

CGI GROUP INC
Form 40-F
December 23, 2005

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

Annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended September 30, 2005

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

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(Address and Telephone Number of Registrant's Principal Executive Offices)

CGI-AMS Inc.

4050 Legato Road

Fairfax, Virginia

22033, USA

(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:

<u>Title Of Each Class</u>	<u>Name Of Each Exchange On Which Registered</u>
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:

Annual Information Form 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: 397,448,329 Class A Subordinate Shares, 33,772,168 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

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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, 2005. 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, 2005 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.

The Audit and Risk Management Committee is composed of Mrs. Eileen Mercier, Chair of the committee, and Messrs. Claude Boivin and Robert Chevrier.

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:

Eileen A. Mercier; and
Robert Chevrier.

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

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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 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, 2005 and September 30, 2004, the Registrant paid the following fees to its external auditors:

Service retained	Fees paid	
	2005	2004
Audit services	\$2,948,591	\$3,338,048
Audit related services(a)	\$1,575,009	\$775,464
Tax fees(b)	\$4,187,281	\$1,942,460
All other fees(c)	Nil	Nil
Total fees paid	\$8,710,881	\$6,055,972

(a) the audit related fees paid to the external auditors for the years ended September 30, 2005 and September 30 2004 were in relation to prospectus work, special audits on control procedures, due diligence relating to mergers and acquisitions and research relating to accounting issues.

(b) the tax related fees paid to the external auditors for the years ended September 30, 2005 and September 30 2004 were in relation to tax planning services on mergers and acquisitions and major reorganization activities, research and interpretation related to taxation, support activities related to tax audit and preparation of personal tax returns.

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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>.

The Registrant has not amended its *Executive Code of Conduct* in any respect since its adoption, nor have any waivers been granted in respect of any of its provisions.

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 24 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

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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.

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Tabular Presentation of Contractual Obligations

As of September 30, 2005, the Registrant's known contractual obligations were as follows:

Contractual Obligations (in 000 of Canadian dollars)	Payment due by period				
	Total	Less than 1 year	2 nd and 3 rd years	4 th and 5 th years	After 5 years
Long-Term Debt Obligations	247,695	13,653	11,110	98,759	124,173
Capital (Finance) Lease Obligations	2,005	1,246	749	10	-
Operating Lease Obligations ⁽¹⁾	1,270,406	212,606	306,840	203,094	547,866
Purchase Obligations ⁽¹⁾	117,528	43,674	66,020	7,834	-
Total	1,637,634	271,179	384,719	309,697	672,039

⁽¹⁾ Included in these obligations: \$82.1 million of office space leases and \$11.4 million of long-term service agreements which are accounted for within accounts payable and accrued liabilities, accrued integration charges and other long-term liabilities and long-term debt.

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, 2005
2. Audited Annual Financial Statements for the fiscal year ended September 30, 2005
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.

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ANNUAL INFORMATION FORM

For the fiscal year ended

September 30, 2005

December 16, 2005

CGI GROUP INC.

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CGI GROUP INC.

This *Annual Information Form* is dated December 16, 2005 and, unless specifically stated otherwise, all information disclosed in this form is provided as at September 30, 2005, the end of CGI's most recently completed fiscal year. All dollar amounts herein are in Canadian dollars, unless otherwise stated.

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.

Audit Committee Information

The Company incorporates by reference the disclosure contained under the heading "Expertise and financial and operational literacy" on page 31 and the disclosure under the heading "Report of the Audit and Risk Management Committee" on page 37 and following of CGI's *Management Proxy Circular* dated December 16, 2005 which was filed with the 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.

INCORPORATION AND DESCRIPTION OF CAPITAL STOCK

Corporate Structure

CGI Group Inc. (the "Company" or "CGI") was incorporated on September 29, 1981 under, and is governed by, the provisions of Part IA of the *Companies Act* (Quebec). The Company continued the activities of *Conseillers en gestion et informatique C.G.I. inc.*, which was originally founded in 1976. The executive and registered office of the Company is situated at 1130 Sherbrooke Street West, 7th floor, Montreal, Quebec, Canada, H3A 2M8. CGI became a public company on December 17, 1986, upon completing an initial public offering of 800,000 Class A subordinate voting shares.

