CGI GROUP INC
Form 40-F
December 22, 2008

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 40-F

(Check one)

¨ Registration statement pursuant to Section 12 of the Securities Exchange Act of 1934
or
þ Annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended September 30, 2008

Commission file number 1-14858
GROUPE CGI INC./CGI GROUP INC.
(Exact name of Registrant as Specified in Its Charter)

CGI Group Inc.
(Translation of Registrant's Name Into English)

Québec, Canada
(Province or Other Jurisdiction of Incorporation or Organization)

7374
(Primary Standard Industrial Classification Code Number)

[Not Applicable]
(I.R.S. Employer Identification Number)

1130 Sherbrooke Street West
7th Floor
Montréal, Québec
Canada H3A 2M8
(514) 841-3200
(Address and Telephone Number of Registrant's Principal Executive Offices)

CGI Technologies and Solutions Inc.
11325 Random Hills
Fairfax, VA22030
(703) 267-8679
(Name, Address and Telephone Number of Agent For Service in the United States)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title Of Each Class	Name Of Each Exchange On Which Registered
Class A Subordinate Voting Shares	New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

For annual reports, indicate by check mark the information filed with this form:

þ Annual Information Form þ Audited Annual Financial Statements

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: 274,165,370 Class A Subordinate Shares, 34,208,159 Class B Shares

Indicate by check mark whether the registrant by filing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934 (the "Exchange Act"). If "Yes" is marked, indicate the file number assigned to the registrant in connection with such rule.
Yes____
82-____ No X

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. Yes X No____

Undertaking

Registrant undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to: the securities registered pursuant to Form 40-F; the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in said securities.

Controls and Procedures

The Registrant has established a system of controls and other procedures designed to ensure that information required to be disclosed in its periodic reports filed under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. These disclosure controls and procedures have been evaluated under the direction of the Registrant's Chief Executive Officer and Chief Financial Officer as of the end of the Registrant's most recently completed fiscal year on September 30, 2008. Based on such evaluations, the Chief Executive Officer and Chief Financial Officer have concluded that the disclosure controls and procedures are effective. No change was made in the Registrant's internal controls over financial reporting during the fiscal year ended September 30, 2008 that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting. No significant changes were made in the Registrant's internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation.

Audit Committee

The Audit and Risk Management Committee of the Board of Directors is composed entirely of unrelated directors who meet the independence and experience requirements of the New York Stock Exchange, the Toronto Stock Exchange, the U.S. Securities and Exchange Commission rules and Multi-Lateral Instrument 52-110 adopted by the Canadian Securities Administrators which took effect on March 30, 2004, as amended.

The Audit and Risk Management Committee is composed of Mrs. Eileen A. Mercier, Chair of the committee, and Messrs. Robert Chevrier, Gerald T. Squire and Robert Tessier.

The Registrant's Board of Directors has determined that the following members of the Audit and Risk Management Committee of the Board of Directors are "audit committee financial experts" within the meaning of paragraph (8) of General Instruction B to Form 40-F:

- Robert Chevrier, and
- Eileen A. Mercier

Principal Accountant Fees and Services

In order to satisfy itself as to the independence of the external auditors, the Audit and Risk Management Committee has adopted an auditor independence policy which covers (a) the services that may and may not be performed by the external auditors, (b) the governance procedures to be followed prior to retaining services from the external auditors, and (c) the responsibilities of the key participants. The following is a summary of the material provisions of the policy.

Performance of Services

Services are either acceptable services or prohibited services.

The acceptable services are (a) audit and review of financial statements, (b) prospectus work, (c) audit of pension plans, (d) special audits on control procedures, (e) tax planning services on mergers and acquisitions activities, (f) due diligence relating to mergers and acquisitions, (g) tax services related to transfer pricing, (h) sales tax planning, (i) research and interpretation related to taxation, (j) research relating to accounting issues, (k) proposals and related services for financial structures and large tax planning projects, (l) preparation of tax returns and (m) all other services that are not prohibited services.

The prohibited services are (a) bookkeeping services, (b) design and implementation of financial information systems, (c) appraisal or valuation services or fairness opinions, (d) actuarial services, (e) internal audit services, (f) management functions, (g) human resources functions, (h) broker-dealer services, (i) legal services, (j) services based on contingency fees and (k) expert services.

Governance Procedures

The following control procedures are applicable when considering whether to retain the external auditors' services:

For all services falling within the permitted services category, whether they are audit or non-audit services, a request for approval must be submitted to the Audit and Risk Management Committee through the Executive Vice-President and Chief Financial Officer prior to engaging the auditors to perform the services.

In the interests of efficiency, certain permitted services are pre-approved quarterly by the Audit and Risk Management Committee and thereafter only require approval by the Executive Vice-President and Chief Financial Officer as follows:

- The Audit and Risk Management Committee can pre-approve envelopes for certain services to pre-determined dollar limits on a quarterly basis;
- Once pre-approved by the Audit and Risk Management Committee, the Executive Vice-President and Chief Financial Officer may approve the services prior to the engagement;
- For services not captured within the pre-approved envelopes and for costs in excess of the pre-approved amounts, separate requests for approval must be submitted to the Audit and Risk Management Committee;
- At each meeting of the Audit and Risk Management Committee a consolidated summary of all fees by service type is presented including a break down of fees incurred within each of the pre-approved envelopes.

Fees Paid to External Auditors

During the years ended September 30, 2008 and September 30, 2007, CGI paid the following fees to its external auditors:

Service retained	Fees paid	
	2008	2007
Audit fees	$3,786,221	$4,366,192
Audit related fees(a)	$2,823,827	$1,984,671
Tax fees(b)	$617,221	$812,281
All other fees(c)	-	$6,625
Total fees paid	$ 7,227,269	$7,169,769

(a) The audit related fees paid to the external auditors for the years ended September 30, 2008 and September 30, 2007 were in relation to service organization control procedures audits, accounting consultations and employee benefit plan audits.
(b)The tax fees paid to the external auditors for the years ended September 30, 2008 and September 30, 2007 were in relation to tax planning services on mergers and acquisitions and reorganization activities, research and interpretation related to taxation, support activities related to tax audit and

-3-

preparation of personal tax returns, principally on behalf of expatriates. None of the persons for whom tax returns were prepared were officers of the Company.
(c)The other fees paid to the external auditors for the year ended September 30, 2007 were for advisory services related to human resources matters.

Code of Ethics

In addition to its Code of Ethics and Business Conduct that applies to all the Registrant's employees, officers and directors, the Registrant has adopted an Executive Code of Conduct that applies specifically to the Registrant's principal executive officer, principal financial officer, principal accounting officer or controller, or other persons performing similar functions (collectively, the "Officers"). The Executive Code of Conduct is designed to deter wrongdoing and to promote:

- Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- Full, fair, accurate, timely, and understandable disclosure in reports and documents that the Registrant files with, or submits to, the Securities and Exchange Commission and in other public communications made by the Registrant;
- Compliance with applicable governmental laws, rules and regulations;
- The prompt internal reporting of violations of the code to an appropriate person or persons identified in the code; and
- Accountability for adherence to the code.

The Registrant's Executive Code of Conduct and of its Code of Ethics and Business Conduct have been posted on the Registrant's website at http://www.cgi.com.

On July 29, 2008, the CGI Code of Ethics and Business Conduct and the Executive Code of Conduct were amended by the Board of Directors on the recommendation of the Corporate Governance Committee in the context of the benchmarking of the Company's insider trading policy and blackout periods. As a result of the amendment, the periods during the year when insiders are permitted to trade in the Company's securities as well as the procedures they must follow when they wish to trade are no longer covered in the Code of Ethics and Business Conduct and the Executive Code of Conduct and, instead, are covered in a separate Policy on Insider Trading and Blackout Periods.

The Board of Directors monitors compliance with the Code of Ethics and Business Conduct and under the Board of Directors charter is responsible for any waivers of the codes' provisions granted to directors or officers. No such waivers have been granted to date.

Off-balance sheet arrangements

The Registrant does not enter into off-balance sheet financing as a matter of practice except for the use of operating leases for office space, computer equipment and vehicles, none of which are off-balance sheet arrangements within the meaning of paragraph (11) of General Instruction B to Form 40-F. In accordance with Canadian GAAP, neither the lease liability nor the underlying asset is carried on the balance sheet as the terms of the leases do not meet the threshold for capitalization.

