



ONE OF THE FASTEST
GROWING IT SERVICES COMPANIES
IN NORTH AMERICA



1997

ANNUAL REPORT

FINANCIAL HIGHLIGHTS



38.25

(In thousands of \$, except per share amounts)

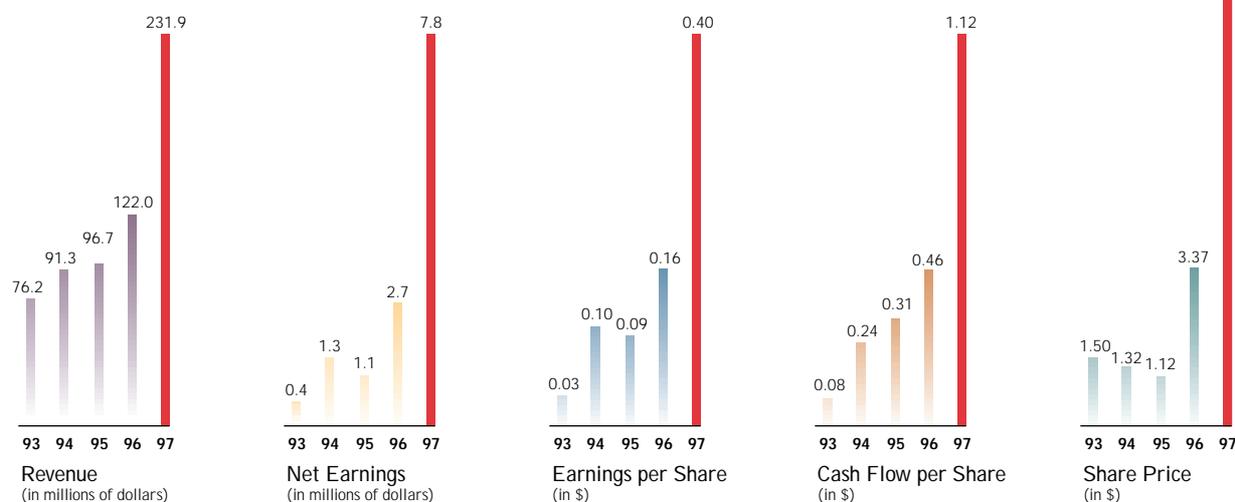
Years ended September 30	1997	1996	1995	% change 97/96	1995-97 av'ge % compound growth
Financial Performance					
Revenue	\$ 231,916	\$ 122,015	\$ 96,690	90.1%	54.9%
Operating income (1)	\$ 25,124	\$ 8,601	\$ 5,859	192.1%	107.1%
Margin	10.8%	7.0%	6.1%		
Net earnings per share (2)	\$ 0.40	\$ 0.16	\$ 0.09	150.0%	110.8%
Net margin	3.3%	2.2%	1.1%		
Cash flow per share (2)	\$ 1.12	\$ 0.46	\$ 0.31	143.5%	90.1%
R & D and training expenses	\$ 6,335	\$ 3,835	\$ 3,356	65.2%	37.4%

Financial Position	Pro-Forma 1997 (3)		1996	1995	% change 97/96	1995-97 av'ge % compound growth
Total assets	\$ 313,896	\$ 154,143	\$ 72,159	\$ 42,785	113.6%	89.8%
Shareholders' equity per share (2)	\$ 8.27	\$ 3.43	\$ 2.19	\$ 1.28	56.6%	63.7%
Working capital	\$ 43,202	\$ 16,935	\$ 18,823	\$ 8,515	(10.0)%	41.0%
Current ratio	1.60:1	1.30:1	1.66:1	1.36:1		
Total bank indebtedness	-	\$ 34,822	\$ 10,023	\$ 17,409	247.4%	41.4%
Total bank debt/equity ratio	0:1	0.48:1	0.25:1	1.06:1		

- (1) Before depreciation, interest, income taxes and share in the results of an entity subject to significant influence.
 (2) Adjusted for 2-for-1 stock split effective August 12, 1997. Does not reflect 2-for-1 stock split effective December 15, 1997.
 (3) Giving effect to the acquisition of the Insurance Systems group of Teleglobe Inc. and the purchase by Bell Canada of \$43.7 million of preferred shares, effective October 22, 1997.

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

AND BUILDING SHAREHOLDER VALUE





CGI IS A NORTH AMERICAN LEADER IN

WHO WE ARE

CGI is a North American leader in information technology (IT) services, with state-of-the-art expertise in three complementary areas of specialization: information systems, telecommunications and management.

CGI is the largest Canadian independent firm to offer a complete range of end-to-end IT services. It is among the leading providers of consulting services, which include business process engineering, systems integration and outsourcing services. CGI was the first information technology services company in North America to achieve ISO 9001 certification for its project management framework. The company has a strategic partnership with Bell Canada, whose telecommunications expertise and value-added network complement CGI's expertise in IT services.

CGI targets niche markets where it has developed expertise — financial services, telecommunications, governments including the health care sector, retail and distribution, and manufacturing.

With a revenue-run rate in excess of \$500 million following the October 1997 acquisition of Teleglobe's Insurance Systems group (TIS), and close to 4,000 members, CGI serves more than 2,000 medium-sized and large public and private organizations across Canada and in the United States and has a growing clientele in international markets. CGI has offices coast to coast in Canada and the United States, and offices in England.

OUR STRENGTHS

- Strong team of managers and professionals
- Strong reputation for quality — ISO 9001 certification since 1994
- Strong balance sheet and cash flow
- End-to-end services
- Strong growth markets in North America and worldwide
- Independence from any hardware or software manufacturer
- Coast-to-coast IT infrastructure
- Commitment to growth. Managers and employees have significant ownership position in the company
- Record of successfully managing growth for 21 years. The CEO is the company founder, the COO and CFO have been with the company since its inception, and 15 key managers have been with the company more than a decade.

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OUR BUSINESS

INFORMATION TECHNOLOGY SERVICES

1 Outsourcing

Clients delegate the entire responsibility for their information functions in order to achieve substantial savings and access the best information technology, while maintaining control over their strategic information functions. CGI's ISO 9001 certification for project management framework is transferred to clients' outsourced operations. CGI offers a coast-to-coast North American technology infrastructure, with ultramodern data processing centres. It provides telecommunications network facilities in Canada through its business partnership with Bell Canada.

2 Systems Integration

CGI develops information systems which respond to clients' strategic needs by integrating different technologies. Comprehensive integrated solutions consist of a complex set of hardware, software, information systems and telecommunications components. CGI brings a complete solution including systems engineering, software development or customization, integration of various software and hardware, and user training.

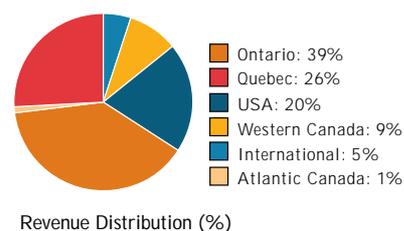
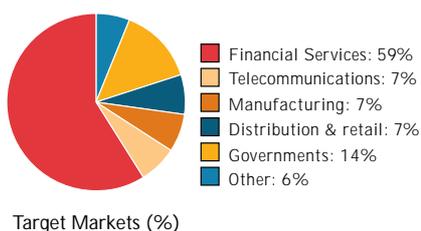
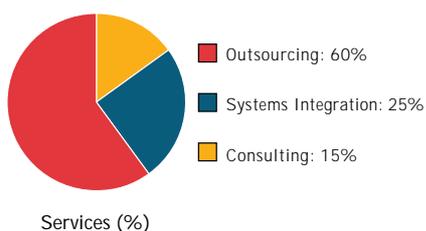
3 Consulting

These services comprise information technology and management consulting services. CGI professionals have the competitive strength of understanding the business issues in a particular industry or sector, in addition to their technical expertise.

4 Business Solutions

CGI has developed, acquired, or negotiated exclusive rights to some 15 business solutions for complex client applications. These include Retail Financial Systems (RFS) for Windows NT® for banking services; the leading solutions for the property and casualty insurance industry; the AMICUS library management solution; Insurance Claims Management; production management for the steel industry; and a leading Year 2000 solution, combining expertise and tools.

Revenue Mix*



* Charts reflect the revenue mix following the acquisition of the Insurance System group of Teleglobe Inc. in October 1997.

OPERATING HIGHLIGHTS

NEW CONTRACTS

APRIL, as part of the CDSL Holdings Limited acquisition, CGI negotiated a \$100 million outsourcing contract with The Co-operators' Group over the next five years and renewable for an additional five years.

APRIL, announced a \$4.7 million contract for Year 2000 conversion of the Quebec Automobile Insurance Commission's computer systems.

MAY, announced a strategic partnership with the major North American distributor Westburne Inc., whereby CGI will manage Westburne's applications development, maintenance and information technology facilities for \$250 million over ten years.

JUNE, awarded a long-term strategic partnership to manage all IT services of Spar Aerospace, representing \$25.3 million over five years.

JUNE, awarded a five-year, \$10 million contract for the day-to-day operation of Interac Association's Central Network Management Facility. This resulted from the acquisition of CDSL which had been running Credit Union Central of Canada's Interac-related applications for a number of years.

JULY, awarded a \$3 million contract to customize and install AMICUS library management software for The British Library in conjunction with Axis Resources.

SEPTEMBER, became the first non-financial institution member of Canada's Interac electronic payment system with the ability to provide Interac services including shared cash dispensing and direct payment to clients on a stand alone basis. CGI launched this new service with a contract with the Canadian affiliate of Republic National Bank of New York and The Bank of East Asia (Canada).

OCTOBER, signed a five-year master agreement to provide Ontario credit unions with an advanced client-server banking services system. This state-of-the-art solution allows financial institutions to provide their customers with greater product consistency and to broaden their services while also reducing their costs and increasing their system's overall efficiency.

ACQUISITIONS

DECEMBER 1996, CGI acquired all outstanding shares of CGO Inc., a leader in management for the health care sector and also active in the education and municipal administration sectors.

APRIL 1997, acquired CDSL Holdings Ltd., Canada's largest independent provider of retail banking systems and electronic commerce/switching services with annual revenue of \$79 million. This acquisition rounded out CGI's existing infrastructure to achieve coast-to-coast infrastructure, in addition to significantly strengthening its outsourcing to the financial services industry.