Subsidiaries

The following is a list of the subsidiaries of CGI having (i) total assets representing more than 10% of the consolidated assets of CGI as at September 30, 2005, or (ii) sales and operating revenues representing more than 10% of the consolidated sales and operating revenues of CGI for the year ended September 30, 2005.

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

Capital Structure

The Company's authorized share capital consists of an unlimited number of First Preferred Shares (First Preferred Shares), issuable in series, an unlimited number of Second Preferred Shares (Second Preferred Shares), issuable in series, an unlimited number of Class A subordinate shares (Class A subordinate voting shares) and an unlimited number of Class B shares (multiple voting) (Class B shares), all without par value, of which, as of December 16, 2005, 396,802,664 Class A subordinate voting shares, 33,772,168 Class B shares were

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issued and outstanding and none of the First Preferred Shares or Second Preferred Shares were issued and outstanding. As of December 16, 2005, 54% and 46% of the aggregate voting rights were attached to the outstanding Class A subordinate voting shares and Class B shares respectively.

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 ~~the~~ *Management Proxy Circular* dated December 16, 2005 which was filed with the 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.

Stock Splits

As of December 20, 2005, the Company had proceeded with four subdivisions of its issued and outstanding Class A subordinate voting shares as follows:

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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.SV.A and on the *New York Stock Exchange*, under the symbol GIB. A total of 172,356,097 Class A subordinate voting shares were traded on the *Toronto Stock Exchange* during the year ended September 30, 2005 as follows:

Month	High ^(a) (\$)	Low ^(a) (\$)	Volume
October 2004	8.59	7.50	13,025,680
November 2004	8.29	7.54	19,064,455
December 2004	8.19	7.65	11,820,664
January 2005	8.09	7.28	8,789,933
February 2005	8.47	7.55	17,797,070
March 2005	8.30	7.55	20,117,840
April 2005	7.80	6.59	10,658,710
May 2005	7.26	6.75	20,394,541
June 2005	7.74	7.00	10,066,607
July 2005	7.76	7.17	13,222,492
August 2005	8.50	7.30	15,208,964
September 2005	8.78	7.75	12,189,141

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

Normal Course Issuer Bid

On February 1, 2005 CGI announced that it was making a normal course issuer bid to repurchase up to 10% of the public float of its issued and outstanding Class A subordinate voting shares. See *Significant developments of the most recent three fiscal years* Fiscal Year ended September 30, 2005 *Other Significant Developments* below.

GENERAL DEVELOPMENT AND DESCRIPTION OF THE BUSINESS

Mission and Profile

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

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

When our employees (whom we call our members) know that their contribution is valued and when their work environment is both challenging and rewarding, they deliver services to our clients that are consistently timely and of the highest quality. Our clients reap the considerable benefits of our members' exceptional performance, and they in turn reward us with the trust and loyalty that help us to build the long-term partnerships on which CGI is built.

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

CGI now ranks among the largest independent IT and business process services firms in North America. CGI helps its clients in the private and public sectors meet their strategic goals by providing them with an end-to-end offering of high-level IT services and business solutions from offices located around the world. CGI's unique mix of services is comprised of management of IT and business functions, systems development and integration, and consulting.

CGI's Business Approach

As of December 16, 2005, CGI focused on serving markets in five sectors. Over time the Company has been able to develop close, long term relationships with its clients and to become their IT partner of choice. CGI professionals have a thorough understanding of their clients' business needs.

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

Related Party Transactions

Bell Canada and BCE Inc.

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

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Innovapost Inc.

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

Lease of an Aircraft

The Company recently leased a private aircraft for use on company business pursuant to a transaction in which Serge Godin, CGI's Chairman of the Board and Chief Executive Officer, had an indirect interest. See "Interest of Management and Others in Material Transactions" below.

Commercial Alliances

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

in 1996, CGI entered into a procurement relationship with *IBM Canada*;

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in 1998, CGI signed commercial agreements with ERP program developers *SAP*, *PeopleSoft* and *Oracle*;
in September 1999, CGI entered into a non-exclusive alliance with *Microsoft* that led to Partner Agreements;
in October 1999, CGI signed a non-exclusive direct commercial systems integrator agreement with *Sun Microsystems*;
in December 2000, CGI signed a non-exclusive systems integration agreement with *Siebel*; and
in July 2002, CGI signed a non-exclusive systems integration agreement with *BEA Systems*.