As disclosed in Note 26 to the Registrant's Consolidated Financial Statements, in the normal course of business, the Registrant enters into agreements that may provide for indemnification and guarantees to counterparties in transactions such as consulting and outsourcing services, business divestitures, lease agreements and financial obligations. These indemnification undertakings and guarantees may require the Company to compensate counterparties for costs and losses incurred as a result of various events, including breaches of representations and warranties, intellectual property right infringement, claims that may arise while providing services or as a result of litigation that may be suffered by counterparties. The nature of most indemnification undertakings prevent the Registrant from making a reasonable estimate of the maximum potential amount the Registrant could be required to pay counterparties, as the agreements do not specify a maximum amount and the amounts are dependent upon the outcome of future contingent events, the nature and likelihood of which cannot be determined at this time. The Registrant does not expect that any sum it may have to pay in connection with these guarantees will have a materially adverse effect on its Consolidated Financial Statements.

Tabular Presentation of Contractual Obligations

As of September 30, 2008, the Registrant's known contractual obligations were as follows:

Contractual Obligations (in '000 of Canadian dollars)	Total	Payment due by period: Less than 1 year	2nd and 3rd years	4th and 5th years	After 5 years
Long-Term Debt Obligations	369,578	93,819	97,369	157,468	20,922
Capital (Finance) Lease Obligations	21,513	7,098	11,401	3,014	-
Operating Lease Obligations(1)	891,942	155,596	217,734	140,326	378,286
Purchase Obligations	205,382	73,462	109,150	19,600	3,170
Total	1,488,415	329,975	435,654	320,408	402,378

(1) Included in these obligations are $22.2 million of office space leases from past acquisitions.

Information to be Filed on This Form

The following materials are filed as a part of this Annual Report:

1. Annual Information Form for the fiscal year ended September 30, 2008
2. Audited Annual Financial Statements for the fiscal year ended September 30, 2008
3. Management's Discussion and Analysis of Financial Position and Results of Operations

The following documents are filed as exhibits to this Annual Report:

23.1 Consent of Deloitte & Touche LLP

99.1 Certification of the Registrant's Chief Executive Officer required pursuant to Rule 13a-14(a).

99.2 Certification of the Registrant's Chief Financial Officer required pursuant to Rule 13a-14(a).

99.3 Certification of the Registrant's Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

99.4 Certification of the Registrant's Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

ANNUAL INFORMATION FORM

For the fiscal year ended
September 30, 2008

December 12, 2008

TABLE OF CONTENTS

This Annual Information Form is dated December 12, 2008 and, unless specifically stated otherwise, all information disclosed in this form is provided as at September 30, 2008, the end of CGI's most recently completed fiscal year. All dollar amounts are in Canadian dollars, unless otherwise stated.

INCORPORATION AND DESCRIPTION OF CAPITAL STOCK

Corporate Structure

CGI Group Inc. (the "Company", "CGI", "we", "us" or "our") was incorporated on September 29, 1981 under Part IA of t Companies Act (Quebec). The Company continued the activities of Conseillers en gestion et informatique CGI inc., which was originally founded in 1976. The executive and registered office of the Company is situated at 1130 Sherbrooke Street West, 7th floor, Montreal, Quebec, Canada, H3A 2M8. CGI became a public company on December 17, 1986, upon completing an initial public offering of its Class A subordinate voting shares ("Class A subordinate voting shares").

Subsidiaries

The following is a list of the subsidiaries of CGI (i) whose total assets represent more than 10% of CGI's consolidated assets as at September 30, 2008, or (ii) whose sales and operating revenues represent more than 10% of CGI's consolidated sales and operating revenues for the year ended September 30, 2008.

Name	Jurisdiction of Incorporation	Percentage of Ownership
CGI Information Systems and Management Consultants Inc.	Canada	100%
Conseillers en gestion et informatique CGI inc.	Quebec	100%
CGI Technologies and Solutions Inc.	Delaware	100%

CGI has a wholly-owned subsidiary in each of the 16 countries in which we do business, and each operating subsidiary operates under the CGI brand. In addition, CGI owns a number of other subsidiaries that serve specific markets, serve as holding companies, or serve other corporate purposes.

Capital Structure

The Company's authorized share capital consists of an unlimited number of Class A subordinate voting shares carrying one vote per share and an unlimited number of Class B shares (multiple voting) ("Class B shares") carrying 10 votes per share, all without par value, of which, as of December 12, 2008, 274,145,411 Class A subordinate voting shares, and 34,208,159 Class B shares were issued and outstanding. These shares represent respectively 44.49% and 55.51% of the aggregate voting rights attached to the outstanding Class A subordinate voting shares and Class B shares. Two classes of preferred shares also form part of CGI's authorized capital: an unlimited number of First Preferred Shares ("First Preferred Shares"), issuable in series, and an unlimited number of Second Preferred Shares ("Second Preferred Shares"), also issuable in series. As of December 12, 2008 there were no preferred shares outstanding.

The Company incorporates by reference the disclosure contained under the headings “Class A Subordinate Voting Shares and Class B Shares”, on page 3 and “First Preferred Shares” and “Second Preferred Shares” on page 5 of CGI’s Management Proxy Circular dated December 12, 2008 which was filed with Canadian securities regulatory authorities and which is available at www.sedar.com and on CGI’s web site at www.cgi.com. A copy of the Management Proxy Circular will be provided promptly to shareholders upon request.

3

Stock Splits

As of December 12, 2008, the Company had proceeded with four subdivisions of its issued and outstanding Class A subordinate voting shares as follows:

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

Market for Securities, Trading Price and Volume

CGI's Class A subordinate voting shares are listed for trading on the Toronto Stock Exchange under the symbol GIB.A and on the New York Stock Exchange, under the symbol GIB. A total of 332,207,635 Class A subordinate voting shares were traded on the Toronto Stock Exchange during the year ended September 30, 2008 as follows:

Month	High(a) ($)	Low(a) ($)	Volume
October 2007	11.39	10.14	21,990,367
November 2007	11.57	8.95	28,201,594
December 2007	11.95	11.01	17,430,946
January 2008	11.45	9.17	17,583,248
February 2008	11.06	10.00	21,726,618
March 2008	11.03	10.18	28,100,824
April 2008	12.02	10.74	30,039,228
May 2008	11.95	10.15	43,403,414
June 2008	11.19	9.68	42,664,575
July 2008	11.38	8.95	34,824,050
August 2008	11.68	10.56	21,207,952
September 2008	11.39	9.16	25,034,819

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

Normal Course Issuer Bid and Share Repurchases

On February 5, 2008, CGI announced that it was renewing its normal course issuer bid to repurchase up to 10% of the public float of its issued and outstanding Class A subordinate voting shares during the next year. See Significant developments of the most recent three fiscal years – Fiscal Year ended September 30, 2008 – Significant Developments below.

CORPORATE GOVERNANCE

Board and Standing Committee Charters and Codes of Ethics

CGI's Code of Ethics and Business Conduct, its Executive Code of Conduct, the charter of the Board of Directors and the charters of the standing committees of the Board of Directors, including the charter of the Audit and Risk Management Committee, are set out in CGI's Fundamental Texts which are annexed as Appendix A to this Annual Information Form.

On July 29, 2008, the CGI Code of Ethics and Business Conduct and the Executive Code of Conduct were amended by the Board of Directors on the recommendation of the Corporate Governance Committee in the context of the benchmarking of the Company's insider trading policy and blackout periods. As a result of the amendment, the periods during the year when insiders are permitted to trade in the Company's securities as well as the procedures they must follow when they wish to trade are no longer covered in the Code of Ethics and Business Conduct and the Executive Code of Conduct and, instead, are covered in a separate policy entitled CGI Policy on Insider Trading and Blackout Periods.

Audit Committee Information

The Company incorporates by reference the disclosure contained under the heading Expertise and financial and operational literacy on page 33 and the disclosure under the heading Report of the Audit and Risk Management Committee on page 41 and following of CGI's Management Proxy Circular dated December 12, 2008 which was filed with Canadian securities regulatory authorities and which is available at www.sedar.com and on CGI's web site at www.cgi.com. A copy of the Management Proxy Circular will be provided promptly to shareholders upon request.

