax benefits of a subsidiary	–	(1.1)	(2.6)
Other	1.5	(0.6)	(0.3)
Effective income tax rate before goodwill amortization	46.8	45.3	45.8
Goodwill amortization	(6.3)	(4.1)	(5.2)
Effective income tax rate	40.5	41.2	40.6

At September 30, 2000, future income taxes are as follows:

	\$
Future income tax assets:	
Provision for integration costs	10,415
Tax benefits on losses	23,654
Unclaimed research and experimental development expenses	2,041
Other	1,201
	37,311
Future income tax liabilities:	
Fixed assets	1,958
Contract costs	21,550
Work in progress	7,190
Goodwill	1,049
Other	145
	31,892
Valuation allowance	5,789
Future income taxes, net	(370)

Future income taxes are classified as follows:

	\$
Current future income tax assets	7,052
Long-term future income tax assets	24,470
Current future income tax liabilities	(7,963)
Long-term future income tax liabilities	(23,929)
Future income tax liabilities, net	(370)

Comparative figures for future income tax assets and liabilities are not presented as they would not provide any additional useful information.

Certain of the Company's subsidiaries have losses carried forward aggregating approximately \$64,500,000, of which approximately \$50,400,000 originates from the Company's US subsidiaries, available to reduce future taxable income and expiring at various dates to 2020. In addition, losses approximating \$3,700,000 can be used to offset future years' taxable income indefinitely. The benefit of these losses has been reflected in the consolidated financial statements to the extent that it was considered to be more likely than not that the related future income tax assets would be realized.



## 9. Business acquisitions

During 2000, the Company made the following acquisitions:

The Company acquired all the outstanding shares of MCM Technology Inc. ("MCM") and of APG Solutions & Technologies inc. ("APG") on October 26, 1999, and on September 1, 2000, respectively. These acquisitions were accounted for using the purchase method, as follows:

	MCM	APG	Total
	\$	\$	\$
Non-cash working capital items	(1,208)	(8,079)	(9,287)
Fixed assets	872	2,089	2,961
Contract costs	–	1,501	1,501
Future income taxes	363	9,570	9,933
Goodwill	8,925	64,349	73,274
Assumption of long-term debt	(635)	(2,240)	(2,875)
	8,317	67,190	75,507
Cash position at acquisition	1,008	(7,162)	(6,154)
	9,325	60,028	69,353
Consideration			
Cash	2,900	9,341	12,241
Issuance of 5,626,369 Class A subordinate shares	6,425	50,687	57,112
	9,325	60,028	69,353

On October 29, 1999, the Company entered into a partnership agreement with third parties that involved the creation of PT Information Systems ("PT-SI"). The Company accounts for its 26.4% interest in PT-SI using the proportionate consolidation method. The Company's proportionate share of the joint venture's operations included in the consolidated financial statements is as follows:

<b>Balance Sheet</b>	\$
Current assets	1,347
Non-current assets	192
Current liabilities	1,335
Non-current liabilities	–
<b>Statement of earnings</b>	
Revenues	10,814
Expenses <sup>(1)</sup>	10,312
Net earnings	502
<b>Statement of cash flows</b>	
Funds provided by:	
Operations	502
Financing activities	234

(1) Excludes strictly the Company's share of management fees charged by the Company to PT-SI during the year.

During 1999, the Company made the following acquisitions:

On January 1, 1999, the Company acquired all the outstanding shares of 9061-9313 Quebec Inc., a corporation incorporated by Mouvement Desjardins and into which the assets of Technologie Desjardins Laurentienne ("TDL") were transferred. On July 1, 1999, the Company acquired substantially all of the assets related to the businesses of DRT Systems International and DRT Systems International L.P. (jointly, "DRT"). These acquisitions were accounted for using the purchase method, as follows:

	TDL	DRT	Total
	\$	\$	\$
Non-cash working capital items	1,072	23,952	25,024
Fixed assets	2,516	3,207	5,723
Contract costs	1,053	—	1,053
Goodwill	18,541	68,765	87,306
	23,182	95,924	119,106
Cash consideration	23,182	95,924	119,106

During 1998, the Company made the following acquisitions:

On October 22, 1997, the Company acquired all the outstanding shares of ISI Systems Inc., 3420035 Canada Inc. and Teleglobe Limited, which represented the Insurance Systems group of Teleglobe Inc. ("Insurance Systems"). On May 26, 1998, the Company increased its 50% interest in Solfitech Inc. ("Solfitech"), a subsidiary, from 50% to 100%, following the exercise by Société financière d'Innovation Inc. ("Sofinov"), a shareholder of Solfitech, of its option to exchange its Solfitech shares for shares of the Company. Since May 26, 1998, the results of operations have been fully consolidated. On July 1, 1998, the Company acquired all the outstanding shares of 3439470 Canada Inc. ("Telecom Solutions"), a corporation incorporated by Bell Canada and into which the assets of the Bell Sygma Telecom Solutions and the Bell Sygma International operations of Bell Sygma Inc. (with the exception of certain units) were transferred. Finally, on September 1, 1998, the Company acquired all the outstanding shares of Perigon Solutions Inc. These acquisitions were accounted for using the purchase method, as follows:

	Insurance systems	Telecom solutions	Other	Total
	\$	\$	\$	\$
Non-cash working capital items	10,494	(21,120)	2,004	(8,622)
Fixed assets	12,702	17,570	1,124	31,396
Contract costs	5,000	25,000	271	30,271
Deferred income taxes	9,431	—	890	10,321
Goodwill	90,005	163,593	2,225	255,823
Assumption of long-term debt	(636)	—	(1,092)	(1,728)
Non-controlling interest	—	—	247	247
	126,996	185,043	5,669	317,708
Cash position at acquisition	23,334	29,356	(1,255)	51,435
	150,330	214,399	4,414	369,143
Consideration				
Cash	30,330	16,771	2,614	49,715
Issuance of 1,507,856 Class A subordinate shares	—	—	1,800	1,800
Issuance of 21,060,800 first preferred shares, Series 4 and 5	120,000	—	—	120,000
Issuance of 17,200,000 first preferred shares, Series 6	—	197,628	—	197,628
	150,330	214,399	4,414	369,143

## 10. Supplementary cash flow information

	2000	1999	1998
	\$	\$	\$
i) Non-cash investing and financing activities			
Investing activities			
Business acquisitions	57,112	–	319,428
Purchase of fixed assets under capital leases	2,882	11,943	6,479
	59,994	11,943	325,907
Financing activities			
Issuance of capital stock	57,112	–	319,428
Increase in obligations under capital leases	2,882	11,943	6,479
	59,994	11,943	325,907
ii) Interest paid and income taxes paid (recovered) for the years ended September 30, are as follows:			
Interest paid	3,754	1,509	923
Income taxes paid (recovered)	67,154	73,303	(865)

## 11. Segmented information

During the fourth quarter of fiscal 2000, the Company announced changes to its organizational structure. The Company's six strategic business units ("SBU"), that were organized along geographic lines, except for the Telecommunications SBU, were regrouped into three SBUs: Canada, US and International. Each SBU is evaluated primarily on its revenue, operating earnings and net contribution (net contribution being defined as earnings before interest, income taxes, entity subject to significant influence and amortization of goodwill) by its respective senior executive, who reports directly to the chief executive officer.

Each business unit, with the exception of the corporate segment, offers end-to-end IT services including the management of IT and business functions, systems integration and consulting services to clients in industry sectors such as telecommunications, financial services and manufacturing/retail/distribution. The corporate segment comprises management of cash and cash equivalents and general corporate activities such as strategy and market development, coordination of large projects and capital investment decisions. Costs, which have not been allocated to the other segments, are included in this segment as they represent common costs and general head office expenses; the allocation of these costs to the other segments would not assist in the evaluation of the respective segments' contributions.

Because the Company has undergone significant changes of its internal organization in a manner that causes the composition of its reportable segments to change, those internal organization changes had a major impact on the financial reporting system of the Company and it is impracticable to present 1998 comparative figures under the new segmentation basis.