Significant developments since the most recent year end on September 30, 2005

On December 16, 2005, CGI and BCE Inc. announced that CGI will purchase 100 million of its Class A subordinate voting shares currently held by BCE Inc. at a price of \$8.5923 per share (the Transaction). 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 ending on December 15, 2005. The Company will disburse a total amount of \$859,230,000 million. Subject to customary conditions contained in the credit facilities of CGI, the Transaction is expected to close by January 12, 2006.

Subject to the completion of the Transaction, CGI and BCE Inc. also agreed to extend until 2016 (i) their outsourcing agreement, that will see CGI remain Bell Canada's preferred IS/IT supplier, (ii) CGI's agreement outsourcing its Canadian communications network management requirements to Bell Canada and (iii) the commercial alliance between CGI and Bell Canada's Enterprise Group. Also, subject to the completion of the Transaction, the current shareholders' agreement between CGI and BCE Inc. will be terminated. For more information on such agreements, please refer to the headings Strategic Alliances BCE Inc. and Bell Canada, Related Party Transactions and Significant Developments of the most recent three fiscal years Fiscal Year ended September 30, 2003 Other Significant Developments on, respectively, pages 3, 3 and 5 of CGI's 2004 Annual Information Form dated February 1, 2005 which was filed with the 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 2004 Annual Information Form will be provided promptly to shareholders upon request.

The modifications to the outsourcing agreements will also provide CGI with a guaranteed revenue level for the period 2006 to 2008 and, for the remainder of the life of the contract (2009 to 2016), the companies will work together to address Bell Canada's ongoing IS/IT needs in a cost-competitive manner.

Following the closing of the Transaction, CGI will have 296.8 million Class A subordinate voting shares and 33.8 million Class B shares outstanding and BCE Inc. will continue to own 28.3 million Class A subordinate voting shares, representing approximately 8.56% of the then outstanding shares of CGI. Following the

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expiration of a 120-day standstill period from the closing date of the Transaction, BCE Inc. has indicated its intention to dispose of its remaining 28.3 million Class A subordinate voting shares in an orderly fashion.

Significant developments of the most recent three fiscal years

Fiscal Year ended September 30, 2005

Significant Acquisitions

On December 1, 2004, the Company purchased for \$47,196,000 the remaining outstanding shares of AGTI Services Conseils Inc. (AGTI) a Montreal-based information technology consulting enterprise specializing in business and IT consulting, project and change management and productivity improvement. The Company previously held 49% of the outstanding shares of AGTI.

Other Significant Developments

On February 1, 2005 the Board of Directors authorized the purchase of up to 10% of the public float of the Company's Class A subordinate voting shares through a Normal Course Issuer Bid (the Issuer Bid). The Issuer Bid enables the Company to purchase on the open market through the facilities of the *Toronto Stock Exchange* up to 27,834,417 Class A subordinate voting shares for cancellation. As at January 28, 2005, there were 410,902,202 Class A subordinate voting shares of the Company outstanding of which approximately 68% were widely held. The Company was authorized to purchase Class A subordinate voting shares under the Issuer Bid commencing on February 3, 2005 and may continue to do so until February 2, 2006, or until such earlier date when the Company completes its purchases or elects to terminate the bid. As of December 16, 2005, the Company had purchased 14,896,200 Class A subordinate voting shares under the Issuer Bid for an average market price plus commission of \$7.82, representing an aggregate consideration of \$116.4 million.

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

Fiscal Year ended September 30, 2004

Significant Acquisitions

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

Other Significant Developments

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

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or its wholly-owned subsidiaries owned in response to *Bell Canada*'s bid. The bid closed successfully on January 25, 2005 with the result that the Company disposed on that date of all of its interest in *Nexxlink*.

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

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

Fiscal Year ended September 30, 2003

Significant Acquisitions

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

Other Significant Developments

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

DESCRIPTION OF CGI S BUSINESS

Business Structure

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

Corporate services - Head Office

(Montreal)

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

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

IT Services LOB

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The IT services LOB provides a full-range of IT services, including systems integration, consulting and outsourcing, to clients worldwide. The professionals and facilities in India and Canada also serve the United States and foreign-based clients as an integral part of their off-shore and nearshore delivery model.

BPS LOB

The BPS LOB provides a full spectrum of business process outsourcing services to its client base. Its services include business processing for the financial services sector, as well as payroll services, document management services and finance and administration services.

Principal Offices

The Company has more than 100 offices in 17 countries, with 50 offices in the United States. Its main locations are listed on page 93 of CGI's *Annual Report* for fiscal 2005 which information is incorporated by reference. The *2005 Annual Report* was filed with the 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 *2005 Annual Report* will be provided promptly to shareholders upon request.

Main Services Offered by CGI

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

Outsourced Management of IT and Business Processes

Outsourcing is one of the fastest growing segments of the IT industry. CGI has been active in outsourcing since 1986, which makes it a pioneer in this segment. Through a series of acquisitions completed since 1996, including the acquisition on July 1, 1998 of *Bell Sygma* and *Bell Sygma International*, the Company is now the largest independent provider of IT and BPO services in Canada, and continues to strengthen its position in the US outsourcing market.

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

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

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

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Consulting and Systems Integration

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

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

Research

Information technologies are abundant, complex and rapidly changing. In this context, CGI's success depends on its ability to remain at the forefront of its field, as well as to adapt its service approach to suit each client's specific needs. This situation requires the ongoing development of cutting edge expertise, tools and methodology.

The following table shows the Company's revenues and the amounts invested in research, net of investment tax credits, in the past three years.

(in 000's of Canadian dollars)	2005	2004	2003
		Restated	Restated
Revenue	\$3,685,986	\$3,150,070	\$ 2,589,905
Research	\$21,869	\$26,710	\$22,036

In fiscal 2005, gross research and development spending, including capitalized development costs, was \$78.2 million, an increase of 21.3% over 2004 and 73.4% over 2003.

Human and Material Resources

As of December 16, 2005, CGI had approximately 25,000 employees. In order to encourage the high degree of commitment necessary to ensure the quality and continuity of client service, CGI has had an employee share purchase plan in place for several years. From the beginning, the Company has had a profit sharing program which, from 1990 onwards, has been based on the performance of its business units. These measures, together with the Company's ongoing training programs, are based on the concepts of intrapreneurship and total quality that form the core of CGI's corporate culture.

As for facilities, the vast majority of CGI's offices are located in rented premises. As of September 30, 2005, the net value of CGI's capital assets was \$116.4 million. Capital leases related to these fixed assets amounted to \$3.5 million.

Client Base

CGI works with large and medium sized businesses in the private and public sectors worldwide. The Company's clientele is well balanced in terms of quality, quantity, stability and diversity. The *BCE Inc.* group of companies (including *Bell Canada*) domestic operations accounted for 14.3% of CGI's revenue in fiscal 2005 compared with 16.4% of CGI's revenue in fiscal 2004, and 19.3% of CGI's revenue in fiscal 2003. However, on a dollar to dollar basis, revenue from the *BCE Inc.* family increased marginally compared to fiscal 2004. With the exception of *Bell Canada*, none of CGI's clients accounted for more than 10% of its business. During the past ten years, CGI has had a client retention rate of approximately 90%.

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The North American IT Services Industry

Size, Structure and Recent Developments

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

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

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

Industry Trends and Outlook

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

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

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

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

CGI's Growth and Positioning Strategy

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

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

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

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

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

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

The first growth driver, focused on organic growth, is comprised of systems integration and consulting contract wins, renewals and extensions, and outsourcing contracts valued under \$50 million a year. This business is mainly identified and won at the local and regional level of our operations. We are growing our sales funnel of contract proposals across all of our geographic markets.

The second element of our growth strategy is the pursuit of new large outsourcing contracts, valued at more than \$50 million per year. Canada continues to offer tremendous untapped opportunities, and proposal activity is healthy across all regions.

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

Small acquisitions: We identify niche company acquisitions through our strategic mapping program that systematically searches for companies that could strengthen our geographic presence, vertical market knowledge or increase the richness of our service offerings. Currently, we are focused on acquisitions in our targeted verticals and metro markets in the US, as well as on expanding our BPO capabilities.

Large acquisitions: Through large acquisitions, we are seeking targets in Europe and the US that will increase our geographical presence and critical mass in order to further qualify us for larger outsourcing deals.

Quality Processes

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

In 1993, the Company began working towards obtaining ISO 9001 certification for its Project Management Framework. CGI's Quebec City office was granted ISO 9001 certification in June 1994, which allowed CGI to become North America's first organization in the IT consulting field to receive ISO 9001 certification for the way in which it managed projects. Since 1995 CGI has expanded the ISO 9001 certification throughout its

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Canadian, US and international offices as well as its corporate headquarters. Over the past several years, in the context of CGI's high growth rate, its ISO certified quality system has been a key ingredient in spreading its culture, in part because it helps to integrate new members successfully.

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

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

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

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

RISK FACTORS

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The Company incorporates by reference the disclosure contained in the section entitled "Risks and Uncertainties" describing the risk factors to which the Company's business is exposed, which is contained in its *Management's Discussion and Analysis* for the year ended September 30, 2005 on pages 50 to 53 in the *2005 Annual Report* which was filed with the 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's Discussion and Analysis* 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 8 to 14 of CGI's *Management Proxy Circular* dated December 16, 2005 which was filed with the 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:

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Name and place of residence	Principal occupation
Serge Godin Montreal, Quebec Canada	Chairman of the Board and Chief Executive Officer
Jean Brassard Longueuil, Quebec Canada	Vice-Chairman of the Board
David Anderson Toronto, Ontario Canada	Senior Vice-President and Corporate Controller

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André Bourque Montreal, Quebec Canada	Senior Vice-President and Chief Legal Officer
Paule Doré Montreal, Quebec Canada	Executive Vice-President and Chief Corporate Officer and Secretary
André Imbeau Beloeil, Quebec Canada	Executive Vice-President and Chief Financial Officer and Treasurer
Donna Morea Falls Church, Virginia USA	President CGI-AMS
Luc Pinard Longueuil, Quebec Canada	Chief Technology Officer
Michael E. Roach Ajax, Ontario Canada	President and Chief Operating Officer
Daniel Rocheleau Longueuil, Quebec Canada	Executive Vice-President and Chief Business Engineering Officer
Jacques Roy Longueuil, Quebec Canada	Senior Vice-President, Finance and Treasury
Joseph Saliba London England	President Europe and Australia

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

Ownership of Securities on the Part of Directors and Officers

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The Company incorporates by reference the disclosure under the heading "Voting Shares and Principal Holders of Voting Shares" on page 2 of CGI's *Management Proxy Circular* dated December 16, 2005 which was filed with the 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.

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LEGAL PROCEEDINGS

A lawsuit was filed on May 9, 2002 under the U.S. False Claims Act ("FCA") against AMS which, further to CGI's acquisition of AMS, is now the Company's U.S. operating subsidiary, CGI-AMS Inc. The lawsuit, alleging violations of the FCA, is currently pending in the U.S. District Court for the Southern District of Ohio. It seeks treble damages, as well as attorneys' fees and statutory penalties, costs, and interest.

The case involves CGI-AMS Inc.'s five-year, \$100 million-plus contracts with the Ohio Department of Job and Family Services ("ODJFS") for a variety of tasks pertaining to the development and implementation of a system known as the electronic integrated client management system ("the e-ICMS Contracts").

The suit primarily alleges that CGI-AMS Inc. knowingly billed ODJFS for services performed outside the scope of the e-ICMS Contracts and outside of the intended purpose of the federal grant funds that ODJFS would use to pay the invoices. In addition, the lawsuit alleges that CGI-AMS Inc. billed ODJFS for services performed by certain employees at a rate higher than that which was authorized, and that CGI-AMS Inc. billed ODJFS for the full-time work of employees who devoted only part of their time to the e-ICMS Contracts. The Company believes it has meritorious defences and is vigorously contesting these allegations.

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

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

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

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In accordance with its mandate, the 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 *Chairman of the Board and Chief Executive Officer*, is 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 is Computershare Trust Company of Canada whose head office is situated in Toronto (Ontario). Share transfer service is available at Computershare's Montreal (Quebec) and Toronto (Ontario) offices as well as at the principal office of Computershare Trust Company, Inc. in Denver (Colorado), and New York (New York). The transfer agent for the Company's Class B shares is National Bank Trust Inc. and the register for Class B shares is situated in Montreal (Quebec).

MATERIAL CONTRACTS

The Company did not enter into any contract during the year ended on September 30, 2005 that was material to the Company, other than contracts entered into in the ordinary course of the Company's business.

The only material contracts entered into in prior years that are still in effect are the agreements entered into with BCE Inc. and its affiliates in July 2003 that are described in the Company's 2004 Management Proxy Circular under the heading on page 36 "Agreements with BCE Inc." which is incorporated by reference. Assuming the completion of the Transaction, all such agreements, other than a Registration Rights Agreement, will be terminated. See "Significant developments since the most recent year ended on September 30, 2005" above. The 2004 Management Proxy Circular was filed with the 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.

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ADDITIONAL INFORMATION

The Company will provide to any person, upon request to the secretary of the Company, (i) a copy of the *Annual Information Form* of the Company, together with one copy of any document, or the pertinent pages of any document incorporated by reference in the *Annual Information Form*, (ii) a copy of the comparative financial statements of the Company for the year ended September 30, 2005 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 16, 2005 and (iv) a copy of the *2005 Annual Report* of the Company.

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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 6, 2005.

Additional financial information on the last fiscal year ended September 30, 2005, is presented in the audited financial statements (pages 55 to 87) and under the title *Management's Discussion and Analysis* (pages 27 to 53), in the *2005 Annual Report*.

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

1130 Sherbrooke Street West

7th Floor

Montreal, Quebec

H3A 2M8

Telephone: (514) 841-3200

Fax: (514) 841-3299

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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 of Appendix A indicated:

Mission, Vision, Dream and Values	3
CGI Management Foundation	12
Charter of the Board of Directors	17
Charter of the Corporate Governance Committee	21
Charter of the Human Resources Committee	30
Charter of the Audit and Risk Management Committee	33
Code of Ethics and Business Conduct	46
Executive Code of Conduct	63
Guidelines on Timely Disclosure of Material	
Information and Transactions in Securities of CGI Group Inc. by Insiders	65

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Fundamental Texts of CGI Group Inc.

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December 2005

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Document confidentiel

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:

1. Dream, Mission, Vision and Values	3
2. CGI Management Foundation	12
3. Documents and Policies Pertaining to Corporate Governance	17
3.1 Charter of the Board of Directors	17
3.2 Charter of the Corporate Governance Committee	24
3.3 Charter of the Human Resources Committee	30
3.4 Charter of the Audit and Risk Management Committee	33
4. Codes of Ethics	46
4.1 Code of Ethics and Business Conduct for members, officers and directors of CGI	46
4.2 Executive Code of Conduct	63
4.3 Guidelines on Timely Disclosure of Material Information and Transactions in Securities of CGI by Insiders	65
Appendix	91
Appendix A	92

1.

Dream, Mission, Vision and Values

Dream, Mission, Vision and Values

This document constitutes Chapter 1 of the Fundamental Texts of CGI Group Inc. It begins with the mission statement of the company and is followed by the vision, the dream and the values of CGI. By "dream," we essentially mean the intent or initial desire that led to the creation of our company and continues to drive its operation and growth. It also extends to the main principles and governing ideas that define the company's philosophy in its important cultural and organic aspects. This presentation of CGI's dream and values is therefore intended to impart in a succinct manner the company's character, essence, dynamism, values and culture, and the creative impulse that culminated in its creation and of which it is an extension.

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A. MISSION AND VISION

The mission of CGI is to help our clients with professional services of outstanding quality, competence and objectivity, delivering the best solutions to fully satisfy client objectives in information technology, business processes and management.

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In all we do, we foster a culture of partnership, intrapreneurship, teamwork and integrity, building a world class IT and business process services company.

With this mission statement, we are endeavouring to describe not only the company's purpose, but also our ambition and values. In doing so, we hope, in a few words, to advance an overall understanding of these essential aspects of CGI.

Our vision is to be a world class IT and business process services leader helping our clients win and grow.

The following section will foster a more thorough comprehension of the dream associated with this mission and the values referred to in the mission statement.

B. DREAM AND VALUES OF CGI

A number of governing ideas inspired the creation of CGI and continue to drive its development. These ideas constitute what we call the CGI "dream." It is a dream based on a set of values to which we are profoundly attached.