Directors and Officers

Directors

The Company incorporates by reference the disclosure under the heading Nominees for Election as Directors relating to the Company's directors contained on pages 7 to 14, and the table on board of directors committee membership on page 30 of CGI's Management Proxy Circular dated December 12, 2008 which was filed with Canadian securities regulatory authorities and which is available at www.sedar.com and on CGI's web site at www.cgi.com. A copy of the Management Proxy Circular will be provided promptly to shareholders upon request.

Officers

The following table states the names of CGI's senior officers, their place of residence and their principal occupation:

Name and place of residence	Principal occupation
R. David Anderson Montreal, Quebec Canada	Executive Vice-President and Chief Financial Officer
François Boulanger Brossard, Quebec Canada	Senior Vice-President and Corporate Controller
André J. Bourque Outremont, Quebec Canada	Executive Vice-President and Chief Legal Officer
Serge Godin Westmount, Quebec Canada	Founder and Executive Chairman of the Board
André Imbeau Beloeil, Quebec Canada	Founder, Executive Vice-Chairman of the Board and Corporate Secretary
Donna S. Morea Falls Church, Virginia USA	President, US Operations and India
Luc Pinard St-Lambert, Quebec	Executive Vice-President, Chief Technology and Quality Officer

Canada

5

Name and place of residence	Principal occupation
Michael E. Roach Outremont, Quebec Canada	President and Chief Executive Officer
Daniel Rocheleau Longueuil, Quebec Canada	Executive Vice-President and Chief Business Engineering Officer
Jacques Roy Boucherville, Quebec Canada	Senior Vice-President, Finance and Treasury
Joseph Saliba London England	President Europe and Australia
Claude Séguin Montreal, Quebec Canada	Senior Vice-President, Finance and Strategic Investments

All of the above-mentioned persons have held the position set out opposite their names, or other executive or equivalent management functions in the Company or its subsidiaries during the last five years, except for Donna S. Morea who prior to May 3, 2004 served as Executive Vice-President – Public Sector Group of American Management Systems, Incorporated ("AMS") and in other executive positions at AMS prior to its acquisition by CGI on May 3, 2004.

Ownership of Securities on the Part of Directors and Officers

The Company incorporates by reference the disclosure under the heading Principal holders of Class A subordinate voting shares and Class B shares on page 6 of CGI's Management Proxy Circular dated December 12, 2008 which was filed with Canadian securities regulatory authorities and which is available at www.sedar.com and on CGI's web site at www.cgi.com. A copy of the Management Proxy Circular will be provided promptly to shareholders upon request.

DESCRIPTION OF CGI'S BUSINESS

Mission and Vision

The mission of CGI is to help its clients with professional services of outstanding quality, competence and objectivity, delivering the best solutions to fully satisfy client objectives in information technology ("IT"), business processes and management. In all we do, we foster a culture of partnership, intrapreneurship and integrity, building a global IT and business process services ("BPS") company. CGI's vision is to be a world class IT and BPS leader helping our clients win and grow.
CGI's Mission, Vision, Dream and Values are explained in the Company's Fundamental Texts, which are annexed below as Appendix A and are posted on the Company's web site at www.cgi.com.

Business Structure

Prior to the Company's divestiture of its Canadian claims adjusting and risk management services business, management regularly reviewed CGI's operating results based on its two lines of business, the IT services line of business and the BPS line of business. Subsequent to this divestiture, the Company integrated BPS into the ITS line of business to drive incremental operating efficiencies. The Company’s activities are now divided in the following segments: Canada, U.S. and India, and Europe and Asia Pacific.

The following table shows the revenues for each of the new segments in 2008 and 2007 as well as the related foreign currency impacts:

(In '000 of dollars) Segment	2008	2007
Canada	$2,340,856	$2,251,326
Before foreign currency impact	($5,290)	-
Foreign currency impact	$2,335,566	$2,251,326
Canada revenue		
U.S. and India	$1,196,390	$1,115,449
Before foreign currency impact	($109,877)	-
Foreign currency impact	$1,086,513	$1,115,449
U.S. and India revenue		
Europe and Asia Pacific	$287,057	$267,170
Before foreign currency impact	($3,273)	-
Foreign currency impact	$283,784	$267,170
Europe and Asia Pacific revenue		
Total	$3,705,863	$3,633,945

Services Offered by CGI

CGI provides end-to-end IT services and BPS to clients worldwide, utilizing a highly customized, cost efficient delivery model. The Company's delivery model provides for work to be carried out onsite at client premises, or through one of its centers of excellence located in North America, Europe and India.

In addition we have a unique solutions portfolio of more than fifty solutions that contribute value to our application services offering, including the following:

- Momentum™ is a full end-to end enterprise resource planning solution with over 100 installations across the U.S. federal government.

- AMS Advantage™ is a leading enterprise resource planning suite that U.S. state governments rely on in serving over 90 million U.S. citizens and managing US$500 billion of public sector budgets.

- MSuite®, PrimeSuite™ are robust wealth management solutions widely adopted in the Canadian financial industry.

Management of IT and business functions ("outsourcing")

Clients contract entire or partial responsibility for their IT or business functions to CGI to achieve significant savings and access the best technology, while retaining control over strategic IT and business functions. As part of such agreements, we implement our quality processes and best-of-breed practices to improve the efficiency of the clients' operations. We also integrate clients' operations into our technology network. Finally, we may transfer specialized professionals from our clients, enabling them to focus on mission critical operations. Services provided as part of an outsourcing contract may include development and integration of new projects and applications; applications maintenance and support; technology management (enterprise and end-user computing and network services); transaction and business processing, as well as other services such as payroll and document management services. Outsourcing contracts typically have terms from five to ten years and are renewable.

Consulting and Systems Integration

CGI provides a full range of IT and management consulting services, including business transformation, IT strategic planning, business process engineering and systems architecture.

CGI integrates and customizes leading technologies and software applications to create IT systems that respond to clients' strategic needs.

Markets for CGI's services

CGI offers its end-to-end services to a focused set of industry verticals ("verticals" or "vertical markets") where we have developed deep expertise. This allows us to fully understand our clients' business realities and to have the knowledge and solutions needed to advance their business goals. Our targeted verticals include: a) financial services, which accounts for approximately 30% of CGI's revenue, includes banking, credit unions, wealth management and life and property & casualty insurance, includes helping clients increase competitiveness by evolving complex environments and systems to support more integrated and client-focused operations; b) government and healthcare, which accounts for approximately 30% of CGI's revenue, includes assisting organizations in managing incremental change and undertaking large-scale, citizen-centric transformation; c) telecommunications and utilities, which accounts for approximately 22% of CGI's revenue, includes helping providers deliver new revenue streams while improving productivity and client service; d) retail and distribution, which accounts for approximately 11% of CGI's revenues, includes helping clients establish flexible and client centered operating models that build profitability and enhance loyalty; and e) manufacturing, which accounts for approximately 7% of CGI's revenue, includes transforming clients' operations and supply chains for enhanced profitability and global competitiveness.

Client Base

CGI works with large and medium sized businesses in the private and public sectors worldwide. The Company's clientele is well balanced in terms of quality, quantity, stability and diversity. The BCE Inc. group of companies' domestic operations (including those of Bell Canada) accounted for 12.2% of CGI's revenue in fiscal 2008 compared with 11.8% of CGI's revenue in fiscal 2007, and 12.1% of CGI's revenue in fiscal 2006. With the exception of BCE Inc., none of CGI's clients accounted for more than 10% of its business.

Human Resources

As of December 12, 2008, CGI employs approximately 25,500 professionals. In order to encourage the high degree of commitment necessary to ensure the quality and continuity of client service, CGI has had a member share purchase plan in place for several years. From the beginning, the Company has had a Profit Participation Plan which, from 1990 onwards, has been based on the performance of its business units and overall corporate results.

CGI Offices and Global Delivery Model

CGI and its affiliated companies operate more than 100 offices located in 16 countries. Approximately 5,000 members representing approximately 20% of CGI's global workforce serve the Company's clients from 12 delivery centers located in Canada (Montreal, Ottawa, Quebec City, Sherbrooke, Atlantic Canada and Toronto), the U.S. (South-Western Virginia, Phoenix), Europe (Spain, Poland) and India (Bangalore, Mumbai). These delivery centers enable CGI to provide its clients with the right mix of onshore, nearshore and offshore IT services that best suits their business needs.