2000						
	Canada	US	International	Corporate	Intersegment elimination	Total
	\$	\$	\$	\$	\$	\$
Revenue	1,131,872	215,442	179,531	-	(90,837)	<b>1,436,008</b>
Operating expenses	956,546	208,249	166,498	23,855	(90,837)	<b>1,264,311</b>
Operating earnings						
(EBITDA) before:	175,326	7,193	13,033	(23,855)	-	<b>171,697</b>
Depreciation and amortization	41,023	4,009	2,046	1,300	-	<b>48,378</b>
Earnings before interest, income taxes, entity subject to significant influence and amorti- zation of goodwill	134,303	3,184	10,987	(25,155)	-	<b>123,319</b>
Total assets	590,047	207,469	95,095	28,262	-	<b>920,873</b>

1999						
	\$	\$	\$	\$	\$	\$
Revenue	1,204,719	140,617	121,179	-	(57,057)	1,409,458
Operating expenses	995,938	123,077	108,002	25,221	(57,057)	1,195,181
Operating earnings						
(EBITDA) before:	208,781	17,540	13,177	(25,221)	-	214,277
Depreciation and amortization	41,991	3,992	905	1,403	-	48,291
Earnings before interest, income taxes, entity subject to significant influence and amorti- zation of goodwill	166,790	13,548	12,272	(26,624)	-	165,986
Total assets	500,014	186,315	150,238	29,922	-	866,489

*Geographic information*

	2000		1999		1998	
	Revenue	Assets <sup>(1)</sup>	Revenue	Assets <sup>(1)</sup>	Revenue	Assets <sup>(1)</sup>
	\$	\$	\$	\$	\$	\$
Canada	<b>1,043,978</b>	<b>412,138</b>	1,143,874	369,399	614,911	315,055
US	<b>215,401</b>	<b>104,845</b>	136,479	115,658	94,535	55,474
Other	<b>176,629</b>	<b>31,536</b>	129,105	36,598	31,517	30,606
Total	<b>1,436,008</b>	<b>548,519</b>	1,409,458	521,655	740,963	401,135

(1) Includes fixed assets, contract costs and goodwill.



## 11. Segmented information (cont'd)

### Revenue by service line

	2000	1999	1998
	\$	\$	\$
Management of IT and business functions (outsourcing)	891,726	1,009,844	517,078
Systems integration	326,569	239,768	134,331
Consulting	217,713	159,846	89,554
Total	1,436,008	1,409,458	740,963

The Canada and International segments comprise revenues from contracts with a shareholder, its subsidiaries and its affiliated companies. Other than that group, no single customer represents more than 10% of the Company's revenue (see Note 12).

## 12. Related party transactions

In the normal course of business, the Company is party to contracts with certain of BCE Inc.'s (a shareholder) subsidiaries and affiliated companies, pursuant to which the Company is its preferred supplier for information systems and IT needs. Transactions and resulting balances, which were measured at exchange amounts, are presented below:

	2000	1999	1998
	\$	\$	\$
Revenue	572,630	526,696	140,000
Purchase of services	169,910	110,009	12,213
Accounts receivable	53,235	11,961	8,000
Accounts payable	12,645	20,960	13,550
Work in progress	12,072	38,561	–
Deferred revenue	11,998	5,912	11,313
Contract costs and other items	25,711	31,200	–

## 13. Commitments and contingencies

At September 30, 2000, the Company is committed under terms of operating leases with various expiration dates, primarily for rental of premises and computer equipment used in outsourcing contracts, in the aggregate amount of approximately \$210,456,000. Minimum lease payments due in each of the next five years are as follows:

	\$
2001	56,713
2002	43,426
2003	30,772
2004	21,359
2005	18,169

The Company concluded four long-term services agreements representing a total commitment of \$77,649,000. Minimum payments under these agreements due in each of the next four years are as follows:

	\$
2001	28,332
2002	24,652
2003	19,810
2004	4,855

#### 14. Financial instruments

##### *Fair value*

At September 30, 2000 and 1999, the estimated fair values of cash and cash equivalents, accounts receivable, work in progress and accounts payable and accrued liabilities approximate their respective carrying values.

The estimated fair values of long-term debt and obligations under capital leases are not significantly different than their respective carrying values at September 30, 2000 and 1999.

The Company does not hold or issue financial instruments for trading purposes.