The dream has allowed us to assemble a team of extraordinary men and women who share it and are building a company that reflects their aspirations - who are, in fact, building their "own" company. Over the years, our team has built a clientele we are extremely proud of and whom we are dedicated to serving with the utmost skill.

This dream has its roots in the original and simple idea that first motivated CGI's founders when they created the company:

"To create an environment in which we enjoy working together and, as owners, contribute to building a company we can be proud of."

From this very basic idea grew an entire business philosophy.

It goes without saying that creating this type of environment is particularly challenging in consulting companies such as ours. Personnel generally work at client locations, making it difficult to develop a sense of belonging through a shared workplace. There is the risk of certain people being "forgotten" when they spend long periods at a client site, and this risk is amplified when these individuals have few CGI colleagues working on the same engagement.

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To succeed in creating a highly favourable environment within such a context, CGI has fostered a corporate culture rooted in participation in the company and focused on each of its members. Developing a corporate culture, despite members often working at a distance, began with explicitly defining and then sharing common values. Our fundamental belief is that a company with an inspiring dream, unparalleled integrity, a caring, humane management philosophy and solid values is better able to attract and respond to the profound aspirations of remarkably high-calibre, competent people. These people in turn will seek out a select clientele, one aware of the company's values, and will deliver high-quality services at a competitive price, while meeting the company's profitability objectives. The growth and profitability generated as a result will allow CGI to offer its shareholders a superior and sustained return on their investment.

To support our dream and to create such an environment, we have adhered to a number of principles or governing ideas:

1. Sharing the same values
 2. Embracing the objectives of our clients
 3. Adopting a caring, humane approach towards our members
 4. Focusing on synergy and the strength of teamwork
 5. Participating in the development of our company as its owner-shareholders, and sharing in its wealth
 6. Promoting robust, healthy and sustainable growth to the benefit of all stakeholders
 7. Implementing a management model aligned with our dream and values
1. **SHARING THE SAME VALUES**

Sharing the same values allows us to enjoy considerable autonomy and swiftness of action without compromising our cohesiveness. It also allows us to mobilize teams more rapidly and bring together the most experienced individuals from across the company, who are able to quickly work as one to address a given challenge. And, of course, these values also guide our decisions and actions.

PARTNERSHIP AND QUALITY

For us, partnership and quality are both a philosophy and a way of life. We develop and follow the best management practices and we entrench these approaches into client relationships and service delivery frameworks in order to foster long term and strong partnerships with our clients. We listen to our clients and we are committed to their total satisfaction in everything we do.

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OBJECTIVITY AND INTEGRITY

We exercise the highest degree of independent thinking in selecting the products, services and solutions we recommend to clients. In doing so, we adhere to the highest values of quality, objectivity and integrity. Consequently, strict rules of business and professional conduct are applied. We do not accept any remuneration from suppliers.

INTRAPRENEURSHIP AND SHARING

Our success is based on the competence, commitment and enthusiasm of our members. Therefore, we promote a climate of innovation and initiative where we are empowered with a sense of ownership in supporting clients, thus ensuring the firm's profitable growth. Through

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teamwork, sharing our know-how and expertise, we bring the best of CGI to our clients. As members, we share in the value we create through equity ownership and profit participation.

RESPECT

As a global company, we recognize the richness that diversity brings to the company and welcome this diversity while embracing the overall CGI culture. In all we do, we are respectful of our fellow members, clients, business partners and competitors.

FINANCIAL STRENGTH

We strive to deliver strong, consistent financial performance which sustains long term growth and rewards our members and shareholders. Financial strength enables us to continuously invest and improve services and business solutions to the benefit of our clients. To this end, we manage our business to generate industry superior returns.

CORPORATE SOCIAL RESPONSIBILITY

Our business model is designed to ensure that we are close to our clients and communities. We embrace our social responsibilities and contribute to the continuous development of the communities in which we live and work.

2. EMBRACING THE OBJECTIVES OF OUR CLIENTS

At CGI, we believe that accomplishing outstanding work provides one with a strong sense of fulfilment. Our high-quality work allows us to forge rewarding relationships with our colleagues and clients and to experience the pleasure of our own creativity when we find an ideal solution to address our clients' needs.