CGI's delivery centers and its main offices are listed on page 25 of the business booklet of CGI's Annual Report for fiscal 2008 entitled Out of Great Challenges Come Even Greater Opportunities which information is incorporated by reference. The 2008 Annual Report was filed with Canadian securities regulatory authorities and is available at www.sedar.com and on CGI's web site at www.cgi.com. A copy of the business booklet and of the financial booklet of the 2008 Annual Report will be provided promptly to shareholders upon request.

The vast majority of CGI's offices are located in rented premises.

Commercial Alliances

CGI currently has commercial alliance agreements with various business partners. These non-exclusive commercial agreements with hardware and software providers allow the Company to provide its clients with high quality technology, often on advantageous commercial terms. CGI's business partners include prominent hardware and software providers.

Research and Development

We seek new technology applications, or conceptually formulate and design possible prototypes or process alternatives that could potentially lead to new solutions for either existing or new clients.

The combined gross research and development spending incurred in 2008 was $54.8 million compared with $73.8 million in 2007 and $68.7 million in 2006.

Quality Processes

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

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

As clients grow and IT projects become increasingly complex, CGI strives to further refine its quality processes while allowing them to branch out across all its activities. CGI's enhanced quality system referred to as the Client Partnership Management Framework ("CPMF") is simpler and provides the Company's business units with greater autonomy in a context of decentralized activities. One of CGI's key focus areas remains the successful management of client relationships, leading to long-term partnerships. Following its merger with IMRglobal in July 2001, CGI gained applications development centres in Mumbai and Bangalore in India which have now achieved SEI CMMI Level 5 quality certification.

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

CGI now holds ISO quality certification for the management of its partnerships with each of its three major stakeholder groups, namely customers, members and shareholders.

The IT Services Industry

Size, Structure and Recent Developments

Although the current state of the economy makes it difficult to predict future trends in IT spending, CGI intends to continue its Build and Buy profitable growth strategy. Most businesses and governments still require IT services in challenging market conditions and clients are expected to be looking for increased value and lower costs, thereby presenting opportunities that the Company has successfully exploited in the past. With respect to information technology and business process services outsourcing, we believe that the potential remains enormous. CGI has from time to time commissioned a study from International Data Corp. ("IDC") which provides CGI with insight as to spending on information technology and business process services in Canada, the United States and Europe.

According to IDC's research conducted in 2008, the potential business opportunity for information technology outsourcing was estimated to be US$519 billion in the U.S., US$552 billion in Europe and US$49 billion in Canada. For business process services, the opportunity is even greater, amounting to US$785 billion in the U.S., US$1.3 trillion in Europe, and US$71 billion in Canada. These numbers exclude the value of services already outsourced and indicate a large untapped potential market.

Industry Trends and Outlook

Our industry continues to evolve rapidly. In the early to mid 1990s, 75% of the industry's revenue came from per diem services, i.e. from specialized assistance within specific projects. Such services did not require a large or complex organization nor did they allow for much differentiation between firms, which resulted in fierce competition.

Today, a large IT firm's revenues are generated by systems integration or outsourcing projects aimed at comprehensive business solutions. Both public and private sector organizations are looking for new ways to provide better services at lower cost. For organizations, the emergence of internet applications and web based business models have shortened implementation time for solutions while increasing pressure to retain scarce professional resources. Their need to concentrate on core competencies and to increase flexibility explains why companies increasingly turn to externally sourced professionals for the development and management of some of their specialized functions, including information systems. They are demanding proven technological solutions implemented rapidly at a lower total cost of ownership and operation.

Prospective clients continue to place significant emphasis on cost reductions and are therefore inclined to consider outsourcing part or all of their IT services. These factors help to explain the growing popularity of global outsourcing services.

CGI's Growth and Positioning Strategy

CGI has major competitive advantages to address the current demand for services and the potential market for global outsourcing services. The Company benefits from a strong financial position and offers the full range of IT services.

CGI's independence from hardware manufacturers is also a differentiating factor, allowing us to focus on developing the best solution for our client's needs.

CGI benefits from a highly flexible global delivery model (see the heading CGI Offices and Global Delivery Model above) providing clients with high quality services on competitive terms, while protecting CGI's margins.

CGI's client base is principally grouped within five industry vertical markets (see the heading Markets for CGI's services above). In order to develop services adapted to the specific needs of each market, the Company's professionals are grouped according to targeted client segments, which provide the Company with a deeper understanding of the trends specific to each industry, as well as a better understanding of the clients' competitive and technological challenges. This market expertise is a key factor in the Company's ability to develop comprehensive business solutions.

CGI's Build and Buy strategy is founded on four pillars of growth that combines organic growth and acquisitions in a way that provides an ideal mix of profitable revenue delivered by a proximity-based model ensuring that the Company maintains an intimate relationship with its clients while offering them the benefits of global sourcing options.

The first pillar of this strategy focuses on generating organic growth through contract wins, renewals and extensions in the areas of outsourcing and systems integration and consulting.

The second pillar of the strategy involves the pursuit of new large outsourcing contracts, leveraging our end-to-end services, global delivery model and critical mass. CGI's global delivery model offers a unique blend of onshore, nearshore and offshore delivery options that result in highly responsive and cost effective delivery. Further, based on the Company's growth rate over the last several years, we have the critical mass required to bid on large and complex opportunities in North America and Europe.

The third pillar of our growth strategy focuses on the acquisition of smaller firms or niche players. We identify niche acquisitions through a strategic mapping program that systematically searches for targets that will strengthen our vertical market knowledge or increase the richness of our service offerings.

The fourth pillar involves the pursuit of transformational acquisitions focused on expanding our geographic presence and critical mass. This approach further enables us to strengthen our qualifications to compete for large outsourcing contracts.

Significant developments of the most recent three fiscal years

Fiscal Year ended September 30, 2008

Significant Developments

CGI continued delivering strong financial performance throughout fiscal 2008. Steady organic and profitable growth as well as leading margins characterized our operational performance. The Company booked 30% more new business in fiscal 2008 compared with the previous year and the more significant bookings are outlined below. As part of its build and buy strategy, the Company's strategic expansion plans call for its growth targets to be evenly split between acquisition and organic growth. Using our disciplined investment criteria, the Company reviewed several acquisition opportunities in fiscal 2008, but ultimately chose not to proceed because of timing, alignment or price.

Instead, cash was re-invested in organic growth, reducing debt and buying back shares as part of the Company's Normal Course Issuer Bid. During the year, we repaid $106.2 million of our credit facility net of drawings, and repurchased 19.9 million shares for $213.5 million. Entering 2009, CGI believes it is extremely well-positioned to capitalize on market opportunities as they present themselves.

Bookings

The Company booked new business that exceeded its revenue, resulting in a book-to-bill ratio of 112% for the year. The book-to-bill ratio is stated as a proportion of total bookings to revenue for the period. New business booked in the year was across all verticals and geographies. Our three largest verticals for bookings were government and healthcare, financial services, and telecommunications and utilities, making up approximately 40%, 35% and 13% of total bookings, respectively. From a geographical perspective, Canada made up 51% of total bookings, followed by the U.S. and Europe and Asia Pacific at 41% and 8%, respectively.

All geographies showed year-over-year booking improvements highlighted by Canada with 47% followed by Europe and Asia Pacific and U.S. with improvements of 26% and 15%, respectively.

Significant Bookings in the Year

- October 3, 2007: 10-year US$110 million managed services contract with Océ North America to deliver infrastructure services, including end-user computing, service desk, enterprise operations and data center hosting.

- November 14, 2007: Three-year $91.8 million contract with Public Works and Government Services Canada ("PWGSC") for the provision of engineering and technical management services to their Information Technology Services Branch. The agreement also entitles PWGSC to four one-year extensions, with a total potential contract value of $400 million.

- February 4, 2008: Two-year contract valued at approximately US$27 million with the U.S. Department of Health and Human Services, Centers for Medicare & Medicaid Services ("CMS") to implement CMS' Provider Enrollment Chain and Ownership System One-Stop-Shop release.

- April 2, 2008: Consulting contracts awarded by Revenu Québec valued at more than $40 million for the improvement of the government's existing personal income tax system and the development of a new system.