##### *Credit risk*

Credit risk concentration with respect to trade receivables is limited due to the Company's large client base. Furthermore, as described in Note 12, the Company generates a significant portion of its revenues from a shareholder's subsidiaries and affiliates. Management does not believe that the Company is subject to any significant credit risk.

#### 15. Reconciliation of results reported in accordance with Canadian GAAP to United States GAAP

The material differences between Canadian and United States GAAP affecting the Company's consolidated financial statements are detailed as follows:

	2000	1999	1998
	\$	\$	\$
<b>Reconciliation of net earnings</b>			
Net earnings—Canadian GAAP	55,666	83,816	34,828
Adjustments			
Foreign currency translation <sup>(ii)</sup>	462	389	(1,869)
Goodwill amortization <sup>(iii)</sup>	(500)	(142)	—
Integration costs <sup>(iv)</sup>	(1,764)	—	—
Income taxes <sup>(i)</sup>	—	550	(1,649)
Research and development <sup>(v)</sup>	—	2,178	264
Purchased in-process R&D <sup>(vi)</sup>	—	(741)	1,220
Net earnings—United States GAAP	53,864	86,050	32,794
Basic EPS—United States GAAP <sup>(vii)</sup>	0.20	0.32	0.14
Fully diluted EPS—United States GAAP <sup>(viii)</sup>	0.20	0.32	0.14
<b>Reconciliation of shareholders' equity</b>			
Shareholders' equity—Canadian GAAP	677,301	563,055	474,247
Adjustments			
Adjustment for change in accounting policy <sup>(i)</sup>	9,134	—	—
Foreign currency translation <sup>(ii)</sup>	1,659	1,562	1,039
Goodwill amortization <sup>(iii)</sup>	(642)	(142)	—
Integration costs <sup>(iv)</sup>	(1,764)	—	—
Income taxes <sup>(i)</sup>	—	(2,456)	(3,006)
Research and development <sup>(v)</sup>	—	—	(2,178)
Purchased in-process R&D <sup>(vi)</sup>	—	—	741
Shareholders' equity—United States GAAP	685,688	562,019	470,843

(i) Income taxes and adjustment for change in accounting policy

On October 1, 1999, the Company adopted the recommendations of CICA Handbook Section 3465 "Income taxes" (see Note 2). The recommendations of Section 3465 are similar to the provisions of Statement of Financial Accounting Standards ("SFAS") No. 109 "Accounting for Income Taxes" issued by the Financial Accounting Standards Board ("FASB"). Upon the implementation of Section 3465, the Company recorded an adjustment to reflect the difference between the assigned value and the tax basis of an asset acquired in a purchase business combination, which resulted in a future income tax liability; the Company offset this amount through a reduction of retained earnings as part of the cumulative adjustment. Under United States GAAP, this amount would have been reflected as additional goodwill.

## 15. Reconciliation of results reported in accordance with Canadian GAAP to United States GAAP (cont'd)

Prior to the issuance of Section 3465, under Canadian GAAP, accounting for income taxes was similar to the provisions of the United States Accounting Principles Board No.11. Under United States GAAP, the Company would have followed the provisions of SFAS No. 109. Comparative adjustments represent the difference between the deferral and liability methods.

### (ii) Translation of foreign currencies

Under Canadian GAAP, the financial statements of the Company's foreign subsidiaries, which are considered integrated operations, have been translated using the temporal method. Under this method, monetary assets and liabilities are translated at the exchange rates in effect at the balance sheet dates and non-monetary assets and liabilities are translated at historical exchange rates. Revenues and expenses are translated at average rates for the period. Translation exchange gains or losses of such subsidiaries are reflected in net earnings.

Under United States GAAP, SFAS No. 52, "Foreign Currency Translation", requires companies to translate functional-currency financial statements into reporting currency using the current exchange rate method whereby the rates in effect on the balance sheet dates for assets and liabilities and the weighted average rate for statement of earnings elements are used. Any translation adjustments, resulting from the process of translating the financial statements of foreign subsidiaries into Canadian dollars, are excluded from the determination of net earnings and are reported as a separate component in shareholders' equity.

### (iii) Goodwill amortization

As described in (i) above, goodwill recorded by the Company as a result of a purchase business combination is greater for United States GAAP purposes than for Canadian GAAP purposes. The adjustment reflects the additional goodwill amortization expense for United States GAAP purposes.

### (iv) Integration costs

Under Canadian GAAP, certain costs relating to the purchaser may be recognized in the purchase price allocation when accounting for business combinations, subject to certain conditions. Under United States GAAP, only costs relating directly to the acquired business may be considered in the purchase price allocation. The adjustment represents the charge to net earnings, net of income taxes, under United States GAAP.

### (v) Research and development ("R&D")

Under United States GAAP, software and development costs capitalized by a subsidiary company would have been expensed. The adjustment represents the reversal of the amortization expense, net of income taxes.

### (vi) Purchased in-process R&D

As a result of the acquisition of a subsidiary company, an amount was allocated to software and development costs incurred by a subsidiary company prior to its acquisition. Under United States GAAP, this charge would be considered as purchased in-process R&D. Purchased in-process R&D that represents products in the development stage and not considered to have reached technological feasibility at the time of the acquisition is required to be expensed. The adjustment represents the reversal of the amortization expense, net of income taxes.

### (vii) Earnings per share

Under United States GAAP, SFAS No. 128, "Earnings Per Share", requires companies to replace the presentation of primary earnings per share ("EPS") with a presentation of basic EPS. The statement also requires dual presentation of basic and fully diluted EPS (which includes the effect of stock options having a dilutive impact) for all entities with complex capital structures. For 2000, 1999 and 1998, the number of shares used to calculate basic and fully diluted EPS for United States GAAP purposes was not materially different from the number of shares used to calculate basic and fully diluted EPS for Canadian GAAP purposes.

(viii) Comprehensive income

Cumulative other comprehensive income is comprised solely of foreign currency translation adjustments which result from the process of translating the financial statements of foreign subsidiaries (see (ii)). As at September 30, 2000 and 1999, cumulative other comprehensive income amounts to \$4,806,000 and \$3,042,000, respectively.

The following table represents comprehensive income in accordance with SFAS 130 "Reporting Comprehensive Income":

	2000	1999	1998
	\$	\$	\$
Net earnings—United States GAAP	53,864	86,050	32,794
Other comprehensive income:			
Foreign currency transaction adjustment, net of tax	1,762	134	2,908
Comprehensive income	55,626	86,184	35,702

(ix) Proportionate consolidation

The proportionate consolidation method is used to account for interests in joint ventures. Under United States GAAP, entities in which the Company owns a majority of the share capital would be fully consolidated and those which are less than majority-owned but over which the Company exercises significant influence, would be accounted for using the equity method. This would result in reclassifications in the consolidated balance sheet and statement of earnings as at and for the year ended September 30, 2000. However, the differences in the case of majority-owned joint ventures were not considered material and have consequently not been presented (see Note 9). In accordance with practices prescribed by the US Securities and Exchange Commission, the Company has elected, for the purpose of this reconciliation, to account for interests in joint ventures using the proportionate consolidation method.

(x) Recent pronouncements

In June 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities". This statement, as amended by SFAS No. 138 in June 2000, is effective for year ends beginning after June 15, 2000. SFAS No. 133 requires all derivatives, including those embedded in other contracts, to be recorded on the balance sheet at fair value. Changes in the fair values of derivatives are recorded either in current earnings or other comprehensive income, depending on whether or not the derivative is designated as a part of a hedge transaction and the type of hedge transaction. The ineffective portion of all hedges will be recorded in current earnings.

The Company has adopted SFAS No. 133 effective October 1, 2000, and accordingly, the Company will be required to periodically revalue any derivative instruments to fair values and record any resulting gains or losses to current earnings or other comprehensive income, as appropriate. The adoption of SFAS No. 133 did not have a material impact on its consolidated results of operations or financial position.

## 16. Comparative figures

Certain comparative figures have been reclassified in order to conform to the presentation adopted in 2000.

## 17. Subsequent event

On October 4, 2000, the Company acquired all of the outstanding shares of C.U. Processing Inc. for a total cash consideration of approximately \$37,000,000.



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Chairman, president and  
chief executive officer, CGI

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Bombardier Inc.  
Chairman, Bombardier Capital

**William D. Anderson**  
President, BCE Ventures Inc.

**Claude Boivin**<sup>1</sup>  
Director of companies

**Jean Brassard**  
Vice-chairman, CGI and  
director of companies

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President, Alcan  
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**André Imbeau**  
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President and vice-chancellor,  
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and chief corporate officer

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Executive vice-president  
and chief business  
engineering officer

**André Nadeau** e.  
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Executive vice-president,  
mergers and acquisitions  
and general manager, US

**Luc Pinard** h.  
Executive vice-president and  
general manager, International



a.

b.

c.

d.

e.

f.

g.

h.

<sup>1</sup> Member of the Audit Committee

<sup>2</sup> Member of the Human Resources and Corporate Governance Committee

## Management Team

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**Paule Doré**  
Executive vice-president and chief corporate officer

**André Imbeau**  
Executive vice-president and chief financial officer

**André Nadeau**  
Executive vice-president and chief strategy officer

**Daniel Rocheleau**  
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**Guy Brosseau**

**Anne-Marie Doin**

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**Michel Garneau**

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**Jacques Roy**

**John Rynn**

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Senior vice-president, Ottawa

**Paul Biron**  
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**John Campbell**  
Senior vice-president, business development, telecommunications

**Paul Chauvin**  
Senior vice-president, credit unions solutions and services, US

**Rod Cox**  
Senior vice-president, Atlantic

**Daniel Crépeau**  
Senior vice-president, Greater Montreal

**Michael Feldstein**  
Senior vice-president, IS/IT services, telecommunications

**Jacques Giguère**  
Senior vice-president, management of IT functions and infrastructure, Greater Montreal

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(248) 262-2500  
(800) 949-1862

Spokane, WA  
(509) 467-5656  
(800) 206-5678

### International

**Canada**  
Main Office  
Montreal  
(514) 281-0562

**England**  
Main Office  
London  
+44 (0) 20 7630 0271  
Bristol  
+44 (0) 14 5445 4454

**Portugal**  
Lisbon (Project Office)  
35121 782-7200

**Uruguay**  
Montevideo  
(5982) 903-0980

## The Network

<b>Canada</b>	Cleveland
Calgary	Dallas
Charlottetown	Detroit
Edmonton	Houston
Fredericton	Kansas City
Halifax	Knoxville
Jonquière	Los Angeles
Montreal	Minneapolis
Ottawa	Minot
Quebec City	Nashville
Regina	New York
Saint John	Seattle
Toronto	<b>United Kingdom</b>
Vancouver	Bristol
Winnipeg	London
<b>United States</b>	<b>Portugal</b>
Albany	Lisbon
Atlanta	
Boston	<b>Uruguay</b>
Chicago	Montevideo
Cincinnati	



## Shareholder Information

### Listing

The Toronto Stock Exchange,  
April 1992: GIB.A  
New York Stock Exchange,  
October 1998: GIB

Number of shares outstanding  
as at October 31, 2000  
240,760,417 Class A  
subordinate shares  
34,846,526 Class B shares

High/low of share price  
from October 1, 1999  
to October 31, 2000  
TSE: 34.45/8.60  
NYSE (US\$): 27.28/5.63

### Annual General Meeting of Shareholders

Tuesday, January 23, 2001  
at 11:00 a.m. The Queen  
Elizabeth Hotel, Grand Salon,  
900 René-Lévesque Blvd. W.,  
Montreal, Quebec.

CGI presents a live Webcast  
of its Annual Meeting of  
Shareholders via Internet at  
[www.cgi.ca](http://www.cgi.ca). Complete instruc-  
tions on viewing the Webcast  
will be available on CGI's  
Web site. Viewers will be pro-  
vided access on a first-come,  
first-served basis. Voting is  
restricted to shareholders  
present at the Annual Meeting  
or represented by proxy.

### Auditors

Samson Bélair/Deloitte &  
Touche

### Transfer Agent and Registrar

Montreal Trust

### Financial Communications

The Barnes Organization Inc.,  
Toronto

This Annual Report is also on  
the Internet at the following  
address: [www.cgi.ca](http://www.cgi.ca)

*Le rapport annuel 2000 de CGI  
est aussi publié en français.*

***Building on fundamentals.***