OCTOBER 1997, acquired the Insurance Systems group of Teleglobe Inc., CGI's largest acquisition to date with annual revenue of \$164 million. This strategic acquisition made CGI the third largest IT outsourcer and business solutions provider to the property and casualty insurance industry in North America and the largest in Canada.

MESSAGE TO SHAREHOLDERS



Strategic initiatives taken in 1997 position the company to maintain strong growth into the foreseeable future.

(Standing)
SERGE GODIN,
Chairman and CEO,
with
JEAN BRASSARD,
President and COO.

CGI in fiscal 1997 became one of the fastest growing information technology (IT) services companies in North America, with earnings and cash flow outpacing very substantial revenue growth. Looking ahead, strategic initiatives taken in 1997 and previous years position the company to maintain strong growth into the foreseeable future.

We at CGI are excited about the company's progress and potential. We recognized 10 years ago that there would be strong demand for IT outsourcing and large scale systems integration services, as corporations and governments worldwide realized the competitive imperative of sophisticated information processing.

We mapped out a comprehensive strategy to win this business, and to attract and keep top quality people to manage the resulting growth. We developed leading expertise in three complementary areas — information systems, telecommunications and technology management. Other key components of our strategy included: achieving ISO 9001 certification, establishing critical mass and specialized knowledge in niche markets with high growth potential, making strategic acquisitions to achieve end-to-end operations and coast-to-coast infrastructure, and forming blue chip strategic partnerships to enhance our competitive advantage.

1997 PERFORMANCE MILESTONES

By mid-way through calendar 1997, we had completed the fundamentals of our strategy and our revenue run-rate had increased to \$300 million — 145% above our actual fiscal 1996 revenue of \$122 million. With the acquisition of Teleglobe Inc.'s Insurance Systems group (TIS) effective October 1997 and new contracts, our revenue-run rate as we entered fiscal 1998 had increased to more than \$500 million, surpassing our objective for the year 1999 business plan of \$300 million.

During fiscal 1997, we increased outsourcing contracts to close to 45% of total revenue, and to an annualized rate of 60% including TIS at the start of fiscal 1998, compared with 25% in 1996. We are emphasizing large scale systems integration and full IT outsourcing contracts not only because of the strong and growing demand for this business but also because the long-term nature of outsourcing contracts contributes to earnings stability. Since CGI is an end-to-end IT services provider, we partner with our clients to meet the full range of their IT services needs.

In short, through the disciplined implementation of our strategic plan, we have become Canada's largest, independent end-to-end provider of IT services.

STRONG FINANCIAL PERFORMANCE

A combination of internal growth plus the successful integration of recent acquisitions resulted in very significant increases in revenue, net earnings and cash flow together with a strong balance sheet in the latest fiscal year.

Revenue increased by 90%, net earnings by 186% and cash flow by 177%, compared with a year ago. Earnings per share increased 150% and cash flow per share by 144%, on a 13.5% increase in average weighted shares outstanding. Dilution resulted from the partial payment for acquisitions with convertible preferred shares, on terms accretive to share earnings.

Even with this growth, CGI ended the fiscal year very strong financially. Subsequent to year end, reflecting the acquisition of TIS and the additional \$43.7 million equity investment by Bell Canada to maintain its equity interest at 23.8%, CGI's shareholders' equity in October increased by an additional \$163.7 million or 126%, debt was eliminated and CGI had \$12.7 million cash. This financial strength positions us for continuing expansion, and is an important advantage in winning large systems integration and outsourcing contracts.

Our operational and financial achievements this past year gained CGI a much broader investor and research analyst following, and our shares underwent a fundamental re-evaluation. The Class A subordinate shares were among the best performing in North America, appreciating more than tenfold during the past 12 months. We are pleased that shareholders are being rewarded handsomely for the confidence they place in CGI, and we remain focused on building shareholder value by managing strong growth over the long term.

50% of last year's growth was internal, driven by a number of major new systems integration and outsourcing contracts and a 100% renewal rate for existing contracts.

GAINING LEADERSHIP IN TARGETED MARKETS

In recent years, we have identified five market sectors to target because of their high growth potential, and we have been developing critical mass and specialized knowledge in order to become the leading IT services provider in these markets. The sectors are financial services, telecommunications, governments including the health care sector, retail and distribution, and manufacturing. We are committed to delivering maximum value to clients by providing industry expertise in addition to our technical expertise.

STRONG INTERNAL GROWTH

Thanks to the dynamism of the CGI team, 50% of last year's growth was internal, driven by a number of major new systems integration and outsourcing contracts and a 100% renewal rate for existing contracts. We increased our market share in each of our targeted industry sectors, reflecting the very high quality service delivered by our professionals. We continued to develop and implement information systems on behalf of our clients, particularly our client-server technologies. We also continued to develop new areas of expertise with emphasis on electronic commerce.

In May, CGI and the distribution giant Westburne Inc. concluded a \$250 million, ten-year partnership agreement which will involve CGI managing the delivery of all Westburne information technology services, previously handled internally, including the selection, acquisition and implementation of new technology.

Westburne has offices located across North America and is active in industry segments that make strategic use of emerging technologies such as electronic commerce and new inventory management tools. Given its scope, this project will provide us with a unique opportunity to showcase our leading-edge value-added business solutions and services. It has the potential to become one of CGI's flagship projects.

This past year, we also signed a five-year \$25 million partnership with Spar Aerospace, through which we will handle this technology leader's IT functions. As well, we have concluded a strategic \$10 million agreement with the Interac Association for the management of its Central Network Management Facility. This project takes advantage of CGI's leading financial services and transaction processing capabilities.

Also in the financial services sector, our April 1997 acquisition of CDSL Holdings Limited enabled us to secure a five-year \$100 million contract to provide information technology services to The Co-operators' Group, renewable for an additional five years.

GROWTH THROUGH ACQUISITIONS AND PARTNERSHIPS

An important part of our growth strategy is to continue to make strategic acquisitions which will further strengthen our position in each of our targeted industry sectors. We see considerable opportunity for external growth as the

We have made two major acquisitions which substantially increase our capabilities and market share in the financial services sector.

IT services industry is fragmented and the growing demand for end-to-end services is driving consolidation. During the past 12 months, we made a strategic acquisition targeting the health care sector, and two major acquisitions which substantially increase our capabilities and market share in the financial services sector.

HEALTH CARE SECTOR

In the health care sector, the acquisition of CGO in December 1996 enabled CGI to develop its presence in this fast changing market. The health care sector is undergoing dramatic change throughout North America and CGI is leveraging its expertise, resources and infrastructure to develop a strong position in this market.

FINANCIAL SECTOR

In the financial services sector, CGI in April 1997 acquired CDSL, Canada's largest independent IT provider of retail banking services and electronic commerce switching services. In October 1997, we acquired TIS, the third largest outsourcer and provider of business solutions to the property and casualty insurance industry in North America and the largest in Canada.

Together, these two acquisitions provide the IT infrastructure, business solutions, highly qualified professionals and client base to enable CGI to develop a leading position in the financial services industry in Canada and the U.S., with access also to Europe through offices in England. Deregulation of this sector is creating exceptional opportunities to provide a full range of IT services in each of these markets.

With these acquisitions, IT services for the financial services sector will account for close to 60% of revenue on an annualized basis, compared with 35% previously. We have further diversified our client base coast to coast, and increased international-sourced revenue to 20% from the U.S. and 5% offshore.

We now provide IT solutions and services to over 300 financial institutions, with switching services through some 20,000 devices including 900 automated teller machines. We have a national network of efficient data centres and knowledge-based call centres, as well as offices in major Canadian cities including Toronto, Vancouver, Regina, Montreal and Quebec City. CGI has become the only independent Canadian IT services company having infrastructure coast to coast — a competitive advantage for winning major national contracts.

The acquisition of these capabilities enabled CGI to become the first non-financial institution member of Interac with the ability to provide Interac's electronic transfer services, including shared cash dispensing and direct payment, to clients. We have launched this new service in Canada with a contract with the Canadian affiliate of Republic National Bank of New York and The Bank of East Asia (Canada). This market offers significant growth opportunities.

For property and casualty insurance, we are now the leading IT services provider in Canada, a major provider in the U.S., and well positioned to penetrate European markets.

We have a successful track record of integrating acquisitions to gain maximum benefit, primarily by extending our ISO 9001 management framework to ensure consistent processes and high standards throughout all operations. Having completed the integration of retail banking systems, electronic commerce and transaction switching resources, we are now transferring these services to other geographic markets where they were not previously present.

Our property and casualty insurance client base includes over 100 property and casualty insurance companies and 1,000 brokerages in Canada, over 450 insurance companies and 7,500 agents and brokerages in the U.S. and in excess of 20 insurance companies in the U.K.

PARTNERSHIP WITH BELL CANADA

Throughout fiscal 1997, CGI continued to build on its strategic alliance with Bell Canada. Contracts with Bell Canada and joint projects with Bell's clients now represent approximately 5% of our revenues and Bell is involved in many of our large bids outstanding. Given the increasingly important role that telecommunications plays in most large IT projects, this alliance represents a major competitive advantage with strong benefits for both partners and for our clients.

WORLD-CLASS BUSINESS SOLUTIONS CONTRACTS

Partnering with clients, we have developed a number of leading business solutions for our targeted industry sectors. We currently have 15 proprietary business solutions, including those provided through acquisitions. We continue to develop new IT business solutions as we work with clients to increase their competitive position.

Year 2000 IT conversions are gaining priority worldwide and we have exclusive rights to one of the leading business solutions. We plan to generate between 8% and 10% of our business from Year 2000 contracts in the next three years, focusing on the value-added segment of this market.

Because of the costs involved in converting existing systems to the year 2000, a significant number of companies have elected to acquire new technology and to implement Enterprise Resource Planning (ERP) systems to support vital corporate functions such as accounting, human resources, purchasing and inventory management. Our efforts go beyond designing and implementing ERP software packages to include an outsourcing component for their long-term management.

CGI's AMICUS business solution is recognized as one of the world's most advanced library management software. In July 1997, in cooperation with British-based Axis Resources, we sold AMICUS to the British Library for its new Corporate Bibliographic System.

We developed our manufacturing business solution for steel industry clients in the U.S., and during fiscal 1997 sold this business solution to two

We have set a total revenue objective of \$800 million by 1999, with gradually improving net profit margins.

steel mill clients in Thailand. This business solution is aimed at helping the steel industry in its operational management from order entry through to shipping and invoicing.

Our recently acquired retail banking business solution, RFS for Windows NT®, helps financial institutions leverage new technology in order to streamline banking and non-banking functions. It enables multiple distribution channels such as home and Internet banking and enhances the management decision processes of financial institutions through the implementation of relational database management technology. CGI offers RFS for Windows NT® on a service bureau basis, providing transaction processing and operations management to banking clients.

Our new IT business solutions for the property and casualty industry helps insurance companies reduce costs, improve services and reengineer business processes. Clients range from small mutual and regional carriers to several large multi-line insurers.

Business solutions for the property and casualty industry include: Ratabase, a unique rating engine which may be used for virtually any line of business on any hardware platform; RTM Company Systems, an established product for core contract administration, claims and billing, re-insurance and statutory reporting; and Signassure, a brokerage management system supporting the distribution of insurance products to consumers.

MAJOR INCREASE IN ORDER BACKLOG

The cumulative effect of our expansion and increasing reputation in the high growth IT services industry has been a significant increase in our order backlog from \$175 million in October 1996 to in excess of \$1.3 billion, reflecting primarily new outsourcing contracts including those acquired with TIS. We are particularly pleased by the quality and strategic nature of the contracts we are being asked to bid on, and we regularly are winning those which we select.

STRATEGY AND OUTLOOK

The opportunities for growth this past year well exceeded our expectations, and by capitalizing on these opportunities we surpassed our business plan objectives for as far as 1999. We have therefore formulated a new business plan, based on the collective input of our members and management team coast to coast. We have set an objective for total revenue of \$800 million by 1999, with gradually improving net profit margins.

Our strategy is to continue to strengthen our position in each of our targeted industry sectors, with emphasis on large scale systems integration and outsourcing contracts. The IT outsourcing market is forecast to grow by 30% annually in Canada and 25% in the U.S., and we plan to continue to exceed this pace both internally and through acquisitions.

In Canada, we are steadily consolidating our position as the preferred provider of our targeted markets. In the U.S., we will continue to build our base as a niche player, emphasizing IT business solutions for manufacturing, and also

CGI owes its success to its dedicated professionals who have raised the standard of excellence in our industry through a process of continuous improvement.

for financial services by partnering with our client base in the property and casualty insurance industry. In Europe, we will market our financial services business solutions to capitalize on the deregulated markets.

A TEAM OF DEDICATED PROFESSIONALS

CGI owes its success to its team of talented and dedicated professionals who set the standard of excellence in our industry through a process of continuous improvement. Their record of achievement has ensured CGI's success in winning an increasing share of contracts, and in retaining and attracting top quality people who will ensure the company's ongoing high performance.

We thank our client partners for their continuing confidence and support. We are committed to providing high quality IT services that help maintain their competitive advantage in a fast evolving business environment.

We would like to thank Mr. William H. Somerville, who has stepped down from our Board at year end, for his wise counsel over the years.

This past year was one of exceptional progress for CGI, as the company gained the additional infrastructure, business solutions, and market presence to become a recognized IT services leader in the financial services industry and to strengthen its position in other targeted sectors. We enter fiscal 1998 well positioned to manage strong growth into the foreseeable future, and committed to continuing to reward all stakeholders with superior returns.

Signature
Serge Godin

Serge Godin
Chairman and
Chief Executive Officer

Signature
Jean Brassard

Jean Brassard
Vice-Chairman
President and Chief Operating Officer

December 2, 1997

A QUALITY PROGRAM DRIVEN BY STRONG VALUES

OUR VALUES

Quality

CGI is committed to total client satisfaction. We follow the best management practices to satisfy our clients, to ensure the development of our members, and to maximize value for our shareholders.

Intrapreneurship

We promote a climate of innovation and initiative whereby each member is empowered with a sense of ownership in supporting clients, ensuring the firm's profitable growth and developing the practice areas of our profession. Team success is rewarded with opportunities for personal and professional development, profit-sharing and share ownership.

- CGI is a company with a well established total quality vision. This long-term vision plays a vital role in helping the company successfully manage its growth and it is supported by a deeply rooted corporate culture and strong values. CGI's vision focuses on providing quality in all aspects of its relationship with its three primary stakeholder groups, namely its clients, members and investors.

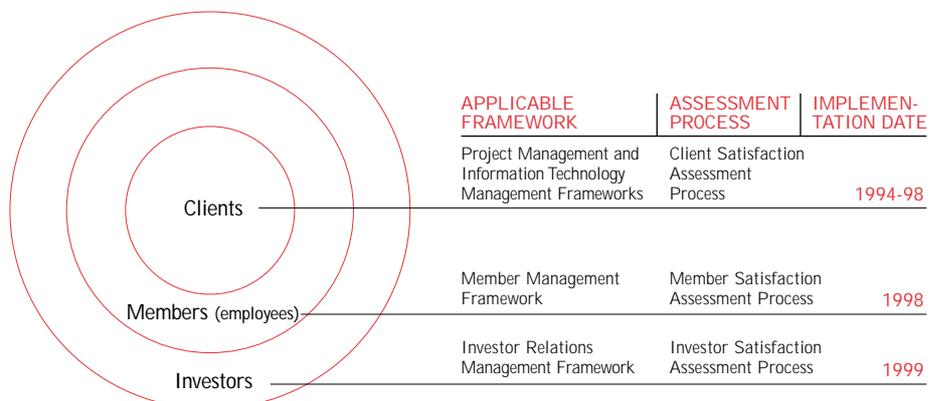
In 1990, CGI developed a strategy with well defined action plans for all activities related to each of its stakeholder groups. In keeping with its "client first" orientation, CGI initially focused on defining processes involved in the management of its strategic business units and their IT projects. Also, throughout this exercise the company ensured that its management processes remained efficient.

CGI thus benefits from clear and straightforward methodologies which spell out how to conduct business activities at the strategic business level and at the project management level. The company first implemented these management processes in one of its regions, which in 1994 was the first in North America to receive ISO 9001 certification for its Project Management Framework (PMF) applied to consulting services and systems integration practices. Between 1994 and 1996, the company implemented the PMF throughout its regions and secured ISO certification across its network. CGI's entire quality approach is anchored in ISO certification, which provides it with internationally recognized standards and management processes.

CGI later introduced its Information Technology Management Framework (ITMF) for outsourcing activities and is currently working to ensure certification for its technology infrastructure in 1998.

Until 1996, the company worked to implement its quality approach to client services with its PMF and ITMF applied to consulting services, systems integration and outsourcing practices. In 1997, CGI addressed the needs of its second group of stakeholders by developing and implementing its Member Management Framework (MMF) and in 1998, following the implementation of its MMF, it will extend ISO 9001 certification to the management of its professional resources.

CGI QUALITY PROGRAM



Objectivity

CGI and its members are objective in selecting the products, services and solutions we recommend to clients. CGI does not accept any fees from suppliers.



PAULE DORÉ
Executive Vice-President
Corporate Affairs

Integrity

Strict rules of business and professional conduct are applied throughout the company, in keeping with our unqualified commitment to maintaining business relationships based on integrity, goodwill and respect.

Partnership

CGI fosters long-term and strong relationships with clients. We endorse client objectives and work as a team to deliver expected results.

CGI's ISO certified quality approach forms the basis of a continuous improvement process which is embedded into all of the company's management processes. It is supported by a rigorous assessment process which allows it to evaluate the satisfaction level of its target stakeholder groups. The company has implemented Client and Member Satisfaction Assessment Processes which serve to evaluate the level of satisfaction of both clients and members on a number of issues related to operations. The company uses this information to constantly enhance the quality of its services as part of its continuous improvement process.

By the end of 1999, the company will extend ISO 9001 certification to all operations involving its third stakeholder group, comprised of investors, by implementing the same concept.

From an operational standpoint, ISO certification has allowed CGI to make significant progress and helped ensure that projects are completed on time and within budget, by a margin that far exceeds industry averages. Certification helps to improve performance as it formalizes processes by documenting their various steps. It allows both clients and CGI to address problems before they arise.

For CGI, certification facilitates the execution of large contracts by clearly defining the scope and various steps involved in each project and providing a

“CGI specialists maintain St-Hubert Bar-B-Q restaurants’ home delivery system, which ensures that our customers benefit from an efficient service. We are pleased to do business with a company whose total dedication to quality is recognized by international ISO standards.”



Jean-Pierre Léger
President and CEO
St-Hubert Bar-B-Q Limited

The Company’s processes now truly reflect the strong values which form the basis of its uniquely successful approach.

Financial Strength

Our financial objective is to achieve superior profitability and return on investment. CGI seeks to deliver high financial performance which will sustain growth and reward our people and shareholders.

Responsible Corporate Citizen

We endeavor to contribute to the economic, social and cultural development of those communities in which we operate and support our members in those activities.

roadmap to guide the operational team throughout the delivery process. Certification is also a determining factor in supporting the integration of new members following a merger. It clarifies CGI’s approach to doing business and ensures that everyone operates in the same ISO-certified manner. It is also a great source of pride for members. After an acquisition, one of the first questions asked by employees of the company being integrated into CGI is when they will become ISO certified.

CGI’s certification also means that the IT functions of new outsourcing clients become ISO certified soon after the contract has been awarded. This is a powerful operational and marketing advantage. With certification, clients know that their needs will be handled consistently to the highest standards, regardless of which CGI strategic business unit provides the service.

LEVERAGING CGI’S STRONG VALUES

CGI has built a solid foundation for sustained high performance by instilling strong values which guide all its members’ actions. High performance fulfills the company’s responsibility to all stakeholders - clients, employees, strategic partners, suppliers and investors.

CGI’s values have been in use since its inception. The company has refined its values over time but they have never changed fundamentally. As part of the CGI way, clients are front and centre and quality is reflected in all the company does. CGI goes beyond providing quality services and its professionals are constantly seeking ways of improving themselves and enhancing the value of services they provide to clients.