- April 10, 2008: 10-year project valued at US$83 million with the U.S. Environmental Protection Agency to modernize its financial system using CGI's commercial Momentum software, and to transition its financial system IT hosting and application management to CGI.

- May 1, 2008: Five-year contract with Daimler Financial Services to provide a full end-to-end applications management service for international Vehicle Asset Financing.

- May 7, 2008: 10-year US$115 million contract with Magnolia Insurance Company to provide back-office services including complete policy administration, billing and accounting, claims administration, statistical reporting, and statutory accounting services.

- May 28, 2008: Three-year US$29.6 million contract with the Oregon Department of Human Services to design, develop and implement its next generation Statewide Automated Child Welfare Information System.

- June 19, 2008: Seven-year agreements valued at US$80 million with Australia and New Zealand Banking Group Limited and Bank of Montreal Financial Group to extend their use of CGI's Proponix global trade platform.

- September 15, 2008: Five-year agreement with the Ontario Education Collaborative Marketplace valued at $40 million to build and manage the electronic marketplace.

- October 8, 2008: Seven-year contract extension with Co-operators General Insurance Company valued at approximately $110 million, whereby CGI will continue to provide data center services. This contract renewal was signed prior to and announced subsequent to our year end.

CGI measures bookings as a key indicator of our future revenue. However, due to the timing and transition period associated with outsourcing contracts, the realization of revenue related to these bookings may fluctuate from quarter to quarter.

Divestiture

As announced on July 21, 2008, the Company divested its Canadian claims adjusting and risk management services business for a consideration of $38.1 million. The Company received net cash proceeds of $29.2 million in August 2008. Of the remaining $6.4 million, $5.5 million is to be paid on or before August 5, 2014. The net assets disposed of included goodwill of $7.7 million, which is net of an impairment of $4.1 million. Additional information on this transaction is provided in Note 19 to our 2008 consolidated financial statements.

Prior to this transaction, management regularly reviewed CGI's operating results based on its two lines of business – IT services and BPS. Subsequent to this divestiture, the Company integrated BPS into its ITS line of business to drive incremental operating efficiencies (see the heading Business Structure above).

Share Repurchase Program

On February 5, 2008, the Company's Board of Directors authorized the renewal of a Normal Course Issuer Bid and the purchase of up to 10% of the public float of the Class A subordinate shares during the period ending no later than February 6, 2009. The Company received approval from the Toronto Stock Exchange for its intention to make an Issuer Bid, which allows CGI to purchase on the open market, through the facilities of the Toronto Stock Exchange, up to 28,502,941 Class A subordinate voting shares for cancellation.

During fiscal 2008, the Company repurchased 19,910,068 of its Class A subordinate voting shares for $213.5 million at an average share price of $10.72, under the current and the previous Normal Course Issuer Bid.

Foreign currency impact

The impact of foreign currency during fiscal 2008 reduced revenues by 3.3%. This compares to a reduction of 0.3% in fiscal 2007 and 3.0% in fiscal 2006. The foreign currency impact in 2008 results mainly from unfavourable U.S. dollar fluctuations.

Fiscal Year ended September 30, 2007

Significant Developments

Competitive Position Strengthening Program

As announced on March 29, 2006, the Company took measures to reduce the overall cost structure and accelerate the expansion of its global delivery model partially due to lower than expected revenue from BCE Inc. In line with this plan, approximately 1,150 positions were eliminated, primarily located in Montreal and Toronto, of which half were related to BCE Inc. The remaining headcount reduction stemmed from other adjustments to CGI's cost base and included reductions in global and corporate functions.

The expansion of the global delivery model created new positions in our centers of excellence in Atlantic Canada, Southwest Virginia, and India which partially offset the headcount reductions. This exercise allowed the Company to further reduce its overhead and increase the overall utilization rate of its workforce.

In the first quarter of 2007 we completed our Competitive Position Strengthening Program. The objectives of the program were successfully met. A total pre-tax provision of $90.3 million was taken for the program with $67.3 million taken in fiscal 2006 and $23.0 million taken in 2007. Note 14 to our 2007 consolidated audited financial statements provides more information on the Competitive Position Strengthening Program.

Our efforts to reduce our cost structure had the desired impact, and our profit margin strengthened considerably in line with our expectations. Two trends characterized CGI's subsequent performance in fiscal 2007: steady organic growth across all of our geographic markets and stronger profit margins supported by operational excellence. We pursued a business development visibility program we called our Full Offering Strategy, designed to systematically, and with discipline, visit targeted new and existing clients to inform and educate them on CGI's complete end-to-end offering. The strategy was a catalyst for new contracts, extensions and renewals.

During fiscal 2007, the impact of foreign currency reduced revenues by only 0.3%. This compares to a reduction of 3.0% in fiscal 2006. The foreign currency impact in 2007 results from unfavourable U.S. dollar fluctuations being partly offset by favourable gains from the euro and pound sterling.

New Contracts, Extensions, and Renewals

During fiscal 2007, CGI booked $3.3 billion of new contracts, extensions and renewals including but not limited to the following:

- October 4, 2006: Five-year US$65 million contract renewal for hosting and application maintenance and operations for the Commonwealth of Virginia's eVA procurement portal solution.

- October 11, 2006: Five-year US$22.6 million managed services contract to host and operate its AMS Advantage® ERP system for the State of Wyoming.

- November 13, 2006: Five-year $100 million plus extension of an IT outsourcing contract with Laurentian Bank of Canada to June 2016.

- January 26, 2007: Seven-year $23.6 million contract to provide multi-level IT services and technology outsourcing for Acxsys Corporation.

- March 6, 2007: Two-year $9.7 million contract to provide systems integration support services to Public Works and Government Services Canada's Financial Systems Transformation Project.

- March 29, 2007: Two-year extension with National Bank of Canada to provide payroll services to the bank's corporate clients until 2016.

- May 4, 2007: 34-month US$16.1 million contract with the Washington State Children's Administration to deliver critical services to families.

- May 9, 2007: Six-year US$84 million contract with Los Angeles County for the next phase of its ERP system project.

- May 11, 2007: Four-year contract renewal with the Business Development Bank of Canada ("BDC") plus an option of three supplemental one year periods, to provide services including hosting, printing and insertion, system environment management, internet bandwidth and business continuity planning.

- May 14, 2007: Five-year $9 million contract with the Calgary Health Region which makes CGI the primary IT services provider to design, build, implement, and operate the Alberta Provincial Health Information Exchange.

- August 22, 2007: Five-year contract renewal agreement with the Groupement des assureurs automobiles covering the operational aspects of the Fichier central des sinistres automobiles in Quebec for the processing and distribution of motor vehicle claims records in the province.

- August 29, 2007: Agreement with The Commerce Group, Inc. to extend their personal and commercial automobile policy processing services agreement through December 31, 2011.

- September 14, 2007: Seven-year IT outsourcing contract with Bombardier Recreational Products Inc. ("BRP") to manage the company's SAP infrastructure support, business intelligence applications, websites, as well as the e-commerce application that allows retailers and distributors to do business with BRP around the world.

- September 19, 2007: Two-year US$27 million renewal to administer multi-family housing payments in the state of Ohio for the U.S. Department of Housing and Urban Development.

- September 20, 2007: Five-year US$17.5 million contract with Orange County in California to upgrade its finance and purchasing information systems.

- September 24, 2007: One-year US$8.5 million renewal with the U.S. Department of Housing and Urban Development in Northern California to provide contract administration and payment services for site-based multi-family housing assistance payments.

Acquisitions

In fiscal 2007, we made only one niche acquisition, Codesic Inc., and established control over Conseillers en Informatique d'Affaires C.I.A. Inc.

Codesic Inc.

On May 3, 2007, we completed the acquisition of privately held Codesic Inc., an IT services firm located in Seattle, Washington, for an aggregate consideration of $24.0 million. Codesic Inc. assisted clients in the management of strategic initiatives, integrating technology with business and supporting critical computing environments.

Conseillers en Informatique d'Affaires C.I.A. Inc.

On April 19, 2007, following changes to the shareholders' agreement, CGI established control over Conseillers en Informatique d'Affaires C.I.A. Inc., a provider of IT services primarily in the government and financial sectors. The previous shareholders agreement was amended to remove limits to CGI's representation on the Board of Directors. CGI's nominees now hold three of the five seats on the company's board of directors and we own 64.7% of the company's outstanding common shares.