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To this end, we strongly encourage our members to develop a listening attitude to ensure that an understanding of the client's particular situation and needs takes priority in all that we do. For this reason, we foster a culture of independence, objectivity and integrity. We want our clients to know that we understand their objectives and are committed to finding the solution that is right for them. Our flexibility in establishing customized business relationships demonstrates our keen interest in our clients' objectives, cultural environment and values.

This in-depth understanding of our clients' objectives is one of the keys to our success and is as present in our short-term engagements as it is in our outsourcing contracts extending over multiple years.

However, embracing the objectives of our clients goes far beyond simply understanding them. It demands, for example, that we sincerely commit to offering the very best of ourselves in order to demonstrate to clients that we support them as completely as if we were their own employees. It is essential that they "experience our commitment."

3. ADOPTING A CARING, HUMANE APPROACH TOWARDS OUR MEMBERS

Although the demands of our industry are considerable, CGI has always believed that this in no way conflicts with the very humane and caring approach we take in all of the relationships we foster. And while our human resources policies and Member Partnership Management Framework embody this concern and commitment, for CGI, this is also an issue of maturity and genuine leadership. It is a question of the quality of "being." To foster this attitude of caring and sensitivity towards others, CGI has led by example. Since the inception of the company, this approach has been transmitted, most notably through the example set by our founders as well as by teamwork and the CGI Leadership Institute, and is today an integral component of CGI's spirit and culture.

4. FOCUSING ON SYNERGY AND THE STRENGTH OF TEAMWORK

CGI favours the accomplishment of work through synergy, which refers to the pooling of our members' skills, experience and creative abilities in all aspects of corporate life. Whether deciding on the direction to take in a service proposal or determining the best solution for a client, we incorporate synergy into everything we do.

Normally, a synergy group will hold meetings at key milestones throughout the entire lifespan of a given engagement. The group not only includes subject matter experts, but also less experienced members, who gain knowledge from their colleagues and are therefore able to more rapidly hone their own expertise. The objective is always to find appropriate and proven solutions for our clients. This practice is entrenched in our Quality System, which has earned ISO 9001 certification.

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The practice of synergy underscores an outstanding cultural trait: at CGI, we believe that we are stronger and that everyone benefits when we work as a team. Our clients receive services of higher quality, and our members constantly learn from one another through concrete achievements.

5. PARTICIPATING IN THE DEVELOPMENT OF OUR COMPANY AS ITSOWNER-SHAREHOLDERS

It is important that our members consider CGI as "their" company and that they participate in its growth and development. Involvement in professional groups that help maintain CGI's leadership position is just one of the many such forms of participation.

However, for this involvement in the company to be complete and rewarding, we feel it necessary that all CGI members be able to also share in the benefits generated by their activities. For this reason, since its founding, CGI has offered all of its members the opportunity to be shareholders and owners of their company. To this end, CGI has implemented a Share Purchase Plan, through which it pays half the cost of shares up to a certain amount. Members also qualify for a portion of the company's annual profits when objectives are met (Profit Sharing Plan). This capital sharing opportunity has existed since CGI was established.

It is an approach that incorporates many advantages:

FOR OUR CLIENTS

Because of this approach, CGI has very few freelance or contract employees. This helps assure our clients that the experience we acquire through working with them is more likely to remain in the company. Moreover, the people they deal with at CGI are also owners of the company and are therefore completely committed to producing high-quality, dependable work in order to strengthen the client relationship.

FOR OUR SHAREHOLDERS

Our external shareholders can rest assured that, as fellow owners, all of CGI's members have their mutual interests at heart, i.e. a desire to see the company grow and the drive to execute each contract in a way that will yield the targeted profit margin. This also impacts business development, for, as shareholders, our members strive to promote the company's growth, but will not sacrifice profitability by submitting counter-productive bids. And finally, shareholders are also assured that all of our members will manage the company's costs as if they were their own.

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FOR OUR MEMBERS

As members and shareholders, we feel above all that the growth in value, which we are contributing to, does provide us with a lucrative return over the long term. It is indeed more stimulating to work for a company that values the sharing of wealth. This also guarantees greater transparency in the management of the company. Because we must communicate our financial results to everyone, all of CGI's managers are more accountable to the people they lead and are more likely to involve them in the decision process. We believe that our approach to corporate ownership fosters greater overall dynamism and cohesiveness of action. This also allows us to attract and retain individuals with a genuine desire to build and develop the company.

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