At CGI, we have developed a competitive advantage by working towards ISO 9001 standards for all of our management processes, firmly based on our strong values. We have now achieved ISO certification for our project management framework, are working towards certification for our technology management and member management frameworks this fiscal year, and of our investor relations management framework in fiscal 1999. Our quality program driven by strong values will enable us to continue to successfully manage growth over the long term.

Signature
Paule Doré

Paule Doré
Executive Vice-President
Corporate Affairs

- CGI is growing through a balanced combination of internal and external expansion. Key components of CGI's growth strategy include the targeting of high potential markets, formation of strategic partnerships, and acquisitions to achieve complementary strengths and critical mass.



GAINING MARKET LEADERSHIP THROUGH A FOCUSED GROWTH STRATEGY

CGI is diversifying its client base throughout Canada, where there currently is the greatest potential for growth. It also is expanding its presence in the U.S. where it now has critical mass on which to build, and in the U.K. which provides it with a window on the European market.

Through this strategy, CGI is establishing a leadership position in each of its targeted markets. To maximize returns, the company is focusing on large scale systems integration and outsourcing contracts.

TARGETING HIGH POTENTIAL MARKETS

The company is targeting specific high potential industries which rely on information technology to meet their strategic needs — financial services, which is its fastest growing market, governments (including the

health sector), telecommunications, retail and distribution, and manufacturing. CGI chose to focus its efforts on these sectors based on the volume of IT business they generate as well as CGI's ability to develop a strong presence in these industries.

By specializing in certain sectors, CGI is able to develop in-depth knowledge of its clients' needs and thereby contribute maximum value by helping them achieve their business objectives. This industry knowledge is critical, given the emergence of new transactional tools such as electronic commerce which require IT companies to go beyond the needs of their clients and incorporate the needs of their clients' clients and suppliers within their vision.

In financial services, our membership in Interac positions us to provide electronic funds transfer in a

number of innovative ways to the advantage of financial institutions and of retailers, to name some key potential clients. CGI's acquisition of consulting firm CGO also allows the company to take advantage of opportunities in the fast changing health care sector.

STRATEGIC ALLIANCES

CGI's strategic alliance with Bell Canada, entered into in November 1995, provides a competitive advantage with existing clients and for winning new business.

Telecommunications costs typically represent as much as 15% to 25% of a company's IT budget, and CGI's network capabilities and infrastructure with Bell result in cost reductions for clients.

The alliance provides for CGI and Bell to bid jointly on large outsourcing and systems integration contracts. The joining together of CGI's IT expertise and Bell's leadership in telecommunications represents a winning proposal in meeting the needs of clients throughout Canada and the U.S.

LEVERAGING ACQUISITIONS TO GROW PROFITABLY

CGI uses its acquisition strategy as a powerful lever to enhance its expertise and maximize its market presence. CGI chooses companies that are complementary in terms of range of services, industry specialization and geographic reach. It has successfully completed 13 acquisitions in the past ten years, including its two largest — CDSL Holdings and

Teleglobe's Insurance Systems (TIS) group — since April 1997.

Its merger strategy allows the company to realize a number of opportunities and to maximize its internal growth potential. By merging with companies whose activities are complementary to its own, CGI facilitates the integration. Also, this strategy enables cross-selling of services between CGI and the acquired company.

The integration of other companies is further facilitated by the fact that CGI has developed a series of thorough management processes which help structure its business activities. By implementing methodologies such as its Project Management Framework, ISO certification and Member Management Framework, among others, CGI has codified its corporate culture and made it easier to apply in other environments and different circumstances.

Recent mergers provide a variety of growth opportunities as CGI will target current clients of TIS and CDSL for its full range of IT services. The acquisition of TIS provides access to new geographic markets in the U.S., where CGI will build initially on its expertise in the property and casualty industry, and on business solutions for insurance claims management, steel producers, library management and the Year 2000 solution. CGI will use its new presence in the U.K. as a springboard to establish a presence in the European market.



CGI uses its acquisition strategy as a powerful lever to enhance its expertise and maximize its market presence.

“Interac Association needed an IT partner to manage its mission-critical Central Network Management Facility operations that enable member transactions. We wanted to associate ourselves with leaders in the Canadian financial services market and suppliers committed to high service and reliability levels. We chose CGI.”

Joanne De Laurentiis
President
Interac Association

- The information technology industry in North America and internationally is experiencing a strong shift towards the outsourcing of corporate IT functions. The Canadian demand for outsourcing is expected to grow by 30% annually, compared with 15% for information technology as a whole.



F ORGING LONG-TERM PARTNERSHIPS WITH OUTSOURCING CLIENTS

A GROWING BACKLOG

CGI's order backlog currently totals \$1.3 billion, partly as a result of the several large outsourcing contracts signed over the past year.

Outsourcing contracts usually extend over a long period of time, most lasting four or five years and some spanning over ten-year terms.

For corporations, outsourcing provides the benefit of leading-edge technology and solutions which very few have the expertise or financial resources to acquire on their own. For CGI, the long-term nature of outsourcing contracts contributes to earnings stability and predictability. The company is thus better positioned to plan capital expenditures and investments in equipment to support the ongoing development of its services.

Through its ISO 9001 project management framework, CGI establishes cost variables upfront so that its margins are protected. The proportion of CGI revenue generated by outsourcing has grown steadily, and increased significantly throughout 1997 to 60% at the start of fiscal 1998 from 25% a year earlier.

CGI forms a long-term strategic partnership with clients, not simply a contractual arrangement restricted to outsourcing. It takes on the role of a Corporate Information Services department, supporting and standing by clients throughout the various cycles of technology management, which include:

CGI's proprietary business solutions are sold to different clients operating in any given business sector.

- Helping the client to define the orientation that will allow it to realize its vision of information technology
- Developing and implementing the client's systems, including purchases
- Building software and hardware solutions and providing maintenance
- Supporting the system's long-term evolution

REALIZING SYNERGIES

CGI's critical mass in outsourcing enables it to develop synergies in services, support capabilities, expertise and infrastructure it offers its clients. Very few IT providers have CGI's range of business solutions which include financial switching, electronic funds transfer, property and casualty insurance and Year 2000 services. Also very few providers have coast-to-coast infrastructure, ultramodern data processing centres and call centres, and access to telecommunications services.

These synergies allow CGI to provide clients with highly specialized services at a competitive price while maintaining comfortable profit margins. CGI's proprietary business solutions are sold over and over to different clients operating in any given business sector.

MOVING TOWARDS COMPLETE SOLUTIONS

Accompanying the trend to outsourcing is the requirement to provide complete solutions to clients' information technology needs — end-to-end solutions, and on a continental basis when required.

“Westburne was seeking a long-term IT partner capable of realizing its business vision and one with the ability to serve its five product groups across North America. Since CGI is a full IT service provider, it was capable of delivering end-to-end business solutions to meet our needs.”

For any one client, CGI's offering may be comprised of systems integration and consulting services in the design and implementation of client systems, and include an outsourcing component for their long-term management.

CGI's business solutions can lead to the sale of outsourcing services. The company has developed and sells advanced solutions that help clients enhance the level of service they provide to their customers. In many instances, CGI's clients have needs that extend beyond a specific business solution. They seek a partner capable of operating and maintaining this solution on their behalf and determined to support their evolving needs over the long term. CGI's outsourcing offering makes this available to clients.

For example, CGI's RFS for Windows NT® or Ovation® solutions enable financial institutions to enhance banking services provided to customers and to streamline both banking and non-banking operations. Clients can opt for in-house operations or can outsource their banking operations and management to CGI through a variety of arrangements.

CGI's outsourcing activities generate business for its other areas of activity. CGI's ability to provide the full range of end-to-end solutions allows it to succeed as a leading provider of outsourcing services.



Robert Chevrier
Chairman, President and CEO
Westburne Inc.

- In a rapidly expanding industry characterized by strong demand for qualified people, CGI manages to successfully staff its growth while maintaining an employee turnover rate that is one of the lowest among information technology companies. The company hires a specific type of professional who identifies with CGI's



MANAGING THE HIGH DEMAND FOR SKILLED IT PEOPLE

values and its long-term perspective and who is comfortable in an environment characterized by ongoing training and professional development. CGI has strong values and a corporate culture that play a significant role in facilitating the integration of human resources.

CGI also seeks individuals with a strong team spirit, since the company uses a team approach in its projects and favours the joining together of young and more experienced professionals as a means of facilitating professional development. CGI professionals are full-time employees, except for special projects in which the company uses highly specialized external resources.

STRIVING TO BE THE INDUSTRY'S BEST EMPLOYER

CGI strives to be recognized as the best employer in the industry. To achieve this goal, the company has established a series of policies to ensure the satisfaction of its members with their working environment.

In 1996, CGI launched a company-wide annual survey, called Member Satisfaction Assessment Process (MSAP). This survey solicits member comments on a number of work-related issues, such as training, communications and recognition. All members answer the questions on a confidential basis and they may also forward comments directly to the CEO.

CGI hires a specific type of professional who is comfortable in an environment characterized by ongoing training and professional development.

CGI not only measures the level of member satisfaction, but also is committed to improving its ranking. For example, in order to enhance training for members, and as a direct result of staff comments, in 1997 CGI introduced a new training policy. Its purpose is to support members who share their knowledge and experience with others and act as coaches, tutors, instructors and mentors. CGI's approach is based on the fact that studies have shown that 80% of staff know-how is acquired through the sharing of experiences.

As part of its ISO certification efforts, CGI recently introduced a Member Management Framework (MMF), a formal process defining its corporate standards regarding the management of human resources.

CGI has a share purchase plan and profit-sharing plan for its members; the company is committed to the belief that its people should have a stake and share in the success of its operations.

ATTRACTING AND RETAINING THE RIGHT PEOPLE

CGI's rapid growth and increasing geographic diversification presents a staffing challenge which, like other challenges, it is approaching strategically.

As much of the growth is through outsourcing contracts, this is being staffed largely by taking over management of clients' existing IT departments. The fastest growth this

past year has been in the Greater Toronto Area, which now represents more than 25% of total CGI personnel when CDSL and Teleglobe's Insurance Systems group staff are included. CGI has been advertising in this major market, with strong response because of the company's reputation for growth, innovation, and working environment.

Basic to the working environment are the company's solidly rooted values, which emphasize dedication and professionalism in all endeavours. These values are the reference points for how CGI carries out its business on a day-to-day basis. CGI selects employees to whom these values are important, and retains employees through a corporate culture which reinforces these values.

Employee involvement was pivotal in ensuring the successful merger with CDSL and similarly will be important in maximizing synergies from the merger with Teleglobe's Insurance Systems group. Employee commitment also remains of the utmost importance as CGI successfully delivers the growing backlog of large systems integration and outsourcing contracts.

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FINANCIAL HIGHLIGHTS

(in thousands of \$ except per share amounts)

Years ended September 30	1997	1996	1995	1994	1993	1992	Compound annual growth
Financial Performance							
Revenue	\$ 231,916	\$ 122,015	\$ 96,690	\$ 91,294	\$ 76,233	\$ 70,135	27.0%
Operating income (1)	\$ 25,124	\$ 8,601	\$ 5,859	\$ 5,023	\$ 3,366	\$ 4,098	43.7%
Margin	10.8%	7.0%	6.1%	5.5%	4.4%	5.8%	
Net earnings	\$ 7,765	\$ 2,718	\$ 1,059	\$ 1,250	\$ 401	\$ 1,245	44.2%
per share (2)	\$ 0.40	\$ 0.16	\$ 0.09	\$ 0.10	\$ 0.03	\$ 0.10	32.0%
Cash flow	\$ 21,767	\$ 7,851	\$ 4,006	\$ 3,036	\$ 960	\$ 3,007	48.6%
per share (2)	\$ 1.12	\$ 0.46	\$ 0.31	\$ 0.24	\$ 0.08	\$ 0.25	35.0%
R & D and training expenses	\$ 6,335	\$ 3,835	\$ 3,356	\$ 3,084	\$ 2,706	\$ 2,645	19.1%

Financial Position	Pro forma							
	1997 (3)							
Total assets	\$ 313,896	\$ 154,143	\$ 72,159	\$ 42,785	\$ 41,961	\$ 33,875	\$ 30,314	38.4%
Shareholders' equity	\$ 235,943	\$ 72,271	\$ 40,789	\$ 16,481	\$ 15,313	\$ 13,772	\$ 13,369	40.1%
per share (2)	\$ 8.27	\$ 3.43	\$ 2.19	\$ 1.28	\$ 1.205	\$ 1.11	\$ 1.075	26.1%
Working capital	\$ 43,202	\$ 16,935	\$ 18,823	\$ 8,515	\$ 9,038	\$ 8,579	\$ 8,362	15.2%
Current ratio	1.60:1	1.30:1	1.66:1	1.36:1	1.38:1	1.51:1	1.61:1	
Total bank indebtedness	-	\$ 34,822	\$ 10,023	\$ 17,409	\$ 17,278	\$ 10,946	\$ 6,603	39.5%
Total bank debt/equity ratio	0:1	0.48:1	0.25:1	1.06:1	1.13:1	0.80:1	0.49:1	

Quarterly Financial Results

	Fiscal 1997				Fiscal 1996			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue	\$ 42,118	\$ 46,564	\$ 70,815	\$ 72,419	\$ 24,697	\$ 26,444	\$ 32,404	\$ 38,470
Net earnings	\$ 1,033	\$ 1,462	\$ 2,407	\$ 2,863	\$ 498	\$ 781	\$ 867	\$ 572
per share (2)	\$ 0.06	\$ 0.08	\$ 0.12	\$ 0.14	\$ 0.03	\$ 0.05	\$ 0.05	\$ 0.03
Cash flow	\$ 2,641	\$ 3,592	\$ 6,527	\$ 9,007	\$ 1,349	\$ 1,288	\$ 2,342	\$ 2,872
per share (2)	\$ 0.14	\$ 0.19	\$ 0.33	\$ 0.46	\$ 0.09	\$ 0.07	\$ 0.13	\$ 0.17

(1) Before depreciation, interest, income taxes and share in the results of an entity subject to significant influence.

(2) Adjusted for 2-for-1 stock split effective August 12, 1997. Does not reflect 2-for-1 stock split effective December 15, 1997.

(3) Giving effect to the acquisition of the Insurance Systems group of Teleglobe Inc. and the purchase by Bell Canada of \$43.7 million of preferred shares, effective October 22, 1997.

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

The following discussion should be read in conjunction with the company's fiscal 1997 Consolidated Financial Statements and Notes to the Financial Statements beginning on page 28 of this Annual Report.



In fiscal 1997, CGI achieved its 21st consecutive year of consistent growth with a 90% increase in revenue.

ANDRÉ IMBEAU
Executive Vice-President
and CFO

PERFORMANCE OVERVIEW

CGI has reported increased revenue every year since it was founded in 1976, and in the year ended September 30, 1997, reported a 90.1% increase to \$231.9 million. The fiscal 1997 increase resulted approximately 50% from internal growth, primarily reflecting large outsourcing and systems integration contracts, and 50% from strategic acquisitions.

Operating earnings before depreciation, interest, income taxes and share in the results of an entity subject to significant influence increased 192% to \$25.1 million and net earnings increased by 185.7% to \$7.8 million (\$0.40 per share) compared with \$2.7 million (\$0.16 per share) in fiscal 1996 on 13.5% more shares outstanding in 1997 on a weighted average basis. The company's net profit margin increased to 3.3% for the year, and 3.9% in the fourth quarter alone, compared with 2.2% in fiscal 1996. Cash flow increased 177% to \$21.8 million (\$1.12 per share) from \$7,851,000 (\$0.46 per share) in fiscal 1996.

CGI's increasing profitability reflects the growth of outsourcing contracts as a percentage of total revenue, efficiencies resulting from the application of ISO 9001 standards to project and technical management frameworks, economies of scale related to business growth, and synergies from integrating recent acquisitions.

CGI continued to strengthen its balance sheet, particularly subsequent to year end with the acquisition of the Insurance Systems group of Teleglobe Inc. (TIS)

and the purchase by Bell Canada of an additional \$43.7 million of Series 1 preferred shares to maintain its 23.8% interest in CGI. Following these two transactions, on a pro-forma basis, CGI as of October 22, 1997 had no debt, \$12.7 million cash and a \$163.7 million increase in shareholders' equity from \$72.3 million at September 30, 1997.

Following the acquisition in October, CGI had an order backlog in excess of \$1.3 billion, compared with \$175 million a year earlier. At least half of the increase was from internally generated contracts, primarily new outsourcing contracts and a 100% renewal rate of existing contracts.

BUSINESS ENVIRONMENT AND CORPORATE DEVELOPMENTS

The information technology (IT) services industry is growing at a rate of approximately 15% annually, with strongest growth in outsourcing services, amounting to 30% annually in Canada. The rising demand for IT services results largely from their growing application by corporations to strategic functions to provide a competitive advantage, compared with more administrative applications previously, and from general economic growth.

The IT industry has been undergoing consolidation in recent years, driven partly by the requirement for participants to provide end-to-end services to outsourcing clients. Nevertheless, the industry remains fragmented with considerable opportunity for further consolidation. The five largest players in Canada represent 12.5% of the market and CGI currently represents approximately 4%.

CGI is focused on being a leading IT services provider in five targeted industry sectors: financial services, governments including health care, telecommunications, retail and distribution, and manufacturing. During the past year, CGI strengthened its position in financial services with the acquisition of CDSL in April 1997 and TIS in October 1997, and in health care with the acquisition of CGO in December 1996. CGI's acquisition strategy requires that purchases be accretive to earnings. CGI has a conservative approach to financial management, with emphasis on maintaining a strong balance sheet.

The two recent acquisitions contributed leading business solutions in the retail banking and property and casualty insurance industries. During the year, CGI also strengthened its position in telecommunications through its business partnership with Bell Canada which generated some 5% of revenue in fiscal 1997. It strengthened its position in retail and distribution, with a \$250 million ten-year outsourcing contract with Westburne Inc.

The acquisition of TIS also provides CGI with a solid client base in the U.S. on which to build and offices in the U.K. which provide access to the European market.

Reflecting both internal and external expansion, outsourcing contracts represented 45% of revenue in fiscal 1997, and 60% when TIS is included, compared with 25% in fiscal 1996. The long-term nature of outsourcing contracts supports partnering with clients to provide all their IT services needs, and increasing earnings stability.

COMPARISON OF OPERATING RESULTS FOR THE YEARS ENDED SEPTEMBER 30, 1997 AND 1996

REVENUE

Revenue increased by \$109.9 million to \$231.9 million, with approximately half of the increase from internal growth and half from acquisitions including \$43 million from CDSL since its acquisition in April 1997 and the balance from CGO for nine months and the first full year of IST Group acquired in May 1996.

OPERATING EXPENSES

Direct costs, selling and administrative expenses increased 83.0% to \$203.7 million, resulting in an improvement in the operating cost margin to 87.8% in fiscal 1997 from 91.2% in fiscal 1996. This improvement reflects efficiencies from increased economies of scale and application of ISO 9001 certified management processes.

Research and development expenses increased 47.3% to \$3.1 million, primarily representing costs related to developing new and existing business solutions.

The depreciation and amortization of fixed assets increased to \$3.6 million from \$1.3 million, related primarily to the acquired assets of CDSL. Amortization of costs related to outsourcing contracts increased to \$4.0 million from \$538,000, reflecting the strong growth in software licences and equipment expenses related to the rapid expansion of the outsourcing business.

The amortization of goodwill increased to \$1.5 million from \$475,000 due to the increase in goodwill associated with acquisitions, notably CDSL.

Interest on long-term debt increased to \$647,000 from \$235,000, and other interest expenses increased to \$908,000 from \$352,000, primarily reflecting borrowings to fund acquisitions. These borrowings were retired after the fiscal year end.

INCOME TAXES

The income tax rate was reduced to 40.9% from 42.9% in fiscal 1996, due to tax benefits acquired with CDSL.

EQUITY IN AN ENTITY SUBJECT TO SIGNIFICANT INFLUENCE, AND MINORITY INTEREST

These figures relate to Softkit, a developer of decision-support software which is in the early marketing stage. Following the cancellation of shares by a partner whose software will no longer be used by Softkit, CGI's ownership increased and CGI consolidated its interest.

NET EARNINGS

Net earnings increased 185.7% to \$7.8 million from \$2.7 million in fiscal 1996. Earnings per share increased to 40 cents per share on a weighted average of 19.5 million shares from 16 cents per share on 17.1 million shares (weighted average), adjusted for the two-for-one share split effective August 12, 1997. The net profit margin increased to 3.3% for fiscal 1997, and 3.9% in the fourth quarter, compared with 2.2% in fiscal 1996. Earnings traditionally have been lower in the

fourth quarter, reflecting a slowdown in consulting and systems integration work during the summer vacation period. The increasing proportion of outsourcing business is reducing seasonality.

LIQUIDITY AND FINANCIAL RESOURCES

CGI concluded the fiscal year with a strong balance sheet and strong growth in cash flow which, together with bank credit lines, were more than sufficient to support its growth strategy. CGI had a debt-to-equity ratio of 0.39:1 at September 30, 1997, compared with 0.06:1 at the end of fiscal 1996. The company generated cash flow totaling \$21.8 million in fiscal 1997, including \$9 million in the fourth quarter, compared with \$7.9 million in all of fiscal 1996.

Investing activities totaled \$57.8 million, including \$43.7 million related to business acquisition costs and \$10.1 million in costs related to outsourcing contracts. Investing activities were financed \$43.3 million through long-term debt and shares, \$8.4 million through internal cash flow, and \$6.2 million through short-term bank debt.

Subsequent to year end, in October 1997, CGI further strengthened its financial position through the issue of \$120 million of shares associated with the acquisition of TIS and the \$43.7 million equity investment by Bell Canada to maintain its equity interest in CGI at 23.8%. On a pro-forma basis, effective October 22, 1997, CGI eliminated all short term indebtedness and long-term debt other than \$4 million related to capital leases, increased shareholders' equity by \$163.7 million and had \$12.7 million cash.

BALANCE SHEET - FISCAL YEAR END 1997 AND 1996

At September 30, 1997, assets were \$154.1 million, 113.6% higher than \$72.2 million at the end of fiscal 1996.

Current assets increased 54.4% to \$73.4 million, from \$47.5 million. CGI further improved its management of current assets, with a turnover rate of 70 days for accounts receivable and 18 days for work in progress, compared with 82 days and 26 days, respectively, in fiscal 1996. The progress in receivables reflects the higher proportion of outsourcing business, and work in progress largely reflects increased efficiencies in systems integration contracts. Working capital was \$16.9 million at the end of fiscal 1997, compared with \$18.8 million at the end of fiscal 1996. The reduction primarily reflected the increase in current liabilities, notably bank indebtedness and the current portion of long-term debt to fund new business and an acquisition. Current liabilities increased 96.6% to \$56.5 million from \$28.7 million a year earlier.

There is no longer an investment in an entity subject to significant influence because of the consolidation of Softkit, in which CGI's interest was increased when shares held by its original partner were cancelled.

Costs related to outsourcing contracts increased to \$18.6 million from \$4.0 million, reflecting new outsourcing contracts including those of acquired companies. Software and development costs were primarily related to products developed by Softkit.

Goodwill increased to \$40.7 million from \$14.1 million, reflecting the acquisition of CDSL. This includes the capitalization of estimated integration costs in addition to goodwill in the purchase price, and is amortized over 20 years on a straight line basis.

The increase in long-term debt primarily reflected financing of the acquisition of CDSL for which CGI paid \$16 million cash and \$20.5 million by the issue of common shares.

PRO-FORMA

The consolidation of TIS following its acquisition and the increase in equity following the additional investment by Bell Canada, both effective October 22, 1997, further strengthened the company's balance sheet compared with September 30, 1997. CGI purchased TIS for \$31.1 million cash plus \$120 million of first preferred shares which TIS immediately converted into Class A subordinate shares. Bell purchased \$43.7 million of first preferred shares, Series 1, to maintain its equity interest at 23.8%.

As a result, CGI's assets increased 103.6% to \$313.9 million, shareholders' equity increased 226.5% to \$235.9 million, debt unrelated to leased assets was eliminated and the company had \$12.7 million cash. As at October 22, 1997, CGI had 16,293,810 Class A subordinate shares, 5,434,488 Class B shares, and 6,789,108 first preferred shares.

Working capital increased 155.1% to \$43.2 million. The company applied net proceeds from the Bell investment and the acquisition to retire \$14.8 million of current bank indebtedness and \$20 million of long-term debt.

The acquisition of TIS added \$89.2 million to goodwill, including the costs of integration.

RISKS AND UNCERTAINTIES

CGI is well positioned to continue to successfully implement its growth strategy, and to manage the risks inherent with strong growth and characteristic of its industry and markets.

CGI has a highly disciplined approach to management of all aspects of its business, with an increasing proportion of this approach codified under ISO 9001-certified processes, and in corporate manuals. This disciplined approach has been an important factor in the successful integration of the human and capital resources of acquired companies. These processes were developed to meet CGI's high standards for consistently delivering to specifications and are based on strong values underlying its customer-focused corporate culture, as outlined beginning on page 9.

The fast growth of the IT industry is placing strong demand on qualified people. CGI has been able to successfully staff for its needs because its corporate culture, strong values and emphasis on career development and performance-driven remuneration have made the company a preferred employer for

qualified professionals. CGI has put in place a comprehensive program to attract and maintain qualified and dedicated members, as is described beginning on page 16.

Year 2000 conversion contracts are expected to represent 8% to 10% of CGI's revenues in fiscal 1998. CGI plans to focus the Year 2000 business solution on its main target markets, with emphasis on existing clients. CGI does not accept any liability tied to Year 2000 conversion contracts.

OUTLOOK

CGI revised its business plan in the Fall of 1997, following the acquisition of TIS, as the company had achieved performance targets set for as far out as fiscal 1999. The company now targets annual revenue from internal and external growth of \$800 million for fiscal 1999, and gradually increasing net profit margins. The company's strong balance sheet, cash flow and unused bank credit facilities of more than \$40 million position it to carry out its growth strategy.

For fiscal 1998, CGI plans continuing strong growth, generated from existing operations and from new acquisitions, and will remain focused on further strengthening its position in each of its five targeted industry sectors. New contracts and acquisitions increased CGI's revenue-run rate early in fiscal 1998 to in excess of \$500 million, and this size combined with CGI's strong financial position increase the company's opportunities for growth.

CGI will continue to diversify its business geographically, providing a range of services to its client base which is expanding throughout North America through new contracts and acquisitions. Following the acquisition in October 1997, approximately 75% of CGI's business is coast to coast in Canada, 20% in the U.S. and 5% offshore. In fiscal 1998, CGI will focus on growth opportunities in North America and will begin to explore opportunities in Europe, leveraging the presence it has acquired in providing IT services to the property and casualty insurance industry in the U.K.

Signature
André Imbeau

André Imbeau
Executive Vice-President and Chief Financial Officer

December 2, 1997

AUDITORS' REPORT

To the Shareholders of
The CGI Group Inc.

We have audited the consolidated balance sheets of The CGI Group Inc. as at September 30, 1997 and 1996 and the consolidated statements of earnings, retained earnings and changes in financial position for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 1997 and 1996 and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles.

Signature
Samson Bélair
Deloitte & Touche
Chartered Accountants

Montreal, Quebec
December 2, 1997

MANAGEMENT'S REPORT

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

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

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

Signature
Serge Godin

Serge Godin
Chairman of the Board
and Chief Executive Officer

Signature
André Imbeau

André Imbeau
Executive Vice-President
and Chief Financial Officer

December 2, 1997

Consolidated statements of earnings

Years ended September 30

(in thousands of dollars, except earnings per share)

	1997	1996
	\$	\$
Revenue	231,916	122,015
Operating expenses		
Direct costs, selling and administration expenses	203,677	111,299
Research and development	3,115	2,115
Depreciation and amortization of fixed assets	3,583	1,264
Amortization of costs related to outsourcing contracts	3,985	538
Amortization of software and development costs	591	86
Amortization of goodwill	1,517	475
Interest on long-term debt	647	235
Other interest expenses	908	352
	218,023	116,364
Earnings before income taxes, share in the results of an entity subject to significant influence and share of non-controlling interest	13,893	5,651
Income taxes (Note 9)	5,685	2,426
Earnings before share in the results of an entity subject to significant influence and share of non-controlling interest	8,208	3,225
Share in the results of an entity subject to significant influence, net of deferred income taxes of \$159 (\$260 in 1996)	(310)	(507)
Share of non-controlling interest	(133)	-
Net earnings	7,765	2,718
Weighted average number of outstanding Class A subordinate shares, Class B shares and first preferred shares, Series 1	19,450,702	17,137,172
Earnings per Class A subordinate share, Class B share and first preferred share, Series 1	0.40	0.16

Consolidated statements of retained earnings

Years ended September 30

(in thousands of dollars)

	1997	1996
	\$	\$
Balance at beginning	12,671	10,303
Net earnings	7,765	2,718
	20,436	13,021
Share issue expenses	-	(350)
Balance at end	20,436	12,671

Consolidated balance sheets

As at September 30

(in thousands of dollars)

	Pro-forma (Note 13) 1997 (unaudited)\$	1997 \$	1996 \$
Assets			
Current assets			
Cash	12,726	-	-
Accounts receivable (Note 3)	78,947	54,924	34,178
Income taxes	1,133	1,133	914
Work in progress	13,952	13,952	10,957
Prepaid expenses	8,466	3,402	1,500
	115,224	73,411	47,549
Investment in an entity subject to significant influence	-	-	1,726
Fixed assets (Note 4)	28,128	15,539	3,505
Costs related to outsourcing contracts (Note 5)	23,714	18,601	4,020
Software and development costs	3,979	3,979	1,279
Deferred income taxes	12,937	1,937	-
Goodwill	129,914	40,676	14,080
	313,896	154,143	72,159
Liabilities			
Current liabilities			
Bank indebtedness (Note 6)	-	14,822	8,658
Accounts payable and accrued liabilities	60,826	33,032	17,335
Deferred revenues	2,473	-	-
Deferred income taxes	5,113	5,113	1,655
Current portion of long-term debt (Note 7)	3,610	3,509	1,078
	72,022	56,476	28,726
Long-term debt (Note 7)	5,431	24,896	1,404
Deferred income taxes	-	-	1,240
Share of non-controlling interest	500	500	-
	77,953	81,872	31,370
Shareholders' equity			
Capital stock (Note 8)	215,296	51,624	27,907
Contributed surplus	211	211	211
Retained earnings	20,436	20,436	12,671
	235,943	72,271	40,789
	313,896	154,143	72,159

Approved by the Board

Signature
Serge Godin

Director

Signature
André Imbeau

Director

Consolidated statements of changes in financial position

Years ended September 30

(in thousands of dollars)

	1997	1996
	\$	\$
Operating activities		
Net earnings	7,765	2,718
Items not affecting cash		
Depreciation and amortization of fixed assets	3,583	1,264
Amortization of costs related to outsourcing contracts	3,985	538
Amortization of software and development costs	591	86
Amortization of goodwill	1,517	475
Deferred income taxes	3,883	2,263
Share in the results of an entity subject to significant influence, net of deferred income taxes of \$159 (\$260 in 1996)	310	507
Share of non-controlling interest	133	-
	21,767	7,851
Changes in non-cash working capital items	(13,353)	(5,902)
	8,414	1,949
Financing activities		
Issue of shares	23,717	21,940
Share issue expenses	-	(350)
Increase in long-term debt	22,640	325
Repayment of long-term debt	(3,107)	(1,482)
	43,250	20,433
Investing activities		
Business acquisitions (Note 10)	(43,684)	(10,818)
Value of investment in an entity subject to significant influence upon acquisition of control	1,301	-
Investment in an entity subject to significant influence	(44)	(252)
Acquisitions of fixed assets	(5,359)	(1,816)
Proceeds on disposal of fixed assets	73	84
Costs related to outsourcing contracts	(10,115)	(1,309)
Software and development costs	-	(1,270)
	(57,828)	(15,381)
(Decrease) increase in cash position	(6,164)	7,001
Cash position at beginning	(8,658)	(15,659)
Cash position at end	(14,822)	(8,658)

1. ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada and include the following significant accounting policies:

Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. The 50% interest in the joint venture Solfitech Inc. is accounted for using the proportionate consolidation method.

Revenue and Work in Progress

Professional service revenue is recognized using the percentage-of-completion method. Work in progress is valued at estimated net realizable value. Revenue from outsourcing contracts is recorded as services are provided. Revenue from sale of software licences is recognized when product is delivered to the customer. Work in progress related to the obtention of major outsourcing contracts, which may reach up to 3% of the global services rendered, are amortized over the period covered by the specific contract.

Fixed Assets

Fixed assets are recorded at cost. Depreciation and amortization are computed using the straight-line method at rates that will allow for depreciation and amortization of the cost of the assets less their residual values over their estimated useful lives. Leasehold improvements are amortized on a straight-line basis over the term of the respective leases plus the first renewal option.

The periods of depreciation and amortization are as follows:

<u>Leasehold improvements</u>	<u>Term of leases</u>
Furniture and fixtures	3 to 10 years
Computer equipment	3 to 5 years
Software	1 to 5 years

Costs related to Outsourcing Contracts

These costs include expenses incurred in the course of information technology management contracts obtained by the Company for periods varying from 2 to 10 years. These expenses are recorded at cost and amortized under the straight-line method over the term of the contracts.

Software and Development Costs

The Company capitalizes expenses incurred relating to the design and development of software and products up to the amounts recoverable. These expenses are amortized on a straight-line basis from the time the products and software are in use over a period of three to five years unless future estimated revenue is insufficient, in which case the expenses are written off.

Research

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

Goodwill

Goodwill, accounted for at cost, is being amortized over 20 years under the straight-line method. Goodwill is written down to its fair value when there is a decrease in value that is considered to be other than temporary based on future cash flows.

Deferred Income Taxes

The Company accounts for income taxes using the tax allocation method. Deferred income taxes result primarily from timing differences between the methods of valuing work in progress, software and development costs, depreciation of fixed assets and losses carried forward from subsidiaries.

Foreign Currency Translation

The accounts of the U.S. subsidiaries are translated using the temporal method. Under this method, all monetary assets and liabilities are translated into Canadian dollars using the rate of exchange in effect at the balance sheet date and non-monetary items are translated at historical exchange rate. Revenue and expenses of these subsidiaries are translated using the average rates for the year. Gains or losses arising on translation of monetary assets are included in earnings for the year.

Earnings per Share

Earnings per share are calculated using the weighted average number of shares outstanding during the year.

2. INTEREST IN THE JOINT VENTURE SOLFITECH INC.

The elements included related to the 50% interest in Solfitech Inc. are as follows:

	1997	1996
	\$	\$
Working capital items	485	22
Fixed assets	231	196
Costs related to outsourcing contracts	1,465	1,581
Net investment in Solfitech Inc.	2,181	1,799
Revenue	7,551	386
Operating expenses	7,177	379
Net earnings	374	7
Cash provided by (used in):		
Operating activities	1,449	25
Investing activities	(209)	(25)

3. ACCOUNTS RECEIVABLE

	1997	1996
	\$	\$
Clients	52,475	29,887
Holdbacks	1,033	2,937
Advances and loans to employees	317	744
Other	1,099	610
	54,924	34,178

4. FIXED ASSETS

	1997			1996
	Cost	Accumulated Depreciation and Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Leasehold improvements	3,840	1,475	2,365	383
Furniture and fixtures	6,141	2,478	3,663	1,147
Computer equipment	15,288	6,386	8,902	1,340
Software	2,194	1,585	609	635
	27,463	11,924	15,539	3,505

The leasehold improvements, furniture and fixtures, computer equipment and software include assets acquired under capital leases totalling \$5,270,000 (\$752,000 in 1996), net of accumulated depreciation and amortization of \$1,744,000 (\$606,000 in 1996).

5. COSTS RELATED TO OUTSOURCING CONTRACTS

	1997	1996
	\$	\$
Software acquired and developed	7,398	-
Software licenses and other expenses	11,203	4,020
	18,601	4,020

6. BANK INDEBTEDNESS

Accounts receivable have been pledged as security for the short and long-term bank loans.

7. LONG-TERM DEBT

	1997 \$	1996 \$
Revolving credit loans, bearing interest at prime rate plus 1/8%, convertible into a fixed interest rate during the revolving period, no terms of repayment, renewable in 1999	20,000	-
Term loan, bearing interest at fixed rate of 9.63%, secured by a specific first charge on certain computer equipment, repayable by monthly instalments totalling \$112,457, maturing in 1999	2,466	-
Other non-secured loans, bearing interest at rate varying from 4% to 5%, repayable by annual instalments totalling \$147,000, maturing up to 1999	370	-
Obligations under capital leases, bearing interest at an average rate of 6.89% and repayable by monthly instalments totalling approximately \$200,292, maturing up to 2002	5,569	1,117
Loans reimbursed during the year	-	1,365
	28,405	2,482
Current portion	3,509	1,078
	24,896	1,404

Minimum lease payments required under capital leases due in each of the next years are \$2,551,000 for 1998, \$2,141,000 for 1999, \$1,276,000 for 2000, \$150,000 for 2001 and \$50,000 for 2002.

Principal repayments of the term loans are \$1,321,000 for 1998 and \$1,439,000 for 1999.

8. CAPITAL STOCK

Authorized, unlimited number and without par value

First preferred shares, carrying one vote per share, ranking prior to the second preferred shares, Class A subordinate shares and Class B shares with respect to the payment of dividends and for Series 1, 2 and 3, convertible into Class A subordinate shares and Class B shares under certain conditions

Second preferred shares, non-voting, ranking prior to the Class A subordinate shares and Class B shares with respect to the payment of dividends

Class A subordinate shares, carrying one vote per share, participating equally with the Class B shares with respect to the payment of dividends and convertible into Class B shares under certain conditions in the event of certain takeover bids on Class B shares

Class B shares, carrying ten votes per share, participating equally with the Class A subordinate shares with respect to the payment of dividends, convertible at any time at the option of the holder into Class A subordinate shares

	1997 \$	1996 \$
Issued and Paid		
10,995,270 Class A subordinate shares (7,509,154 in 1996)	33,037	8,988
5,464,828 Class B shares (6,417,202 in 1996)	187	219
4,600,000 first preferred shares, Series 1	18,400	18,400
None first preferred shares, Series 2 (89,824 in 1996)	-	300
	51,624	27,907

On April 1, 1997, the Company changed its authorized capital stock by creating the third series of first preferred shares, entitling the holders to a cumulative dividend of 4% per annum. The Series 3 first preferred shares may be converted into Class A subordinate shares on the basis of one Class A subordinate share for each first preferred share, Series 3.

8. CAPITAL STOCK (CONT'D)

During the last two years and after giving retroactive effect to the subdivision of the Company's shares that occurred on August 12, 1997, the Class A subordinate shares, the Class B Shares and the first preferred shares changed as follows:

	Class A Subordinate Shares		Class B Shares		First preferred Shares	
	Number	Amount \$	Number	Amount \$	Number	Amount \$
Balance as at September 30, 1995	6,253,876	5,742	6,601,396	225	-	-
Conversion	184,194	6	(184,194)	(6)	-	-
Stock options exercised	217,750	320	-	-	-	-
Issue of shares related to business acquisitions	853,334	2,920	-	-	89,824	300
Issue of shares	-	-	-	-	4,600,000	18,400
Balance as at September 30, 1996	7,509,154	8,988	6,417,202	219	4,689,824	18,700
Stock options exercised	234,750	665	-	-	-	-
Issue of shares related to business acquisitions	469,168	3,294	-	-	1,490,000	17,508
Conversion	2,532,198	17,840	(952,374)	(32)	(1,579,824)	(17,808)
Issue of shares	250,000	2,250	-	-	-	-
Balance as at September 30, 1997	10,995,270	33,037	5,464,828	187	4,600,000	18,400

Stock Option Plan

As at September 30, 1997, certain employees and officers of the Company and its subsidiaries held the following stock options for Class A subordinate shares:

Year of Grant	Year of Expiration	Exercise Price \$	Number
1994	1998	1.31	8,750
1995	2001	1.80	40,000
1995	2000	0.98	12,000
1996	2000	2.84	8,000
1997	2002	7.78	80,000
1997	2002	15.00	90,000
1997	2002	33.00	580
1997	2002	35.50	240,000
			479,330

9. INCOME TAXES

	1997 \$	1996 \$
Current	1,802	163
Deferred	3,883	2,263
	5,685	2,426

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

	1997 %	1996 %
Combined tax rate	46.5	40.7
Non-deductible items	4.9	6.0
Utilization of unrecorded tax benefits arising from the acquisition of a subsidiary	(7.0)	-
Other	(3.5)	(3.8)
Effective rate	40.9	42.9

10. BUSINESS ACQUISITIONS

During the year, the Company acquired all the outstanding shares of C.G.O. Consulting Group for Organizations Inc. and of CDSL Holdings Limited for a cash consideration and capital stock issuance. The results of C.G.O. Consulting Group for Organizations Inc. have been included in the Company's results as of December 1, 1996 and those of CDSL Holdings Limited as of April 1, 1997. Further, on June 9, 1997, the Company acquired control of Softkit Technologies Inc. when the latter proceeded with the partial buy back of its shares, bringing up the participation from 37.8% to 54%. Afterwards, the Company increased its participation to 86.9% by converting advances into capital.

The net asset acquired, using the purchase method of accounting, details as follows:

	\$
Non-cash working capital items	(3,188)
Fixed assets	10,331
Costs related to outsourcing contracts	8,451
Software and development costs	3,291
Deferred income taxes	3,443
Goodwill	28,113
Assumption of long-term debt	(6,390)
Share of non-controlling interest	(367)
	43,684
Cash position at acquisition	(1,927)
Acquisition cost	41,757
Consideration	
Cash	19,360
Issue of 469,168 Class A subordinate shares	3,294
Issue of 1,490,000 first preferred shares, Series 3	17,508
Balance of purchase price	294
Value of investment in an entity subject to significant influence upon acquisition of control	1,301
	41,757

11. COMMITMENTS

The Company has commitments under operating leases, primarily for business premises, totalling approximately \$61,706,000. Minimum lease payments due in each of the next five years are as follows:

	\$
1998	9,558
1999	8,744
2000	8,425
2001	7,664
2002	6,597

The Company concluded operating leases representing a total commitment of \$20,955,000 for computer equipment used in outsourcing contracts. The rate structure of these contracts includes these lease expenses. Minimum lease payments due in each of the next years are as follows:

	\$
1998	7,714
1999	6,969
2000	6,272

12. FINANCIAL INSTRUMENTS**Fair value**

At September 30, 1997 the estimated fair market value of accounts receivable, work in progress, bank indebtedness and accounts payable and accrued liabilities is equal to the book value given the short term nature of items.

The fair value of long-term debt and obligations under capital leases is not significantly different than the book value.

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

Risk Credit

Concentrations of risk credit with respect to trade receivables are limited due to the large number of clients comprising the company's client base.

13. PRO-FORMA UNAUDITED BALANCE SHEET

The Pro-Forma Consolidated Balance Sheet includes the consolidated balance sheet of the Company as at September 30, 1997 and the following transactions:

a) On October 22, 1997, the Company acquired all the outstanding shares of ISI Systems Inc., 3420035 Canada Inc. and Teleglobe Limited, which represent the Insurance Systems group of Teleglobe Inc., for a cash consideration of \$31,147,000 and a stock issuance of 5,265,200 first preferred shares Series 4 and 5 of \$120,000,000. At the same date, the Series 4 and 5 were converted into class A subordinate shares. The net asset acquired, using the purchase method of accounting, details as follows:

	\$
Non-cash working capital items	9,967
Fixed assets	12,589
Costs related to outsourcing contracts	5,113
Deferred income taxes	11,000
Goodwill	89,238
Assumption of long-term debt	(636)
	127,271
Cash position at acquisition	23,876
Acquisition cost	151,147
Consideration	
Cash	31,147
Issue of 3,180,181 first preferred shares, Series 4	72,480
Issue of 2,085,019 first preferred shares, Series 5	47,520
	151,147

b) Following this transaction, 2,189,108 first preferred shares Series 1 were issued for a cash consideration of \$43,672,000.

c) The cash included in the assets acquired and resulting from the stock issuance described in b) was used to reimburse the revolving credit loans and bank indebtedness.

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² Serge Godin
Chairman of the Board and
Chief Executive Officer
CGI

² Claude Boivin
Director of Companies

Jean Brassard
Vice-Chairman of the Board
President and
Chief Operating Officer
CGI

François Chassé
Executive Vice-President
Technology Management
Services
CGI

Paule Doré
Secretary and
Executive Vice-President
Corporate Affairs
CGI

¹ Pierre Dupuis
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Chief Operating Officer
G.T.C. Transcontinental
Group Ltd.

André Imbeau
Treasurer and
Executive Vice-President
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Executive Vice-President
Government Relations
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Corporate Development
Bell Canada

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Executive Vice-President,
Finance
and Chief Financial Officer
Teleglobe Inc.

Louis A. Tanguay
Executive Vice-President
Bell Canada
President - Quebec Region

¹ Member of the Audit Committee

² Member of the Human Resources
Committee

MANAGEMENT TEAM

CORPORATE SERVICES

Serge Godin
Chairman of the Board and
Chief Executive Officer

Paule Doré
Executive Vice-President
Corporate Affairs

André Imbeau
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Jacques Roy

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Corporate and International
Development

Pierre Vinet
Senior Vice-President
Development of Affiliates

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Gilles Lapierre
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Daniel Rocheleau
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Outsourcing and
Business Engineering

Yves Benoit
Paul Biron
Robert Desmarais
Dave Hudson
Don MacDonald
Gilbert Rehayem

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Senior Vice-President

Jean-François Bissonnette
Jacques Bourret
Reynald Clermont
Bernard Labelle
François Labrousse
Jean-Yves Lavoie
Claude Lemieux
Claude Marcoux

**MONTREAL
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Senior Vice-President

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Louise Beaugard Allie
Jean-François Coulonval
Patrick Cowan
Donald Dépont
Jean-Claude Desaulniers
Robert Dufresne
Thérèse J. Filion
Jimmy Foley
Russell Girard
Réal Lavoie
Marcel G. Ouellet
Guy Rochette
Michel Tétrault

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Terry Triskle

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Beverley Fingerhut
Harvey Gellman
Nader Hanna
Jim Hayward
Peter Jansen
Dennis Niven
Michel Proulx
Vincent Reid
Mark Stuart

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Terry Johnson
Senior Vice-President

Bill Clark
Clarence Hinse

UNITED STATES

Robert Steel
Senior Vice-President
SPC

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MANAGEMENT**

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Executive Vice-President

Carol Ariano
Jim Dundas
Gérard Renaud
Rod Matlock
Roger Tiffin

Leon Shapiro
Senior Vice-President
Electronic Commerce
and Call Centre Solutions

Tony Fanelli
Carol Maietta
Al Schwartz

Oliva Tanguay
Senior Vice-President
Ontario

Michael Bridges
Daniel Longpré
Paul Oude-Reimerink

Luc Vilandré
Senior Vice-President
Quebec

Guy Brosseau
Gérard Chagnon
Yves Larivière
Ted Papadakis
Russell Wong

**INSURANCE SYSTEMS
AND SERVICES**

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and General Manager,
United States
and United Kingdom

Jack Carpenter
Donald L. DeMark
Martin Ford
Paul Luongo
June Morris
Patti Rajski
David Thomas

William D. Pitkin
Senior Vice-President and
General Manager, Canada

Marc Gélinas
Joe Gorgonio
Martin Hockham
Steve McNeice
Dennis Moir
David Patrick
Carol Poulsen
Peter Symons
Jean-Paul Therrien
Lucia Valente



SHAREHOLDER INFORMATION

Listing	The Montreal Exchange, December 1986 The Toronto Stock Exchange, April 1992
Ticker symbol	GIB.A
Number of shares outstanding as at November 30, 1997	16,293,810 Class A subordinate shares 5,434,488 Class B shares 6,789,108 first preferred shares, Series 1
High/low of share price from October 1, 1996 to November 30, 1997	\$48.00 / \$3.83
Trading volume (1)	7,794,354

(1) Transactions on the Montreal and Toronto stock exchanges from October 1996 to November 1997.

GENERAL INFORMATION

AUDITORS

Samson Bélair Deloitte & Touche

TRANSFER AGENT and REGISTRAR

Montreal Trust

FINANCIAL COMMUNICATIONS

The Barnes Organization Inc., Toronto

ANNUAL AND SPECIAL GENERAL MEETING OF SHAREHOLDERS

Thursday, January 29, 1998, at 11:00 a.m.
Westin Mont-Royal Hotel
Salon A
1050 Sherbrooke Street West
Montreal, Quebec

PHOTO IDENTIFICATION

COVER (left to right)

Francine Coutu, Director, Consulting Services
Darrel Shaw, Director, Consulting Services
Guy Laberge, Executive Vice-President, Government Relations
Cathryn Poulter, Director, Consulting
Hicham Adra, Vice-President, Consulting Services

PAGE 12 (left to right)

Tom Brown, Director, Outsourcing Solutions
Paul Oude-Reimerink, Vice-President, Business Development
François Chassé, Executive Vice-President,
Technology Management Services

PAGE 14 (left to right)

Don MacDonald, Vice-President, Business Engineering
Daniel Rocheleau, Senior Vice-President, Outsourcing
and Business Engineering,
Casey McPherson, Senior Consultant

PAGE 16

France Régis, Senior Consultant

CGI's 1997 annual report is available on the Internet at the following address: www.cgi.ca



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O U R M I S S I O N

The mission of CGI is to assist private and public sector organizations with professional services of outstanding quality, competence, performance and objectivity, delivering the best solutions to fully satisfy client objectives in information technology, telecommunications and management. In all we do, we foster a culture of partnership, intrapreneurship and integrity, building an end-to-end world-class information technology company.