Share Repurchase Program

On January 30, 2007, the Company's Board of Directors authorized the renewal of the Company's normal course issuer bid and the purchase of up to 10% of the public float of the Company's Class A subordinate voting shares during the period ended February 4, 2008. The Company received approval from the Toronto Stock Exchange for its normal course issuer which allowed us to purchase on the open market up to 29,091,303 Class A subordinate voting shares for cancellation.

As of December 31, 2007, the Company had repurchased 11,847,700 of its Class A subordinate shares under its normal course issuer bid for a total consideration of $127,162,487 million at an average price of $10.73 per share including commissions. The purchases were made both under the then current normal course issuer bid, and under the previous normal course issuer bid that had expired on February 2, 2007.

Credit Facility Amendment

On August 13, 2007, the Company amended its existing five-year unsecured credit facility to increase the amount to $1.5 billion with the possibility to increase it further to $1.75 billion. The new credit facility, syndicated through 20 international financial institutions, has a five-year term expiring in August 2012 and can be extended on an annual basis. The applicable interest rate charged under the credit facility is based on the Company's indebtedness ratio and the form of borrowing chosen by the Company. Note 8 to our 2007 consolidated audited financial statements provides more information concerning our credit facilities.

Fiscal Year ended September 30, 2006

Significant Developments

In fiscal 2006, CGI signed approximately $4.0 billion in new contracts, extensions and renewals. The most significant transaction was a contract extension worth $1.1 billion in value over a term of ten years in which CGI extended the outsourcing agreement with the BCE Inc. group of companies on January 12, 2006, providing the Company with an important source of recurring revenues. The remaining new contracts, extensions and renewals span the Company's targeted vertical markets. Overall, while fiscal 2006 was not without its successes, it was, nonetheless, a year marked by two over-arching challenges. First, lower than expected revenue and work volumes from our largest client, BCE Inc., which impacted our revenue by $114.7 million in fiscal 2006. Second, the strengthening Canadian dollar had a negative impact of $106.4 million on our fiscal 2006 revenue compared with fiscal 2005.

Program to Strengthen CGI's Competitive Position

On March 29, 2006 CGI announced that it was taking measures to reduce its overall cost structure and to accelerate the expansion of its Global Delivery Model. The measures were partly in response to the lower than expected revenue from BCE Inc. In line with this plan, approximately 1,150 positions were eliminated during fiscal 2006, primarily located in Montreal and Toronto, of which approximately half were related to services provided to BCE Inc. The remaining headcount reduction stemmed from other adjustments to CGI's cost base and included reductions in global and corporate functions. CGI's strategic intent to increase the scale of its Global Delivery Model created new positions in our centres of excellence in Atlantic Canada, southwest Virginia, and India which partially offset the headcount reductions. This exercise allowed the Company to further reduce its overhead and increase the overall utilization rate of its workforce. A pre-tax provision of $67.3 million was taken in fiscal 2006, comprised of $51.5 million for severance and $15.8 million for consolidation and closure of facilities. The remaining provision of $23.0 million was taken in fiscal 2007.

Adjustments to Senior Management

Serge Godin, previously Chairman of the Board and Chief Executive Officer ("CEO") took the position of Founder and Executive Chairman of the Board of CGI in January, 2006, and the Board appointed Michael E. Roach, previously President and Chief Operating Officer, as President and Chief Executive Officer of CGI, reporting to Serge Godin.

In July of 2006, André Imbeau, previously Executive Vice-President and Chief Financial Officer, was appointed Founder and Executive Vice-Chairman of the Board of CGI. In September of 2006, Mr. Imbeau was also appointed Corporate Secretary. In his new role, Mr. Imbeau works closely with Serge Godin and focuses on strategic initiatives leading to value creation, such as major transactions and financing as well as key client relationships. Concurrently, David Anderson, previously CGI's Senior Vice-President and Corporate Controller was appointed to the role of Executive Vice-President and Chief Financial Officer. In this capacity, Mr. Anderson also joined the CGI Executive Committee, which consists of Serge Godin, André Imbeau, and Michael E. Roach.

BCE Inc. Share Buyback and Normal Course Issuer Bid

On December 16, 2005, the Company reached an agreement with BCE Inc. to purchase for cancellation 100 million of its Class A subordinate voting shares held by BCE Inc. at a price of $8.59 per share. The transaction was completed on January 12, 2006 and the shares were cancelled. The purchase price was equal to the volume-weighted average price of the Class A subordinate voting shares on the Toronto Stock Exchange for the 20 trading days preceding December 16, 2005. Subsequent to the repurchase of shares, the shareholders agreement with BCE Inc. was terminated, and its representation on the CGI Board of Directors was relinquished. As at September 30, 2006, BCE Inc.'s share ownership represented approximately 2% of CGI's issued and outstanding Class A subordinate voting shares and Class B shares, compared to 30% at the end of fiscal 2005. CGI financed the acquisition price of $859.2 million plus associated costs of $6.8 million through cash on hand and the utilization of its credit facilities. Following this transaction, through an agreement with a bank syndicate, the Company's current bank facilities were increased by $200 million to stand at $1 billion. The agreement comprised a Canadian tranche with a limit of $850 million and a U.S. tranche equivalent to $150 million.

On January 31, 2006, the Company's Board of Directors authorized the renewal of its Normal Course Issuer Bid and the purchase of up to 10% of the public float of the Company's Class A subordinate voting shares during the ensuing year and the Toronto Stock Exchange subsequently approved the Company's request for approval. The Normal Course Issuer Bid enabled CGI to purchase on the open market through the Toronto Stock Exchange up to 29,288,443 Class A subordinate voting shares for cancellation. The Class A subordinate voting shares were able to be purchased under the Issuer Bid commencing February 3, 2006 and ending no later than February 2, 2007. As of December 29, 2006, the Company had purchased 10,270,400 Class A subordinate voting shares under the issuer bid for an average market price plus commission of $7.27, representing an aggregate consideration of $74.7 million.

Exercise of Share Purchase Warrants

On March 22, 2006, La Fédération des caisses Desjardins du Québec ("Desjardins") exercised a warrant for 4,000,000 Class A subordinate voting shares at a price of $6.55 each. This warrant was originally issued by CGI in connection with a 10-year outsourcing agreement signed with Desjardins in 2001. On April 6, 2006, BCE Inc. exercised warrants for 3,021,096 Class A subordinate voting shares and 110,140 Class B shares at a price of $6.55 each. Similarly, on April 28, 2006, the Class B shareholders of CGI exercised warrants for 435,991 Class B shares at a price of $6.55 each. The warrants exercised by BCE Inc. and the Class B shareholders had been issued to them pursuant to their pre-emptive rights at the time of the issuance of the Desjardins warrants. On June 13, 2006, 1,118,210 warrants held by another third party, which had not been exercised, expired. No further warrants are outstanding as of December 12, 2008.

16

MATERIAL CONTRACTS

BCE Inc. and Bell Canada

In January of 2006, CGI successfully concluded transactions with BCE Inc. pursuant to which it repurchased 100 million of its Class A subordinate voting shares and extended the outsourcing agreement with the BCE Inc. group of companies (See the heading Significant developments of the most recent three fiscal years – Fiscal Year ended September 30, 2006 – Significant Developments above).

FORWARD LOOKING INFORMATION AND RISK FACTORS

Forward-Looking Information

All statements in this Annual Information Form that do not directly and exclusively relate to historical facts constitute “forward-looking statements” within the meaning of that term in Section 27A of the United States Securities Act of 1933, as amended, and Section 21E of the United States Securities Exchange Act of 1934, as amended, and are “forward-looking information” within the meaning of sections 138.3 and following of the Ontario Securities Act. These statements and this information represent CGI’s intentions, plans, expectations and beliefs, and are subject to risks, uncertainties and other factors, of which many are beyond the control of the Company. These factors could cause actual results to differ materially from such forward-looking statements or forward-looking information.

These factors include and are not restricted to the timing and size of new contracts, acquisitions and other corporate developments; the ability to attract and retain qualified members; market competition in the rapidly-evolving IT industry; general economic and business conditions, foreign exchange and other risks identified in this Annual Information Form, in the Management’s Discussion & Analysis filed with Canadian securities authorities (filed on SEDAR at www.sedar.com), and in CGI’s Annual Report on Form 40-F filed with the U.S. Securities and Exchange Commission (filed on EDGAR at www.sec.gov) as well as assumptions regarding the foregoing.

The words “believe,” “estimate,” “expect,” “intend,” “anticipate,” “foresee,” “plan,” and similar expressions and variations t identify certain of such forward-looking statements or forward-looking information, which speak only as of the date on which they are made. In particular, statements relating to future performance are forward-looking statements and forward-looking information. CGI disclaims any intention or obligation to publicly update or revise any forward-looking statements or forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable law. Readers are cautioned not to place undue reliance on these forward-looking statements or on this forward-looking information.

Risk Factors

While we are confident about our long-term prospects, the following risks and uncertainties could affect our ability to achieve our strategic vision and objectives for growth and should be considered when evaluating our potential as an investment.

Risks Related to our Industry

The competition for contracts

We have a disciplined approach to the management of all aspects of our business, with almost all of our operations certified under ISO 9001. Our management processes were developed to help us ensure that our members consistently deliver services according to our high standards and they are based on strong values underlying our client-focused culture. These processes have contributed to our high contract win and renewal rates to date. Additionally, we have developed a deep strategic understanding of the five vertical markets we target, and this helps enhance our competitive position. CGI is a leading provider of IT services and BPS in Canada, and through a combination of organic growth and acquisitions, we continue to strengthen our position

17

in the U.S. market. We have made good progress in growing our revenue from the U.S. and internationally over time and expect this trend to continue. However, the market for new IT and BPS outsourcing contracts remains very competitive and there can be no assurances that we will continue to compete successfully.

The length of the sales cycle for major outsourcing contracts

As outsourcing deals become larger and more complex, the Company is experiencing longer selling cycles. In the past, we experienced cycles lasting between six and 18 months, which now are between 12 and 24 months. The lengthening sales cycle could affect our ability to meet annual growth targets.

The availability and retention of qualified IT professionals

There is strong demand for qualified individuals in the IT industry. Over the years, we have been able to successfully attract and retain highly qualified staff, due in large part to our solid culture, strong values and emphasis on career development, as well as performance-driven remuneration. In addition, we have implemented a comprehensive program aimed at attracting and retaining qualified and dedicated professionals. We believe that we are a preferred employer in the IT services industry. We also secure access to additional qualified professionals through outsourcing contract wins and business acquisitions. In addition, because of the competitiveness of the IT labour market, we may not be able to hire and retain the employees we require, causing us to increase our reliance on external subcontractors which could have an impact on our operating margins.

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

We strive to remain at the forefront of developments in the IT services industry, thus ensuring that we can meet the evolving needs of our clients. We achieved this expertise as a result of our specialization in five targeted vertical markets; our non-exclusive commercial alliances with hardware and software vendors and strategic alliances with major partners; our development of proprietary IT solutions; regular training and sharing of professional expertise across our network of offices and professionals; and business acquisitions that provide specific knowledge or added geographic coverage.

Infringing on the intellectual property rights of others

We cannot be sure that our services and offerings do not infringe on the intellectual property rights of third parties, and we may have infringement claims asserted against us. These claims may be costly, harm our reputation, and prevent us from providing some services and offerings. We enter into licensing agreements with our clients for the right to use intellectual property that includes a commitment to indemnify the licensee against liability and damages arising from any third-party claims of patent, copyright, trademark or trade secret infringement. In some instances, the amount of these indemnity claims could be greater than the revenue we receive from the client. Any claims or litigation in this area, whether we ultimately win or lose, could be time-consuming and costly, injure our reputation, or require us to enter into royalty or licensing arrangements. Any limitation on our ability to sell or use products or services that incorporate challenged software or technologies could cause us to lose revenue-generating opportunities or require us to incur additional expenses to modify solutions for future projects.

Benchmarking provisions within certain contracts

Some of our outsourcing contracts contain clauses allowing our clients to externally benchmark the pricing of agreed upon services against those offered by other providers in an appropriate peer comparison group. The uniqueness of the client environment is factored in and if results indicate a difference outside the agreed upon tolerance, we will work with the clients to reset the pricing for their services. The outcomes may have either an unfavourable or favourable impact on our future results.

Protecting our intellectual property rights

Our success depends, in part, on our ability to protect our proprietary methodologies, processes, know-how, tools, techniques and other intellectual property that we use to provide our services. Our general practice is to pursue patent, copyright, trademark, trade secret or other appropriate intellectual property protection that is reasonable and necessary to protect and leverage our intellectual assets. For instance, all CGI business solutions will benefit from copyright protection and patent protection where available. Furthermore, CGI requires its clients, partners and subcontractors to execute a Non-Disclosure Agreement when entering into a business relationship in order to protect its intellectual property against appropriation or infringement. We also assert trademark rights in and to our name, product names, logos and other markings used to identify our goods and services in the marketplace. We routinely file for and have been granted trademark registrations from the U.S. Patent and Trademark Office and other trademark offices worldwide. The same is done for our CGI domain name on the internet. All of these actions allow CGI to enforce its intellectual property rights, should the need arise. However, the laws of some countries in which we conduct business may offer only limited protection of our intellectual property rights; and despite our efforts, the steps taken to protect our intellectual property may not be adequate to prevent or deter infringement or other misappropriation of intellectual property, and we may not be able to detect unauthorized use of our intellectual property, or take appropriate steps to enforce our intellectual property rights.

Risks Related to our Business

Business mix variations

The proportion of revenue that we generate from shorter-term systems integration and consulting ("SI&C") projects, versus revenue from long-term outsourcing contracts, will fluctuate at times, affected by acquisitions or other transactions. An increased exposure to revenue from SI&C projects may result in greater quarterly revenue variations.

The financial and operational risks inherent in worldwide operations

We manage operations in 16 countries worldwide, with less than 10% of revenue coming from outside North America. We believe that our Management Foundation, which includes management frameworks and processes that guide business unit leaders in managing our members and clients, helps ensure worldwide operational efficiency and consistency. However, the scope of our worldwide operations makes us subject to currency fluctuations; the burden of complying with a wide variety of national and local laws; differences in, and uncertainties arising from local business culture and practices; multiple and sometimes conflicting laws and regulations, including tax laws; operating losses incurred in certain countries as we develop our international service delivery capabilities and the non-deductibility of these losses for tax purposes; the absence in some jurisdictions of effective laws to protect our intellectual property rights; restrictions on the movement of cash and other assets; restrictions on the import and export of certain technologies; restrictions on the repatriation of earnings; and political, social and economic instability including the threats of terrorism and pandemic illnesses. We have a hedging strategy in place to protect ourselves, to the extent possible, against foreign currency exposure; but, other than the use of financial products to deliver on our hedging strategy, we do not trade derivative financial instruments. While we believe we have effective management processes in place in each office worldwide, any or all of these risks could impact our global business operations and cause our profitability to decline.

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

The integration of acquired operations has become a core competency for us as we have acquired a large number of companies since our inception. Our disciplined approach to management, largely based on our management frameworks, has been an important factor in the successful integration of human resources of acquired companies and the IT operations of outsourcing clients.

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

The company has only one client representing more than 10% of total revenue.

Early termination risk

If we should fail to deliver our services according to contractual agreements, some of our clients could elect to terminate contracts before their agreed expiry date, which would result in a reduction of our earnings and cash flow and may impact the value of our backlog. We have a strong record of successfully meeting or exceeding our clients' needs. We take a professional approach to business, and our contracts are written to clearly identify the scope of our responsibilities and minimize risks. In addition, a number of our outsourcing contractual agreements have termination for convenience and change of control clauses according to which a change in the client's intentions or a change in control of CGI could lead to a termination of the said agreements.

Credit risk concentration with respect to trade receivables

We generate more than 10% of our revenue (12.2% in fiscal 2008) from the subsidiaries and affiliates of BCE. However, it is our belief that we are not subject to any significant credit risk in view of our large and diversified client base.

Cost estimation risks

In order to generate acceptable margins, our pricing for services is dependent on our ability to accurately estimate the costs and timing for completing projects or long-term outsourcing contracts. In addition, a significant portion of our project-orientated contracts are performed on a fixed-price basis. Billing for fixed-price engagements is made in accordance with the contract terms agreed upon with our client, and revenue is recognized based on the percentage of effort incurred to date in relation to the total estimated costs to be incurred over the duration of the respective contract. These estimates reflect our best judgment regarding the efficiencies of our methodologies and professionals as we plan to apply them to the contracts. We manage all client contracts in accordance with the CGI Client Partnership Management Framework ("CPMF"), a process framework which helps ensure that all contracts are managed according to the same high standards throughout the organization. As a result of the CPMF, there is a high degree of rigour and discipline used to accurately estimate the cost of client engagements. However, unexpected factors, including those outside of our control, could have an impact on costs or the delivery schedule which could have an adverse impact on our expected profit margins.

Our partners' ability to deliver on their commitments

Increasingly large and complex contracts may require that we rely on third party subcontractors including software and hardware vendors to help us fulfil our commitments. Our success depends on the ability of the third parties to deliver their obligations within agreed upon budgets and timeframes. If our partners fail to deliver, our ability to complete the contract may be adversely affected, which may have an unfavourable impact on our profitability.

Guarantees risk

In the normal course of business, we enter into agreements that may provide for indemnification and guarantees to counterparties in transactions such as consulting and outsourcing services, business divestitures, lease agreements and financial obligations. These indemnification undertakings and guarantees may require us to compensate counterparties for costs and losses incurred as a result of various events, including breaches of representations and warranties, intellectual property right infringement, claims that may arise while providing services or as a result of litigation that may be suffered by counterparties.

Government business risk

Changes in federal, provincial or state government spending policies or budget priorities could directly affect our financial performance. Among the factors that could harm our government contracting business are the curtailment of the government's use of consulting and IT services firms; a significant decline in spending by the governments, in general, or by specific departments or agencies in particular; the adoption of new laws or regulations that affect companies that provide services to governments; delays in the payment of our invoices by government payment offices; and general economic and political conditions. These or other factors could cause government agencies and departments to reduce their purchases under contracts, to exercise their right to terminate contracts, to issue temporary stop work orders, or not to exercise options to renew contracts, any of which would cause us to lose future revenue. Our client base in the government economic sector is very diversified with contracts from many different departments and agencies in the U.S. and Canada; however, government spending reductions or budget cutbacks at these departments or agencies could materially harm our continued performance under these contracts, or limit the awarding of additional contracts from these agencies.

Legal claims made against our work

We create, implement and maintain IT solutions that are often critical to the operations of our clients' business. Our ability to complete large projects as expected could be adversely affected by unanticipated delays, renegotiations, and changing client requirements or project delays. Such problems could subject us to legal liability, which could adversely impact our business, operating results and financial condition, and may negatively affect our professional reputation. We typically include provisions in our contracts which are designed to limit our exposure to legal claims relating to our services and the applications we develop. These provisions may not protect us or may not be enforceable under some circumstances or under the laws of some jurisdictions.

Risks Related to Business Acquisitions

Difficulties in executing our acquisition strategy

A significant part of our growth strategy is dependent on our ability to continue making niche acquisitions to increase the breadth and depth of our service offerings as well as large acquisitions to specifically increase our critical mass in the U.S. and Europe. We cannot, however, make any assurances that we will be able to identify any potential acquisition candidates, consummate any additional acquisitions or that any future acquisitions will be successfully integrated into our operations and provide the tangible value that had been expected. Without additional acquisitions, we are unlikely to maintain our historic or expected growth rates.

Our management faces a complex and potentially time-consuming task in implementing uniform standards, controls, procedures and policies across our business units. Integrating businesses can result in unanticipated operational problems, expenses and liabilities. In addition, to the extent that management is required to devote significant time, attention and resources to the integration of operations, personnel and technology, our ability to service current clients may be reduced, which may adversely affect our revenue and profitability.

Risks Related to the Market

Economic risk

An economic downturn may cause our revenue to decline. The level of business activity of our clients, which is affected by economic conditions, has a bearing upon the results of our operations. We can neither predict the impact that current economic conditions will have on our future revenue, nor predict when economic conditions will show meaningful improvement. During an economic downturn, our clients and potential clients often cancel, reduce or defer existing contracts and delay entering into new engagements. In general, companies also decide to undertake fewer IT systems projects during difficult economic times, resulting in limited implementation of new technology and smaller engagements. Because there are fewer engagements in a downturn, competition usually increases and pricing for services may decline as competitors, particularly companies with significant financial resources, decrease rates to maintain or increase their market share in our industry and this may trigger pricing adjustments related to the benchmarking obligations within our contracts. Our pricing, revenue and profitability could be negatively impacted as a result of these factors.

LEGAL PROCEEDINGS

From time to time, the Company is involved in legal proceedings, audits, claims and litigation arising in the ordinary course of its business. Certain of these matters seek damages in significant amounts. Although, the outcome of such matters is not predictable with assurance, the Company has no reason to believe that the disposition of any such current matter could reasonably be expected to have a materially adverse impact on the Company's financial position, results of operations or the ability to carry on any of its business activities. As at September 30, 2008, the Company was involved in claims of approximately $140.0 million and counterclaims exceeding $160.0 million.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Related Party Transactions

The charter of the Audit and Risk Management Committee requires that the committee review all related party transactions.

Innovapost Inc.

In the normal course of business, CGI is party to contracts with Innovapost, a joint venture, pursuant to which CGI is its preferred IT supplier. The Company exercises joint control over Innovapost's operating, financing and investing activities through its 49% ownership interest.

Lease of an Aircraft

In September 2005, in accordance with its mandate, the Audit and Risk Management Committee reviewed and recommended the approval of a transaction in which the Company leased a private aircraft for use on Company business from a leasing company which had acquired it from a limited partnership of which Serge Godin, CGI's Founder and Executive Chairman of the Board, was the sole limited partner. Following approval by the Board of Directors on September 26, 2005, a financial lease was entered into on December 5, 2005.

TRANSFER AGENT AND REGISTRAR

The Company's transfer agent for the Company's Class A subordinate voting shares and Class B shares is Computershare Investor Services Inc. whose head office is situated in Toronto,Ontario. Share transfer service is available at Computershare's Montreal, Quebec, and Toronto, Ontario, offices as well as at the principal office of Computershare Trust Company, N.A. in Golden, Colorado.

AUDITORS

The auditors of the Company are Deloitte & Touche LLP. They have confirmed their independence to the Company's Audit and Risk Management Committee.

ADDITIONAL INFORMATION

The Company will provide to any person, upon request to the Corporate Secretary of the Company, (i) a copy of the Annual Information Form of the Company, together with one copy of any document, or the pertinent pages of any document incorporated by reference in the Annual Information Form, (ii) a copy of the comparative financial statements of the Company for the year ended September 30, 2008 together with the accompanying report of the auditor and one copy of any subsequent interim financial statements, (iii) a copy of the Management Proxy Circular dated December 12, 2008 and (iv) a copy of the business booklet and of the financial booklet of the 2008 Annual Report of the Company.

Additional information including directors’ and officers’ remuneration and indebtedness, securities authorized for issuance under equity compensation plans and principal holders of the Company’s shares is included in the Management Proxy Circular dated December 12, 2008.

Additional financial information in relation to the last fiscal year ended September 30, 2008, is presented in the audited consolidated financial statements (pages 29 to 67) and in the Management’s Discussion & Analysis (pages 4 to 28), in the financial booklet of the 2008 Annual Report entitled Numbers.

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

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APPENDIX A

CGI GROUP INC.

FUNDAMENTAL TEXTS

The following documents form part of CGI's Fundamental Texts and may be found on the pages indicated below:

Fundamental Texts

of CGI Group Inc.

Presentation

This set of documents presents the fundamental texts that define CGI and its management approach. The fundamental texts address not only members of the board of directors, CGI's executive team and the company's shareholders, but also all CGI members as well as anyone who wishes to consult them. Their main objective is to provide a better understanding of the most essential aspects of the company. It is our hope that this understanding will generate a shared vision of what constitutes CGI and of the community of thought that is essential to the company's success. The document will also provide all CGI members with an understanding that will allow them to participate fully in the life of the company and to better represent CGI.

THE FUNDAMENTAL TEXTS INCLUDE: