



CGI GROUP INC.

**EMPLOYEE SHARE PURCHASE PLAN PROSPECTUS FOR
CERTAIN EMPLOYEES OF CGI GROUP INC. AND ITS
SUBSIDIARIES IN THE EUROPEAN ECONOMIC AREA**

12 March 2014

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take, you are recommended to seek your own independent financial advice from your stockbroker, bank manager, solicitor, accountant or other appropriate independent financial adviser authorised under Financial Services and Markets Act 2000 (FSMA) if you are in the United Kingdom or, if not, from another appropriately authorised independent financial adviser in your own jurisdiction.

This document comprises a prospectus relating to CGI Group Inc. (**CGI** or the **Company**) and has been prepared in accordance with the prospectus rules of the Financial Conduct Authority (**FCA**) made under section 73A of FSMA (the **Prospectus Rules**). This prospectus has been approved by the FCA in accordance with section 87A of FSMA and has been filed with the FCA and will be made available to the public in accordance with section 3.2 of the Prospectus Rules.

This prospectus has been issued by CGI in relation to the acquisition from time to time of Class A subordinate voting shares in CGI (**Class A Shares**) by eligible employees of CGI and its subsidiaries (the **Group**) within the United Kingdom and (pursuant to Article 17 of Prospectus Directive 2003/71/EC as amended (the **Prospectus Directive**)) within the European Economic Area (**EEA**), pursuant to the Group's 'Employee Share Purchase Plan for Certain Employees of CGI Group Inc. and its Subsidiaries' (the **Share Purchase Plan**) and not for any other purpose.

This prospectus will be passported, pursuant to Article 17 of the Prospectus Directive, into Belgium, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Hungary, Luxembourg, the Netherlands, Norway, Poland, Portugal, the Slovak Republic, Spain and Sweden. A list of names of the regulators in each of these jurisdictions is set out in Part 4 of this prospectus.

CGI GROUP INC.

(incorporated in Canada under the Companies Act (Québec), predecessor to the Business Corporations Act (Québec), with registered number 1850-8523)

The offer(s), the subject of this prospectus, are not made to the general public or to any person other than eligible employees of the Group located in the United Kingdom, Belgium, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Hungary, Luxembourg, the Netherlands, Norway, Poland, Portugal, the Slovak Republic, Spain and Sweden. Only such eligible employees of the Group may acquire Class A Shares pursuant to this prospectus in accordance with the plan documents of the Share Purchase Plan.

No new Class A Shares (or any other securities of CGI) will be issued in connection with this prospectus. The Class A Shares which are available to be purchased under the Share Purchase Plan are either listed on the New York Stock Exchange or the Toronto Stock Exchange. No Class A Shares (or any other securities of CGI) are listed or admitted to trading on a regulated market within the EEA. As at the date of this prospectus, there is no intention to make an application for the Class A Shares, the subject of this prospectus, to be listed or admitted to trading on any such EEA regulated market.

CGI and its directors accept responsibility for the information contained in this prospectus. To the best of the knowledge and belief of CGI and its directors (who have taken all reasonable care to ensure that such is the case), the information contained in this prospectus is in accordance with the facts and contains no omission likely to affect its import.

YOU SHOULD READ THE WHOLE OF THIS PROSPECTUS IN ITS ENTIRETY. IN PARTICULAR, YOUR ATTENTION IS DRAWN TO THE RISKS DESCRIBED IN THE "RISK FACTORS" SECTION OF THIS PROSPECTUS, COMMENCING ON PAGE 21, WHICH SHOULD BE CONSIDERED WHEN DECIDING WHETHER TO PARTICIPATE IN THE SHARE PURCHASE PLAN.

This prospectus does not constitute an offer to sell or the solicitation of an offer to buy or subscribe for Class A Shares in any jurisdiction in which such offer or solicitation is unlawful. In particular, this prospectus is not for distribution in or into Canada, the United States of America, Australia, South Africa or Japan or in any country, territory or possession where to do so may contravene local securities law or regulations. The distribution of this prospectus in other jurisdictions may be restricted by law and therefore persons into whose possession this prospectus comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This prospectus has not been approved by any securities regulatory authority in Canada or the United States of America nor has any securities regulatory authority in Canada or the United States of America expressed an opinion about these securities, and it is an offence to claim otherwise.

Employees should rely only on the information in this prospectus and any documents incorporated by reference. No person has been authorised to give any information or make any representations other than those contained in this prospectus and, if given or made, such information or representations must not be relied on as having been authorised by the Group. Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to section 87G of FSMA or section 3.4 of the Prospectus Rules, the publication of this prospectus does not, under any circumstances, create any implication that there has been no change in the affairs of the Group since, or that the information contained herein is correct at any time subsequent to, the date of this prospectus. Unless otherwise expressly stated in this prospectus, neither the information on CGI's website (or any other website) nor the content of any website accessible from hyperlinks on CGI's website (or any other website) is incorporated into, or forms a part of, this prospectus.

The contents of this prospectus should not be construed as legal, business or tax advice. This prospectus should not be considered as a recommendation by CGI that any recipient of this prospectus should subscribe for or purchase any Class A Shares. Each recipient of this prospectus will be taken to have made his own investigation and appraisal of the condition (financial or otherwise) of CGI and the Class A Shares.

This prospectus is dated 12 March 2014.

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SUMMARY

Summaries are made up of disclosure requirements known as ‘Elements’. These Elements are numbered in Sections A-E (A.1-E.7).

This summary contains all the Elements required to be included in a summary for the type of securities and issuer to which this prospectus relates. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer to which this prospectus relates, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of ‘not applicable’.

Section A – Introduction and Warnings		
A.1	<i>Introduction:</i>	This summary should be read as an introduction to this prospectus. Any decision to invest in the Company’s Class A Shares should be based on consideration of this prospectus as a whole by an investor. Where a claim relating to the information contained in this prospectus is brought before a court, the plaintiff investor might, under the national legislation of the EEA member state, have to bear the costs of translating this prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if this summary is misleading, inaccurate or inconsistent when read together with the other parts of this prospectus or it does not provide, when read together with the other parts of this prospectus, key information in order to aid investors when considering whether to invest in such securities.
A.2	<i>Subsequent resale of securities or final placement of securities through financial intermediaries:</i>	Not applicable: the issuer does not consent to the use of this prospectus for subsequent resale or final placement of securities by financial intermediaries.
Section B – Issuer		
B.1	<i>The legal and commercial name of the issuer:</i>	CGI Group Inc.
B.2	<i>Domicile and legal form, legislation and country of incorporation:</i>	CGI is domiciled and incorporated in Canada as a corporation under the Companies Act (Québec), the predecessor to the Business Corporations Act (Québec) which now governs the Company.

B.3	<i>Current operations, principal activities and markets:</i>	The Group is the fifth largest independent information technology (IT) and business process services firm in the world. The Group has approximately 68,000 employees, that it calls members, across the globe. The Group offers a portfolio of services to its clients, including: • Consulting: CGI provides a full range of IT and business consulting services, including business transformation, IT strategic planning, business process engineering and systems architecture. • Systems integration: CGI integrates and customises leading technologies and software applications to create IT systems that respond to clients' strategic needs. • Management of IT and business functions - outsourcing: clients delegate entire or partial responsibility for their IT or business functions to CGI to achieve savings and access well-suited technology, whilst retaining control over strategic IT and business functions. As part of such agreements, CGI implements its quality processes and practices which help to improve the efficiency of its clients' operations. CGI also integrates its clients' operations into its technology network. CGI may also enter into outsourcing agreements with its clients under which CGI takes over the employment contracts of certain of the client's IT or business function employees, enabling its clients to focus on their main business operations. Services provided as part of an outsourcing contract may include development and integration of new projects and applications; applications maintenance and support; technology infrastructure management (enterprise and end-user computing and network services); transaction and business processing such as payroll, claims processing and document management services. • Proprietary business solutions: CGI has a wide range of proprietary business solutions which help shape opportunities and drive value for its clients and shareholders. CGI offers its end-to-end services to a focused set of industry vertical markets where CGI has developed extensive expertise. CGI's targeted vertical markets include: • Financial services: CGI helps financial institutions and insurers in their efforts to reduce costs, increase efficiency and improve customer service. • Government: CGI assists over 2,000 governmental organisations in their efforts to reduce costs and improve the efficiency, quality and accountability of public service organisations. • Health: CGI helps more than 1,000 healthcare facilities, hospitals and departments of health in their efforts to improve their standards of care and implement better business practices. • Telecommunications and utilities: CGI helps six global telecommunications providers and eight European utilities providers in their efforts to deliver new revenue streams and improve productivity and service. • Manufacturing, retail and distribution (MRD): CGI provides business transformation services to more than 2,000 MRD clients, including assisting MRD clients in their efforts to improve efficiency and customer loyalty, lower costs and boost sustainable growth.

B.4a	Significant recent trends: The Group ended the first quarter of the 2014 fiscal year (Q1 2014) with revenue of C\$2,644.7 million, an increase of C\$111.8 million or 4.4 per cent. over the same period in the 2013 fiscal year. On a constant currency basis, revenue decreased by C\$48.7 million or 1.9 per cent., while currency rate fluctuations favourably impacted the Group’s revenue by C\$160.5 million or 6.3 per cent. Revenue from the Group’s Canada segment in the first quarter of the 2014 fiscal year was C\$420.9 million, a decrease of C\$6.8 million or 1.6 per cent. compared to the same period in the 2013 fiscal year. This revenue change was a result of lower shorter-term systems integration and consulting work volumes for the Group due to the completion of projects, and a cautionary spending pattern by the Group’s clients who deferred the start-up of new projects. Revenue from the Group’s U.S. segment was C\$685.6 million in Q1 2014, an increase of C\$108.3 million or 18.8 per cent. compared to the same period of fiscal 2013. On a constant currency basis, revenue from the U.S. segment increased by C\$69.1 million or 12.0 per cent. Revenue from the Group’s five other segments (being the Nordics, Southern Europe and South America (NSESA), Central and Eastern Europe (including the Netherlands, Germany and Belgium) (CEE), France (including Luxembourg and Morocco), the UK and Asia Pacific (including Australia, India, the Philippines and the Middle East) segments) represented C\$1,538.1 million or 58.2 per cent. of the Group’s total revenue, compared with revenue of C\$1,527.9 million from these five segments, representing 60.3 per cent. of the Group’s total revenue, in the first quarter of the 2013 fiscal year (Q1 2013). This revenue change was due to: (i) the run-off of low margin business; (ii) recent multi-year outsourcing contract wins; (iii) the completion of certain projects in Australia; and (iv) the favourable impact of foreign currency rate fluctuations. In Q1 2014 as compared to Q1 2013, on a Group-wide basis, the healthcare vertical market grew the most, followed by the financial services vertical market. These vertical markets represented 10 per cent. and 19 per cent., respectively, of the Group’s revenue for Q1 2014.																					
B.5	Description of the issuer’s group and the issuer’s position within the group: CGI is the ultimate parent company in the Group. The Group’s principal operating subsidiaries are as follows: <table> <tr> <td>Conseillers en Gestion et Informatique CGI Inc.</td> <td>Québec, Canada</td> </tr> <tr> <td>CGI Information Systems and Management Consultants Inc.</td> <td>Québec, Canada</td> </tr> <tr> <td>CGI Technologies and Solutions Inc.</td> <td>Delaware, United States</td> </tr> <tr> <td>CGI Federal Inc.</td> <td>Delaware, United States</td> </tr> <tr> <td>Stanley Associates, Inc.</td> <td>Delaware, United States</td> </tr> <tr> <td>CGI Sverige AB</td> <td>Sweden</td> </tr> <tr> <td>CGI Suomi Oy</td> <td>Finland</td> </tr> <tr> <td>CGI Nederland B.V.</td> <td>Netherlands</td> </tr> <tr> <td>CGI (Germany) GmbH & Co. KG</td> <td>Germany</td> </tr> <tr> <td>CGI IT UK Limited</td> <td>United Kingdom</td> </tr> </table>	Conseillers en Gestion et Informatique CGI Inc.	Québec, Canada	CGI Information Systems and Management Consultants Inc.	Québec, Canada	CGI Technologies and Solutions Inc.	Delaware, United States	CGI Federal Inc.	Delaware, United States	Stanley Associates, Inc.	Delaware, United States	CGI Sverige AB	Sweden	CGI Suomi Oy	Finland	CGI Nederland B.V.	Netherlands	CGI (Germany) GmbH & Co. KG	Germany	CGI IT UK Limited	United Kingdom	AI, 7.1 AI, 7.2
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CGI IT UK Limited	United Kingdom																					

		CGI France SAS	France
B.6	<i>In so far as is known to the issuer, the name of any person who, directly or indirectly, has an interest in the issuer's capital or voting rights which is notifiable under the issuer's national law and the amount of such interest:</i>	Interests of 10 per cent. or more in an issuer's capital or voting rights are notifiable under Canadian law. CGI's authorised share capital consists of: (i) an unlimited number of first preferred shares, issuable in series (First Preferred Shares); (ii) an unlimited number of second preferred shares, issuable in series (Second Preferred Shares); (iii) an unlimited number of Class A Shares carrying one vote per share; and (iv) an unlimited number of Class B shares carrying 10 votes per share (the Class B Shares), all without par value. As at 10 March 2014 (being the latest practicable date prior to publication of this prospectus), there were no First Preferred Shares or Second Preferred Shares outstanding. Insofar as is known to the Company, as of 10 March 2014 (being the latest practicable date prior to publication of this prospectus), the only persons who beneficially owned, directly or indirectly, or exercised control or direction over 10 per cent. or more of CGI's outstanding Class A Shares or Class B Shares (on the basis of their disclosed holdings of Class A Shares and Class B Shares as at 10 March 2014) were: • Serge Godin (Founder and Executive Chairman of the Board): owned 875,270 Class A Shares and, through his control of Distinction Capital Inc., 3727912 Canada Inc. and 9164-7586 Québec Inc., 28,577,089 Class B Shares (0.32 per cent. of the Class A Shares issued and outstanding and 85.89 per cent. of the Class B Shares issued and outstanding, representing 47.08 per cent. of the total voting rights in CGI); • André Imbeau (Founder, Vice Chairman of the Board and Corporate Secretary): owned 267,298 Class A Shares and, through his control of 9088-0832 Québec Inc. and 9102-7003 Québec Inc., 4,275,659 Class B Shares (0.10 per cent. of the Class A Shares issued and outstanding and 12.85 per cent. of the Class B Shares issued and outstanding, representing 7.07 per cent. of the total voting rights in CGI); and • Caisse de dépôt et placement du Québec (the Caisse): see immediately below. In addition, CGI's investor relations department regularly surveys the Company's largest institutional shareholders. Based on the most recent shareholder identification data available to the Company, as at 10 March 2014, the following were the top ten institutional holders of Class A Shares: • The Caisse owned 58,174,038 Class A Shares (21.07 per cent. of the Class A Shares issued and outstanding, representing 9.55 per cent. of the total voting rights in CGI); • FMR, Inc. (Fidelity Investments) owned 28,700,000 Class A Shares (10.39 per cent. of the Class A Shares issued and outstanding, representing 4.71 per cent. of the total voting rights in CGI);	

		• BlackRock Management & Research Company owned 13,581,714 Class A Shares (4.92 per cent. of the Class A Shares issued and outstanding, representing 2.23 per cent. of the total voting rights in CGI); • TD Asset Management owned 7,800,000 Class A Shares (2.82 per cent. of the Class A Shares issued and outstanding, representing 1.28 per cent. of the total voting rights in CGI); • Invesco Advisers owned 7,385,935 Class A Shares (2.67 per cent. of the Class A Shares issued and outstanding, representing 1.21 per cent. of the total voting rights in CGI); • Connor Clark & Lunn Investment Management, LTD owned 6,450,000 Class A Shares (2.34 per cent. of the Class A Shares issued and outstanding, representing 1.06 per cent. of the total voting rights in CGI); • RBC Global Asset Management, Inc. owned 6,350,000 Class A Shares (2.30 per cent. of the Class A Shares issued and outstanding, representing 1.04 per cent. of the total voting rights in CGI); • Mackenzie Financial Corporation owned 6,330,562 Class A Shares (2.29 per cent. of the Class A Shares issued and outstanding, representing 1.04 per cent. of the total voting rights in CGI); • Pyramis Canada ULC owned 5,625,000 Class A Shares (2.04 per cent. of the Class A Shares issued and outstanding, representing 0.92 per cent. of the total voting rights in CGI); and • 1832 Asset Management, L.P. owned 5,055,052 Class A Shares (1.83 per cent. of the Class A Shares issued and outstanding, representing 0.83 per cent. of the total voting rights in CGI). Save as set out above, as of 10 March 2014 (being the latest practicable date prior to publication of this prospectus), to the knowledge of the directors of the Company (each a Director and together, the Directors) and executive officers, there is no other person who beneficially owned, directly or indirectly, or exercised control or direction over 10 per cent. or more of CGI's outstanding Class A Shares or Class B Shares (on the basis of their disclosed holdings of Class A Shares and Class B Shares as at 10 March 2014).
	<i>To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled, by whom and describe the nature of such control:</i>	Save for Serge Godin, whose interest in CGI's voting share capital is set out above, CGI is not aware of any person who as at 10 March 2014 (being the latest practicable date prior to the publication of this document), exercises or could exercise, directly or indirectly, jointly or severally, control over CGI.
	<i>Whether the</i>	CGI's major shareholders, as listed above, have the same voting rights as

	<i>issuer's major shareholders have different voting rights, if any:</i>	all other holders of Class A Shares and Class B Shares.																																																																																													
B.7	<i>Selected historical key financial information and narrative description of significant change to the issuer's financial condition and operating results during or subsequent to the period covered by the historical key financial information:</i>	The tables below set out key financial information for the Group for the periods indicated. The data below has been extracted, without material adjustment, from the Group's audited consolidated financial statements for the years ended 2011, 2012 and 2013 and from the Group's interim financial statements for the three months ended 31 December 2013. The Group's audited consolidated financial statements for the years ended 2011, 2012 and 2013 and the Group's interim financial statements for the three months ended 31 December 2013 were prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (<i>IASB</i>). Consolidated Statement of Earnings: (in thousands of Canadian dollars, except share data) <table><tr><th></th><th>For the three months ended 31 December 2013</th><th>For the year ended 30 September 2013</th><th>For the year ended 30 September 2012</th><th>For the year ended 30 September 2011</th></tr><tr><th></th><th>\$</th><th>\$</th><th>\$</th><th>\$</th></tr><tr><td>Revenue</td><td>2,644,710</td><td>10,084,624</td><td>4,772,454</td><td>4,223,942</td></tr><tr><td>Operating expenses</td><td></td><td></td><td></td><td></td></tr><tr><td>Costs of services, selling and administrative</td><td>2,341,314</td><td>9,012,310</td><td>4,226,859</td><td>3,690,960</td></tr><tr><td>Acquisition-related and integration costs</td><td>22,615</td><td>338,439</td><td>254,973</td><td>3,675</td></tr><tr><td>Finance costs</td><td>28,438</td><td>113,931</td><td>42,099</td><td>19,395</td></tr><tr><td>Finance income</td><td>(1,080)</td><td>(4,362)</td><td>(5,318)</td><td>(3,552)</td></tr><tr><td>Other income</td><td>-</td><td>-</td><td>(3,955)</td><td>(7,647)</td></tr><tr><td>Foreign exchange loss (gain)</td><td>468</td><td>(3,316)</td><td>(1,134)</td><td>(3,365)</td></tr><tr><td>Share of profit on joint venture</td><td>-</td><td>-</td><td>(3,996)</td><td>(13,359)</td></tr><tr><td></td><td>2,391,755</td><td>9,457,002</td><td>4,509,528</td><td>3,686,107</td></tr><tr><td>Earnings before income taxes</td><td>252,955</td><td>627,622</td><td>262,926</td><td>537,835</td></tr><tr><td>Income tax expense</td><td>63,165</td><td>171,802</td><td>131,397</td><td>99,696</td></tr><tr><td>Net earnings</td><td>189,790</td><td>455,820</td><td>131,529</td><td>438,139</td></tr><tr><td>Earnings per share</td><td></td><td></td><td></td><td></td></tr><tr><td>Basic earnings per share</td><td>0.62</td><td>1.48</td><td>0.50</td><td>1.65</td></tr><tr><td>Diluted earnings per share</td><td>0.60</td><td>1.44</td><td>0.48</td><td>1.59</td></tr></table> Consolidated Balance Sheet: (in thousands of Canadian dollars)					For the three months ended 31 December 2013	For the year ended 30 September 2013	For the year ended 30 September 2012	For the year ended 30 September 2011		\$	\$	\$	\$	Revenue	2,644,710	10,084,624	4,772,454	4,223,942	Operating expenses					Costs of services, selling and administrative	2,341,314	9,012,310	4,226,859	3,690,960	Acquisition-related and integration costs	22,615	338,439	254,973	3,675	Finance costs	28,438	113,931	42,099	19,395	Finance income	(1,080)	(4,362)	(5,318)	(3,552)	Other income	-	-	(3,955)	(7,647)	Foreign exchange loss (gain)	468	(3,316)	(1,134)	(3,365)	Share of profit on joint venture	-	-	(3,996)	(13,359)		2,391,755	9,457,002	4,509,528	3,686,107	Earnings before income taxes	252,955	627,622	262,926	537,835	Income tax expense	63,165	171,802	131,397	99,696	Net earnings	189,790	455,820	131,529	438,139	Earnings per share					Basic earnings per share	0.62	1.48	0.50	1.65	Diluted earnings per share	0.60	1.44	0.48	1.59
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	As at 31 December 2013	As at 30 September 2013	As at 30 September 2012	As at 30 September 2011
	\$	\$	\$	\$
Assets				
Current assets				
Cash and cash equivalents	206,144	106,199	113,103	136,211
Short-term investments	364	69	14,459	10,166
Accounts receivable	1,464,963	1,205,625	1,412,935	490,484
Work in progress	1,011,134	911,848	697,132	391,066
Prepaid expenses and other current assets	229,126	219,721	235,962	100,407
Income taxes	12,190	17,233	39,877	4,252
Total current assets before funds held for clients	2,923,921	2,460,695	2,513,468	1,132,586
Funds held for clients	416,204	222,469	202,407	247,622
Total current assets	3,340,125	2,683,164	2,715,875	1,380,208
Property, plant and equipment	486,512	475,143	481,480	249,901
Contract costs	138,918	140,472	168,650	107,242
Intangible assets	700,176	708,165	787,779	292,133
Other long-term assets	129,428	110,321	94,625	55,593
Deferred tax assets	381,649	368,217	348,689	9,882
Investment in joint venture				26,373
Goodwill	6,624,164	6,393,790	6,093,134	2,536,022
	11,800,972	10,879,272	10,690,232	4,657,354
Liabilities				
Current liabilities				
Bank overdraft				75,538
Accounts payable and accrued liabilities	1,210,654	1,125,916	1,286,031	303,641
Accrued compensation	705,543	713,933	522,564	183,842
Deferred revenue	601,334	508,267	535,902	152,938
Income taxes	191,606	156,358	176,962	51,822
Provisions	177,777	223,074	250,687	12,125
Current portion of long-term debt	558,879	534,173	52,347	896,012
Total current liabilities before clients' funds obligations	3,445,793	3,261,721	2,824,493	1,675,918
Clients' funds obligations	413,933	220,279	197,986	244,660
Total current liabilities	3,859,726	3,482,000	3,022,479	1,920,578
Long-term provisions	104,829	109,011	126,138	27,672
Long-term debt	2,567,367	2,332,377	3,196,061	109,669
Other long-term liabilities	661,520	591,763	657,121	93,775
Deferred tax liabilities	154,538	155,329	147,452	149,394
Retirement benefits obligations	154,065	153,095	118,078	7,035
	7,502,045	6,823,575	7,267,329	2,308,123
Equity				
Retained earnings	1,695,071	1,551,956	1,113,225	1,057,599
Accumulated other comprehensive income	263,782	121,855	294	14,572
Capital stock	2,191,593	2,240,494	2,201,694	1,178,559
Contributed surplus	148,481	141,392	107,690	98,501
	4,298,927	4,055,697	3,422,903	2,349,231
	11,800,972	10,879,272	10,690,232	4,657,354

	Certain significant changes to the Group's financial condition and operating results occurred during the 2011, 2012 and 2013 fiscal years and in Q1 2014. These changes are set out below. • The Group acquired Logica in the 2012 fiscal year for C\$2.7 billion plus the assumption of Logica's net debt of C\$0.9 billion. The consideration paid under the Logica acquisition was funded through a combination of: (i) cash proceeds of C\$1.0 billion from the issuance of 46,707,146 subscription receipts exchangeable for new Class A Shares to the Caisse at C\$21.41 per subscription receipt pursuant to (a) a subscription agreement entered into by the Caisse and the Company on 31 May 2012 and (b) a subscription receipt agreement entered into by the Caisse, the Company and Computershare Trust Company of Canada as subscription receipt agent on 31 May 2012; (ii) debt funding from a syndicate of lenders pursuant to C\$1.9 billion senior unsecured term loan credit facilities under a credit agreement, a fee letter and a syndication letter all dated 31 May 2012; and (iii) debt funding from a syndicate of lenders pursuant to a revolving credit facility under the Company's existing \$1.5 billion credit agreement. • The Group's revenue increased by approximately: (a) C\$0.6 billion or 13 per cent. from the 2011 fiscal year to the 2012 fiscal year (revenue was approximately C\$4.2 billion in the 2011 fiscal year and C\$4.8 billion in the 2012 fiscal year); (b) C\$5.3 billion or 111.3 per cent. from the 2012 fiscal year to the 2013 fiscal year (revenue was approximately C\$4.8 billion in the 2012 fiscal year and C\$10.1 billion in the 2013 fiscal year); and (c) C\$0.1 billion or 4.4 per cent. from Q1 2013 to Q1 2014 (revenue was approximately C\$2.5 billion in Q1 2013 and C\$2.6 billion in Q1 2014). • The Group's earnings before income taxes (EBT): (a) decreased from approximately C\$537.8 million (representing 12.7 per cent. of the Group's revenue) in the 2011 fiscal year to approximately C\$262.9 million (representing 5.5 per cent. of the Group's revenue) in the 2012 fiscal year; (b) increased from approximately C\$262.9 million (representing 5.5 per cent. of the Group's revenue) in the 2012 fiscal year to approximately C\$627.6 million (representing 6.2 per cent. of the Group's revenue) in the 2013 fiscal year; and (c) increased from approximately C\$30.5 million (representing 1.2 per cent. of the Group's revenue) in Q1 2013 to approximately C\$253.0 million (representing 9.6 per cent. of the Group's revenue) in Q1 2014. • The Group's operating expenses increased by approximately: (a) C\$0.5 billion or 14.5 per cent. from the 2011 fiscal year to the 2012 fiscal year (operating expenses were approximately C\$3.7 billion in the 2011 fiscal year and C\$4.2 billion in the 2012 fiscal year); (b) C\$4.8 billion or 113.2 per cent. from the 2012 fiscal year to the 2103 fiscal year (operating expenses were approximately C\$4.2 billion in the 2012 fiscal year and C\$9.0 billion in the 2013 fiscal year); and (c) C\$20.4 million or 0.90 per cent. from Q1 2013 to Q1 2014 (operating expenses were approximately C\$2,320.9 million in Q1 2013 and C\$2,341.3 million in Q1 2014). There has been no significant change in CGI's financial condition and operating results subsequent to 31 December 2013, being the end of the three month period from 30 September 2013 to 31 December 2013 to which CGI's interim financial information on Form 6-K for the fiscal quarter ended 31 December 2013 (the Form 6-K) relates. The Form 6-K was filed with the United States Securities and Exchange Commission (the SEC) on 29 January 2014.

B.8	<i>Selected key pro forma financial information:</i>	Not applicable: no pro forma financial information is included in this prospectus.
B.9	<i>Profit forecast or estimate:</i>	Not applicable: there are no profit forecasts or estimates in this prospectus.
B.10	<i>Audit report qualifications:</i>	Not applicable: there are no qualifications in the audit reports on the Group's historical financial information.
B.11	<i>Insufficient working capital:</i>	Not applicable: taking into account the Group's borrowing facilities, the working capital available to the Group is sufficient for its present requirements, that is, for at least 12 months following the date of this prospectus.
<i>Section C – Securities</i>		
C.1	<i>Type and class of securities admitted to trading and any identification number:</i>	Class A Shares. The Class A Shares are traded on the New York Stock Exchange (<i>NYSE</i>) under the symbol GIB and on the Toronto Stock Exchange (<i>TSE</i>) under the symbol GIB.A. The Class A Shares have ISIN number CA39945C1095.
C.2	<i>Currency of the securities issue:</i>	The Class A Shares have no par value. The currency of the Class A Shares listed on: (i) the NYSE is US dollars and (ii) the TSE is Canadian dollars.
C.3	<i>Number of shares in issue and par value:</i>	CGI's authorised share capital consists of: • an unlimited number of First Preferred Shares, issuable in series; • an unlimited number of Second Preferred Shares, issuable in series; • an unlimited number of Class A Shares; and • an unlimited number of Class B Shares, all without par value. As at 10 March 2014 (being the latest practicable date prior to publication of this prospectus), the issued and outstanding share capital of the Company was 276,115,095 Class A Shares and 33,272,767 Class B Shares. There are no First Preferred Shares or Second Preferred Shares in issue.
C.4	<i>Rights of securities:</i>	Each holder of Class A Shares will have the following rights: • to attend and vote at meetings of shareholders of the Company. Each Class A Share entitles the holder to one vote per share. Each Class B Share entitles the holder to ten votes per share; • to participate equally, share for share, in any dividend which may be declared, paid or set aside for payment; and • upon liquidation or dissolution of the Company or any other distribution of its assets among its shareholders for the purposes of winding up its affairs, to receive equal, share for share amounts of the assets of the Company available for payment or distribution to the holders of Class A Shares.

		If a takeover bid, exchange bid or issuer bid (other than an exempt bid) for the Class B Shares is made to the holders of Class B Shares without being made simultaneously and on the same terms and conditions to the holders of Class A Shares, each Class A Share shall become convertible into one Class B Share, at the holder's option, in order to entitle the holder to accept the offer from the date it is made. This right will be deemed not to come into effect if the offer is not completed by its offeror or if the senior executives and full-time employees of the Group and any corporate entity under the control of one or more of such senior executives, as owners, as a group, of more than 50 per cent. of the outstanding Class B Shares, do not accept the offer. The rights, privileges, conditions and restrictions attaching to Class A Shares may be amended if such amendment is authorised by at least two thirds of the votes cast at a meeting of the holders of Class A Shares and Class B Shares duly convened for that purpose. However, if the holders of Class A Shares as a class were to be affected in a manner different from that of the other classes of CGI shares, such amendment shall, in addition, be authorised by at least two thirds of the votes cast at a meeting of only the holders of Class A Shares.
C.5	Restrictions on free transferability of the securities:	Not applicable: there are no restrictions on the free transferability of the Class A Shares.
C.6	Admission to trading on a regulated market:	The Class A Shares are admitted to trading on the NYSE and on the TSE.
C.7	Dividend policy:	Considering the Company's needs for reinvestment into its operations and for large investment projects, the Company does not pay dividends. However, the board of Directors (the Board) re-evaluates its dividend policy annually. In the 2013 fiscal year, the Company's needs for: (i) reinvestment into operations; (ii) investment projects; (iii) repayment of the Company's debt; and (iv) the repurchase by the Company of outstanding Class A Shares, influenced the Board's decision that the Company would not pay a dividend.
Section D – Risks		
D.1	Key information on the key risks that are specific to the issuer or its industry:	Risks Related to the Group's Industry - The Group is dependent on qualified IT professionals. If the Group is unable to attract and retain sufficient numbers of qualified professionals with the appropriate training, expertise and suitable government security clearances required to serve the needs of the Group's clients, the Group may have to rely on subcontractors, staff transfers, recruitment and/or training new individuals to fill resulting gaps. This might result in lost revenue or increased costs, thereby putting pressure on the Group's earnings, which could materially adversely affect the Group's business, revenues, results of operations, financial condition or prospects. - The Group may infringe on the intellectual property rights of others which may result in claims being made against the Group. Intellectual property claims or litigation brought against the Group could be time-consuming and costly, harm the Group's reputation, require the Group to enter into additional royalty or licensing arrangements, or prevent it from providing some solutions or services. Should any of these factors

		occur, they may have a material adverse effect on the Group's business, revenues, results of operations, financial conditions and prospects. <i>Risks Related to the Group's Business</i> • If the Group fails to perform services in accordance with its contracts and its clients' reasonable expectations, or it fails to invoice clients correctly in a timely manner, the Group's collections could suffer. In addition, a prolonged economic downturn may cause clients to curtail or defer projects, impair their ability to pay for services already provided by the Group, and ultimately cause them to default on existing contracts with the Group. Any of these factors could materially adversely affect the Group's business, revenues, results of operations, financial condition or prospects. • The Group derives substantial revenues from contracts where the Group enters into teaming agreements with other providers. In some teaming agreements the Group is the prime contractor whereas in others, the Group acts as a subcontractor. In both cases, the Group relies on its relationships with other providers to generate business and the Group expects to do so in the foreseeable future. If the Group fails to adequately maintain its relationships with these providers or the Group's relationship with these providers is otherwise impaired, the Group's business, revenues, results of operations, financial condition or prospects could be materially adversely affected. • The Group relies on third party subcontractors to fulfil its commitments under certain contracts. If those subcontractors fail to perform their obligations on time and on budget then the Group's ability to complete those contracts may be adversely affected, which could have a material adverse effect on the Group's business, revenues, results of operations, financial condition, prospects and profitability. • The Group derives a substantial portion of its revenue from the services it provides to various U.S. federal government departments and agencies. There can be no assurance that each such U.S. federal government department and agency will continue to utilise the Group's services to the same extent, or at all, in the future. If a major U.S. federal government department or agency were to limit, reduce, or eliminate the business it awards to the Group, the Group might be unable to recover the lost revenue with work from other U.S. federal government departments or agencies or other clients, which could materially adversely affect the Group's business, revenues, results of operations, financial condition and prospects. • Government spending reductions, budget cutbacks or policy changes could cause government agencies and departments with which the Group contracts to reduce their purchases under existing contracts, to exercise their right to terminate contracts, to issue temporary stop work orders, or not to exercise options to renew contracts. Should any of these factors occur, they could materially adversely affect the Group's business, revenues, results of operations, financial condition and prospects. • CGI's reputation is key to its ability to compete effectively in the market for IT services. The nature of the Group's operations exposes the Group to the potential loss, unauthorised access to, or destruction of its clients' information, as well as temporary service interruptions. Such events may have a negative impact on the Group's reputation, its ability to obtain new clients and its ability to retain existing clients, which could materially adversely affect the Group's business,

		revenues, results of operations, financial condition and prospects. The Group may face complex and time-consuming challenges in implementing the uniform standards, controls, procedures and policies across new operations to harmonise their activities with those of the Group's existing business units. Integration activities can result in unanticipated operational problems, expenses and liabilities. Should any of these factors occur, the Group will have difficulty achieving its growth and profitability objectives, which could materially adversely affect the Group's business, revenues, results of operations, financial condition and prospects.
D.3	Key information on the key risks that are specific to the securities:	- The price of Class A Shares may fluctuate as a result of a variety of factors, including: (i) speculation in the media or investment community about, or actual changes in the business, market share, organisational structure, operations, financial condition, financial or share price performance, prospects or executive team of CGI and/or its competitors; (ii) the announcement of new products, services, acquisitions, divestitures or other significant transactions by CGI and/or its competitors; (iii) the announcement of actual and/or anticipated financial results by CGI and/or its competitors; and (iv) Class A Share repurchases by CGI. Market conditions, stock market performance or macroeconomic and geopolitical factors unrelated to CGI's performance may also affect the price of Class A Shares. Employees should not rely on recent or historical trends to predict future share prices. - Sales of substantial numbers of Class A Shares, or the perception or any announcement that such sales could occur, could adversely affect the market price of Class A Shares and may make it more difficult for holders of Class A Shares to sell their Class A Shares at a time and price which they deem appropriate. - An additional offering of Class A Shares by the Company, or the public perception that an offering or sale may occur, could have an adverse effect on the market price of Class A Shares.
Section E – Offer		
E.1	Net proceeds and estimated expenses:	No new Class A Shares (or any other securities of CGI) will be issued in connection with this prospectus. Accordingly, no proceeds will be raised by CGI in respect of the offer(s) contained in this prospectus. The Class A Shares which are available to be purchased under the Share Purchase Plan, the subject of this prospectus, have either: (i) been registered with the SEC and are trading on the NYSE or (ii) are trading on the TSE. No Class A Shares (or any other securities of CGI) are listed or admitted to trading on a regulated market within the EEA. As at the date of this prospectus, there is no intention to make an application for the Class A Shares, the subject of this prospectus, to be listed or admitted to trading on any EEA regulated market. The number of Class A Shares purchased on the open market under the Share Purchase Plan will depend on a number of factors including the number of employees, the level of employee participation, the amount of contributions made by participating employees and CGI in respect of share purchases and the value of Class A Shares at the time of purchase. The total costs, charges and expenses incurred by CGI in preparing this prospectus and in connection with the offer contained in this prospectus are estimated to be £225,000.
E.2a	Reasons for	The purpose of the Share Purchase Plan is to encourage employee share

	<i>the offer, use of proceeds and estimated net amount of proceeds:</i>	ownership by offering eligible employees of the Group the ability to purchase Class A Shares via salary deductions matched by Company contributions. CGI believes that the Share Purchase Plan offers a convenient means for employees of the Group who might not otherwise own Class A Shares to purchase and hold Class A Shares and that the matching Company contribution feature of the Share Purchase Plan offers a meaningful incentive for eligible employees to participate. CGI also believes that the continuing economic interests of participating employees, as shareholders, in CGI's performance will provide additional incentives for such employees to contribute to the Group's potential for growth and profitability.
E.3	<i>Terms and conditions of the offer:</i>	The offer(s), the subject of this prospectus, are not made to the general public or to any person other than eligible employees of the Group located in the United Kingdom, Belgium, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Hungary, Luxembourg, the Netherlands, Norway, Poland, Portugal, the Slovak Republic, Spain and Sweden. Only such eligible employees of the Group may acquire Class A Shares pursuant to this prospectus in accordance with the plan documents of the Share Purchase Plan. The key terms of the Share Purchase Plan are summarised below: Share Purchase Plan <i>Overview</i> CGI established the Share Purchase Plan to enable eligible employees of the Group (the Participants) to purchase Class A Shares on the open market. Such Class A Shares are to be purchased by the administrator of the Share Purchase Plan (the Plan Administrator), with contributions made to the Plan Administrator by the Participants from deductions from their net pay and by the Group companies participating in the Share Purchase Plan (each a Participating Employer). The Plan Administrator shall hold the Class A Shares so purchased for the account of the Participants. <i>Eligibility and Participation</i> Any full or part-time employee of the Group in the relevant EEA member state who is actively at work at the time of enrollment is eligible to participate in the Share Purchase Plan. An employee ceases to be eligible to participate in the Share Purchase Plan on his or her last working day with a Participating Employer, excluding any period representing pay in lieu of notice or other notice or payment on account of termination of employment. To become a Participant, the eligible employee should (unless directed otherwise) complete a participation notice (the Notice of Participation) and send this to the personnel designated for such purposes by the Participating Employer. The employee's participation in the Share Purchase Plan commences on the first practicable date following receipt by the Participating Employer of the Notice of Participation. <i>Contributions</i> The Participant contributes to the Share Purchase Plan through deductions at source, withheld from the Participant's net salary. The contribution amount is based on a percentage of the Participant's annual gross base salary (or, as determined by the Participating Employer in its sole discretion, the portion of such annual gross base salary actually earned by the Participant during the relevant year) effective on the date on which the Participant joins the Share Purchase Plan (the Participant Basic Contribution), such percentage (the Participant Contribution Percentage) to be determined from time to time by either the Founder and Executive

	Chairman of the Board or the President and Chief Executive Officer. Such percentage may vary by position and by business unit, as well as over time, as either the Founder and Executive Chairman of the Board or the President and Chief Executive Officer may in his discretion determine, provided that the percentage cannot exceed 3.5 per cent. The Participant Basic Contribution is remitted by the Participating Employer to the Plan Administrator at each pay period of the Participant. The Participating Employer contributes to the Share Purchase Plan for the account of each Participant an amount equal to a percentage of the Participant Basic Contribution (excluding additional contributions provided for in the paragraph immediately below). The percentage of the Participant Basic Contribution that the Participating Employer is required to pay is determined from time to time by either the Founder and Executive Chairman of the Board or the President and Chief Executive Officer, provided that the Participating Employer's contribution cannot exceed 100 per cent. of the aggregate amount contributed to the Share Purchase Plan by each Participant as Participant Basic Contribution. The percentage that the Participating Employer contributes may vary by position and by business unit, as well as over time, as either the Founder and Executive Chairman of the Board or the President and Chief Executive Officer may in their discretion determine. The Participating Employer may, in addition to the contributions provided above, pay to the Plan Administrator, at its discretion, any amount as additional contribution to the Share Purchase Plan and the Plan Administrator will purchase Class A Shares on the secondary market through an exchange on which the Class A Shares are listed in accordance with the instructions of that Participating Employer. The allocation of such Class A Shares will be made for the account of the Participants. The Participating Employer pays in advance to the Plan Administrator on the first business day of each month an amount equal to the Participating Employer's contributions computed for the calendar month preceding such payment. At the end of each month, the Plan Administrator determines, for such month, the amount of the Participating Employer's contributions which should have been paid according to the aggregate amount of contributions paid by the Participants during such month and in the event an excess amount was paid by the Participating Employer through a monthly installment, the Plan Administrator deducts such excess amount from the installment to be made by the Participating Employer the following month. Notwithstanding this, the Participating Employer may pay to the Plan Administrator its contributions at the time the Participating Employer pays the Participant Basic Contribution. A Participant may make additional contributions to the Share Purchase Plan in excess of the Participant Basic Contribution ranging between 0.5 per cent. and 10 per cent. of his or her annual gross base salary, and this, by increments of 0.5 per cent. without taking into account the rate of participation provided above, in accordance with the same terms and conditions provided above. However, the Participating Employer will not match such additional contributions by the Participant.

		<i>Purchase of Class A Shares and Use of Cash Distributions</i> The Plan Administrator, upon receipt of the Participants' and the Participating Employers' contributions, purchases Class A Shares on the secondary market through an exchange on which the Class A Shares are listed, being the TSE and/or the NYSE (as applicable). The Plan Administrator executes buying orders on receipt of the contributions at the market price on the purchase dates and, if possible, in board lots. The Class A Shares purchased by the Plan Administrator out of the contributions made by the Participants and the Participating Employers are attributed to the account of the Participants in accordance with the contributions made by the Participants and the Participating Employers and are held by the Plan Administrator for the account of the Participants. All cash dividends and other cash distributions received by the Plan Administrator in respect of Class A Shares held by the Plan Administrator for the account of Participants are used by the Plan Administrator to purchase further Class A Shares. The Class A Shares so acquired are allocated to the Participants in proportion to their respective interests. Stock dividends received by the Plan Administrator in respect of Class A Shares are held by the Plan Administrator for the account of Participants. <i>Reports</i> The Plan Administrator issues to each Participant, through its website, on or before 1 November, 1 February, 1 May and 1 August of each year (or on any other date to be determined by the Company and the Plan Administrator), an electronic report showing, as of the 30 September, 31 December, 31 March and 30 June preceding, the number of Class A Shares held by the Plan Administrator for the account of each Participant on such dates and stating also the number of Class A Shares corresponding to the additional contributions of the Participant. If a Participant wishes to obtain all quarterly statements in a hard copy format, a request may be addressed to the Plan Administrator. <i>Termination or Suspension of Participation in, and Withdrawal from, the Share Purchase Plan</i> To terminate his or her participation in the Share Purchase Plan at any time, a Participant should (unless directed otherwise) send a notice of termination (the Notice of Termination) to the Participating Employer and to the Plan Administrator. Such Participant may decide to maintain his or her Class A Shares in the Share Purchase Plan or withdraw all or part of those Class A Shares in accordance with the withdrawal provisions immediately below. A Participant may at any time withdraw, partially or in full, the Class A Shares that the Plan Administrator holds for his or her account by sending a notice of withdrawal (the Notice of Withdrawal) to the Plan Administrator (in the form and manner specified by the Plan Administrator from time to time). Upon receipt of the Notice of Withdrawal, the Plan Administrator will sell the Class A Shares held for the account of the Participant and pay to the Participant an amount in cash equal to the proceeds of such sale, less brokerage fees together with, in the case of a complete withdrawal, every other property held by the Plan Administrator pursuant to the Share Purchase Plan for the account of the Participant.

		The Participant may alternatively elect to receive Class A Shares in lieu of cash payment. In such case, the Plan Administrator will deliver to the Participant a direct registration statement (<i>Direct Registration Statement</i>) representing such Class A Shares registered in the name of the Participant. A Direct Registration Statement can only be issued if it represents a minimum of 100 Class A Shares. If a Participant's employment terminates for any reason whatsoever and the Participant does not notify the Plan Administrator and the Participating Employer of his or her choice in the manner described below (immediately after his or her last contribution has been processed), the Plan Administrator will, upon receipt of a notice of termination of employment from the Participant or the Participating Employer: (i) issue a Direct Registration Statement for the Class A Shares held by the Plan Administrator for the account of the Participant; or (ii) sell the Class A Shares held by the Plan Administrator for the account of the Participant, if it represents less than 100 Class A Shares, on the secondary market through an exchange on which the Class A Shares are listed and pay to the Participant an amount in cash equal to the proceeds of such sale, less brokerage fees, together with any other property held by the Plan Administrator pursuant to the Share Purchase Plan for the account of the Participant. However, the Participant may make the election to receive a Direct Registration Statement as discussed in the paragraph immediately above by giving a notice to the Participating Employer and to the Plan Administrator immediately after his or her last contribution has been attributed to the account of the Participant. The date of termination of employment means the Participant's last day of work for a Participating Employer, excluding any period representing pay in lieu of notice or other payment or notice on account of termination of employment. In the event that a Participant is absent from work for any period of time and for any reason and that the Participant receives no remuneration from the Participating Employer during such absence, the Participant's participation in the Share Purchase Plan is automatically suspended until the Participant returns to work or until the Participant elects to terminate his or her participation in the Share Purchase Plan. <i>Administration and Amendment, Suspension or Termination of the Share Purchase Plan</i> The Board or any committee appointed by the Board has full power and authority with respect to the interpretation of the Share Purchase Plan and to the ratification of the rules, terms and other measures it may deem necessary for the management of the Share Purchase Plan. The Board or any committee appointed by the Board may at any time amend, suspend or terminate the Share Purchase Plan; however, no modification, suspension or termination of the Share Purchase Plan may affect any vested right that a Participant may have in respect of the Class A Shares subject to the Share Purchase Plan or of the Share Purchase Plan until the date of such amendment, suspension or termination of the Share Purchase Plan. In the event of termination of the Share Purchase Plan, the Plan Administrator will remit as soon as possible to each Participant a Direct Registration Statement or certificate representing the Class A Shares together with any other property held by the Plan Administrator pursuant to the Share Purchase Plan for the account of such Participant.

		<i>Governing Laws</i> The Share Purchase Plan is governed by and construed in accordance with the laws of the Province of Québec, Canada.
E.4	<i>Interests material to the issue/offer, including conflicting interests:</i>	Not applicable: there are no interests (including conflicts of interest) which are material to the issue/offer.
E.5	<i>Name of the person or entity offering to sell the securities and details of any lock-up agreements:</i>	Not applicable: no person or entity is offering to sell the Class A Shares and there are no lock-up agreements for Class A Shares purchased pursuant to the Share Purchase Plan.
E.6	<i>Amount and percentage of immediate dilution resulting from the offer:</i>	Not applicable: the Class A Shares purchased pursuant to the Share Purchase Plan to which this prospectus relates are already in issue and trading on the open market, therefore no dilution will result from the offer.
E.7	<i>Estimated expenses charged to the investor by the Company:</i>	Not applicable: no expenses will be charged to the investor by the Company.

RISK FACTORS

Any investment in the Class A Shares is subject to a number of risks. Prior to investing in the Class A Shares, employees should consider carefully the factors and risks associated with any investment in the Class A Shares, the Group's business and the industry in which it operates, together with all other information contained in this prospectus including, in particular, the risk factors described below. Employees should note that the risks relating to the Group, its industry and the Class A Shares summarised in the section of this document headed "Summary" are the risks that the Company believes to be the most essential to an assessment by an employee of whether to consider an investment in the Class A Shares. However, as the risks which the Group faces relate to events and depend on circumstances that may or may not occur in the future, employees should consider not only the information on the key risks summarised in the section of this document headed "Summary" but also, among other things, the risks and uncertainties described below. The following includes the material risks known to the Group which employees may face when making an investment in the Class A Shares but it is not an exhaustive list or explanation of all risks and should be used as guidance only. Additional risks and uncertainties relating to the Group that are not currently known to the Group, or that it currently deems immaterial, may individually or cumulatively also have a material adverse effect on the Group's business, revenues, results of operations, financial condition or prospects and, if any such risk should occur, the price of the Class A Shares may decline and employees could lose all or part of their investment. Employees should consider carefully whether an investment in the Class A Shares is suitable for them in the light of the information in this prospectus and their personal circumstances.

Risks Related to the Market

The Group's clients are affected by economic conditions which could have a material adverse effect on the Group

The level of business activity of the Group's clients, which is affected by economic conditions, has a bearing upon the results of the Group's operations. The Group can neither predict the impact that current economic conditions will have on the Group's future revenue, nor predict when economic conditions will show meaningful and sustained improvement. During an economic downturn, the Group's clients and potential clients may cancel, reduce or defer existing contracts and delay entering into new engagements, which could have a material adverse effect on the business, revenues, results or operations, financial condition or prospects of the Group. In general, the Group's clients may also decide to undertake fewer IT systems projects during difficult economic times, resulting in limited implementation of new technology and smaller engagements. Since there are fewer engagements in a downturn, competition usually increases and pricing for services may decline as competitors, particularly companies with significant financial resources, decrease rates to maintain or increase their market share in the Group's industry and this may trigger pricing adjustments related to the benchmarking obligations within the Group's contracts (see the risk factor entitled "*Certain contracts allow the Group's clients to reevaluate the price the Group charges for its services*" below). Any of these factors could negatively impact the Group's pricing, revenue or profitability, which could have a material adverse effect on the business, revenues, results or operations, financial condition and prospects of the Group.

Risks Related to the Group's Industry

The Group faces vigorous competition for contracts

The Group operates in a global marketplace in which competition among providers of IT services is vigorous. Some of the Group's competitors possess greater financial, marketing, sales resources, and larger geographic scope in certain parts of the world than the Group does, which, in turn, provides them with additional leverage in the competition for contracts. In certain niche, regional or metropolitan markets, the Group faces smaller competitors with specialised capabilities who may be able to provide competing services with greater economic efficiency. Some of the Group's competitors have more significant operations than the Group does in lower cost countries that can serve as a platform from which to provide services worldwide on terms that may be more favourable. Increased competition

among IT services firms often results in corresponding pressure on prices. There can be no assurance that the Group will succeed in providing competitively priced services at levels of service and quality that will enable it to maintain and grow the Group's market share. Client's moving to a competitor or choosing a competitor rather than the Group could have a material adverse effect on the Group's market share and its business, revenues, results of operations financial condition and prospects.

The Group is dependent on qualified IT professionals

There is strong demand for qualified individuals in the IT industry. Hiring and retaining a sufficient amount of individuals with the desired knowledge and skill set may be difficult. Therefore, it is important that the Group remains able to successfully attract and retain highly qualified professionals and establish an effective succession plan. If the Group's comprehensive programs aimed at attracting and retaining qualified and dedicated professionals do not ensure that the Group has staff in sufficient numbers and with the appropriate training, expertise and suitable government security clearances required to serve the needs of the Group's clients, the Group may have to rely on subcontractors or transfers of staff to fill resulting gaps. If the Group's succession plan fails to identify those with potential or if the Group fails to develop these key individuals, the Group may be unable to replace key members who retire or leave the Group and may be required to recruit and/or train new individuals. This might result in lost revenue or increased costs, thereby putting pressure on the Group's earnings, which could materially adversely affect the Group's business, revenues, results of operations, financial condition or prospects.

The Group may be unable to continue developing and expanding service offerings to address emerging business demands and technology trends

The rapid pace of change in all aspects of IT and the continually declining costs of acquiring and maintaining IT infrastructure mean that the Group must anticipate changes in its clients' needs. To do so, the Group must adapt its services and its solutions so that it maintains and improves the Group's competitive advantage and the Group remains able to provide cost effective services. The markets in which the Group operates are extremely competitive and there can be no assurance that the Group will succeed in developing and adapting the Group's business in a timely manner. If the Group does not keep pace, the Group's ability to retain existing clients and gain new business may be adversely affected, which could have a material adverse effect on the business, revenues, results of operation, financial condition and prospects of the Group.

The Group may infringe on the intellectual property rights of others which may result in claims being made against the Group or the Group's clients

The steps the Group takes to ensure that its services and offerings do not infringe on the intellectual property rights of third parties may not be adequate to prevent infringement and, as a result, claims may be asserted against the Group or the Group's clients. The Group enters into licensing agreements for the right to use intellectual property and may otherwise offer indemnities against liability and damages arising from third-party claims of patent, copyright, trademark or trade secret infringement in respect of the Group's own intellectual property or software or other solutions developed for the Group's clients. In some instances, the amount of the indemnity claim(s) could be greater than the revenue the Group receives from the client (see the risk factor entitled "*The Group may be exposed to liabilities under guarantees and indemnities that it has provided to counterparties, which could have a material adverse effect on the Group*" below). Intellectual property claims or litigation could be time-consuming and costly, harm the Group's reputation, require the Group to enter into additional royalty or licensing arrangements, or prevent it from providing some solutions or services. Any limitation on the Group's ability to sell or use solutions or services that incorporate software or technologies that are the subject of a claim could cause it to lose revenue-generating opportunities or require it to incur additional expenses to modify solutions for future projects. Should any of these factors occur, they may have a material adverse effect on the Group's business, revenues, results of operations, financial conditions and prospects.

Certain contracts allow the Group's clients to reevaluate the price the Group charges for its services

Some of the Group's outsourcing contracts contain clauses allowing the Group's clients to externally benchmark the pricing of agreed upon services against those offered by other providers in an appropriate peer comparison group. The uniqueness of the client environment is factored in and, if results indicate a difference outside the agreed upon tolerance, the Group may be required to work with clients to reset the pricing for the Group's services, which could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

The Group may be unable to protect its intellectual property rights

The Group's success depends, in part, on its ability to protect its proprietary methodologies, processes, know-how, tools, techniques and other intellectual property that it uses to provide its services. Although the Group takes reasonable steps to protect and enforce its intellectual property rights, there is no assurance that such measures will be enforceable or adequate. The cost of enforcing the Group's rights can be substantial and, in certain cases, may prove to be uneconomic. In addition, the laws of some countries in which the Group conducts business may offer only limited intellectual property rights protection. Despite the Group's efforts, the steps taken to protect the Group's intellectual property may not be adequate to prevent or deter infringement or other misappropriation of intellectual property, and the Group may not be able to detect unauthorised use of the Group's intellectual property, or take appropriate steps to enforce the Group's intellectual property rights. Should any of these factors occur, they may have a material adverse effect on the Group's business, revenues, results of operations, financial conditions and prospects.

Risks Related to the Group's Business

The Group faces various risks associated with its growth strategy

CGI's *Build and Buy* strategy is founded on four pillars of growth: first, organic growth through contract wins, renewals and extensions in the areas of outsourcing and system integration; second, the pursuit of new large outsourcing contracts; third, acquisitions of smaller firms or niche players; and fourth, transformational acquisitions. The Group's ability to grow through organic growth and new large outsourcing transactions is affected by a number of factors outside of the Group's control, including a lengthening of the Group's sales cycle for major outsourcing contracts. The Group's ability to grow through niche and transformational acquisitions requires the Group to identify suitable acquisition targets and to correctly evaluate their potential as transactions that will meet the Group's financial and operational objectives. There can be no assurance that the Group will be able to identify suitable acquisition candidates and consummate additional acquisitions that meet the Group's economic thresholds, or that future acquisitions will be successfully integrated into the Group's operations and yield the tangible accretive value that the Group had expected. If the Group is unable to implement its *Build and Buy* strategy, the Group will likely be unable to maintain its historic or expected growth rates, which could materially adversely affect the Group's business, revenues, results of operations, financial condition and prospects.

The Group's financial results may fluctuate materially depending on a number of factors, many of which are out of the Group's control

The Group's ability to maintain and increase its revenues is affected not only by the Group's success in implementing its *Build and Buy* strategy, but also by a number of other factors which could cause the Group's financial results to fluctuate. These factors are: (i) the Group may be unable to introduce and deliver new services and products; (ii) the Group may be exposed to a lengthened sales cycle; (iii) the Group may be subject to cyclicalities of purchases of its technology services and products; (iv) the nature of a customer's business (for example, if a customer encounters financial difficulty, it may be forced to cancel, reduce or defer existing contracts with the Group); and (v) the structure of agreements with customers (for example, some of the Group's agreements with customers contain clauses allowing the customers to benchmark the pricing of services provided by the Group against the prices offered by other providers). The occurrence of any of these factors may cause the Group's revenues to fluctuate

negatively, which could have a material adverse effect on the Group's business, revenues, financial conditions and prospects.

The Group is exposed to business mix variations

The proportion of revenue that the Group generates from shorter-term systems integration and consulting (SI&C) projects, versus revenue from long-term outsourcing contracts, will fluctuate at times, affected by acquisitions or other transactions. An increased exposure to revenue from SI&C projects may result in greater quarterly revenue variations, as the revenue from SI&C projects does not provide long-term consistency in revenue. Such variations could therefore result in losses or increased costs in order to rectify the revenue structure and achieve consistent, long-term revenue, which could have a material adverse effect on the Group's business, revenues, financial conditions and prospects.

The Group operates in numerous countries around the world and is exposed to the risks of doing business internationally

The scope of the Group's global operations subjects the Group to issues that can negatively impact the Group's operations, including: currency fluctuations; the burden of complying with a wide variety of national and local laws; the differences in and uncertainties arising from local business culture and practices; political, social and economic instability including the threats of terrorism, civil unrest, war, natural disasters and pandemic illnesses. Any or all of these risks could impact the Group's global business operations and cause the Group's profitability to decline, which could materially adversely affect the Group's business, revenues, results of operations, financial condition and prospects.

The Group faces various organisational challenges and obstacles associated with its size

Following the acquisition of Logica plc in August 2012, the Group's organisation more than doubled in size with expanded operations in both Europe and Asia. The Group's culture, standards, core values, internal controls and policies need to be instilled across the acquired Logica businesses as well as maintained within the Group's existing operations. To effectively communicate and manage these standards throughout a large global organisation is both challenging and time consuming. Newly acquired businesses may be resistant to change and may remain attached to past methods, standards and practices which may compromise the Group's business agility in pursuing opportunities. Cultural differences in various countries may also present barriers to introducing new ideas or aligning the Group's vision and strategy with the rest of the organisation. If the Group cannot overcome these obstacles in maintaining a strategic bond throughout the Company worldwide, the Group may not be able to achieve the Group's growth and profitability objectives, which could materially adversely affect the Group's business, revenues, results of operations, financial condition and prospects.

The Group's actual tax benefits or tax liabilities may be materially different from the Group's estimates or expectations

In estimating the Group's income tax payable, the Group's management uses accounting principles to determine income tax positions that are likely to be sustained by applicable tax authorities. However, there is no assurance that the Group's tax benefits or tax liability will not materially differ from the Group's estimates or expectations. The tax legislation, regulation and interpretation that apply to the Group's operations are continually changing. In addition, future tax benefits and liabilities are dependent on factors that are inherently uncertain and subject to change, including future earnings, future tax rates, and anticipated business mix in the various jurisdictions in which the Group operates. Moreover, the Group's tax returns are continually subject to review by applicable tax authorities. It is these tax authorities that will make the final determination of the actual amounts of taxes payable or receivable, of any future tax benefits or liabilities and of income tax expense that the Group may ultimately recognise. Any of the above factors could have a material adverse effect on the Group's net income or cash flows by affecting the Group's operations and profitability, the availability of tax credits, the cost of the services the Group provides, and the availability of deductions for operating losses as the Group develops its international service delivery capabilities.

Failure to collect the amounts owed to it in an efficient and timely manner may expose the Group to credit risk in respect of its accounts receivables

Although the Group maintains provisions to account for anticipated shortfalls in amounts collected from its clients, the provisions the Group makes are based on management estimates and on the Group's assessment of the Group's clients' creditworthiness which may prove to be inadequate in the light of actual results. To the extent that the Group fails to perform the Group's services in accordance with its contracts and the Group's clients' reasonable expectations, and to the extent that the Group fails to invoice clients for the Group's services correctly in a timely manner, the Group's collections could suffer which could materially adversely affect the Group's business, revenues and net earnings. In addition, a prolonged economic downturn may cause clients to curtail or defer projects, impair their ability to pay for services already provided by the Group, and ultimately cause them to default on existing contracts with the Group, which could materially affect the Group's business, revenues, results of operations, financial conditions or prospects.

Material developments at the Group's major commercial clients resulting from such causes as changes in the client's financial condition, mergers or business acquisitions could have a material adverse effect on the Group

Consolidation among the Group's clients resulting from mergers and acquisitions may result in loss or reduction of business when the successor business' IT needs are served by another service provider or are provided by the successor company's own personnel. Growth in a client's IT needs resulting from acquisitions or operations may mean that the Group no longer has a sufficient geographic scope or the critical mass to serve the client's needs efficiently, resulting in the loss of the client's business and impairing the Group's future prospects. There can be no assurance that the Group will be able to achieve the objectives of the Group's growth strategy in order to maintain and increase the Group's geographic scope and critical mass in the Group's targeted markets. Loss of clients or a reduction of business from clients or a failure by the Group to achieve the objectives of its growth strategy could have a material adverse effect on the Group's business, revenues, results of operations, financial condition and prospects.

The Group is subject to early termination risk on certain of its contracts with clients

If the Group should fail to deliver its services according to contractual agreements, some of the Group's clients could elect to terminate contracts before their agreed expiry date. In addition, a number of the Group's outsourcing contractual agreements have termination for convenience and change of control clauses according to which a change in the client's intentions or a change in control of CGI could lead to a termination of the said agreements. Early contract termination can also result from the exercise of a legal right or when circumstances that are beyond the Group's control or beyond the control of the Group's client prevent the contract from continuing. In cases of early termination, the Group may not be able to recover capitalised contract costs and it may not be able to eliminate ongoing costs incurred to support the contract. Should clients of the Group elect to terminate their contracts early for any of the above reasons, this could have a material adverse effect on the Group's business, revenues, results of operations, financial condition and prospects.

The Group is subject to cost estimation risks when pricing services for its clients

In order to generate acceptable margins, the Group's pricing for services is dependent on the Group's ability to accurately estimate the costs and timing for completing projects or long-term outsourcing contracts. In addition, a significant portion of the Group's project-oriented contracts are performed on a fixed-price basis. Billing for fixed-price engagements is carried out in accordance with the contract terms agreed upon with the Group's clients, and revenue is recognised based on the percentage of effort incurred to date in relation to the total estimated costs to be incurred over the duration of the respective contract. These estimates reflect the Group's best judgment regarding the efficiencies of the Group's methodologies and employees as the Group plans to apply them to the contracts in accordance with the CGI Client Partnership Management Framework (**CPMF**), a process framework which helps ensure that all contracts are managed according to the same standards throughout the organisation. If the Group fails to apply the CPMF correctly or if the Group is unsuccessful in accurately estimating the

time or resources required to fulfil the Group's obligations under a contract, or if unexpected factors, including those outside of the Group's control, arise, there may be an impact on costs or the delivery schedule which could have a material adverse effect on the Group's business, revenues, results of operations, financial condition and prospects.

The Group relies on its relationships with other providers in order to generate business. Failure to adequately maintain these relationships may have a material adverse effect on the Group

The Group derives substantial revenues from contracts where the Group enters into teaming agreements with other providers. In some teaming agreements the Group is the prime contractor whereas in others the Group acts as a subcontractor. In both cases, the Group relies on its relationships with other providers to generate business and the Group expects to continue to do so in the foreseeable future. Where the Group acts as prime contractor, if the Group fails to maintain the Group's relationships with other providers, the Group may have difficulty attracting suitable participants in the Group's teaming agreements. Similarly, where the Group acts as subcontractor, if the Group's relationships are impaired, other providers might reduce the work they award to the Group, award that work to the Group's competitors, or choose to offer the services directly to the client in order to compete with the Group's business. In either case, if the Group fails to adequately maintain its relationships with these providers or the Group's relationship with these providers is otherwise impaired, the Group's business, revenues, results of operations, financial condition or prospects could be materially adversely affected.

The Group relies on third party subcontractors delivering on their commitments

Increasingly large and complex contracts may require that the Group relies on third party subcontractors, including software and hardware vendors, to help the Group fulfil its commitments. Under such circumstances, the Group's success depends on the ability of the third parties to perform their obligations within agreed upon budgets and timeframes. If the Group's partners fail to deliver, the Group's ability to complete the contract may be adversely affected, which could have a material adverse effect on the Group's business, revenues, results of operations, financial condition, prospects and profitability.

The Group may be exposed to liabilities under guarantees and indemnities that it has provided to counterparties, which could have a material adverse effect on the Group

In the normal course of business, the Group enters into agreements that may provide for indemnification and guarantees to counterparties in transactions such as consulting and outsourcing services, business divestitures, lease agreements and financial obligations. These indemnification undertakings and guarantees may require the Group to compensate counterparties for costs and losses incurred as a result of various events, including breaches of representations and warranties, intellectual property right infringement, claims that may arise while providing services or as a result of litigation that may be suffered by counterparties. The sums, cash, expenses or legal fees arising from the Group honouring or challenging the amounts sought by such counterparties under these indemnities or guarantees could have a material adverse effect on the Group's business, revenues, results of operations, financial condition or prospects.

Failure to properly manage its human resources utilisation rates could have a material adverse effect on the Group

In order to maintain the Group's profit margin, it is important that the Group maintains the appropriate availability of professional resources in each of the Group's geographies by having a high utilisation rate while still being able to assign additional resources to new work. Maintaining an efficient utilisation rate requires the Group to forecast its needs for professional resources accurately and to manage recruitment activities, professional training programs, attrition rates and restructuring programs appropriately. To the extent that the Group fails to do so, or to the extent that laws and regulations (particularly those in Europe) restrict the Group's ability to do so, the Group's utilisation rates may be reduced which could have a material adverse effect on the Group's business, revenues, results of operations, financial condition and prospects. Conversely, the Group may find that the Group does not

have sufficient resources to deploy against new business opportunities in which case the Group's ability to grow its revenues would suffer, which could materially adversely affect the Group's business, revenues, results of operations, financial condition or prospects.

The Group derives a substantial portion of its revenues from various U.S. federal government departments and agencies

The Group derives a substantial portion of its revenue from the services it provides to various U.S. federal government departments and agencies. There can be no assurance that each such U.S. federal government department and agency will continue to utilise the Group's services to the same extent, or at all, in the future. In the event that a major U.S. federal government department or agency were to limit, reduce, or eliminate the business it awards to the Group, the Group might be unable to recover the lost revenue with work from other U.S. federal government departments or agencies or other clients, which could materially adversely affect the Group's business, revenues, results of operations, financial condition and prospects. This risk is mitigated by the fact that the Group's client base in the U.S. government economic sector is diversified with contracts from many different departments and agencies.

Changes in government spending policies or budget priorities could have a material adverse effect on the Group

Changes in government spending policies or budget priorities could materially affect the Group's financial performance. Among the factors that could harm the Group's government contracting business are the curtailment of governments' use of consulting and IT services firms; a significant decline in spending by governments in general or by specific departments or agencies in particular; the adoption of new legislation and/or actions affecting companies that provide services to governments; delays in the payment of the Group's invoices by government payment offices; and general economic and political conditions. These factors could cause government agencies and departments to reduce their purchases under contracts, to exercise their right to terminate contracts, to issue temporary stop work orders, or not to exercise options to renew contracts. Should any of these factors occur they could materially adversely affect the Group's business, revenues, results of operations, financial condition and prospects. In addition, government spending reductions or budget cutbacks at these departments or agencies could harm the Group's continued performance under these contracts, or limit the awarding of additional contracts from these agencies, which could have a material adverse effect on the Group's business, revenues, results of operations, financial condition or prospects.

The Group's global operations require it to comply with numerous laws and regulations, some of which impose restrictions on the Group's activities

The Group's global operations require it to comply with laws in many jurisdictions on matters such as: anti-corruption; trade restrictions; immigration; taxation; securities regulation; anti-competition; data privacy; and labour relations, amongst others. Complying with these diverse requirements worldwide is a challenge and consumes significant Group resources. Some of these laws may impose conflicting requirements; the Group may face the absence in some jurisdictions of effective laws to protect the Group's intellectual property rights; there may be restrictions on the movement of cash and other assets; or restrictions on the import and export of certain technologies; or restrictions on the repatriation of earnings and reduce the Group's earnings, all of which may expose the Group to penalties for non-compliance and any of which could have a material adverse effect on the business, revenues, results of operations, financial condition, prospects and reputation of the Group.

In addition, the Group's business with the U.S. federal government and its agencies requires that the Group complies with complex laws and regulations relating to government contracts. These laws relate to the integrity of the procurement process, impose disclosure requirements, and address national security concerns, among others matters. For instance, the Group is routinely subject to audits by U.S. government agencies with respect to compliance with these rules. If the Group fails to comply with these requirements the Group may incur penalties and sanctions, including contract termination, suspension of payments, suspension or debarment from doing business with the federal government,

and fines. Should any of these factors occur, they may have a material adverse effect on the Group's business, revenues, results of operations, financial conditions and prospects.

The Group may be exposed to liabilities arising from legal claims made against the Group's work which could have a material adverse effect on the Group

The Group creates, implements and maintains IT solutions that are often critical to the operations of the Group's clients' business. The Group's ability to complete large projects as expected could be adversely affected by unanticipated delays, renegotiations, and changing client requirements or project delays. Also, the Group's solutions may suffer from defects that adversely affect their performance; they may not meet the Group's clients' requirements or may fail to perform in accordance with applicable service levels. Such problems could subject the Group to legal liability which could materially adversely affect the Group's business, revenues, results of operations, financial condition, prospects and reputation.

The Group uses reasonable efforts to include provisions in its contracts which are designed to limit the Group's exposure to legal claims relating to the Group's services and the applications the Group develops. However, these provisions may not protect the Group adequately or may not be enforceable under some circumstances or under the laws of certain jurisdictions. Should such provisions not adequately affect the Group or should such provisions be deemed to be unenforceable, this may have a material adverse effect on the Group's business, revenues, results of operations, financial conditions and prospects.

The Group is subject to information and infrastructure risks in respect of its client's data

The Group's business often requires that the Group's clients' applications and information, which may include their proprietary information, be processed and stored on the Group's networks and systems, and in data centres that the Group manages. Digital information and equipment is subject to loss, theft or destruction, and services that the Group provides may become temporarily unavailable as a result thereof or upon an equipment or system malfunction. Failures can arise from human error in the course of normal operations, maintenance and upgrading activities, or from hacking, vandalism (including denial of service attacks and computer viruses), theft and unauthorised access by third parties, as well as from power outages or surges, floods, fires, natural disasters or from any other causes. The measures that the Group takes to protect information and software, including both physical and logical controls on access to premises and information and backup systems may prove in some circumstances to be inadequate to prevent the loss, theft or destruction of client information or service interruptions. Should any of these factors occur, they may have a material adverse effect on the Group's business, revenues, results of operations, financial conditions and prospects.

The Group's reputation and its ability to obtain and retain clients may be adversely effected by the potential loss, unauthorised access to, or destruction of its clients' information, as well as temporary service interruptions

The Group's reputation as a capable and trustworthy service provider and long term business partner is key to its ability to compete effectively in the market for IT services. The nature of the Group's operations exposes the Group to the potential loss, unauthorised access to, or destruction of the Group's clients' information, as well as temporary service interruptions. Depending on the nature of the information or services, such events may have a negative impact on how the Group is perceived in the marketplace. Under such circumstances, the Group's reputation, its ability to obtain new clients and its ability to retain existing clients could suffer, which could materially adversely affect the Group's business, revenues, results of operations, financial condition and prospects.

The Group is subject to various integration risks in respect of its new operations

The successful integration of new operations that arise from the Group's acquisitions strategy or from large outsourcing contracts require that a substantial amount of management time and attention be focused on integration tasks. Management time that is devoted to integration activities may detract from management's normal operations focus with resulting pressure on the revenues and earnings from

the Group's existing operations. In addition, the Group may face complex and potentially time-consuming challenges in implementing the uniform standards, controls, procedures and policies across the Group's new operations when harmonising their activities with those of the Group's existing business units. Integration activities can result in unanticipated operational problems, expenses and liabilities. If the Group is not successful in executing its integration strategies in a timely and cost-effective manner, the Group will have difficulty achieving the Group's growth and profitability objectives, which could materially adversely affect the Group's business, revenues, results of operations, financial condition and prospects.

The Group may need to raise equity or debt financing in order to fund any currently unidentified or unplanned future acquisitions and other growth opportunities

The Group's future growth is dependent on its ability to grow the business organically as well as through business acquisitions. In the event that the Group needs to raise additional funds through equity or debt financings to fund any currently unidentified or unplanned future acquisitions and other growth opportunities, there can be no assurance that such financing will be available in amounts or on terms acceptable to the Group. The Group's ability to raise the required funding depends on the capacity of the capital markets to meet such equity and/or debt financing needs in a timely fashion and on the basis of interest rates and/or share prices that are reasonable in the context of the Group's commercial objectives. Increasing interest rates, volatility in the Group's share price, and the capacity of the Group's lenders to provide such debt financing are all factors that may have an adverse effect on any acquisitions or growth activities that the Group may, in the future, identify or plan. If, in the future, the Group has identified or planned an acquisition or growth opportunity which it is unable to obtain the necessary financing for, the Group may be forced to delay or postpone some or all of such development and expansion activity, which could materially adversely affect the Group's business, revenues, results of operations, financial condition and prospects.

The Group is subject to foreign exchange rate risks

The Group's reporting currency is Canadian dollars. However the majority of the Group's revenue and costs are denominated in currencies other than the Canadian dollar. Foreign exchange fluctuations impact the results of the Group's operations as they are reported in Canadian dollars. This risk is partially mitigated by a natural hedge in matching the Group's costs with revenue denominated in the same currency and through the use of derivatives in the Group's world-wide hedging strategy. However, as the Group continues its global expansion, natural hedges may begin to diminish. There can also be no assurance that the Group's hedging strategy and arrangements will offset the impact of fluctuations in currency exchange rates, which could materially adversely affect the Group's business, revenues, results of operations, financial condition or prospects. Other than the use of financial products to deliver on the Group's hedging strategy, the Group does not trade derivative financial instruments.

With the Group's expanded presence in Europe, ongoing austerity measures and/or the ability of certain European countries to continue to service their sovereign debt may weaken or destabilise the Euro. Similarly, given the scope of the Group's U.S. operations, if the U.S. dollar weakens against the Canadian dollar, the Group's worldwide financial results may not reach expectations. Should the Group's worldwide financial results not reach expectations, whether as a result of a weakened or destabilised Euro, a weak U.S. dollar or otherwise, this could have a material adverse effect on the Group's business, revenues, results of operations, financial conditions and prospects.

Risks Related to Investment in the Company's Class A Shares

The trading price of the Class A Shares may be volatile and subject to wide fluctuations

The price of CGI's Class A Shares may be volatile and subject to wide fluctuations, which may make future prices of CGI's Class A Shares difficult to predict. CGI's share price may fluctuate as a result of a variety of factors, including:

- (a) speculation in the media or investment community about, or actual changes in, CGI's and/or its competitors' business, strategic position, market share, organisational structure, operations, financial condition, financial reporting and results, value or liquidity of CGI's and/or its competitors' investments, exposure to market volatility, prospects, business combination or investment transactions, share price performance or executive team;
- (b) the announcement of new or planned products, services, acquisitions, divestitures or other significant transactions by CGI and/or its competitors;
- (c) increases or decreases in revenue, gross margin, earnings or cash flow from operations, changes in estimates by the investment community or guidance provided by CGI and variations between actual and estimated financial results;
- (d) announcements of actual and anticipated financial results by CGI's competitors and other companies in the IT and business process services industry;
- (e) the timing and amount of any share repurchases by CGI; and
- (f) the sale by existing CGI shareholders of substantial amounts of shares in the public market, or the perception that such sales might occur.

General or industry specific market conditions or stock market performance or domestic or international macroeconomic and geopolitical factors unrelated to CGI's performance may also affect the price of CGI's Class A Shares. For these reasons, employees should not rely on recent or historical trends to predict future share prices, financial condition, results of operations or cash flows. In addition, following periods of volatility in a company's securities, securities class action litigation against a company is sometimes instituted. If instituted against CGI, this type of litigation could result in substantial costs and the diversion of the Group's management time and resources.

Substantial future sales of Class A Shares or the availability of Class A Shares for future sales could impact the market price of Class A Shares

The Company cannot predict what effect, if any, future sales of Class A Shares, or the availability of Class A Shares for future sale, will have on the market price of Class A Shares. Sales of substantial numbers of Class A Shares on the public market, or the perception or any announcement that such sales could occur, could adversely affect the market price of Class A Shares and may make it more difficult for holders of Class A Shares to sell their Class A Shares at a time and price which they deem appropriate.

Further issues of Class A Shares could impact the market price of Class A Shares

It is possible that the Company may decide to offer additional Class A Shares in the future although the Company has no current plans to do so. An additional offering of Class A Shares by the Company, or the public perception that an offering or sale may occur, could have an adverse effect on the market price of Class A Shares. Other than in relation to the exercise of any options under the Company's share option plans, the Company currently has no plans to issue any Class A Shares during the 12 months from the date of this prospectus.

Risks Related to Dividend Payments

CGI does not currently pay a dividend. Although the Board continues to re-evaluate its dividend policy annually, there can be no guarantee that CGI's dividend policy will change and that Participants will receive dividends on their Class A Shares in the future.

FORWARD-LOOKING STATEMENTS

Some statements in this prospectus or the documents incorporated by reference into this prospectus are forward-looking. Forward-looking information is based on projections and estimates, not historical information.

Forward-looking information involves risk and uncertainties and reflects the Group's, or as appropriate, the Directors' best judgment based on current information. The Group's results of operations can be affected by inaccurate assumptions the Group makes or by known or unknown risks and uncertainties. In addition, other factors may affect the accuracy of the Group's forward-looking information. As a result, no forward-looking information can be guaranteed. Actual events and the results of operations may vary materially. Any such information shall be updated as required by the Prospectus Rules.

PART 1: ADDITIONAL INFORMATION

1. PRINCIPAL INVESTMENTS

1.1 In the last three fiscal years, the Group has undertaken one significant investment. On 20 August 2012, CGI completed its acquisition of Logica plc for C\$1.63 per ordinary share, equivalent to a total purchase price of C\$2.7 billion plus the assumption of Logica plc's net debt of C\$0.9 billion. The cash acquisition of all the outstanding ordinary shares of Logica plc was effected by means of a court-sanctioned scheme of arrangement in the United Kingdom.

The acquisition of Logica plc was funded through a combination of:

- (a) the issuance of 46.7 million Class A Shares in CGI for a consideration of C\$1.0 billion from the Caisse;
- (b) additional debt funding through a term loan of C\$1.9 billion from a syndicate of international financial institutions; and
- (c) the remaining financing requirements of C\$0.8 billion were drawn from CGI's existing credit facility and cash.

On 26 September 2012, CGI re-registered Logica plc as a private limited company named Logica Limited. Logica Limited is the holding company for the Group's UK operations. The operating subsidiary for the Group's UK operations is CGI IT UK Limited. Through CGI IT UK Limited, the Group provides business consulting, systems integration and outsourcing services to clients around the world, including many of Europe's largest businesses.

For further information on CGI's acquisition of Logica plc, see Part 1 Paragraph 13, pages F-22-25 in Part 7 of this prospectus and pages F-574-576 of the Annual Report on Form 40-F for the year ended 30 September 2012 (the **Form 40-F 2012**), which is incorporated by reference into this prospectus (see Part 6, *Documents Incorporated by Reference*).

1.2 In addition, since February 2005 the Group has carried out an annual share repurchase programme, under which the Company has been authorised by the Board to repurchase on the open market up to 10 per cent. of the public float of the Class A Shares per year for cancellation. In the 2011 fiscal year the Company repurchased 16,373,400 Class A Shares. In the 2012 fiscal year, the Company repurchased 5,368,000 Class A Shares. In the 2013 fiscal year the Company repurchased 723,100 Class A Shares. As at 10 March 2014 (being the latest practicable date prior to publication of this prospectus) the Company has repurchased 2,837,360 Class A Shares in the 2014 fiscal year.

2. ORGANISATIONAL STRUCTURE

CGI currently manages its businesses through seven geographic operating segments, namely: (i) Canada; (ii) U.S.; (iii) NSESA; (iv) CEE; (v) UK; (vi) Asia Pacific (including Australia, India, the Philippines and the Middle East); and (vii) France (including Luxembourg and Morocco).

CGI has no parent company and is the ultimate parent company in its group of companies. Its principal operating subsidiaries are set out in the table in Part 3 of this prospectus. All such principal subsidiaries are wholly-owned subsidiaries of the Company.

3. SHARE PURCHASE PLAN

This section contains information on the Share Purchase Plan.

3.1 Eligibility and Participation

Any employee of the Group in such EEA member state who is actively at work at the time of enrollment, whether full or part-time, is eligible to participate in the Share Purchase Plan. An employee

ceases to be eligible to participate in the Share Purchase Plan on his or her last working day with a Participating Employer excluding any period representing pay in lieu of notice or other notice or payment on account of termination of employment.

The offer(s), the subject of this prospectus, are not made to the general public or to any person other than eligible employees of the Group located in the United Kingdom, Belgium, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Hungary, Luxembourg, the Netherlands, Norway, Poland, Portugal, the Slovak Republic, Spain and Sweden. Only such eligible employees of the Group may acquire Class A Shares pursuant to this prospectus in accordance with the plan documents of the Share Purchase Plan.

The interest of a Participant under the Share Purchase Plan may not be transferred, assigned or pledged by the Participant.

If an eligible employee wishes to become a Participant, the eligible employee should (unless directed otherwise) send a Notice of Participation to the personnel designated for such purposes by the Participating Employer. The participation of the employee in the Share Purchase Plan commences on the first practicable date following receipt by the Participating Employer of the Notice of Participation.

3.2 Contributions

Class A Shares are purchased by the Plan Administrator (or any successor) with contributions made to the Plan Administrator by the Participants and the Participating Employers. The Plan Administrator holds the Class A Shares so purchased for the account of the Participants. Currently Sun Life Financial Trust Inc. acts as Plan Administrator for Participants in the UK, Belgium, the Czech Republic, Denmark, Estonia, Finland, France, Norway, Poland, Portugal, the Slovak Republic, Spain and Sweden and Computershare Trust Company of Canada acts as Plan Administrator for Participants in Germany, Hungary, the Netherlands and Luxembourg.

Participant Contributions

Participants are entitled to make two types of contributions: (i) the Participant Basic Contribution; and (ii) additional contributions in excess of the Participant Basic Contribution.

The Participant Basic Contribution is an amount equal to a percentage of the Participant's annual gross base salary (or, as determined by the Participating Employer in its sole discretion, the portion of such annual gross base salary actually earned by the Participant during the relevant year). The Participant Basic Contribution is made through deductions at source, withheld from the Participant's net salary in each pay period. The Participant Basic Contribution is remitted from the Participating Employer, at each pay period applicable to the Participant, to the Plan Administrator.

The Participation Contribution Percentage for the purposes of calculating the Participant Basic Contribution shall be determined from time to time by either the Founder and Executive Chairman of the Board or the President and Chief Executive Officer and may vary by position and by business unit as well as over time, as either the Founder and Executive Chairman of the Board or the President and Chief Executive Officer may in his discretion determine, provided that such percentage shall not exceed three and one-half per cent. (3.5%).

Subject to the paragraph immediately above, a Participant who is actively at work may increase or decrease the Participant Contribution Percentage at any time by sending a notice of amendment (**Notice of Amendment**) to the Participating Employer. Such modification comes into effect as of the first practicable date following receipt of the Notice of Amendment by the Participating Employer's payroll department.

Upon an annual gross base salary review, the Participant Basic Contribution is automatically modified based on the Participant's revised annual gross base salary. Such modification comes into effect as of the first practicable date following the receipt of the notice stipulating the annual gross base salary

changes by the Participating Employer's payroll department. However, this modification does not apply on the sums paid retroactively.

A Participant may also make additional contributions to the Share Purchase Plan in excess of the Participant Basic Contribution, ranging between 0.5 per cent. and 10 per cent. of the Participant's annual gross base salary, and this, by increments of 0.5 per cent. without taking into account the rate of participation provided above, in accordance with the same terms and conditions provided above. However, the Participating Employer will not match such additional contributions made by the Participant.

Group Contributions

The Participating Employer contributes to the Share Purchase Plan for the account of each Participant an amount equal to a percentage of the Participant Basic Contribution (excluding any additional contributions made by the Participant). The percentage of the Participant Basic Contribution that the Participating Employer is required to pay is determined from time to time by either the Founder and Executive Chairman of the Board or the President and Chief Executive Officer, provided that the Participating Employer's contribution cannot exceed 100 per cent. of the aggregate amount of the Participant Basic Contribution. The percentage that the Participating Employer contributes may vary by position and by business unit, as well as over time, as either the Founder and Executive Chairman of the Board or the President and Chief Executive Officer may in his discretion determine.

The Participating Employer may, in addition to the contributions set out above, pay to the Plan Administrator, at its discretion, any amount as additional contribution to the Share Purchase Plan and the Plan Administrator will purchase Class A Shares on the secondary market through an exchange on which the Class A Shares are listed in accordance with the instructions of that Participating Employer. The allocation of such Class A Shares will be for the account of the Participants.

The Participating Employer pays in advance to the Plan Administrator on the first business day of each month an amount equal to that Participating Employer's contributions computed for the calendar month preceding such payment. At the end of each month, the Plan Administrator determines, for such month, the amount of the Participating Employer's contributions which should have been paid according to the aggregate amount of contributions paid by the Participants during such month and in the event an excess amount was paid by the Participating Employer through a monthly installment, the Plan Administrator deducts such excess amount from the installment to be made by the Participating Employer the following month. Notwithstanding this, the Participating Employer may pay to the Plan Administrator its contributions at the same time the Participating Employer pays the Participant Basic Contribution.

3.3 Purchase of Class A Shares

The Plan Administrator, upon receipt of the contributions of the Participants and of the Participating Employers, purchases Class A Shares on the secondary market through an exchange on which the Class A Shares are listed, being the TSE and/or the NYSE (as applicable). Upon receipt of the contributions, the Plan Administrator executes buying orders at the market price on the purchase dates and, if possible, in board lots. The Class A Shares purchased by the Plan Administrator out of the contributions made by Participants and the Participating Employers are attributed to the account of the Participants in accordance with the contributions made by the Participants and the Participating Employers and are held by the Plan Administrator for the account of the Participants.

All cash dividends and other cash distributions received by the Plan Administrator in respect of Class A Shares held by the Plan Administrator for the account of Participants are used by the Plan Administrator to purchase additional Class A Shares. The Class A Shares so acquired are allocated to the Participants in proportion to their respective interests. Stock dividends received by the Plan Administrator in respect of Class A Shares are held by the Plan Administrator for the account of Participants.

3.4 Information to be Provided to Participants

The Plan Administrator issues to each Participant, through its website, on or before 1 November, 1 February, 1 May and 1 August of each year (or on any other date to be determined by the Company and the Plan Administrator), an electronic report showing, as of the 30 September, 31 December, 31 March and 30 June preceding, the number of Class A Shares held by the Plan Administrator for the account of each Participant on such dates and stating also the number of Class A Shares corresponding to the additional contributions of the Participant. If a Participant wishes to obtain all quarterly statements in a hard copy format, a request may be addressed to the Plan Administrator.

Forthwith after receipt of a notice of meeting of the holders of Class A Shares, the Plan Administrator sends to each Participant for whose benefit the Plan Administrator is holding Class A Shares a copy of any such notice of meeting and any financial statement, proxy management circular, proxy form or other material to be used in connection with the meeting.

3.5 Withdrawal from the Share Purchase Plan

A Participant may at any time withdraw, partially or in full, the Class A Shares that the Plan Administrator holds for the Participant's account by sending a Notice of Withdrawal to the Plan Administrator (in the form and manner specified by the Plan Administrator from time to time). Upon receipt of the Notice of Withdrawal, the Plan Administrator will sell the Class A Shares held for the account of the Participant and pay to the Participant an amount in cash equal to the proceeds of such sale, less brokerage fees together with, in the case of a complete withdrawal, every other property held by the Plan Administrator pursuant to the Share Purchase Plan for the account of the Participant.

The Participant may alternatively elect to receive Class A Shares in lieu of cash payment. In such case, the Plan Administrator will deliver to the Participant a Direct Registration Statement representing such Class A Shares registered in the name of the Participant. A Direct Registration Statement can only be issued if it represents a minimum of 100 Class A Shares.

3.6 Termination of Participation in the Share Purchase Plan

To terminate his or her participation in the Share Purchase Plan at any time, a Participant should (unless directed otherwise) send a Notice of Termination to the Participating Employer and to the Plan Administrator. The Participant may decide to maintain his or her Class A Shares in the Share Purchase Plan or withdraw all or part of those Class A Shares pursuant to the procedure described in paragraph 3.5 above.

If a Participant's employment terminates for any reason whatsoever and the Participant does not notify the Plan Administrator and the Participating Employer of his or her choice in the manner described below (immediately after his or her last contribution has been processed), the Plan Administrator will, upon receipt of a notice of termination of employment from the Participant or the Participating Employer, (i) issue a Direct Registration Statement for the Class A Shares held by the Plan Administrator for the account of the Participant or (ii) sell the Class A Shares held by the Plan Administrator for the account of the Participant, if it represents less than 100 Class A Shares, on the secondary market through an exchange on which the Class A Shares are listed and pay to the Participant an amount in cash equal to the proceeds of such sale, less brokerage fees, together with any other property held by the Plan Administrator pursuant to the Share Purchase Plan for the account of the Participant. However, the Participant may make the election to receive a Direct Registration Statement as described in paragraph 3.5 above by giving a notice to the Participating Employer and to the Plan Administrator immediately after his or her last contribution has been attributed to the account of the Participant. The date of termination of employment means the Participant's last day of work for a Participating Employer, excluding any period representing pay in lieu of notice or other payment or notice on account of termination of employment.

3.7 Suspension of Participation in the Share Purchase Plan

In the event that a Participant is absent from work for any period of time and for any reason and that the Participant receives no salary from the Participating Employer during such absence, the Participant's participation in the Share Purchase Plan is automatically suspended until the Participant returns to work or until the Participant elects to terminate his or her participation in the Share Purchase Plan pursuant to the procedure described in paragraph 3.6 above.

3.8 Fractional Entitlements

If a Participant elects to receive a Direct Registration Statement in the event of his or her withdrawal or termination of participation in the Share Purchase Plan, no fractional Class A Shares will be issued and where a fractional Class A Share should be issued, a cash payment in respect of those fractional Class A Shares is paid to the Participant. Such payment is equal to the amount obtained by multiplying the fractional Class A Shares by the market price on the date of receipt of the Participant's election to receive the Direct Registration Statement. For the purposes of this paragraph, market price means the last closing price of the Class A Shares on the TSE or the NYSE (as applicable) prior to the date of receipt of the Participant's election to receive such Direct Registration Statement, or if there is no closing price during the 5 trading days prior to such date, the mean between the bid and ask quotations on that date.

3.9 Fees

All fees relating to the administration of the Share Purchase Plan (and all brokerage fees attached to the purchase of Class A Shares) are borne by the Participating Employer except for: (i) brokerage fees attached to the sale of Class A Shares; (ii) fees in connection with the issuance of duplicate statements; (iii) wire transfer fees; (iv) banking transaction fees; and (v) currency conversion fees, which are at the charge of the Participant. The Participating Employer reserves the right to re-charge to the Participant additional administrative fees incurred for the account of the Participant. However, to the extent possible, any interest accruing on contributions is paid to the Participating Employer to be used for the payment of expenses relating to the Share Purchase Plan.

3.10 Administration of the Share Purchase Plan

The Company and the Plan Administrator have entered into an agreement with respect to the administration of the Share Purchase Plan (the **Administration Agreement**). The Administration Agreement forms part of the Share Purchase Plan and the rights of the Participants in respect of the Share Purchase Plan are subject to such agreement. In the event of differences, discrepancies or contradictions between the provisions of the Share Purchase Plan and those of the Administration Agreement, the provisions of the Share Purchase Plan prevail over those of the Administration Agreement. The Share Purchase Plan is governed by and construed in accordance with the laws of the Province of Québec, Canada.

The Plan Administrator is selected by, and may be changed by, either the Founder and Executive Chairman of the Board or the President and Chief Executive Officer. The Board or any committee appointed by the Board has full power and authority with respect to the interpretation of the Share Purchase Plan and to the ratification of rules, terms and other measures it may deem necessary for the management of the Share Purchase Plan.

3.11 Amendment, Suspension and Termination of the Share Purchase Plan

The Board or any committee appointed by the Board may at any time amend, suspend or terminate the Share Purchase Plan. No modification, suspension or termination of the Share Purchase Plan may affect any vested right that a Participant may have in respect of the Class A Shares subject to the Share Purchase Plan or of the Share Purchase Plan until the date of amendment, suspension or termination of the Share Purchase Plan.

In the event of termination of the Share Purchase Plan, the Plan Administrator will remit as soon as possible to each Participant a certificate or Direct Registration Statement registered in the name of the Participant representing the Class A Shares held by the Plan Administrator for the account of such Participant together with any other property held by the Plan Administrator pursuant to the Share Purchase Plan for the account of such Participant.

3.12 No Right to Continued Employment or Further Rights

Participation in the Share Purchase Plan entitles the Participant to only the benefits provided for in the Share Purchase Plan and only to the extent that the assets are remitted to the Plan Administrator, and does not confer upon any Participant the right to be employed by or to remain an employee of any Group company. The Share Purchase Plan and the Participant's participation in the Share Purchase Plan do not generate any acquired rights, are subject to the rules and criteria as may be determined by the Board from time to time and do not constitute an express or implied term of nor in any manner form part of the Participant's employment contract with the Participating Employer.

The Board or any committee appointed by it has full discretionary authority to set, adjust, modify, suspend or cancel the contributions to the Share Purchase Plan of the Participant and the Participating Employer. Nothing in the Share Purchase Plan shall create in favour of the Participants any vested, demandable or enforceable right to make and receive contributions for the purchase of Class A Shares except in respect of those due as at the date of any modification, adjustment, suspension or termination of the Share Purchase Plan.

3.13 Personal Data

By requesting to participate in the Share Purchase Plan and for the purposes of such participation, the Participants consent to: (i) the transfer of their personal data by the Company or the Participating Employer to the Plan Administrator in such location where the Plan Administrator is situated or operates; and (ii) the storage and processing of their personal data in such location.

3.14 Compliance with Tax Legislation

The Participants are fully responsible for their compliance with any applicable tax legislation. Neither the Company nor any Participating Employer can be held responsible for any failure in that respect on the part of a Participant. See Part 2 of this prospectus for further information on the tax consequences for employees participating in the Share Purchase Plan.

4. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND SENIOR MANAGEMENT

4.1 The governance of the Group is led by the Board and its standing committees.

The Board

The Board, which is elected annually by CGI's shareholders, manages and oversees the business and affairs of the Group. The Board delegates to management the responsibility for the day-to-day management of the Group's business in accordance with CGI's operations management framework. The operations management framework sets out the overall authority of the Company's management team as well as the level of management approval required for the various types of operations and transactions that make up the ordinary course of the Group's business. All operational and corporate functions (other than the office of the chairman and the corporate secretariat which report to the Founder and Executive Chairman of the Board) report to the Chief Executive Officer who reports directly to the Board. The Chief Executive Officer and the Founder and Executive Chairman of the Board report to the Board at each regularly scheduled Board meeting. The Chief Executive Officer, jointly with the management team, also develops the strategies and corporate objectives of the Group which are then approved by the Board. Ultimately, the Board reports to the shareholders at the Annual General Meeting of Shareholders. The Directors are encouraged to attend the Annual General Meetings of Shareholders. Directors are expected to attend Board and applicable standing committee meetings.

Each Director's attendance record is disclosed annually in the management proxy circular and is considered for the purposes of re-election at the annual meetings of shareholders.

The Standing Committees

The Board also oversees three standing committees composed entirely of independent Directors: (i) the corporate governance committee (**Corporate Governance Committee**), (ii) the human resources committee (**Human Resources Committee**); and (iii) the audit and risk management committee (**Audit and Risk Management Committee**). Each of these standing committees reports to the Board and operates according to a charter which is reviewed annually by the Board. The role and responsibilities of each of these standing committees are contained in their charters. See pages F-60-89 in Part 7 of this prospectus for more information on the charters of the standing committees.

The Corporate Governance Committee is chaired by Thomas d'Aquino and its other member is Paule Doré. The Corporate Governance Committee's principal responsibilities are: (i) to develop and monitor the Company's approach to governance issues, requirements and guidelines; (ii) to review the composition of the Board and its standing committees and recommend Board nominees; (iii) to carry out the annual Board self-assessment process; (iv) to oversee the orientation and continuing education program for the Directors; and (v) to help maintain an effective working relationship between the Board and management.

The Human Resources Committee is chaired by Robert Chevrier and its other members are Alain Bouchard, Bernard Bourigeaud and Dominic D'Alessandro. The Human Resources Committee's principal responsibilities are to review and make recommendations to the Board in respect of: (i) the compensation of certain senior executives of the Company, the members of the Board and of its standing committees; (ii) the appointment of Company officers, including the Founder and Executive Chairman of the Board and the Chief Executive Officer; (iii) the Company's overall remuneration plans, including incentive plans, share options and benefits; (iv) the employment and termination arrangements for senior management; and (v) the succession plans for executive officers.

The Audit and Risk Management Committee is chaired by Gilles Labbé and its other members are Jean Brassard, Richard B. Evans and Joakim Westh. The Audit and Risk Management Committee's principal responsibilities are: (i) to recommend the appointment of the external auditors and the terms of their engagement; (ii) to review the Company's audit procedures and its scope; (iii) to review and assess the effectiveness of the Company's accounting policies and practices; (iv) to monitor and review the adequacy and effectiveness of the Company's internal control procedures, programs and policies; (v) to review related party transactions; (vi) to identify the financial and operating risks to which the Company is exposed, review the policies and practices intended to manage those risks and regularly report to the Board on risk management; and (vii) to review all public disclosure documents containing audited or unaudited financial information of the Company.

4.2 The Directors' Other Directorships and Partnerships

Some of the Directors have also been members of the administrative, management or supervisory bodies or partners, at some time in the previous five years, of other companies and partnerships. The table below shows those other directorships and partnerships and specifies whether the relevant Director is still such a director or partner.

Name of Director	Other Directorships/Partnerships	Role	Current
Alain Bouchard	Atrium Innovations Inc.	Director	Yes
	Alimentation Couche-Tard Inc.	Director	Yes
Bernard Bourigeaud	BJB Consulting	Chairman	No
	Jefferies International Limited	Member of the advisory board	Yes

	Amadeus IT Holding, S.A.	Director	Yes
	Oberthur Technologies Holding	Non-executive Chairman	Yes
	Oberthur Technologies SA	Non-executive Vice Chairman	No
	Advent International	Operating Partner	Yes
Jean Brassard	Noveko International Inc.	Director	No
Robert Chevrier	Roche Management Co. Inc.	President	Yes
	Uni-Select Inc.	Director	Yes
	Richelieu Hardware Ltd.	Chair of Board of Directors	Yes
	Rona Inc.	Chair of Board of Directors	Yes
	Cascades Inc.	Director	Yes
	Compagnie de Saint-Gobain	Director	No
	Bank of Montreal	Director	No
Dominic D'Alessandro	Canadian Imperial Bank of Commerce	Director	Yes
	Suncor Energy Inc.	Director	Yes
Thomas d'Aquino	Intercounsel Ltd.	Chairman and Chief Executive	No
	Manulife Financial Corporation	Director	Yes
	Coril Holdings Ltd.	Director	Yes
	Kruger Inc.	Director	No
Paule Doré	Cogeco Inc.	Director	Yes
	Héroux-Devtek Inc.	Director	Yes
	AXA Canada	Director	No
Richard B. Evans	Resolute Forest Products	Chair of Board of Directors	Yes
	Constellium Inc.	Lead Independent Director	Yes
	Noranda Aluminum Holding Corp.	Director	Yes
	Tyhee Gold Corp.	Director	Yes
	Abitibi Bowater Inc.	Director	No
Gilles Labbé	Héroux-Devtek Inc.	President and Chief Executive Officer	Yes
	Aéro Montreal	Chair of Board of Directors	Yes
Michael Roach	Innovapost Inc.	Director	No
	Yellow Media Inc.	Director	No
Joakim Westh	SAAB AB	Director	Yes

Swedish Match AB	Director	Yes
Intrum Justitia AB	Director	Yes
Absolent AB	Director	Yes

The Board has not adopted formal guidelines on the number of other such positions its independent Directors may hold. Each Director must assess his/her own contribution and ability to contribute to the work of the Board as part of the Board's self-assessment process.

4.3 Additional information on the Directors

Within the period of five years preceding the date of this document, none of the Directors:

- (a) has had any convictions in relation to fraudulent offences;
- (b) has been a director or senior manager (who is relevant to establishing that a company has the appropriate expertise and experience for the management of that company) of any company at the time of any bankruptcy, receivership or liquidation of such company; or
- (c) has received any official public incrimination and/or sanction by any statutory or regulatory authorities (including designated professional bodies) or has been disqualified by a court from acting as a member of any administrative, management or supervisory bodies or as a director of a company or from acting in the management or conduct of the affairs of a company.

No benefit, payment or compensation of any kind is payable to any Director upon termination of his/her employment.

5. CONFLICTS OF INTEREST

None of the Directors has any potential conflicts of interest between their duties to CGI and their private interests and/or their duties to third parties.

6. BOARD PRACTICES

CGI is domiciled and incorporated in Québec, Canada and complies with: (i) the corporate governance rules of the Canadian Securities Administrators (**CSA**); and (ii) the corporate governance regime followed by US domestic companies under the NYSE listing standards.

The Board also operates in accordance with a corporate governance charter. Amongst other matters, the Board's corporate governance charter requires that a majority of Directors on the Board be independent and free from any material ties to the Company, its management and its external auditors that could, or could reasonably be perceived to, materially interfere with the Directors' ability to act in the best interests of the Company. See pages F-60-68 in Part 7 of this prospectus for more information on the Board's corporate governance charter.

7. EMPLOYEES

The Group has approximately 68,000 employees, that it calls members, across the globe.

8. MAJOR SHAREHOLDERS

Insofar as is known to the Company, as at 10 March 2014 (being the latest practicable date prior to the publication of this prospectus) the following were the only persons interested, directly or indirectly, in ten per cent. or more of CGI's voting share capital (on the basis of their disclosed holdings of shares as at 10 March 2014):

- (a) Serge Godin (Founder and Executive Chairman of the Board): owned 875,270 Class A Shares and, through his control of Distinction Capital Inc., 3727912 Canada Inc. and 9164-7586 Québec Inc., 28,577,089 Class B Shares (0.32 per cent. of the Class A Shares issued and outstanding and 85.89 per cent. of the Class B Shares issued and outstanding, representing 47.08 per cent. of the total voting rights in CGI); and
- (b) André Imbeau (Founder, Vice Chairman of the Board and Corporate Secretary): owned 267,298 Class A Shares and, through his control of 9088-0832 Québec Inc. and 9102-7003 Québec Inc., 4,275,659 Class B Shares (0.10 per cent. of the Class A Shares issued and outstanding and 12.85 per cent. of the Class B Shares issued and outstanding, representing 7.07 per cent. of the total voting rights in CGI); and
- (c) The Caisse: see immediately below.

In addition, CGI's investor relations department regularly surveys the Company's largest institutional shareholders. Based on the most recent shareholder identification data available to the Company, as at 10 March 2014, the following were the top ten institutional holders of Class A Shares:

- (d) The Caisse owned 58,174,038 Class A Shares (21.07 per cent. of the Class A Shares issued and outstanding, representing 9.55 per cent. of the total voting rights in CGI);
- (e) FMR, Inc. (Fidelity Investments) owned 28,700,000 Class A Shares (10.39 per cent. of the Class A Shares issued and outstanding, representing 4.71 per cent. of the total voting rights in CGI);
- (f) BlackRock Management & Research Company owned 13,581,714 Class A Shares (4.92 per cent. of the Class A Shares issued and outstanding, representing 2.23 per cent. of the total voting rights in CGI);
- (g) TD Asset Management, Inc. owned 7,800,000 Class A Shares (2.82 per cent. of the Class A Shares issued and outstanding, representing 1.28 per cent. of the total voting rights in CGI);
- (h) Invesco Advisers owned 7,385,935 Class A Shares (2.67 per cent. of the Class A Shares issued and outstanding, representing 1.21 per cent. of the total voting rights in CGI);
- (i) Connor Clark & Lunn Investment Management, LTD owned 6,450,000 Class A Shares (2.34 per cent. of the Class A Shares issued and outstanding, representing 1.06 per cent. of the total voting rights in CGI);
- (j) RBC Global Asset Management, Inc. owned 6,350,000 Class A Shares (2.30 per cent. of the Class A Shares issued and outstanding, representing 1.04 per cent. of the total voting rights in CGI);
- (k) Mackenzie Financial Corporation owned 6,330,562 Class A Shares (2.29 per cent. of the Class A Shares issued and outstanding, representing 1.04 per cent. of the total voting rights in CGI);
- (l) Pyramis Canada ULC owned 5,625,000 Class A Shares (2.04 per cent. of the Class A Shares issued and outstanding, representing 0.92 per cent. of the total voting rights in CGI); and
- (m) 1832 Asset Management, L.P. owned 5,055,052 Class A Shares (1.83 per cent. of the Class A Shares issued and outstanding, representing 0.83 per cent. of the total voting rights in CGI).

CGI's major shareholders, as listed above, have the same voting rights as all other holders of Class A Shares and Class B Shares.

Save for Serge Godin, whose interest in CGI's voting share capital is set out above, CGI is not aware of any person who as at 10 March 2014 (being the latest practicable date prior to publication of this prospectus), exercises or could exercise, directly or indirectly, jointly or severally, control over CGI.

9. SIGNIFICANT CHANGE IN CGI'S FINANCIAL OR TRADING POSITION

There has been no significant change in CGI's financial or trading position since 31 December 2013, being the end of the three month period from 30 September 2013 to 31 December 2013 to which CGI's interim financial information on Form 6-K relates. The Form 6-K was filed with the SEC on 29 January 2014.

10. SHARE CAPITAL

The Company has four classes of shares: (i) Class A Shares; (ii) Class B Shares; (iii) First Preferred Shares; and (iv) Second Preferred Shares. All of these shares have no par value. The currency of the Class A Shares listed on: (i) the NYSE is US dollars and (ii) the TSE is Canadian dollars.

There are no restrictions on the free transferability of the Class A Shares or the Class B Shares.

CGI's shares (and the associated rights of CGI's shareholders) are created under a combination of the Business Corporations Act (Québec) and CGI's articles of association (the **Articles of Association**).

CGI has the authority to allot an unlimited number of Class A Shares, Class B Shares, First Preferred Shares and/or Second Preferred Shares.

As at 10 March 2014 (being the latest practicable date prior to publication of this prospectus), there were a total of approximately 276,115,095 Class A Shares and 33,272,767 Class B Shares in issue and no First Preferred Shares or Second Preferred Shares in issue. As at 10 March 2014 (being the latest practicable date prior to publication of this prospectus), CGI does not hold any Class A Shares or Class B Shares. There are no First Preferred Shares or Second Preferred Shares in issue.

11. RELATED PARTY TRANSACTIONS

All related party information for the financial years ended 30 September 2012 and 2011 is set out on pages F-541 and F-748-749 of the documents incorporated by reference into this prospectus (see Part 6, *Documents Incorporated by Reference*).

Save as set out above, no related party transactions between any member of the Group and a related party (as defined under the International Financial Reporting Standards) (**Related Party Transactions**) were entered into during the financial years ended 30 September 2012 and 2011.

No Related Party Transactions were entered into during the financial year ended 30 September 2013 or during the period between 1 October 2013 and 10 March 2014 (being the latest practicable date prior to publication of this prospectus).

12. ARTICLES OF ASSOCIATION AND BY-LAWS

CGI was incorporated on 29 September 1981 under Part IA of the Companies Act (Québec), the predecessor to the Business Corporations Act (Québec). The Company continued the activities of Conseillers en gestion et informatique CGI inc., which was originally founded in 1976. The Company is registered under the registration number 1850-8523. The Business Corporations Act (Québec), along with the Company's by-law 1986-5 (the **By-Laws**) and the Articles of Association, governs the Company.

The following is a summary of certain provisions of the By-Laws and the Articles of Association. This summary does not purport to be complete and is qualified in its entirety by the full terms of the By-Laws and the Articles of Association.

12.1 Corporate Purpose

There are no limits imposed on the business activities of the Company.

12.2 Share Capital

The Company's authorised share capital consists of an unlimited number of First Preferred Shares, issuable in series, an unlimited number of Second Preferred Shares, issuable in series, an unlimited number of Class A Shares and an unlimited number of Class B Shares, all without par value, of which, as of 10 March 2014 (being the latest practicable date prior to publication of this prospectus), 276,115,095 Class A Shares and 33,272,767 Class B Shares were issued and outstanding. There are no First Preferred Shares or Second Preferred Shares in issue.

Class A Shares and Class B Shares

Voting Rights

The holders of Class A Shares are entitled to one vote per share and the holders of Class B Shares are entitled to ten votes per share. As of 10 March 2014 (being the latest practicable date prior to publication of this prospectus), 45.4 per cent. and 54.6 per cent. of the aggregate voting rights are attached to the outstanding Class A Shares and Class B Shares, respectively.

Subdivision or Consolidation

The Class A Shares or Class B Shares may not be subdivided or consolidated unless simultaneously the Class B Shares or the Class A Shares, as the case may be, are subdivided or consolidated in the same manner and in such an event, the rights, privileges, restrictions and conditions then attaching to the Class A Shares and Class B Shares shall also attach to the Class A Shares and Class B Shares as subdivided or consolidated.

Rights upon Liquidation

Upon liquidation or dissolution of the Company or any other distribution of its assets among its shareholders for the purposes of winding up its affairs, all the assets of the Company available for payment or distribution to the holders of Class A Shares and holders of Class B Shares will be paid or distributed equally, share for share.

Conversion Rights of Class A Shares in Specific Circumstances

If a takeover bid or exchange bid or an issuer bid, other than an exempt bid, for the Class B Shares is made to the holders of Class B Shares without being made simultaneously and on the same terms and conditions to the holders of Class A Shares, each Class A Share shall become convertible into one Class B Share, at the holder's option, in order to entitle the holder to accept the offer from the date it is made. However, this right of conversion shall be deemed not to come into effect if the offer is not completed by its offeror or if the senior executives and full-time employees of the Group and any corporate entity under the control of one or more of such senior executives, as owners, as a group, of more than 50 per cent. of the outstanding Class B Shares, do not accept the offer. The Articles of Association contain a complete description of the types of bids giving rise to the rights of conversion, provide certain procedures to be followed to perform the conversion and stipulate that upon such a bid, the Company or the transfer agent will communicate in writing to the holders of Class A Shares full details as to the bid and the manner of exercising the right of conversion.

Conversion of Class B Shares

Each Class B Share may, from time to time, at the holder's option, be converted into one Class A Share.

Issue of Class B Shares

The Articles of Association provide for pre-emptive rights in favour of holders of Class B Shares. Therefore, the Company may not issue Class A Shares or securities convertible into Class A Shares without offering, in the manner determined by the Board, to each holder of Class B Shares, pro rata to

the number of Class B Shares it holds, the right to subscribe concurrently with the issue of Class A Shares or of securities convertible into Class A Shares, as the case may be, an aggregate number of Class B Shares or securities convertible into Class B Shares, as the case may be, sufficient to fully maintain its proportion of voting rights associated with the Class B Shares. The consideration to be paid for the issuance of each Class B Share or security convertible into Class B Shares, as the case may be, shall be equal to the issue price of each Class A Share or security convertible into Class A Shares then issued.

The pre-emptive rights do not apply in the case of the issuance of Class A Shares or securities convertible into Class A Shares:

- (a) in payment of stock dividends;
- (b) pursuant to the stock option plans or share purchase plans of the Company;
- (c) further to the conversion of Class B Shares into Class A Shares pursuant to the Articles of Association; or
- (d) further to the exercise of the conversion, exchange or acquisition rights attached to securities convertible into Class A Shares.

Any holder of Class B Shares may assign its pre-emptive rights to other holders of Class B Shares.

Dividends

The Class A Shares and Class B Shares participate equally, share for share, in any dividend which may be declared, paid or set aside for payment thereon.

In the 2013 fiscal year, considering, among other matters, the needs for reinvestment in the Company's operations, the scope of investment projects, the repayment of the Company's debt, and the repurchase of outstanding Class A Shares under the Company's normal course issuer bid, the Board determined that the Company would not pay a dividend. The Board re-evaluates its dividend policy annually.

Amendments

The rights, privileges, conditions and restrictions attaching to the Class A Shares or Class B Shares may respectively be amended if the amendment is authorised by at least two-thirds of the votes cast at a meeting of holders of Class A Shares and Class B Shares duly convened for that purpose. However, if the holders of Class A Shares as a class or the holders of Class B Shares as a class were to be affected in a manner different from that of the other classes of shares, such amendment shall, in addition, be authorised by at least two thirds of the votes cast at a meeting of holders of shares of the class of shares so affected in a different manner.

Rank

Except as otherwise stated herein, each Class A Share and each Class B Share carry the same rights, rank equally in all respects and are to be treated by the Company as if they constituted shares of a single class.

First Preferred Shares

The First Preferred Shares may be issued from time to time in one or more series and the Board has the right to determine, by resolution, the designation, rights, privileges, restrictions and conditions attaching to each series. The First Preferred Shares of each series rank equal to the First Preferred Shares of all other series and rank prior to the Second Preferred Shares, the Class A Shares and Class B Shares with respect to payment of dividends and repayment of capital. The holders of First Preferred Shares are entitled to receive notice of and attend any shareholders' meetings and are entitled to one

vote per share. As of 10 March 2014 (being the latest practicable date prior to publication of this prospectus), there were no First Preferred Shares outstanding.

Second Preferred Shares

The Second Preferred Shares may be issued from time to time in one or more series and the Board has the right to determine, by resolution, the designation, rights, privileges, restrictions and conditions attaching to each series. The Second Preferred Shares of each series rank equal to all other Second Preferred Shares of all other series and rank prior to the Class A Shares and Class B Shares with respect to payment of dividends and repayment of capital. The Second Preferred Shares are non-voting. As of 10 March 2014 (being the latest practicable date prior to publication of this prospectus), there were no Second Preferred Shares outstanding.

12.3 Share Capital – Record Date

The Board may set a future date not more than 60 days before the date of any shareholders' meeting of the Company or the date set for payment of a dividend or granting of rights as being the record date for determining which shareholders are entitled to receive notice of the holding or adjournment of such shareholders' meetings, receive payment of such dividends or be attributed such rights so that only the shareholders registered upon close on business on the date set shall be entitled to receive notice of and to vote at such meetings, receive payment of such dividends or be attributed such rights, as the case may be, and this notwithstanding any share transfer in the records of the Company after the said record date.

12.4 Shareholders' Meetings

Time and Place of Annual Meetings

The annual shareholders' meeting of the Company will be held at the time and place determined by the Board.

Special Meetings

Special general shareholders' meetings may at all times be called by order of the Founder and Executive Chairman of the Board, the President and Chief Executive Officer or, in their absence, by order of any member of the executive committee of the Company. The special general shareholders' meetings will be held at the time and place determined by the Board, or at any other place where all of the shareholders of the Company entitled to vote at such meetings are present in person or represented by proxy, or at any other place approved in writing by at least three shareholders of the Company.

Notice of Meetings

A notice stating the time, place and purpose of any shareholders' meeting must be given to all shareholders entitled to receive such notice, or sent to them by mail in a stamped envelope; such notice must be sent to their last known address no less than 21 days but no more than 50 days before the date set for the meeting. If a share is jointly held, any notice of meeting must be sent to the person first mentioned in the records as being one of the holders, and a notice thus given will be valid for all joint holders. No irregularity in the notice of meeting or manner in which it was given, no unintentional failure to send a notice of meeting to a shareholder, and no failure on the part of a shareholder to receive such notice shall invalidate any resolution passed, or action or measure taken, at the meeting in question.

Quorum, Vote and Adjournments

Two people who, in person or by proxy, represent 35 per cent. of the outstanding shares in the share capital of the Company carrying the right to vote at the meeting will constitute the quorum needed to transact business at any shareholders' meeting. All matters submitted to the shareholders' meeting will be decided by a majority vote and constitute measures taken by all shareholders.

If a quorum has not been reached, the shareholders who are present in person and are entitled to be counted for the purposes of reaching the quorum have the power to adjourn any shareholders' meeting to any other time or place, without further notice other than a mention at the meeting, and this until such time as a quorum is reached. Any matter that could have been validly dealt with at a meeting prior to its adjournment may be dealt with at the adjourned meeting, provided a quorum is present.

Right to Vote and Proxy

Votes may be cast either in person or by proxy. At any shareholders' meeting, each shareholder present who is entitled to vote at that meeting may cast one vote if the vote is taken by a show of hands; for an election by ballot, each shareholder who is entitled to vote and is present in person or represented by proxy at such meeting may cast one vote per Class A Share and ten votes per Class B Share that is registered to his name in the records of the Company at the time of the meeting or on the record date, if one has been set. Prior to or immediately after the result of the vote by show of hands is declared, any shareholder or proxyholder may demand that a vote be taken by ballot. If a share is jointly held, the vote cast by the holder who votes either in person or by proxy whose name appears first in the records of the Company shall be accepted to the exclusion of all other joint holders' votes.

12.5 Board of Directors

Number

Subject to subsequent amendments that may be made to the applicable legislation, the Board shall consist of no less than three individuals and no more than 20 individuals.

Election and Term of Office

Each Director must be elected at an annual shareholders' meeting. That election will be carried out by a show of hands unless a ballot is demanded. Each Director elected will hold office until the next annual shareholders' meeting or until that Director's successor is duly elected or appointed, unless the office is vacated earlier.

Quorum

The Directors may from time to time set the quorum for meetings of the Board, but until such time as a number is thus set, five directors will constitute the quorum needed to transact business at any meeting of the Board.

Meetings of Directors

Immediately after each annual shareholders' meeting, the Directors elected and then present will meet without prior notice and, if a quorum is present, they will appoint the officers of the Company and deal with any other item on the agenda.

Meetings of the Board may at all times be called by or at the order of the Founder and Executive Chairman of the Board, the President and Chief Executive Officer or a majority of the Board.

Notice of Meetings

A notice of any meeting of the Board indicating the time and place thereof shall be sent to each Director to his usual place of residence or business at least two clear days prior to the meeting date. Such notice shall be sent by mail in a stamped envelope, transmitted by telegram, telex or cable or delivered personally to its recipient.

In any case where the Founder and Executive Chairman of the Board, the President and Chief Executive Officer or a majority of the Board considers it urgent that a meeting of the Board be called, such a meeting may be called on notice of no less than 12 hours to each of the Directors by any means

deemed most appropriate under the circumstances, and such notice shall be deemed sufficient for the meeting thus called.

No irregularity in the notice of meeting or manner in which it was given, no unintentional failure to send a notice of meeting to a shareholder, and no failure on the part of a shareholder to receive such notice shall invalidate any resolution passed, or action or measure taken, at that meeting.

Meeting Chairman

The Founder and Executive Chairman of the Board shall chair all meetings of the Board. In his absence, the meeting shall be chaired by the President and Chief Executive Officer. In the absence of the President and Chief Executive Officer, any Director selected by a majority of the members of the Board shall chair the meeting.

Votes

Any matter put to the vote at a meeting of the Board shall be decided by a majority of the votes cast. In the case of a tie, the meeting Chairman shall not be entitled either to a second vote or a deciding vote.

Indemnification

The Board may, to the benefit of the Directors, officers, their predecessors or any other person who has assumed or is on the verge of assuming a responsibility on behalf of the Company or any company controlled by the Company, take out an insurance policy covering their liability for having acted as a Director or officer of the Company, with the exception of any liability arising from their own negligence or a personal offence separable from the performance of their duties.

Executive Committee

The Board may choose, from among its members, an executive committee consisting of at least three Directors; the executive committee shall always include the Founder and Executive Chairman of the Board and the President and Chief Executive Officer.

Each member of the executive committee shall remain in office until such time as the Board decides otherwise.

The executive committee has and may at all times exercise all of the powers of the Board, subject only to any relevant provisions of applicable legislation and the restrictions that the Board may impose from time to time.

The Board may from time to time adopt by-laws relating to the executive committee, the calling and holding of its meetings and the procedure to be followed thereat.

Power to Allot Shares and Grant Options

The shares of the Company shall at all times be under the control of the Directors who may, by resolution, agree to accept subscriptions therefor as well as to allot and issue same, grant options in respect of unissued shares of the Company and otherwise dispose of all or part of such shares to the Directors, officers, employees, persons, firms, companies or corporations under such conditions and for such consideration as does not run contrary to the law or the Articles of Association, and this at whatever times the Directors may determine.

13. MATERIAL CONTRACTS

The following is a summary of each contract (not being a contract entered into in the ordinary course of business) that has been entered into by any member of the Group: (a) within the two years immediately preceding the date of this document which is, or may be, material to the Group; or (b) at any time

which contains obligations or entitlements which are, or may be, material to the Group as at the date of this document:

Logica Subscription Agreement: CGI and the Caisse entered into a subscription agreement on 31 May 2012 pursuant to which CGI issued to the Caisse 46,707,146 subscription receipts exchangeable into new Class A Shares on completion of the acquisition of Logica plc. The subscription agreement contains among its terms and conditions: (i) customary representations and warranties by the Company to the Caisse; and (ii) an indemnity from the Company in favour of the Caisse in respect of breaches of covenants or representations and warranties by the Company and in respect of orders, investigations or other proceedings prohibiting, restricting or materially affecting the trading or distribution of the subscription receipts or underlying shares. The representations, warranties and indemnities will be in effect until 20 August 2014, except for customary exceptions for tax matters and in the case of fraud.

14. AUDITORS

Ernst & Young LLP of 800 boul Rene-Levesque West, Suite 1900, Montréal, QC, H3B 1X9, Canada has issued:

- (a) an audit report dated 13 November 2013 with respect to: (i) the consolidated balance sheets as at 30 September 2013 and 2012 and the consolidated statements of earnings, comprehensive income, changes in equity and cash flows for the years ended 30 September 2013 and 2012; and (ii) the effectiveness of CGI's internal control over financial reporting as at 30 September 2013, included in the Annual Report on Form 40-F for the year ended 30 September 2013 (the **Form 40-F 2013**) on pages F-146-148;
- (b) an audit report dated 27 November 2012 with respect to: (i) the consolidated balance sheets as at 30 September 2012 and 2011, and 1 October 2010 and the consolidated statements of earnings, comprehensive income, changes in equity and cash flows for the years ended 30 September 2012 and 2011; and (ii) the effectiveness of CGI's internal control over financial reporting as at 30 September 2012, included in the Annual Report on Form 40-F 2012 which is incorporated by reference into this prospectus (see Part 6, *Documents Incorporated by Reference*); and
- (c) an audit report dated 9 November 2011, with respect to: (i) the consolidated balance sheets as at 30 September 2011 and 2010 and the consolidated statements of earnings, comprehensive income, retained earnings and cash flows for each of the years in the two-year period ended 30 September 2011; and (ii) the effectiveness of CGI's internal control over financial reporting as at 30 September 2011, included in the Annual Report on Form 40-F for the year ended 30 September 2011 (the **Form 40-F 2011**) which is incorporated by reference into this prospectus (see Part 6, *Documents Incorporated by Reference*).

Ernst & Young LLP is an independent registered public accounting firm, registered with the Public Company Accounting Oversight Board (United States) (**PCAOB**). Ernst & Young LLP conducted the above audits of: (i) CGI's internal control over financial reporting in accordance with the standards of the PCAOB; and (ii) CGI's consolidated financial statements in accordance with the standards of the PCAOB and Canadian Generally Accepted Auditing Standards.

Ernst & Young LLP has audited the consolidated balance sheets of CGI and its subsidiaries as of 30 September 2013, 2012 and 2011 and the related consolidated statements of earnings, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended 30 September 2013, 2012 and 2011.

Ernst & Young LLP has reviewed the interim condensed consolidated financial statements, consisting of the interim condensed consolidated balance sheets as at 31 December 2013 and 30 September 2013 and the interim condensed consolidated statements of earnings, comprehensive income, changes in equity and cash flows for the three-month periods ended 31 December 2013 and 2012 on Form 6-K in

accordance with Canadian generally accepted standards and the standards of the PCAOB for a review of interim financial statements by an entity's auditor.

15. WORKING CAPITAL

CGI is of the opinion that, taking into account its borrowing facilities, the working capital available to the Group is sufficient for its present requirements, that is, for at least the next 12 months from the date of this document.

16. CAPITALISATION AND INDEBTEDNESS

The capitalisation and indebtedness of CGI is set forth below on an unaudited basis as at 31 December 2013. The information set forth in the tables below should be read in conjunction with Part 6 Section 2 of this prospectus.

16.1 Cash and Current Debt

The table below sets out the Group's cash and current debt as at 31 December 2013.

	As at 31 December 2013 (Canadian dollars thousands)
Cash and cash equivalent	206,144
Total current debt	558,879
Secured	0
Unsecured	558,879

16.2 Capitalisation

The table below sets out the Group's capitalisation as at 31 December 2013.

	As at 31 December 2013 (Canadian dollars thousands)
Total non-current debt (excluding current portion of long-term debt)	2,567,367
Secured	-
Unsecured	2,567,367
Shareholder's equity:	
Accumulated other comprehensive income (loss)	263,782
Contributed surplus	148,481
Share capital	2,191,593
Share premium	-
Treasury shares	-
Share based payment compensation reserve	-
Translation reserve	-
Total	5,171,223

Since 31 December 2013 there has been no material change in the capitalisation of the Group.

16.3 Net Indebtedness

The following table sets out the Group's net financial indebtedness as at 31 December 2013.

	As at 31 December 2013 (Canadian dollars thousands)
Cash	205,500

Cash equivalents	644
Trading securities	364
Liquidity	206,508
Current bank debt	486,746
Current portion of non-current debt.....	45,241
Other current financial debt	26,892
Current financial debt.....	558,879
Net current financial indebtedness.....	352,371
Non-current bank loans.....	2,537,012
Other non-current loans	30,355
Non-current financial indebtedness	2,567,367
Net financial indebtedness.....	2,919,738

As at 31 December 2013, the Group had no material indirect and contingent indebtedness.

For further information on the Group's liquidity and capital resources as at 31 December 2013, see pages F299 - 303 in Part 7 of this prospectus. Since 31 December 2013, there has been no material change in: (i) the Group's liquidity, (ii) the anticipated sources of funding needed to fulfil the Group's commitments, (iii) the level of the Group's borrowings, (iv) the Group's borrowing requirements, or (v) the Group's indebtedness.

17. THE OFFER, TRADING AND DEALING ARRANGEMENTS

The offer(s), the subject of this prospectus, are not made to the general public or to any person other than eligible employees of the Group located in the United Kingdom, Belgium, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Hungary, Luxembourg, the Netherlands, Norway, Poland, Portugal, the Slovak Republic, Spain and Sweden. Only such eligible employees of the Group may acquire Class A Shares pursuant to this prospectus, in accordance with the plan documents of the Share Purchase Plan.

No new Class A Shares (or any other securities of CGI) will be issued in connection with this prospectus. All Class A Shares which are available to be purchased by the Plan Administrator have either: (i) been registered with the SEC and are trading on the NYSE or (ii) are trading on the TSE. The ISIN number for the Class A Shares is CA39945C1095. No Class A Shares (or any other securities of CGI) are listed or admitted to trading on a regulated market within the EEA. As at the date of this prospectus, there is no intention to make an application for the Class A Shares to be listed or admitted to trading on any such EEA regulated market.

18. PROSPECTUS AND PASSPORTING

You can obtain a copy of the prospectus and the documents incorporated by reference herein free of charge from the Company's website at www.cgi.com/en/eea-spp-prospectus.

This prospectus will be passported, pursuant to Article 17 of the Prospectus Directive, into Belgium, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Hungary, Luxembourg, the Netherlands, Norway, Poland, Portugal, the Slovak Republic, Spain and Sweden. A list of the names of the regulators in each of these jurisdictions is set out in Part 4 of this prospectus.

19. REASONS FOR THE OFFER, EXPENSES AND USE OF PROCEEDS

The purpose of the Share Purchase Plan is to encourage employee share ownership by offering eligible employees of the Group the ability to purchase Class A Shares via salary deductions matched by Company contributions. CGI believes that the Share Purchase Plan offers a convenient means for employees of the Group who might not otherwise own Class A Shares to purchase and hold Class A Shares and that the matching Company contribution feature of the Share Purchase Plan offers a meaningful incentive for eligible employees to participate. CGI also believes that the continuing economic interests of participating employees, as shareholders, in CGI's performance will provide

additional incentives for such employees to contribute to the Group's potential for growth and profitability.

The total costs, charges and expenses incurred by CGI in preparing this prospectus and in connection with the offer of Class A Shares under the Share Purchase Plan are estimated to be £225,000.

The number of Class A Shares purchased on the open market under the Share Purchase Plan will depend on a number of factors including the level of employee participation in the Share Purchase Plan, the amount of the contributions made by Participants and the Company under the Share Purchase Plan and the value of Class A Shares at the time of purchase. As the offer(s) relate solely to the purchase by Group employees of Class A Shares already trading on the NYSE or the TSE and not the issue of shares of any class by CGI, no proceeds will be raised by CGI in respect of the offer(s) contained in this prospectus.

20. CGI'S PUBLIC FILINGS

The Company is required to publish and file documents and information with the CSA and the SEC. CGI's filings with the CSA and SEC are available through the Company's website at <http://www.cgi.com>. The Company's public filings are also available through the SEC's website at <http://www.sec.gov> and through the CSA's website at www.sedar.com.

Save as expressly provided in this prospectus, neither the content of the Company's website, the SEC's website or the CSA's website (or any other website) nor the content of any website accessible from hyperlinks on the Company's website, the SEC's website or the CSA's website (or any other website) is incorporated into, or forms part of, this prospectus and employees should not rely on it.

21. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of Freshfields Bruckhaus Deringer LLP (English legal advisers to the Company), 65 Fleet Street, London, EC4Y 1HS:

- (a) the Articles of Association;
- (b) the By-Laws;
- (c) the Form 6-K;
- (d) the review report prepared by Ernst & Young LLP in connection with the interim financial information as at and for the three month period ended 31 December 2013 on the Form 6-K (the **Review Report**);
- (e) Notice of Annual General Meeting of Shareholders and Management Proxy Circular relating to the Annual General Meeting of Shareholders held on 29 January 2014 (the **Proxy Statement**);
- (f) the Form 40-F 2013;
- (g) the Form 40-F 2012;
- (h) the Form 40-F 2011; and
- (i) this prospectus.

22. LEGAL AND ARBITRATION PROCEEDINGS

There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which CGI is aware) during a period covering at least the previous

12 months from the date of this prospectus which may have, or have had in the recent past, significant effects on CGI's and/or the Group's financial position or profitability.

PART 2: SUMMARY OF TAX CONSIDERATIONS

Terms defined in the Share Purchase Plan have the same meanings in this Part 2 unless the context indicates otherwise.

BELGIUM TAX CONSEQUENCES

The following is a general summary description of the tax consequences of your participation in the Share Purchase Plan (the **Share Purchase Plan**) of CGI Group Inc. (**CGI**) and its subsidiaries (together the **Group**).

This description is based on the tax and other laws concerning equity awards in effect in your country as at 10 March 2014. Such laws are often complex and change frequently. As a result, the information contained in this prospectus may be out of date at the time you acquire Class A subordinate voting shares in CGI (**Class A Shares**) under the Share Purchase Plan or sell Class A Shares you acquire under the Share Purchase Plan.

In addition, this description does not discuss all of the various laws, rules and regulations that may apply. It may not apply to your particular tax or financial situation, and the Group is not in a position to assure you of any particular tax result. **Accordingly, you are strongly advised to seek appropriate professional advice as to how the tax or other laws in your country apply to your specific situation.**

If you are a citizen or resident of another country, transfer employment after you acquire Class A Shares under the Share Purchase Plan, or are considered a resident of another country for local law purposes, the information contained in this description may not apply to you.

Note: The particular terms of the Share Purchase Plan are set forth in the applicable plan documents and the application form which you must complete and send to CGI in order to participate in the Share Purchase Plan (the **Plan Documents**). If there is an inconsistency between the description below and the Plan Documents, the Plan Documents will govern. As stated in the Plan Documents, the ability to participate in the Share Purchase Plan is not a contract or a guarantee of continued employment. Employment is and always will be on the basis provided for in your employment agreement, if any. The Share Purchase Plan is not part of your salary and will not be included in calculations of any severance payments that may be payable upon termination of employment.

THE SHARE PURCHASE PLAN

Enrollment in the Share Purchase Plan

The fact of enrolling in the Share Purchase Plan will not in itself subject you to tax. Please read below for other tax considerations applicable to the Share Purchase Plan.

The Employer's Contribution

You may be subject to personal income tax on your employer's contribution to the Share Purchase Plan on your behalf at the moment of the payment of such contribution to the administrator of the Share Purchase Plan (the **Plan Administrator**). Your employer reserves the right to withhold or deduct social security contributions in respect of the employer's contributions if and to the extent any such social security contributions are due.

Sale of Shares

When you subsequently sell your Class A Shares purchased under the Share Purchase Plan, you should, as a rule, not be subject capital gains tax.

Dividends

If you hold or the Plan Administrator holds for your account Class A Shares and CGI declares a dividend on the Class A Shares, you will be subject to income tax on the declared dividend, even though the dividends paid on the Class A Shares purchased under the Share Purchase Plan are automatically reinvested in Class A Shares. The dividend should be declared in your personal income tax return. To the extent that the dividend is subject to Canadian withholding tax, the Canadian tax withheld is deductible from the basis on which Belgian tax is calculated but cannot be credited against the Belgian tax.

Withholding and Reporting

Your employer reserves the right to withhold income tax, if it deems that withholding tax is due, and to report the income (and the amount of withholding levied, if any) on your salary slip. If your employer is not obliged to report the remuneration on your salary forms or to impose a withholding tax, you will be solely responsible for reporting the income in your personal income tax return.

If you are a Belgian resident, you are required to report any security or bank account (including any brokerage accounts) that you maintain outside of Belgium on your annual personal income tax return.

Social Security

Your employer reserves the right to withhold social insurance contributions in respect of the employer's contribution if it deems that withholding is due. If your employer is not obliged to withhold social insurance contributions, you will be solely responsible for paying any social insurance contributions due.

CZECH REPUBLIC TAX CONSEQUENCES

The following is a general summary description of the tax consequences of your participation in the Share Purchase Plan (the **Share Purchase Plan**) of CGI Group Inc. (**CGI**) and its subsidiaries (together the **Group**).

This description is based on the tax and other laws concerning equity awards in effect in your country as at 10 March 2014. Such laws are often complex and change frequently. As a result, the information contained in this prospectus may be out of date at the time you acquire Class A subordinate voting shares in CGI (**Class A Shares**) under the Share Purchase Plan or sell Class A Shares you acquire under the Share Purchase Plan.

In addition, this description does not discuss all of the various laws, rules and regulations that may apply. It may not apply to your particular tax or financial situation, and the Group is not in a position to assure you of any particular tax result. **Accordingly, you are strongly advised to seek appropriate professional advice as to how the tax or other laws in your country apply to your specific situation.**

If you are a citizen or resident of another country, transfer employment after you acquire Class A Shares under the Share Purchase Plan, or are considered a resident of another country for local law purposes, the information contained in this description may not apply to you.

Note: The particular terms of the Share Purchase Plan are set forth in the applicable plan documents and the application form which you must complete and send to CGI in order to participate in the Share Purchase Plan (the **Plan Documents**). If there is an inconsistency between the description below and the Plan Documents, the Plan Documents will govern. As stated in the Plan Documents, the ability to participate in the Share Purchase Plan is not a contract or a guarantee of continued employment. Employment is and always will be on the basis provided for in your employment agreement, if any. The Share Purchase Plan is not part of your salary and will not be included in calculations of any severance payments that may be payable upon termination of employment.

THE SHARE PURCHASE PLAN

Enrollment in the Share Purchase Plan

The fact of enrolling in the Share Purchase Plan will not in itself subject you to tax. Please read below for other tax considerations applicable to the Share Purchase Plan.

The Employer's Contribution

As your eligibility to participate in the Share Purchase Plan is dependent upon your employment by a Group company, your employer's contribution on your behalf to the administrator of the Share Purchase Plan (the **Plan Administrator**) will be considered employment-related income and as such Czech personal income tax will be due on the amount of the fair market value of any Class A Shares which are purchased by the Plan Administrator for your account using the employer's contribution (together with the value of any cash payment relating to fractional Class A Share entitlements, if any) (the **taxable amount**) at the moment when the Class A Shares are purchased for your account under the Share Purchase Plan (or, in relation to fractional entitlements, when you receive a cash payment equal to the value of the fractional Class A Shares).

The taxable amount will be subject to a flat income tax rate of 15 per cent. In addition, as the costs of the Share Purchase Plan will be borne by your local Czech employer, social security and/or health insurance contributions will be payable by the employer in respect of the taxable amount at a rate of 34 per cent., which will have the effect of increasing the amount of the taxable amount, resulting in an effective personal income tax rate of 20.1 per cent. The taxable amount may also be subject to social security contributions of 6.5 per cent. and health insurance contributions of 4.5 per cent. payable by you, depending upon whether applicable ceilings for contributions have been met.

The taxable amount may be further subject to a solidarity tax surcharge at the rate of 7 per cent., if the sum of your total annual employment income and the partial tax base from self-employment activities (if relevant) exceeds a maximum assessment base for calculating the social security contributions (i.e. CZK 1,245,216 for 2014).

Sale of Shares (Purchased prior to 1 January 2014)

When you subsequently sell your Class A Shares acquired under the Share Purchase Plan, any gain will not be subject to tax, provided that: (i) your total shareholding or voting rights in CGI (whether held directly by you or by the Plan Administrator for your account) does not exceed 5 per cent. of the total registered share capital of CGI during the last 24 months prior to the date of sale of the Class A Shares; and (ii) you have held your shares for a period exceeding six months.

If you hold or the Plan Administrator holds for your account the Class A Shares for six months or less (or for five years or less if your shareholding or voting rights in CGI exceeded 5 per cent. of the total registered share capital of CGI), you will be taxed on the difference between: (i) the proceeds from the sale of the Class A Shares and (ii) the sum of the purchase price (fair market value) of such Class A Shares and other expenses relating to the Class A Shares sold (including brokerage fees).

Sale of Shares (Purchased after 1 January 2014)

When you subsequently sell your Class A Shares acquired under the Share Purchase Plan, any gain will not be subject to tax, provided that you have held your shares for a period exceeding three years.

If you hold or the Plan Administrator holds for your account the Class A Shares for three years or less and your total income from the sale of Class A Shares exceeds CZK 100,000 in any one calendar year, you will be taxed on the difference between: (i) the proceeds from the sale of the Class A Shares and (ii) the sum of the purchase price (fair market value) of such Class A Shares and other expenses relating to the Class A Shares sold (including brokerage fees).

Dividends

If you hold, or the Plan Administrator holds for your account, Class A Shares and CGI declares a dividend on the Class A Shares, you will be subject to income tax on dividends that you receive, even though dividends paid on the Class A Shares are automatically reinvested in Class A Shares. The dividends will be subject to personal income tax in the Czech Republic and to Canadian withholding tax. You may be entitled to credit Canadian withholding tax against Czech income tax, provided that certain conditions are met.

Withholding and Reporting

Your employer will be responsible for withholding payment of income tax and social security and health insurance contributions in respect of the employer's contribution when Class A Shares are purchased under the Share Purchase Plan for your account. It is your own responsibility to report in your annual personal income tax return and pay taxes resulting from the subsequent sale of Class A Shares and the receipt of any dividends. Generally, any such personal income tax return is due by 1 April of the calendar year following the year of a sale of Class A Shares (where not exempt from capital gain, as explained above) and/or the receipt of any dividends (unless this deadline is extended until 1 July or later in accordance with Czech law).

DENMARK TAX CONSEQUENCES

The following is a general summary description of the tax consequences of your participation in the Share Purchase Plan (the **Share Purchase Plan**) of CGI Group Inc. (**CGI**) and its subsidiaries (together the **Group**).

This description is based on the tax and other laws concerning equity awards in effect in your country as at 10 March 2014. Such laws are often complex and change frequently. As a result, the information contained in this prospectus may be out of date at the time you acquire Class A subordinate voting shares in CGI (**Class A Shares**) under the Share Purchase Plan or sell Class A Shares you acquire under the Share Purchase Plan.

In particular, employees participating in the Share Purchase Plan are advised that there is uncertainty surrounding the treatment of trust arrangements under Danish tax law, which may mean that this description is inapplicable or particularly vulnerable to changes in practice or interpretation. In addition, this description does not discuss all of the various laws, rules and regulations that may apply. It may not apply to your particular tax or financial situation, and the Group is not in a position to assure you of any particular tax result. **Accordingly, you are strongly advised to seek appropriate professional advice as to how the tax or other laws in your country apply to your specific situation.**

If you are a citizen or resident of another country, transfer employment after you acquire Class A Shares under the Share Purchase Plan, or are considered a resident of another country for local law purposes, the information contained in this description may not apply to you.

Note: The particular terms of the Share Purchase Plan are set forth in the applicable plan documents and the application form which you must complete and send to CGI in order to participate in the Share Purchase Plan (the **Plan Documents**). If there is an inconsistency between the description below and the Plan Documents, the Plan Documents will govern. As stated in the Plan Documents, the ability to participate in the Share Purchase Plan is not a contract or a guarantee of continued employment. Employment is and always will be on the basis provided for in your employment agreement, if any. The Share Purchase Plan is not part of your salary and will not be included in calculations of any severance payments that may be payable upon termination of employment.

THE SHARE PURCHASE PLAN

Enrollment in the Share Purchase Plan

The fact of enrolling in the Share Purchase Plan will not in itself subject you to tax. Please read below for other tax considerations applicable to the Share Purchase Plan.

The Employer's Contribution

You will be subject to tax on the employer's contribution to the administrator of the Share Purchase Plan (the **Plan Administrator**) on your behalf. Liability to tax will arise at the point in time at which you acquire the definitive legal right to the contributions made by the employer, which, under the Share Purchase Plan, will be the date the contributions are paid from the employer to the Plan Administrator.

The amount of the employer's contribution will be taxed as personal income at the personal tax rate applicable to you (a maximum rate of 55.56 per cent. in 2014, including labour market contributions but excluding applicable church tax).

Shares Held on Trust / Sale of Shares

The treatment of the Class A Shares for Danish tax purposes will depend upon whether the Plan Administrator is treated as a deposit entity (such as a bank) or is considered to be a transparent, financial investment entity, subject to special regulation. Certain features of the trust structure, including: (i) that the Plan Administrator will be registered as the owner of the Class A Shares on

behalf of each employee; (ii) that each employee will be able to vote the Class A Shares held for his or her account; and (iii) that employees are entitled to request that the Class A Shares held by the Plan Administrator be transferred to them, indicate that the Plan Administrator will most likely be considered to be a deposit entity under Danish tax law.

Assuming that the Plan Administrator is treated as a deposit entity under Danish tax law, you will be liable to share income tax in respect of any capital gains that you make when you sell Class A Shares purchased for your account under the Share Purchase Plan (i.e. you will be taxable on the difference between the sale price and the price of the Class A Shares at the time of purchase). In 2014, the applicable rates for share income tax are 27 per cent. on capital gains up to a threshold of DKK 49,200 and 42 per cent. on any capital gains exceeding that threshold. Losses on listed shares can only be deducted from income from listed shares and only to the extent that the Danish tax authorities have been informed of the acquisition of the shares.

Dividends

Assuming that the Plan Administrator is considered to be a deposit entity as a matter of Danish tax law, if you hold or the Plan Administrator holds for your account Class A Shares and CGI declares a dividend on the Class A Shares, you will be subject to income tax on dividends that you receive, even though the dividends paid on the Class A Shares purchased under the Share Purchase Plan are automatically reinvested in Class A Shares. The dividends will be subject to tax in Denmark as share income. However, dividends will be subject to Canadian withholding tax. You may be entitled to a Danish tax credit for the Canadian withholding tax paid, provided certain conditions are met.

Withholding and Reporting

Your employer is likely to be required to withhold preliminary income tax and report the contribution to the Danish tax authorities when the contribution is paid to the Plan Administrator on your behalf. Please note that, irrespective of the obligations on your employer regarding withholding and reporting, it is concurrently your legal responsibility to ensure that all taxes (including labour market contributions) resulting from the contributions, purchase and sale of the Class A Shares and/or the receipt of any dividends, are paid correctly and within the applicable time limits.

Social Security

Your employer will not withhold social insurance contributions when Class A Shares are purchased under the Share Purchase Plan for your account.

Exchange Controls

You are required to inform the Danish Tax Administration about the Class A Shares purchased for your account under the Share Purchase Plan and to deposit the Class A Shares with a financial institution or CGI. The safety-deposit account of the Plan Administrator is likely to be accepted as a compliant safety-deposit account. For this purpose, you must file a Form V (Erklæring V) with the Danish Tax Administration. If the Plan Administrator or a broker or bank signs the Form V, it undertakes an obligation, without further request each year, to forward information to the Danish Tax Administration concerning the Class A Shares in the account. By countersigning the Form V with the Plan Administrator or a broker or bank, you authorise the Danish Tax Administration to examine the account. If the Plan Administrator or a broker or bank does not sign Form V, by signing Form V you undertake to provide compliant information to the Danish Tax Administration each year. Form V can be found at the following website: www.skat.dk.

In addition, if you open a brokerage account, such brokerage account will be likely to be treated as a deposit account because cash can be held in the account. Therefore, it is likely that you must also file a Form K (Erklæring K) with the Danish Tax Administration. If the broker signs the Form K, the broker will be under an obligation to forward information to the Danish Tax Administration information concerning the content of the brokerage account. By signing the Form K, you authorise the Danish Tax Administration to examine the account. If the broker does not sign the Form K, you undertake by

signing the Form K the obligation to provide compliant information to the Danish Tax Administration each year. Form K can be found at the following website: www.skat.dk.

ESTONIA TAX CONSEQUENCES

The following is a general summary description of the tax consequences of your participation in the Share Purchase Plan (the **Share Purchase Plan**) of CGI Group Inc. (**CGI**) and its subsidiaries (together the **Group**).

This description is based on the tax and other laws concerning equity awards in effect in your country as at 10 March 2014. Such laws are often complex and change frequently. As a result, the information contained in this prospectus may be out of date at the time you acquire Class A subordinate voting shares in CGI (**Class A Shares**) under the Share Purchase Plan or sell Class A Shares you acquire under the Share Purchase Plan.

In addition, this description does not discuss all of the various laws, rules and regulations that may apply. It may not apply to your particular tax or financial situation, and the Group is not in a position to assure you of any particular tax result. **Accordingly, you are strongly advised to seek appropriate professional advice as to how the tax or other laws in your country apply to your specific situation.**

If you are a citizen or resident of another country, transfer employment after you acquire Class A Shares under the Share Purchase Plan, or are considered a resident of another country for local law purposes, the information contained in this description may not apply to you.

Note: The particular terms of the Share Purchase Plan are set forth in the applicable plan documents and the application form which you must complete and send to CGI in order to participate in the Share Purchase Plan (the **Plan Documents**). If there is an inconsistency between the description below and the Plan Documents, the Plan Documents will govern. As stated in the Plan Documents, the ability to participate in the Share Purchase Plan is not a contract or a guarantee of continued employment. Employment is and always will be on the basis provided for in your employment agreement, if any. The Share Purchase Plan is not part of your salary and will not be included in calculations of any severance payments that may be payable upon termination of employment.

THE SHARE PURCHASE PLAN

Enrollment in the Share Purchase Plan

The fact of enrolling in the Share Purchase Plan will not in itself subject you to tax. Please read below for other tax considerations applicable to the Share Purchase Plan.

The Employer's Contribution

You are not subject to tax on your employer's contributions to the administrator of the Share Purchase Plan (the **Plan Administrator**).

Sale of Shares

When you subsequently sell your Class A Shares acquired under the Share Purchase Plan, any capital gain (i.e. the difference between the sale price and the acquisition value of the Class A Shares) will be subject to capital gains tax. No social security contributions are payable. You can deduct documented brokerage fees paid in connection with the sale of your Class A Shares.

However, capital gains derived by individuals from the disposal of financial assets (e.g. shares and securities traded publicly in any EEA or OECD country or, under certain conditions, in other countries) will not be taxable if: (i) such financial assets were acquired with funds deposited in an investment account opened for such purpose with a credit institution of an EEA or OECD country; and (ii) the proceeds of sale of such financial assets will be transferred back to the investment account. It is therefore possible that proceeds of the sale of Class A Shares acquired under the Share Purchase Plan may be exempt from a tax charge (or that such tax charge may be postponed) if such proceeds are transferred back to the investment account in which the funds used to acquire the Class A Shares were

held. The gains realised through such sale of Class A Shares will be taxable only when transferred out of the investment account.

In order to benefit from the above capital gains tax exemption on the sale of Class A Shares and to obtain an exemption for any gains attributable to dividends reinvested in Class A Shares, you must complete a declaration attributing the acquisition value of the Class A Shares to the investment account. Such a declaration must be submitted by you in your annual income tax return in the year of purchasing the Class A Shares.

The acquisition value of the Class A Shares purchased for your account using the employer's contributions will equal the value of the employer's contributions in respect of which the employer is required to withhold tax. You can request a certificate from your employer proving that taxes have been paid in respect of the employer's contributions.

Dividends

If you hold or the Plan Administrator holds for your account Class A Shares and CGI declares a dividend on the Class A Shares, you will not be subject to income tax on these dividends in Estonia. However, you will be subject to Canadian withholding tax.

Withholding and Reporting

It is your responsibility to pay and report any income tax due when you sell Class A Shares acquired under the Share Purchase Plan. Although you do not have to pay any Estonian income tax on dividends received from Class A Shares, you are still obliged to report such dividends on your annual income tax return.

FINLAND TAX CONSEQUENCES

The following is a general summary description of the tax consequences of your participation in the Share Purchase Plan (the **Share Purchase Plan**) of CGI Group Inc. (**CGI**) and its subsidiaries (together the **Group**).

This description is based on the tax and other laws concerning equity awards in effect in your country as at 10 March 2014. Such laws are often complex and change frequently. As a result, the information contained in this prospectus may be out of date at the time you acquire Class A subordinate voting shares in CGI (**Class A Shares**) under the Share Purchase Plan or sell Class A Shares you acquire under the Share Purchase Plan.

In particular, employees participating in the Share Purchase Plan are advised that there is uncertainty surrounding the treatment of trust arrangements under Finnish tax law, which may mean that this description is inapplicable or particularly vulnerable to changes in practice or interpretation. In addition, this description does not discuss all of the various laws, rules and regulations that may apply. It may not apply to your particular tax or financial situation, and the Group is not in a position to assure you of any particular tax result. **Accordingly, you are strongly advised to seek appropriate professional advice as to how the tax or other laws in your country apply to your specific situation.**

If you are a citizen or resident of a country other than Finland, transfer employment after you acquire Class A Shares under the Share Purchase Plan, or are considered a resident of another country for local law purposes, the information contained in this description may not apply to you.

Note: The particular terms of the Share Purchase Plan are set forth in the applicable plan documents and the application form which you must complete and send to CGI in order to participate in the Share Purchase Plan (the **Plan Documents**). If there is an inconsistency between the description below and the Plan Documents, the Plan Documents will govern. As stated in the Plan Documents, the ability to participate in the Share Purchase Plan is not a contract or a guarantee of continued employment. Employment is and always will be on the basis provided for in your employment agreement, if any. The Share Purchase Plan is not part of your salary and will not be included in calculations of any severance payments that may be payable upon termination of employment.

THE SHARE PURCHASE PLAN

Enrollment in the Share Purchase Plan

The fact of enrolling in the Share Purchase Plan will not in itself subject you to tax. Please read below for other tax considerations applicable to the Share Purchase Plan.

The Employee's Contribution

Your contributions to the Share Purchase Plan will be withheld from your net post-tax salary and remitted at each of your pay periods by your employer to the administrator of the Share Purchase Plan (the **Plan Administrator**). Full social security contributions are also payable on the withheld amount.

The Employer's Contribution

As there is no concept of "trustee" under Finnish tax law, the tax treatment of the Share Purchase Plan is unclear. However, as: (i) the Plan Administrator is required to hold the Shares purchased under the Share Purchase Plan on your behalf; (ii) the Plan Administrator has an obligation to establish and maintain separate accounts for and in the name of each person eligible to participate in the Share Purchase Plan; and (iii) there is no lock-up period incorporated into the terms of the Share Purchase Plan, so you may at any time withdraw from the Share Purchase Plan and receive either the Class A Shares held by the Plan Administrator for your account or a cash payment, the trust structure is highly likely to be deemed transparent for Finnish income tax purposes. Accordingly, the Class A Shares are

likely to be considered to be in your possession from the moment the Plan Administrator purchases the Class A Shares for your account.

Accordingly, you are likely to be taxed on the employer's contribution on the date that such contribution is paid to the Plan Administrator. Such tax will be recovered by means of a withholding by the employer from the employer's contribution in accordance with your individual tax withholding rate, as evidenced by your individual tax withholding cards.

If participation in the Share Purchase Plan is available to all or the majority of the employees of either the local Group employer or CGI, the only employee social security contribution payable should be the employee's medical care premium, which is levied at a rate of 1.32 per cent in 2014.

If participation in the Share Purchase Plan is not available to the majority of employees of either the local Group employer or CGI, full social security contributions are likely to be payable in respect of the employer's contribution. Finnish social security contributions are generally levied at a rate of approximately 25 per cent. (including the employee's medical care premium referred to above) of an employee's gross salary.

Sale of Shares

When you subsequently sell your Class A Shares acquired under the Share Purchase Plan, any capital gain will be subject to capital gains tax. You may deduct from such capital gain the acquisition cost of the Class A Shares, which consists of: (i) the purchase price of the Class A Shares (including, in relation to any Class A Shares acquired by reinvesting dividends paid on Class A Shares, the amount reinvested into the purchase of such Class A Shares); (ii) any amounts taxed as earned income; and (iii) any brokerage fees that you have paid in accordance with the terms of the Share Purchase Plan.

Dividends

If you hold or the Plan Administrator holds for your account Class A Shares and CGI declares a dividend on the Class A Shares, it is likely that you will be subject to Finnish capital income tax on dividends that you receive, because the trust structure is likely to be deemed transparent (meaning that you are treated as the holder of the Class A Shares) for Finnish tax purposes. It is likely that the dividends will be taxed at the time of payment even though dividends paid on the Class A Shares held by the Plan Administrator for your account are automatically reinvested in Class A Shares. The dividends will likely also be subject to Canadian withholding tax. You may be entitled to a Finnish tax credit for the Canadian withholding tax paid, provided certain conditions are met.

Withholding and Reporting

Your employer will withhold and report income tax when the employer's contributions are paid to the Plan Administrator under the Share Purchase Plan. It is your responsibility to pay and report any taxes due when you sell Class A Shares acquired under the Share Purchase Plan or if dividends are paid.

Social Security

Your employer will withhold social insurance contributions when the employer's contributions are paid to the Plan Administrator under the Share Purchase Plan.

FRANCE TAX CONSEQUENCES

The following is a general summary description of the tax consequences of your participation in the Share Purchase Plan (the **Share Purchase Plan**) of CGI Group Inc. (**CGI**) and its subsidiaries (together the **Group**).

This description is based on the tax and other laws concerning equity awards in effect in your country as at 10 March 2014. Such laws are often complex and change frequently. As a result, the information contained in this prospectus may be out of date at the time you acquire Class A subordinate voting shares in CGI (**Class A Shares**) under the Share Purchase Plan or sell Class A Shares you acquire under the Share Purchase Plan.

In particular, employees participating in the Share Purchase Plan are advised that there is uncertainty surrounding the treatment of trustee arrangements under French tax law, which may mean that this description is inapplicable or particularly vulnerable to changes in practice or interpretation. In addition, this description does not discuss all of the various laws, rules and regulations that may apply. It may not apply to your particular tax or financial situation, and the Group is not in a position to assure you of any particular tax result. **Accordingly, you are strongly advised to seek appropriate professional advice as to how the tax or other laws in your country apply to your specific situation.**

If you are a citizen or resident of another country and/or not subject to the French social security contributions scheme, transfer employment after you acquire Class A Shares under the Share Purchase Plan, or are considered a resident of another country for local law purposes, the information contained in this description may not apply to you.

Note: The particular terms of the Share Purchase Plan are set forth in the applicable plan documents and the application form which you must complete and send to CGI in order to participate in the Share Purchase Plan (the **Plan Documents**). If there is an inconsistency between the description below and the Plan Documents, the Plan Documents will govern. As stated in the Plan Documents, the ability to participate in the Share Purchase Plan is not a contract or a guarantee of continued employment. Employment is and always will be on the basis provided for in your employment agreement, if any. The Share Purchase Plan is not part of your salary and will not be included in calculations of any severance payments that may be payable upon termination of employment.

THE SHARE PURCHASE PLAN

Enrollment in the Share Purchase Plan

The fact of enrolling in the Share Purchase Plan will not in itself subject you to tax. Please read below for other tax considerations applicable to the Share Purchase Plan.

Payroll deductions are not subject to preferred social security or income tax treatment.

Purchase of Shares

Payroll deductions are not subject to preferential social security or income tax treatment. Insofar as they are part of your salary, they remain subject to personal income tax and social security charges.

The Employer's Contribution

The employer's contribution constitutes additional employment income for French tax purposes. As a consequence, the employer's contribution will be treated as part of your salary and will be subject to income tax, 8 per cent. additional social taxes (CSG etc.), and social security charges.

Sale of Shares

When you subsequently sell your Class A Shares acquired under the Share Purchase Plan, any capital gain (i.e. the sale proceeds arising on the sale of the Class A Shares less the price paid for such Class A Shares and any costs associated with their acquisition) will be subject to personal income tax (progressive rate individual income tax). The amount that will be taxable may be reduced, depending upon the length of the period for which the Class A Shares were held. It would be reduced by: (i) 50 per cent. if the Class A Shares were held for a period of 2 to 7 years; and (ii) 65 per cent. if the Class A Shares were held for a period of more than 7 years. The disposal of Class A Shares will also be subject to 15.5 per cent. additional social taxes (without any reduction).

You may realise a capital loss if the net sale price of the Class A Shares at the time of sale is less than the price you paid for such Class A Shares. With respect to both the personal income tax and the 15.5 per cent. additional social taxes, such capital loss can be offset against capital gains derived from the sale of securities during the year in which you sold the Class A Shares acquired under the Share Purchase Plan or the following 10 years. A capital loss cannot be offset against any other kind of income (such as salary). The French tax rules for offsetting capital loss are complex. You should review those rules with your personal tax advisor prior to filing your personal income tax return.

Dividends

If you hold Class A Shares and CGI declares a dividend on the Class A Shares, you will be subject to income tax (after a 40 per cent. reduction of the taxable amount), even though the dividends paid on the Class A Shares purchased under the Share Purchase Plan are automatically reinvested in Class A Shares. The dividends will be subject to a 21 per cent. withholding tax in France, which constitutes an instalment of the income tax eventually payable (and will therefore be either creditable against the total amount of income tax payable or partially or totally refundable). The dividends will also be subject to Canadian withholding tax at a rate of 15 per cent. of the gross amount of dividends distributed. You may be entitled to a French tax credit for the Canadian withholding tax paid, subject to certain conditions and limitations. Any dividends received will be subject to 15.5 per cent. additional social taxes (in relation to which the 40 per cent. reduction does not apply). Such taxes may be withheld and paid by the paying agent if domiciled in France. In the other situations, you will be required to make the payment.

Surtax

An additional 3 per cent. surtax applies on all types of income exceeding €250,000 (for single taxpayers) or €500,000 (for married taxpayers). The rate is brought up to 4 per cent. on income exceeding €500,000 (for single taxpayers) or €1,000,000 (for married taxpayers). *If you may be subject to the surtax, please contact your personal tax advisor regarding the availability of any surtax deferral payment (especially if your income crosses above the thresholds of €250,000 for a single taxpayer and €500,000 for a married taxpayer in 2014, but not in 2013 and 2012).*

Reporting

It is your responsibility to pay and report any taxes due when you purchase or sell Class A Shares acquired under the Share Purchase Plan and if dividends are paid (except for taxes withheld by the employer).

Exchange Controls

If you request that any of the Class A Shares purchased for your account under the Share Purchase Plan are transferred to you by the administrator of the Share Purchase Plan, you may hold such Class A Shares outside of France provided that you declare all foreign accounts, whether open, current or closed, in your income tax return. Furthermore, you must declare to the customs and excise authorities any cash or securities that you import or export without the use of a financial institution if the value of such cash or securities is equal to or exceeds a certain amount which is set annually (€10,000 for 2014).

GERMANY TAX CONSEQUENCES

The following is a general summary description of the tax consequences of your participation in the Share Purchase Plan (the **Share Purchase Plan**) of CGI Group Inc. (**CGI**) and its subsidiaries (together the **Group**).

This description is based on the tax and other laws concerning equity awards in effect in your country as at 10 March 2014. Such laws are often complex and change frequently. As a result, the information contained in this prospectus may be out of date at the time you acquire Class A subordinate voting shares in CGI (**Class A Shares**) under the Share Purchase Plan or sell Class A Shares you acquire under the Share Purchase Plan.

In addition, this description does not discuss all of the various laws, rules and regulations that may apply. It may not apply to your particular tax or financial situation, and the Group is not in a position to assure you of any particular tax result. **Accordingly, you are strongly advised to seek appropriate professional advice as to how the tax or other laws in your country apply to your specific situation.**

This description applies to employees participating in the Share Purchase Plan who are German resident and who are both employed and carry out activities in Germany as part of such employment.

Note: The particular terms of the Share Purchase Plan are set forth in the applicable plan documents and the application form which you must complete and send to CGI in order to participate in the Share Purchase Plan (the **Plan Documents**). If there is an inconsistency between the description below and the Plan Documents, the Plan Documents will govern. As stated in the Plan Documents, the ability to participate in the Share Purchase Plan is not a contract or a guarantee of continued employment. Employment is and always will be on the basis provided for in your employment agreement, if any. The Share Purchase Plan is not part of your salary and will not be included in calculations of any severance payments that may be payable upon termination of employment.

THE SHARE PURCHASE PLAN

Enrollment in the Share Purchase Plan

The fact of enrolling in the Share Purchase Plan will not in itself subject you to tax. Please read below for other tax considerations applicable to the Share Purchase Plan.

The Employer's Contribution

You will be subject to wage tax on your employer's contributions to the Share Purchase Plan on your behalf either when your employer pays such contributions to the administrator of the Share Purchase Plan (the **Plan Administrator**) or when the Class A Shares are purchased by the Plan Administrator for your account (both of which will generally occur in the same month). The amount which is subject to tax is determined by converting the amount contributed by your employer into Euros on the day the employer's contribution on your behalf is paid to the Plan Administrator or on the day the Class A Shares are purchased by the Plan Administrator for your account. You also will be subject to social insurance contributions on your employer's contributions to the extent that you have not already exceeded the applicable contribution ceiling.

Sale of Shares

When you subsequently sell your Class A Shares acquired under the Share Purchase Plan, you will be subject to capital gains tax at a flat rate of 25 per cent. (plus a solidarity surcharge and church tax, if applicable). The taxable amount will be the difference between the proceeds of sale of such Class A Shares and the purchase price of such Class A Shares. However, you may elect to apply your personal income tax rate if the flat rate exceeds your personal income tax rate.

Employees should be aware that the capital gains flat tax rate does not apply to gains from the sale of Class A Shares if the employee holds or has held at least 1 per cent. of CGI's stated capital at any time during the last five years, or holds the Class A Shares as a business asset. In such circumstances, 60 per cent. of the capital gain realised will be taxed at the employee's personal income tax rate (plus a solidarity surcharge and church tax, if applicable).

Dividends

If you hold, or the Plan Administrator holds for your account, Class A Shares and CGI declares a dividend on the Class A Shares, you will be subject to income tax on such dividends, even though the dividends paid on the Class A Shares purchased under the Share Purchase Plan are automatically reinvested in Class A Shares. Dividends will be subject to capital gains tax (*Abgeltungssteuer*) in Germany at a flat rate of 25 per cent. (plus a solidarity surcharge and church tax, if applicable) and to Canadian withholding tax (subject to any reductions under the Germany-Canada double tax treaty). You may be entitled to a German tax credit for any Canadian withholding tax paid, provided certain conditions are met.

Withholding and Reporting

Your employer will withhold and report income tax when Class A Shares are purchased by the Plan Administrator for your account under the Share Purchase Plan. It is your responsibility to pay and report any taxes due when you sell Class A Shares acquired under the Share Purchase Plan and if dividends are paid.

Social Security

Your employer will withhold social insurance contributions in respect of the employer's contribution (to the extent that you have not exceeded the applicable ceiling for social insurance contributions) when Class A Shares are purchased by the Plan Administrator for your account under the Share Purchase Plan.

Exchange Controls

Cross-border payments in excess of €12,500 must be reported monthly to the German Federal Bank. If you use a German bank to process a cross-border payment in connection with the purchase or sale of Class A Shares or the payment of dividends on Class A Shares, the bank will make the monthly reports for you.

HUNGARY TAX CONSEQUENCES

The following is a general summary description of the tax consequences of your participation in the Share Purchase Plan (the **Share Purchase Plan**) of CGI Group Inc. (**CGI**) and its subsidiaries (together the **Group**).

This description is based on the tax and other laws concerning equity awards in effect in your country as at 10 March 2014. Such laws are often complex and change frequently. As a result, the information contained in this prospectus may be out of date at the time you acquire Class A subordinate voting shares in CGI (**Class A Shares**) under the Share Purchase Plan or sell Class A Shares you acquire under the Share Purchase Plan.

In addition, this description does not discuss all of the various laws, rules and regulations that may apply. It may not apply to your particular tax or financial situation, and the Group is not in a position to assure you of any particular tax result. **Accordingly, you are strongly advised to seek appropriate professional advice as to how the tax or other laws in your country apply to your specific situation.**

If you are a citizen or resident of another country, transfer employment after you acquire Class A Shares under the Share Purchase Plan, or are considered a resident of another country for local law purposes, the information contained in this description may not apply to you.

Note: The particular terms of the Share Purchase Plan are set forth in the applicable plan documents and the application form which you must complete and send to CGI in order to participate in the Share Purchase Plan (the **Plan Documents**). If there is an inconsistency between the description below and the Plan Documents, the Plan Documents will govern. As stated in the Plan Documents, the ability to participate in the Share Purchase Plan is not a contract or a guarantee of continued employment. Employment is and always will be on the basis provided for in your employment agreement, if any. The Share Purchase Plan is not part of your salary and will not be included in calculations of any severance payments that may be payable upon termination of employment.

THE SHARE PURCHASE PLAN

Enrollment in the Share Purchase Plan

The fact of enrolling in the Share Purchase Plan will not in itself subject you to tax. Please read below for other tax considerations applicable to the Share Purchase Plan.

The Employer's Contribution

Employees are subject to personal income tax on the employer's contribution. The full amount of such contribution will be taxed at a linear rate of 16 per cent., which will be withheld and paid by the employer to the tax authorities at the point in time at which the employee is entitled to call for the Class A Shares purchased for his account under the Share Purchase Plan to be transferred to him, which will be the date of acquisition of the Class A Shares by the administrator of the Share Purchase Plan (the **Plan Administrator**). Social security contributions will also be payable in respect of the employer's contribution, as explained below.

Sale of Shares

When you subsequently sell your Class A Shares acquired under the Share Purchase Plan, any capital gain (i.e. the difference between the sale price and the purchase price including any brokerage fees and other charges) will be subject to personal income tax of 16 per cent in Hungary. However, if any capital gains tax on that capital gain must be paid outside of Hungary to a non-Hungarian tax authority, 90 per cent. of such non-Hungarian tax will be deducted from the Hungarian tax payable. The Hungarian tax shall be calculated, paid and reported by the employee.

Dividends

If you hold, or the Plan Administrator holds for your account, Class A Shares and CGI declares a dividend on the Class A Shares, you will be subject to income tax on any dividends that you receive, even though dividends paid on the Class A Shares purchased under the Share Purchase Plan are automatically reinvested in Class A Shares. The dividends will be subject to personal income tax in Hungary at a rate of 16 per cent. and to Canadian withholding tax. You may be entitled to a Hungarian tax credit for 90 per cent. of the Canadian withholding tax paid, provided certain conditions are met.

Withholding and Reporting

Your employer will withhold and report advance income tax to the Hungarian tax authorities when Class A Shares are purchased by the Plan Administrator for your account under the Share Purchase Plan and you become entitled to call for those Class A Shares to be transferred to you. It is your responsibility to pay and report any taxes due when you sell any of your Class A Shares acquired under the Share Purchase Plan and if dividends are paid. You should keep all receipts in connection with any transaction for five years as these receipts must be presented to the Hungarian tax authorities upon request.

Social Security

Since the purchase is performed through the Group, it is the local Hungarian employer's responsibility to withhold, pay and report the employee's social security tax contributions at a rate of 18.5 per cent. on any employer's contributions, when Class A Shares are purchased for your account under the Share Purchase Plan.

LUXEMBOURG TAX CONSEQUENCES

The following is a general summary description of the tax consequences of your participation in the Share Purchase Plan (the **Share Purchase Plan**) of CGI Group Inc. (**CGI**) and its subsidiaries (together the **Group**).

This description is based on the tax and other laws concerning equity awards in effect in your country as at 10 March 2014. Such laws are often complex and change frequently. As a result, the information contained in this prospectus may be out of date at the time you acquire Class A subordinate voting shares in CGI (**Class A Shares**) under the Share Purchase Plan or sell Class A Shares you acquire under the Share Purchase Plan.

In addition, this description does not discuss all of the various laws, rules and regulations that may apply. It may not apply to your particular tax or financial situation, and the Group is not in a position to assure you of any particular tax result. **Accordingly, you are strongly advised to seek appropriate professional advice as to how the tax or other laws in Luxembourg, and if different, in your country of tax residence apply to your specific situation.**

If you are a citizen or resident of another country, are considered a resident of another country for local law purposes, the information contained in this description as concerns taxation of dividends and/or taxation of capital gains may not apply to you.

Note: The particular terms of the Share Purchase Plan are set forth in the applicable plan documents and the application form which you must complete and send to CGI in order to participate in the Share Purchase Plan (the **Plan Documents**). If there is an inconsistency between the description below and the Plan Documents, the Plan Documents will govern. As stated in the Plan Documents, the ability to participate in the Share Purchase Plan is not a contract or a guarantee of continued employment. Employment is and always will be on the basis provided for in your employment agreement, if any. The Share Purchase Plan is not part of your salary and will not be included in calculations of any severance payments that may be payable upon termination of employment.

THE SHARE PURCHASE PLAN

Enrollment in the Share Purchase Plan

The fact of enrolling in the Share Purchase Plan will not in itself subject you to tax. Please read below for other tax considerations applicable to the Share Purchase Plan.

The Employer's Contribution

The employer's contributions to the Share Purchase Plan on your behalf are subject to tax as set out below in the paragraphs "Withholding and Reporting" and "Social Security".

Sale of Shares

If you or the administrator of the Share Purchase Plan (the **Plan Administrator**) sells your Class A Shares acquired under the Share Purchase Plan within the six months following your acquisition of them, any capital gain (i.e. the difference between the sale price of the Class A Shares and the purchase price of the Class A Shares, together with expenses such as brokerage fees) will be subject to taxation in Luxembourg at marginal income tax rates. However, if the aggregate of any capital gains realised on the sale of any shares (i.e. not only the Class A Shares) held by the employee does not exceed €500 in a calendar year, that capital gain may be tax-exempt, provided that certain conditions are met.

The capital gains you realise on a disposal of Class A Shares are not subject to tax if the Class A Shares are sold or disposed of more than six months after your acquisition of them.

Dividends

If you hold or the Plan Administrator holds for your account Class A Shares and CGI declares a dividend on the Class A Shares, you will be subject to income tax on dividends that you receive, even though dividends paid on the Class A Shares purchased under the Share Purchase Plan are automatically reinvested in Class A Shares. The dividends will be subject to income tax in Luxembourg and to Canadian withholding tax. In Luxembourg, you will be required to pay tax on only half of the amount of dividends you receive. You may be entitled to a Luxembourg tax credit for the Canadian withholding tax paid, provided certain conditions are met.

Withholding and Reporting

Your employer will withhold income tax when Class A Shares are purchased by the Plan Administrator for your account under the Share Purchase Plan. It is your responsibility to pay and report any taxes due when you or the Plan Administrator sells your Class A Shares acquired under the Share Purchase Plan and if dividends are paid (even if such dividends are automatically reinvested in Class A Shares).

Social Security

Your employer will withhold social insurance contributions in respect of the employer's contribution (to the extent that you have not exceeded the applicable ceiling for social insurance contributions) when Class A Shares are purchased by the Plan Administrator for your account under the Share Purchase Plan.

Exchange Controls

Any outward and inward remittance of funds must be reported to the Banque Central de Luxembourg and/or the Service Central de La Statistique et des Études Économiques for statistical purposes. If a Luxembourg financial institution is involved in the transaction, it will fulfil the reporting obligation on your behalf; otherwise you will be required to report the transaction yourself.

NETHERLANDS TAX CONSEQUENCES

The following is a general summary description of the tax consequences of your participation in the Share Purchase Plan (the **Share Purchase Plan**) of CGI Group Inc. (**CGI**) and its subsidiaries (together the **Group**).

This description is based on the tax laws in effect in the Netherlands (the Netherlands means the Kingdom of the Netherlands located in Europe) as at 10 March 2014. Such laws are often complex and change frequently. As a result, the information contained in this prospectus may be out of date at the time you acquire Class A subordinate voting shares in CGI (**Class A Shares**) under the Share Purchase Plan or sell Class A Shares you acquire under the Share Purchase Plan.

In addition, this description does not discuss all of the various laws, rules and regulations that may apply. It may not apply to your particular tax or financial situation, and the Group is not in a position to assure you of any particular tax result. **Accordingly, you are strongly advised to seek appropriate professional advice as to how the tax or other laws in your country apply to your specific situation.**

For purposes of Netherlands income tax, Class A Shares legally owned by a third party such as a trustee, foundation or similar entity or arrangement (a **Third Party**), may under certain circumstances have to be allocated to the (deemed) settlor, grantor or similar originator (the **Settlor**) or, upon the death of the Settlor, his/her beneficiaries (the **Beneficiaries**) in proportion to their entitlement to the estate of the Settlor of such trust or similar arrangement (the **Separated Private Assets**).

This description applies to you if you: (i) are an individual resident or deemed to be resident in the Netherlands; (ii) have elected to be taxed as a resident of the Netherlands for Netherlands income tax purposes (but note that from 1 January 2015 the election regime will be replaced by a mandatory qualification as a ‘qualifying foreign taxpayer’ on the basis of certain objective criteria); (iii) perform (work) activities in the Netherlands; or (iv) are a (supervisory) board director of a Netherlands Group company.

If you are a citizen or resident of another country or if you have a significant interest in the Group, transfer employment after you acquire Class A Shares under the Share Purchase Plan, or are considered a resident of another country for local law purposes, the information contained in this description may not apply to you.

Note: The particular terms of the Share Purchase Plan are set forth in the applicable plan documents and the application form which you must complete and send to CGI in order to participate in the Share Purchase Plan (the **Plan Documents**). If there is an inconsistency between the description below and the Plan Documents, the Plan Documents will govern. As stated in the Plan Documents, the ability to participate in the Share Purchase Plan is not a contract or a guarantee of continued employment. Employment is and always will be on the basis provided for in your employment agreement, if any. The Share Purchase Plan is not part of your salary and will not be included in calculations of any severance payments that may be payable upon termination of employment.

THE SHARE PURCHASE PLAN

Enrollment in the Share Purchase Plan

The fact of enrolling in the Share Purchase Plan will not in itself subject you to tax. Please read below for other tax considerations applicable to the Share Purchase Plan.

The Employer’s Contribution

The amount of your employer’s contribution to the Share Purchase Plan will be considered part of your income from employment from the time of the payment of the employer’s contribution by the employer to the administrator of the Share Purchase Plan (the **Plan Administrator**). In addition, to the extent that CGI assumes certain fees relating to the Share Purchase Plan (such as the brokerage fees attached to the

purchase of Class A Shares), this may form part of your income from employment. Consequently, such amounts will be subject to wage withholding tax at the applicable progressive rates (up to 52 per cent. for the year 2014).

In addition, mandatory social security contributions will be due, unless you have already reached the ceiling on social security contributions through payment of your normal wage. Your employer is obliged to withhold the wage withholding tax (including the social security contributions, if any) due. In this respect, it is important to note that wage withholding tax serves as an advance payment and can therefore be credited against your Netherlands personal income tax due.

Taxes on Income and Capital Gains

You will be subject to regular Netherlands income tax on the income derived from the Class A Shares and the gains realised upon the acquisition, redemption and/or disposal of the Class A Shares, if:

- (a) you have an enterprise or an interest in an enterprise, to which enterprise the Class A Shares are attributable; and/or
- (b) such income or capital gain forms “a benefit from miscellaneous activities” (“*resultaat uit overige werkzaamheden*”) which would be the case if, for instance, the activities with respect to the Class A Shares exceed “normal active asset management” (“*normaal, actief vermogensbeheer*”) or if income and gains are derived from the holding, whether directly or indirectly, of (a combination of) shares, debt claims or other rights (a “lucrative interest”; *lucratief belang*) that you have acquired under circumstances such that such income and gains are intended to be remuneration for work or services performed by you (or a related person) in the Netherlands, whether within or outside an employment relation, where such lucrative interest provides you, economically speaking, with certain benefits that have a relation to the relevant work or services.

If either of the abovementioned conditions (a) or (b) applies, income or capital gains in respect of dividends distributed by CGI or in respect of any gain realised on the disposal of Class A Shares will in general be subject to Netherlands income tax as income from “employment and home ownership” (*werk en woning*) at the progressive rates up to 52 per cent.

If the abovementioned conditions (a) and (b) do not apply, you will not be subject to taxes on income and capital gains in the Netherlands. Instead, you will be taxed at a flat rate of 30 per cent. on deemed income from “savings and investments” (“*sparen en beleggen*”). This deemed income amounts to 4 per cent. of your “yield basis” (“*rendementsgrondslag*”) at the beginning of the calendar year (minus a tax-free amount). The yield basis would include the fair market value of the Class A Shares.

As a holder of Class A Shares you are generally entitled, subject to certain limitations and restrictions, to a credit for the Canadian withholding tax on dividends received against your income tax liability in respect of income from employment and home ownership or from savings and investments (as applicable).

Withholding and Reporting

Your employer will withhold wage withholding tax upon making the employer’s contribution to the Plan Administrator. It is your responsibility to pay and report any taxes due when you sell Class A Shares acquired under the Share Purchase Plan and if dividends are paid.

NORWAY TAX CONSEQUENCES

The following is a general summary description of the tax consequences of your participation in the Share Purchase Plan (the **Share Purchase Plan**) of CGI Group Inc. (**CGI**) and its subsidiaries (together the **Group**).

This description is based on the tax and other laws concerning equity awards in effect in your country as at 10 March 2014. Such laws are often complex and change frequently. As a result, the information contained in this prospectus may be out of date at the time you acquire Class A subordinate voting shares in CGI (**Class A Shares**) under the Share Purchase Plan or sell Class A Shares you acquire under the Share Purchase Plan.

In particular, employees participating in the Share Purchase Plan are advised that there is uncertainty surrounding the treatment of the trustee arrangement under Norwegian tax law, which may mean that this description is inapplicable or particularly vulnerable to changes in practice or interpretation. In addition, this description does not discuss all of the various laws, rules and regulations that may apply. It may not apply to your particular tax or financial situation, and the Group is not in a position to assure you of any particular tax result. **Accordingly, you are strongly advised to seek appropriate professional advice as to how the tax or other laws in your country apply to your specific situation.**

If you are a citizen or resident of another country, transfer employment after you acquire Class A Shares under the Share Purchase Plan, or are considered a resident of another country for local law purposes, the information contained in this description may not apply to you.

Note: The particular terms of the Share Purchase Plan are set forth in the applicable plan documents and the application form which you must complete and send to CGI in order to participate in the Share Purchase Plan (the **Plan Documents**). If there is an inconsistency between the description below and the Plan Documents, the Plan Documents will govern. As stated in the Plan Documents, the ability to participate in the Share Purchase Plan is not a contract or a guarantee of continued employment. Employment is and always will be on the basis provided for in your employment agreement, if any. The Share Purchase Plan is not part of your salary and will not be included in calculations of any severance payments that may be payable upon termination of employment.

THE SHARE PURCHASE PLAN

Enrollment in the Share Purchase Plan

The fact of enrolling in the Share Purchase Plan will not in itself subject you to tax. Please read below for other tax considerations applicable to the Share Purchase Plan.

The Employer's Contribution

You will be subject to tax on the employer's contribution, most likely when the employer's contribution is paid to the administrator of the Share Purchase Plan (the **Plan Administrator**). The contribution will be considered income from employment and taxed at a marginal tax rate of 47.2 per cent. (according to 2014 rates, including the employee's social security contribution of 8.2 per cent.). Certain adjustments may be available that will reduce the taxable amount. As there is some uncertainty associated with the time of taxation and the availability of a tax reduction due to the uncertainty surrounding the tax treatment of trusts from a Norwegian tax perspective, we advise that you consult your personal tax advisor regarding this issue.

The employer must also withhold social insurance contributions on the employer's contribution amount, most likely at the time the employer's contribution is paid to the Plan Administrator.

Sale of Shares

When you subsequently sell your Class A Shares acquired under the Share Purchase Plan, any capital gain (i.e. the difference between the sale price and the purchase price, less any fees incurred such as brokerage fees) will be subject to capital gains tax. Certain adjustments may be available that will reduce the capital gain.

Dividends

If you hold or the Plan Administrator holds for your account Class A Shares and CGI declares a dividend on the Class A Shares, you will be subject to income tax in Norway on dividends that you receive, even though dividends paid on the Class A Shares purchased under the Share Purchase Plan are automatically reinvested in Class A Shares. Certain adjustments may be available that will reduce the dividend income. In addition, the dividends will be subject to Canadian withholding tax. You may be entitled to a Norwegian tax credit for the Canadian withholding tax paid, provided certain conditions are met.

Wealth Tax

You will be subject to wealth tax on your Class A Shares held at year-end. The taxable amount is the fair market value of the Class A Shares held on 1 January in the year following the relevant tax year.

Exit Tax

You may be subject to income tax on Class A Shares held by the Plan Administrator for your account at the time of emigration if you leave Norway. Please consult with your personal tax advisor regarding your tax obligations in the event that you emigrate from Norway.

Withholding and Reporting

Your employer will report income tax and withhold income tax most likely upon payment of the employer's contribution to the Plan Administrator. It is your responsibility to pay and report any taxes due when you sell Class A Shares acquired under the Share Purchase Plan and if dividends are paid.

Social Security

Your employer will withhold social insurance contributions in respect of the employer's contribution, most likely around the time of payment of the employer's contribution by the employer to the Plan Administrator.

POLAND TAX CONSEQUENCES

The following is a general summary description of the tax consequences of your participation in the Share Purchase Plan (the **Share Purchase Plan**) of CGI Group Inc. (**CGI**) and its subsidiaries (together the **Group**).

This description is based on the tax and other laws concerning equity awards in effect in your country as at 10 March 2014. Such laws are often complex and change frequently. As a result, the information contained in this prospectus may be out of date at the time you acquire Class A subordinate voting shares in CGI (**Class A Shares**) under the Share Purchase Plan or sell Class A Shares you acquire under the Share Purchase Plan.

In particular, employees participating in the Share Purchase Plan are advised that there is uncertainty surrounding the treatment of trusts under Polish tax law, which may mean that this description is inapplicable or particularly vulnerable to changes in practice or interpretation. In addition, this description does not discuss all of the various laws, rules and regulations that may apply. It may not apply to your particular tax or financial situation, and the Group is not in a position to assure you of any particular tax result. **Accordingly, you are strongly advised to seek appropriate professional advice as to how the tax or other laws in your country apply to your specific situation.**

If you are a citizen or resident of another country, transfer employment after you acquire Class A Shares under the Share Purchase Plan, or are considered a resident of another country for local law purposes, the information contained in this description may not apply to you.

Note: The particular terms of the Share Purchase Plan are set forth in the applicable plan documents and the application form which you must complete and send to CGI in order to participate in the Share Purchase Plan (the **Plan Documents**). If there is an inconsistency between the description below and the Plan Documents, the Plan Documents will govern. As stated in the Plan Documents, the ability to participate in the Share Purchase Plan is not a contract or a guarantee of continued employment. Employment is and always will be on the basis provided for in your employment agreement, if any.

THE SHARE PURCHASE PLAN

Enrollment in the Share Purchase Plan

The fact of enrolling in the Share Purchase Plan will not in itself subject you to tax. Please read below for other tax considerations applicable to the Share Purchase Plan.

The Employer's Contribution

Although the tax treatment of trustee arrangements under Polish tax law is not clear, it is likely that you will be subject to income tax on the employer's contribution when you receive the Class A Shares, or the proceeds from a sale of such Class A Shares, from the administrator of the Share Purchase Plan (the **Plan Administrator**). At the time at which you become liable to income tax, health insurance and social security contributions may also be payable.

Sale of Shares

When you subsequently sell your Class A Shares acquired under the Share Purchase Plan, the sale proceeds (i.e. the difference between the sale price and the purchase price) will be subject to income tax (at a rate of 19 per cent.).

Dividends

If you hold, or the Plan Administrator holds for your account, Class A Shares and CGI declares a dividend on the Class A Shares, you will be subject to income tax on dividend payments that you receive, even though the dividends paid on the Class A Shares purchased under the Share Purchase Plan are automatically reinvested in Class A Shares. The dividends received will be subject to income

tax in Poland (at a rate of 19 per cent.) and to Canadian withholding tax. You may be entitled to a Polish tax credit for the Canadian withholding tax paid, provided certain conditions are met.

Withholding and Reporting

Your employer will most likely withhold income tax in respect of the employer's contribution when Class A Shares are purchased for your account under the Share Purchase Plan. It is your responsibility to pay and report any taxes due when you sell Class A Shares acquired under the Share Purchase Plan and if dividends are paid.

Social Security

Your employer will withhold social and health insurance contributions when Class A Shares are purchased for your account under the Share Purchase Plan to the extent you have not already exceeded the applicable contribution threshold.

Exchange Controls

If you are a resident of Poland, you may be required to report Class A Shares held in a foreign company such as CGI, as well as any dividends received, to the National Bank of Poland.

PORTUGAL TAX CONSEQUENCES

The following is a general summary description of the tax consequences of your participation in the Share Purchase Plan (the **Share Purchase Plan**) of CGI Group Inc. (**CGI**) and its subsidiaries (together the **Group**).

This description is based on the tax and other laws concerning equity awards in effect in your country as at 10 March 2014. Such laws are often complex and change frequently. As a result, the information contained in this prospectus may be out of date at the time you acquire Class A subordinate voting shares in CGI (**Class A Shares**) under the Share Purchase Plan or sell Class A Shares you acquire under the Share Purchase Plan.

In addition, this description does not discuss all of the various laws, rules and regulations that may apply. It may not apply to your particular tax or financial situation, and the Group is not in a position to assure you of any particular tax result. **Accordingly, you are strongly advised to seek appropriate professional advice as to how the tax or other laws in your country apply to your specific situation.**

If you are a citizen or resident of another country, transfer employment after you acquire Class A Shares under the Share Purchase Plan, or are considered a resident of another country for local law purposes, the information contained in this description may not apply to you.

Note: The particular terms of the Share Purchase Plan are set forth in the applicable plan documents and the application form which you must complete and send to CGI in order to participate in the Share Purchase Plan (the **Plan Documents**). If there is an inconsistency between the description below and the Plan Documents, the Plan Documents will govern. As stated in the Plan Documents, the ability to participate in the Share Purchase Plan is not a contract or a guarantee of continued employment. Employment is and always will be on the basis provided for in your employment agreement, if any. The Share Purchase Plan is not part of your salary and will not be included in calculations of any severance payments that may be payable upon termination of employment.

THE SHARE PURCHASE PLAN

Enrollment in the Share Purchase Plan

The fact of enrolling in the Share Purchase Plan will not in itself subject you to tax. Please read below for other tax considerations applicable to the Share Purchase Plan.

The Employer's Contribution

You are subject to income tax ("*Imposto sobre o Rendimento das Pessoas Singulares*") on the employer's contribution in the fiscal year in which the administrator of the Share Purchase Plan (the **Plan Administrator**) purchases the Class A Shares for your account. The employer's contribution will, however, be treated as employment income, which will be subject to *Imposto sobre o Rendimento das Pessoas Singulares* at a progressive rate up to 48 per cent. Such tax will be computed by reference to the difference between the purchase price of the Class A Shares and the part of such price that is paid out of or deducted from your contributions to the Share Purchase Plan. In addition to such tax, an extraordinary surcharge of 3.5 per cent. (the proposed State Budget law for 2014 proposes maintaining such extraordinary surcharge for 2014) , plus a solidarity surcharge of 2.5 per cent. (for taxable income between €80,000 and €250,000) or 5 per cent. (for taxable income exceeding €250,000) will be applicable.

Sale of Shares

You are subject to *Imposto sobre o Rendimento das Pessoas Singulares* in the fiscal year when either you or the Plan Administrator (acting on your behalf) sells your Class A Shares, which shall be payable upon the difference between the purchase price of the Class A Shares and the sale price of the Class A

Shares (less any brokerage fees paid in respect of such sale). Such income shall be characterised as capital gains. Capital gains are subject to a flat tax rate of 28 per cent.

Dividends

You are subject to *Imposto sobre o Rendimento das Pessoas Singulares* in the fiscal year when dividends are received in respect of your Class A Shares. Such dividends are subject to a flat tax rate of 28 per cent.

Withholding and Reporting

Your employer is not required to withhold *Imposto sobre o Rendimento das Pessoas Singulares* when Class A Shares are purchased for your account under the Share Purchase Plan, nor when you receive dividends or realise capital gains from such Class A Shares.

If Canadian withholding tax arises on the employer's contributions to the Share Purchase Plan or on dividends or capital gains in respect of your Class A Shares, you may be entitled to credit such tax against the *Imposto sobre o Rendimento das Pessoas Singulares* due on such items of income provided certain conditions are met.

Your employer will report, to both you and the Portuguese tax authorities, the taxable benefits resulting from the purchase of Class A Shares under the Share Purchase Plan. It is your responsibility to pay and report taxes due upon the purchase of Class A Shares, the sale of Class A Shares or the receipt of any dividends.

Social Security

You will not be subject to contributions to Portuguese social security on the employer's contribution, capital gains or dividends in respect of your Class A Shares.

Exchange Controls

If you hold or the Plan Administrator holds for your account Class A Shares, the acquisition of such Class A Shares must be reported to the Portuguese Central Bank ("*Banco de Portugal*") for statistical purposes. If the Class A Shares are deposited with a commercial bank or financial intermediary in Portugal, such bank or financial intermediary will submit the report to the *Banco de Portugal*. If the Class A Shares are not deposited with a commercial bank or financial intermediary in Portugal, you will be responsible for submitting the report to the *Banco de Portugal* within fifteen working days following the month during which the transaction occurred.

SLOVAK REPUBLIC TAX CONSEQUENCES

The following is a general summary description of the tax consequences of your participation in the Share Purchase Plan (the **Share Purchase Plan**) of CGI Group Inc. (**CGI**) and its subsidiaries (together the **Group**).

This description is based on the tax and other laws concerning equity awards in effect in your country as at 10 March 2014. Such laws are often complex and change frequently. As a result, the information contained in this prospectus may be out of date at the time you acquire Class A subordinate voting shares in CGI (**Class A Shares**) under the Share Purchase Plan or sell Class A Shares you acquire under the Share Purchase Plan.

In addition, this description does not discuss all of the various laws, rules and regulations that may apply. It may not apply to your particular tax or financial situation, and the Group is not in a position to assure you of any particular tax result. **Accordingly, you are strongly advised to seek appropriate professional advice as to how the tax or other laws in your country apply to your specific situation.**

If you are a citizen or resident of a country other than the Slovak Republic, transfer employment after you acquire Class A Shares under the Share Purchase Plan, or are considered a resident of another country for local law purposes, the information contained in this description may not apply to you.

Note: The particular terms of the Share Purchase Plan are set forth in the applicable plan documents and the application form which you must complete and send to CGI in order to participate in the Share Purchase Plan (the **Plan Documents**). If there is an inconsistency between the description below and the Plan Documents, the Plan Documents will govern. As stated in the Plan Documents, the ability to participate in the Share Purchase Plan is not a contract or a guarantee of continued employment. Employment is and always will be on the basis provided for in your employment agreement, if any. The Share Purchase Plan is not part of your salary and will not be included in calculations of any severance payments that may be payable upon termination of employment.

THE SHARE PURCHASE PLAN

Enrollment in the Share Purchase Plan

The fact of enrolling in the Share Purchase Plan will not in itself subject you to tax. Please read below for other tax considerations applicable to the Share Purchase Plan.

The Employer's Contribution

The employer's contribution will be considered to be employment related income and accordingly will be subject to Slovak income tax at the moment when the Class A Shares are purchased for your account under the Share Purchase Plan or when you receive a cash payment equal to any fractional Class A Share value.

You will also be subject to social security and health insurance contributions on your taxable income to the extent you have not already exceeded the applicable contribution ceiling.

Sale of Shares

You may be subject to tax when you subsequently sell your Class A Shares acquired under the Share Purchase Plan. The taxable amount will be the profit you realise on the sale of Class A Shares, i.e. the difference between: (i) the sum of the proceeds from sale of the Class A Shares; and (ii) the sum of the purchase price of the Class A Shares and other expenses relating to the Class A Shares sold.

Annual income from certain sources, including the sale of shares, is exempt from tax up to the amount of €500. If you receive income from the sale of Class A Shares along with income from other

qualifying sources, the application of this tax exemption is limited to €500 in the relevant year for all of the relevant sources.

If you are subject to tax, the amount on which tax will be required to be paid is likely to be equal to the difference between: (i) the sum of the proceeds from sale of the Class A Shares and certain other income; and (ii) the sum of the purchase price of the Class A Shares and other expenses relating to the sold Class A Shares or other income.

Dividends

If you hold or the Plan Administrator holds for your account Class A Shares and CGI declares a dividend on the Class A Shares, you will not be subject to income tax in the Slovak Republic, but you will be subject to Canadian withholding tax.

Dividends paid to you may be subject to health insurance contributions (as of 1 January 2014, at a rate of 14 per cent.) irrespective of whether they were paid in the form of cash or whether the proceeds were re-invested into a purchase of further Class A Shares.

Withholding and Reporting

Your employer will withhold and report income tax when Class A Shares are purchased for your account under the Share Purchase Plan. It is your responsibility to pay and report any taxes due when you sell Class A Shares acquired under the Share Purchase Plan.

Social Security and Health Insurance

Your employer will withhold social insurance and health insurance contributions (if applicable) when Class A Shares are purchased for your account under the Share Purchase Plan. You may also be obliged to report to your health insurance company the amount of dividends received and to pay health insurance contributions resulting from the receipt of dividends.

SPAIN TAX CONSEQUENCES

The following is a general summary description of the tax consequences of your participation in the Share Purchase Plan (the **Share Purchase Plan**) of CGI Group Inc. (**CGI**) and its subsidiaries (together the **Group**).

This description is based on the tax and other laws concerning equity awards in effect in your country as at 10 March 2014. Such laws are often complex and change frequently. As a result, the information contained in this prospectus may be out of date at the time you acquire Class A subordinated voting shares in CGI (**Class A Shares**) under the Share Purchase Plan or sell Class A Shares you acquire under the Share Purchase Plan.

In particular, Spanish participants in the Share Purchase Plan are advised that, as described below, there is an important degree of uncertainty surrounding the treatment of trusts (including the kind of trustee arrangement involved in the Share Purchase Plan) as a matter of Spanish tax law, which may mean that this description is inapplicable, or is particularly vulnerable to changes in practice or interpretation. In addition, this description does not discuss all of the various laws, rules and regulations that may apply. It may not apply to your particular tax or financial situation, and the Group is not in a position to assure you of any particular tax result. **Accordingly, you are strongly advised to seek appropriate professional advice as to how the tax or other laws in your country apply to your specific situation.**

If you are a citizen or resident of another country, transfer employment after you acquire Class A Shares under the Share Purchase Plan, or are considered a resident of another country for local law purposes, the information contained in this description may not apply to you.

Note: The particular terms of the Share Purchase Plan are set forth in the applicable plan documents and the application form which you must complete and send to CGI in order to participate in the Share Purchase Plan (the **Plan Documents**). If there is an inconsistency between the description below and the Plan Documents, the Plan Documents will govern. As stated in the Plan Documents, the ability to participate in the Share Purchase Plan is not a contract or a guarantee of continued employment. Employment is and always will be on the basis provided for in your employment agreement, if any. The Share Purchase Plan is not part of your salary and will not be included in calculations of any severance payments that may be payable upon termination of employment.

THE SHARE PURCHASE PLAN

Enrollment in the Share Purchase Plan

The fact of enrolling in the Share Purchase Plan will not in itself subject you to tax. Please read below for other tax considerations applicable to the Share Purchase Plan.

The Employer's Contribution

Under Spanish law, the "trust" concept does not exist and there is no equivalent institution in the Spanish civil law system. Furthermore, Spain has not entered into any international or European convention by which matters concerning trusts are regulated. Therefore, there is a degree of uncertainty in the Spanish tax treatment of trusts.

Additionally, to our knowledge, the Spanish courts and tax authorities have issued little or almost no guidance in relation to the tax treatment of trusts in Spain.

According to the (very few) tax rulings issued by the Spanish tax authorities, it seems that the trust: (i) should be interpreted as a mere mandate or fiduciary agreement; and (ii) should be ignored for tax purposes (i.e. treated as a transparent entity), as if the transactions have been carried out directly between the parties involved in the trust. Following this interpretation:

- (a) your Spanish employer's contributions to the Share Purchase Plan should be considered cash contributions made directly to you in order for you to acquire Class A Shares; and
- (b) you should be considered to be the owner of the Class A Shares as from the date of their acquisition by the administrator of the Share Purchase Plan (the **Plan Administrator**) for your account.

From a Spanish tax standpoint, contributions made by the Spanish employer to the Share Purchase Plan would have the same tax treatment as any other cash salary income obtained by you, so would be subject to withholding tax on account of Spanish individual income tax (**Spanish IIT**) at the applicable progressive rates.

You also will be subject to social insurance contributions on the taxable amount to the extent you have not already exceeded the applicable contribution ceiling.

Sale of Shares

Capital gains (i.e. the difference between (i) the sale price and (ii) the purchase price plus any amount on which you have already paid taxes and any expenses incurred (the *acquisition cost*)) realised by you upon the sale of Class A Shares would be included in Spanish IIT savings taxable income (*base del ahorro*) only if the Class A Shares have not been acquired within the year prior to the date of their transfer.

As a general rule, savings income is taxed at a rate of 19 per cent. on the first €6,000 and at a rate of 21 per cent. thereafter. However, such rates have been temporarily increased, so that during 2014 savings income: (i) up to €6,000 will be taxed at 21 per cent.; (ii) from €6,000 to €24,000 will be taxed at 25 per cent.; and (iii) in excess of €24,000 will be taxed at 27 per cent.

If, however, the Class A Shares have been acquired during the year prior to the date of their transfer, capital gains would be included in Spanish IIT general taxable income (*base general*) and be taxed according to your progressive Spanish IIT rate. As a general rule, Spanish individuals are subject to Spanish IIT at a regular progressive rate up to 45 per cent. (or 49 per cent. in Cataluña). However, for income obtained during 2014, such rates have been temporarily increased up to a maximum of 56 per cent. (depending on the relevant region (*Comunidad Autónoma*)).

Dividends

If you hold or the Plan Administrator holds for your account Class A Shares and CGI declares a dividend on the Class A Shares, you will be subject to Spanish IIT on dividend payments received, even though the dividends paid on the Class A Shares purchased under the Share Purchase Plan are automatically reinvested in Class A Shares.

Dividends paid on the Class A Shares would be included in your Spanish IIT savings taxable base (*base del ahorro*) and taxed accordingly (please refer to the paragraph on taxation of savings income above). However, as a general rule, you should benefit from a €1,500 per year tax exemption in relation to the distribution of dividends on the Class A Shares.

In the event that any dividends paid to you have been subject to Canadian withholding tax, you should be entitled to a Spanish tax credit for the Canadian withholding tax paid, provided that the conditions/requirements provided in Article 80 of the Spanish IIT Law are met.

Withholding and Reporting

If the taxable amount at purchase of the Class A Shares is considered to be cash salary income, the Spanish employer will withhold the corresponding withholding tax on account of your Spanish IIT. This amount will be withheld from your salary and reported to the Spanish tax authorities. You would be entitled to deduct the withholding tax from your Spanish IIT return. It is your responsibility to report and pay any tax due from the sale of Class A Shares or receipt of any dividends.

Social Security

Your employer will withhold social insurance contributions on the taxable amount (to the extent that you have not exceeded the applicable ceiling for social insurance contributions).

Wealth Tax (*Impuesto sobre el Patrimonio*)

Pursuant to Royal Decree-Law 13/2011 of 16 September (as amended by Law 22/2013 of 23 December), wealth tax has been temporarily restored in Spain for the 2014 tax period.

This tax is levied on the net worth of an individual's assets and rights at a progressive rate that, unless otherwise regulated by the relevant region (*Comunidad Autónoma*), ranges from 0.2 per cent. on the first €167,129 to 2.5 per cent. on amounts over €10.7 million, with some reductions that may be applicable. Notwithstanding the above, and unless otherwise regulated by the relevant region (*Comunidad Autónoma*) of residence, Spanish individual holders shall be exempt from any wealth tax on the first €700,000 of their net wealth.

For the purposes of calculating the wealth tax liabilities corresponding to 2014, individuals with tax residence in Spain who are required to pay wealth tax should take into account their wealth held as at 31 December 2014.

Obligation to Inform the Spanish Tax Authorities of the Ownership of Class A Shares

There is an obligation for Spanish residents to declare, on an annual basis, their foreign rights and assets (such as Class A Shares).

As regards the Class A Shares, such information would include: (i) the name and corporate domicile of CGI; and (ii) the number and class of shares held on 31 December, along with their value, and would need to be provided to the Spanish tax authorities between 1 January and 31 March of the year immediately following.

This obligation would only need to be complied with if certain thresholds are met. If your only foreign rights/assets are the Class A Shares, this obligation would only apply if the value of the Class A Shares at purchase exceeds €50,000. If this threshold is met, a declaration would only be required in subsequent years if the value of the Class A Shares increases by more than €20,000 as compared with the declaration made previously.

Note that this obligation would also be applicable if you dispose of Class A Shares at some point during the 2014 tax year, provided that you had already declared your holding of those Class A Shares in a declaration corresponding to the 2013 tax year (the latter to be made before 31 March 2014). In that case, the information to be included in the declaration would be the date of disposal of such Class A Shares.

Exchange Controls

It is your responsibility to comply with exchange control regulations in Spain. You must declare the acquisition of Class A Shares for statistical purposes to the *Dirección General de Comercio e Inversiones* (the **DGCI**) of the *Ministerio de Economía*. If you purchase any Class A Shares through the use of a Spanish financial institution, that institution will automatically make the declaration to the DGCI for you; otherwise you must make the declaration by filing the appropriate form with the DGCI. You must also declare ownership of Class A Shares with the DGCI each January while the Class A Shares are owned.

SWEDEN TAX CONSEQUENCES

The following is a general summary description of the tax consequences of your participation in the Share Purchase Plan (the **Share Purchase Plan**) of CGI Group Inc. (**CGI**) and its subsidiaries (together the **Group**).

This description is based on the tax and other laws concerning equity awards in effect in your country as at 10 March 2014. Such laws are often complex and change frequently. As a result, the information contained in this prospectus may be out of date at the time you acquire Class A subordinate voting shares in CGI (**Class A Shares**) under the Share Purchase Plan or sell Class A Shares you acquire under the Share Purchase Plan.

In addition, this description does not discuss all of the various laws, rules and regulations that may apply. It may not apply to your particular tax or financial situation, and the Group is not in a position to assure you of any particular tax result. **Accordingly, you are strongly advised to seek appropriate professional advice as to how the tax or other laws in your country apply to your specific situation.**

If you are a citizen or resident of a country other than Sweden, transfer employment after you acquire Class A Shares under the Share Purchase Plan, or are considered a resident of another country for local law purposes, the information contained in this description may not apply to you.

Note: The particular terms of the Share Purchase Plan are set forth in the applicable plan documents and the application form which you must complete and send to CGI in order to participate in the Share Purchase Plan (the **Plan Documents**). If there is an inconsistency between the description below and the Plan Documents, the Plan Documents will govern. As stated in the Plan Documents, the ability to participate in the Share Purchase Plan is not a contract or a guarantee of continued employment. Employment is and always will be on the basis provided for in your employment agreement, if any. The Share Purchase Plan is not part of your salary and will not be included in calculations of any severance payments that may be payable upon termination of employment.

THE SHARE PURCHASE PLAN

Enrollment in the Share Purchase Plan

The fact of enrolling in the Share Purchase Plan will not in itself subject you to tax. Please read below for other tax considerations applicable to the Share Purchase Plan.

The Employer's Contribution

When Class A Shares are purchased by the administrator of the Share Purchase Plan (the **Plan Administrator**) for your account, you will be subject to income tax on the employer's contribution.

Sale of Shares

When you subsequently sell your Class A Shares acquired under the Share Purchase Plan, any capital gain (i.e. the difference between the sale proceeds of the Class A Shares, less the purchase price of the Class A Shares and any expenses relating to the Class A Shares) will be subject to capital gains tax at a rate of 30 per cent. If a number of Class A Shares have been sold which have been acquired at different purchase prices, the average purchase price should be used in the calculation.

As an alternative, as the Class A Shares are listed on an exchange, you may use 20 per cent of the net sale proceeds as your acquisition cost for the Class A Shares.

Dividends

If you hold or the Plan Administrator holds for your account Class A Shares and CGI declares a dividend on the Class A Shares, you will be subject to income tax on dividend payments that you

receive, even though the dividends paid on the Class A Shares purchased under the Share Purchase Plan are automatically reinvested in Class A Shares. The dividends received will be subject to capital income tax at a rate of 30 per cent in Sweden and to Canadian withholding tax. You may be entitled to a Swedish tax credit for the Canadian withholding tax paid, provided certain conditions are met.

Withholding and Reporting

Your employer will withhold income tax in respect of the employer's contribution when Class A Shares are purchased for your account under the Share Purchase Plan. It is your responsibility to pay and report any taxes due when you sell Class A Shares acquired under the Share Purchase Plan and if dividends are paid.

UNITED KINGDOM TAX CONSEQUENCES

The following is a general summary description of the tax consequences of your participation in the Share Purchase Plan (the **Share Purchase Plan**) of CGI Group Inc. (**CGI**) and its subsidiaries (together the **Group**).

This description is based on the tax and other laws concerning equity awards in effect in your country as at 10 March 2014. Such laws are often complex and change frequently. As a result, the information contained in this prospectus may be out of date at the time you acquire Class A subordinate voting shares in CGI (**Class A Shares**) under the Share Purchase Plan or sell Class A Shares you acquire under the Share Purchase Plan.

In addition, this description does not discuss all of the various laws, rules and regulations that may apply. It may not apply to your particular tax or financial situation, and the Group is not in a position to assure you of any particular tax result. **Accordingly, you are strongly advised to seek appropriate professional advice as to how the tax or other laws in your country apply to your specific situation.**

If you are a citizen or resident of a country other than the UK, transfer employment after you acquire Class A Shares under the Share Purchase Plan, or are considered a resident of another country for local law purposes, the information contained in this description may not apply to you.

Note: The particular terms of the Share Purchase Plan are set forth in the applicable plan documents and the application form which you must complete and send to CGI in order to participate in the Share Purchase Plan (the **Plan Documents**). If there is an inconsistency between the description below and the Plan Documents, the Plan Documents will govern. As stated in the Plan Documents, the ability to participate in the Share Purchase Plan is not a contract or a guarantee of continued employment. Employment is and always will be on the basis provided for in your employment agreement, if any. The Share Purchase Plan is not part of your salary and will not be included in calculations of any severance payments that may be payable upon termination of employment.

THE SHARE PURCHASE PLAN

Enrollment in the Share Purchase Plan

The fact of enrolling in the Share Purchase Plan will not in itself subject you to tax. Please read below for other tax considerations applicable to the Share Purchase Plan.

Purchase of Shares

When Class A Shares are purchased for your account, you will be subject to income tax on the employer's contribution to the administrator of the Share Purchase Plan (the **Plan Administrator**). You also will be subject to employee's national insurance contributions (**NICs**) on that contribution.

Sale of Shares

When you subsequently sell your Class A Shares acquired under the Share Purchase Plan, any capital gain (i.e. the sale proceeds arising on the sale of the Shares less the price paid for such Class A Shares and any costs of acquisition) will be subject to capital gains tax to the extent the gain exceeds the annual personal exemption.

On a sale of Class A Shares, the amount by which capital gain exceeds the annual personal exemption (£10,900 for the 2013/14 tax year) is called the "chargeable gain" and is subject to capital gains tax at a rate of either 18 per cent. or 28 per cent. The 18 per cent. rate will apply if your total chargeable gain and income (less income tax reliefs and allowances) in any tax year are less than the upper limit of the income tax basic rate band (£32,010 for the 2013/2014 tax year). The 28 per cent. rate will apply to gains (or any part of gains) where the upper limit of the income tax basic rate band is exceeded.

If you acquire Class A Shares from other sources, the share identification rules may need to be taken into account in calculating your capital gains tax liability.

Dividends

If you hold or the Plan Administrator holds for your account Class A Shares and CGI declares a dividend on the Class A Shares, you will be subject to income tax on dividend payments that you receive, even though the dividends paid on the Class A Shares purchased under the Share Purchase Plan are automatically reinvested in Class A Shares. The dividends received will be subject to income tax in the UK, however you will generally be entitled to a tax credit equivalent to 10 per cent. of the aggregate of the dividend and the tax credit (the *gross dividend*), such that the tax credit will satisfy the income tax liability of a basic rate taxpayer. The dividends will also be subject to Canadian withholding tax. You may be entitled to a UK tax credit for the Canadian withholding tax paid, provided certain conditions are met.

Withholding and Reporting

When Class A Shares are purchased for your account under the Share Purchase Plan, your employer will be responsible for withholding income tax under the Pay As You Earn system and employer's NICs in relation to the employer's contribution at the date of purchase and for paying the income tax and employee's NICs withheld to the UK HM Revenue and Customs on your behalf. Your employer will inform you of how it intends to recoup the income tax that it pays on your behalf. If you fail to pay to the employer the income tax due within 90 days of the date of purchase (proposed to be extended to 90 days after the end of the tax year in which the purchase was made where the employer's contribution is made on or after 6 April 2014), you will be deemed to have received a further taxable benefit equal to the amount of income tax the employer has paid on your behalf, and you will have to pay further tax on this amount.

It is your responsibility to pay and report any taxes due when you sell Class A Shares acquired under the Share Purchase Plan and if dividends are paid.

Social Security

Your employer will withhold employer's and employee's NICs in respect of the employer's contributions when Class A Shares are purchased for your account under the Share Purchase Plan.

PART 3: TABLE OF PRINCIPAL SUBSIDIARIES

The companies set out below are the principal operating subsidiaries of the Group. CGI owns, directly or indirectly, 100 per cent. of the shares of each company in this table.

Principal Affiliates and Addresses	Location of Incorporation	Principal Business
Conseillers en gestion et informatique CGI Inc. 1350 René-Lévesque Blvd. West, 25th Floor Montreal, Quebec Canada H3G 1T4	Québec, Canada	Information systems, information technology, consulting
CGI Information Systems and Management Consultants Inc. 125 Commerce Valley Drive West Markham, Ontario Canada L3T 7W4	Québec, Canada	Information systems, information technology, consulting
CGI Technologies and Solutions Inc. 11325 Random Hills Road Fairfax, Virginia 22030 USA	Delaware, United States of America	Information systems, information technology, consulting
CGI Federal Inc. 12601 Fair Lakes Circle, Suite 500 Fairfax, Virginia 22033 USA	Delaware, United States of America	Information systems, information technology, consulting
Stanley Associates, Inc. 1090 Vermont Avenue NW Washington, D.C. 20005 USA	Washington D.C., United States of America	Information systems, information technology, consulting
CGI IT UK Limited 250 Brook Drive, Green Park Reading RG2 6UA United Kingdom	United Kingdom	Information systems, information technology, consulting
CGI Sverige AB 164 98 Stockholm Sweden	Sweden	Information systems, information technology, consulting
CGI Suomi Oy Karvaamokuja 2 00380 Helsinki, Finland	Finland	Information systems, information technology, consulting
CGI Nederland B.V George Hintzenweg 89, 3068 AX Rotterdam, Netherlands	Netherlands	Information systems, information technology, consulting
CGI (Germany) GmbH & Co. KG Leinfelder Str. 60 70771 Leinfelden-Echterdingen Germany	Germany	Information systems, information technology, consulting

CGI France SAS
Immeuble CB16
17 place des Reflets, 92400
Courbevoie, France

France

Information systems,
information technology,
consulting

PART 4: PASSPORTING COUNTRIES AND REGULATORS

Following is a table detailing the regulators in each country to which this prospectus will be passported.

Country	Name of Regulator	Address of Regulator
Belgium	Autorité des services et marchés financiers	Rue du Congrès, 12-14 1000 Bruxelles
Czech Republic	Czech Securities Commission	Washingtonova 7 P.O.Box 208 111 21 Prague
Denmark	Finanstilsynet	Aarhusgade 110, 2100, Copenhagen
Estonia	Finantsinspektsioon	Sakala 4, Tallinn 15030 Estonia
Finland	Rahoitustarkastus	Snellmaninkatu 6, 00101 Helsinki
France	Autorité des marchés financiers	17, place de la Bourse 75082 Paris Cedex 2
Germany	Bundesanstalt für Finanzdienstleistungsaufsicht	Securities Supervision Lurgiallee 12 D 60 439 Frankfurt OR PO Box 50 01 54 D 60391 Frankfurt
Hungary	Hungarian Financial Supervisory Authority	H-1013 Budapest, Krisztina krt. 39 OR H-1534 Budapest BKKP Postafiók: 777
Luxembourg	Commission de Surveillance du Secteur Financier	110, route d'Arlon L-1150 Luxembourg OR L-2991 Luxembourg
Netherlands	Autoriteit Financiële Markten (AFM)	P.O.Box 11723 – 1001 GS Amsterdam
Norway	Kredittilsynet	Revierstredet 3, P.O. Box 1187 Sentrum NO-0107 Oslo
Poland	Polish Financial Supervision Authority (PFSA)	Komisja Nadzoru Finansowego, Plac Powstańców Warszawy 1, skr. poczt. 419, 00-950 Warszawa
Portugal	Comissão do Mercado de Valores Mobiliários	Rua Laura Alves, 4 1050-138 Lisbon
Slovak Republic	National Bank of Slovakia	Národná banka Slovenska Imricha Karvaša 1 813 25 Bratislava
Spain	Comisión Nacional del Mercado de Valores	Edison, 4 28006 Madrid
Sweden	Finansinspektionen	Box 7821, SE-103 97 Stockholm

PART 5: SHARE PURCHASE PLAN

CGI GROUP INC.

SHARE PURCHASE PLAN FOR CERTAIN EMPLOYEES OF CGI GROUP INC. AND ITS SUBSIDIARIES

1. Purpose of the Plan

CGI Group Inc. (“**Company**”) has established a Share Purchase Plan for Certain Employees of CGI Group Inc. and its Subsidiaries to enable Participants (as defined below) to purchase Shares in the open market, such Shares to be purchased on behalf of the Participants by the Plan Administrator (as defined below) with contributions made to the Plan Administrator by the Participants and with contributions made by the Participating Employer. The Plan Administrator shall hold the Shares so purchased for the account of the Participants.

2. Definitions

In this Plan and the forms which form an integral part hereof, unless the context otherwise requires:

- 2.1 “**Administration Agreement**” means the agreement, as amended from time to time, referred to in Section 8.1;
- 2.2 “**Canadian Participant**” means an Employee eligible to the Plan, employed by a Participating Employer who has duly joined the Plan while actively at work and has not withdrawn therefrom;
- 2.3 “**Company**” has the meaning given in the first paragraph hereof;
- 2.4 “**Employee**” means an employee of a Participating Employer occupying a full or part-time position and whose employment relationship with the Participating Employer is not limited in time by a specific termination date or the occurrence of a specific termination event;
- 2.5 “**Group RRSP**” has the meaning given in section 7.2;
- 2.6 “**Group TFSA**” has the meaning given in section 7.2;
- 2.7 “**International Participant**” means an Employee eligible to the Plan, employed by a Participating Employer in any country other than Canada and the United States, who has duly joined the Plan while actively at work and has not withdrawn therefrom;
- 2.8 “**Last Working Day**” means the Employee’s or Participant’s last day of work for the Participating Employer, excluding any period representing pay in lieu of notice, severance pay, gratuitous payment or any other indemnity, amount or notice whatsoever on account of termination of employment.
- 2.9 “**Net Pay**” means a Participant’s Remuneration after all deductions, e.g., applicable taxes, benefits, pension, employee share of insurance premiums and other deductions, statutory or otherwise;
- 2.10 “**Notice of Amendment**” means the notice referred to in Section 4.2;
- 2.11 “**Notice of Participation**” means the notice referred to in Section 3.2;

- 2.12 “**Notice of Termination**” means the notice referred to in Section 6.5;
- 2.13 “**Notice of Withdrawal**” means the notice referred to in Section 6.2;
- 2.14 “**Participant**” means a Canadian, U.S. or International Participant;
- 2.15 “**Participant Basic Contribution**” has the meaning given in Section 4.1.
- 2.16 “**Participant Contribution Percentage**” has the meaning given in Section 4.1;
- 2.17 “**Participating Employer**” means the Company or a Subsidiary incorporated in a country in which the Plan is implemented and which is identified as such by either the *Founder and Executive Chairman of the Board* of the Company or the *President and Chief Executive Officer* of the Company in relation to Employees in that country;
- 2.18 “**Plan**” means the Share Purchase Plan for Certain Employees of CGI Group Inc. and its Subsidiaries as established herein and as it may be amended from time to time;
- 2.19 “**Plan Administrator**” means the Plan administrator(s) or its or their successors appointed by the Company from time to time as the administrator(s) of the Plan pursuant to this Plan and the Administration Agreement;
- 2.20 “**Registered Plan**” has the meaning given in section 7.2;
- 2.21 “**Remuneration**” means, subject to Sections 4.2 and 6.4 and in all cases excluding any other benefits or compensation, either a Participant’s annual gross base salary or, as determined by the Participating Employer in its sole discretion, the portion of the Participant’s annual gross base salary actually earned by the Employee during the relevant year;
- 2.22 “**RRSP**” has the meaning given in section 7.2;
- 2.23 “**Share**” means a Class A Subordinate Voting Share in the share capital of the Company, as it exists at the date hereof or as it may be modified, and any share into which such Share may be converted or against which it may be exchanged;
- 2.24 “**Share Market Price**” at any date means (i) the last closing price prior to such date of the Shares traded on the Toronto Stock Exchange for Canadian Participants, on the New York Stock Exchange for U.S. Participants, and on either the New York Stock Exchange or the Toronto Stock Exchange for International Participants, or (ii) if there is no closing price during the 5 trading days prior to such date, the mean between the bid and ask quotations on that date;
- 2.25 “**Subsidiary**” means any corporation of which 90% or more of its voting shares are held directly or indirectly by the Company;
- 2.26 “**TFSA**” has the meaning given in section 7.2; and
- 2.27 “**U.S. Participant**” means an Employee eligible to the Plan, employed in the United States by the Company or by a Subsidiary, who has duly joined the Plan while actively at work and has not withdrawn therefrom.

3. Eligibility and Participation

3.1 Eligibility

Any Employee of a Participating Employer who is actively at work at the time of enrolment is eligible to participate in the Plan. An Employee ceases to be eligible to participate in the Plan on his or her Last Working Day.

3.2 Participation

The eligible Employee shall, to become a Participant, forward a notice of participation ("Notice of Participation") to the personnel designated for such purposes by the Participating Employer, by filling out the appropriate form. The signature of the Participant on the appropriate form for the administration of the Plan evidences that the Participant accepts irrevocably the terms and conditions of the Plan.

3.3 Participation Date

The participation of the Employee in the Plan commences as of the first practicable date immediately following receipt by the Participating Employer of the Notice of Participation.

4. Contributions

4.1 Participant Basic Contribution

The Participant contributes to the Plan through deductions at source, withheld from the Participant's Net Pay, made on each pay and computed based on a percentage of the Participant's Remuneration ("Participant Basic Contribution"). The Participant Basic Contribution shall be remitted at each pay period of the Participant by the Participating Employer to the Plan Administrator.

The maximum percentage of the Participant's Remuneration for the purposes of calculating the Participant's Basic Contribution ("Participant Contribution Percentage") shall be determined from time to time by either the *Founder and Executive Chairman of the Board* of the Company or the *President and Chief Executive Officer* of the Company and may vary by position and by business unit as well as over time, as either the *Founder and Executive Chairman of the Board* of the Company or the *President and Chief Executive Officer* of the Company may in his discretion determine, provided that the Contribution Percentage shall not exceed three and one-half percent (3.5%).

The Participant shall state on the Notice of Participation only the Contribution Percentage determined in accordance with the preceding paragraph.

4.2 Amendment of the Participant's Basic Contribution

A Participant who is actively at work may increase or decrease the Participant Contribution Percentage in compliance with the provisions of Section 4.1 at any time. In that respect, the Participant shall give a Notice of Amendment to the Participating Employer, by filling out the appropriate form. Such modification shall come into effect as of the first practicable day following receipt of the appropriate form by the payroll department of the Participating Employer. Upon a review of Remuneration, the Participant's Basic Contribution will be automatically computed based on the revised Remuneration. Such modification shall come into effect as of the first practicable day following the receipt of the notice by the payroll department stipulating the changes to Remuneration. However, this modification does not apply on the sums paid retroactively.

4.3 Participating Employer's Contributions

The Participating Employer contributes to the Plan for the account of each Participant an amount equal to a percentage of the Participant Basic Contribution (excluding the additional contributions provided for below). The percentage of the Participant Basic Contribution that the Participating Employer is required to pay shall be determined from time to time by either the *Founder and Executive Chairman of the Board* of the Company or the *President and Chief Executive Officer* of the Company, provided that the contribution of the Participating Employer shall not exceed 100% of the aggregate amount contributed to the Plan by each Participant as Participant Basic Contribution. The percentage that the Participating Employer contributes may vary by position and by business unit as well as over time, as either the *Founder and Executive Chairman of the Board* of the Company or the *President and Chief Executive Officer* of the Company may in his discretion determine.

4.4 Payment of the Participating Employer's Contributions

The Participating Employer shall pay in advance to the Plan Administrator on the first business day of each month an amount equal to the contributions of the Participating Employer contemplated in Section 4.3 computed for the calendar month preceding such payment. At the end of each month, the Plan Administrator shall determine, for such month, the amount of the contributions of the Participating Employer which should have been paid according to the aggregate amount of contributions paid by the Participants during such month and in the event an excess amount was paid by the Participating Employer through a monthly instalment, the Plan Administrator shall deduct such excess amount from the instalment to be made by the Participating Employer at the following month.

Notwithstanding the foregoing, the Participating Employer may pay to the Plan Administrator the Participating Employer's contributions contemplated in Section 4.3 at the time the Participating Employer pays the Participant Basic Contribution contemplated in Section 4.1.

4.5 Additional Contributions

A Participant may make additional contributions to the Plan in excess of the Participant Basic Contribution ranging between 0.5% and 10% of his or her Remuneration, and this, by increments of 0.5% without taking into account the rate of participation provided hereinabove, in accordance with the same terms and conditions provided hereinabove. However, the Participating Employer will not match contributions in the case of such additional contributions by the Participant. A Participant wishing to make additional contributions shall fill out the appropriate form.

4.6 Reports

The Plan Administrator will issue, through its website, to each Participant, on or before November 1, February 1, May 1 and August 1 of each year (or on any other date to be determined by the Company and the Plan Administrator), an electronic report showing, as of September 30, December 31, March 31 and June 30 preceding, the number of Shares held by the Plan Administrator for the account of each Participant on such dates and stating also the number of Shares corresponding to the additional contributions of the Participant.

If a Participant wishes to obtain all quarterly statements in a hard copy format, a request may be addressed to the Plan Administrator.

5. Share Purchase by the Plan Administrator and Participating Employer Contributions

- 5.1 The Plan Administrator shall, upon receipt of contributions pursuant to Section 4, purchase Shares on the secondary market through an exchange on which the Shares are listed, being the Toronto Stock Exchange for Canadian Participants, the New York Stock Exchange for US Participants, and either the Toronto Stock Exchange or the New York Stock Exchange for International Participants. The Plan Administrator shall execute buying orders on receipt of the contributions, at the market price on the purchase date and, if possible, in board lots. The Shares purchased by the Plan Administrator out of the contributions made by Participants and the Participating Employer shall be attributed to the account of the Participants in accordance with the contributions made pursuant to Section 4. The Shares purchased by the Plan Administrator out of the contributions made by the Participants and the Participating Employer shall be held by the Plan Administrator for the account of the Participants.
- 5.2 The Participating Employer may, in addition to the contributions provided in Section 4.3, pay to the Plan Administrator, at its discretion, any amount as additional contribution to the Plan and the Plan Administrator shall purchase Shares on the secondary market through an exchange on which the Shares are listed in accordance with the instructions of the Participating Employer. The allocation of such Shares shall be made in accordance with Section 5.1.

6. Withdrawal, Suspension or Termination

6.1 Election of the Participant

In the cases contemplated in Sections 6.2, 6.3, and 6.5, the Participant may elect, on the relevant form, to receive the Shares held by the Plan Administrator for the account of the Participant in lieu of the cash payment. In such case, the Plan Administrator shall deliver to the Participant as soon as possible a direct registration statement representing such Shares registered in the name of the Participant. However, a direct registration statement can only be issued if it represents a minimum of 100 Shares.

6.2 Full or Partial Withdrawal

A Participant may at any time withdraw, partially or in full, the Shares that the Plan Administrator holds for the Participant's account by giving a Notice of Withdrawal to the Plan Administrator in the manner specified by the Plan Administrator from time to time. Upon receipt of the Notice of Withdrawal, the Plan Administrator shall sell the Shares held for the account of the Participant in the open market through an exchange on which the Shares are listed and shall pay to the Participant an amount in cash equal to the proceeds of such sale, less brokerage fees together with, in the case of a complete withdrawal, every other property held by the Plan Administrator pursuant to the Plan for the account of the Participant. However, the Participant may make the election referred to in Section 6.1, by giving notice to the Plan Administrator.

6.3 Withdrawal upon Termination of Employment

If the employment of a Participant terminates for any reason whatsoever and the Participant does not notify the Participating Employer and the Plan Administrator of his (her) choice in the manner described below (immediately after his (her) last contribution has been processed), the Plan Administrator shall, upon receipt of a notice of termination of employment from the Participating Employer or the Participant, issue a direct registration statement for the Shares held by the Plan Administrator for the account of the Participant or will sell the Shares held by the Plan Administrator for the account of the Participant if it represents less than 100

shares, on receipt of the notice of termination, on the secondary market through an exchange on which the Shares are listed and shall pay to the Participant an amount in cash equal to the proceeds of such sale, less brokerage fees, together with any other property held by the Plan Administrator pursuant to the Plan for the account of the Participant. However, the Participant may make the election referred to in Section 6.1 by giving a notice to the Participating Employer and to the Plan Administrator immediately after his (her) last contribution has been attributed to the account of the Participant.

For the purposes of this Section 6.3 and for any other purposes hereof, the date of termination of employment means the Participant's Last Working Day.

6.4 Suspension of Participation to the Plan

In the event that a Participant is absent from work for any period of time and for any reason and that the Participant receives no Remuneration from the Participating Employer during such absence, the Participant's participation in the Plan shall be automatically suspended until the Participant returns to work or until the Participant elects, pursuant to Sections 6.5, to terminate his or her participation in the Plan.

6.5 Termination of Participation to the Plan at the Participant's Discretion

A Participant may at any time terminate his or her participation in the Plan by giving a Notice of Termination to the Participating Employer and to the Plan Administrator using the appropriate form. The Participant may decide to maintain his Shares in the Plan or withdraw all or part of his Shares, pursuant to Section 6.2.

6.6 Fractional Share

For the purposes of Section 6.1, no fractional Share shall be issued and where a fractional Share should be issued, a cash payment equal to the amount obtained by multiplying the Share Market Price on the date of receipt of the notice referred to in Sections 6.2, 6.3, and 6.5 by the fractional Share shall be paid.

7. Dividends, Registered Plans and Other Rights

7.1 Dividends

All cash dividends and other cash distributions received by the Plan Administrator in respect of Shares held by the Plan Administrator for the account of Participants shall be invested by the Plan Administrator pursuant to Section 5.1. The Shares so acquired shall be allocated to the Participants in proportion to their respective interests. Stock dividends received by the Plan Administrator in respect of Shares shall be held by the Plan Administrator for the account of Participants

7.2 Contribution to Registered Plans (for Canadian Participants only)

A Canadian Participant may contribute all or part of the Shares held by the Plan Administrator for his (her) account to a registered retirement savings plan (a "RRSP") or a Tax-Free Savings Account ("TFSA") (each hereafter referred to as a "**Registered Plan**"). A Canadian Participant may contribute the Shares held by the Plan Administrator for his (her) account to the Company's group RRSP (the "**Group RRSP**") or to the Company's group TFSA ("**Group TFSA**") at the Plan Administrator (or any other entity that may be designated from time to time by the *Founder and Executive Chairman of the Board* of the Company or the *President and Chief Executive Officer* of the Company) or to an individual Registered Plan.

In the event the Participant decides to contribute to a Registered Plan, the Canadian Participant may (a) contribute directly to the Group RRSP or the Group TFSA by filling out the appropriate form or (b) contribute outside the Group RRSP or Group TFSA and transfer the Shares to the Group RRSP or Group TFSA by filling out the appropriate form.

In the event the Canadian Participant decides to contribute to an individual Registered Plan, the Participant shall make a withdrawal in accordance with Section 6.2 and shall withdraw from the Plan the Shares he wants to contribute to his individual Registered Plan by filling out the appropriate form.

The Canadian Participant remains responsible for the calculation of his (her) maximum annual contribution to a Registered Plan provided under the terms of the Income Tax Act (Canada) and the Taxation Act (Québec).

7.3 Other Rights

Forthwith after receipt of a notice of meeting of the holders of Shares, the Plan Administrator shall send to each Participant for whose benefit the Plan Administrator is holding Shares a copy of any such notice of meeting and any financial statement, proxy management circular, proxy or other material to be used in connection with the meeting.

8. **General Provisions**

8.1 Administration Agreement

The Company and the Plan Administrator must enter into an Administration Agreement with respect to the administration of the Plan. Such Administration Agreement forms part of the Plan and the rights of the Participants in respect of the Plan are subject to such agreement.

8.2 Plan Administrator

The Plan Administrator shall be selected by either the *Founder and Executive Chairman of the Board* of the Company or the *President and Chief Executive Officer* of the Company.

8.3 Administration of the Plan

The Board of Directors of the Company or any committee appointed by the Board of Directors has full power and authority with respect to the interpretation of the Plan and to the ratification of rules, terms and other measures it may deem necessary for the management of the Plan.

8.4 Amendment, Suspension and Termination of the Plan

Except as otherwise provided herein, the Board of Directors of the Company or any committee appointed by the Board of Directors may at any time amend, suspend or terminate the Plan; however, no modification, suspension or termination of the Plan may affect any vested right that a Participant may have in respect of the Shares subject to the Plan or of the Plan until the date of amendment, suspension or termination of the Plan.

In the event of termination of the Plan, the Plan Administrator shall remit, as soon as possible, to each Participant a certificate or direct registration statement registered in the name of the Participant representing the Shares held by the Plan Administrator for

the account of such Participant together with any other property held by the Plan Administrator pursuant to the Plan for the account of Participants.

8.5 Limitation of Participants' Rights

Participation to the Plan only entitles the Participant to the benefits provided for in the Plan and only to the extent that the assets are remitted to the Plan Administrator, and does not confer upon any Participant the right to be Employee or to remain an Employee of the Company or any of its Subsidiaries.

Except as otherwise provided herein, The Board of Directors of the Company or any committee appointed by it has full discretionary authority to set, adjust, modify, suspend or cancel the Participant's contributions and the contributions of the Participating Employer to the Plan, and nothing in this Plan shall create in favour of the Participants any vested, demandable or enforceable right to make and receive contributions for the purchase of Shares except in respect of those due as at the date of any modification, adjustment, suspension or termination of the Plan.

The Plan and Participant's participation in the Plan does not generate any acquired rights, is subject to the rules and criteria as may be determined by the Board of Directors from time to time and does not constitute an express or implied term of nor in any manner form part of the Participant's employment contract with the Participating Employer.

8.6 Transfer of Personal Data

By requesting to participate in the Plan and for the purposes of such participation, the Participant consents to the transfer by the Company or the Participating Employer of the Participant's personal data to the Plan Administrator where the Plan Administrator is situated or operates and further consents to the storage and processing of his or personal data in such location.

8.7 Tax Consequences

The Participant is fully responsible for compliance with applicable tax legislation. Neither the Company nor the Participating Employer can be held responsible for any failure in that respect on the part of the Participant.

8.8 Fees and Expenses

All fees relating to the administration of the Plan and all brokerage fees attached to the purchase of Shares are to be borne by the Participating Employer. All other fees such as (i) brokerage fees attached to the sale of Shares, (ii) the issuance of duplicate statements, (iii) where applicable, RRSP or TFSA contribution receipts covering a period exceeding 12 months from the request, (iv) wire transfer fees, (v) banking transaction fees, and (vi) currency conversion fees are at the charge of the Participant. The Participating Employer reserves the right to re-charge to the Participant additional administrative fees incurred for the account of the Participant.

8.9 Interest

The interest accruing on contributions provided for in Section 4 shall be paid to the Participating Employer to be used for the payment of expenses relating to the Plan.

8.10 Country- and Geographic Area-Specific Terms and Conditions

Schedule “A” attached hereto contains additional country and geographic area-specific terms and conditions that are incorporated by reference in respect of Participants residing in such countries or geographic areas.

8.11 Governing Laws

This Plan shall be governed by and construed in accordance with the laws of the Province of Québec.

8.12 No Assignment

The interest of a Participant under the Plan may not be transferred, assigned nor pledged by the Participant.

8.13 Headings and Sub-Headings

The headings and sub-headings appearing herein are stated for convenience purposes to facilitate the consultation of the Plan.

8.14 Language

The French language version of the Plan shall prevail over the English language version in case of discrepancies between such two versions.

8.15 Interpretation

In the event of differences, discrepancies or contradictions between the provisions of the Plan and those of the Administration Agreement, the provisions of the Administration Agreement shall prevail on those of the Plan.

April 29, 2013

SCHEDULE “A”

Country- and Geographic Area-Specific Terms and Conditions

Brazil

THE PLAN DOES NOT CONSTITUTE A PUBLIC OFFERING IN BRAZIL.

European Economic Area

PARTICIPATION IN THE PLAN IS SUBJECT TO THE SAME RISKS AS INHERENT IN ANY INVESTMENT IN SHARES OF THE COMPANY. IF THE COMPANY PRODUCES A PROSPECTUS IN RELATION TO INVESTMENT IN SHARES OF THE COMPANY, ONCE SUCH PROSPECTUS IS APPROVED BY THE UK FINANCIAL CONDUCT AUTHORITY, EMPLOYEES IN THE EUROPEAN ECONOMIC AREA SHOULD REFER TO THE “RISK FACTORS” SECTION OF THE APPROVED PROSPECTUS. ANY SUCH PROSPECTUS WILL BE AVAILABLE ON THE COMPANY’S WEBSITE.

India

THIS DOCUMENT IS NEITHER A PROSPECTUS NOR A STATEMENT IN LIEU OF PROSPECTUS. IT DOES NOT CONSTITUTE AN OFFER OR AN INVITATION TO SUBSCRIBE TO THE SECURITIES ISSUED BY THE COMPANY. ACCORDINGLY, THIS DOCUMENT HAS NEITHER BEEN DELIVERED FOR REGISTRATION NOR IS IT INTENDED TO BE REGISTERED WITH ANY REGULATORY AUTHORITIES IN INDIA.

THIS DOCUMENT IS NOT INTENDED FOR DISTRIBUTION AND IS MEANT SOLELY FOR THE CONSIDERATION OF THE PERSON TO WHOM IT IS ADDRESSED AND SHOULD NOT BE REPRODUCED BY THE RECIPIENT.

Morocco

NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE PLAN, AND IF THE PLAN IS IMPLEMENTED IN MOROCCO, THE AGGREGATE AMOUNT OF THE PARTICIPANT BASIC CONTRIBUTION AND THE ADDITIONAL CONTRIBUTION (IF ANY) PROVIDED FOR BY SECTION 4.5 OF THE PLAN MADE BY A PARTICIPANT EMPLOYED BY THE PARTICIPATING COMPANY IN MOROCCO MAY NOT, ON AN ANNUAL BASIS, EXCEED TEN PERCENT (10%) OF THE NET PAY OF SUCH PARTICIPANT.

PART 6: DOCUMENTS INCORPORATED BY REFERENCE

This prospectus should be read and construed in conjunction with the following documents, which have been previously published and filed with the FCA, and shall be deemed to be incorporated in, and form part of, this prospectus and which are available for inspection in accordance with paragraph 21 of Part 1 of this prospectus:

- (1) the Form 40-F 2011 on pages F-294 to F-553 of the previous prospectus relating to the Share Purchase Plan dated 18 March 2013 (the **2013 Share Purchase Plan Prospectus**); and
- (2) the Form 40-F 2012 on pages F-554 to F-831 of the 2013 Share Purchase Plan Prospectus,

together the **Incorporated Documents**.

The table below sets out the information contained in the Incorporated Documents which is incorporated by reference into this prospectus so as to provide the information required under the Prospectus Rules and to ensure that employees are aware of all information which, according to the particular nature of the Class A Shares, is necessary to enable employees to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Group and of the rights attaching to the Class A Shares.

CGI's website is www.cgi.com and this prospectus is available on that website. The other information on that website, and the information on any other website which is mentioned in this prospectus or mentioned on or, directly or indirectly, linked to or from CGI's website, has not been verified and is not incorporated into and does not form part of this prospectus (unless expressly specified) and investors and prospective investors should not rely on such information.

The Incorporated Documents have been incorporated by reference into this prospectus in compliance with Prospectus Rule 2.4.1. Any documents themselves incorporated by reference (or referred or cross-referred) in the Incorporated Documents shall not form part of this prospectus. Except as set forth below, no other information in the Incorporated Documents is incorporated by reference into this prospectus and any information contained in the Incorporated Documents which is not incorporated by reference into this prospectus is either not relevant for investors and prospective investors for the purposes of Article 5(1) of the Prospectus Directive or is covered elsewhere in this prospectus.

All references to F-pages in the table below are to the F-pages in the Incorporated Documents.

Information required by the Prospectus Directive	Location in Incorporated Documents
Selected Financial Information	
Selected historical financial information regarding the issuer (<i>Annex 1, Section 3.1 of Appendix 3 of the Prospectus Rules</i>)	p. F-444 and F-786
Information about the Issuer	
Principal Investments (<i>Annex 1, Section 5.2.1 of Appendix 3 of the Prospectus Rules</i>)	p. F-312-325, F-533-535, F-573-586 and F-741-743
Business Overview	
The issuer's principal activities (<i>Annex 1, Section 6.1.1 of Appendix 3 of the Prospectus Rules</i>)	p. F-307-310, F-440, F-509, F-568-571 and F-709, F-782

The issuer's principal markets (*Annex 1, Section 6.2 of Appendix 3 of the Prospectus Rules*) p. F-446-454, F-538-540, F-745-747 and F-788-795

Operating and Financial Review

Analysis of the issuer's financial condition and results of operations (*Annex 1, Section 9.1 of Appendix 3 of the Prospectus Rules*) p. F-435-495 and F-777-824

Reasons for material changes in net sales or revenue (*Annex 1, Section 9.2.2 of Appendix 3 of the Prospectus Rules*) p. F-452-454 and F-791-793

Employees

The number of employees for the fiscal years ended 30 September 2012 and 30 September 2011 (*Annex 1, Section 17.1 of Appendix 3 of the Prospectus Rules*) p. F-309 and F-569

Related party transactions (*Annex 1, Section 19 of Appendix 3 of the Prospectus Rules*) p. F-541 and F-748-749

Financial Information Concerning the Issuer's Assets and Liabilities, Financial Position and Profits and Losses

Audited historical financial information and audit reports for the fiscal years ended 30 September 2012 and 30 September 2011 p. F-497-551 and F-698-776

Balance Sheet p. F-507 and F-706

Income Statement p. F-506 and F-704

A statement showing either all changes in equity or changes in equity other than those arising from capital transactions with owners and distributions to owners p. F-526, F-707 and F-732

Cash flow statement p. F-508 and F-708

Accounting policies and explanatory notes (*Annex 1, Section 20.1 of Appendix 3 of the Prospectus Rules*) p. F-509-551 and F-709-776

Confirmation that the consolidated annual financial statements are included in the prospectus (*Annex 1, Section 20.3 of Appendix 3 of the Prospectus Rules*) p. F-497, F-511, F-698 and F-709

Statement that the historical financial information has been audited and details of qualifications and disclaimers (*Annex 1, Section 20.4.1 of Appendix 3 of the Prospectus Rules*) p. F-502 and F-701

Additional Information

Share Capital

History of share capital (*Annex 1, Section 21.1.7 of* p. F-304, F-526, F-564 and F-732

Appendix 3 of the Prospectus Rules)

CGI will provide without charge to each person to whom a copy of this prospectus has been delivered, upon written or oral request, a copy of any of the Incorporated Documents, except that exhibits to such Incorporated Documents will not be provided unless they are specifically incorporated by reference into this prospectus. Requests for copies of any such document should be directed to CGI at:

Investor Relations
1350 René-Lévesque Blvd. West
15th Floor
Montreal, Québec
H3G 1T4
Canada
Telephone: (514) 841-3200

PART 7: GROUP FINANCIAL INFORMATION AND PROXY STATEMENT

This Part 7 contains a reproduction in its entirety of:

- (1) the Proxy Statement M-1 to M-76
- (2) the Form 40-F 2013 F-1 to F-272
- (3) the Form 6-K F-273 to F-338
- (4) the Review Report F-339

Ernst & Young LLP of 800 boul. Rene-Levesque West, Suite 1900, Montréal, QC, H3B 1X9, Canada has acted as CGI's independent registered public accounting firm to audit: (i) the consolidated financial statements of the Group for the year ended 30 September 2013 contained in this Part 7 and (ii) the consolidated financial statements of the Group for the years ended 30 September 2012 and 2011 contained in Part 6 (*Documents Incorporated by Reference*), in accordance with Canadian generally accepted standards and the standards of the PCAOB.

Ernst & Young LLP has reviewed the condensed interim financial statements, consisting of the condensed consolidated balance sheets as at 31 December 2013 and 30 September 2013 and the condensed consolidated statements of earnings, comprehensive income, changes in equity and cash flows for the three-month periods ended 31 December 2013 and 2012 on the Form 6-K contained in this Part 7 in accordance with Canadian generally accepted standards and the standards of the PCAOB for a review of interim financial statements by an entity's auditor.

SECTION 1: PROXY STATEMENT



Notice of Annual General Meeting of Shareholders

**To be held in Montreal, Quebec, Canada
on Wednesday, January 29, 2014
at 11:00 a.m.**

at the

**Ritz Carlton Hotel
Oval Room
1228 Sherbrooke Street West
Montreal, Quebec
Canada**

Record Date: Friday, December 13, 2013

**Proxy cut-off date and time:
11:00 a.m. Montreal Time on Tuesday, January 28, 2014**

Letter to Shareholders & MANAGEMENT PROXY CIRCULAR Dated December 13, 2013

These securityholder materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and the issuer or its agent has sent these materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf.

By choosing to send these materials to you directly, the issuer (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

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NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

Montreal, Quebec, December 13, 2013

Notice is hereby given that an Annual General Meeting of Shareholders (the "Meeting") of CGI GROUP INC. ("CGI" or the "Company") will be held at the Ritz Carlton Hotel in the Oval Room, 1228 Sherbrooke Street West, in Montreal, Quebec, Canada, on Wednesday, January 29, 2014, at 11:00 a.m. (Montreal time) for the following purposes:

- 1) to receive the report of the directors, together with the consolidated balance sheet and statements of earnings, comprehensive income, retained earnings and cash flows, and the auditors' report for the fiscal year ended September 30, 2013;
- 2) to elect directors;
- 3) to appoint auditors and authorize the Audit and Risk Management Committee to fix their remuneration;
- 4) to approve the replenishment of the reserve of shares available for issuance under the Company's *Share Option Plan for Employees, Officers, Directors and Consultants of CGI Group Inc., its Subsidiaries and its Associates*; and
- 5) to transact such other business as may properly come before the Meeting or any adjournment thereof.

The Meeting will be broadcast live on the Company's web site at www.cgi.com. The webcast will also be archived afterwards.

CGI has opted to use the new Notice and Access rules adopted by Canadian securities regulators to reduce the volume of paper in the Meeting materials distributed for the Annual General Meeting of Shareholders. Instead of receiving the enclosed Management Proxy Circular with the form of proxy or voting instruction form, shareholders received a Notice of Meeting with instructions for accessing the remaining Meeting materials online. This Management Proxy Circular and other relevant materials are available via the internet at www.envisionreports/GIB or on the Canadian Securities Administrators' site at www.sedar.com.

Proxies submitted by mail, phone or internet must be received by Computershare Investor Services Inc. by 11:00 a.m., Montreal time, on Tuesday, January 28, 2014. Alternatively, shareholders who miss the phone and internet proxy return deadline may still submit a paper proxy which must be received by the Corporate Secretary of the Company prior to the Meeting or any adjournment thereof.

By order of the Board of Directors,



André Imbeau
Founder, Vice-Chairman of the Board
and Corporate Secretary

We wish to have as many shares as possible represented and voted at the Meeting, and for this reason, if you are unable to attend the Meeting in person, we would kindly ask you to (i) complete and return the form of proxy or voting instruction form in the postage prepaid envelope provided for that purpose, (ii) vote by phone, or (iii) vote using the internet. Instructions on how to vote by phone or by using the internet are provided in the Management Proxy Circular.

Record Date to Determine Shareholders Eligible to Vote and Attend the Meeting

Only persons shown on the register of shareholders at the close of business on Friday, December 13, 2013, or their proxy holders, will be entitled to attend the Meeting and vote. The register of shareholders is kept by CGI's transfer agent, Computershare Investor Services Inc.

LETTER TO SHAREHOLDERS

Dear fellow shareholders,

We have completed a first fiscal year following the acquisition of *Logica plc* and we now enjoy the strength of 68,000 members committed to providing services to customers the CGI way: on time and on budget.

One of our key acquisition integration priorities was to ensure that the best practices and management tools that we have developed over the years are consistently applied throughout the Company. Our focus on measuring how we are able to create long-term value for our clients, our members and our shareholders, translates into consistent performance, even in the challenging economic times we have witnessed in recent years. We take great pride in having built CGI from the ground up on a solid foundation that stresses the importance of fundamentals.

CGI's *Management Foundation*, which reflects our collective experience, is a set of key elements that define and guide the management of the Company. Several of its components contribute to the excellent client satisfaction scores that we earn. The development of an ownership mentality among our employees, whom we call members, is one of the keys to our success.

Our members have traditionally made up the largest shareholder group in the Company and we made a commitment early in the integration process to offer former Logica employees the possibility of becoming CGI shareholders. Barely one year later, we have secured regulatory clearance for the CGI *Share Purchase Plan* to be offered in key jurisdictions and we are very pleased that our members in the jurisdictions where the plan is now offered are participating and acquiring a growing ownership stake in the Company.

In that way, our members become owners in every sense of the word and therefore reap the benefits of owning a customer-focused company whose interests are closely aligned with those of its customers, its members, and you, our shareholders.

As part of our *Management Foundation*, which includes our client, shareholder and member management frameworks, we measure the satisfaction levels of our three stakeholders groups. The input from our stakeholders allows us to continually strive to meet or exceed their expectations. Our goal is to maintain a consistent balance among the interests of each.

Our *Management Foundation* also ensures both quality and consistency of execution in all our operations, and this has allowed us to achieve ISO 9001 certification for all our operations. Our well defined processes and performance metrics are the tools we use in our frameworks to achieve our goals. One of our objectives is therefore to extend ISO 9001 certification to all Logica operations by rigorously applying our *Management Foundation*.

We rely on a set of performance indicators comprised of measures related to each of our stakeholders. These performance metrics are applied throughout the Company. Global, local and comparative results are made visible and monitored at all management levels. They are also regularly discussed with members at the business unit level. As the members of our Board of Directors are carefully selected for their operational and financial literacy as well as for their knowledge and experience in managing large operations, they are in a position to analyze these indicators and provide expert advice on how to continuously improve our performance.

The same sharp focus on performance determines the compensation of our management team. Our performance-based approach links their compensation to the achievement of business objectives. Awards made under the *Profit Participation Plan*, which is our short-term incentive program, are contingent upon the achievement of growth and profitability targets at the business unit and at the enterprise level. Grants under the Share Option and Performance Share Unit Plans, which constitute our long-term incentive programs, are made at the beginning of the year and then only vest over time if the same performance targets are met. Stock options and performance share units that do not vest based on the degree of achievement of the performance targets are forfeited.

CGI's foundation is rock solid because we have a robust and stable platform for continued growth. The scope of our operations, the enduring quality of our governance structures, and our well-defined business processes have been designed for exceptional financial strength and sustainable long-term success.

We encourage you to read our 2013 consolidated audited financial statements, *Management's Discussion and Analysis*, and *Management Proxy Circular* in order to become better acquainted with CGI. We are confident that, as you come to know us, you will appreciate the strength of our commitment to our three stakeholders.

Annual General Meeting and Proxy Voting

On behalf of CGI's Board of Directors, management and members, we invite you to attend the Annual General Meeting of Shareholders that will be held at the Ritz-Carlton Hotel, in the Oval Room, 1228 Sherbrooke Street West, Montreal, Quebec, Canada, on Wednesday, January 29, 2014, at 11:00 a.m. (Montreal time).

The items of business are described in this *Notice of Annual General Meeting of Shareholders and Management Proxy Circular*.

At the Annual General Meeting of Shareholders, you will have the opportunity to hear CGI's senior leadership discuss the highlights of our performance in 2013. You will also hear about our plans for the future and will have the opportunity to ask any questions you may have about your Company.

We encourage you to exercise the power of your proxy by voting your shares by mail, by phone or by using the internet as outlined in the enclosed Circular, or by presenting your signed proxy in person before the start of the Meeting.

Yours sincerely,



Serge Godin
Founder and Executive
Chairman of the Board



Thomas P. d'Aquino
Lead Director

MANAGEMENT PROXY CIRCULAR

This *Management Proxy Circular* is provided in relation to the solicitation of proxies by the management of CGI GROUP INC. (the “Company” or “CGI”) for use at the Annual General Meeting of Shareholders (the “Meeting”) of the Company which will be held on Wednesday, January 29, 2014, and at any adjournment thereof. Unless otherwise indicated, the information provided in this *Management Proxy Circular* that relates to financial information is provided as of September 30, 2013, all other information is provided as of December 13, 2013, and all currency amounts are shown in Canadian dollars.

NOTICE AND ACCESS

CGI has opted to use the new Notice and Access rules adopted by Canadian securities regulators to reduce the volume of paper in the Meeting materials distributed for the Annual General Meeting of Shareholders. Instead of receiving this Management Proxy Circular with the form of proxy or voting instruction form, shareholders received a Notice of Meeting with instructions for accessing the remaining Meeting materials online. CGI sent the Notice of Meeting and proxy form directly to registered shareholders, and the Notice of Meeting and voting instruction form directly to non-objecting beneficial owners. CGI intends to pay for intermediaries to deliver the Notice of Meeting, voting instruction form and other Meeting materials to objecting beneficial owners.

This Management Proxy Circular and other relevant materials are available via the internet at www.envisionreports/GIB or on the Canadian Securities Administrators’ site at www.sedar.com.

If you would like to receive a paper copy of the current Meeting materials by mail, you must request one. There is no charge to you for requesting a copy. Registered shareholders and non-objecting beneficial shareholders may call toll free at 1-866-962-0498 within North America or +1 (514) 982-8716 outside North America and enter the control number as indicated on the Notice of Meeting to request a paper copy of the materials for the Meeting. Objecting beneficial shareholders may request a paper copy of the materials by calling *Broadridge Investor Communication Solutions, Canada* toll-free at 1-877-907-7643.

To ensure you receive the material in advance of the voting deadline and Meeting date, all requests must be received not later than January 15, 2014 to ensure timely receipt. If you do request the current materials, please note that another Voting Instruction Form or Proxy Form will not be sent; please retain the one received with the Notice of Meeting for voting purposes.

To obtain paper copies of the materials after the Meeting date, please contact CGI’s Investor Relations department as follows:

Investor Relations
CGI Group Inc.
1350 René-Lévesque Blvd. West
15th Floor
Montreal, Quebec
Canada
Tel.: (514) 841-3200

PROXIES

Solicitation of Proxies

The solicitation of proxies will be made primarily by mail for registered and beneficial shareholders and by e-mail and e-delivery for participants in the Company’s Share Purchase Plan. Proxies may also be solicited personally by e-mail or by telephone by members of the Company at minimal cost. The Company does not expect to pay any compensation for the solicitation of proxies, but will pay brokers and other persons holding shares for other reasonable expenses for sending proxy materials to beneficial owners in order to obtain voting instructions. The Company has not retained the services of any third party to solicit proxies. Should it decide to do so, the fees payable to the proxy solicitor are not expected to exceed \$50,000. The Company will bear all expenses in connection with the solicitation of proxies.

The persons whose appointment to act under the form of proxy solicited by the management of the Company are all directors of the Company.

In order to be voted at the Meeting, a proxy must be received by the Corporate Secretary of the Company prior to the Meeting or any adjournment thereof.

The persons whose names are printed on the form of proxy will vote all the shares in respect of which they are appointed to act in accordance with the instructions given on the form of proxy. **In the absence of a specified choice in relation to any matter to be voted on at the Meeting, or if more than one choice is indicated, the shares represented by the form of proxy will be voted FOR the matter in question.**

Every proxy given to any person in the form of proxy that accompanies the Notice of Meeting will confer discretionary authority with respect to amendments or variations to the items of business identified in the Notice of Meeting and with respect to any other matters that may properly come before the Meeting.

Appointment and Revocation of Proxies

Every shareholder has the right to appoint a person to act on his or her behalf at the Meeting other than the persons whose names are printed in the form of proxy that accompanies the Notice of Meeting. To exercise this right, the shareholder should insert the nominee's name in the space provided for that purpose in the form of proxy or prepare another proxy in proper form appointing the nominee. The paper form of proxy or internet voting are the only voting options for shareholders who wish to appoint a person as proxy other than the nominees named on the form of proxy.

A proxy may be revoked at any time by the person giving it to the extent that it has not yet been exercised. A proxy may be revoked by filing a written notice with the Corporate Secretary of the Company. The powers of the proxy holders may also be revoked if the shareholder attends the Meeting in person and so requests.

Record Date

Only persons shown on the register of shareholders at the close of business on Friday, December 13, 2013, or their proxy holders, will be entitled to attend the Meeting and vote. The register of holders of Class A subordinate voting shares is kept by CGI's transfer agent, Computershare Investor Services Inc.

Voting by Registered Shareholders

Registered shareholders, rather than returning the form of proxy by mail or hand delivery, may vote by phone or by using the internet. Proxies submitted by mail, phone or internet must be received by Computershare Investor Services Inc. by 11:00 a.m., Montreal time, on Tuesday, January 28, 2014. Alternatively, shareholders who miss the phone and internet proxy return deadline may still submit a paper proxy which must be received by the Corporate Secretary of the Company prior to the Meeting or any adjournment thereof.

Telephone Voting

If a shareholder wishes to vote by phone, a touch-tone phone must be used to transmit voting preferences to a toll free number. Shareholders must follow the instructions of the voice-response system and refer to the form of proxy they received in the mail which provides the toll free number, the holder account number and the proxy control number which are located on the front side of the proxy form.

Internet Voting

If a shareholder elects to vote using the internet, the shareholder must access the following web site: www.investorvote.com. Shareholders must follow the instructions that appear on the screen and refer to the form of proxy they received in the mail which provides the holder account number and the proxy control number which are located on the front side of the proxy form.

Voting by Non-Registered Shareholders

Non-registered shareholders or "beneficial shareholders" are holders whose shares are held on their behalf through a "nominee" such as a bank, a trust company, a securities broker or other financial institution. Most of CGI's shareholders hold their shares in this way. Non-registered or beneficial shareholders must seek instructions from their nominees as to how to complete their voting instruction form if they wish to vote their shares themselves. Non-registered or beneficial shareholders who received or who were given access to this

Management Proxy Circular in a mailing from their nominee must adhere to the voting instructions provided to them by their nominee.

Since CGI's registrar and transfer agent, Computershare Investor Services Inc., may not have a complete record of the names of the Company's non-registered shareholders, the transfer agent may not have knowledge of a non-registered shareholder's right to vote, unless the nominee has appointed the non-registered shareholder as proxyholder. Non-registered shareholders who wish to vote in person at the Meeting must insert their own name in the space provided on the voting instruction form, and adhere to the signing and return instructions provided by their nominee. By doing so, non-registered shareholders are instructing their nominee to appoint them as proxyholder.

VOTING SHARES AND PRINCIPAL HOLDERS OF VOTING SHARES

The Company's authorized share capital consists of an unlimited number of First Preferred Shares ("First Preferred Shares"), issuable in series, an unlimited number of Second Preferred Shares ("Second Preferred Shares"), issuable in series, an unlimited number of Class A subordinate voting shares ("Class A subordinate voting shares") and an unlimited number of Class B shares (multiple voting) ("Class B shares"), all without par value, of which, as of December 13, 2013, 276,014,110 Class A subordinate voting shares and 33,272,767 Class B shares were issued and outstanding.

The following summary of the material features of the Company's authorized share capital is given subject to the detailed provisions of its articles of incorporation.

Class A Subordinate Voting Shares and Class B Shares

Voting Rights

The holders of Class A subordinate voting shares are entitled to one vote per share and the holders of Class B shares are entitled to ten votes per share. As of December 13, 2013, 45.3% and 54.7% of the aggregate voting rights are attached to the outstanding Class A subordinate voting shares and Class B shares, respectively.

Subdivision or Consolidation

The Class A subordinate voting shares or Class B shares may not be subdivided or consolidated unless simultaneously the Class B shares or the Class A subordinate voting shares, as the case may be, are subdivided or consolidated in the same manner and in such an event, the rights, privileges, restrictions and conditions then attaching to the Class A subordinate voting shares and Class B shares shall also attach to the Class A subordinate voting shares and Class B shares as subdivided or consolidated.

Rights upon Liquidation

Upon liquidation or dissolution of the Company or any other distribution of its assets among its shareholders for the purposes of winding up its affairs, all the assets of the Company available for payment or distribution to the holders of Class A subordinate voting shares and holders of Class B shares will be paid or distributed equally, share for share.

Conversion Rights of Class A Subordinate Voting Shares in Specific Circumstances

Subject to what is hereinafter set out, if a take-over bid or exchange bid or an issuer bid, other than an exempt bid (as defined in the articles of incorporation of the Company), for the Class B shares is made to the holders of Class B shares without being made simultaneously and on the same terms and conditions to the holders of Class A subordinate voting shares, each Class A subordinate voting share shall become convertible into one Class B share, at the holder's option, in order to entitle the holder to accept the offer from the date it is made. However, this right of conversion shall be deemed not to come into effect if the offer is not completed by its offeror or if the senior executives and full-time employees of the Company or its subsidiaries and any corporate entity under the control of one or more of such senior executives, as owners, as a group, of more than 50% of the outstanding Class B shares, do not accept the offer.

The articles of incorporation of the Company contain a complete description of the types of bids giving rise to the rights of conversion, provide certain procedures to be followed to perform the conversion and stipulate that upon

such a bid, the Company or the transfer agent will communicate in writing to the holders of Class A subordinate voting shares full details as to the bid and the manner of exercising the right of conversion.

Conversion of Class B Shares

Each Class B share may, from time to time, at the holder's option, be converted into one Class A subordinate voting share.

Issue of Class B Shares

The Company's articles of incorporation provide for pre-emptive rights in favour of holders of Class B shares. Therefore, the Company may not issue Class A subordinate voting shares or securities convertible into Class A subordinate voting shares without offering, in the manner determined by the Board of Directors, to each holder of Class B shares, pro rata to the number of Class B shares it holds, the right to subscribe concurrently with the issue of Class A subordinate voting shares or of securities convertible into Class A subordinate voting shares, as the case may be, an aggregate number of Class B shares or securities convertible into Class B shares, as the case may be, sufficient to fully maintain its proportion of voting rights associated with the Class B shares. The consideration to be paid for the issuance of each Class B share or security convertible into Class B shares, as the case may be, shall be equal to the issue price of each Class A subordinate voting share or security convertible into Class A subordinate voting shares then issued.

The pre-emptive rights do not apply in the case of the issuance of Class A subordinate voting shares or securities convertible into Class A subordinate voting shares:

- in payment of stock dividends;
- pursuant to the stock option plans or share purchase plans of the Company;
- further to the conversion of Class B shares into Class A subordinate voting shares pursuant to the articles of incorporation of the Company; or
- further to the exercise of the conversion, exchange or acquisition rights attached to securities convertible into Class A subordinate voting shares.

Any holder of Class B shares may assign its pre-emptive rights to other holders of Class B shares.

Dividends

The Class A subordinate voting shares and Class B shares participate equally, share for share, in any dividend which may be declared, paid or set aside for payment thereon. In fiscal 2013, considering, among other matters, the needs for reinvestment in the Company's operations, the scope of investment projects, the repayment of the Company's debt, and the repurchase of outstanding Class A subordinate voting shares under the Company's Normal Course Issuer Bid, the Board of Directors determined that the Company, in keeping with its long-standing practice, would not pay a dividend. The Board of Directors re-evaluates its dividend policy annually.

Amendments

The rights, privileges, conditions and restrictions attaching to the Class A subordinate voting shares or Class B shares may respectively be amended if the amendment is authorized by at least two-thirds of the votes cast at a meeting of holders of Class A subordinate voting shares and Class B shares duly convened for that purpose. However, if the holders of Class A subordinate voting shares as a class or the holders of Class B shares as a class were to be affected in a manner different from that of the other classes of shares, such amendment shall, in addition, be authorized by at least two-thirds of the votes cast at a meeting of holders of shares of the class of shares so affected in a different manner.

Rank

Except as otherwise provided hereinabove, each Class A subordinate voting share and each Class B share carry the same rights, rank equally in all respects and are to be treated by the Company as if they constituted shares of a single class.

Normal Course Issuer Bid and Share Repurchase

On January 30, 2013, the Board of Directors authorized the renewal of a Normal Course Issuer Bid (the “Issuer Bid”) and the purchase of up to 10% of the public float of the Company’s Class A subordinate voting shares as at January 25, 2013. The Issuer Bid enables the Company to purchase on the open market through the facilities of the *Toronto Stock Exchange* and certain alternative markets up to 20,685,976 Class A subordinate voting shares for cancellation. As at January 25, 2013, there were 274,486,679 Class A subordinate shares of the Company outstanding of which approximately 75.4% were widely held. The Company was authorized to purchase Class A subordinate voting shares under the Issuer Bid commencing on February 11, 2013 and may continue to do so until February 10, 2014, or until such earlier date when the Company completes its purchases or elects to terminate the Issuer Bid. As of December 13, 2013, the Company had purchased for cancellation 718,100 Class A subordinate voting shares under the Issuer Bid for an average market price plus commission of \$31.69, representing an aggregate consideration of \$22.8 million. A copy of the Company’s *Notice of Intention to make a Normal Course Issuer Bid* may be obtained free of charge from CGI’s Investor Relations department. See the heading Additional Information at the end of this document.

On November 29, 2013, *Caisse de dépôt et placement du Québec* (the “Caisse”) reduced its holdings in CGI by 9,962,940 Class A subordinate voting shares. The reduction was in accordance with the Caisse’s portfolio rebalancing policy based on the increase in the share price for the Company’s Class A subordinate voting shares that nearly doubled since the private placement by the Caisse in May of 2012.

As part of the transaction, CGI purchased 2,490,660 of the Class A subordinate voting shares representing 25% of the shares sold by the Caisse at a price per share of \$40.15 corresponding to the net price that the Caisse obtained from the broker who acquired the remaining 75% of the shares.

In accordance with Toronto Stock Exchange rules, the repurchase by the Company of the shares held by the Caisse will be taken into account when calculating the annual aggregate limit that the Company is entitled to repurchase under its current Issuer Bid.

First Preferred Shares

The First Preferred Shares may be issued from time to time in one or more series and the Board of Directors of the Company has the right to determine, by resolution, the designation, rights, privileges, restrictions and conditions attaching to each series. The First Preferred Shares of each series rank equal to the First Preferred Shares of all other series and rank prior to the Second Preferred Shares, the Class A subordinate voting shares and Class B shares with respect to payment of dividends and repayment of capital. The holders of First Preferred Shares are entitled to receive notice of and attend any shareholders’ meetings and are entitled to one vote per share. As of December 13, 2013, no First Preferred Shares were outstanding.

Second Preferred Shares

The Second Preferred Shares may be issued from time to time in one or more series and the Board of Directors has the right to determine, by resolution, the designation, rights, privileges, restrictions and conditions attaching to each series. The Second Preferred Shares of each series rank equal to all other Second Preferred Shares of all other series and rank prior to the Class A subordinate voting shares and Class B shares with respect to payment of dividends and repayment of capital. The Second Preferred Shares are non-voting. As of December 13, 2013, no Second Preferred Shares were outstanding.

Principal Holders of Class A Subordinate Voting Shares and Class B Shares

As of December 13, 2013, to the knowledge of the directors and executive officers of the Company, the only persons who beneficially owned, directly or indirectly, or exercised control or direction over 10% or more of CGI's outstanding Class A subordinate voting shares or Class B shares were Serge Godin, André Imbeau, and the Caisse. Their holdings are set out in the tables that follow.

Name	Shares – Class “A”		Shares – Class “B”		Shares – Class “A” and “B”		
	Number	%	Number	%	Total % of Equity	Total Number of Votes	Total % of Vote
Serge Godin	874,674 ^(a)	0.32%			0.28%	874,674	0.14%
			23,007,351 ^(b)	69.15%	7.44%	230,073,510	37.79%
			5,209,156 ^(c)	15.66%	1.68%	52,091,560	8.56%
			360,582 ^(d)	1.08%	0.12%	3,605,820	0.59%
Total	874,674	0.32%	28,577,089	85.89%	9.52%	286,645,564	47.09%

(a) These shares are owned directly or indirectly by Mr. Godin.

(b) These shares are owned by Distinction Capital Inc., a company controlled by Mr. Godin.

(c) These shares are owned by 3727912 Canada Inc., a company controlled by Mr. Godin.

(d) These shares are owned by 9164-7586 Québec Inc., a company controlled by Mr. Godin.

Name	Shares – Class “A”		Shares – Class “B”		Shares – Class “A” and “B”		
	Number	%	Number	%	Total % of Equity	Total Number of Votes	Total % of Vote
André Imbeau	267,160 ^(e)	0.10%			0.09%	267,160	0.04%
			3,477,071 ^(f)	10.45%	1.12%	34,770,710	5.71%
			798,588 ^(g)	2.40%	0.26%	7,985,880	1.31%
Total	267,160	0.10%	4,275,659	12.85%	1.47%	43,023,750	7.06%

(e) These shares are owned directly or indirectly by Mr. Imbeau.

(f) These shares are owned by 9088-0832 Québec Inc., a company controlled by Mr. Imbeau.

(g) These shares are owned by 9102-7003 Québec Inc., a company controlled by Mr. Imbeau.

CGI's Investor Relations department regularly surveys the Company's largest institutional shareholders.

The following table sets out, as at December 13, 2013, the top ten institutional holders of CGI's Class A subordinate voting shares, based on the shareholder identification data available to the Company.

Name	Shares – Class “A”		Shares – Class “B”		Shares – Class “A” and “B”		
	Number	%	Number	%	Total % of Equity	Total Number of Votes	Total % of Vote
Caisse de dépôt et placement du Québec	58,174,038	21.08%	-	-	18.81%	58,174,038	9.56%
FMR, Inc. (Fidelity Investments)	26,996,807	9.78%	-	-	8.73%	26,996,807	4.43%
TD Asset Management	13,200,000	4.78%	-	-	4.27%	13,200,000	2.17%
Invesco Advisers	7,000,000	2.54%	-	-	2.26%	7,000,000	1.15%
RBC Global Asset Management, Inc.	6,775,500	2.45%	-	-	2.19%	6,775,500	1.11%
GCIC, Ltd.	6,350,000	2.30%	-	-	2.05%	6,350,000	1.04%
Mackenzie	6,250,000	2.26%	-	-	2.02%	6,250,000	1.03%

Name	Shares – Class “A”		Shares – Class “B”		Shares – Class “A” and “B”		
Financial Corporation							
Greystone Managed Investments	5,200,000	1.88%	-	-	1.68%	5,200,000	0.85%
Pyramis Canada ULC	5,156,830	1.87%	-	-	1.67%	5,156,830	0.85%
BMO Capital Markets	4,944,380	1.79%	-	-	1.60%	4,944,380	0.81%

As of December 13, 2013, the directors and officers of the Company, as a group, beneficially owned, directly or indirectly, or exercised control or direction over, 4,030,752 Class A subordinate voting shares and 33,272,767 Class B shares representing respectively 1.46% of the issued and outstanding Class A subordinate voting shares and 100% of the issued and outstanding Class B shares.

BUSINESS TO BE TRANSACTED AT THE MEETING

The following items of business will be presented to the shareholders at the Meeting:

1. *Presentation of the Annual Consolidated Financial Statements*

The consolidated annual financial statements for the fiscal year ended September 30, 2013 and the report of the auditors will be placed before the Meeting. The annual consolidated financial statements were mailed with the Notice of Meeting to shareholders who requested them. Additional copies of the fiscal 2013 annual consolidated financial statements may be obtained from CGI upon request and will be available at the Meeting.

2. *Election of Directors*

Fourteen directors are to be elected to hold office until the close of the next Annual General Meeting of Shareholders or until their successor is elected or appointed. Each of the persons presented in this *Management Proxy Circular* is proposed to be nominated as a director of the Company and each nominee has agreed to serve as a director if elected.

The persons named as proxies in the proxy form intend to cast the votes represented by proxy at the Meeting FOR the election as directors of the fourteen persons nominated in this Management Proxy Circular unless shareholders direct otherwise.

3. *Appointment of Auditors*

The Board of Directors recommends that Ernst & Young LLP, Chartered Accountants, be appointed as the auditors of the Company to hold office until the next Annual General Meeting of Shareholders or until their successors are appointed. Ernst & Young LLP were first appointed as the Company's auditors at the Annual General Meeting of Shareholders held on January 27, 2010.

The persons named as proxies in the proxy form intend to cast the votes represented by proxy at the Meeting FOR the appointment of Ernst & Young LLP as auditors and to vote to authorize the Audit and Risk Management Committee to fix the remuneration of the auditors unless shareholders direct otherwise.

4. *Replenishment of the Reserve under the CGI Share Option Plan*

The Board of Directors recommends that the shareholders approve the replenishment of the reserve of shares available for issuance under the Company's *Share Option Plan for Employees, Officers, and Directors of CGI Group Inc., its Subsidiaries and its Associates* (the "Share Option Plan") in order to bring the number of shares that may be issued under the Share Option Plan to a total of 44,755,366 shares representing 14.5% of the issued and outstanding Class A subordinate voting shares and Class B shares of the Company and 12.6% on a fully diluted basis ("diluted overhang"), as of December 13, 2013.

The text of the resolution proposed to be adopted at the Meeting is provided as Appendix C. Please see the heading *Replenishment of the Reserve under the CGI Share Option Plan* later in this document which forms part of the report of the Human Resources Committee.

The persons named as proxies in the proxy form intend to cast the votes represented by proxy at the Meeting FOR the approval of the proposed replenishment of the reserve of shares available for issuance under the Share Option Plan unless shareholders direct otherwise.

NOMINEES FOR ELECTION AS DIRECTORS

The persons whose names are printed in the form of proxy intend to vote for the election as directors of the proposed nominees whose names are set forth in the following table. Each director elected will hold office until the next Annual General Meeting of Shareholders or until that director's successor is duly elected or appointed, unless the office is earlier vacated.

The information below lists the name of each candidate proposed by the Board of Directors on the recommendation of the Corporate Governance Committee for election as a director; whether the director has been determined by the Board of Directors to be independent of, or related to, the Company; whether the candidate complies with the Company's share ownership guidelines; the candidate's age; the principal occupation; the municipality, province or state, and country of residence; the year when the person first became a director; their standing committee memberships; the number of shares of the Company beneficially owned, directly or indirectly, or over which control or direction is exercised, the number of Deferred Stock Units ("DSUs") of the Company (see the heading *Stock Options and Deferred Stock Units Granted to Directors* later in this document), the number of stock options of the Company held (see the heading *Share Option Plan* later in this document), and the number of Performance Share Units ("PSUs") of the Company held (see the heading *Performance Share Unit Plan* later in this document); as well as the other companies on whose board of directors the candidate serves.

By filling in the form of proxy, shareholders may vote for all directors or choose to withhold their vote from some or all of the directors proposed for election.

Information relating to shares, DSUs, stock options, and PSUs beneficially owned, or over which control or direction is exercised has been provided by each of the candidates as of December 13, 2013.



Alain Bouchard
Independent director, complies with share ownership guidelines
Age 64
Lorraine, Quebec, Canada
Director since 2013
Member of the Human Resources Committee
Class A subordinate voting shares: 7,500 (*)
Deferred Stock Units: 923 (+)
Stock options: 9,661 (±)

Mr. Bouchard is President and Chief Executive Officer and a director of Alimentation Couche-Tard Inc., a company listed on the Toronto Stock Exchange that operates more than 12,680 convenience stores in Canada, the United States, Europe and ten other countries worldwide (China, Guam, Honduras, Hong Kong, Indonesia, Japan, Macau, Mexico, Vietnam and United Arab Emirates). The company is the largest independent convenience store operator in North America in terms of number of company-operated stores. Mr. Bouchard founded the company in 1980, led its growth, and has more than 40 years of experience in the retail industry.



Bernard Bourigeaud
 Independent director, complies with the share ownership guidelines
 Age 69
 Waterloo, Belgium
 Director since 2008
 Member of the Human Resources Committee
 Class A subordinate voting shares: 10,000 (*)
 Stock options: 15,335 (‡)

Mr. Bourigeaud, a chartered accountant, is Chairman of BJB Consulting, a CEO to CEO consultancy business. Until September 2007, Mr. Bourigeaud was Chairman of Atos Origin S.A., a leading global IT services company which he founded through a chain of successful mergers which began in 1991. Prior to that, he spent 11 years at Deloitte, Haskins and Sells where he was the head of the management consulting group. Mr. Bourigeaud holds positions on various boards including the board of advisors of Jefferies International Limited, and Amadeus IT Holding, S.A. In December 2011, Mr. Bourigeaud was appointed non-executive Chairman of Oberthur Technologies Holding and non-executive Vice-Chairman of Oberthur Technologies SA. He is also an international operating partner of Advent International and President of CEPS (*Centre d'Etude et Prospective Stratégique*). Mr. Bourigeaud is an Affiliate Professor at HEC School of Management in Paris and a member of HEC's International Advisory Board. In 2004, he was appointed *Chevalier de la Légion d'Honneur*.



Jean Brassard
 Independent director, complies with share ownership guidelines
 Age 69
 Verdun (Nuns' Island), Quebec, Canada
 Director since 1978
 Member of the Audit and Risk Management Committee
 Class A subordinate voting shares: 228,027 (*)
 Class B shares: 420,019 (*)
 Deferred Stock Units: 10,405 (+)
 Stock options: 32,815 (‡)

Mr. Brassard has had an extensive career as an IT professional practitioner and senior manager. He joined the Company in 1978 as a Vice-President and led the development and implementation of major IT projects in all economic sectors served by CGI. He became President and Chief Operating Officer in January 1997 and was Vice-Chairman of the Company's Board of Directors for 25 years. Mr. Brassard contributed significantly to CGI's international profitable growth until he retired in 2000.



Robert Chevrier
 Independent director, complies with share ownership guidelines
 Age 70
 Verdun (Nuns' Island), Quebec, Canada
 Director since 2003
 Chair of the Human Resources Committee
 Class A subordinate voting shares: 10,000 (*)
 Deferred Stock Units: 31,802 (+)
 Stock options: 84,167 (‡)

Mr. Chevrier is President of Roche Management Co. Inc., a holding and investment company. A chartered accountant, he was previously Chairman and Chief Executive Officer of Rexel Canada Inc. (formerly Westburne Inc.). Mr. Chevrier is Chair of the Board of Directors of Uni-Select Inc. and Rona Inc.



Dominic D'Alessandro
 Independent director, complies with share ownership guidelines
 Age 66
 Toronto, Ontario, Canada
 Director since 2010
 Member of the Human Resources Committee
 Class A subordinate voting shares: 10,000 (*)
 Deferred Stock Units: 12,745 (+)
 Stock options: 39,993 (‡)

Mr. D'Alessandro was President and Chief Executive Officer of Manulife Financial Corporation from 1994 until 2009. During his tenure, Manulife undertook a dramatic expansion of its operations and emerged as one of the world's leading life insurers. In recognition of his achievements, Mr. D'Alessandro was named by his peers Canada's Outstanding CEO for 2002 and was named Canada's Most Respected CEO for 2004. He is an Officer of the Order of Canada. Mr. D'Alessandro is also a director of the Canadian Imperial Bank of Commerce and of Suncor Energy Inc.



Thomas P. d'Aquino
 Independent director, complies with the share ownership guidelines
 Age 73
 Ottawa, Ontario, Canada
 Director since 2006
 Chair of the Corporate Governance Committee and Lead Director
 Deferred Stock Units: 32,283 (+)
 Stock options: 85,368 (±)

Mr. d'Aquino is Chief Executive of Intercounsel Ltd. He is Distinguished Life Time Member of the Canadian Council of Chief Executives, an organization that he led as CEO from 1981 through 2009. He has served as Special Assistant to the Prime Minister of Canada, as Senior Counsel to one of Canada's largest law firms, and currently is a Distinguished Visiting Professor, Global Business and Public Policy Strategies at Carleton University's Norman Paterson School of International Affairs and Honorary Professor at the Richard Ivey School of Business. Mr. d'Aquino also serves as Canada Chair of the B20/G20 Committee, and as Canada Co-Chair of the North American Forum and the Australia-Canada Economic Leadership Forum. He also serves as Chair of the National Gallery Foundation of Canada, and is a director of Coril Holdings Ltd.



Paule Doré
 Independent director, complies with share ownership guidelines
 Age 62
 Outremont, Quebec, Canada
 Director since 1995
 Member of the Corporate Governance Committee
 Class A subordinate voting shares: 99,774 (*)
 Deferred Stock Units: 3,730 (+)
 Stock options: 21,964 (±)

Mrs. Doré joined CGI in 1990 as Vice-President Communications and Human Resources, and was Executive Vice-President and Chief Corporate Officer and Secretary until September of 2006 when she assumed the role of Advisor to the Founder and Executive Chairman, a position she held until her retirement in August of 2009. Mrs. Doré is also a director of Cogeco Inc. and Héroux Devtek Inc.



Richard B. Evans
 Independent director, complies with share ownership guidelines
 Age 66
 San Francisco, California, USA
 Director since 2009
 Member of the Audit and Risk Management Committee
 Class A subordinate voting shares: 10,000 (*)
 Deferred Stock Units: 13,867 (+)
 Stock options: 44,736 (‡)

Prior to his retirement in April 2009, Mr. Evans was Executive Director of London-based Rio Tinto plc and Melbourne-based Rio Tinto Ltd. While with Rio Tinto, he was Chief Executive of Rio Tinto Alcan. Prior to that he was President and Chief Executive Officer of Alcan Inc. until its acquisition by Rio Tinto in October of 2007. He is now Chairman of the Board of Constellium Inc., and is also a director of Noranda Aluminum Holding Corp. and Tyhee Gold Corp.



Julie Godin
 Director related to CGI, complies with share ownership guidelines
 Age 38
 Verdun (Nun's Island), Quebec, Canada
 Director since 2013
 Class A subordinate voting shares: 5,318 (*)
 Stock options: 118,443 (‡)

Ms. Godin is CGI's Executive Vice-President, Global Human Resources and Strategic Planning and is therefore a related director. She has led CGI's global human resources group since 2009 and the Company's strategic planning process since 2011. Ms. Godin oversees the development of enterprise-wide human resources policies, programs and processes and their application across all CGI business units around the world, and is also responsible for CGI's leadership, organizational development and strategic planning initiatives and programs.



Serge Godin
 Director related to CGI, complies with share ownership guidelines
 Age 64
 Westmount, Quebec, Canada
 Director since 1976
 Class A subordinate voting shares: 874,674 (*)
 Class B shares: 28,577,089 (*)
 Stock options: 2,637,235 (‡)
 Performance Share Units: 731,206 (§)

Mr. Godin co-founded CGI in 1976. As Founder and Executive Chairman of the Board, and a key member of the Company's senior leadership team, he is a related director. Mr. Godin also owns a majority interest in the Company's Class B shares (see the heading *Principal Holders of Class A Subordinate Voting Shares and Class B Shares* earlier in this document). Since CGI's inception, Mr. Godin has successfully grown the Company to become the fifth largest independent information technology and business process services firm in the world. He is a member of the Order of Canada and of the Ordre National du Québec, a Laureate of the Canadian Business Hall of Fame, and in 2011 he received the Conference Board of Canada's Honorary Associate Award, the Conference Board's highest award.



André Imbeau
 Director related to CGI, complies with share ownership guidelines
 Age 64
 Beloeil, Quebec, Canada
 Director since 1976
 Class A subordinate voting shares: 267,160 (*)
 Class B shares: 4,275,659 (*)
 Stock options: 299,416 (‡)
 Performance Share Units: 45,712 (§)

Mr. Imbeau co-founded CGI in 1976 and was, until July 2006, Executive Vice-President and Chief Financial Officer. He now acts as Founder, Vice-Chairman of the Board and Corporate Secretary, and as Advisor to the Founder and Executive Chairman of the Board, and is therefore a related director. Mr. Imbeau holds an interest in the Company's Class B shares (see the heading *Principal Holders of Class A Subordinate Voting Shares and Class B Shares* earlier in this document). His financial and operational expertise and deep understanding of CGI's operations are important assets to the Company's Board of Directors.



Gilles Labbé
 Independent director, complies with share ownership guidelines
 Age 56
 Montreal, Quebec, Canada
 Director since 2010
 Chair of the Audit and Risk Management Committee
 Class A subordinate voting shares: 25,000 (*)
 Deferred Stock Units: 9,364 (+)
 Stock options: 33,231 (‡)

Mr. Labbé is President and Chief Executive Officer, and a director, of Héroux Devtek Inc., a Canadian company specializing in the design, development, manufacture and repair and overhaul of landing gear systems and components for the Aerospace market. He has held these positions since June 2000. Prior to the acquisition of Devtek in that year, Mr. Labbé was President and Chief Executive Officer and a director of Héroux Inc. since 1989. A Fellow of the Institute of Chartered Accountants, Mr. Labbé is the recipient of numerous business awards and is also a director of the Aerospace Industries Association of Canada, and Aéro Montreal.



Michael E. Roach
 Director related to CGI, complies with share ownership guidelines
 Age 61
 Outremont, Quebec, Canada
 Director since 2006
 Class A subordinate voting shares: 882,348 (*)
 Stock options: 1,883,380 (‡)
 Performance Share Units: 731,206 (§)

Mr. Roach is CGI's President and Chief Executive Officer and is therefore a related director. Prior to his appointment as President and Chief Executive Officer in January 2006, he was President and Chief Operating Officer of the Company. Mr. Roach joined CGI in July 1998 as Executive Vice-President and General Manager, Telecommunications Information Systems and Services, after a distinguished career at a major telecommunications company where he held a number of leadership positions. He is also a director of the Conference Board of Canada and the U.S. Conference Board, and a member of the Canadian Council of Chief Executives.



Joakim Westh
Independent director, complies with share ownership guidelines
Age 52
Stockholm, Sweden
Director since 2013
Member of the Audit and Risk Management Committee
Stock options: 7,813 (§)

Mr. Westh is an independent director sitting on the boards of directors of several leading Nordic companies. Until 2009, Mr. Westh was a Senior Vice-President and executive team member at *LM Ericsson AB* with responsibility for strategy, operational excellence and sourcing. Mr. Westh is well-known as a leading expert in the fields of technology and management, particularly in Scandinavia. He is also a director of *SAAB AB*, *Swedish Match AB*, *Intrum Justitia AB*, and *Absolent AB*.

- (*) Number of shares beneficially owned, or controlled, or directed, directly or indirectly.
- (+) For more information concerning DSUs, please refer to the heading *Compensation of Directors* later in this document.
- (‡) For more information concerning stock options, please refer to the headings *Share Option Plan* and *Compensation of Directors* later in this document.
- (§) For more information concerning PSUs, please refer to the heading *Performance Share Unit Plan* later in this document.

COMMITTEE REPORTS

REPORT OF THE HUMAN RESOURCES COMMITTEE

Executive Compensation Discussion and Analysis

Executive Compensation Policy

CGI's executive compensation policy emphasizes **incentive compensation linked to business success** to ensure that financial interests of the Company's executives are closely aligned with those of shareholders. CGI measures business success on the basis of profit and growth as well as client and member satisfaction.

CGI's compensation policy is rooted in its fundamental belief that a company with an inspiring dream, uncompromising integrity, a caring human resources philosophy and solid values is better able to attract and respond to the profound aspirations of high-calibre, competent people. These people in turn will deliver high-quality services, in keeping with the Company's profitability objectives. The growth and profitability generated as a result will allow CGI to continue to offer its shareholders value for their investment.

This belief drives the Company's compensation programs, which are designed to attract and retain the key talent CGI needs to remain competitive in a challenging market and achieve continued and profitable growth for shareholders.

In keeping with CGI's compensation policy, the same principles that are used to determine the compensation of the named executive officers (the CEO, the CFO and the three other most highly compensated executive officers of the Company, hereafter referred to as the "Named Executive Officers") are also applied to all management team members, taking into account the results of their respective business units. In the case of CGI's senior executives, there is an added emphasis on closely aligning executives' financial interests with those of shareholders through incentive compensation.

This report outlines the main features of CGI's executive compensation policy and programs.

The Human Resources Committee of the Board of Directors

The Committee reviews management's proposals and makes recommendations to the Board of Directors of the Company in relation to the compensation of certain senior executives, including the entitlements under short and long-term incentive and benefit plans and the corporate objectives that the Founder and Executive Chairman of the Board, the President and Chief Executive Officer and other senior executive officers are responsible for meeting. It is similarly responsible for approving and making recommendations in relation to the compensation of the Company's outside directors and succession plans for senior executive officers.

The Committee is made up of Messrs. Robert Chevrier, Chair of the Committee, Alain Bouchard, Bernard Bourigeaud and Dominic D'Alessandro, all of whom are independent directors. The Committee met three times in fiscal 2013. Mr. Chevrier's role and responsibilities as Chair of the Committee are described later in this document in the report of the Corporate Governance Committee under the heading *Role and Responsibilities of the Lead Director and Standing Committee Chairs*.

Each of the members of the Committee has significant experience in the role of chief executive officer that includes ample experience in matters relating to human resources management and executive compensation. Mr. Chevrier was Chairman and Chief Executive Officer of Rexel Canada Inc. (formerly Westburne Inc.), Mr. Bouchard is President and Chief Executive Officer of Alimentation Couche-Tard Inc., Mr. Bourigeaud was Chairman and Chief Executive Officer of Atos Origin S.A., and Mr. D'Alessandro was President and Chief Executive Officer of Manulife Financial Corporation.

The role and responsibilities of the Committee are contained in the Committee's charter. The Committee's charter forms part of CGI's *Fundamental Texts* and the charter is incorporated by reference in this *Management Proxy Circular* (see the heading *Mandate, Structure and Composition of the CGI Board of Directors* later in this document) and is available on CGI's web site at www.cgi.com. The role and responsibilities of the Committee include:

- (a) Advising the Board of Directors on human resources planning;
- (b) Reviewing and advising the Board of Directors on management's succession plans for Executive Officers, with special emphasis on the Executive Chairman of the Board and Chief Executive Officer succession;
- (c) Reviewing and advising the Board of Directors on CGI's compensation philosophy and policies, including the remuneration strategy and remuneration policies for the Executive Officer level as proposed by the Executive Chairman of the Board and the Chief Executive Officer;
- (d) Making recommendations to the Board of Directors for the appointment of the Executive Chairman of the Board, the Chief Executive Officer and other Executive Officers, and the corporate objectives which the Executive Chairman of the Board and such other Executive Officers, as the case may be, are responsible for meeting, as well as the assessment of the Executive Chairman of the Board and of the Chief Executive Officer against these objectives;
- (e) Monitoring of the Executive Chairman of the Board's performance and providing advice and counsel in the execution of his duties;
- (f) Reviewing and advising the Board of Directors on CGI's overall remuneration plan including the adequacy and form of compensation realistically reflecting the responsibilities and risks of the position for the Executive Chairman of the Board and for the Chief Executive Officer of the Company and, in that regard considering appropriate information, including information from the Board of Directors with respect to the overall performance of the Executive Chairman of the Board and of the Chief Executive Officer;
- (g) Reviewing and advising the Board of Directors on the remuneration for Executive Officers, annual adjustment to executive salaries, and the design and administration of short and long-term incentive plans, stock options, benefits and perquisites as proposed by the Executive Chairman of the Board and the Chief Executive Officer;
- (h) Reviewing and advising the Board of Directors on employment and termination arrangements for senior management;
- (i) Making recommendations on the adoption of new, or significant modifications to, pay and benefit plans;
- (j) Recommending the appointment of new officers as appropriate;
- (k) Reviewing and advising the Board of Directors on significant organizational changes;
- (l) Reviewing and approving the Committee's executive compensation report to be contained in the Company's annual *Management Proxy Circular*;
- (m) Reviewing and advising the Board of Directors on management development programs for the Company;
- (n) Reviewing and advising the Board of Directors on special employment contracts or arrangements with officers of the Company, if any, including any contracts relating to change of control; and
- (o) Reviewing and advising the Board of Directors on the remuneration for members of the Board of Directors and its committees, including the adequacy and form of compensation realistically reflecting the responsibilities and risks of the positions and recommending changes where applicable.

The Committee also performs such other duties as are from time to time assigned to it by the Board of Directors.

The Committee reports to the Board of Directors on its proceedings, the reviews it undertakes, and its recommendations.

In executing its mandate, the Committee retains the services of Towers Watson, the Company's external human resources consultant. Towers Watson was first retained to provide consulting services in 1995. Towers Watson's mandate is to:

- Provide the Committee with information on market trends and best practices on executive and director compensation.
- Develop recommendations on the composition of the reference groups of companies used as the basis for determining the compensation of the directors, the Founder and Executive Chairman of the Board, the President and Chief Executive Officer and other senior executive officers of the Company.

- Conduct market research and provide the Committee with data and analysis on compensation practices of reference groups to allow the Company to align its compensation policy with the market as it applies to the directors, the Founder and Executive Chairman of the Board, the President and Chief Executive Officer and other senior executive officers.
- Review the design of the annual and long-term incentive programs and provide data and analysis on reference groups' practices in this area.

To ensure the quality of services provided to the Committee by its external advisor, as well as the external advisor's independence, the Committee has established the following processes as part of its annual work plan:

- Once a year or as required, each of the external advisors retained by the Committee will provide to the Committee a statement of the services to be provided to the Committee at its request and those to be provided at the request of management for the purpose of enabling the Committee to pre-approve all services to be provided by the external advisor.
- The Committee may request from each external advisor information concerning the advisor's organizational structure and employees who provide services to the Committee so that the Committee may agree with the advisor on measures to address any real or perceived conflicts of interest that may arise from the services provided by the advisor to the Company at the request of management.
- The Committee reviews the independence policy annually to ensure that it continues to meet the Committee's requirements.

Executive Compensation Related Fees

During the years ended September 30, 2013 and September 30, 2012, CGI's external human resources consultants billed the following fees for their services:

Service retained	Fees billed	
	2013	2012
Advice in relation to executive compensation and the compensation of directors ^(a)	\$115,622	\$126,558
All other fees ^(b)	\$1,016,323	\$638,131
Total fees billed	\$1,131,945	\$764,689

(a) All fees billed by the human resources consultant for the year ended September 30, 2013 were related to recurring work for the Committee. Of the fees billed in 2012, \$48,373 related to advice provided to the Committee in relation to executive compensation in the context of the acquisition of *Logica plc*.

(b) The other fees billed by the human resources consultant for the year ended September 30, 2013 were mainly in relation to global talent and rewards issues and health and group benefits. The other fees billed in 2012 were in relation to assessments of pension plan and incentive plan liabilities in acquisitions as well as advice on organizational development activities, of which \$130,004 related to the acquisition of *Logica plc*.

Compensation Policy and Process for the 2013 Fiscal Year

Composition of Reference Groups

To determine appropriate compensation levels, the Named Executive Officers' positions are compared with similar positions within a reference group made up of companies leading their industry. These companies include information technology consulting firms and companies similar to CGI with regard to size, and operational and managerial complexity. The Committee reviews the composition of the reference groups annually.

With 83% of its 2013 revenues generated outside Canada, as well as constant international expansion, CGI must ensure that it offers competitive compensation in the challenging markets in which it operates and recruits high-performing executives. All of the Company's major competitors are based either in the U.S. or Europe and they compete against CGI both in Canada and internationally.

In response to this market reality the Committee based Named Executive Officers' compensation for the year ended September 30, 2013 on the U.S. market for executives based in Canada and the U.S., and on the UK market for the executive based in Europe.

The following disclosure relates to the Company's compensation policy in effect for the fiscal year ended September 30, 2013.

The selection criteria used to determine the composition of the comparator groups are the following:

- Autonomous and publicly-traded companies;
- Large number of professionals;
- Growing companies;
- High-end IT consulting, systems integration, IT outsourcing and business solutions providers;
- International scope;
- Companies for which IT is very strategic; and
- Participation in the data bank for the U.S. or the U.K. maintained by Towers Watson, the Company's external human resources consultant, as the case may be.

Each company in the following table meets at least one of the foregoing criteria:

U.S. Comparator group: 20 companies

Accenture plc	FICO
Axiom Corporation	Fidelity National Information Services, Inc.
Amdocs Limited	Fiserv, Inc.
Automatic Data Processing, Inc.	Gartner, Inc.
Broadridge Financial Solutions Inc.	Jack Henry & Associates Inc.
CACI International Inc.	ManTech International Corporation
Cognizant Technology Solutions Corporation	MAXIMUS, Inc.
Computer Sciences Corporation	SAIC, Inc.
Convergys Corporation	Sapient Corp.
DST Systems Inc.	Unisys Corporation

UK Comparator group: 18 companies

Accenture	Gtech
Agilent Technologies	Hewlett-packard
Amdocs Limited	IBM
Atos Origin	Indra
Capgemini Outsourcing	Manhattan associates
Cognizant Technology	Steria
Convergys	Tieto
Computer Sciences Corporation	Unisys Corporation
Dell Computers	Xerox

The foregoing comparator groups were used to determine the compensation of the Named Executive Officers for the fiscal year ended September 30, 2013.

Executive Compensation Components

CGI's total executive compensation is made up of five components: base salary, short-term incentive plan, long-term incentive plan, benefits and perquisites. In keeping with the Company's values, **incentive compensation** and **share ownership** are emphasized to ensure that executives' interests are aligned with CGI's profitability and growth objectives, which in turn results in increased value for all shareholders under normal market conditions. CGI's Named Executive Officers do not participate in any defined benefit pension plans.

Component	Description	Alignment with Reference Group
Base salary	Annual base salary based on each executive's responsibilities, competencies and contribution to the Company's success.	Aligned with median base salary offered in the reference group, while allowing for compensation above the median to recognize an executive's exceptional and sustained contribution to the Company's success.

Component	Description	Alignment with Reference Group
Short-term incentive plan	Annual bonus based on the achievement of business objectives in accordance with CGI's Profit Participation Plan (details are provided later in this document).	Aligned with median short-term incentives of the reference group, when business objectives are met.
Long-term incentive plan	Grants under the Share Option Plan and awards under the Performance Share Unit Plan based on achievement of business objectives (details are provided later in this document).	Aligned with median total compensation of the reference group, or above the median to recognize an executive's exceptional performance, when business objectives are met.
Benefits	Group benefits and employer contributions under the Share Purchase Plan.	Aligned with median benefits of the reference group.
Perquisites	Company car and related expenses, tax services, health insurance, and medical exams are the principal perquisites.	Aligned with median perquisites of the reference group.
Total compensation		Aligned with the median of the reference group while allowing for total compensation above the median to recognize an executive's exceptional performance, when business objectives are met

The following table shows for each Named Executive Officer the compensation components as a percentage of total compensation, at target levels for the short term and long term incentives, for the year ended September 30, 2013:

Name and title	Base salary	CGI Profit Participation Plan	Long-term incentive	Benefits and perquisites
Serge Godin Founder and Executive Chairman of the Board	12.84%	25.69%	60.88%	0.59%
Michael E. Roach President and Chief Executive Officer	12.84%	25.69%	60.88%	0.59%
R. David Anderson Executive Vice-President and Chief Financial Officer	18.37%	18.37%	62.37%	0.89%
George D. Schindler President, United States and Canada	28.40%	28.40%	41.24%	1.96%
Joao Baptista President, Nordics, Southern Europe and South America	33.38%	16.69%	42.96%	6.97%

The Founder and Executive Chairman of the Board and the President and Chief Executive Officer may from time to time exercise their discretion to recommend to the Committee and the Board of Directors that incentive compensation under the Profit Participation Plan, and the performance-based vesting of stock options under the Share Option Plan and of PSUs under the *Performance Share Unit Plan for the Executive Chairman, the Executive Vice-Chairman, the President and Chief Executive Officer and Other Designated Participants of CGI Group Inc.* (the "PSU Plan"), be adjusted in order to ensure that actual profit participation and vested stock options are equitable and balance the interests of each of the Company's stakeholders based on the overall performance of the Company and exceptional market conditions.

Base Salary

The base salaries paid to Named Executive Officers are reviewed every year based on each executive's scope of responsibilities, competencies and contribution to the Company's success. The objective of CGI's compensation

policy for base salaries is to align them with median base salary of the reference group, while allowing for compensation to rise above the median in recognition of a particular executive's exceptional and sustained contribution to the Company's success. As part of the methodology used for fiscal 2013, Named Executive Officers' positions were compared with generic positions in the compensation databases for the U.S and the U.K. maintained by Towers Watson, the Company's external human resources consultant. When differences in the level and scope of responsibilities for the comparable generic executive position are observed, the value of the generic position is adjusted to ensure that there is an appropriate basis for comparison.

Profit Participation Plan: Annual Bonus

The Named Executive Officers participate in CGI's *Profit Participation Plan*, a short-term incentive plan that pays an annual bonus **based on achievement of business objectives** as approved at the beginning of the fiscal year by the Board of Directors on the recommendation of the Committee. The Profit Participation Plan is designed to provide CGI's management and members with an incentive to increase the profitability and growth of the Company.

The Committee makes a recommendation to the Board of Directors in relation to the payment of bonuses to the Named Executive Officers under the Profit Participation Plan based on the Company's achievement of performance objectives.

Individual incentive awards are based on the executive's target bonus under the Profit Participation Plan and the achievement of objectives. The target bonus varies as a percentage of base salary depending on the executive's position. The target bonus is then adjusted in accordance with a **performance factor** that is directly linked to the level of achievement of business objectives set out in the Company's annual plan. Executive bonus targets are reviewed annually to ensure they remain aligned with the Company's compensation policy and continue to be competitive with CGI's applicable reference group.

Performance Factor

The performance factor used to adjust each Named Executive Officer's target bonus is based on two separate measures: profitability and growth. Achievement of profitability and growth objectives determines the performance factor that is applied to calculate the annual bonus. Such adjustment may result in a reduction or an increase in the bonus. In the latter case, the payout may not exceed two times the target award.

The profitability performance factor is based on the degree of achievement of the net earnings margin objective approved by the Board of Directors as part of the Company's annual budget and strategic plan. The growth performance factor is based on the degree of achievement of the year-over-year percentage revenue growth objective also approved by the Board of Directors as part of the Company's annual budget and strategic plan.

The performance factors for achievement of results between levels are prorated, and revenues are calculated on a constant currency basis.

The effect of the formula for fiscal 2013 was to place special importance on meeting the growth objectives. If the growth threshold is not met, no bonus is paid under the plan. The achievement of the profitability target was a separate performance measure which impacted the bonus payout.

In the case of Presidents of Strategic Business Units, half of their target bonus was based on the formula above while the other half was determined based on the performance of the business units for which they are responsible using the same performance measures.

CGI does not disclose specific performance targets because it considers that the information would place it at a significant competitive disadvantage if the targets became known. Disclosing the specific performance targets that are set as part of the Company's annual budget and strategic planning process would expose CGI to serious prejudice and negatively impact its competitive advantage. For example, to the extent that the Company's performance targets became known, its ability to negotiate accretive business agreements would be significantly impaired, putting incremental pressure on its profit margins. In addition, we believe that disclosing performance targets would be inconsistent with CGI's policy of not providing guidance to the market and limiting all other forward-looking information.

Achievement of the performance objectives presents a meaningful challenge for the Company's management team since the Company consistently sets ambitious goals as part of its annual budget and strategic planning process. The payouts to the Named Executive Officers for fiscal 2011, fiscal 2012, and fiscal 2013 of compensation that was subject to performance objectives averaged 66% of the target compensation at risk, which clearly indicates the difficulty of achieving the performance objectives.

The table below shows the portion of the total compensation at risk that was paid out to the Named Executive Officers for the 2013 fiscal year.

Name and title	Percentage of total compensation at risk	Percentage payout for fiscal 2013 ^(a)
Serge Godin Founder and Executive Chairman of the Board	87%	86%
Michael E. Roach President and Chief Executive Officer	87%	86%
R. David Anderson Executive Vice-President and Chief Financial Officer	81%	107%
George D. Schindler President, United States and Canada	70%	110%
Joao Baptista President, Nordics, Southern Europe and South America	60%	107%

(a) This percentage shows the proportion of the Named Executive Officer's compensation at risk that was actually earned, based on the achievement of objectives including the performance-based vesting of the Company's stock options and, where applicable, PSUs.

The total aggregate compensation paid to the Named Executive Officers as indicated in the *Net Total Compensation Table* and in the *Summary Compensation Table* later in this document, is in keeping with the Company's compensation policy as described earlier in this document and, overall, was slightly above the median of the reference group at approximately 107% of the median target total compensation of the reference group, resulting from the operation of the pay for performance policy.

The Committee is responsible for ensuring that CGI's executive compensation policies do not expose the Company to significant risks such as providing incentives for senior executives to engage in business strategies that could yield compensation for the executive while placing the Company in financial jeopardy.

The Committee considers that the Company's executive compensation policies, particularly those that relate to the portion of compensation for which the achievement of performance measures apply, do not expose the Company to risks that could have a material adverse effect on the Company. The short term and long term incentive performance-based compensation components require that the Company's profitability objectives be met. Business strategies that impair the Company's profitability, whether in the short or long term, will not result in payouts to the executive team. Since the measures are based on GAAP measures, the results are subject to the same controls over financial reporting and disclosure controls and procedures that apply to the disclosure of the Company's financial results. These controls include controls and procedures that are designed to protect against, and provide early warning of, fraud and falsification.

All of the Company's senior executives and directors are required to prepare and file reports disclosing their trading activities in the Company's securities, including derivative instruments, and the Company prepares and files the reports on their behalf. The Company therefore monitors all securities transactions by its senior executives and directors and also requires that they pre-clear their transactions with the Company. Although the Company does not have a policy that prevents a senior executive from hedging his or her exposure to a decrease in the value of the Company's shares, in the event that a senior executive or director intended to hedge their exposure, the matter would be brought to the Company's attention.

Long-Term Incentive Plans

CGI's long term incentive plans include the Share Option Plan and the PSU Plan. In line with practices among certain of the Company's peers, the Company's compensation policy is now to grant, on a case by case basis,

either stock options issued under the Share Option Plan or PSUs awarded under the PSU Plan as the long term incentive component of certain of its senior executives' compensation.

The 2011 fiscal year was the first year in which PSUs were granted to certain senior executives, and a total of 164,012 PSUs were awarded. For fiscal 2013 and 2012 the total number of PSUs awarded was 760,723 and 761,358 respectively, and these awards entirely replaced stock options grants for certain of the Named Executive Officers.

Share Option Plan

CGI's executives participate in the Share Option Plan. Like the Profit Participation Plan and the PSU Plan, the Share Option Plan is designed to ensure that executives' interests are closely aligned with those of all shareholders. The Share Option Plan is designed in accordance with the Company's ownership philosophy.

The Company's practice is to apply performance-based vesting rules for all stock options granted under the Share Option Plan as part of the Company's long-term incentive program. CGI's general grant of stock options is made at the beginning of the fiscal year. The percentage of stock options that become eligible to vest is based on the degree of achievement of profitability and revenue growth objectives. Stock options that are not eligible to vest are forfeited and cancelled.

Stock options that have become eligible to vest then vest on a time basis as follows: one-quarter when the fiscal year's results are approved, one quarter on the second anniversary of the grant, one-quarter on the third anniversary of the grant, and the final quarter on the fourth anniversary of the grant.

See the heading *Key Features of CGI's Long Term Incentive Plans* later in this document for a summary of the features of the Share Option Plan.

Stock Options Granted in Fiscal 2013

During fiscal 2013, 358,629 stock options were granted to the Named Executive Officers. The number of stock options granted was determined based on the long-term compensation value required to align the Named Executive Officer's total compensation with the Company's compensation policy.

The number of stock options granted is a function of the current year's compensation objectives and, for that reason, previous grants of stock option based awards are not taken into account when considering the annual grant of incentive stock options.

All the stock options granted as part of the long-term incentive plan for fiscal 2013 were granted for a term of ten years and were eligible to vest based on the achievement of profitability and growth objectives for the year ended September 30, 2013. The details of these grants are shown in the table entitled *Stock Options held by Named Executive Officers* which appears in Appendix A.

Based on the degree of achievement of profitability and growth objectives during fiscal 2013, 97.66% of the stock options granted to the Named Executive Officers in respect of the long-term incentive awards for fiscal 2013 became eligible to vest.

Special One-Time Incentive Grant

Within the envelope of stock options granted and PSUs awarded in respect of fiscal 2013, the Board of Directors, on the recommendation of the Committee, awarded stock options and PSUs, as the case might be, as a one-year special incentive grant. The grants and awards were made to certain of the Strategic Business Unit Presidents and to key corporate leaders to support and incentivize the continued momentum towards the successful integration of the operations acquired with *Logica plc* and to aid in the retention and motivation of the integration leadership team.

A total of 300,000 stock options, and 45,198 PSUs, were granted or awarded, as the case may be, as part of the special one-time incentive grant. The stock options and PSUs were eligible to vest based on the successful integration of *Logica plc* measured by the degree of implementation of, and adherence to, the *CGI Management Foundation*, as determined and approved by the Founder and Executive Chairman of the Board on the recommendation of the President and Chief Executive Officer. Based on the success of the integration the *Logica plc* operations and implementation of the *Management Foundation* in that regard, 100% of the stock options and

PSUs granted to the Named Executive Officers in respect of the special incentive award vested. The details of the stock option grants are shown in the table entitled *Stock Options held by Named Executive Officers* which appears in Appendix A. 15,066 PSUs were awarded to each of the Founder and Executive Chairman of the Board, the President and Chief Executive Officer, and the Executive Vice-President and Chief Financial Officer.

Grant Date Fair Value

The grant date fair value for the fiscal 2013 and 2012 grant of stock options was determined by applying a Black Scholes value of \$4.98 and \$5.52 respectively as the grant date fair value for the stock options. For the fiscal year ended September 30, 2011, the Company used the binomial stock option pricing model as the basis for determining its stock option grants as that was the method that was used by Towers Watson, the Company's external human resources consultant, in its market studies among the companies that make up the Company's comparator groups. The Company altered this approach to align the valuation method used for compensation purposes with the valuation method used for accounting purposes.

The following table sets out the key assumptions and estimates used to determine the stock options' grant date fair values for the fiscal years ended September 30, 2013, 2012 and 2011. The following key assumptions and estimates are therefore used:

Stock Option Valuation Methods for Stock Options			
Assumptions	2013 Black-Scholes Pricing Method	2012 Black-Scholes Pricing Method	2011 Binomial Pricing Method
Performance-based vesting discount (%)	-	-	15.00
Grant date fair value (\$)	4.98	5.52	4.20
Dividend yield (%)	0.00	0.00	0.00
Expected volatility (%)	23.67	27.63	28.05
Risk-free interest rate (%)	1.29	1.20	5.00
Expected life (years)	4.00	4.75	6.01
Exercise Price (\$)	23.89	19.71	15.96

The accounting fair value of the stock options is determined in accordance with Section 3870 of the CICA Handbook using the Black-Scholes stock option pricing model and complies with the requirements under generally accepted accounting principles.

For the three years ended September 30, 2013, 2012 and 2011 the grant date fair value for accounting purposes, the grant date fair value for executive compensation purposes and the differences in fair values is shown in the following table:

Fiscal Year	Pricing method / Value for compensation purposes	Pricing method / Value for accounting purposes	Difference
2013	Black-Scholes / \$4.98	Black-Scholes / \$4.98	\$0.00
2012	Black-Scholes / \$5.52	Black-Scholes / \$4.67	\$0.85
2011	Binomial / \$4.20	Black-Scholes / \$4.31	\$0.11

For the 2013 fiscal year, the fair value of the stock option grants presented in the Summary Compensation Table is the same as the fair value used for share-based payments in the Company's consolidated annual audited financial statements.

For the 2012 fiscal year, the fair value of the stock option grants presented in the Summary Compensation Table was based on the fair value estimated immediately prior to the grant date using the Black-Scholes option pricing model. The difference between the values for compensation and accounting purposes for fiscal 2012 results from the calculation of the fair value in accordance with GAAP which include using the weighted average exercise price, and adjustments to the expected life assumption made subsequent to the grant date for accounting purposes. The difference between the value used for compensation purposes disclosed above and that used for accounting purposes for 2011 results from the use of different stock option pricing models for calculating the grant date fair value, and because Towers Watson determined the grant value prospectively in advance of the grant in making a recommendation as to the number of stock options to be granted, whereas the expense determination

for accounting purposes is carried out at a later time, in some cases using different stock option pricing model assumptions.

Performance Share Unit Plan

The PSU Plan is designed to ensure that executives' interests are closely aligned with those of all shareholders and is similar in function to the Share Option Plan in that the plan is designed in accordance with the Company's ownership philosophy.

PSUs have performance-based vesting rules that are the same as those that apply to stock options granted under the Share Option Plan. The PSUs are part of the Company's long-term incentive program and serve the same purpose as stock options. CGI's general award of PSUs is made at the beginning of the fiscal year. The percentage of PSUs that become eligible to vest is based on the degree of achievement of the same profitability and revenue growth objectives as for stock options. PSUs that do not become eligible to vest are forfeited and cancelled.

See the heading *Key Features of CGI's Long Term Incentive Plans* later in this document for a summary of the features of the PSU Plan.

Performance Share Units Awarded in Fiscal 2013

During fiscal 2013, 760,723 PSUs were awarded to certain of the Named Executive Officers. The number of PSUs granted was determined based on the long-term compensation value required to align the Named Executive Officer's total compensation with the Company's compensation policy.

All PSUs awarded as part of the long-term incentive plan for 2013 were granted for a term of three years following the calendar year in which they became eligible to vest, and were eligible to vest based on the achievement of profitability and growth objectives for the year ended September 30, 2013. The details of these awards are shown in the *Net Total Compensation Table* and in the *Summary Compensation Table* later in this document.

Based on the degree of achievement of profitability and growth objectives during fiscal 2013, 95.3% of the PSUs awarded to the Named Executive Officers in respect of the long-term incentive awards for the fiscal year 2013 became eligible to vest.

A table showing all outstanding unvested PSU awards held by the Company's Named Executive Officers as at September 30, 2013 as well as the market value of such unvested PSUs is provided in Appendix A.

Award Date Fair Value

The award date fair value for the fiscal 2013 award of PSUs was determined by applying a performance discount factor of 0.75 to the award date price of the Class A subordinate voting shares underlying the PSUs. This discount method was suggested by Towers Watson, the Company's external human resources consultant, because in its databanks of companies that make up the Company's comparator groups, such performance discount methods are used when performance vesting conditions are required for the PSU unitholder.

The accounting fair value of the PSUs was determined in accordance with IFRS 2 of *International Financial Reporting Standards* as \$23.65, the market value of the underlying Class A subordinate voting shares on the award date. The stock-based compensation cost related to PSUs recorded in costs of services, selling and administrative expenses for the fiscal year ended September 30, 2013 takes into account the actual result of the performance-based vesting and amortizes the resulting net PSU value over the four-year vesting period. For the year ended September 30, 2013, the award date fair value used for determining the Company's executive compensation was \$17.74 per PSU using the valuation method suggested by Towers Watson, a difference of \$5.91.

The difference between the value used for compensation purposes disclosed above and that used for accounting purposes results from the fact that for accounting purposes there is no recognition of a performance discount at the date of grant but a recognition of the actual performance vesting condition at the date of the performance vesting. For compensation purposes, a factor of 0.75 designed to account for the discount attributable to the performance-based vesting risk was used at the date of grant to determine the number of PSUs to be granted.

Incentive Plan Awards – Value Vested or Earned During the Year

Name	Option-based awards – Value vested during the year ^(a) (\$)	Share-based awards – Value vested during the year ^(b) (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Serge Godin	3,389,066	-	1,585,132
Michael E. Roach	3,603,597	-	1,585,132
R. David Anderson	1,293,772	-	1,032,518
George D. Schindler	748,136	-	812,400 ^(c)
Joao Baptista	-	-	420,301 ^(d)

- (a) The stock options that vested during the 2013 fiscal year were the performance-based stock options granted in the 2010, 2011, and 2012 fiscal years that became eligible to vest and for which the exercise prices were \$12.54, \$15.49, and \$19.71 respectively. One-third of the stock options granted for fiscal 2010, and one-quarter of the stock options granted for fiscal 2011 vested on October 1, 2012 when the closing price of the shares was \$26.27 and one-quarter of the stock options granted for fiscal 2012 vested on November 27, 2012 when the closing price for the shares was \$24.05.
- (b) The share-based awards for the 2013 fiscal year are PSUs. 95.3%, 35.6% and 62.5% of the PSUs granted for the 2013, 2012 and 2011 fiscal years respectively became eligible to vest. The participants who are Named Executive Officers elected to defer the acquisition of their PSUs in accordance with the PSU Plan.
- (c) Mr. Schindler is paid in U.S. dollars. The amount shown is in Canadian dollars converted on the basis of the average exchange rate used to present expense information in the Company's consolidated annual audited financial statements which was CAD\$1.0155 for each U.S. dollar. Please refer to the disclosure concerning the foreign exchange rates used for financial reporting purposes on page 14 of the *Management's Discussion and Analysis* for the fiscal year ended September 30, 2013 under the heading *Foreign Exchange*.
- (d) Mr. Baptista is paid in U.K. pounds sterling. The amount shown is in Canadian dollars converted on the basis of the average exchange rate used to present expense information in the Company's consolidated annual audited financial statements which was CAD\$1.5846 for each pound sterling. Please refer to the disclosure concerning the foreign exchange rates used for financial reporting purposes on page 14 of the *Management's Discussion and Analysis* for the fiscal year ended September 30, 2013 under the heading *Foreign Exchange*.

Defined Contribution Pension Plan and Deferred Compensation Plans

Defined Contribution Pension Plan

In fiscal 2013, George D. Schindler participated in a U.S. 401(k) Plan that is a benefit available to all U.S.-based members. The following table sets out the amount contributed to the plan by the Company as well as the accumulated value of the plan at the beginning and end of the Company's fiscal year.

Name and title	Accumulated value at start of year ^(a)	Compensatory ^(a)	Accumulated value at year-end ^(a)
George D. Schindler President, United States and Canada	\$473,849	\$2,539	\$552,399

- (a) The amount shown is in Canadian dollars converted on the basis of the average exchange rate used to present expense information in the Company's consolidated annual audited financial statements which was CAD\$1.0155 for each U.S. dollar. Please refer to the disclosure concerning the foreign exchange rates used for financial reporting purposes on page 14 of the *Management's Discussion and Analysis* for the fiscal year ended September 30, 2013 under the heading *Foreign Exchange*.

Deferred Compensation Plan

As a US-based employee, Mr. Schindler participates in a deferred compensation plan.

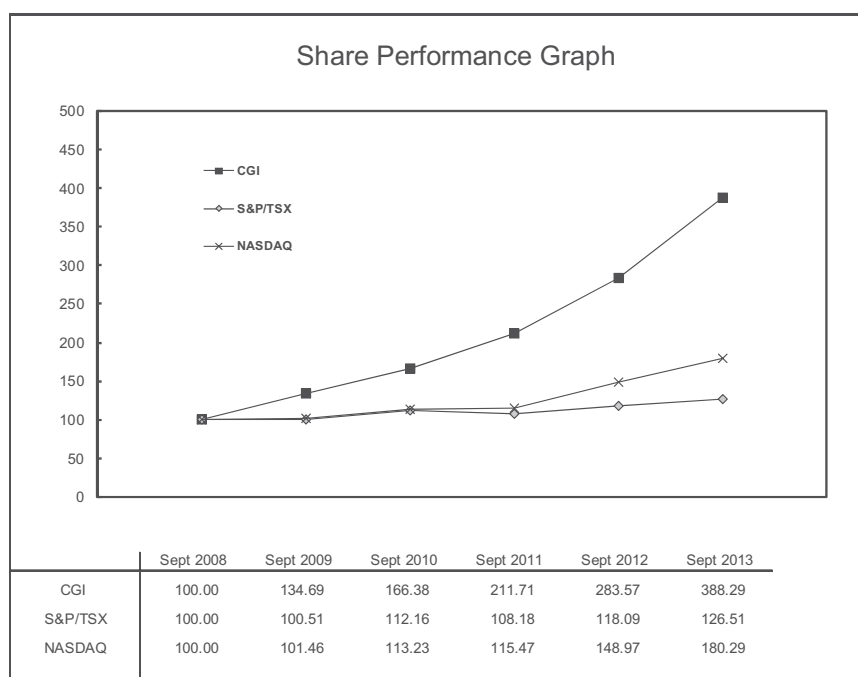
The deferred compensation plan in which George Schindler participates is the *CGI Non-Qualified Deferred Compensation Plan* which allows participants to defer annually between 5% and 75% of their base salary, and between 5% and 90% percent of their awards under the CGI Profit Participation Plan. The plan allows participants to withdraw amounts during employment (an “in-service withdrawal”) and to elect, upon retirement, to receive either a lump sum payment, or instalment payments for a period of up to ten years. Decisions concerning withdrawals may be made each year at the time that the participant determines the amount of compensation to be deferred for the year. The plan offers an array of mutual funds for investment from which the plan participant may chose. Participants may change their investment directions from time to time during the plan year. The mutual fund investments are subject to market gains and losses.

Compensation Awarded to the Named Executive Officers in Fiscal 2013

The compensation paid to the Named Executive Officers for the fiscal year ended September 30, 2013 was determined according to the Company’s executive compensation policy described earlier in this document that applies to all executives. All compensation was paid in accordance with the policy.

Performance Graph

The following graph compares the annual variations in the total cumulative return on CGI’s Class A subordinate voting shares with the total cumulative return of the S&P/TSX and NASDAQ stock indexes for the past five fiscal years of the Company.



Value of \$100 invested on September 30, 2008

CGI’s approach to compensation, as discussed earlier in this document under the heading *Executive Compensation Policy*, is designed to promote long-term growth and profitability, with a strong focus on share ownership and profit-sharing. CGI’s management team, including the Named Executive Officers, are compensated on the basis of metrics that the Company considers to be fundamental, namely the Company’s growth and profitability, instead of on factors tied to the performance of the Company’s shares in the market.

For the three-year period ended on September 30, 2011, the compensation paid to the CEO and CFO increased reflecting CGI’s need to adjust compensation levels for the Company’s Named Executive Officers to reflect global markets in order to ensure that CGI is able to attract and retain the highly qualified staff it needs to compete effectively. For 2012 the total compensation paid to the CEO and CFO year over year declined by approximately 50% reflecting the operation of CGI’s compensation policy based on financial performance. For 2013 the increase in compensation to the Named Executive Officers results from an increase in base salaries commensurate with the increased scope of responsibilities and accountabilities following more than doubling of the size of the

Company as a result of the acquisition of *Logica plc*, as well as payouts under the short term and long term incentive programs that are based on the degree of achievement of performance objectives.

Since 1986, the year the Company became publicly listed, the price of CGI's Class A subordinate voting shares increased by some 18.51% per year on average. Over the five-year period ended on September 30, 2013, the price of the Company's shares increased by more than 388%. The percentage increase in the share price is extremely significant when compared to the evolution of the total compensation of the CEO and CFO over the same period.

As mentioned earlier in this document, the compensation awarded to the Named Executive Officers is well in line with the Company's compensation policy. The resulting aggregate compensation paid to the Named Executive Officers for fiscal 2013 is slightly above the median of the reference group at approximately 107% of the median target total compensation of the reference group, resulting from the operation of the pay for performance policy.

Compensation of Named Executive Officers

The *Net Total Compensation Table* and the *Summary Compensation Table* that follow show detailed information on actual net total compensation, and total compensation for regulatory purposes, respectively, for Serge Godin, *Founder and Executive Chairman of the Board*, Michael E. Roach, *President and Chief Executive Officer*, R. David Anderson, *Executive Vice-President and Chief Financial Officer*, as well as for the two other Named Executive Officers for services rendered during the fiscal years ended September 30, 2013, 2012, and 2011.

The regulatory requirements that determine the content of the *Summary Compensation Table* can result in a substantial overstatement of the compensation awarded to CGI's Named Executive Officers. The overstatement arises because the regulation requires that for stock options and share based compensation amounts, the amount of compensation shown must be the grant date fair value. In the case of CGI's compensation policies, all long term incentive compensation, including all stock option awards and share based compensation awards, is performance-based. To the extent that stock options and PSUs awarded for the fiscal year in question fail to become eligible to vest as a result of the degree of achievement of performance objectives, the stock options and PSUs are forfeited and cancelled.

The following table shows the amount by which the combined value of the stock option grant and of the PSU award must be reduced to reflect the net compensation amount attributable to the long-term incentive component of compensation disclosed in the *Summary Compensation Table* later in this document. The table is necessary to communicate the true, actual total compensation earned by each of the Named Executive Officers.

Net Total Compensation Table

Name and Principal Position as at September 30, 2013	Year	Summary Compensation Table Total compensation (\$)	Performance-based vesting reduction ^(a) (\$)	Net Total compensation (\$)
Serge Godin Founder and Executive Chairman of the Board	2013	8,818,066	(264,575)	8,553,491
	2012	4,760,013	(2,069,121) ^(b)	2,690,892 ^(b)
	2011	6,089,507	(1,460,530)	4,628,977
Michael E. Roach President and Chief Executive Officer	2013	8,817,520	(264,575)	8,552,945
	2012	5,690,246	(2,951,178)	2,739,068
	2011	6,096,386	(1,460,530)	4,635,856
R. David Anderson Executive Vice- President and Chief Financial Officer	2013	4,231,824	(101,799)	4,130,025
	2012	2,317,488	(1,066,232)	1,251,256
	2011	2,339,789	(489,724)	1,850,065
George D. Schindler President, United States and Canada	2013	2,414,624	(21,548)	2,393,076
	2012	1,899,247	(637,973)	1,261,274
	2011	1,568,109	(258,780)	1,309,329
Joao Baptista ^(c) President, Nordics, Southern Europe and South America	2013	2,061,594	(14,025)	2,047,569
	2012	127,694	-	127,694
	2011	-	-	-

(a) The vesting eligibility conditions for the stock options granted and PSUs awarded as part of the long-term incentive for the fiscal year ended September 30, 2013 were based solely on the Company's performance. On the basis of the degree of achievement of profitability and growth objectives, 95.3% of the PSUs and stock options became eligible to vest. In the case of Messrs. Baptista and Schindler, the performance-based vesting of their stock options also depended on the performance results at the Strategic Business Unit level, resulting in 97.66% of their stock options becoming eligible to vest. Stock options and PSUs that did not become eligible to vest based on such performance were forfeited and cancelled. The reduction amount shown is the dollar value required to be deducted from the fair value of the grants and awards to reflect accurately the net value of the stock option grant and PSU award for the Named Executive Officer as part of his total compensation for the 2013 fiscal year.

(b) For 2012, 44.1% of Mr. Godin's PSUs vested rather than the 35.6% vesting disclosed in the 2012 Management Proxy Circular.

(c) Amounts earned by Mr. Baptista from *Logica plc* and its affiliates prior to its acquisition by the Company are excluded.

The following table shows the compensation paid to the Company's Named Executive Officers for regulatory purposes.

As noted above, securities regulations require that for stock options and share based compensation amounts, the amount of compensation to be disclosed must be the grant date fair value. In the case of CGI's compensation policies, all long term incentive compensation, including all stock option awards and share based compensation awards are performance-based. A number of stock options and PSUs awarded to Named Executive Officers do not become eligible to vest as a result of the degree of achievement of performance objectives, and those stock options and PSUs are then forfeited and cancelled. To that extent the total compensation amount shown in this table overstates the true total compensation received by the Company's Named Executive Officers.

Summary Compensation Table

Name and Principal Position as at September 30, 2013	Year	Salary (\$)	Share-based awards ^(a) (\$)	Option-based awards ^(b) (\$)	Non-equity incentive plan compensation Annual incentive plans (\$)	Pension value (\$)	All other compensation ^(c) (\$)	Total compensation (\$)
Serge Godin Founder and Executive Chairman of the Board	2013	1,250,000	5,925,372	-	1,585,132	-	57,562	8,818,066
	2012	995,900	3,700,518	-	-	-	46,688	4,760,013
	2011	995,900	692,124	3,202,623	1,160,000	-	38,860	6,089,507
Michael E. Roach President and Chief Executive Officer	2013	1,250,000	5,925,372	-	1,585,132	-	57,016	8,817,520
	2012	1,005,806	4,582,575	-	-	-	49,040	5,690,246
	2011	995,900	692,124	3,202,623	1,160,000	-	45,739	6,096,386
R. David Anderson Executive Vice- President and Chief Financial Officer	2013	720,000	2,444,281	-	1,032,518	-	35,025	4,231,824
	2012	600,836	1,655,640	-	-	-	36,733	2,317,488
	2011	592,500	-	1,305,931	415,000	-	26,358	2,339,789
George D. Schindler President, United States and Canada ^(d)	2013	634,688	-	921,648	812,400	2,539	43,149	2,414,624
	2012	607,082	-	1,103,760	146,778	2,519	41,627	1,899,247
	2011	542,630	-	690,080	295,980	2,467	36,952	1,568,109
Joao Baptista ^(e) President, Nordics, Southern Europe and South America	2013	657,622	-	846,382 ^(f)	420,301	-	137,289	2,061,594
	2012	126,768	-	-	-	-	926	127,694
	2011	-	-	-	-	-	-	-

- (a) The award date fair value used for determining the number of PSUs awarded to Named Executive Officers as a component of their total compensation was determined using the pricing model suggested by Towers Watson that yielded a grant date fair values of \$17.74 for fiscal 2013, \$14.78 for 2012 and \$11.62 for 2011. The fair value of the PSUs for accounting purposes was the market value of the Class A subordinate voting shares on the award date resulting in an award date fair value for accounting purposes of \$23.65 for fiscal 2013 and \$19.71 for 2012. Please refer to the heading *Award Date Fair Value* earlier in this document for an explanation of the differences between fair values, and the reasons behind the choice of valuation methods. The PSUs awarded to the Named Executive Officers include the PSUs awarded as part of the long term incentive grant, and the PSUs awarded as part of the special incentive grant for the integration of *Logica plc*. Please refer to the headings *Stock Options Granted in Fiscal 2013* and *Special One-Time Incentive Grant* earlier in this document.
- (b) The grant date fair value used for determining the number of stock options issued to Named Executive Officers as a component of their total compensation was determined using the Black-Scholes stock option pricing model that yielded a grant date fair value of \$4.98 for 2013, and \$5.52 for 2012. The binomial pricing model was used for 2011 and yielded a grant date fair value of \$4.39. The fair value of the stock options for accounting purposes was determined using the Black-Scholes stock option pricing model that yielded a grant date fair value of \$4.98, \$4.67, and \$4.31, in 2013, 2012 and 2011 respectively. Please refer to the heading *Grant Date Fair Value* earlier in this document for an explanation of the difference between fair values, and the reasons behind the choice of valuation models.
- (c) This amount includes the Company's contribution under the CGI Share Purchase Plan, the contribution towards health insurance benefits and related insurance coverage, but excludes the value of perquisites and other personal benefits which in the aggregate is less than \$50,000 or 10% of the aggregate salary and bonus under the Profit Participation Plan for the particular fiscal year which is therefore not required to be disclosed.
- (d) Mr. Schindler is paid in U.S. dollars. The amounts shown (other than those for stock option-based compensation) are in Canadian dollars converted on the basis of the average exchange rate used to present expense information in the Company's consolidated annual audited financial statements which was CAD\$1.0155, CAD\$1.00740 and CAD\$0.9866, for each U.S. dollar in 2013, 2012 and 2011 respectively. Please refer to the disclosure concerning the foreign exchange rates used for financial reporting purposes on page 14 of the *Management's Discussion and Analysis* for the fiscal year ended September 30, 2013 under the heading *Foreign Exchange*.

- (e) Amounts earned by Mr. Baptista from *Logica plc* and its affiliates prior to its acquisition by the Company are excluded. Mr. Baptista is paid in pounds sterling. The amounts shown (other than those for option-based compensation) are in Canadian dollars converted on the basis of the average exchange rate used to present expense information in the Company's consolidated annual audited financial statements which was CAD\$1.5846 and CAD\$1.5878 for each pound sterling in 2013 and 2012 respectively. Please refer to the disclosure concerning the foreign exchange rates used for financial reporting purposes on page 14 of the *Management's Discussion and Analysis* for the fiscal year ended September 30, 2013 under the heading *Foreign Exchange*.
- (f) The stock options granted to Mr. Baptista in fiscal 2013 comprise the stock options granted as part of his long term incentive grant, and the stock options granted as part of the special incentive grant for the integration of *Logica plc*. Please refer to the headings *Stock Options Granted in Fiscal 2013* and *Special One-Time Incentive Grant* earlier in this document.

Separation Policy for Certain Named Executive Officers

None of the Named Executive Officers are covered by severance arrangements.

Key Features of CGI's Long Term Incentive Plans

Share Option Plan

The Share Option Plan is governed by the Board of Directors. The Committee makes recommendations to the Board of Directors in relation to the Share Option Plan and to grants of stock options and is responsible for overseeing its administration. The Board of Directors has the ultimate and sole power and authority to grant stock options under the Share Option Plan and interpret the terms and conditions of stock options that have been granted. The Board of Directors grants stock options by identifying the members, directors, officers and consultants who are to receive stock options, including the number of stock options, the subscription price, the stock option period and the vesting conditions. The determinations, designations, decisions and interpretations of the Board of Directors are binding and final. Management of the Company looks after the day to day administration of the Share Option Plan.

The total number of Class A subordinate voting shares authorized to be issued under the Share Option Plan is 53,600,000 representing, as at December 13, 2013, 17.33% of the currently issued and outstanding Class A subordinate voting shares and Class B shares. The maximum number of stock options that may be issued in the aggregate to any single individual under the Share Option Plan cannot exceed 5% of the total number of Class A subordinate voting shares and Class B shares issued and outstanding at the time of the grant. The number of Class A subordinate voting shares issuable to insiders in aggregate, at any time, pursuant to the Share Option Plan and any other securities-based compensation arrangement cannot exceed 10% of the Class A subordinate voting shares and Class B shares issued and outstanding. The number of Class A subordinate voting shares issued to insiders within any one-year period pursuant to the Share Option Plan and any other securities-based compensation arrangement cannot exceed 10% of the Class A subordinate voting shares and Class B shares issued and outstanding. As at December 13, 2013, stock options for an aggregate of 22,934,964 Class A subordinate voting shares are outstanding pursuant to the Share Option Plan, representing 7.42% of the currently issued and outstanding Class A subordinate voting shares and Class B shares. See the heading *Replenishment of the Reserve under the CGI Share Option Plan* later in this document for details on the proposed replenishment of shares reserved and available for issuance under the Share Option Plan.

Under the Share Option Plan, the Board of Directors may at any time amend, suspend or terminate the Share Option Plan, in whole or in part, subject to obtaining any required approval from the *Toronto Stock Exchange*, the Company's shareholders or other regulatory authorities. More detailed information on the rules for amending the Share Option Plan is provided later in this document under the heading *Amending Formula*. Stock options may not be assigned, pledged or otherwise encumbered with the exception of bequests made in wills or otherwise in accordance with the laws relating to successions.

Under the Share Option Plan, the Board of Directors, on the recommendation of the Committee may grant to eligible participants stock options to purchase Class A subordinate voting shares. The exercise price of the stock options granted is determined by the Board of Directors and cannot be lower than the closing price for Class A subordinate voting shares on the *Toronto Stock Exchange* on the trading day immediately preceding the day on which the stock option is granted. The Board of Directors also determines the applicable stock option period and vesting rules.

Employees, officers, and consultants of the Company and its subsidiaries and associates, and directors of the Company may receive stock options under the Share Option Plan. It is not the Company's policy at this time to issue stock options to consultants and no stock options were issued to consultants in fiscal 2013.

Stock options that have been granted under the Share Option Plan cease to be exercisable upon the expiry of the term which cannot exceed ten years from the date of the grant.

Upon resignation or termination, stock options that have not vested are forfeited, and vested stock options must be exercised during a 90 day period.

Employees who retire, directors who leave the Board of Directors, and the estates of deceased stock option holders benefit from the automatic vesting of stock options that have become eligible to vest in accordance with performance-based vesting rules, but that have yet to vest due to time-based vesting. Those stock options must be exercised within 90 days in the case of retirement or 180 days if the stock option holder dies, subject to the extension of the exercise periods explained in more detail below. The Board of Directors, on the recommendation of the Committee, has the discretion to vary these periods and to accelerate the vesting period, provided that the maximum term for any stock option is ten years from the time it is granted.

The Company does not currently provide any financial assistance to participants under the Share Option Plan.

Extension of Exercise Periods

Blackout Periods

In keeping with CGI's *Policy on Insider Trading and Blackout Periods*, stock options must not be exercised by insiders when a trading blackout period is in effect.

The policy is designed to ensure that reporting insiders and CGI members who have access to undisclosed material information regarding CGI comply with insider trading laws. Under the policy, those who normally have access to undisclosed material information may only trade in CGI securities within the period beginning on the third business day following the release of CGI's quarterly financial results and fiscal year-end results and ending at the close of business on the fourteenth calendar day preceding the end of the following fiscal quarter.

Blackout periods may also be prescribed from time to time as a result of special circumstances relating to the Company when insiders should be precluded from trading in its securities.

If the date on which a stock option expires occurs during a blackout period or within ten business days after the last day of a blackout period, the date of expiry of the stock option will be the tenth business day following the termination of the blackout period.

Extensions for Length of Service

Retiring members and retiring directors, as well as the estates of deceased stock option holders earn one day of extension for every three days of service to the Company, up to a maximum extension period of three years. The extension period is earned pro-rata day by day during the stock option holder's service to the Company. The extension period for length of service cannot extend the life of a stock option beyond the period of time determined by the Board of Directors as the stock option term which may not exceed ten years from the date of grant.

Amending Formula

The Board of Directors, on the recommendation of the Committee, may amend, suspend or terminate the Share Option Plan, or amend any term of an issued and outstanding stock option provided that no amendment, suspension or termination may be made without:

- obtaining approval of the shareholders of the Company, except when approval is not required under the terms of the plan, as explained in more detail below;
- obtaining any required approval of any applicable regulatory authority or stock exchange; and
- in the case of issued and outstanding stock options, obtaining the consent or, subject to regulatory approval, the deemed consent of the concerned optionee in the event that the amendment materially prejudices the optionee's rights.

Shareholder approval is not required with respect to the following amendments, in as much as the amendment is in accordance with applicable regulatory requirements:

- changing the eligibility for, and limitations on, participation in the Share Option Plan;
- modifying the periods during which stock options may be exercised, subject to (i) the stock option period terminating on or before the tenth anniversary of the date of the grant of the stock option, and (ii) a maximum stock option exercise period extension of three years;
- changing the terms on which stock options may be granted and exercised including, without limitation, the provisions relating to the price at which shares may be purchased under the plan, vesting, expiry, assignment and the adjustments to be made in the event of certain changes such as stock splits that affect all shareholders;
- making amendments that are necessary to comply with applicable law or the requirements of any applicable regulatory authority or stock exchange;
- correcting or rectifying any ambiguity, defective provision, error or omission in the Share Option Plan; and
- changing the provisions of the Share Option Plan that relate to its administration.

Finally, any amendment that would reduce the subscription price of an issued and outstanding stock option, lead to a significant or unreasonable dilution of the outstanding shares or provide additional material benefits to insiders of the Company automatically requires shareholder approval.

In the case of an amendment that would reduce the subscription price of any outstanding stock option held by an insider or would extend the expiry date of stock options held by insiders beyond the exercise periods contemplated under the Share Option Plan, approval of the shareholders of the Company, other than the relevant insiders, must be obtained.

Replenishment of the Reserve under the CGI Share Option Plan

The Share Option Plan provides for a fixed number of shares authorized to be issued thereunder. Shareholder approval was obtained for increases in the number of shares authorized to be issued in 1993, 1997, 2006 and 2010. On December 13, 2013, 10,320,402 shares remained available for future issuance under the Share Option Plan, which, based on the Company's compensation policies and practices, represents approximately two years of grants. We propose to replenish the reserve of shares available for issuance under the Share Option Plan by an amount of 11,500,000 shares.

Within our industry, stock option grants continue to be a prevalent form of compensation among our peers. Given our entrepreneurial culture and the owner-like attitude we want to foster among our members, we consider that stock options are the best long-term investment vehicle to engage our members in this type of culture.

In maintaining its competitive position, the Company recognizes the need to have a balanced approach in the use of stock options and its alignment with the interests of its shareholders and to this end we subject all stock options to vest based on Company performance rather than having them vest solely on a time basis.

With the help of Towers Watson, the Company's external human resources consultant, we have observed that the vast majority of our peers generally have both performance-based and time-based long-term incentives.

Based on these findings and on the Company's need to continue deploying its long-term incentive strategy, the Human Resources Committee has recommended to the Board of Directors that the reserve of shares available for issuance under the Share Option Plan be replenished by 11,500,000 Class A subordinate voting shares, which would bring the shares reserved for issuance under the Share Option Plan to 44,755,366 representing, as of December 13, 2013, 14.5% of the issued and outstanding Class A subordinate voting shares and Class B shares of the Company and 12.6% on a fully diluted basis ("diluted overhang"). As per Towers Watson, this would position the Company's diluted overhang slightly below the 75th percentile of the peer group.

As for the vesting conditions, the study conducted by Towers Watson revealed that stock options granted by our peers simply vest over time. In the case of fifteen of the sixteen peer companies that grant restricted stock or share units:

- two granted restricted stock or share units that vest based on time only;
- six granted restricted stock or share units that vest on both time and performance; and
- seven granted restricted stock or share units that vest based on performance alone.

CGI has adopted a policy of vesting stock options based on both performance and time in order to align the interests of the Company's management with those of its shareholders. Stock options that do not become eligible to vest based on the achievement of performance targets are automatically forfeited and cancelled. Stock options that meet the performance conditions and become eligible to vest, vest over four years.

The Board of Directors therefore recommends that the shareholders approve the replenishment of the reserve of shares available for issuance under the Share Option Plan by an amount of 11,500,000 shares to bring the shares reserved for issuance under the Share Option Plan to 44,755,366 shares.

Equity Compensation Plan Information as of September 30, 2013

The following table shows the total number of shares to be issued upon the exercise of outstanding stock options under all of CGI's equity-based compensation plans, their weighted average exercise price, and the number of shares available for future issuance.

Plan Category	Number of Class A subordinate voting shares to be issued upon the exercise of outstanding stock options (#)	Weighted-average exercise price of outstanding stock options (\$)	Number of Class A subordinate voting shares remaining available for future issuance under equity compensation plans (excluding shares issuable under outstanding stock options) (#)
Equity compensation plans approved by securityholders	20,209,569	\$16.45	14,401,187
Equity compensation plans not approved by securityholders	-	-	-
Total	20,209,569	\$16.45	14,401,187

Performance Share Unit Plan

The PSU Plan is governed by the Board of Directors and the Committee makes recommendations to the Board of Directors in relation to the PSU Plan and to awards of PSUs. The Board of Directors has the ultimate and sole power and authority to award PSUs under the PSU Plan and to interpret the terms and conditions of PSUs that have been awarded. The Committee is responsible for the administration of the PSU Plan, and management looks after its day to day implementation.

Under the PSU Plan, the Board of Directors may at any time amend, suspend or terminate the PSU Plan, in whole or in part. PSUs may not be assigned, pledged or otherwise encumbered with the exception of bequests made in wills, or otherwise in accordance with the laws relating to successions.

Under the PSU Plan, the Board of Directors, on the recommendation of the Committee, may award PSUs to executives and to other participants that it determines are eligible. Each PSU entitles the participant to receive one Class A subordinate voting share, subject to the degree of achievement of the profitability and revenue growth objectives set by the Board of Directors as part of the Company's annual budget and strategic planning process. The number of PSUs awarded is determined based on the dollar amount of long-term compensation required to align the participant's total compensation with the Company's compensation policy, and takes into account stock options granted under the Share Option Plan.

As soon as practicable after an award of PSUs, the plan trustee purchases in the open market the shares required to be delivered to the participants on settlement. The plan trustee holds the shares in trust for the purposes of the PSU Plan.

On each settlement entitlement date, the PSU Plan participants receive from the plan trustee a number of Class A subordinate voting shares equal to the number of PSUs that have vested. Participants may elect to defer the settlement of PSUs to a later date not later than the expiry date of the PSUs.

Upon resignation or termination, PSUs that have not become eligible to vest are forfeited, and PSUs that have become eligible to vest are settled on the date of resignation or termination, as the case may be.

Participants who retire and the estates of deceased participants benefit from the automatic vesting of PSUs that have become eligible to vest in accordance with performance-based vesting rules, but that have yet to vest due to time-based vesting. Those PSUs are settled on the date of retirement or death, as the case may be and the plan trustee remits the Class A subordinate voting shares as soon as practicable thereafter.

PSUs expire on the business day preceding December 31 of the third calendar year following the end of the fiscal year during which the PSU Award is made. On the expiry date, all remaining PSUs in the participant's account that are eligible to vest but that have not yet vested are automatically vested and settled.

The Company does not provide any financial assistance to participants under the PSU Plan.

COMPENSATION OF DIRECTORS

Board of Directors and Standing Committee Fees

Ms. Julie Godin and Messrs. Serge Godin, André Imbeau and Michael E. Roach are not compensated for their roles as directors of the Company. The compensation paid to Messrs. Godin and Roach is disclosed in the *Net Total Compensation Table* and the *Summary Compensation Table* earlier in this document.

The compensation paid to outside directors for the year ended September 30, 2013 was adjusted from the previous fiscal year ended September 30, 2012 by increasing the Board retainer fee from \$75,000 to \$90,000. In addition, it was decided to grant an increased long distance travel allowance to Mr. Joakim Westh in view of his residence in Sweden. The other components of compensation for outside directors remained unchanged. The resulting elements of directors' compensation are set out in the following table:

Component	Amount
Board retainer	\$90,000
Lead Director retainer	\$15,000
Committee annual retainer	
Members	\$2,000
Audit and Risk Management Committee Chair	\$12,500
Other Committee Chairs	\$10,000
Per-meeting fees	
Board of Directors	\$1,500
Audit and Risk Management Committee	\$2,500
Human Resources Committee	\$2,500
Corporate Governance Committee	\$2,500

In keeping with the increase in the amount of the Board retainer, the first \$40,000 in retainer fees is paid as a rule in DSUs. However, a DSU participant may elect to receive the equivalent of his or her mandatory portion in cash instead of in DSUs if i) the participant is not a resident of Canada for income tax purposes, or ii) the participant purchases in the open market the same number of CGI subordinate voting shares he or she would have received in the form of DSUs, or iii) the participant is otherwise exempted by the Board of Directors.

Directors who must travel long distances to attend meetings of the Board of Directors and standing committees also receive long distance travel allowances.

For the year ended September 30, 2013 the compensation paid to the directors was as follows:

Directors' Compensation Table

Name	Fees earned (\$)	Share-based awards^(a) (\$)	Option-based awards^{(b)(c)} (\$)	All other compensation (\$)	Total (\$)
Claude Boivin ^(d)	67,810	23,178	30,630	-	98,440
Alain Bouchard	55,500	33,000	22,924	-	78,424
Bernard Bourigeaud ^(e)	108,659	-	19,720	-	128,379
Jean Brassard	112,000	90,500	77,154	-	189,154
Robert Chevrier	115,000	100,000	81,083	-	196,083
Dominic D'Alessandro	105,500	92,000	77,622	-	183,122
Thomas P. d'Aquino	126,000	111,000	85,254	-	211,254
Paule Doré	107,000	40,000	55,161	-	162,161
Richard B. Evans ^(e)	109,674	91,903	77,608	15,233 ^(f)	187,282
Julie Godin	-	-	295,798	457,252 ^(f)	753,050
Serge Godin	Mr. Godin's compensation is set out in the <i>Net Total Compensation Table</i> and in the <i>Summary Compensation Table</i> earlier in this document				
André Imbeau	-	-	19,720	357,054 ^(f)	376,774
Gilles Labbé	122,500	94,688	76,060	-	198,560
Eileen A. Mercier ^(d)	53,966	30,978	34,426	-	57,392
Donna S. Morea ^{(d)(e)}	61,285	56,715	47,658	-	108,943
Michael E. Roach	Mr. Roach's compensation is set out in the <i>Net Total Compensation Table</i> and in the <i>Summary Compensation Table</i> earlier in this document				
Joakim Westh ^(e)	53,822	-	19,719	20,310 ^(f)	93,851

- (a) The column shows the dollar value of DSUs issued to the director. The DSUs paid are in lieu of a portion of the fees earned by the director shown in the fees column based on the director's decision to receive a percentage of his or her retainer fees in DSUs instead of cash. The DSU value is therefore already included in the fee remuneration shown in the fee column and is not in addition to that remuneration.
- (b) 4,000 performance-based stock options are granted to the outside directors annually. The remaining stock options are issued in proportion to the DSUs that the director chooses to receive. See the heading *Stock Options and Deferred Stock Units Granted to Directors* below. All such stock options are valued for the purpose of the Directors' Compensation Table using the same Black-Scholes stock option pricing model as used for Named Executive Officers in the *Summary Compensation Table* earlier in this document. The fair value of the stock options for accounting purposes was determined using the Black-Scholes stock option pricing model that yielded a grant date fair value of \$4.98 for 2013. Please refer to the heading *Grant Date Fair Value* earlier in this document.
- (c) 95.3% of the 4,000 annual performance-based stock option grant became eligible to vest in the 2013 fiscal year. Stock options that did not become eligible to vest based on such performance were forfeited and cancelled. A proportionate reduction amount of \$922 is required to be deducted from the grant date fair value for the annual grant of 4,000 stock options to reflect accurately the

net value of the stock option grant for the director as part of his or her total compensation for the 2013 fiscal year. See the heading *Stock Options Granted in Fiscal 2013* earlier in this document.

- (d) Mrs. Mercier retired from the Board of Directors on April 9, 2013, and Mrs. Morea, and Mr. Boivin retired from the Board of Directors on April 29, 2013.
- (e) Messrs. Bourigeaud, Evans and Westh are paid in U.S. dollars at par and so was Mrs. Morea, based on the same fee arrangement as other outside directors. The amounts shown (other than those for option-based compensation) are in Canadian dollars converted on the basis of the average exchange rate used to present expense information in the Company's consolidated annual audited financial statements which was CAD\$1.0155 for each U.S. dollar for 2013. Please refer to the disclosure concerning the foreign exchange rates used for financial reporting purposes on page 14 of the Management's Discussion and Analysis for the fiscal year ended September 30, 2013 under the heading Foreign Exchange.
- (f) The amounts shown as "All other compensation" for Messrs. Evans and Westh are in respect of long distance travel allowances, and for Ms. Godin and Mr. Imbeau are amounts received as remuneration in respect of their service as executives of the Company.

Stock Options and Deferred Stock Units Granted to Directors

Members who join the Board of Directors for the first time are entitled to a grant of 4,000 stock options on the date of their election or appointment. In addition, members of the Board of Directors receive annually a grant of 4,000 stock options. These stock options are granted to directors under the Share Option Plan.

For the fiscal year ended September 30, 2013, members of the Board of Directors were entitled to choose to receive part or all of their retainer fees in DSUs. The number of DSUs granted to a member is equal to the amount of the retainer due to be paid in DSUs divided by the closing price of CGI's Class A subordinate voting shares on the *Toronto Stock Exchange* on the day immediately preceding the payment date. Once granted, the value at any time of the DSUs credited to a director's DSU account is determined based on the market price of CGI's Class A subordinate voting shares.

Directors are required to receive the first \$40,000 of the annual retainer entirely in DSUs. However, a DSU participant may elect to receive the equivalent of his or her mandatory portion in cash instead of in DSUs if i) the participant is not a resident of Canada for income tax purposes or ii) the participant purchases in the open market the same number of CGI Class A subordinate voting shares he or she would have received in the form of DSUs, or iii) the participant is otherwise exempted by the Board of Directors.

The value of DSUs is payable only upon the director ceasing to be a member of the Board of Directors. The amount paid corresponds to the number of DSUs accumulated by the member multiplied by the closing price of CGI's Class A subordinate voting shares on the payment date selected by the director. Directors may select a payment date for the DSUs subsequent to the date on which they cease to be members of the Board of Directors, but such date cannot be later than December 31 of the calendar year following the year in which they leave the Board of Directors. The amount is paid in cash and is subject to applicable withholding taxes.

For each DSU acquired in lieu of cash retainer fees, the director receives two stock options under the Share Option Plan. Each stock option is issued with a ten-year exercise period and vests at the time of grant. The exercise price is equal to the closing price of CGI's Class A subordinate voting shares on the *Toronto Stock Exchange* on the trading day immediately preceding the date of the grant.

The vesting of the 4,000 stock options granted to the members of the Board of Directors during the year ended September 30, 2013 under the Share Option Plan depended on the degree of achievement of profitability and growth objectives. The performance targets required to be met in order for the stock options to vest were the same as those set for the Named Executive Officers, but without taking into account the performance of the Strategic Business Units. Based on the degree of achievement of profitability and growth objectives for the fiscal year ended September 30, 2013, 95.3% of the stock options became eligible to vest. One-quarter of the stock options eligible to vest based on the achievement of the objectives vested on November 13, 2013 when the results for the fiscal year ended September 30, 2013 were approved by the Board of Directors, one-quarter will vest on October 1, 2014, one-quarter will vest on October 1, 2015, and the final quarter will vest on October 1, 2016. Stock options that did not become eligible to vest as a result of the vesting conditions were forfeited and cancelled.

Stock Options Held by Directors

A table showing all outstanding stock options held by the members of the Board of Directors who are not Named Executive Officers as at September 30, 2013 as well as the in-the-money-value of such stock options and the aggregate value of DSUs that are vested but remaining unpaid is provided in Appendix B.

Incentive Plan Awards – Value Vested or Earned During the Year

Name	Option-based awards – Value vested during the year (\$)	Share-based awards Value vested during the year ^(a) (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Claude Boivin ^(b)	44,120 ^{(c)(d)}	23,178	-
Alain Bouchard ^(e)	156 ^(d)	33,000	-
Bernard Bourigeaud	20,428 ^{(c)(d)}	-	-
Jean Brassard	20,779 ^{(c)(d)}	90,500	-
Robert Chevrier	20,818 ^{(c)(d)}	100,000	-
Dominic D'Alessandro	18,996 ^{(c)(d)}	92,000	-
Thomas P. d'Aquino	20,876 ^{(c)(d)}	111,000	-
Paule Doré	20,584 ^{(c)(d)}	40,000	-
Richard B. Evans	32,235 ^{(c)(d)}	91,903	-
Julie Godin ^(e)	76,628 ^(c)	-	150,000
Serge Godin	Mr. Godin's compensation is set out in the <i>Net Total Compensation Table</i> and in the <i>Summary Compensation Table</i> earlier in this document		
André Imbeau	933,446 ^{(c)(d)}	-	-
Gilles Labbé	19,037 ^{(c)(d)}	94,688	-
Eileen A. Mercier ^(b)	42,736 ^{(c)(d)}	30,978	-
Donna S. Morea ^(b)	6,414 ^{(c)(d)}	56,715	-
Michael E. Roach	Mr. Roach's compensation is set out in the <i>Net Total Compensation Table</i> and in the <i>Summary Compensation Table</i> earlier in this document		
Joakim Westh ^(e)	-	-	-

- (a) The share-based awards are DSUs. See the heading *Stock Options and Deferred Stock Units Granted to Directors* earlier in this document.
- (b) Mrs. Mercier retired from the Board of Directors on April 9, 2013, and Ms. Morea and Mr. Boivin retired from the Board of Directors on April 29, 2013.
- (c) The stock options that vested during the 2013 fiscal year were the performance-based stock options granted for the 2010, 2011, and 2012 fiscal years that became eligible to vest and for which the exercise prices were \$12.54, \$15.49, and \$19.71 respectively. One-third of the stock options granted for fiscal 2010, and one-quarter of the stock options granted for fiscal 2011, vested on October 1, 2012 when the closing price of the shares was \$26.27, and one-quarter of the stock options granted for fiscal 2012 vested on November 27, 2012 when the closing price for the shares was \$24.05.
- (d) The remaining stock options are stock options that directors received as a result of the receipt of DSUs. See the heading *Stock Options and Deferred Stock Units Granted to Directors* earlier in this document. Those stock options vested at the time of grant. Since the stock option exercise price is equal to the closing price of the shares on the *Toronto Stock Exchange* on the trading day preceding the date of grant, the value at the time of vesting reflects the positive difference, if any, between the closing price of the shares on the grant date and the exercise price.
- (e) Ms. Godin and Messrs. Bouchard and Westh joined the Board of Directors on April 29, 2013.

INDEBTEDNESS OF DIRECTORS AND NAMED EXECUTIVE OFFICERS

As of December 13, 2013, no directors, Named Executive Officers, former directors or former senior officers of the Company were indebted to the Company.

REPORT OF THE CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee of the Board of Directors has responsibility for all corporate governance matters including making recommendations to the Board of Directors in relation to composition of the Board of Directors and its standing committees. The Committee also administers the self-assessment process for the Board, its standing committees and individual directors.

The Committee is composed of Mrs. Paule Doré and Mr. Thomas P. d'Aquino, Lead Director and Chair of the Committee, both of whom are independent directors. The Committee met three times during fiscal 2013.

The role and responsibilities of the Chair of the Committee are described under the heading *Role and Responsibilities of the Lead Director and Standing Committee Chairs* later in this document.

Corporate Governance Practices

Adherence to high standards of corporate governance is a hallmark of the way CGI conducts its business. The disclosure that follows sets out CGI's corporate governance practices.

CGI's corporate governance practices conform to those followed by U.S. domestic companies under the *New York Stock Exchange* listing standards.

CGI's Shareholders

CGI's shareholders are the first and most important element in the Company's governance structures and processes. At each Annual General Meeting of Shareholders, the Company's shareholders elect the members of the Company's Board of Directors and give them a mandate to manage and oversee the management of the Company's affairs for the coming year. Shareholders have the option of withholding their votes from individual directors, should they wish to do so.

In the normal course of operations, certain corporate actions which may be material to CGI are initiated from time to time by the Company's senior management and, at the appropriate time, are submitted to CGI's Board of Directors for consideration and approval. When appropriate, such matters are also submitted for consideration and approval by CGI's shareholders. All such approvals are sought in accordance with the charters of the Board of Directors and standing committees, CGI's corporate governance practices and applicable corporate and securities legislation. Messrs. Serge Godin and André Imbeau, respectively CGI's *Founder and Executive Chairman of the Board*, and CGI's *Founder, Vice-Chairman of the Board and Corporate Secretary*, are members of the Board of Directors of CGI and, as of December 13, 2013, beneficially owned, directly or indirectly, or exercised control or direction over, shares of CGI representing respectively 47.09% and 7.07% of the votes attached to all of CGI's outstanding voting shares.

Given the inherent limitations of majority voting policies, the Board of Directors, on the recommendation of the Committee, has determined that instituting such a policy for the Company at this time would not, given the Company's shareholding structure, add value for the Company or its shareholders. The Committee has monitored the evolution of majority voting policies among Canadian and U.S. public companies and will continue to do so at least annually as part of the Committee's mandate to review the Company's governance practices in light of best practices and regulatory requirements.

Mandate, Structure and Composition of the CGI Board of Directors

The Committee and the Board of Directors are of the view that the size and composition of the Board of Directors and its standing committees are well suited to the circumstances of the Company and allow for the efficient functioning of the Board of Directors as an independent decision-making body.

Board of Directors and Committee Charters

Each standing committee operates according to its charter approved by the Board of Directors which sets out the committee's duties and responsibilities.

The Board of Directors charter and the charter of each of the standing committees require that the charters be reviewed annually. As part of that process each standing committee undertakes a review of its mandate and tables any recommendations for changes with the Corporate Governance Committee at its September meeting

each year. The Committee reviews the submissions of the standing committees and also reviews the Board of Directors charter. The Committee then makes a recommendation to the Board of Directors based on the conclusion of the review. The Board of Directors takes the Committee's recommendation into account in making such changes as it determines to be appropriate.

The Board of Directors and standing committee charters are contained in CGI's *Fundamental Texts* which may be found as Appendix A to CGI's 2013 *Annual Information Form* which was filed with the Canadian securities regulatory authorities and which is available at www.sedar.com and on CGI's web site at www.cgi.com. A copy of the 2013 *Annual Information Form* will be provided promptly to shareholders upon request. The charters are hereby incorporated by reference from the *Fundamental Texts* as follows:

- Board of Directors Charter..... page 18
- Corporate Governance Committee Charter page 27
- Human Resources Committee Charter page 33
- Audit and Risk Management Committee Charter..... page 38

The following table summarizes the structure, responsibilities and membership of each of the Company's standing committees.

COMMITTEE	MEMBERSHIP
Audit and Risk Management Committee Composed entirely of independent directors, the Audit and Risk Management Committee: is mandated by the Board of Directors to recommend the appointment of the external auditors and the terms of their engagement; reviews with the auditors the scope of the audit; reviews with the auditors and management the effectiveness of the Company's accounting policies and practices, the Company's internal control procedures, programs and policies and the adequacy and effectiveness of the Company's internal controls over the accounting and financial reporting systems within the Company; reviews related party transactions; and reviews the Company's interim and audited annual consolidated financial statements and all public disclosure documents containing audited or unaudited financial information and recommends their approval by the Board of Directors.	Gilles Labbé (Chair) Jean Brassard Richard B. Evans Joakim Westh
Corporate Governance Committee Composed entirely of independent directors, the Corporate Governance Committee: is responsible for developing the Company's approach to governance issues and the Company's response to corporate governance requirements and guidelines; reviews the composition of the Board of Directors, its standing committees and members and recommends Board nominees; carries out the annual Board of Directors self-assessment process; oversees the orientation and continuing education program for directors; and helps to maintain an effective working relationship between the Board of Directors and management.	Thomas P. d'Aquino (Chair) Paule Doré
Human Resources Committee Composed entirely of independent directors, the Human Resources Committee: is responsible for reviewing the compensation of certain senior executives of the Company and for making recommendations to the Board of Directors in respect thereto; and performs functions such as reviewing the Company's succession planning and such other matters that the Committee may consider suitable with respect to compensation or as may be specifically directed by the Board of Directors from time to time.	Robert Chevrier (Chair) Alain Bouchard Bernard Bourigeaud Dominic D'Alessandro

Role and Responsibilities of the Executive Chairman and of the CEO

Elected by the shareholders, the Board of Directors has delegated to management the responsibility for day-to-day management of the business of the Company in accordance with the Company's *Operations Management Framework* which has been adopted by the Board of Directors. The *Operations Management Framework* sets out the overall authority of the Company's management team as well as the level of management approval required for the various types of operations and transactions that make up the ordinary course of the Company's business.

The Executive Chairman's role allows Mr. Serge Godin to devote his time to the development and implementation of strategic initiatives, including strengthening the Company's partnerships with existing clients and fostering key relationships that lead to new business, including large outsourcing contracts and strategic acquisitions. The nature of the Executive Chairman's responsibilities are such that he is a senior executive officer of the Company and is not an independent chairman of the Board.

All operational and corporate functions, other than the office of the Chairman and the corporate secretariat which report to the Executive Chairman, report to the CEO who reports directly to the Board of Directors. The CEO, jointly with the management team, develops the strategies and corporate objectives which are approved by the Board of Directors. Each year the Human Resources Committee assesses the performance of the management team in achieving the objectives and makes recommendations to the Board of Directors in relation to the vesting of stock options and PSUs and the payment of bonuses to the Named Executive Officers under the Company's Profit Participation Plan.

Taken together, the *Operations Management Framework* and the corporate objectives approved by the Board of Directors annually define the scope of management's authority and responsibilities, including those of the Executive Chairman and of the CEO, in relation to the Company's day to day operations and the attainment of its objectives. The Executive Chairman and the CEO table reports to the Board of Directors at each regularly scheduled Board meeting and their performance relative to objectives is assessed annually. Ultimately, the Board of Directors reports to the shareholders at the Annual General Meeting of Shareholders.

Role and Responsibilities of the Lead Director and Standing Committee Chairs

Lead Director

Mr. Thomas P. d'Aquino, an independent member of the Board of Directors, is currently CGI's Lead Director.

The Charter of the Board of Directors, which is incorporated by reference in this *Management Proxy Circular* (see the heading *Mandate, Structure and Composition of the CGI Board of Directors* earlier in this document), requires that the Board of Directors appoint a Lead Director from among the independent directors. The Lead Director is responsible for ensuring that the Board of Directors acts independently of the Company's management and is alert to its obligations to the shareholders.

In fulfilling his responsibilities, the Lead Director provides input to the Executive Chairman in the preparation of Board of Directors meeting agendas, sets the agenda for and chairs the meetings of the independent directors, and leads the annual self-evaluation process for the Board of Directors.

In conjunction with the Executive Chairman, the Lead Director facilitates the effective and transparent interaction of Board members and management. The Lead Director also provides feedback to the Executive Chairman and acts as a sounding board with respect to strategies, accountability, relationships and other matters.

Standing Committee Chairs

The role and responsibilities of each of the Chairs of the standing committees of the Board of Directors are set forth in the charter of each committee. The standing committee charters are incorporated by reference in this *Management Proxy Circular* (see the heading *Mandate, Structure and Composition of the CGI Board of Directors* earlier in this document).

The Chair of each committee is responsible for leading the committee's work and, in that capacity, ensuring that the committee's structure and mandate are appropriate and adequate to support the fulfilment of its responsibilities, that the committee has adequate resources as well as timely and relevant information to support its work, and that the scheduling, organization and procedures of committee meetings provide adequate time for the consideration and discussion of relevant issues. The committee Chair is responsible for ensuring that the effectiveness of the committee is assessed on a regular basis.

The Committee Chair presides the committee's meetings and works with the Corporate Secretary, the Executive Chairman and the Company's relevant executive officers in setting both the calendar of the committee's meetings and the agendas for each meeting and has the authority to convene special meetings of the committee. The committee Chair acts as liaison with the Company's management in relation to the committee's work program and ensures that the committee reports to the full Board of Directors at each subsequent meeting of the Board of Directors in relation to the committee's deliberations, decisions and recommendations.

Criteria for Tenure on the CGI Board of Directors

Each year, the Committee reviews all of the Company's corporate governance practices as part of an exercise that takes place well in advance of the annual preparation and review of the Company's *Management Proxy Circular*, so that such practices, including those that govern the conditions for tenure on the Board of Directors, receive careful consideration apart from the year-end and the preparation cycle for the Annual General Meeting of Shareholders.

Independence

CGI's corporate governance practices require that a majority of the members of CGI's Board of Directors be independent. This means that they must be and remain free from any material ties to the Company, its management and its external auditors that could, or could reasonably be perceived to, materially interfere with the directors' ability to act in the best interests of the Company, and otherwise in keeping with industry best practices and the definitions of independence applicable under stock exchange and securities regulators' governance guidelines and rules.

The Board of Directors has concluded that the position of Lead Director, in place since 1996, ensures that the Board of Directors is able to act independently of management in an effective manner. The Lead Director holds regular meetings of the outside directors, as well as regular meetings of the independent directors without related directors present. The Lead Director held four such meetings of the outside directors during the year ended September 30, 2013.

The Board of Directors has determined that the directors identified as being independent in this *Management Proxy Circular* do not have interests in or relationships with CGI or with any of CGI's significant shareholders that could, or could reasonably be perceived to, materially interfere with the directors' ability to act in the best interests of the Company, and that they are therefore independent under the applicable guidelines and rules.

The independence of the Board of Directors and its standing committees is further enhanced by their ability to engage outside advisors as needed. In addition, individual directors may also retain the services of outside advisors with the authorization of the Chair of the Corporate Governance Committee.

Shareholders of CGI, or any person who has an interest in the Company, who wish to contact CGI's non-management or independent directors may do so by e-mail sent to lead_director@cgi.com or by using the contact page for the Lead Director on CGI's website at www.cgi.com.

Expertise and Financial and Operational Literacy

CGI's corporate governance practices require that all members of CGI's Board of Directors be both financially and operationally literate. The financial literacy of individual Board members need not be as extensive as that of members who sit on CGI's Audit and Risk Management Committee. Having operational literacy means that the director must have substantial experience in the execution of day to day business decisions and strategic business objectives acquired as a result of meaningful past experience as a chief executive officer or as a senior executive officer in another capacity but with a broad responsibility for operations.

The directors' experience and subject matter expertise is examined by the Committee annually when it reviews and makes recommendations to the Board of Directors in relation to succession planning for the Board of Directors in the context of the Board of Directors and standing committee self-evaluation process (see the heading *Participation in the Annual Self-Assessment Process* later in this document). Expertise in the industry vertical markets in which the Company operates, operational expertise and literacy, and financial literacy make up the key criteria that are used to select candidates for Board membership, to review and determine the composition of CGI's Board, and to assess the performance of directors annually as part of the annual Board of Directors and standing committee self-evaluation process. The Board of Directors' objective in relation to its composition is to ensure that it has expert representation for each of the Company's targeted vertical markets.

The members of the Board who serve on the Company's Audit and Risk Management Committee must be operationally literate and be financially literate in the sense of having the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by CGI's

financial statements, and otherwise in keeping with applicable governance standards under applicable securities laws and regulations.

The Committee and the Board of Directors have determined that all members of the Audit and Risk Management Committee are financially literate and that the Committee Chair, Mr. Gilles Labbé has financial expertise as required by the New York Stock Exchange corporate governance rules and the rules adopted by the U.S. *Securities and Exchange Commission* ("SEC") in accordance with the *Sarbanes Oxley Act of 2002*. Mr. Labbé is a Fellow of the *Institute of Chartered Accountants*.

The remaining members of the Audit and Risk Management Committee, Messrs. Jean Brassard, Richard B. Evans, and Joakim Westh are financially literate in the sense that they have the knowledge and skills necessary to allow them to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by CGI's financial statements.

Mr. Jean Brassard acquired his financial literacy as a result of having served as CGI's Chief Operating Officer until his retirement in October 2000.

Mr. Richard B. Evans acquired his financial literacy while serving as Chief Executive of Rio Tinto Alcan (and as President and Chief Executive Officer of Alcan Inc. prior to its acquisition by Rio Tinto Plc). In his role as Chief Executive Officer he was responsible for the supervision of the chief financial officer of the company and was ultimately responsible for operations as well as accounting and financial reporting.

Mr. Joakim Westh acquired his financial literacy while serving as Senior Vice-President, Head of Group Function Strategy and Operational Excellence of *LM Ericsson AB*, and prior to that position as a Group Vice-President for *Assa Abloy AB* in the capacity as chief executive officer of the company's German subsidiary. Mr. Westh also serves on the audit committees of Saab AB 2010 and Swedish Match AB.

Attendance at Board and Standing Committee Meetings

The Committee monitors director attendance and, in addition to considering attendance in relation to the recommendation for directors to be proposed for election at the Annual General Meeting of Shareholders, the Committee discloses the attendance record for all directors in the *Management Proxy Circular*. The overall attendance rate for CGI's Board of Directors for fiscal 2013 was 96% for the Board of Directors, 95% for the Audit and Risk Management Committee, 100% for the Human Resources Committee and 86% for the Corporate Governance Committee. Detailed meeting and attendance information is provided in the following table.

Board and Standing Committee Meetings and Attendance Year ended September 30, 2013					
Director	Board Meetings Attended 5 regular meetings		Committee Meetings Attended		
			Audit	4 regular meetings 1 special meeting	
			Governance	3 regular meetings	
			Human Resources	3 regular meetings	
Claude Boivin ^(a)	3 of 3	100%	Audit	4 of 4	100%
Alain Bouchard ^(b)	3 of 3	100%	Human Resources	2 of 2	100%
Bernard Bourigeaud	5 of 5	100%	Human Resources	3 of 3	100%
Jean Brassard	5 of 5	100%	Audit	5 of 5	100%
Robert Chevrier	5 of 5	100%	Human Resources (Chair)	3 of 3	100%
Dominic D'Alessandro	4 of 5	80%	Human Resources	3 of 3	100%
Thomas P. d'Aquino	5 of 5	100%	Governance (Chair)	3 of 3	100%
Paule Doré	5 of 5	100%	Governance	3 of 3	100%
Richard B. Evans	5 of 5	100%	Audit	4 of 5	80%
Julie Godin ^(b)	3 of 3	100%			
Serge Godin (Chair)	5 of 5	100%			

Board and Standing Committee Meetings and Attendance Year ended September 30, 2013				
Director	Board Meetings Attended 5 regular meetings		Committee Meetings Attended	
			Audit Governance Human Resources	4 regular meetings 1 special meeting 3 regular meetings 3 regular meetings
André Imbeau	5 of 5	100%		
Gilles Labbé	5 of 5	100%	Audit (Chair)	5 of 5 100%
Eileen A. Mercier ^(a)	1 of 2	50%	Governance	0 of 1 0%
Donna S. Morea ^(a)	3 of 3	100%		
Michael E. Roach	5 of 5	100%		
Joakim Westh ^(b)	3 of 3	100%	Audit	1 of 1 100%

(a) Mrs. Mercier retired from the Board of Directors on April 9, 2013, and Mrs. Morea, and Mr. Boivin retired from the Board of Directors on April 29, 2013.

(b) Ms. Godin and Messrs. Bouchard and Westh joined the Board of Directors on April 29, 2013.

Share Ownership Guidelines for Directors

A share ownership guideline was adopted for directors on June 15, 2004. CGI's directors are required to hold at least 10,000 Class A subordinate shares or DSUs within the later of i) three years of their election or appointment to the Board of Directors and ii) three years from the adoption of the guideline on June 15, 2004. All directors' holdings respect the guideline.

The share ownership on the part of the Company's outside directors as of December 13, 2013 and the date on which their holding must meet the minimum level of share ownership are set out in the following table.

Outside Directors' Share Ownership ^(a)							
Director	Year	Number of Class A subordinate voting shares	Number of DSUs	Total Number of shares and DSUs	Total "at risk" value of shares and DSUs ^(b)	Shares or DSUs to be acquired to meet minimum ownership level	Date by which minimum ownership level must be met
Alain Bouchard	2013	7,500	923	8,423	\$301,628	n.a.	Complies with ownership guidelines
	2012	-	-	-	\$-		
	Change	7,500	923	8,423	\$301,628		
Bernard Bourigeaud	2013	10,000	-	10,000	\$358,100	n.a.	Complies with ownership guidelines
	2012	10,000	-	10,000	\$227,100		
	Change	-	-	-	\$131,000		
Jean Brassard ^(c)	2013	228,027	10,405	238,432	\$8,538,250	n.a.	Complies with ownership guidelines
	2012	921,504	7,317	928,821	\$21,093,525		
	Change	(693,477)	3,088	(690,389)	(\$12,555,275)		
Robert Chevrier	2013	10,000	31,802	41,802	\$1,496,930	n.a.	Complies with ownership guidelines
	2012	10,000	28,392	38,392	\$871,882		
	Change	-	3,410	3,410	\$625,048		
Dominic D'Alessandro	2013	10,000	12,745	22,745	\$814,498	n.a.	Complies with ownership guidelines
	2012	10,000	9,608	19,608	\$445,298		
	Change	-	3,137	3,137	\$369,200		
Thomas P. d'Aquino	2013	-	32,283	32,283	\$1,156,054	n.a.	Complies with ownership guidelines
	2012	-	28,515	28,515	\$647,576		
	Change	-	3,768	3,768	\$508,478		
Paule Doré	2013	99,774	3,730	103,504	\$3,706,478	n.a.	Complies with ownership guidelines
	2012	99,774	2,375	102,149	\$2,319,804		
	Change	-	1,355	1,355	\$1,386,674		
Richard B. Evans	2013	10,000	13,867	23,867	\$854,677	n.a.	Complies with ownership guidelines
	2012	10,000	10,716	20,716	\$470,460		
	Change	-	3,151	3,151	\$384,217		
Gilles Labbé	2013	25,000	9,364	34,364	\$1,230,575	n.a.	Complies with ownership guidelines
	2012	-	6,187	6,187	\$140,507		
	Change	25,000	3,177	28,177	\$1,090,068		
Joakim Westh	2013	-	-	-	\$-	10,000	April 29, 2016
	2012	-	-	-	\$-		
	Change	-	-	-	\$-		

(a) 2013 information is provided as of December 13, 2013, and 2012 information is provided as of December 10, 2012.

(b) Based on the closing prices of the Company's shares on the *Toronto Stock Exchange* on December 13, 2013 and December 10, 2012 respectively.

(c) The number of shares shown for Mr. Brassard combines the Class A subordinate voting shares and Class B shares owned or controlled, directly or indirectly, by Mr. Brassard.

Availability and Workload

The Board of Directors has endorsed the Committee's recommendation not to adopt formal guidelines on the number of boards or committees on which independent directors may sit on the basis that the contribution of each director to the work of the Board of Directors forms part of the Board of Directors self-assessment process and that arbitrary limits might not serve the interests of the Company.

Mr. Richard B. Evans serves on the audit committee of one other company, Mr. Westh sits on two other audit committees, and Mr. Labbé is President and Chief Executive Officer and a director, of Héroux Devtek Inc., an aerospace and industrial products manufacturer. Mr. Brassard does not sit on any other audit committees. The Board of Directors and the Committee have determined that Messrs. Labbé's, Evans', and Westh's commitments do not impair their capacity to serve the Company's Audit and Risk Management Committee effectively.

Conflicts of Interest

A process is in place for directors to acknowledge annually CGI's *Code of Ethics and Business Conduct* in the same way as officers and members, and all the directors have done so. All directors have also declared their interests in all other companies where they serve as directors or officers. The Board of Directors has endorsed the Committee's recommendation to maintain the practice of having directors tender their resignation for consideration upon a major change in their principal occupation.

Participation in the Orientation and Continuing Education Program

Each new director participates in a formal orientation and continuing education program. The program consists of a detailed presentation of the Company's current three-year strategic plan, coupled with a series of meetings between the new director and i) the Founder and Executive Chairman of the Board, ii) the Lead Director, iii) the President and Chief Executive Officer, iv) the Chair of each standing committee to which the director will be assigned, and v) other key senior executive officers of the Company. Depending on the director's experience and background and the results of the executive meetings, additional meetings may be scheduled. In addition to the executive briefings, new directors receive the CGI *Director Reference Binder*, a comprehensive set of documents containing both public and non-public information concerning the Company, which includes detailed information in relation to the Company; its operations; financial condition; management structure; policies and public disclosure record; the work programs and minutes of past meetings of the Board of Directors and of its standing committees; biographies of CGI's key senior officers; materials related to the director's duties and responsibilities, including, a synopsis of the Company's insurance coverage for directors and officers liability; CGI's *Guidelines on Timely Disclosure of Material Information and Transactions in Securities by Insiders* (see the heading *Guidelines on Disclosure of Information* later in this document); and the Company's process for reporting transactions in its shares carried out by its reporting insiders.

In addition to the formal orientation program, the continuing education program includes presentations on a variety of topics of interest, including on recent developments in the global information technology market, which are provided to the Board of Directors on a regular basis. Detailed presentations are also made to the standing committees of the Board of Directors on technical subjects such as the application of accounting principles in the preparation of the Company's financial statements, corporate governance rules and practices, and trends in executive and directors' compensation.

Directors also receive updates on business and governance initiatives as well as responses to questions raised by the members of the Board of Directors from time to time. Directors who wish to do so may make arrangements with the Corporate Secretary to participate, at CGI's expense, in board-level industry associations or conferences, to attend continuing education courses that are relevant to their role as a director of the Company or otherwise to pursue activities that contribute in a meaningful way to the value they bring to CGI's Board of Directors.

Members of the Board of Directors are invited to attend CGI's annual Leadership Conference where the bottom-up strategic planning cycle begins, as well as sessions of the Leadership Institute's training program for the Company's managers.

Participation in the Annual Self-Assessment Process

The Lead Director, in concert with the Committee, coordinates an annual self-assessment of the effectiveness of the Board of Directors as a whole, of the standing committees of the Board, and of the contribution of individual

directors. The Committee is also responsible for establishing the competencies, skills and personal qualities it seeks in new Board members with a view to adding value to the Company, and directors are assessed against the contribution they are expected to make. This assessment is based on annual questionnaires to which directors respond.

Separate questionnaires cover the assessment of the Board as a whole and the individual directors' contributions. Once the responses are received, the Lead Director compiles and analyses the results. He then discusses the self-assessments with each director. Following the one-on-one discussions with directors, the Lead Director reviews the overall results of the self-assessment process with the Founder and Executive Chairman of the Board, and with the Chairs of the standing committees. The Committee then meets to review the results of the self-assessment process and subsequently presents the final result to the Board of Directors for discussion.

The Board of Directors reviews the assessment of its performance and the recommendations provided by the Committee annually with the objective of increasing the Board's effectiveness in carrying out its responsibilities. The Board of Directors takes appropriate action based on the results of the review process.

Retirement Age and Director Term Limits

The Board of Directors has endorsed the Committee's recommendation not to adopt a formal retirement age or term limits for directors.

CGI's success is due in large measure to the Company's experience and expertise in its vertical markets. The selection criteria for CGI's Board of Directors which are explained earlier in this document under the heading *Expertise and Financial And Operational Literacy* recognize this and are designed to ensure that the Company has subject matter experts on the Board of Directors who can effectively provide intelligence, experience, expertise and business and operational insight into each of the Company's industry vertical markets. Imposing a term limit or an arbitrary retirement age would unnecessarily expose the Company to losing valuable resources that could not be easily replaced. The Committee and the Board of Directors are therefore of the view that a mandatory retirement age or term limits might arbitrarily and needlessly deprive the Board of Directors of valuable resources.

As with the other aspects of CGI's corporate governance practices, director term limits and the Board of Directors retirement policy are reviewed annually. When the time comes to discuss term limits or a retirement age, the directors who would be affected in the event that such limits were adopted withdraw from the meeting and abstain from voting on the matter.

Nomination Process for the Board of Directors

The shareholders are responsible for electing CGI's directors. The responsibility for proposing candidates for election by the shareholders lies with the Board of Directors. The Board of Directors relies on the nomination recommendations of the Committee.

Based on the results of the Board of Directors self-evaluation (see the heading *Participation in the Annual Self-Assessment Process* earlier in this document) or on its own assessment from time to time of the needs of the Company, the Committee may recommend that the composition of the Board or its standing committees be varied in order to ensure that it continues to serve the best interests of the Company and to ensure an appropriate succession of directors. By way of example, when it is appropriate to do so, additional directors may be appointed to committees so as to ensure that knowledge is passed along in order to facilitate a smooth transition should the need arise.

When changes to Board of Directors composition are required, potential candidates are identified on the basis of their expertise and knowledge in the industry vertical markets in which the Company operates and their operational and financial literacy. The Committee, the Founder and Executive Chairman of the Board, the Chair of the Committee and the Lead Director consult with each other with respect to the actions to be taken and the necessary steps are then taken to evaluate the candidates and confirm their willingness to serve on the Board of Directors.

Once the selection of candidates is made, the Committee recommends to the Board of Directors that the candidate or candidates be either appointed by the Board of Directors if there is a vacancy to be filled, or be nominated for election at the next meeting of shareholders.

Under the terms of a *Registration Rights Agreement* between the Company and the *Caisse de dépôt et placement du Québec* (the “Caisse”) entered into as of August 20, 2012 in the context of the acquisition of *Logica plc*, the Caisse has the right, as long as it beneficially owns or exercises control or direction over 15% or more of the outstanding Class A subordinate voting shares, to recommend to CGI one nominee to be part of any slate of directors proposed for election by CGI and to be included in a proxy circular relating to the election of directors of CGI, provided that the nominee shall have no material relationship with CGI or the Caisse, that he or she shall be eligible to serve as a director under CGI’s articles and laws of incorporation, and that his or her nomination shall be subject to a favourable recommendation of the Committee. CGI has no shareholder’s agreement with the Caisse and the Caisse has not yet exercised its right to recommend a nominee for election to the Board of Directors.

Board of Directors Participation in Strategic Planning

The Board of Directors is directly and closely involved in the preparation and approval of CGI’s rolling three-year strategic plan which is reviewed and assessed annually by the Board of Directors.

CGI has adopted a bottom-up process for budgeting and strategic planning in order to ensure that the resulting business plan is as closely attuned as possible to maximizing the Company’s business opportunities and mitigating operational and other risks. The Board of Directors receives a detailed briefing early in the planning process covering all aspects of CGI’s strategic planning so that the directors are in a position to contribute to the process in a meaningful way before the final business plan has taken shape.

In keeping with CGI’s three-year rolling strategic planning process, the strategic plan begins with the initiatives, directions and priorities identified at the business unit level by the Company’s management team that are shared at the Company’s annual Leadership Conference. The plan is then presented to the directors in July for review and discussion. In the next step, the plan is refined by management and is subsequently presented to the Board of Directors for approval in September. The rolling three-year planning process provides a meaningful opportunity for the directors to contribute to the strategic planning process. In addition to the formal planning process, every Board meeting agenda features a standing item entitled *Directors’ Round Table* that serves as a forum for continuing free-ranging discussion between the Board and management in relation to the Company’s strategic direction.

Guidelines on Disclosure of Information

CGI’s *Guidelines on Timely Disclosure of Material Information and Transactions in Securities of CGI by Insiders* adopted by CGI’s Board of Directors (the “Guidelines”) set out the essential principles underlying the Company’s disclosure practices in keeping with the rules of regulatory authorities and best disclosure practices. The Guidelines are contained in CGI’s *Fundamental Texts* which may be found as Appendix A to CGI’s 2013 *Annual Information Form* which was filed with the Canadian securities regulatory authorities and which is available at www.sedar.com and on CGI’s web site at www.cgi.com. A copy of the 2013 *Annual Information Form* will be provided promptly to shareholders upon request.

Under the Guidelines, the Board of Directors has the responsibility to oversee the content of the Company’s major communications to its shareholders and the investing public. The Board of Directors believes that it is management’s role to communicate on behalf of the Company with its shareholders and the investment community. The Company maintains an effective investor relations process to respond to shareholder questions and concerns. In 2004, the Company adopted the *CGI Shareholder Partnership Management Framework* (“SPMF”). The SPMF structures the processes and information flows between CGI and its shareholders as well as with the investment community, including both the buy-side (institutional investors) and sell-side (investment dealers) research analysts. CGI obtained ISO 9001 certification for the application of the SPMF in the Company’s operations.

As part of the SPMF process, CGI conducts a survey of sell-side analysts and institutional shareholders every year as a means of measuring shareholder satisfaction. The survey is designed to provide insights into investor sentiment and to improve the investor relations program.

The SPMF annual assessment conducted during the 2013 fiscal year returned an overall score for CGI of 7.9 out of 10 which compares favourably to the average score for other public companies of 6.9 out of 10.

Following the assessment, suggestions for improvement received in the course of the survey are acted upon as a means of assuring continuous improvement.

The Board of Directors reviews and, where required, approves statutory disclosure documents prior to their dissemination to the market and to the Company's shareholders.

The Charter of the Board of Directors which is incorporated by reference in this *Management Proxy Circular* (see the heading *Mandate, Structure and Composition of the CGI Board of Directors* earlier in this document) provides that directors' duties include the oversight of the integrity of the Company's internal control and management information systems. The Audit and Risk Management Committee has the primary responsibility under its charter to review the internal control and management information systems of the Company. The Committee reports to the Board of Directors in that regard.

Directors' Compensation

The Human Resources Committee reviews directors' compensation periodically. In determining directors' remuneration, the Committee considers the directors' compensation offered by the companies comprised in the reference group of companies used as a guide in determining compensation matters, and the risks and responsibilities that the directors of the Company assume in keeping with the roles of the Board of Directors and of the standing committees. See the heading *Compensation of Directors* in the report of the Human Resources Committee earlier in this document.

Codes of Ethics and Business Conduct

CGI's *Code of Ethics and Business Conduct* and its *Executive Code of Conduct* are contained in CGI's *Fundamental Texts* which may be found as Appendix A to CGI's 2013 *Annual Information Form* which was filed with the Canadian securities regulatory authorities and which is available at www.sedar.com and on CGI's web site at www.cgi.com. A copy of the 2013 *Annual Information Form* will be provided promptly to shareholders upon request.

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

It is the Committee that is principally responsible for the annual review of the *Code of Ethics and Business Conduct*, overseeing compliance with the code of ethics, reviewing any request to waive or exempt from its application, and making recommendations on these matters to the Board of Directors.

Under the terms of the *Code of Ethics and Business Conduct*, all of CGI's members are required to comply with the code and to see that it is complied with. The code requires that infractions be reported to management and the Corporate Secretary is specifically mandated with receiving reports of infractions and reporting them to the Committee and to the Board of Directors.

The Board of Directors has established procedures approved by the Audit and Risk Management Committee for the receipt, retention, and treatment of complaints regarding accounting, internal accounting control or auditing matters as well as other breaches of the *Code of Ethics and Business Conduct* or of the *Executive Code of Conduct*. In that regard, the Company adopted the *CGI Serious Ethical Incidents Reporting Policy* which allows members who wish to submit a complaint to do so via a third party ethics reporting hotline and secure web site which assures that members who wish to preserve their anonymity are able to do so with confidence. The Audit and Risk Management Committee is primarily responsible for receiving and dealing with these incident reports. A report on the process and on incident reports received is provided quarterly to the Audit and Risk Management Committee by the Executive Vice-President and Chief Legal Officer.

A program for the integration of new members ensures that new members receive an orientation that familiarizes them with CGI's policies, their responsibilities as members and the benefits to which they are entitled. In order to ensure that all CGI's members are aware of the importance that the Company attaches to compliance with the *Code of Ethics and Business Conduct*, each new member is informed about the code and the process for reporting ethics breaches, and is required to undertake in writing to comply with the code. In countries where local law is an impediment to a formal undertaking, members are asked to acknowledge the code. This written undertaking or acknowledgement, as the case may be, is renewed annually at the same time as the member's evaluation.

CGI's *Leadership Institute* regularly provides an intensive series of courses designed to ensure that new managers are familiar with CGI's methods of operation and its policies, including the *Code of Ethics and Business Conduct* and the process for reporting breaches.

In addition, the Company provides an internet portal that ensures that all members have access to the Company's policies, including the code of ethics and the process for reporting breaches.

These measures are in addition to quarterly reports tabled with the Audit and Risk Management Committee by the internal audit department, the internal controls review function, and the legal department on matters for which they are responsible. These reports may include reports of breaches of the code of ethics when such breaches are raised in internal audit mandates or in claims made against the Company.

In addition to CGI's *Code of Ethics and Business Conduct*, CGI's principal executive and financial officers, including the *Founder and Executive Chairman of the Board*, the *Founder, Vice-Chairman of the Board and Corporate Secretary*, the *President and Chief Executive Officer* and the *Executive Vice-President and Chief Financial Officer*, the principal accounting officer or controller, and other persons performing similar functions, are subject to CGI's *Executive Code of Conduct* which they are required to review and acknowledge on an annual basis.

CGI Federal Inc., the Company's operating subsidiary that provides services to the U.S. federal government, has adopted policies and procedures to comply with specific requirements under U.S. Federal government procurement laws and regulations.

Relationship with Shareholders and Decisions Requiring their Consent

In keeping with CGI's policy of seeking to align the interests of its three stakeholder groups (see the *Letter to Shareholders* on page v earlier in this document), CGI implemented the SPMF which forms part of the Company's ISO certification. See the heading *Guidelines on Disclosure of Information* earlier in this document for a more detailed discussion of the SPMF.

In the normal course of operations certain corporate actions which may be material to CGI are initiated from time to time by the Company's senior management and, at the appropriate time, are submitted to CGI's Board of Directors for consideration and approval. When appropriate, such matters are also submitted for consideration and approval by CGI's shareholders. All such approvals are sought in accordance with the charters of the Board of Directors and standing committees, CGI's corporate governance principles and applicable corporate and securities legislation. Messrs. Serge Godin and André Imbeau, respectively CGI's *Founder and Executive Chairman of the Board* and *Founder, Vice-Chairman of the Board and Corporate Secretary*, are members of the Board of Directors of CGI and, as of December 13, 2013, beneficially owned, directly or indirectly, or controlled or directed shares of CGI representing respectively 47.09% and 7.07% of the votes attached to all of CGI's outstanding voting shares.

REPORT OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee of the Board of Directors is composed entirely of independent directors who meet the independence and experience requirements of *National Instrument 52-110* adopted by the *Canadian Securities Administrators* as well as those of the *New York Stock Exchange* and of the U.S. *Securities and Exchange Commission*.

The Committee is composed of Mr. Gilles Labbé, Chair of the Committee, and Messrs. Jean Brassard, Richard B. Evans, and Joakim Westh. The Committee met five times during fiscal 2013. Mr. Labbé's role and responsibilities as Chair of the Committee are described earlier in this document in the report of the Corporate Governance Committee under the heading *Role and Responsibilities of the Lead Director and Standing Committee Chairs*.

The role and responsibilities of the Committee are contained in the Committee's charter. The Committee's charter forms part of CGI's *Fundamental Texts* and the charter is incorporated by reference in this *Management Proxy Circular* (see the heading *Mandate, Structure and Composition of the CGI Board of Directors* earlier in this document) and is available on CGI's web site at www.cgi.com. The role and responsibilities of the Committee include:

- (a) reviewing all public disclosure documents containing audited or unaudited financial information concerning CGI;
- (b) identifying and examining the financial and operating risks to which the Company is exposed, reviewing the various policies and practices of the Company that are intended to manage those risks, and reporting on a regular basis to the Board of Directors concerning risk management;
- (c) reviewing and assessing the effectiveness of CGI's accounting policies and practices concerning financial reporting;
- (d) reviewing and monitoring CGI's internal control procedures, programs and policies and assessing their adequacy and effectiveness;
- (e) reviewing the adequacy of CGI's internal audit resources including the mandate and objectives of the internal auditor;
- (f) recommending to the Board of Directors the appointment of the external auditors, asserting the external auditors' independence, reviewing the terms of their engagement and pursuing ongoing discussions with them;
- (g) reviewing all related party transactions in accordance with the rules of the *New York Stock Exchange* and other applicable laws and regulations;
- (h) reviewing the audit procedures including the proposed scope of the external auditors' examinations; and
- (i) performing such other functions as are usually attributed to audit committees or as directed by the Board of Directors.

The Committee fulfilled all aspects of its mandate for the fiscal year ended September 30, 2013.

External Auditors' Independence

The Committee is required to assert the independence of CGI's external auditors and, to this end, entertains discussions with the external auditors on applicable criteria and obtains yearly confirmations from them as to their independence.

Auditor Independence Policy

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

Performance of Services

Services are either acceptable services or prohibited services.

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

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

Governance Procedures

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

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

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

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

Key Participants' Responsibilities

Management and the Committee are the Company's two key participants for the purposes of the Company's Auditor Independence Policy.

The primary responsibilities of management are: (a) creating and maintaining a policy that follows applicable auditor independence standards, (b) managing compliance with the policy, (c) reporting to the Committee all mandates to be granted to the external auditors, and (d) monitoring and approving services to be performed within the pre-approved envelopes.

The primary responsibilities of the Committee are: (a) nominating the external auditors for appointment by the Company's shareholders, (b) approving fees for audit services, (c) approving the auditor independence policy and amendments to the policy, (d) monitoring management's compliance with the policy, (e) obtaining yearly confirmations of independence from the external auditors, (f) monitoring audit partner rotation requirements, (g) monitoring the twelve-month "cooling off" period when hiring members of the audit engagement team in a financial reporting oversight role, (h) reviewing the appropriateness of required audit fee disclosure, (i) interpreting the policy in the event that its application is unclear, and (j) approving all auditor mandates or pre-approving envelopes for specific services.

Under the Auditor Independence Policy, the Committee has the ultimate responsibility to assert the independence of CGI's external auditors.

Fees Billed by the External Auditors

During the years ended September 30, 2013 and September 30, 2012, CGI's external auditors billed the following fees for their services:

Service retained	Fees billed	
	2013	2012
Audit fees	\$8,442,468	\$7,219,323
Audit related fees ^(a)	\$1,144,061	\$815,130
Tax fees ^(b)	\$2,282,078	\$621,190
All other fees ^(c)	\$249,629	\$50,085
Total fees billed	\$12,118,236	\$8,705,728

- (a) The audit related fees billed by the external auditors for the year ended September 30, 2013 and 2012 were in relation to service organization control procedures audits and assistance, information technology assistance and advisory services, and 401(k) and special audits. The audit related fees billed by the external auditors for the year ended September 30, 2012 also included *International Financial Reporting Standards* transition assistance.
- (b) The tax fees billed by the external auditors for the years ended September 30, 2013 and 2012 were in relation to tax compliance, advisory services and human capital services.
- (c) The other fees billed by the external auditors for the years ended September 30, 2013 and 2012 were in relation to other advisory services.

Related Party Transactions

The Committee is responsible under its charter for reviewing and making recommendations to the Board of Directors in relation to any transaction in which a director or a member of senior management has an interest. To the extent that it is necessary to do so, the Committee may retain outside advisors to assist it in reviewing related party transactions.

For more important transactions, the Board of Directors generally establishes an *ad hoc* committee made up entirely of independent directors that is mandated to review the transaction and to make a recommendation to the Board of Directors. Such committee may retain independent legal and accounting advisors to assist in reviewing the transaction.

Whether it is the Committee or an *ad hoc* committee, the committee mandated with reviewing the transaction tables its report with the Board of Directors and it is the Board of Directors that has the responsibility of approving the transaction if it determines that it is appropriate to do so.

OTHER BUSINESS TO BE TRANSACTED AT THE ANNUAL GENERAL MEETING OF SHAREHOLDERS

Management of the Company is not aware of any matter to be submitted at the Meeting other than the matters set forth in the Notice of Meeting. Every proxy given to any person in the form of proxy that accompanied the Notice of Meeting will confer discretionary authority with respect to amendments or variations to the items of business identified in the Notice of Meeting and with respect to any other matters that may properly come before the Meeting.

ADDITIONAL INFORMATION

The Company will provide to any person, upon request to the Corporate Secretary, a copy of this *Management Proxy Circular*, together with one copy of any document, or the pertinent pages of any document, incorporated by reference in this *Management Proxy Circular*.

Additional financial and other information relating to the Company is included in its 2013 audited annual and unaudited quarterly financial statements, annual and quarterly *Management's Discussion and Analysis of Financial Position and Results of Operations* and other continuous disclosure documents which are available on SEDAR at www.sedar.com and on EDGAR at www.sec.gov. For additional copies of this *Management Proxy Circular*, for a copy of the Company's *Notice of Intention* in relation to its *Normal Course Issuer Bid*, or other financial information, please contact Investor Relations by sending an e-mail to ir@cgi.com, by visiting the Investors section on the Company's web site at www.cgi.com or by contacting us by mail or telephone:

Investor Relations
CGI Group Inc.
1350 René-Lévesque Blvd. West
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Montreal, Quebec
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Tel.: (514) 841-3200

APPROVAL BY THE DIRECTORS

The Board of Directors of the Company has approved the content and the delivery of this *Management Proxy Circular*.

A handwritten signature in black ink, appearing to read "Serge Godin". The signature is fluid and cursive, written on a light-colored background.

Serge Godin
Founder and Executive
Chairman of the Board

APPENDIX A

Stock Options and Share-Based Awards Held by Named Executive Officers

The following tables show all outstanding stock options and share-based awards held by the Named Executive Officers as at September 30, 2013.

Name and title	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options ^(a) (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ^(b) (\$)	Number of shares or units of shares that have not vested ^(a) (#)	Market or payout value of share-based awards that have not vested ^{(b)(c)} (\$)	Market Payout value of vested share-based awards not paid out or distributed (\$)
Serge Godin Founder and Executive Chairman of the Board							
	275,730	8.50	October 1, 2014	7,623,935			
	250,000	8.55	October 21, 2015	6,900,000			
	400,000	7.72	November 20, 2016	11,372,000			
	312,500	11.39	October 1, 2017	7,737,500			
	468,750	9.31	October 1, 2018	12,581,250			
	468,750	12.54	September 30, 2019	11,067,188			
	461,505	15.49	September 30, 2020	9,534,693			
					481,654	17,411,792	
			Total:	66,816,565	481,654	17,411,792	

Name and title	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options ^(a) (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ^(b) (\$)	Number of shares or units of shares that have not vested ^(a) (#)	Market or payout value of share-based awards that have not vested ^{(b)(c)} (\$)	Market Payout value of vested share-based awards not paid out or distributed (\$)
Michael E. Roach, President and Chief Executive Officer							
	437,500	11.39	October 1, 2017	10,832,500			
	468,750	9.31	October 1, 2018	12,581,250			
	515,625	12.54	September 30, 2019	12,173,906			
	461,505	15.49	September 30, 2020	9,534,693	481,654	17,411,792	
			Total:	45,122,350	481,654	17,411,792	

Name and title	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options ^(a) (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ^(b) (\$)	Number of shares or units of shares that have not vested ^(a) (#)	Market or payout value of share-based awards that have not vested ^{(b)(c)} (\$)	Market Payout value of vested share-based awards not paid out or distributed (\$)
R. David Anderson, Executive Vice-President and Chief Financial Officer							
	27,200	11.39	October 1, 2017	673,472			
	156,250	9.31	October 1, 2018	4,193,750			
	171,875	12.54	September 30, 2019	4,057,969			
	188,188	15.49	September 30, 2020	3,887,964			
					177,675	6,422,951	
			Total:	12,813,155	177,675	6,422,951	

Name and title	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options ^(a) (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ^(b) (\$)	Number of shares or units of shares that have not vested ^(a) (#)	Market or payout value of share-based awards that have not vested ^{(b)(c)} (\$)	Market Payout value of vested share-based awards not paid out or distributed (\$)
George D. Schindler President, United States and Canada							
	75,000	11.39	October 1, 2017	1,857,000			
	78,125	9.31	October 1, 2018	2,096,875			
	78,125	12.54	September 30, 2019	1,844,531			
	103,125	15.49	September 30, 2020	2,130,563			
	84,400	19.71	September 30, 2021	1,387,536			
	186,948	23.65	November 26, 2022	2,336,850			
	Total:			11,653,355			

Name and title	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options ^(a) (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ^(b) (\$)	Number of shares or units of shares that have not vested ^(a) (#)	Market or payout value of share-based awards that have not vested ^{(b)(c)} (\$)	Market Payout value of vested share-based awards not paid out or distributed (\$)
Joao Baptista, President, Nordics, Southern Europe and South America							
	121,681	23.65	November 26, 2022	1,521,013			
	50,000	23.65	November 26, 2022	625,000			
	Total:			2,146,013			

- (a) Shows stock options and share-based awards held as at the end of the fiscal year ended September 30, 2013.
- (b) Based on \$36.15, the closing price of the Company's Class A subordinate voting shares on the Toronto Stock Exchange on September 30, 2013.
- (c) Shows the market value for the aggregate number of PSUs held as at the end of the fiscal year ended September 30, 2013.

APPENDIX B

Stock Options and Share-Based Awards Held by Outside Directors

The following tables show all outstanding stock options held by the members of the Board of Directors who are not Named Executive Officers as at September 30, 2013 as well as the in-the-money-value of such stock options. The outside members of the Board of Directors are also eligible to receive DSUs. See the heading *Stock Options and Deferred Stock Units Granted to Directors* in the *Management Proxy Circular* earlier in this document. All DSUs are fully vested at the time of issuance.

The corresponding information for directors who are also Named Executive Officers may be found in Appendix A.

Name and title	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options ^(a) (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ^(b) (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market Payout value of vested share-based awards not paid out or distributed ^{(b)(c)} (\$)
Claude Boivin							
	2,500	11.39	April 29, 2016	61,900			
	2,500	9.31	April 29, 2016	67,100			
	632	10.85	April 29, 2016	15,990			
	609	10.67	April 29, 2016	15,517			
	2,500	12.54	April 29, 2016	59,025			
	490	13.26	April 29, 2016	11,216			
	449	14.48	April 29, 2016	9,730			
	2,500	15.49	April 29, 2016	51,650			
	973	19.28	April 29, 2016	16,415			
	924	20.30	April 29, 2016	14,645			
	914	20.51	April 29, 2016	14,295			
	1,688	19.71	April 29, 2016	27,751			
	972	19.30	April 29, 2016	16,378			
	645	19.39	April 29, 2016	10,810			
	587	21.31	April 29, 2016	8,711			
	521	23.99	April 29, 2016	6,335			
	478	26.16	April 29, 2016	4,775			
	512	24.41	April 29, 2016	6,011			
	277	27.12	April 29, 2016	2,501			
	751	26.62	April 29, 2016	7,157			
	195	32.57	April 29, 2016	698			
Total:				428,611			

Name and title	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options ^(a) (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ^(b) (\$)	Number of shares or units of shares that have not vested ^(a) (#)	Market or payout value of share-based awards that have not vested ^{(b)(c)} (\$)	Market Payout value of vested share-based awards not paid out or distributed (\$)
Alain Bouchard							
	4,000	27.28	April 28, 2023	35,480			
	650	30.79	July 10, 2023	3,484			
Total:				38,964			324

Name and title	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options ^(a) (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ^(b) (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market Payout value of vested share-based awards not paid out or distributed ^{(b)(c)} (\$)
Bernard Bourigeaud							
	834	9.31	October 1, 2018	22,385			
	834	9.31	October 1, 2018	22,385			
	1,666	12.54	September 30, 2019	39,334			
	2,500	15.49	September 30, 2020	51,650			
	1,688	19.71	September 30, 2021	27,751			
	4,000	23.65	November 26, 2022	50,000			
			Total:	213,504			

Name and title	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options ^(a) (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ^(b) (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market Payout value of vested share-based awards not paid out or distributed ^{(b)(c)} (\$)
Jean Brassard							
	2,500	15.49	September 30, 2020	51,650			
	1,997	19.28	January 27, 2021	33,689			
	1,897	20.30	April 24, 2021	30,067			
	1,877	20.51	July 28, 2021	29,356			
	1,688	19.71	September 30, 2021	27,751			
	1,995	19.30	October 20, 2021	33,616			
	1,986	19.39	January 26, 2022	33,285			
	1,807	21.31	April 19, 2022	26,816			
	1,605	23.99	July 26, 2022	19,517			
	1,472	26.16	October 18, 2022	14,705			
	4,000	23.65	November 26, 2022	50,000			
	1,577	24.41	January 23, 2023	18,514			
	277	27.12	February 13, 2023	2,501			
	1,690	26.62	April 17, 2023	16,106			
	1,462	30.79	July 10, 2023	7,836			
							354,957
			Total:	395,410			354,957

Name and title	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options ^(a) (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ^(b) (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market Payout value of vested share-based awards not paid out or distributed ^{(b)(c)} (\$)
Robert Chevrier							
	1,756	7.69	January 21, 2015	49,976			
	964	7.00	April 29, 2015	28,101			
	922	7.32	July 8, 2015	26,581			
	808	8.35	October 14, 2015	22,462			
	4,000	8.55	October 21, 2015	110,400			
	771	9.40	January 20, 2016	20,624			
	4,000	7.72	November 20, 2016	113,720			
	1,062	10.36	April 13, 2017	27,389			
	932	11.80	July 20, 2017	22,694			
	2,500	11.39	October 1, 2017	61,900			
	1,024	10.74	October 26, 2017	26,020			
	1,095	10.05	February 1, 2018	28,580			
	1,143	11.64	April 11, 2018	28,015			
	1,353	10.90	August 1, 2018	34,163			
	2,500	9.31	October 1, 2018	67,100			

Name and title	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options ^(a) (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ^(b) (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market Payout value of vested share-based awards not paid out or distributed ^{(b)(c)} (\$)
Robert Chevrier							
	1,630	9.05	October 24, 2018	44,173			
	1,706	10.11	January 30, 2019	44,424			
	3,376	10.85	April 24, 2019	85,413			
	3,573	10.67	July 31, 2019	91,040			
	2,500	12.54	September 30, 2019	59,025			
	2,903	13.26	October 22, 2019	66,450			
	2,659	14.48	January 28, 2020	57,621			
	2,099	15.51	April 22, 2020	43,323			
	2,033	14.76	July 29, 2020	43,486			
	2,500	15.49	September 30, 2020	51,650			
	1,880	15.96	October 21, 2021	37,957			
	2,204	19.28	January 27, 2021	37,181			
	2,094	20.30	April 24, 2021	33,190			
	2,072	20.51	July 28, 2021	32,406			
	1,688	19.71	September 30, 2021	27,751			
	2,202	19.30	October 20, 2021	37,104			
	2,192	19.39	January 26, 2022	36,738			
	1,994	21.31	April 19, 2022	29,591			
	1,772	23.99	July 26, 2022	21,548			
	1,625	26.16	October 18, 2022	16,234			
	4,000	23.65	November 26, 2022	50,000			
	1,741	24.41	January 23, 2023	20,439			
	277	27.12	February 13, 2023	2,501			
	1,878	26.62	April 17, 2023	17,897			
	1,624	30.79	July 10, 2023	8,705			
							1,126,145
			Total:	1,663,571			1,126,145

Name and title	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options ^(a) (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ^(b) (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market Payout value of vested share-based awards not paid out or distributed ^{(b)(c)} (\$)
Dominic D'Alessandro							
	2,500	14.69	January 26, 2020	53,650			
	1,192	15.51	April 22, 2020	24,603			
	1,762	14.76	July 29, 2020	37,689			
	2,500	15.49	September 30, 2020	51,650			
	1,629	15.96	October 21, 2020	32,890			
	1,997	19.28	January 27, 2021	33,689			
	1,897	20.30	April 24, 2021	30,067			
	1,877	20.51	July 28, 2021	29,356			
	1,688	19.71	September 30, 2021	27,751			
	1,995	19.30	October 20, 2021	33,616			
	1,986	19.39	January 26, 2022	33,285			
	1,807	21.31	April 19, 2022	26,816			
	1,605	23.99	July 26, 2022	19,517			
	1,471	26.61	October 18, 2022	14,033			
	4,000	23.65	November 26, 2022	50,000			
	1,577	24.41	January 23, 2023	18,514			
	277	27.12	February 13, 2023	2,501			
	1,728	26.62	April 17, 2023	16,468			
	1,494	30.79	July 10, 2023	8,008			
							439,078
			Total:	544,104			439,078

Name and title	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options ^(a) (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ^(b) (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market Payout value of vested share-based awards not paid out or distributed ^{(b)(c)} (\$)
Thomas P. d'Aquino							
	302	7.10	July 7, 2016	8,773			
	1,731	7.80	October 13, 2016	49,074			
	4,000	7.72	November 20, 2016	113,720			
	2,545	8.25	January 19, 2017	71,006			
	2,027	10.36	April 13, 2017	52,276			
	1,780	11.80	July 20, 2017	43,343			
	2,500	11.39	October 1, 2017	61,900			
	1,955	10.74	October 26, 2017	49,677			
	2,090	10.05	February 1, 2018	54,549			
	1,804	11.64	April 11, 2018	44,216			
	1,927	10.90	August 1, 2018	48,657			
	2,500	9.31	October 1, 2018	67,100			
	2,320	9.05	October 24, 2018	62,872			
	2,572	10.11	January 30, 2019	66,975			
	2,386	10.85	April 24, 2019	60,619			
	2,437	10.67	July 31, 2019	62,095			
	2,500	12.54	September 30, 2019	59,025			
	1,961	13.26	October 22, 2019	44,887			
	1,796	14.48	January 28, 2020	38,919			
	2,020	15.51	April 22, 2020	41,693			
	2,270	14.76	July 29, 2020	48,555			
	2,500	15.49	September 30, 2020	51,650			
	2,099	15.96	October 21, 2021	42,379			
	2,386	19.28	January 27, 2021	40,252			
	2,408	20.30	April 24, 2021	38,167			
	2,438	20.51	July 28, 2021	38,130			
	1,688	19.71	September 30, 2021	27,751			
	2,591	19.30	October 20, 2021	43,658			
	2,579	19.39	January 26, 2022	43,224			
	2,223	21.31	April 19, 2022	32,989			
	1,917	23.99	July 26, 2022	23,311			
	1,758	26.16	October 18, 2022	17,562			
	4,000	23.65	November 26, 2022	50,000			
	1,884	24.41	January 23, 2023	22,118			
	277	27.12	February 13, 2023	2,501			
	2,010	26.62	April 17, 2023	19,155			
	1,867	30.79	July 10, 2023	10,007			
							1,139,990
			Total:	1,652,785			1,139,990

Name and title	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options ^(a) (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ^(b) (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market Payout value of vested share-based awards not paid out or distributed ^{(b)(c)} (\$)
Paule Doré							
	2,500	12.54	September 30, 2019	59,025			
	2,500	15.49	September 30, 2020	51,650			
	648	19.28	January 27, 2021	10,932			
	616	20.30	April 24, 2021	9,764			
	609	20.51	July 28, 2021	9,525			
	1,688	19.71	September 30, 2021	27,751			
	648	19.30	October 20, 2021	10,919			
	645	19.39	January 26, 2022	10,810			
	587	21.31	April 19, 2022	8,711			
	521	23.99	July 26, 2022	6,335			
	478	26.16	October 18, 2022	4,775			
	4,000	23.65	November 26, 2022	50,000			
	512	24.41	January 23, 2023	6,011			
	277	27.12	February 13, 2023	2,501			
	751	26.62	April 17, 2023	7,157			
	650	30.79	July 10, 2023	3,484			
							125,441
			Total:	279,350			125,441

Name and title	Option-based Awards				Share-based Awards		
	securities	exercise	Option expiration date	the-money options ^(a)	shares or	payout value	value of
Richard B. Evans							
	2,500	12.54	September 30, 2019	59,025			
	2,500	12.54	September 30, 2019	59,025			
	44	13.26	October 22, 2019	1,007			
	1,796	14.48	January 28, 2020	38,919			
	1,676	15.51	April 22, 2020	34,593			
	1,762	14.76	July 29, 2020	37,689			
	2,500	15.49	September 30, 2020	51,650			
	1,629	15.96	October 21, 2020	32,890			
	1,997	19.28	January 27, 2021	33,689			
	1,825	20.30	April 24, 2021	28,926			
	1,779	20.51	July 28, 2021	27,824			
	1,688	19.71	September 30, 2021	27,751			
	2,024	19.30	October 20, 2021	34,104			
	2,034	19.39	January 26, 2022	34,090			
	1,798	21.31	April 19, 2022	26,682			
	1,629	23.99	July 26, 2022	19,809			
	1,441	26.61	October 18, 2022	13,747			
	4,000	23.65	November 26, 2022	50,000			
	1,554	24.41	January 23, 2023	18,244			
	277	27.12	February 13, 2023	2,501			
	1,724	26.62	April 17, 2023	16,430			
	1,539	30.79	July 10, 2023	8,249			
							479,457
			Total:	656,844			479,457

Name and title	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options ^(a) (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ^(a) (\$)	Number of shares or units of shares that have not vested ^(a) (#)	Market or payout value of share-based awards that have not vested ^{(b)(c)} (\$)	Market Payout value of vested share-based awards not paid out or distributed (\$)
Julie Godin							
	9,375	12.54	September 30, 2019	221,344			
	9,375	15.49	September 30, 2020	193,688			
	6,330	19.71	September 30, 2021	104,065			
	35,000	23.65	November 26, 2022	437,500			
	25,000	23.65	November 26, 2022	312,500			
			Total:	1,269,096			

Name and title	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options ^(a) (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ^(a) (\$)	Number of shares or units of shares that have not vested ^(a) (#)	Market or payout value of share-based awards that have not vested ^{(b)(c)} (\$)	Market Payout value of vested share-based awards not paid out or distributed (\$)
André Imbeau							
	125,000	11.39	October 1, 2017	3,095,000			
	140,625	9.31	October 1, 2018	3,774,375			
	140,625	12.54	September 30, 2019	3,320,156			
	107,553	15.49	September 30, 2020	2,222,045			
	4,000	23.65	November 26, 2022	50,000			
					45,712	1,652,489	
			Total:	12,411,576	45,712	1,652,489	

Name and title	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options ^(a) (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ^(a) (\$)	Number of shares or units of shares that have not vested ^(a) (#)	Market or payout value of share-based awards that have not vested ^{(b)(c)} (\$)	Market Payout value of vested share-based awards not paid out or distributed ^{(b)(c)} (\$)
Gilles Labbé							
	2,500	14.69	January 26, 2020	53,650			
	596	15.51	April 22, 2020	12,301			
	881	14.76	July 29, 2020	18,845			
	2,500	15.49	September 30, 2020	51,650			

Name and title	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options ^(a) (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ^(b) (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market Payout value of vested share-based awards not paid out or distributed ^{(b)(c)} (\$)
Gilles Labbé							
	815	15.96	October 21, 2020	16,455			
	1,349	19.28	January 27, 2021	22,758			
	1,281	20.30	April 24, 2021	20,304			
	1,268	20.51	July 28, 2021	19,832			
	1,688	19.71	September 30, 2021	27,751			
	1,347	19.30	October 20, 2021	22,697			
	1,315	19.39	January 26, 2022	22,039			
	1,278	21.31	April 19, 2022	18,966			
	1,172	23.99	July 26, 2022	14,252			
	1,075	26.16	October 18, 2022	10,739			
	4,000	23.65	November 26, 2022	50,000			
	1,152	24.41	January 23, 2023	13,524			
	277	27.12	February 13, 2023	2,501			
	1,925	26.62	April 17, 2023	18,345			
	1,665	30.79	July 10, 2023	8,924			
							314,397
			Total:	425,533			314,397

Name and title	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options ^(a) (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ^(b) (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market Payout value of vested share-based awards not paid out or distributed ^{(b)(c)} (\$)
Eileen A. Mercier							
	4,000	8.55	October 21, 2015	110,400			
	904	9.40	January 20, 2016	24,182			
	979	8.17	April 9, 2016	27,392			
	1,127	7.10	April 9, 2016	32,739			
	1,026	7.80	April 9, 2016	29,087			
	4,000	7.72	April 9, 2016	113,720			
	1,591	8.25	April 9, 2016	44,389			
	1,267	10.36	April 9, 2016	32,676			
	1,112	11.80	April 9, 2016	27,077			
	2,500	11.39	April 9, 2016	61,900			
	1,222	10.74	April 9, 2016	31,051			
	1,306	10.05	April 9, 2016	34,087			
	1,128	11.64	April 9, 2016	27,647			
	1,204	10.90	April 9, 2016	30,401			
	2,500	9.31	April 9, 2016	67,100			
	1,450	9.05	April 9, 2016	39,295			
	1,546	10.11	April 9, 2016	40,258			
	1,440	10.85	April 9, 2016	36,432			
	1,464	10.67	April 9, 2016	37,303			
	2,500	12.54	April 9, 2016	59,025			
	1,178	13.26	April 9, 2016	26,964			
	1,079	14.48	April 9, 2016	23,382			
	1,007	15.51	April 9, 2016	20,784			
	1,059	14.76	April 9, 2016	22,652			
	2,500	15.49	April 9, 2016	51,650			
	979	15.96	April 9, 2016	19,766			
	1,459	19.28	April 9, 2016	24,613			
	1,385	20.30	April 9, 2016	21,952			
	1,371	20.51	April 9, 2016	21,442			
	1,688	19.71	April 9, 2016	27,751			
	1,457	19.30	April 9, 2016	24,550			
	967	19.39	April 9, 2016	16,207			
	880	21.31	April 9, 2016	13,059			
	782	23.99	April 9, 2016	9,509			
	717	26.16	April 9, 2016	7,163			
	768	24.41	April 9, 2016	9,016			

Name and title	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options ^(a) (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ^(b) (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market Payout value of vested share-based awards not paid out or distributed ^{(b)(c)} (\$)
Eileen A. Mercier							
	277	27.12	April 9, 2016	2,501			
	1,221	26.62	April 9, 2016	11,636			
	98	32.57	April 9, 2016	351			
							881,952
			Total:	1,261,112			881,952

Name and title	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options ^(a) (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ^(b) (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market Payout value of vested share-based awards not paid out or distributed ^{(b)(c)} (\$)
Donna S. Morea							
	48,750	8.55	December 31, 2014	1,345,500			
	159,175	12.54	December 31, 2014	3,758,122			
	203,125	15.49	December 31, 2014	4,196,563			
	1,688	20.25	May 14, 2016	26,839			
	1,155	21.31	May 14, 2016	17,140			
	1,587	23.99	May 14, 2016	19,298			
	1,403	26.16	May 14, 2016	14,016			
	1,513	24.41	May 14, 2016	17,763			
	277	27.12	May 14, 2016	2,501			
	1,724	26.62	May 14, 2016	16,430			
	750	29.94	May 14, 2016	4,658			
							151,975
			Total:	9,418,829			151,975

Name and title	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options ^(a) (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ^(b) (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market Payout value of vested share-based awards not paid out or distributed ^{(b)(c)} (\$)
Joakim Westh							
	4,000	27.28	April 28, 2023	35,480			
			Total:	35,480			

- (a) Shows stock options held as at the end of the fiscal year ended September 30, 2013.
- (b) Based on \$36.15, the closing price of the Company's Class A subordinate voting shares on the Toronto Stock Exchange on September 30, 2013.
- (c) Shows the aggregate payout value of DSUs held as at the end of the fiscal year ended September 30, 2013.
- (d) Mrs. Mercier retired from the Board of Directors on April 9, 2013, and Mrs. Morea, and Mr. Boivin retired from the Board of Directors on April 29, 2013.

APPENDIX C**Resolution to Approve the Replenishment of the Reserve under the CGI Share Option Plan****CGI GROUP INC.****RESOLUTION OF THE
SHAREHOLDERS OF THE COMPANY
JANUARY 29, 2014**

WHEREAS the Board of Directors of the Company has recommended that the shareholders approve the replenishment of the reserve of shares available for issuance under the *Share Option Plan for Employees, Officers, and Directors of CGI Group Inc., its Subsidiaries and its Associates* (the "Share Option Plan");

WHEREFORE, on motion duly made and seconded, it was resolved:

1. THAT the reserve of shares available for issuance under the Share Option Plan be replenished by 11,500,000 Class A subordinate voting shares;
 2. THAT any director or officer of the Company be and each of them is hereby authorized, for and on behalf of the Company, to do such things and to sign, execute and deliver all such documents that such director or officer may, in his or her discretion, determine to be necessary or useful in order to give full effect to the intent and purpose of this resolution.
-

CGI

SECTION 2: FORM 40-F 2013

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 40-F

(Check one)

☐ **Registration statement pursuant to Section 12 of the Securities Exchange Act of 1934**

or

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

For the fiscal year ended September 30, 2013

Commission file number 1-14858

GROUPE CGI INC./CGI GROUP INC.

(Exact name of Registrant as Specified in Its Charter)

CGI Group Inc.

(Translation of Registrant's Name Into English)

Québec, Canada

(Province or Other Jurisdiction of Incorporation or Organization)

7374

(Primary Standard Industrial Classification Code Number)

[Not Applicable]

(I.R.S. Employer Identification Number)

1350 René-Lévesque Boulevard West

15th Floor

Montréal, Québec

Canada H3G 1T4

(514) 841-3200

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

CGI Technologies and Solutions Inc.

11325 Random Hills

Fairfax, VA22030

(703) 267-8679

(Name, Address and Telephone Number of Agent For Service in the United States)

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

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

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

None

(Title of Class)

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

None

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

☒ **Annual Information Form**

☒ **Audited Annual Financial Statements**

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: 277,149,380 Class A Subordinate Shares, 33,272,767 Class B Shares

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

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or such shorter period that the Registrant was required to submit and post such files). Yes ☐ No ☐

Undertaking

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

Controls and Procedures

The Registrant has established a system of controls and other procedures designed to ensure that information required to be disclosed in its periodic reports filed under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. These disclosure controls and procedures have been evaluated under the direction of the Registrant's Chief Executive Officer and Chief Financial Officer as of the end of the Registrant's most recently completed fiscal year on September 30, 2013. Based on such evaluations, the Chief Executive Officer and Chief Financial Officer have concluded that the disclosure controls and procedures are effective. No change was made in the Registrant's internal controls over financial reporting during the fiscal year ended September 30, 2013 that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting. No significant changes were made in the Registrant's internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation.

Audit Committee

The Audit and Risk Management Committee of the Board of Directors is composed entirely of unrelated directors who meet the independence and experience requirements of the New York Stock Exchange, the Toronto Stock Exchange, the U.S. Securities and Exchange Commission rules and National Instrument 52-110, as amended.

The Audit and Risk Management Committee is composed of Mr. Gilles Labbé, Chair of the committee, and Messrs. Jean Brassard, Richard B. Evans and Joakim Westh.

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

- Gilles Labbé

Principal Accountant Fees and Services

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

Performance of Services

Services are either acceptable services or prohibited services.

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

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

Governance Procedures

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

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

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

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

Fees Billed by the External Auditors

During the years ended September 30, 2013 and September 30, 2012, CGI's external auditors billed the following fees for their services:

<u>Service retained</u>	<u>Fees billed</u>	
	<u>2013</u>	<u>2012</u>
Audit fees	\$ 8,442,468	\$7,219,323
Audit related fees ^(a)	\$ 1,144,061	\$ 815,130
Tax fees ^(b)	\$ 2,282,078	\$ 621,190
All other fees ^(c)	\$ 249,629	\$ 50,085
Total fees billed	<u>\$12,118,236</u>	<u>\$8,705,728</u>

- (a) The audit related fees billed by the external auditors for the year ended September 30, 2013 and 2012 were in relation to service organization control procedures audits and assistance, information technology assistance and advisory services, and 401(k) and special audits. The audit related fees billed by the external auditors for the year ended September 30, 2012 also included International Financial Reporting Standards transition assistance.
- (b) The tax fees billed by the external auditors for the years ended September 30, 2013 and 2012 were in relation to tax compliance, advisory services and human capital services.
- (c) The other fees billed by the external auditors for the years ended September 30, 2013 and 2012 were in relation to other advisory services.

Code of Ethics

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

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

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

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

Corporate Governance Practices

CGI's corporate governance practices conform to those followed by U.S. domestic companies under the *New York Stock Exchange* listing standards.

Off-balance sheet arrangements

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

As disclosed in Note 30 to the Registrant's Consolidated Financial Statements, in the normal course of business, the Registrant enters into agreements that may provide for indemnification and guarantees to counterparties in transactions such as consulting and outsourcing services, business divestitures, lease agreements and financial obligations. These indemnification undertakings and guarantees may require the Company to compensate counterparties for costs and losses incurred as a result of various events, including breaches of representations and warranties, intellectual property right infringement, claims that may arise while providing services or as a result of litigation that may be suffered by counterparties. The nature of most indemnification undertakings prevent the Registrant from making a reasonable estimate of the maximum potential amount the Registrant could be required to pay counterparties, as the agreements do not specify a maximum amount and the amounts are dependent upon the outcome of future contingent events, the nature and likelihood of which cannot be determined at this time. The Registrant does not expect that any sum it may have to pay in connection with these guarantees will have a materially adverse effect on its Consolidated Financial Statements.

Tabular Presentation of Contractual Obligations

As of September 30, 2013, the Registrant's commitments under the terms of contractual obligations with various expiration dates, primarily for the rental of premises, computer equipment used in outsourcing contracts and long-term service agreements, were as follows:

Commitment type ¹ (In thousands of CAD)	Total	Less than 1 year	2 nd and 3 rd years	4 th and 5 th years	After 5 years
Long-term debt	2,820,695	511,949	1,540,509	362,049	406,188
Estimated interests on long-term debt	300,947	88,299	123,136	41,466	48,046
Finance lease obligations	67,928	22,224	35,813	9,494	397
Estimated interests on capital lease obligations	3,272	1,646	1,435	187	4
Operating leases					
Rental of office space	1,486,568	290,585	480,563	373,107	342,313
Computer equipment	80,660	43,946	32,155	4,376	183
Automobiles	85,221	42,008	32,626	5,163	5,424
Long-term service agreements and other	63,856	30,867	29,493	3,496	—
Total contractual obligations	4,909,147	1,031,524	2,275,730	799,338	802,555

- 1 Our required benefit plan contributions have not been included in this table as such contributions depend on periodic actuarial valuations for funding purposes.

Information to be Filed on This Form

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

1. Annual Information Form for the fiscal year ended September 30, 2013
2. Audited Annual Financial Statements for the fiscal year ended September 30, 2013
3. Management's Discussion and Analysis of Financial Position and Results of Operations

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

- 23.1 Consent of Ernst & Young LLP
- 99.1 Certification of the Registrant's Chief Executive Officer required pursuant to Rule 13a-14(a).
- 99.2 Certification of the Registrant's Chief Financial Officer required pursuant to Rule 13a-14(a).
- 99.3 Certification of the Registrant's Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 99.4 Certification of the Registrant's Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.



ANNUAL INFORMATION FORM

For the fiscal year ended
September 30, 2013

December 13, 2013

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This Annual Information Form is dated December 13, 2013 and, unless specifically stated otherwise, all information disclosed in this form is provided as at September 30, 2013, the end of CGI's most recently completed fiscal year. All dollar amounts are in Canadian dollars, unless otherwise stated.

INCORPORATION AND DESCRIPTION OF CAPITAL STOCK

Corporate Structure

CGI Group Inc. (the "Company", "CGI", "we", "us" or "our") was incorporated on September 29, 1981 under Part IA of the Companies Act (Quebec), predecessor to the Business Corporations Act (Quebec), which came into force on February 14, 2011 and which now governs the Company. The Company continued the activities of Conseillers en gestion et informatique CGI inc., which was originally founded in 1976. The executive and registered offices of the Company are situated at 1350 boul. René-Lévesque Blvd. West, 15th Floor, Montreal, Quebec Canada H3G 1T4. CGI became a public company on December 17, 1986, upon completing an initial public offering of its Class A subordinate voting shares ("Class A subordinate voting shares").

The activities of the Company are conducted either directly or through subsidiaries. The table below lists the principal subsidiaries of each reportable segment of the Company as at September 30, 2013, each of which is directly or indirectly wholly-owned by the Company. Certain subsidiaries whose total assets did not represent more than 10% of the Company's consolidated assets or revenues did not represent more than 10% of the Company's consolidated revenues as at September 30, 2013, have been omitted. The subsidiaries that have been omitted represent, as a group, less than 20% of the consolidated assets and revenues of the Company as at September 30, 2013. This table omits subsidiaries whose primary role is to hold investments in other CGI subsidiary entities.

Canada

Conseillers en Gestion et Informatique CGI Inc.
CGI Information Systems and Management Consultants Inc.

United States of America

CGI Technologies and Solutions Inc.
CGI Federal Inc.
Stanley Associates, Inc.

Nordics, Southern Europe and South America

CGI Sverige AB
CGI Suomi Oy

Central and Eastern Europe (including the Netherlands, Germany and Belgium)

CGI Nederland B.V.
CGI (Germany) GmbH & Co. KG

United Kingdom

CGI IT UK Limited

Asia Pacific (including Australia, India, the Philippines and the Middle East)

Nil

France (including Luxembourg and Morocco)

CGI France SAS

In addition to its principal operating subsidiaries, CGI has a number of other subsidiaries that serve specific markets, serve as holding companies, or serve other corporate purposes.

Capital Structure

The Company's authorized share capital consists of an unlimited number of Class A subordinate voting shares carrying one vote per share and an unlimited number of Class B shares (multiple voting) ("Class B shares") carrying 10 votes per share, all without par value, of which, as of December 13, 2013, 276,014,110 Class A subordinate voting shares and 33,272,767 Class B shares, were issued and outstanding. These shares represent respectively 45.3% and 54.7% of the aggregate voting rights attached to the outstanding Class A subordinate voting shares and Class B shares. Two classes of preferred shares also form part of CGI's authorized capital: an unlimited number of First Preferred Shares, issuable in series, and an unlimited number of Second Preferred Shares, also issuable in series. As of December 13, 2013 there were no preferred shares outstanding.

The Company incorporates by reference the disclosure contained under the headings "*Class A Subordinate Voting Shares and Class B Shares*" on page 3, and "*First Preferred Shares*" and "*Second Preferred Shares*" on page 5 of CGI's *Management Proxy Circular* dated December 13, 2013 which was filed with Canadian securities regulatory authorities and which is available at www.sedar.com and on CGI's web site at www.cgi.com. A copy of the *Management Proxy Circular* will be provided promptly to shareholders upon request.

Stock Splits

As of December 13, 2013, the Company had proceeded with four subdivisions of its issued and outstanding Class A subordinate voting shares as follows:

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

Market for Securities, Trading Price and Volume

CGI's Class A subordinate voting shares are listed for trading on the Toronto Stock Exchange ("TSX") under the symbol GIB.A and on the New York Stock Exchange, under the symbol GIB. A total of 197,690,491 Class A subordinate voting shares were traded on the TSX during the year ended September 30, 2013 as follows:

Month	High ^(a) (\$)	Low ^(a) (\$)	Volume
October 2012	26.85	24.87	14,264,496
November 2012	26.30	22.33	21,874,832
December 2012	24.71	22.33	13,593,138
January 2013	27.02	22.65	17,025,554
February 2013	28.43	26.25	15,569,116
March 2013	27.69	25.86	8,777,676
April 2013	32.20	26.07	11,291,560
May 2013	33.08	30.82	13,156,911
June 2013	32.53	29.58	14,487,000
July 2013	36.36	29.42	16,032,519
August 2013	36.73	34.05	10,810,048
September 2013	37.82	32.57	40,807,641

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

Normal Course Issuer Bid and Share Repurchases

On January 30, 2013, CGI announced that it was renewing its normal course issuer bid to repurchase up to 10% of the public float of its issued and outstanding Class A subordinate voting shares during the next year. See *Description of CGI's Business – Significant developments of the Three Most Recent Fiscal Years – Fiscal Year ended September 30, 2013 – Share Repurchase Program* later in this document.

CORPORATE GOVERNANCE

Board and Standing Committee Charters and Codes of Ethics

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

Audit Committee Information

The Company incorporates by reference the disclosure contained under the heading *Expertise and financial and operational literacy* on page 44 and following and the disclosure under the heading *Report of the Audit and Risk Management Committee* on page 53 and following of CGI's Management Proxy Circular dated December 13, 2013 which was filed with Canadian securities regulatory authorities and which is available at www.sedar.com and on CGI's web site at www.cgi.com. A copy of the Management Proxy Circular will be provided promptly to shareholders upon request to the Company.

Directors and Officers

Directors

The Company incorporates by reference the disclosure under the heading *Nominees for Election as Directors* relating to the Company's directors contained on pages 9 to 16, and the table on Board of Directors committee membership on page 42 of CGI's Management Proxy Circular dated December 13, 2013 which was filed with Canadian securities regulatory authorities and which is available at www.sedar.com and on CGI's web site at www.cgi.com. A copy of the Management Proxy Circular will be provided promptly to shareholders upon request to the Company.

Officers

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

Name and place of residence	Principal occupation
R. David Anderson Montreal, Quebec Canada	Executive Vice-President and Chief Financial Officer
João Baptista London, United Kingdom	President, Nordics, Southern Europe and South America
Jean-Michel Baticle Precy sur Oise, France	President, France (including Luxembourg and Morocco)
François Boulanger Brossard, Quebec Canada	Senior Vice-President and Corporate Controller
Jame Cofran Annapolis, Maryland USA	Senior Vice-President and Chief Marketing Officer

Name and place of residence	Principal occupation
Benoît Dubé St-Lambert, Quebec Canada	Executive Vice-President, Chief Legal Officer and Deputy Corporate Secretary
Serge Dubrana Asnières sur Seine France	President, Central and Eastern Europe
Julie Godin Verdun (Nuns' Island), Quebec Canada	Executive Vice-President, Global Human Resources and Strategic Planning
Serge Godin Westmount, Quebec Canada	Founder and Executive Chairman of the Board
Lorne Gorber Longueuil, Quebec Canada	Senior Vice-President, Global Communications and Investors Relations
Timothy W. Gregory Chislehurst, Kent England	President, United Kingdom
Colin Holgate Pymble, Sydney Australia	President, Asia Pacific
André Imbeau Beloeil, Quebec Canada	Founder, Vice-Chairman of the Board and Corporate Secretary
Eva Maglis Montreal, Quebec Canada	Executive Vice-President and Global Chief Information Officer
Claude Marcoux Sainte-Foy, Quebec Canada	Chief Operations Officer, Canada
Douglas McCuaig Toronto, Ontario Canada	Executive Vice-President, Global Client Transformation Services
Luc Pinard St-Lambert, Quebec Canada	Executive Vice-President, Corporate Performance
Michael E. Roach Outremont, Quebec Canada	President and Chief Executive Officer
Daniel Rocheleau Longueuil, Quebec Canada	Executive Vice-President and Chief Business Engineering Officer
Jacques Roy Boucherville, Quebec Canada	Senior Vice-President, Finance and Treasury
Donna Ryan Watroo, South Carolina USA	President, CGI Federal
George Schindler Fairfax, Virginia USA	President, United States and Canada
Claude Séguin Montreal, Quebec Canada	Senior Vice-President, Corporate Development and Strategic Investments

João Baptista was appointed President, Nordics, Southern Europe and South America on August 20, 2012. Prior to his appointment as President, Nordics, Southern Europe and South America with the Company, Mr. Baptista was Chief Executive Officer Northern and Central Europe (2010-2012) and Chief Executive of International (2008-2009) with Logica plc ("Logica").

Jean-Michel Baticle was appointed President, France (including Luxembourg and Morocco) on June 18, 2013. Mr. Baticle joined the Company in 1989 as Oracle Offerings Leader and occupied various positions before becoming Vice President, Regions in 2011. In 2012 M. Baticle was promoted to Senior Vice-President, Regions.

Jame Cofran was appointed as Senior Vice-President and Chief Marketing Officer on May 4, 2012. Prior to this appointment, he served as the Company's Global Marketing Lead for the Financial Services industry since 2009. Mr. Cofran was the U.S. Banking & Investments Industry Lead from 2007 and before that he lead the global Credit Solutions Group.

Benoit Dubé was appointed Executive Vice-President, Chief Legal Officer and Deputy Corporate Secretary on June 4, 2010 and prior to his appointment was a Vice-President in the Company's Legal Department.

Serge Dubrana was appointed President, Central and Eastern Europe on August 20, 2012 and prior to his appointment was Chief Executive Officer Technology & Alliances (2008-2009), Chief Executive Officer Global operations & International (2010-2011) and Group Chief Operating Officer (2012) at Logica.

Julie Godin was appointed Executive Vice-President, Global Human Resources and Strategic Planning, on September 1, 2012. Ms. Godin joined CGI as Administrative Vice-President and was appointed Senior Vice-President, Human Resources and Strategic Planning on July 26, 2010. Prior to joining the Company in August of 2009, she was President of Oxygène Santé Corporative Inc., which was acquired by the Company on August 13, 2009.

Lorne Gorber was appointed Senior Vice-President, Global Communications and Investor Relations on October 1, 2010. Mr. Gorber previously served the Company as Vice-President, Global Communications and Investor Relations since October 2006, and previously as Vice-President, Investor Relations since November 2005.

Timothy W. Gregory was appointed President, United Kingdom on August 20, 2012 and prior to his appointment was President, Europe and Australia with the Company (2011-2012), Business Unit Leader UK (2009-2011) and Head, United Kingdom Insurance Practice and Outsourcing (2007-2009).

Colin Holgate was appointed President, Asia-Pacific on August 20, 2012 and prior to his appointment was Chief Executive Officer Australia at CGI Technologies and Solutions Australia Pty Limited (formerly known as Logica Australia Pty Ltd) (2007-2010), Chief Executive officer Asia Pacific (2010-2011) and Managing Director, Asia Pacific, Middle East and Africa (2011-2012) at Logica.

Eva Maglis was appointed Executive Vice-President and Global Information Officer on June 1, 2012. Prior to her appointment, Ms. Maglis served as President, Global Infrastructure Services (since May 27, 2011) and was previously Senior Vice-President and General Manager responsible for CGI's global infrastructure services, solutions and consulting (since October 1, 2010). She has been an officer of the Company since July 26, 2010.

Doug McCuaig was appointed Executive Vice-President, Global Client Transformation Services on January 30, 2013. Prior to his appointment, Mr. McCuaig served as President, Canada (since June 4, 2010) and was previously a Senior Vice-President of the Company.

Luc Pinard was appointed Executive Vice-President, Corporate Performance and Knowledge Management (now Executive Vice-President, Corporate Performance) on August 3, 2011. Prior to such appointment, Mr. Pinard was Executive Vice-President, Chief Technology and Quality Officer of the Company.

Donna Ryan held the position of Senior Vice-President prior to being appointed President, CGI Federal on September 28, 2011.

Prior to his appointment as Chief Operations Officer, Canada on August 17, 2012, Mr. Claude Marcoux was Senior Vice-President and General Manager of the Company.

George Schindler was appointed President, United States and Canada on January 30, 2013. Previously, he served as President, United States (since September 28, 2011) and President, CGI Federal (from 2006).

Except as noted above, all of the officers named in the table have either held the position set out opposite their name, or other executive or equivalent management functions in the Company or its subsidiaries during the last five years.

Ownership of Securities on the Part of Directors and Officers

The Company incorporates by reference the disclosure under the heading *Principal Holders of Class A Subordinate Voting Shares and Class B Shares* on page 6 of CGI's Management Proxy Circular dated December 13, 2013 which was filed with Canadian securities regulatory authorities and which is available at www.sedar.com and on CGI's web site at www.cgi.com. A copy of the Management Proxy Circular will be provided promptly to shareholders upon request to the Company.

DESCRIPTION OF CGI'S BUSINESS

Mission and Vision

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

CGI's Mission, Vision, Dream and Values are explained in the Company's Fundamental Texts, which are annexed as Appendix A, and are posted on the Company's web site at www.cgi.com.

Business Structure

At the beginning of fiscal 2013, we revised our management reporting structure to reflect our new operating segments established following the acquisition of Logica on August 20, 2012. This included the modification of our basis of reporting such that the growth and profitability of our Global Infrastructure Services ("GIS") activities were reallocated to each geographic segment. The Company is now managed through the following seven operating segments, namely: Canada; United States of America ("U.S."); Nordics, Southern Europe and South America ("NSES"); Central and Eastern Europe (including the Netherlands, Germany and Belgium) ("CEE"); United Kingdom ("U.K."); Asia Pacific (including Australia, India, the Philippines and the Middle East); and France (including Luxembourg and Morocco). The segmented results for the year ended September 30, 2012 were therefore retrospectively revised.

The following table provides a summary of the year-over-year changes in our revenue, in total and by segment, in fiscal 2013 and 2012:

In thousands of CAD

Segment	2013	2012
U.S. revenue	2,512,530	2,120,382
NSES revenue	2,010,693	216,366
Canada revenue	1,685,723	1,737,529
France revenue	1,273,604	157,328
U.K. revenue	1,158,520	171,548

CEE revenue	1,003,950	191,596
Asia Pacific revenue	439,604	177,705
Total	10,084,624	4,772,454

Services Offered by CGI

CGI provides high-end IT and management consulting services, systems integration and management of IT and business functions (outsourcing). The Company's delivery model provides for CGI services and solutions to be delivered in a number of ways and considering a number of factors: onsite at client premises, or from any combination of onsite, near-shore and/or offshore delivery centers located throughout the world.

In addition, CGI has a wide range of proprietary business solutions which help shape opportunities and drive value for our clients and shareholders, including the following:

- *Momentum™* is an integrated enterprise resource planning suite in use by over 85 federal organizations across the three branches of the U.S. federal government, including 16 agencies subject to the *Chief Financial Officer and Federal Financial Reform Act of 1990*. *Momentum™* is provided as an on-premises implementation, as a managed service hosted in CGI's data center, or as "software as a service" (subscription based offering for the software).
- CGI's leading enterprise resource planning solution, *CGI Advantage™*, helps state and local governments improve their back office operations and better serve their citizens with a full suite of built-for-government tools, including financial management, payroll, budgeting, human resources management, procurement and grants management. The *CGI Advantage™* client organizations include 23 states, two of the five largest cities, and four of the six largest counties. *CGI Advantage™* is provided as an on-premise implementation or as a managed service hosted in CGI's data center.
- CGI's Credit Services Solutions, including Collections360®, Gateway360®, CACST™, CACS-G™, ACAPS™, Bureaulink™, Strata™ and other components, are in use by hundreds of businesses around the world to improve their consumer and small business credit operations.

We also offer the following services:

Consulting

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

Systems Integration

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

Management of IT and Business Functions - Outsourcing

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

Markets for CGI's Services

CGI offers its end-to-end services to a focused set of industry vertical markets ("verticals") where we have developed extensive and deep subject matter expertise. This allows us to fully understand our clients' business realities and to have the knowledge and solutions needed to advance their business goals. Our targeted verticals markets include the following:

- Financial services – Helping financial institutions, including most major banks and top insurers, to reduce costs, increase efficiency and improve customer service.
- Government – Supporting over 2,000 government organizations in reducing costs and improving the efficiency, quality and accountability of public service organizations, all while increasing citizen engagement.
- Health – Helping more than 1,000 healthcare facilities, hospitals and departments of health implement solutions for better care, better business and better outcomes.
- Telecommunications and utilities – Helping six of the top ten largest global telecommunications providers and eight of the top ten largest European utilities deliver new revenue streams and improve productivity and service.
- Manufacturing, retail and distribution ("MRD") – Enabling business transformation for more than 2,000 clients by improving efficiency and loyalty, lowering costs and boosting sustainable growth.

Human Resources

As of December 13, 2013, CGI had approximately 68,000 employees, whom we refer to as members.

In order to encourage the high degree of commitment necessary to ensure the quality and continuity of client service, CGI, for several years, has offered its members the right to acquire Class A subordinate voting shares pursuant to a *Share Purchase Plan*. Among the countries in which we currently offer the Share Purchase Plan, approximately 74% of our employees were also owners of CGI through our Share Purchase Plan. Also, from the beginning, the Company has had a *Profit Participation Plan* which, from 1990 onwards, has been based on the performance of its business units and overall corporate results.

CGI Offices and Global Delivery Model

CGI and its affiliated companies operate from more than 400 offices. CGI also serves its clients from global delivery centers located on four continents. These delivery centers enable CGI to provide its clients with the right mix of onsite, nearshore and offshore IT services that best suits their business needs.

CGI's delivery centers and its main offices are listed below

Canada			
Calgary, AB	Halifax, NS [‡]	Montréal, QC [‡]	Saguenay, QC [‡]
Charlottetown, PEI [‡]	Markham, ON	Ottawa, ON	Sherbrooke, QC [‡]
Edmonton, AB	Mississauga, ON	Quebec City, QC [‡]	Toronto, ON
Fredericton, NB [‡]	Moncton, NB [‡]	Regina, SK	Victoria, BC
United States			
Albany, NY	Columbia, SC	Huntsville, AL	Phoenix, AZ
Alexandria, VA	Columbus, OH	Lakewood, CO	Sacramento, CA
Andover, MA	Dallas / Fort Worth, TX	Lawton, OK	San Antonio, TX
Atlanta, GA	Dumfries, VA	Lebanon, VA [‡]	San Diego, CA
Baltimore, MD	Fairfax, VA	Los Angeles, CA	Sierra Vista, AZ
Belton, TX [‡]	Herndon, VA	Manassas, VA	Troy, AL [‡]
North Charleston, SC	Houston, TX	New York, NY	Washington, DC
Cleveland, OH			

Europe, Asia Pacific and Africa

Aarhus, Denmark	Edinburgh, U.K.	Lille, France	Prague, Czech Republic [‡]
Amiens, France [‡]	Eindhoven, Netherlands	Lima, Peru	Rabat, Morocco [‡]
Amhem, Netherlands	Espoo, Finland	Lisbon, Portugal [‡]	Reading, U.K.
Ballerup, Denmark	Frankfurt, Germany	London, U.K.	Rennes, France
Bangalore, India [‡]	Gävle, Sweden	Lyon, France [‡]	Riihimäki, Finland
Bertrange, Luxembourg	Gloucester, U.K.	Madrid, Spain [‡]	Rotterdam, Netherlands
Birmingham, U.K.	Göteborg, Sweden	Málaga, Spain [‡]	Sacavém, Portugal
Bordeaux, France [‡]	Grenoble, France	Malmö, Sweden	Santiago, Chile
Borlänge, Sweden	Groningen, Netherlands	Manila, Philippines	São Paulo, Brazil
Bratislava, Slovakia	Hamburg, Germany	Melbourne, Australia	Selangor, Malaysia [‡]
Bremen, Germany	Heerlen, Netherlands	Milton Keynes, U.K.	Sintra, Portugal [‡]
Bridgend, U.K. [‡]	Helsinki, Finland	Mogi das Cruzes, Brazil	St. Albans, U.K.
Brno, Czech Republic [‡]	Hobart, Australia [‡]	Montpellier, France [‡]	Stavanger, Norway
Bromölla, Sweden	Hoofddorp, Netherlands	Mumbai, India [‡]	Stockholm, Sweden
Brussels, Belgium	Hyderabad, India [‡]	Munich, Germany	Strasbourg, France
Caracas, Venezuela	Karlstad, Sweden	Nantes, France	Sundsvall, Sweden
Casablanca, Morocco [‡]	Köln / Bonn, Germany	Nice, France	Sydney, Australia
Chennai, India [‡]	Krakow, Poland [‡]	Oslo, Norway	Tampere, Finland
Clermont-Ferrand, France	Kuala Lumpur, Malaysia [‡]	Östersund, Sweden [‡]	Toulouse, France [‡]
Darmstadt, Germany	Lahti, Finland	Oulu, Finland	Turku, Finland
Didsbury, U.K.	Leatherhead, U.K.	Paris, France	Warsaw, Poland [‡]
Düsseldorf, Germany	Leinfelden-Echterdingen, Germany	Porto, Portugal [‡]	

[‡] indicates cities where CGI operates global delivery centres.

All of CGI's offices are located in rented premises with the exception of the following properties, which are owned by CGI: one property in Belton, Texas; one property in Montreal, Quebec where one of our data centres is located; two properties in Mississauga, Ontario, one of which is a data centre and the other of which is an office building; one property in Santiago, Chile; one property in Riihimäki, Finland; one residential property in Muurla Finland; one property in Mumbai, India consisting of an office building, but that is built on land that we lease; two properties in Odivelas, Portugal; one property in Bromölla, Sweden; two properties in Bridgend, United Kingdom, one of which is an office building and the other of which is a parcel of land; and one property in Caracas, Venezuela.

Commercial Alliances

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

Quality Processes

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

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

Our ongoing efforts to extend the ISO 9001 certification to the operations resulting from the Logica acquisition is a key ingredient in CGI's integration program.

As clients grow and IT projects become increasingly complex, CGI strives to further refine its quality processes while allowing them to branch out across all its activities. CGI's enhanced quality system of which the *Client Partnership Management Framework* ("CPMF") forms part, is simpler and provides the Company's business units with greater autonomy in a context of decentralized activities. One of CGI's key focus areas remains the successful management of client relationships, leading to long-term partnerships. CGI applications development centres in Mumbai, Hyderabad, Chennai and Bangalore in India, have achieved SEI CMMi Level 5 quality certification and ISO 27001 security management system certification.

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

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

The IT Services Industry

Size, Structure and Recent Developments

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

According to IDC's research conducted in 2013, the IT domain spending was estimated to be US\$757 billion in the U.S., US\$693 billion in Europe and US\$65 billion in Canada. These numbers exclude the value of services already outsourced and indicate a large untapped potential market for outsourcing services.

Industry Trends and Outlook

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

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

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

Vision and Strategy

At CGI, we derive our business vision from our dream which is to create an environment in which we enjoy working together and, as owners, contribute to building a company we can be proud of.

That dream led to CGI's vision of being a global world-class IT and BPS leader, helping its clients succeed.

Our focus on profitable growth has centered on building critical mass in key client geographies, gaining a deep knowledge of clients' business sectors and developing specialized practices and innovative solutions.

With the IT industry rapidly maturing, and as globalization and consolidation increased, we continue to execute our "build and buy" growth strategy. CGI remains committed to the fundamentals that help all of CGI's stakeholders succeed, and the fulfillment of CGI's strategic objective of doubling the size of the Company.

In 2010, CGI acquired Stanley, Inc. The acquisition nearly doubled the size of CGI's U.S. operations. In addition, the combination of talent and capabilities created further opportunity for growth in the key U.S. federal market.

Two years later, we made our largest acquisition to date, merging with the Anglo-Dutch business and technology services company Logica. The acquisition more than doubled the number of CGI members globally and offered greater presence, service capabilities and expertise for our clients across the Americas, Europe and Asia. With this acquisition, we became the world's fifth largest independent IT and business process services company.

Today, with a presence in 40 countries, strong expertise in all of our target markets and a complete range of IT services, CGI is able to meet our clients' business needs anywhere, anytime. While remaining true to our constitution, CGI continues to adapt to best respond to changes in the IT market, the local and global business climate of clients, and to our professionals' and shareholders' expectations.

Competitive Environment

As a global provider of end-to-end information technology and business process services, CGI operates in a highly competitive and rapidly evolving global industry. Our competition comprises a variety of global players, from niche companies providing specialized services to other end-to-end service providers, mainly in the U.S., Europe and India, all of whom are competing to deliver some or all of the services we provide. Recent merger and acquisition activity has resulted in CGI being positioned as one of the few remaining IT services firms that operates independently of any hardware or software vendor. This independence allows CGI to deliver the best-suited technology available to our clients.

CGI offers its end-to-end services to a select set of targeted vertical markets in which we have deep business and technical expertise covering 94% of global IT spend. To compete effectively, CGI focuses on high-end systems integration, consulting and outsourcing where vertical market industry knowledge and expertise are required.

Our business model is designed to listen to the needs of our clients and adapt our offerings to provide the best solutions to meet each client's unique needs. Our client approach focuses on:

- **Local accountability:** We live and work near our clients to provide a high level of responsiveness. We speak our clients' language, understand their business environment, and collaborate with them to meet their goals and advance their business.
- **Global capabilities:** Our local presence is backed by an expansive global delivery network that ensures our clients have access to the best-fit 24/7 resources.
- **Quality processes:** Our investment in quality frameworks and rigorous client satisfaction assessments provides for a consistent track record of on-time, on-budget delivery to minimize the uncertainty and risk of projects, enabling our clients to focus on their business objectives.
- **Committed experts:** Our professionals have vast industry, business and technology expertise to help our clients. In addition, a majority of our professionals are Company owners, providing an added level of commitment to our clients' success.
- **Practical innovation:** We provide a full set of business consulting, systems integration and outsourcing services that are complemented by a strong set of IP offerings to offer creative business strategies to our clients.

CGI's business operations are executed based on the same Management Foundation, ensuring consistency and cohesion across the world.

There are many factors involved in winning and retaining IT and BPS contracts, including the following: total cost of services; ability to deliver; track record; vertical market expertise; investment in business solutions; local presence; global delivery capability; and the strength of client relationships. CGI compares favourably with its competition with respect to all of these factors.

Significant Developments of the Three Most Recent Fiscal Years

Key Performance Measures

All financial information for the fiscal years ended September 30, 2013 and 2012 is presented in accordance with *International Financial Reporting Standards*. Financial information for the fiscal year ended September 30, 2011 is presented in accordance with *Canadian Generally Accepted Accounting Principles*.

We use a combination of financial measures, ratios, and non-GAAP measures to assess the Company's performance. CGI's management believes that these non-GAAP measures provide useful information to investors regarding the Company's financial condition and results of operations as they provide additional measures of its performance. These non-GAAP measures do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. These measures should be considered as supplemental in nature and not as a substitute for the related financial information prepared in accordance with IFRS. Readers should refer to the section entitled "Non-GAAP Measures" in the Management's Discussion and Analysis for the relevant fiscal year for a discussion on the non-GAAP measures used and reconciliation to the closest IFRS measure.

The table below summarizes our most relevant key performance measures:

Profitability

Adjusted EBIT – is a measure of earnings before items not directly related to the cost of operations, such as financing costs, acquisition-related and integration costs and income taxes. Management believes this best reflects the profitability of our operations.

Diluted earnings per share – is a measure of earnings generated for shareholders on a per share basis, assuming all dilutive elements are exercised.

Liquidity

Cash provided by operating activities – is a measure of cash generated from managing our day-to-day business operations. We believe strong operating cash flow is indicative of financial flexibility, allowing us to execute our corporate strategy.

Days sales outstanding – is the average number of days to convert our trade receivables and work in progress into cash. Management tracks this metric closely to ensure timely collection, healthy liquidity, and is committed to maintaining a DSO target of 45 days.

Growth

Constant currency growth – is a measure of revenue growth before foreign currency impacts. This growth is calculated by translating current period results in local currency using the conversion rates in the equivalent period from the prior year. We believe that it is helpful to adjust revenue to exclude the impact of currency fluctuations to facilitate period-to-period comparisons of business performance.

Backlog – represents management's best estimate of revenue to be realized in the future based on the terms of respective client agreements in effect at a point in time.

Book-to-bill ratio – is a measure of the proportion of contract wins to our revenue in the period. This metric allows management to monitor the company's business development efforts to ensure we grow our backlog and our business over time. Management remains committed to maintaining a target ratio greater than 100% over a 12-month period. Management believes that the longer period is a more effective measure as the size and timing of bookings could cause this measurement to fluctuate significantly if taken for only a three-month period.

Capital Structure

Net debt and net debt to capitalization ratio – is a measure of our level of financial leverage net of our cash and cash equivalents, short-term investments and marketable long-term investments. Management uses the net debt to capitalization metric to monitor the proportion of debt versus capital used to finance our operations and it provides insight into our financial strength.

Return on equity – is a measure of the rate of return on the ownership interest of our shareholders. Management looks at ROE to measure its efficiency at generating profits for the Company's shareholders and how well the Company uses the invested funds to generate earnings growth.

Return on invested capital – is a measure of the Company's efficiency at allocating the capital under its control to profitable investments. Management examines this ratio to assess how well it is using its money to generate returns.

Fiscal Year ended September 30, 2013

Significant Developments

Fiscal 2013 marks the first full year of results from Logica's businesses. Operational highlights for the year include:

- Revenue of \$10.1 billion, up 111.3%;
- Bookings of \$10.3 billion, up 99.0%;
- Backlog of \$18.7 billion, up more than \$1 billion;
- Adjusted EBIT of \$1,075.6 million, up 96.7%;
- Adjusted EBIT margin of 10.7%;
- Net earnings of \$727.7 million, or diluted EPS of \$2.30, excluding acquisition-related and integration costs and net unfavourable tax adjustments;

- Net earnings of \$455.8 million, or diluted EPS of \$1.44 on a GAAP basis, including acquisition-related and integration costs and net unfavourable tax adjustments;
- Cash provided by operating activities of \$671.3 million, or \$2.12 per diluted share;
- Net debt reduced by \$365.4 million and repurchased 723,100 shares during the year; and
- Return on invested capital of 11.8%.

Integration of Logica plc

On August 20, 2012, CGI completed its acquisition of Logica for 105 pence (\$1.63) per ordinary share which is equivalent to a total purchase price of \$2.7 billion plus the assumption of Logica's net debt of \$0.9 billion. Subsequent to August 20, 2012, our results incorporated the operations of Logica.

As announced in Q2 2013, the Company decided to stretch its integration goals increasing the annual savings target from \$300 million to \$375 million per year to drive additional long-term savings and EPS accretion. The one-time cost to accomplish the expanded plan had been increased from \$400 million to \$525 million; and the Company expects to complete the program by the end of fiscal 2014, a year earlier than planned.

Of the announced integration costs of \$525.0 million, \$109.7 million was expensed in fiscal 2012 while \$338.4 million was expensed in the current year for a total of \$448.2 million since the beginning of the program. The total future cash disbursements of approximately \$213 million will cover the remaining transformation of the business processes as well as the rental payments for sites closed under the program and are comprised of a year-end provision of approximately \$136 million and another \$76.8 million required to complete the program.

For the first full year of results following the transaction, the Company exceeded its accretion target and realized an EPS before acquisition-related and integration costs and other adjustments of \$2.30 per diluted share compared to \$1.50 for the previous year.

Share Repurchase Program

On January 30, 2013, the Company's Board of Directors authorized and subsequently received the approval from the TSX for the renewal of the Normal Course Issuer Bid ("NCIB") to purchase up to 10% of the public float of the Company's Class A subordinate voting shares as of the close of business on January 25, 2013. The NCIB enables CGI to purchase, on the open market, up to 20,685,976 Class A subordinate voting shares for cancellation. The Class A subordinate voting shares may be purchased under the NCIB commencing February 11, 2013 and ending on the earlier of February 10, 2014, or the date on which the Company has either acquired the maximum number of Class A subordinate voting shares allowable under the NCIB, or elects to terminate the NCIB.

During fiscal 2013, the Company repurchased for cancellation 723,100 of its Class A subordinate voting shares for \$22.9 million at an average price of \$31.63 under the current and previous NCIB. As at September 30, 2013, the company may purchase up to an additional 20.0 million shares under the current NCIB.

Bookings and Book-to-Bill Ratio

Bookings for the year were \$10.3 billion, representing a book-to-bill ratio of 102.2%. Of the \$10.3 billion in bookings signed during this year, 46% came from new business, while 54% came from extensions and renewals.

Our largest verticals for bookings were Manufacturing, retail and distribution, Government and Financial services, making up approximately 27%, 26% and 23% of total bookings, respectively. From a geographical perspective, the U.S. accounted for 27% of total bookings, followed by NSESA at 21% and Canada at 17%.

Foreign currency impact

Foreign currency rate fluctuations favourably impacted our revenue by 1.2%. This compares with a favourable impact of 0.9% in fiscal 2012, and an unfavourable impact of 3.1% in fiscal 2011. The foreign currency impact in 2013 was mainly due to the strengthening of the euro.

Subsequent Events

On November 29, 2013, *Caisse de dépôt et placement du Québec* (the “Caisse”) reduced its holding in the Company by 9,962,660 Class A subordinate voting shares. The reduction was in accordance with the Caisse’s portfolio rebalancing policy based on the increase in the share price for the Company’s Class A subordinate voting shares that nearly doubled since the private placement by the Caisse in May of 2012.

As part of the transaction, the Company purchased for cancellation 2,490,660 of the Class A subordinate voting shares representing 25% of the shares sold by the Caisse at a price per share of \$40.15 corresponding to the net price that the Caisse obtained from the broker who acquired the remaining 75% of the shares.

The agreement entered into between the Company and the Caisse in connection with the share purchase contained a standstill covenant from the Caisse not to sell any additional Class A subordinate voting shares for a period of 120 days after the closing date of the share repurchase.

In accordance with Toronto Stock Exchange rules, the repurchase by the Company of the shares held by la Caisse will be taken into account when calculating the annual aggregate limit that the Company is entitled to repurchase under its current Issuer Bid.

Fiscal Year ended September 30, 2012

Significant Developments

The Company continued to grow year-over-year and our adjusted EBIT margin continues to remain strong, providing necessary cash from operations to pay down our long-term debt and to increase the return to our shareholders. The highlights are below:

- Revenue of \$4.8 billion, increase of 12.1% year-over-year on a constant currency basis;
- Bookings of \$5.2 billion resulting in a book-to-bill ratio of 109%;
- Backlog of \$17.6 billion;
- Strong underlying profitability delivered across legacy CGI operations;
- Accelerating profitable growth and bookings in U.S. operations; and
- Cash from operations of \$613.3 million, or \$2.24 per share.

Acquisition of Logica plc

On August 20, 2012, CGI completed the recommended cash acquisition of Logica for 105 pence (C\$1.63) per ordinary share, equivalent to a total purchase price of £1.7 billion (C\$2.7 billion as at August 20, 2012) plus the assumption of Logica’s net debt of £571.0 million (C\$866.7 million). The cash acquisition of all the issued and to be issued ordinary shares of Logica was effected by means of a Court-sanctioned scheme of arrangement in the United Kingdom. Our results for the year ended September 30, 2012 incorporated the operations of Logica subsequent to August 20, 2012. CGI had incurred \$255.0 million in acquisition-related and integration costs over the last half of fiscal 2012.

Logica was a business and technology services company, employing 41,000 people. It provided business consulting, systems integration and outsourcing services to clients around the world, including many of Europe’s largest business.

Logica and the Company entered into a cooperation agreement dated May 31, 2012 (the "Cooperation Agreement") in connection with the acquisition. Pursuant to the Cooperation Agreement, Logica and the Company each agreed to cooperate in relation to the obtaining of any and all regulatory consents, clearances, permissions and waivers as may be necessary, and the making of all regulatory filings as were necessary, in connection with the acquisition, and Logica and the Company each agreed to work together to implement certain appropriate proposals in relation to Logica share schemes and employment benefits.

The consideration paid under the Logica acquisition was funded through a combination of:

- cash proceeds of C\$1.0 billion from the issuance of 46,707,146 subscription receipts exchangeable for new Class A subordinate voting shares in the Company to the Caisse at \$21.41 per subscription receipt pursuant to a subscription agreement entered into by the Caisse and the Company on May 31, 2012 (the "Subscription Agreement"), a subscription receipt agreement entered into by the Caisse, the Company and *Computershare Trust Company of Canada* as subscription receipt agent, on May 31, 2012 (the "Subscription Receipt Agreement");
- debt funding from a syndicate of lenders pursuant to £1.245 billion (C\$1.9 billion) senior unsecured term loan credit facilities under a credit agreement dated May 31, 2012 (the "Term Loan Credit Agreement"), a fee letter dated May 31, 2012 (the "Fee Letter") and a syndication letter dated May 31, 2012 (the "Syndication Letter"); and
- debt funding from a syndicate of lenders pursuant to a revolving credit facility under the Company's existing \$1.5 billion credit agreement.

Under the Subscription Receipt Agreement, the 46,707,146 subscription receipts that were issued to the Caisse on May 31, 2012 were automatically exchanged into new Class A subordinate voting shares as a result of the completion of the Logica acquisition on August 20, 2012.

The Subscription Agreement contains among its terms and conditions:

- customary representations and warranties by the Company to the Caisse; and
- an indemnity from the Company in favour of the Caisse in respect of breaches of covenants or representations and warranties by the Company and in respect of orders, investigations or other proceedings prohibiting, restricting or materially affecting the trading or distribution of the subscription receipts or underlying shares. The representations, warranties and indemnities will be in effect until August 20, 2014, except for customary exceptions for tax matters and in the case of fraud.

As contemplated in the Subscription Agreement, the Company and the Caisse entered into a registration rights agreement dated August 20, 2012 (the "Registration Rights Agreement") which provides, among other terms and conditions:

- The Caisse will have the right, as long as it beneficially owns or exercises control or direction over 15% or more of the outstanding Class A subordinate voting shares, to recommend to the Company one nominee to be part of any slate proposed by the Company and included in a proxy circular relating to the election of directors of the Company, provided that the nominee shall have no material relationship with the Company or the Caisse, shall be eligible to serve as a director under the Company's articles and laws of incorporation and that the nomination shall be subject to a favourable recommendation of the Company's Corporate Governance Committee. CGI has no shareholder's agreement with the Caisse and the Caisse has not yet exercised its board nomination right;
- The Registration Rights Agreement also provides that the Caisse is entitled, at any time and from time to time, as long as it beneficially owns or exercises control or direction over 20% or more of all outstanding Class A subordinate voting shares, to require CGI to file a Canadian prospectus and take such other steps as may be reasonably necessary to facilitate a secondary offering in Canada, at the Caisse's expense, on the terms and conditions set out in the Registration Rights Agreement;

- In addition, if the Company proposes to make a distribution in Canada for its own account or if an existing shareholder proposes to make a distribution in Canada through a secondary offering, the Company will be required, at that time, upon request by the Caisse, provided that it beneficially owns or exercises control or direction over 15% of the outstanding Class A subordinate voting shares, use commercially reasonable efforts to cause to be included in the distribution the shares that the Caisse has requested to be included, up to a maximum of 15% of the shares to be offered in the distribution, with expenses to be shared on a pro rata basis, and otherwise upon the terms and conditions set out in the Registration Rights Agreement;
- In connection with any prospectus-exempt sale by the Caisse in Canada or in the U.S., the Company will be required to use commercially reasonable efforts, at the Caisse's expense, to assist the Caisse and its representatives in the preparation of the required documentation and to allow any prospective buyer to conduct reasonable due diligence on the Company. If the Company proposes to file a registration statement for the distribution of shares to the public in the U.S., the Caisse and the Company will, prior to such distribution taking place, supplement the Registration Rights Agreement so as to provide the Caisse with registration rights enabling the distribution of shares to the public in the U.S. that are substantially equivalent to the registration rights provided under the Registration Rights Agreement.

We filed a Business Acquisition Report in relation to our acquisition of Logica on November 5, 2012.

Credit Facility and Private Debt Placement

On December 7, 2011, the Company renewed its unsecured revolving credit facility of \$1.5 billion for an additional five years, through December 2016. The facility, which can be extended annually, includes an accordion feature in support of acquisitions providing for an additional \$750.0 million, bringing the facility's potential capacity to \$2.25 billion. In addition, during the first quarter of fiscal 2012, the Company received the proceeds of the US\$475.0 million private debt placement with US institutional investors that was entered into during the fourth quarter of fiscal 2011.

Bookings and Book-to-Bill Ratio

The Company achieved a book-to-bill ratio of 109% for the year. Of the \$5.2 billion in bookings signed during the year, 56% came from new business, while 44% came from extensions and renewals.

Our largest verticals for bookings were government and financial services, making up approximately 45% and 22% of total bookings, respectively. From a geographical perspective, the U.S. accounted for 58% of total bookings, followed by Canada at 27% and Europe at 15%.

Share Repurchase Program

On February 1, 2012, the Company's Board of Directors authorized and received the approval from the TSX for the renewal of the NCIB to purchase up to 10% of the public float of the Company's Class A subordinate voting shares over the next twelve months. The NCIB enables CGI to purchase, on the open market, up to 22,064,163 Class A subordinate voting shares for cancellation. The Class A subordinate voting shares may be purchased under the NCIB commencing February 9, 2012 and ending on the earlier of February 8, 2013, or the date on which the Company either acquired the maximum number of Class A subordinate voting shares allowable under the NCIB, or elected to terminate the NCIB.

During fiscal 2012, the Company repurchased 5,368,000 of its Class A subordinate voting shares for \$102.8 million at an average price of \$19.16, under the current and previous NCIB. As at September 30, 2012, the Company could purchase up to an additional 21.0 million shares under the current NCIB.

Foreign currency impact

Foreign currency rate fluctuations favourably impacted our revenue by 0.9%. This compared with an unfavourable impact of 3.1% in fiscal 2011, and a favourable impact of 5.8% in fiscal 2010. The foreign currency impact in 2012 was mainly due to the strengthening of the U.S. dollar.

Fiscal Year ended September 30, 2011

Significant Developments

The Company continued to grow year-over-year and our adjusted EBIT margin continued to remain strong, providing necessary cash from operations to pay down our long-term debt and to increase the return to our shareholders. The highlights below include the impacts of the Performance Improvement Plan as explained below under *Performance Improvement Plan*:

- Bookings of \$4.9 billion;
- Book-to-bill ratio of 115%¹;
- Constant currency revenue growth of 18.9% over the prior fiscal year;
- Adjusted EBIT margin remained high at 12.7%¹;
- Basic and diluted EPS grew by 29.1% and 27.4% respectively compared to the prior fiscal year;
- Return on equity reached 19.6%¹;
- Cash provided by continuing operating activities remained strong, representing 13.5%¹ of revenue; and
- Repurchased 16.4 million Class A subordinate voting shares of the Company.

¹ These highlights reflect the adjusted financial results following the adoption of International Financials Reporting Standards issued by the International Accounting Standards Board.

Conseillers en informatique d'affaires CIA Inc.

On April 4, 2011, CGI concluded a transaction whereby Conseillers en informatique d'affaires CIA inc. ("CIA") repurchased its shares held by CGI. CGI simultaneously purchased the operations carried out in CIA's Paris office. The sale and acquisition did not have a material impact on the Company's net earnings or financial position. The revenue reported in Canada decreased by approximately \$17.3 million during the year from fiscal 2010.

Private Debt Placement

During the fourth quarter, the Company entered into a US\$475.0 million private debt placement financing with large U.S. institutional investors. The private placement was comprised of three tranches of senior U.S. unsecured notes, with a weighted average maturity of 8.2 years and a weighted average fixed coupon of 4.57%. The Company drew the proceeds during the fourth quarter of fiscal 2012, and executed interest rate swaps subject to favourable market conditions in order to reduce its financing costs and maximize flexibility. The Company used the proceeds of the private placement to pay down part of the Company's existing revolving term facility.

Performance Improvement Plan

During the fourth quarter, the Company accelerated the on-going optimization of its cost structure in light of the current economic environment and outlook. Technological advancements enabled our workforce to become increasingly mobile. This increased mobility of our workforce along with the growth in our global delivery centres evolved our real estate needs. As a result, and in order to remain competitive, a total pre-tax charge of \$45.4 million was taken mainly comprised of provisions on excess real estate, related leasehold improvements and severance costs in the amount of \$33.7 million. Also, through a review of the Company's business solutions portfolio and following the deferral of investments by some of our clients,

management decided to lower the outlook for certain of the Company's business solution investments resulting in the impairment of two business solutions. An impairment charge of \$11.7 million was taken on these solutions primarily for the financial services market. Of the \$45.4 million charge, \$29.6 million is included in "Cost of services, selling and administrative", while the \$11.7 million impairment charge and \$4.1 million of leasehold improvements write-off was included in "Amortization" on the consolidated statement of earnings in the financial booklet of the *2011 Annual Report* entitled *Numbers*. Please see Section 7 – Fourth Quarter Results of the 2011 *Management's Discussion & Analysis* for more information.

Bookings and Book-to-Bill Ratio

The Company achieved a book-to-bill ratio of 115% for the year. Of the \$4.9 billion in bookings signed during the year, 63% came from new business, while 37% came from extensions and renewals.

Our largest verticals for bookings were government and financial services, making up approximately 54% and 24% of total bookings, respectively. From a geographical perspective, the U.S. accounted for 64% of total bookings, followed by Canada at 31% and Europe at 5%.

Significant Bookings in the Year

Announcement Date	Client	Duration	Value
October 21, 2010	U.S. General Services Administration CGI was selected as one of the 11 companies awarded a five-year, government-wide Blanket Purchase Agreement for Infrastructure as a Service by the U.S. General Services Administration. During this contract CGI offers government agencies virtual machines and Web hosting services in a cloud environment.	Five years	US\$76.0 million
November 5, 2010	SaskEnergy CGI's work includes the replacement of SaskEnergy's legacy customer and billing information system utilizing Oracle's Customer Care and Billing application to manage critical business functions including customer service, billing, collections and meter management.	Seven years	Not released
November 17, 2010	U.S. Defense Information Technology Contracting Organization CGI supports the Kyrgyzstan Border Service's efforts to better coordinate control of their border as well as provide IT support to the U.S. Army Communications-Electronics Command's counter narcotics efforts.	Five years	US\$28.0 million
January 11, 2011	U.S. Department of Housing and Urban Development ("HUD")	Until Sept 30, 2011	US\$40.3 million

Announcement Date	Client	Duration	Value
	In conjunction with state and local housing agencies, CGI administered HUD's multi-family housing programs in California, Florida, New York, Ohio, and Washington, DC. CGI's contract was performance-based and, since its award 10 years earlier, the company demonstrated a strong track record of performance on behalf of its partner housing agencies.		
January 12, 2011	Industrial Alliance Insurance and Financial Services, Inc.	Ten year extension and expansion	\$137.0 million
	CGI continues to support the strategic growth of Industrial Alliance, the fourth largest life and health insurance firm in Canada, by having become its preferred IT vendor delivering a wide range of IT services.		
January 12, 2011	Centers for Medicare & Medicaid Services	Five years	US\$55.0 million
	CGI continues software development and operational support services for the Provider Enrolment Chain Ownership System including Health Information Technology for Economic and Clinical Health registration and attestation functionality.		
January 18, 2011	Société Générale Corporate & Investment Banking ("SG CIB")	Three years	Not released
	CGI provides application development and support services using its global delivery centres to SG CIB locations in Paris, London, New York, Singapore and Hong Kong.		
March 2, 2011	Highmark Blue Cross Blue Shield	Five year renewal	Not released
	CGI provides comprehensive claims audit services to identify provider overpayments and coding errors on claims submitted from providers throughout the Commonwealth of Pennsylvania. The work is performed by consultants, claims investigators, clinicians, and coding specialists using the company's proprietary Customized Audit System software, an enterprise-wide solution designed to support the prediction, identification, management, and analysis of claims.		
April 26, 2011	State of California Franchise Tax Board ("FTB")	Five and a half years	US\$399.0 million
	CGI's innovative solution supports fundamental changes in FTB's tax processing that will generate an estimated US\$2.8 billion in additional revenue for the State by 2016-2017, helping to narrow its substantial tax revenue gap. The Enterprise Data to Revenue project is a performance-based, benefits-funded contract where CGI is paid from a percentage of the increased revenues generated. The contract includes a five-year option for maintenance and operation valued at an additional US\$139 million.		

Announcement Date	Client	Duration	Value
May 17, 2011	Space and Naval Warfare Systems Center	Not Released	US\$49.0 million
	CGI continues to provide production execution, testing, and technical support for U.S. military Command, Control, Communications, Computers, Combat Systems, Intelligence, Surveillance and Reconnaissance (C5ISR) mission modules.		
May 18, 2011	Environmental Protection Agency ("EPA")	Seven years	US\$34.0 million
	Under the multi-vendor ITS-EPA II Program Blanket Purchase Agreement, CGI partners with EPA to develop and implement a new cyber security approach focused on strengthening the internal security posture, streamlining processes, re-engineering operations, and enhancing service tracking.		
May 19, 2011	Evraz	Until 2016	Not released
	CGI provides IT services support to its North American operations.		
May 31, 2011	Commonwealth of Pennsylvania, Department of Public Welfare	Four year renewal	US\$44.9 million
	CGI helps prevent, detect, deter and correct provider improper payments within Pennsylvania's Medicaid Medical Assistance program. CGI uses its proprietary data mining software, the Customized Audit System, to conduct reviews of claims and records, identify over and underpayments for recovery, and provide support for appeals activities.		
June 7, 2011	University Health Network	Seven years	\$50.0 million
	CGI's solution provides a secure, shared repository for storage, retrieval and viewing of diagnostic images such as X-rays and MRIs, and associated documents across multiple hospital sites in greater Toronto and central Ontario.		
July 22, 2011	State of Alaska's Department of Administration	Seven years	US\$54.0 million
	CGI provides services for project management, business process redesign, system configuration and development, data conversion and training. The State subscribes to CGI's managed services offering, Managed Advantage, for application maintenance, technical upgrades and help desk support.		
July 22, 2011	Encana Corporation	Five years	Not released
	CGI manages over 370 custom applications Encana requires to run its business. CGI is leveraging its near-shore delivery capabilities and predictive cost model to minimize risk and reduce cost.		

Announcement Date	Client	Duration	Value
August 10, 2011	Scotiabank	Seven years	Not released
	CGI replaces multiple legacy trade and supply chain applications at Scotiabank with a single, integrated platform to enhance service to clients, reduce costs, and provide greater visibility and transparency into its North America, Latin America, Caribbean and Asia operations.		
September 13, 2011	Environmental Protection Agency	Six year renewal	US\$207.0 million
	CGI continues to support EPA's Central Data Exchange through a wide range of technology services, including information assurance/cyber security, web application and systems development, program management, user support, and operations and maintenance services.		
September 15, 2011	Wake County, North Carolina	Twelve years	US\$30.5 million
	CGI hosts the system and securely manages day-to-day operations under its Managed Advantage program, which includes application maintenance, technical upgrades, disaster recovery services, and client support. The County benefits from a single point of accountability for software, services, and hosting as well as a predictable cost over the contract term for product upgrades, infrastructure, and maintenance.		
October 3, 2011	Environmental Protection Agency	Five years	US\$64.5 million
	CGI provides production application platform management to support EPA's primary data center, the National Computing Center, including support for application deployment checklist process, management of numerous applications platforms, and delivery of technical consulting services. This contract was signed prior to but announced subsequent to September 30, 2011.		
October 5, 2011	Wyoming State Auditor's Office	Five year renewal	US\$28.7 million
	CGI continues to provide secure day-to-day ERP operations management, including application maintenance, technical upgrades, disaster recovery services, and client support. This contract was signed prior to but announced subsequent to September 30, 2011.		

Significant Contract Vehicles

In addition to the significant bookings outlined above, CGI also participates in a number of contract vehicles that simplify and streamline the procurement process. Ordering against these vehicles meets U.S. federal requirements for full and open competition, and assures that our past performance credentials have been thoroughly validated. These contract vehicles offer CGI the flexibility to respond to broad agency requirements in a quick and efficient manner. Bookings are registered only when a specific task order is awarded from the contract vehicles. The key vehicles are outlined below along with their term and total value.

Contract Vehicles	Term	Vehicle US\$ Ceiling*
US Army AMCOM EXPRESS	March 1, 2005 to January 31, 2012	Not released
GSA Alliant	May 1, 2009 to April 30, 2014	\$50.0 billion
Navy Seaport-e	April 5, 2004 to April 4, 2014 <i>With five option years</i>	\$39.0 billion
NIH CIO SP2	December 20, 2000 to December 20, 2011	\$19.5 billion
DISA ENCORE	Ending May 31, 2013 <i>Includes five one-year options</i>	\$12.2 billion
US Army FIRST	January 1, 2007 to January 1, 2014	\$9.0 billion
CMS-ESD	September 14, 2007 to September 13, 2017	\$4.0 billion
EPA-ITS	July 1, 2009 to September 30, 2016	\$955.0 million
US Marine Corps CEOs	September 5, 2006 to September 30, 2016	\$500.0 million
Awarded in FY 2011:		
VA T-4	Five years	\$12.0 billion
CDC CIMS	Two years <i>With four two-year options</i>	\$4.0 billion
Treasury TIPSS 4	December 28, 2010 to December 27, 2020 <i>With nine option years</i>	\$4.0 billion
US Army OPTARSS II	March 1, 2011 to March 1, 2016	\$2.5 billion
GSA Infrastructure (IaaS)	Years 2010 to 2015	\$76.0 million

* Vehicle dollar amount ceilings are for all awarded vendors including CGI.

Share Repurchase Program

On January 26, 2011, the Company's Board of Directors authorized and received the approval from the TSX for the renewal of the NCIB to purchase up to 10% of the public float of the Company's Class A subordinate voting shares during the next year. The NCIB enabled CGI to purchase, on the open market, up to 23,006,547 Class A subordinate voting shares for cancellation. The Class A subordinate voting shares could be purchased under the NCIB commencing February 9, 2011 and ending on the earlier of February 8, 2012, or the date on which the Company either acquired the maximum number of Class A subordinate voting shares allowable under the NCIB, or elected to terminate the NCIB.

During fiscal 2011, the Company repurchased 16,373,400 of its Class A subordinate voting shares for \$305.0 million at an average price of \$18.63, under the then-current and previous NCIB.

Foreign currency impact

The impact of foreign currency during fiscal 2011 decreased revenues by 3.1%. This compared with a decrease of 5.8% in fiscal 2010, and an increase of 5.1% in fiscal 2009. The foreign currency impact in 2011 was mainly due to the weakening of the U.S. dollar.

FORWARD LOOKING INFORMATION AND RISKS AND UNCERTAINTIES

Forward-Looking Information

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

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

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

Risks and Uncertainties

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

Risks Related to the Market

Economic risk

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

Risks Related to our Industry

The competition for contracts

CGI operates in a global marketplace in which competition among providers of IT services is vigorous. Some of our competitors possess greater financial, marketing, sales resources, and larger geographic scope in certain parts of the world than we do, which, in turn, provides them with additional leverage in the competition for contracts. In certain niche, regional or metropolitan markets, we face smaller competitors with specialized capabilities who may be able to provide competing services with greater economic efficiency. Some of our competitors have more significant operations than we do in lower cost countries that can serve as a platform from which to provide services worldwide on terms that may be more favourable. Increased competition among IT services firms often results in corresponding pressure on prices. There can be no assurance that we will succeed in providing competitively priced services at levels of service and quality that will enable us to maintain and grow our market share.

The availability and retention of qualified IT professionals

There is strong demand for qualified individuals in the IT industry. Hiring and retaining a sufficient amount of individuals with the desired knowledge and skill set may be difficult. Therefore, it is important that we remain able to successfully attract and retain highly qualified professionals and establish an effective succession plan. If our comprehensive programs aimed at attracting and retaining qualified and dedicated professionals do not ensure that we have staff in sufficient numbers and with the appropriate training, expertise and suitable government security clearances required to serve the needs of our clients, we may have to rely on subcontractors or transfers of staff to fill resulting gaps. If our succession plan fails to identify those with potential or to develop these key individuals, we may lose key members and be required to recruit and train these new resources. This might result in lost revenue or increased costs, thereby putting pressure on our earnings.

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

The rapid pace of change in all aspects of information technology and the continually declining costs of acquiring and maintaining information technology infrastructure mean that we must anticipate changes in our clients' needs. To do so, we must adapt our services and our solutions so that we maintain and improve our competitive advantage and remain able to provide cost effective services. The market for the services and solutions we offer is extremely competitive and there can be no assurance that we will succeed in developing and adapting our business in a timely manner. If we do not keep pace, our ability to retain existing clients and gain new business may be adversely affected. This may result in pressure on our revenue, profit margin and resulting cash flows from operations.

Infringing on the intellectual property rights of others

Despite our efforts, the steps we take to ensure that our services and offerings do not infringe on the intellectual property rights of third parties may not be adequate to prevent infringement and, as a result, claims may be asserted against us or our clients. We enter into licensing agreements for the right to use intellectual property and may otherwise offer indemnities against liability and damages arising from third-party claims of patent, copyright, trademark or trade secret infringement in respect of our own intellectual property or software or other solutions developed for our clients. In some instances, the amount of these indemnity claims could be greater than the revenue we receive from the client. Intellectual property claims or litigation could be time-consuming and costly, harm our reputation, require us to enter into additional royalty or licensing arrangements, or prevent us from providing some solutions or services. Any limitation on our ability to sell or use solutions or services that incorporate software or technologies that are the subject of a claim could cause us to lose revenue-generating opportunities or require us to incur additional expenses to modify solutions for future projects.

Benchmarking provisions within certain contracts

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

Protecting our intellectual property rights

Our success depends, in part, on our ability to protect our proprietary methodologies, processes, know-how, tools, techniques and other intellectual property that we use to provide our services. CGI's business solutions will generally benefit from available copyright protection and, in some cases, patent protection. Although CGI takes reasonable steps to protect and enforce its intellectual property rights, there is no assurance that such measures will be enforceable or adequate. The cost of enforcing our rights can be substantial and, in certain cases, may prove to be uneconomic. In addition, the laws of some countries in which we conduct business may offer only limited intellectual property rights protection. Despite our efforts, the steps taken to protect our intellectual property may not be adequate to prevent or deter infringement or other misappropriation of intellectual property, and we may not be able to detect unauthorized use of our intellectual property, or take appropriate steps to enforce our intellectual property rights.

Risks Related to our Business

Risks associated with our growth strategy

CGI's *Build and Buy* strategy is founded on four pillars of growth: first, organic growth through contract wins, renewals and extensions in the areas of outsourcing and system integration; second, the pursuit of new large outsourcing contracts; third, acquisitions of smaller firms or niche players; and fourth, transformational acquisitions.

Our ability to grow through organic growth and new large outsourcing transactions is affected by a number of factors outside of our control, including a lengthening of our sales cycle for major outsourcing contracts.

Our ability to grow through niche and transformational acquisitions requires that we identify suitable acquisition targets and that we correctly evaluate their potential as transactions that will meet our financial and operational objectives. There can be no assurance that we will be able to identify suitable acquisition candidates and consummate additional acquisitions that meet our economic thresholds, or that future acquisitions will be successfully integrated into our operations and yield the tangible accretive value that had been expected.

If we are unable to implement our *Build and Buy* strategy, we will likely be unable to maintain our historic or expected growth rates.

The variability of financial results

Our ability to maintain and increase our revenues is affected not only by our success in implementing our *Build and Buy* strategy, but also by a number of other factors, including: our ability to introduce and deliver new services and products; a lengthened sales cycle; the cyclical nature of purchases of technology services and products; the nature of a customer's business; and the structure of agreements with customers. These, and other factors, make it difficult to predict financial results for any given period.

Business mix variations

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

The financial and operational risks inherent in worldwide operations

We manage operations in numerous countries around the world. The scope of our operations subjects us to various issues that can negatively impact our operations: the fluctuations of currency (see foreign exchange risk); the burden of complying with a wide variety of national and local laws (see regulatory risk); the differences in and uncertainties arising from local business culture and practices; political, social and economic instability including the threats of terrorism, civil unrest, war, natural disasters and pandemic illnesses. Any or all of these risks could impact our global business operations and cause our profitability to decline.

Organizational challenges associated with our size

With the acquisition of Logica, our organization has more than doubled in size with expanded operations in both Europe and Asia. Our culture, standards, core values, internal controls and our policies need to be instilled across the newly acquired businesses as well as maintained within our existing operations. To effectively communicate and manage these standards throughout a large global organization is both challenging and time consuming. Newly acquired businesses may be resistant to change and may remain attached to past methods, standards and practices which may compromise our business agility in

pursuing opportunities. Cultural differences in various countries may also present barriers to introducing new ideas or aligning our vision and strategy with the rest of the organization. If we cannot overcome these obstacles in maintaining a strategic bond throughout the Company worldwide, we may not be able to achieve our growth and profitability objectives.

Taxes

In estimating our income tax payable, management uses accounting principles to determine income tax positions that are likely to be sustained by applicable tax authorities. However, there is no assurance that our tax benefits or tax liability will not materially differ from our estimates or expectations. The tax legislation, regulation and interpretation that apply to our operations are continually changing. In addition, future tax benefits and liabilities are dependent on factors that are inherently uncertain and subject to change, including future earnings, future tax rates, and anticipated business mix in the various jurisdictions in which we operate. Moreover, our tax returns are continually subject to review by applicable tax authorities; it is these tax authorities that will make the final determination of the actual amounts of taxes payable or receivable, of any future tax benefits or liabilities and of income tax expense that we may ultimately recognize. Any of the above factors could have a material adverse effect on our net income or cash flows by affecting our operations and profitability, the availability of tax credits, the cost of the services we provide, and the availability of deductions for operating losses as we develop our international service delivery capabilities.

Credit risk with respect to accounts receivable

In order to sustain our cash flows and net earnings from operations, we must collect the amounts owed to us in an efficient and timely manner. Although we maintain provisions to account for anticipated shortfalls in amounts collected, the provisions we take are based on management estimates and on our assessment of our clients' creditworthiness which may prove to be inadequate in the light of actual results. To the extent that we fail to perform our services in accordance with our contracts and our clients' reasonable expectations, and to the extent that we fail to invoice clients for our services correctly in a timely manner, our collections could suffer resulting in a direct and adverse effect to our revenue, net earnings and cash flows. In addition, a prolonged economic downturn may cause clients to curtail or defer projects, impair their ability to pay for services already provided, and ultimately cause them to default on existing contracts, in each case, causing a shortfall in revenue and impairing our future prospects.

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

Consolidation among our clients resulting from mergers and acquisitions may result in loss or reduction of business when the successor business' information technology needs are served by another service provider or are provided by the successor company's own personnel. Growth in a client's information technology needs resulting from acquisitions or operations may mean that we no longer have a sufficient geographic scope or the critical mass to serve the client's needs efficiently, resulting in the loss of the client's business and impairing our future prospects. There can be no assurance that we will be able to achieve the objectives of our growth strategy in order to maintain and increase our geographic scope and critical mass in our targeted markets.

Early termination risk

If we should fail to deliver our services according to contractual agreements, some of our clients could elect to terminate contracts before their agreed expiry date, which would result in a reduction of our earnings and cash flow and may impact the value of our backlog. In addition, a number of our outsourcing contractual agreements have termination for convenience and change of control clauses according to which a change in the client's intentions or a change in control of CGI could lead to a termination of the said agreements. Early contract termination can also result from the exercise of a legal right or when circumstances that are beyond our control or beyond the control of our client prevent the contract from continuing. In cases of early termination, we may not be able to recover capitalized contract costs and we may not be able to eliminate ongoing costs incurred to support the contract.

Cost estimation risks

In order to generate acceptable margins, our pricing for services is dependent on our ability to accurately estimate the costs and timing for completing projects or long-term outsourcing contracts. In addition, a significant portion of our project-oriented contracts are performed on a fixed-price basis. Billing for fixed-price engagements is carried out in accordance with the contract terms agreed upon with our client, and revenue is recognized based on the percentage of effort incurred to date in relation to the total estimated costs to be incurred over the duration of the respective contract. These estimates reflect our best judgment regarding the efficiencies of our methodologies and professionals as we plan to apply them to the contracts in accordance with the CGI Client Partnership Management Framework ("CPMF"), a process framework which helps ensure that all contracts are managed according to the same high standards throughout the organization. If we fail to apply the CPMF correctly or if we are unsuccessful in accurately estimating the time or resources required to fulfil our obligations under a contract, or if unexpected factors, including those outside of our control, arise, there may be an impact on costs or the delivery schedule which could have an adverse effect on our expected profit margins.

Risks related to teaming agreements and subcontracts

We derive substantial revenues from contracts where we enter into teaming agreements with other providers. In some teaming agreements we are the prime contractor whereas in others we act as a subcontractor. In both cases, we rely on our relationships with other providers to generate business and we expect to do so in the foreseeable future. Where we act as prime contractor, if we fail to maintain our relationships with other providers, we may have difficulty attracting suitable participants in our teaming agreements. Similarly, where we act as subcontractor, if our relationships are impaired, other providers might reduce the work they award to us, award that work to our competitors, or choose to offer the services directly to the client in order to compete with our business. In either case, our business, prospects, financial condition and operating results could be harmed.

Our partners' ability to deliver on their commitments

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

Guarantees risk

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

Risk related to human resources utilization rates

In order to maintain our profit margin, it is important that we maintain the appropriate availability of professional resources in each of our geographies by having a high utilization rate while still being able to assign additional resources to new work. Maintaining an efficient utilization rate requires us to forecast our need for professional resources accurately and to manage recruitment activities, professional training programs, attrition rates and restructuring programs appropriately. To the extent that we fail to do so, or to the extent that laws and regulations, particularly those in Europe, restrict our ability to do so, our utilization rates may be reduced; thereby having an impact on our revenue and profitability. Conversely, we may find that we do not have sufficient resources to deploy against new business opportunities in which case our ability to grow our revenue would suffer.

Client concentration risk

We derive a significant portion of our revenue from the services we provide to the U.S. federal government and its agencies, and we expect that this will continue for the foreseeable future. In the event that a major U.S. federal government agency were to limit, reduce, or eliminate the business it awards to us, we might be unable to recover the lost revenue with work from other agencies or other clients, and our business, prospects, financial condition and operating results could be materially and adversely affected. Although International Financial Reporting Standards considers a national government and its agencies as a single client, our client base in the U.S. government economic sector is in fact diversified with contracts from many different departments and agencies.

Government business risk

Changes in government spending policies or budget priorities could directly affect our financial performance. Among the factors that could harm our government contracting business are the curtailment of governments' use of consulting and IT services firms; a significant decline in spending by governments in general, or by specific departments or agencies in particular; the adoption of new legislation and/or actions affecting companies that provide services to governments; delays in the payment of our invoices by government payment offices; and general economic and political conditions. These or other factors could cause government agencies and departments to reduce their purchases under contracts, to exercise their right to terminate contracts, to issue temporary stop work orders, or not to exercise options to renew contracts, any of which would cause us to lose future revenue. Government spending reductions or budget cutbacks at these departments or agencies could materially harm our continued performance under these contracts, or limit the awarding of additional contracts from these agencies.

Regulatory risk

Our global operations require us to be compliant with laws in many jurisdictions on matters such as: anticorruption, trade restrictions, immigration, taxation, securities regulation, anti-competition, data privacy and labour relations, amongst others. Complying with these diverse requirements worldwide is a challenge and consumes significant resources. Some of these laws may impose conflicting requirements; we may face the absence in some jurisdictions of effective laws to protect our intellectual property rights; there may be restrictions on the movement of cash and other assets; or restrictions on the import and export of certain technologies; or restrictions on the repatriation of earnings and reduce our earnings, all of which may expose us to penalties for non-compliance and harm our reputation.

Our business with the U.S. federal government and its agencies requires that we comply with complex laws and regulations relating to government contracts. These laws relate to the integrity of the procurement process, impose disclosure requirements, and address national security concerns, among others matters. For instance, we are routinely subject to audits by U.S. government agencies with respect to compliance with these rules. If we fail to comply with these requirements we may incur penalties and sanctions, including contract termination, suspension of payments, suspension or debarment from doing business with the federal government, and fines.

Legal claims made against our work

We create, implement and maintain IT solutions that are often critical to the operations of our clients' business. Our ability to complete large projects as expected could be adversely affected by unanticipated delays, renegotiations, and changing client requirements or project delays. Also, our solutions may suffer from defects that adversely affect their performance; they may not meet our clients' requirements or may fail to perform in accordance with applicable service levels. Such problems could subject us to legal liability, which could adversely affect our business, operating results and financial condition, and may negatively affect our professional reputation. We typically use reasonable efforts to include provisions in our contracts which are designed to limit our exposure to legal claims relating to our services and the applications we develop. We may not always be able to include such provisions and, where we are successful, they may not protect us adequately or may not be enforceable under some circumstances or under the laws of some jurisdictions.

Information and infrastructure risks

Our business often requires that our clients' applications and information, which may include their proprietary information, be processed and stored on our networks and systems, and in data centres that we manage. Digital information and equipment is subject to loss, theft or destruction, and services that we provide may become temporarily unavailable as a result thereof or upon an equipment or system malfunction. Failures can arise from human error in the course of normal operations, maintenance and upgrading activities, or from hacking, vandalism (including denial of service attacks and computer viruses), theft and unauthorized access by third parties, as well as from power outages or surges, floods, fires, natural disasters or from any other causes. The measures that we take to protect information and software, including both physical and logical controls on access to premises and information and backup systems may prove in some circumstances to be inadequate to prevent the loss, theft or destruction of client information or service interruptions. Such events may expose the Company to financial loss or damages.

Risk of harm to our reputation

CGI's reputation as a capable and trustworthy service provider and long term business partner is key to our ability to compete effectively in the market for information technology services. The nature of our operations exposes us to the potential loss, unauthorized access to, or destruction of our clients' information, as well as temporary service interruptions. Depending on the nature of the information or services, such events may have a negative impact on how the Company is perceived in the marketplace. Under such circumstances, our ability to obtain new clients and retain existing clients could suffer with a resulting impact on our revenue and profit.

Risks associated with the integration of new operations

The successful integration of new operations arising from our acquisition strategy or from large outsourcing contracts requires that a substantial amount of management time and attention be focused on integration tasks. Management time that is devoted to integration activities may detract from management's normal operations focus with resulting pressure on the revenues and earnings from our existing operations. In addition, we may face complex and potentially time-consuming challenges in implementing the uniform standards, controls, procedures and policies across new operations to harmonize their activities with those of our existing business units. Integration activities can result in unanticipated operational problems, expenses and liabilities. If we are not successful in executing our integration strategies in a timely and cost-effective manner, we will have difficulty achieving our growth and profitability objectives.

Internal controls risks

Due to the inherent limitations of internal controls including the circumvention or overriding of controls, or fraud, there can only be reasonable assurance that the Company's internal controls will detect and prevent a misstatement. If the Company is unable to design, implement, monitor and maintain effective internal controls throughout its different business environments, the efficiency of our operations might suffer, resulting in a decline in revenue and profitability, and the accuracy of our financial reporting could be impaired.

Liquidity and funding risks

The Company's future growth is contingent on the execution of its business strategy, which, in turn, is dependent on its ability to grow the business organically as well as conclude business acquisitions. By its nature, our growth strategy requires us to fund the investments required to be made using a mix of cash generated from our existing operations, money borrowed under our existing or future credit agreements, and equity funding generated by the issuance of shares of our capital stock to counterparties in transactions, or to the general public. Our ability to raise the required funding depends on the capacity of the capital markets to meet our financing needs in a timely fashion and on the basis of interest rates and share prices that are reasonable in the context of profitability objectives. Increasing interest rates, volatility in our share price, and the capacity of our current lenders to meet our liquidity requirements are all factors that may have an adverse effect on our access to the funding we require. If we are unable to obtain the necessary funding, we may be unable to achieve our growth objectives.

Foreign exchange risks

The majority of our revenue and costs are denominated in currencies other than the Canadian dollar. Foreign exchange fluctuations impact the results of our operations as they are reported in Canadian dollars. This risk is partially mitigated by a natural hedge in matching our costs with revenue denominated in the same currency and through the use of derivatives in our hedging strategy. As we continue our global expansion, natural hedges may begin to diminish and the use of hedging contracts exposes us to the risk that financial institutions will fail to perform their obligations under our hedging instruments. Other than the use of financial products to deliver on our hedging strategy, we do not trade derivative financial instruments.

With our expanded presence in Europe, if uncertainty regarding the ability of certain European countries to continue servicing their sovereign debt or if austerity measures persist, the euro may weaken against the Canadian dollar. Similarly, if other currencies of countries where we operate weaken against the Canadian dollar, our consolidated financial results could be materially adversely affected.

LEGAL PROCEEDINGS

The Company is involved in legal proceedings, audits, claims and litigation arising in the ordinary course of its business. Certain of these matters seek damages in significant amounts. Although the outcome of such matters is not predictable with assurance, the Company has no reason to believe that the disposition of any such current matter could reasonably be expected to have a material adverse effect on the Company's financial position, results of operations or the ability to carry on any of its business activities.

TRANSFER AGENT AND REGISTRAR

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

AUDITORS

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

ADDITIONAL INFORMATION

The Company will provide to any person, upon request to the Company, (i) a copy of this Annual Information Form of the Company, together with a copy of any document incorporated by reference therein, (ii) a copy of the consolidated financial statements of the Company for the year ended September 30, 2013 together with the accompanying report of the auditor and a copy of any subsequent interim financial statements, (iii) a copy of the Management Proxy Circular dated December 13, 2013 and (iv) a copy of the Management's Discussion & Analysis of the Company for the year ended September 30, 2013.

Additional information, including directors' and officers' remuneration and indebtedness, securities authorized for issuance under equity compensation plans and principal holders of the Company's shares, is included in the Management Proxy Circular dated December 13, 2013.

Additional financial information in relation to the last fiscal year ended September 30, 2013 is presented in the audited consolidated financial statements of the Company and in the related Management's Discussion & Analysis of the Company.

The documents mentioned above are available on SEDAR at www.sedar.com and on the Company's web site at www.cgi.com. You can also obtain a copy of such documents by contacting Investor Relations by sending an e-mail to ir@cgi.com, by visiting the Investors section on the Company's Web site at www.cgi.com or by contacting us by mail or telephone:

Investor Relations
1350 René-Lévesque Blvd. West
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APPENDIX A
CGI GROUP INC.
Fundamental Texts

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

Dream, Mission, Vision, and Values	2
CGI Management Foundation	12
Charter of the Board of Directors	18
Charter of the Corporate Governance Committee	27
Charter of the Human Resources Committee	33
Charter of the Audit and Risk Management Committee	38
Code of Ethics and Business Conduct	49
Executive Code of Conduct	70
Guidelines on Timely Disclosure of Material Information and Transactions in Securities of CGI Group Inc. by Insiders	73



Fundamental Texts of CGI Group Inc.

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January 30, 2013
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Presentation

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

THE FUNDAMENTAL TEXTS INCLUDE:

1. <u>Dream, Mission, Vision and Values</u>	2
2. <u>CGI Management Foundation</u>	12
3. <u>Documents and Policies Pertaining to Corporate Governance</u>	17
<u>3.1 Charter of the Board of Directors</u>	18
<u>3.2 Charter of the Corporate Governance Committee</u>	27
<u>3.3 Charter of the Human Resources Committee</u>	33
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4. <u>Codes of Ethics</u>	48
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1. Dream, Mission, Vision and Values



Dream, Mission, Vision and Values

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

A. THE CGI DREAM

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

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

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

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

From this very basic idea grew an entire business philosophy.

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

B. THE CGI MISSION AND VISION

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

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

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

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

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

C. THE CGI CULTURE AND VALUES

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

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

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

1. SHARING THE SAME VALUES

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

PARTNERSHIP AND QUALITY

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

OBJECTIVITY AND INTEGRITY

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

INTRAPRENEURSHIP AND SHARING

Our success is based on the competence, commitment and enthusiasm of our members. Therefore, we promote a climate of innovation and initiative where we are empowered with a sense of ownership in supporting clients, thus ensuring the firm's profitable growth. Through teamwork, sharing our know-how and expertise, we bring the best of CGI to our clients. As members, we share in the value we create through equity ownership and profit participation.

RESPECT

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

FINANCIAL STRENGTH

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

CORPORATE SOCIAL RESPONSIBILITY

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

2. EMBRACING THE OBJECTIVES OF OUR CLIENTS

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

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

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

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

3. ADOPTING A CARING, HUMANE APPROACH TOWARDS OUR MEMBERS

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

4. FOCUSING ON SYNERGY AND THE STRENGTH OF TEAMWORK

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

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

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

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

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

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

It is an approach that incorporates many advantages:

FOR OUR CLIENTS

Because of this approach, CGI has very few freelance or contract employees. This helps assure our clients that the experience we acquire

through working with them is more likely to remain in the company. Moreover, the people they deal with at CGI are also owners of the company and are therefore completely committed to producing high-quality, dependable work in order to strengthen the client relationship.

FOR OUR SHAREHOLDERS

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

FOR OUR MEMBERS

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

6. PROMOTING ROBUST, HEALTHY AND SUSTAINED GROWTH TO THE BENEFIT OF ALL STAKEHOLDERS

Robust, healthy and sustained growth is vital to the company's success. Much of our clientele consists of large companies with operations extending over many countries. We are committed to serving these clients well, often through long-term relationships that require us to deploy professionals in sufficient numbers where clients operate. The growth of our clients' business requires that we grow with them. Also, as a result of our success, an increasing number of clients call upon us to provide them with services. Robust growth is therefore intrinsic to the nature of the business we are in.

Growth is not only a vital component of our activities and essential to our clients, it also benefits our members. It provides them with an opportunity to embark upon new and stimulating challenges and develop their own potential. And growth, when financially healthy and profitable, clearly benefits all of our shareholders (including our member shareholders) through the value it generates.

To maintain healthy and sustained growth, it is important that the companies or groups that join our ranks be welcomed and well integrated into our operations. In order to succeed in its growth strategy, CGI has developed its integration capability into a core competency. This capacity to integrate is based on three main axes. The first axis is aimed primarily at welcoming newcomers, answering their legitimate questions, confirming their new conditions of employment and, above all, allowing them to discover CGI by sharing its dream and values. The second axis is directed towards establishing the various synergy goals linked to an acquisition or an outsourcing deal. This encourages all parties to understand that this combination of strengths offers new, stimulating opportunities. The third axis is aimed at assuring the organizational transition and a rapid transfer to the CGI Management Foundation, especially with regards to the Quality System.

It follows that there ought to be an equilibrium of interests among all of the company's core stakeholders: clients, members and shareholders.



It is of course also essential that, as it grows, our company continues to act as a responsible corporate citizen by respecting and supporting the communities in which it operates and by respecting the environment.

The following are a few concrete examples of how this balanced approach promotes the healthy and sustained growth of CGI:

- ◆ We must ensure, at every step of our growth, that we preserve the quality of the services we offer to our current and future clients.
- ◆ We must also ensure that our members are adequately prepared to face the new challenges we offer them and that they have the resources needed to accomplish their work.
- ◆ Growth must not come at the expense of the communities where we do business, or of the environment in general. In fact, we are committed to participating in the development of these communities and the protection of the environment.
- ◆ We strive to ensure that our growth and development efforts provide short-term benefits without negatively impacting our long-term performance. We believe this also to be in the best interests of our shareholders.

When the above conditions are met, robust, healthy, balanced and sustainable growth will follow.

7. IMPLEMENTING A MANAGEMENT MODEL ALIGNED WITH OUR DREAM AND VALUES

CGI's dream is being fulfilled every day through the constant efforts of our members who share and believe in this dream. It is also achieved through a disciplined management approach that is based on the company's objectives to produce high quality work for its clients, promote the development of its members and provide high value to its shareholders.

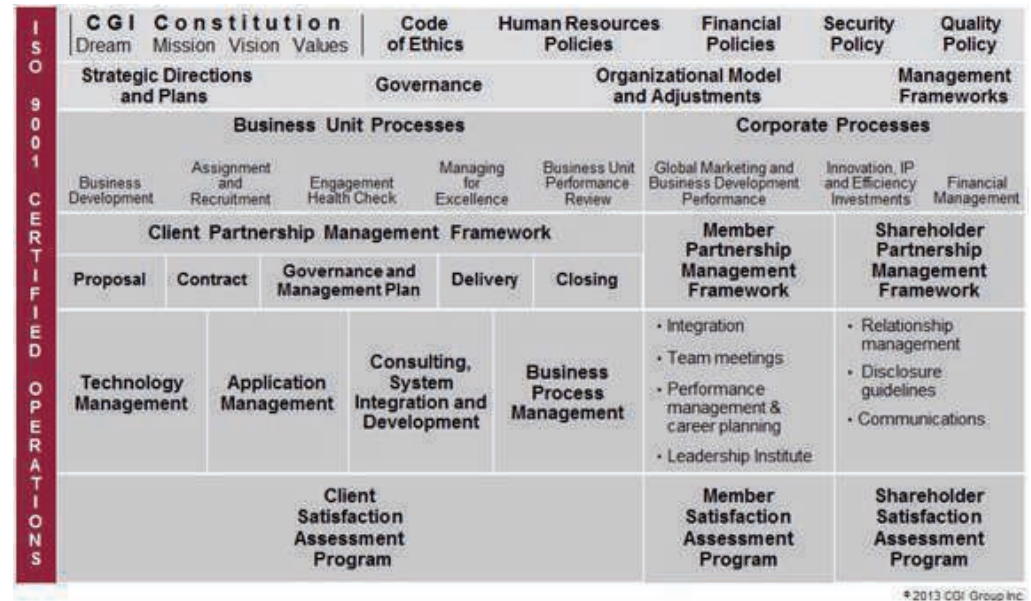


2. CGI Management Foundation



CGI Management Foundation

INTRODUCTION



In the above diagram, we have assembled the key elements that define and guide the management of CGI. For this reason, these elements have been called the CGI Management “Foundation.” They reflect our collective experience and have been developed to make our actions as efficient as possible. This efficiency must first and foremost respect a number of principles, which are themselves integrated into the CGI Management Foundation and deserve to be emphasized:

- 1) the primacy of the dream, the mission, the vision and the values of the company;
- 2) the equilibrium between the legitimate interests of our clients, members and shareholders;
- 3) the balance between the need to assure cohesiveness and rigour in the management of the company and the commitment to promote autonomy, initiative and entrepreneurship.

The CGI Management Foundation intends to guide rather than prescribe.

Thus, it offers a certain amount of freedom in order to remain focused on our essential goal: to provide high-quality services truly adapted to our clients' needs.

We will now examine the individual elements of the Foundation.

DREAM, MISSION, VISION, VALUES, QUALITY POLICIES, STRATEGIC DIRECTIONS AND PLANS

Dream, Mission, Vision, Values, Quality Policies, Strategic Directions & Plans

The first section of the diagram aims at ensuring that all decisions are well aligned on the dream, mission, vision and values of the company. These are described in the first section of this document.

The next component is our Quality Policy. It has earned ISO 9001 certification, which requires that CGI demonstrate every year to external evaluators that its Quality Policy is applied across all of its operations.

The final component of this uppermost section focuses on Strategic Directions and Plans. These are established on an annual and triennial basis according to a rigorous process that includes extensive participation from within the company as well as from our clients and our shareholders. The emphasis placed on involving all business units and corporate services in the planning process helps ensure that the objectives established and methods selected are shared by all to the fullest extent possible and that they generate enthusiastic commitment in their implementation.

GOVERNANCE POLICIES AND FRAMEWORKS, HUMAN RESOURCES POLICIES, FINANCIAL POLICIES AND ORGANIZATIONAL MODEL

Governance Policies, Management Frameworks, HR Policies, Financial Policies & Organizational Model

The first component of the second section refers to the company's governance policies and frameworks. These policies and frameworks are comprised of the following documents:

- 1) The Charters of the Board of Director and its committees;
- 2) the Codes of Ethics, to which members, officers and directors of the company must adhere;
- 3) the Operations Management Framework, which outlines the delegation framework with respect to decision making (e.g. who may authorize and sign a million dollar proposal; who may authorize promotion to a vice-president's position).

The second component involves human resources policies. All new members of the CGI team are asked to read You and CGI, which outlines all of the company's human resources policies, from compensation and training to career development.

The third component focuses on financial policies. It covers how we determine our profitability objectives, target ratios (e.g. profit margins, maximum percentage allotted to certain expenses), how and when our financial results are prepared, the rules governing disclosure of results, etc. These policies and rules are outlined in a document under the responsibility of the Chief Financial Officer, and the most pertinent elements are communicated to all of our members.

Finally, the organizational model favoured by CGI is one that provides considerable autonomy to our business units. This model consists of creating business units in major cities in the regions that we serve. We also put a high priority on establishing solid business relationships within these regions, particularly with the decision makers from the companies operating in these cities. Each of these “metropolitan” business units is structured according to the key economic sectors served by CGI (finance, telecommunications, etc.). The implementation of a service offering for clients which have operations in multiple regions or countries is achieved through collaboration among business units, which, in the case of large contracts and particularly those involving outsourcing, can result in entire business units being dedicated to our major clients or to groups of clients who share the same needs. Consulting services and centres of expertise throughout CGI ensure that knowledge, strategies and leading-edge solutions are shared within the entire company.

BUSINESS UNIT PROCESSES AND PARTNERSHIP MANAGEMENT FRAMEWORKS

Business Unit Processes					Corporate Processes
Client Partnership Management Framework					Member Partnership Management Framework
Proposal	Contract	Management Plan	Delivery	Closing	
Technology Management	Application Management	System Integration & Development	Business Process Management	- Career and Leadership Development - Integration - Performance Assessment - Communications	- Relationship Management - Governance - Communications
Tier 1	Tier 2	Tier 3	Tier 4		
(CMM level 5)					

The Business Unit Processes explain how the Client Partnership Management Framework and the Member Partnership Management Framework are applied locally in each business unit. They also describe how business development activities and other initiatives crucial to the smooth operation of each business unit should be managed.

The activities at the core of the operational management of CGI are aligned onto three management frameworks: the Client Partnership Management Framework, the Member Partnership Management Framework and the Shareholder Partnership Management Framework. These frameworks are the cornerstones of a continuous improvement process that is supported by the documentation and the systematic, audited application of our best practices. The process is also constantly fuelled by client, member and shareholder evaluations of our activities and performance.

The first is the Client Partnership Management Framework. CGI's leadership position in its industry is contingent upon its ability to deliver services of the highest quality to its clients at competitive prices and within the established time frames. The Client Partnership Management Framework is the basis of how we manage our relationships with our clients. For each of type of mandates (outsourcing, projects, and consulting services), this framework guides our teams in the achievement of all phases of their work, from the proposal to its completion of the mandate. It is based not only on our best practices, but also relies on the industry's best standards and practices. A rigorous, regular program to evaluate the satisfaction of our clients allows us to measure our progress and continuously improve our practices. This evaluation is conducted on a face-to-face basis with the client, who must sign the evaluation. Each year, CGI establishes improvement objectives based on the results obtained the previous year.

The Member Partnership Management Framework guides all of our managers through the communications and dialogue activities they have with their teams. This cycle begins with welcoming activities and is followed by informal meetings, team meetings at various levels, career planning and performance reviews. We measure the satisfaction of our members annually through a survey conducted by an outside firm. Members can also use the survey to communicate their observations and suggestions to the head of their business unit or the CGI executive team. The results are published, and commitments are made by the leaders of both the business units and the company itself to address the comments submitted and make needed improvements.

The Shareholder Partnership Management Framework describes our information and relationship program with our investors beyond the prescribed activities associated with corporate governance, transparency and the disclosure of results.

Client Satisfaction Assessment Program	Member Satisfaction Assessment Program	Shareholder Satisfaction Assessment Program

The final section refers to the way we measure our results. First and foremost, we systematically measure the satisfaction levels of active clients regularly. We also measure member satisfaction annually, and we are currently developing a shareholder satisfaction measurement tool.



3. Documents and Policies Pertaining to Corporate Governance



Documents and Policies Pertaining to Corporate Governance

3.1 Charter of the Board of Directors

IMPORTANT NOTE

Chapter 1, Dream, Mission, Vision and Values of the CGI Group Inc. Fundamental Texts constitutes the fundamental principles of this Charter. This Charter should therefore be read in conjunction with Chapter 1.

1. INTERPRETATION

“Financially Literate” means the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements.

“Independent Director” means a director who meets the independence criteria set out in section 1.4 of Multilateral Instrument 52-110 Audit Committees adopted by the Canadian Securities Administrators and as amended and in effect as of June 30, 2005, which is reproduced in Appendix A.

2. OBJECTIVES

CGI’s shareholders are the first and most important element in the Company’s governance structures and processes. At each annual general meeting, the Company’s shareholders elect the members of the Company’s Board of Directors and give them a mandate to manage and oversee the management of the Company’s affairs for the coming year.

In the normal course of operations, certain corporate actions which may be material to CGI are initiated from time to time by the Company’s senior management and, at the appropriate time, are submitted to CGI’s Board of Directors for consideration and approval. When appropriate, such matters are also submitted for consideration and approval by CGI’s shareholders. All such approvals are sought in accordance with the charters of the Board of Directors and standing committees, CGI’s corporate governance practices and applicable corporate and securities legislation.

The overall stewardship of the Company is the responsibility of the Board of Directors. In accomplishing the mandate it receives from the Company’s shareholders, the Board of Directors may delegate certain of

its authority and responsibilities to committees and management and reserve certain powers to itself. Nonetheless, it will retain full effective control over the Company.

3. COMPOSITION

- 3.1 The majority of the Board of Directors shall be comprised of Independent Directors. The application of the definition of Independent Director to the circumstances of each individual director is the responsibility of the Board of Directors which will disclose on an annual basis whether it is constituted with the appropriate number of directors which are Independent Directors and the basis for its analysis. The Board of Directors will also disclose which directors are Independent Directors or not and provide a description of the business, family, direct and indirect shareholding or other relationship between each director and the Company.
- 3.2 The Company expects and requires directors to be and remain free of conflictual interests or relationships and to refrain from acting in ways which are actually or potentially harmful, conflictual or detrimental to the Company's best interests. Each director shall comply with the Company's formal code of ethics and business conduct that governs the behaviour of members, directors and officers and shall complete and file annually with the Company any and all documents required pursuant to such formal code of ethics and business conduct with respect to conflict of interests. This matter will also be reviewed annually by the Corporate Governance Committee. The Board of Directors will monitor compliance with said code as well as with the Company's executive code of conduct applicable to its principal executive officer, principal financial officer, principal accounting officer or controller, or other persons performing similar functions within the Company. The Board will also be responsible for the granting of any waivers from compliance with the codes for directors and officers. The Board of Directors will disclose in due time the adoption of such codes as well as all waivers and specify the circumstances and rationale for granting the waiver.
- 3.3 The Board of Directors, following advice of its Corporate Governance Committee, is responsible for evaluating its size and composition and establishing a Board comprised of members who facilitate effective decision-making. The Board of Directors has the ability to increase or decrease its size.
- 3.4 It is a general requirement under the Company's corporate governance practices that all directors possess both financial and operational literacy. In addition, the membership of the Board of Directors will include a sufficient number of directors who are Financially Literate and at least one director who qualifies as a financial expert as defined in the applicable corporate governance rules imposed by regulatory bodies in order to ensure that the Audit and Risk Management Committee membership complies with those rules.

- 3.5 A director who makes a major change in principal occupation will forthwith disclose this fact to the Board of Directors and will offer his or her resignation to the Board of Directors for consideration. It is not intended that directors who retire or whose professional positions change should necessarily leave the Board of Directors. However, there should be an opportunity for the Board of Directors to review the continued appropriateness of the Board of Directors membership under such circumstances.
- 3.6 The Board of Directors is responsible for approving new nominees to the Board. New directors will be provided with an orientation and education program which will include written information about the duties and obligations of directors, the business and operations of the Company, documents from recent Board of Directors meetings and opportunities for meetings and discussion with senior management and other directors. The details of the orientation of each new director will be tailored to that director's individual needs and areas of interest. The prospective candidates should fully understand the role of the Board of Directors and its committees and the contribution expected from individual directors and the Board of Directors will ensure that they are provided with the appropriate information to that effect. In addition, the Board of Directors will ascertain and make available to its members, when required, continuing education as per the business and operations of the Company.

4. RESOURCES

- 4.1 The Board of Directors will implement structures and procedures to ensure that it functions independently of management.
- 4.2 The Board of Directors appreciates the value of having certain members of senior management attend each Board of Directors meeting to provide information and opinion to assist the directors in their deliberations. The Executive Chairman of the Board will seek the Board of Directors' concurrence in the event of any proposed change to the management attendees at Board of Directors meetings. Management attendees will be excused for any agenda items which are reserved for discussion among directors only.

5. RESPONSIBILITIES AND DUTIES

The principal responsibilities and duties of the Board of Directors include the following, it being understood that in carrying out their responsibilities and duties, directors may consult with management and may retain external advisors at the expense of the Company in appropriate circumstances. Any engagement of external advisors shall be subject to the approval of the Chair of the Corporate Governance Committee.

5.1 General Responsibilities

- 5.1.1 The Board of Directors will oversee the management of the Company. In doing so, the Board of Directors will establish a productive working relationship with the Executive Chairman of the Board and the Chief Executive Officer and other members of senior management.
- 5.1.2 The Board of Directors will oversee the formulation of long-term strategic, financial and organizational goals for the Company. It shall approve the Company's strategic plan and review same on at least an annual basis. This plan will take into account the opportunity and risks of the Company's business.
- 5.1.3 As part of the responsibility of the Board of Directors to oversee management of the Company, the Board of Directors will engage in active monitoring of the Company and its affairs in its stewardship capacity.
- 5.1.4 The Board of Directors will engage in a review of short and long-term performance of the Company in accordance with approved plans.
- 5.1.5 The officers of the Company, headed by the Executive Chairman of the Board and the Chief Executive Officer, shall be responsible for general day to day management of the Company and for making recommendations to the Board of Directors with respect to long term strategic, financial, organizational and related objectives.
- 5.1.6 The Board of Directors will periodically review the significant risks and opportunities affecting the Company and its business and oversee the actions, systems and controls in place to manage and monitor risks and opportunities. The Board of Directors may impose such limits as may be in the interests of the Company and its shareholders.
- 5.1.7 The Board of Directors will oversee how the Company communicates its goals and objectives to its shareholders and other relevant constituencies.
- 5.1.8 The Board of Directors will oversee the succession planning including appointing, training and monitoring senior management and the Executive Chairman of the Board in particular.
- 5.1.9 The Board of Directors is responsible for overseeing a Communication Policy for the Company. In doing so, the Board of Directors will ensure that the policy (i) addresses how the Company interacts with analysts, investors, other key stakeholders and the public, (ii) contains measures for

the Company to comply with its continuous and timely disclosure obligations and to avoid selective disclosure, and (iii) is reviewed at least annually.

- 5.1.10 The Board of Directors will oversee the integrity of the Company's internal control and management information systems.
- 5.1.11 The Board of Directors will make sure that the Company adopt prudent financial standards with respect to the business of the Company and prudent levels of debt in relation to the Company's consolidated capitalization.
- 5.1.12 The Board of Directors will also consider and approve:
- i) transactions out of the ordinary course of business including, without limitation, proposals on mergers, acquisitions or other major investments or divestitures;
 - ii) all matters that would be expected to have a major impact on shareholders;
 - iii) the appointment of any person to any position that would qualify such person as an officer of the Company; and
 - iv) any proposed changes in compensation to be paid to members of the Board of Directors on the recommendation of the Human Resources Committee.
- 5.1.13 The Board of Directors will also receive reports and consider:
- i) The quality of relationships between the Company and its key customers;
 - ii) Changes in the shareholder base of the Company from time to time and relationships between the Company and its significant shareholders;
 - iii) Periodic reports from Board of Directors' committees with respect to matters considered by such committees;
 - iv) Health, safety and environmental matters as they affect the Company and its business; and
 - v) Such other matters as the Board of Directors may, from time to time, determine.
- 5.1.14 The Board of Directors will oversee management through an ongoing review process.

5.1.15 The Board of Directors will, together with the Executive Chairman of the Board develop a position descriptions for the Executive Chairman of the Board and the Chief Executive Officer. The Board of Directors will also approve the corporate objectives that the Executive Chairman of the Board is responsible for meeting and assess management's performance in relation to such objectives. The Board of Directors will raise any concerns related to the performance of the Chief Executive Officer with the Executive Chairman of the Board as appropriate.

5.1.16 The Board of Directors will receive a report from its Human Resources Committee on succession planning as set forth in such committee's mandate.

5.2 Annual Assessment of the Board of Directors

The Board of Directors will annually review the assessment of the Board of Directors' performance and recommendation provided by the Corporate Governance Committee. The objective of this review is to increase the effectiveness of the Board of Directors and contribute to a process of continuous improvement in the Board of Directors' execution of its responsibilities. It is expected that the result of such reviews will be to identify any areas where the directors and/or management believe that the Board of Directors and/or the directors individually could make a better contribution to the affairs of the Company. The Board of Directors will take appropriate action based upon the results of the review process.

5.3 Committees

5.3.1 The Board of Directors shall appoint committees to assist it in performing its duties and processing the quantity of information it receives.

5.3.2 Each committee operates according to a Board of Directors approved written mandate outlining its duties and responsibilities. This structure may be subject to change as the Board of Directors considers from time to time which of its responsibilities can best be fulfilled through more detailed review of matters in committee.

5.3.3 The Board of Directors will review annually the work undertaken by each committee and the responsibilities thereof.

5.3.4 The Board of Directors will annually evaluate the performance and review the work of its committees, including their respective mandates and the sufficiency of such mandates.

- 5.3.5 The Board of Directors will annually appoint a Lead Director as well as a member of each of its committees to act as Chair of the committee.
- 5.3.6 Subject to subsection 5.3.8, committees of the Board of Directors shall be composed of a majority of Independent Directors.
- 5.3.7 The Board of Directors shall appoint members of committees after considering the recommendations of the Corporate Governance Committee and the Executive Chairman of the Board as well as the skills and desires of individual Board members, all in accordance with the mandates of such committees approved by the Board.
- 5.3.8 The Audit Committee shall be composed only of Independent Directors. All members of the Audit Committee shall be Financially Literate and at least one member shall be a financial expert within the meaning of applicable regulatory requirements.
- 5.4 Lead Director
- 5.4.1 The Lead Director shall be an Independent Director. He will oversee that the Board of Directors discharges its responsibilities, ensure that the Board of Directors evaluates the performance of management objectively and that the Board of Directors understands the boundaries between the Board of Directors and management responsibilities.
- 5.4.2 The Lead Director will chair periodic meetings of the Independent Directors and assume other responsibilities which the Independent Directors as a whole might designate from time to time.
- 5.4.3 The Lead Director should be able to stand sufficiently back from the day-to-day running of the business to ensure that the Board of Directors is in full control of the Company's affairs and alert to its obligations to the shareholders.
- 5.4.4 The Lead Director shall provide input to the Executive Chairman of the Board on preparation of agendas for Board and committee meetings.
- 5.4.5 The Lead Director shall chair Board meetings when the Executive Chairman of the Board is not in attendance, subject to the provisions of the by-laws of the Company.
- 5.4.6 The Lead Director shall provide leadership for the independent directors and ensure that the effectiveness of the Board is assessed on a regular basis.

- 5.4.7 The Lead Director shall set the agenda for the meetings of the Independent Directors.
- 5.4.8 The Lead Director shall report to the Board concerning the deliberations of the independent directors as required.
- 5.4.9 The Lead Director shall, in conjunction with the Executive Chairman of the Board, facilitate the effective and transparent interaction of Board members and management;
- 5.4.10 The Lead Director shall provide feedback to the Executive Chairman of the Board and act as a sounding board with respect to strategies, accountability, relationships and other issues.

5.5 Review of the Board Mandate

In order to ensure that this mandate is kept current in the light of changes which may occur in corporate practice or the structure of the Company, the Board of Directors will annually reconfirm this mandate or initiate a review to revise it.

5.6 Board of Directors Compensation

The Human Resources Committee will review the adequacy and form of compensation of the senior management and directors each year. The Committee shall make recommendations to the Board of Directors for consideration when it believes changes in compensation are warranted. Furthermore, the Board of Directors will ensure the compensation realistically reflects the responsibility and risk involved in being a director.

6. COMMUNICATIONS POLICY

- 6.1 The Board of Directors will consider and review the means by which shareholders can communicate with the Company including the opportunity to do so at the annual meeting, communications interfaces through the Company's website and the adequacy of resources available within the Company to respond to shareholders through the office of the Corporate Secretary and otherwise. However, the Board of Directors believes that it is the function of the management to speak for the Company in its communications with the investment community, the media, customers, suppliers, employees, governments and the general public. It is understood that individual directors may from time to time be requested by management to assist with such communications. It is expected, if communications from stakeholders are made to individual directors, management will be informed and consulted to determine any appropriate response.

- 6.2 The Board of Directors has the responsibility for monitoring compliance by the Company with the corporate governance requirements and guidelines of the Toronto Stock Exchange and the New York Stock Exchange. The Board of Directors will approve the disclosure of the Company's system of governance and the operation of such system.

3.2 Charter of the Corporate Governance Committee

IMPORTANT NOTE

Chapter 1, Dream, Mission, Vision and Values of the CGI Group Inc. Fundamental Texts constitutes the fundamental principles of this Charter. This Charter should therefore be read in conjunction with Chapter 1.interpretation

“Committee” means the Corporate Governance Committee of the Board of Directors of the Company.

“Independent Director” means a director who meets the independence criteria set out in section 1.4 of Multilateral Instrument 52-110 Audit Committees adopted by the Canadian Securities Administrators and as amended and in effect as of June 30, 2005, which is reproduced in Appendix A.

1. OBJECTIVES

The Committee is responsible for: (a) developing the Company’s approach to Board governance issues and the Company’s response to the corporate governance guidelines; (b) reviewing the composition and contribution of the Board and its members and recommending Board nominees; (c) overseeing the orientation program for new directors; and (d) helping to maintain an effective working relationship between the Board of Directors of the Company and management.

2. COMPOSITION

- 3.1 The Committee shall be composed of a majority of Independent Directors.
- 3.2 The Board of Directors shall appoint an independent director as the Chair of the Committee. If the Chair is absent from a meeting, the members shall select a Chair from those in attendance to act as Chair of the meeting.

3. MEETINGS

- 4.1 Meetings of the Committee shall be held at the call of the Chair, but not less than twice annually. Meetings of the Committee may be called by the Chair of the Committee, the Executive Chairman of the Board or the Chief Executive Officer.
- 4.2 The powers of the Committee shall be exercisable by a meeting at which a quorum is present. A quorum shall be not less than two members of the Committee from time to time. Subject to the

foregoing requirement, unless otherwise determined by the Board of Directors, the Committee shall have the power to fix its quorum and to regulate its procedure. Matters decided by the Committee shall be decided by majority vote.

- 4.3 Notice of each meeting shall be given to each member, to the Executive Chairman of the Board, to the Chief Executive Officer and to the Corporate Secretary of the Company.
- 4.4 The Committee may invite from time to time such persons as it may see fit to attend its meetings and to take part in discussion and consideration of the affairs of the Committee, including in particular the Chief Executive Officer.
- 4.5 The Committee shall appoint a secretary to be the secretary of all meetings of the Committee and to maintain minutes of all meetings and deliberations of the Committee.

4. RESPONSIBILITIES AND DUTIES

5.1 Role and responsibilities of the Committee Chair:

5.1.1 The Chair of the Committee:

5.1.1.1 Provides leadership for the committee by ensuring that:

- (i) The responsibilities of the committee are well understood by committee members and management.
- (ii) The committee works as a cohesive team.
- (iii) Adequate resources and timely and relevant information are available to the committee to support its work.
- (iv) The effectiveness of the committee is assessed on a regular basis.
- (v) The committee's structure and mandate is appropriate and adequate to support the discharge of the committee's responsibilities.
- (vi) The scheduling, organization and procedures of committee meetings provide adequate time for the consideration and discussion of relevant issues.

5.1.1.2 Works with the Executive Chairman of the Board and Corporate Secretary to set the calendar of the committee's regular meetings.

- 5.1.1.3 Has the authority to convene special meetings as required.
- 5.1.1.4 Sets the agenda in collaboration with the Executive Chairman of the Board and the Corporate Secretary.
- 5.1.1.5 Presides at meetings.
- 5.1.1.6 Acts as liaison with management with regard to the work of the committee.
- 5.1.1.7 Reports to the Board concerning the work of the committee.
- 5.1.1.8 Exercises the authority specifically delegated to the Chair by the Committee, if any.

5.2 General Responsibilities

Board Members

- 5.2.1 Review criteria regarding the composition of the Board of Directors and committees of the Board of Directors, such as size, proportion of Independent Directors and as to criteria to determine “relatedness” as well as profile of the Board of Directors (age, geographical representation, disciplines, etc.) and establish a Board of Directors comprised of members who facilitate effective decision-making.
- 5.2.2 Review criteria relating to tenure as a director, such as limitations on the number of times a director may stand for re-election, and the continuation of directors in an honorary or similar capacity.
- 5.2.3 Review criteria for retention of directors unrelated to age or tenure, such as attendance at Board of Directors and committee meetings, health or the assumption of responsibilities which are incompatible with effective Board of Directors membership; and assess the effectiveness of the Board of Directors as a whole, the committees of the Board of Directors, the contribution of individual directors on an ongoing basis and establish in light of the opportunities and risks facing the Company, what competencies, skills and personal qualities it seeks in new Board members in order to add value to the Company.
- 5.2.4 Recommend to the Board of Directors the list of candidates for directors to be nominated for election by shareholders at annual meetings of shareholders.

- 5.2.5 Recommend to the Board of Directors candidates to fill vacancies on the Board of Directors occurring between annual meetings of shareholders.
- 5.2.6 Recommend to the Board of Directors the removal of a director in exceptional circumstances, for example (a) such director is in a position of conflict of interest or (b) the criteria underlying the appointment of such director change.
- 5.2.7 Ensure that the Board of Directors can function independently of management. To this end, arrange for meetings on a regular basis of the Independent Directors without management present. In such cases, meetings will be chaired by the Lead Director.

Director Orientation

- 5.2.8 As an integral element of the process for appointing new directors, put in place an orientation and education program for new recruits to the Board of Directors and review from time to time the value and benefit of such program.

Compliance

- 5.2.9 Ensure corporate compliance with applicable legislation including director and officer compliance.
- 5.2.10 Review proposed amendments to the Company's by-laws before making recommendations to the Board of Directors.

Codes of Business Conduct

- 5.2.11 Periodically review and make recommendations to the Board of Directors with respect to the Company's formal code of ethics and business conduct for its members, directors and officers and its executive code of conduct applicable to the Company's principal executive officer, principal financing officer, principal accounting officer or controller, or other persons performing similar functions within the Company; including the disclosure of the adoption of such codes.
- 5.2.12 Monitor adherence to the codes and review potential situations related thereto brought to the attention of the Committee by the Corporate Secretary of the Company in order to recommend or not in certain circumstances to the Board of Directors to grant or not waivers from compliance with the codes for directors and officers. The Committee shall also ensure that when such waivers are granted, the Board of Directors shall disclose same in due time and specify the circumstances and rationale for granting the waiver.

Corporate Governance Principles

- 5.2.13 Make recommendations to the Board of Directors as deemed appropriate in the context of adherence to corporate governance guidelines in effect from time to time.
- 5.2.14 In conjunction with the Executive Chairman of the Board of Directors, recommend to the Board of Directors the membership and chairs of the committees of the Board of Directors.
- 5.2.15 Review annually the Board/management relationship.
- 5.2.16 Advise the Board of Directors on the disclosure to be contained in the Company's public disclosure documents, such as the Company's annual management proxy circular or annual report, on matters of corporate governance as required by the Toronto Stock Exchange, the New York Stock Exchange or any other applicable exchange or regulator.
- 5.2.17 Generally advise the Board of Directors on all other matters of corporate governance.

External and Internal Resources

- 5.2.18 Retain such independent external advisors as it may deem necessary and advisable for its purposes.
- 5.2.19 Report to the Board of Directors on its proceedings, reviews undertaken, and any associated recommendations.
- 5.2.20 Have adequate resources to discharge its responsibilities;
- 5.2.21 Have the right, for the purposes of discharging the powers and responsibilities of the Committee, to inspect any relevant records of the Company and its subsidiaries.
- 5.2.22 The Chair of the Committee shall review the opportunity for the Board of Directors of the Company or individual directors to retain external advisors at the expense of the Company in certain appropriate circumstances in carrying out their responsibilities.

Shareholder Proposals

- 5.2.23 Review and make recommendations on shareholder proposals to the Board of Directors or refer them to the Executive Chairman of the Board as appropriate.

5.3 Other Responsibilities

The Committee shall carry out such other mandates as the Board of Directors may request from time to time.

5.4 Review of Mandate of the Committee

The Board of Directors should review and reassess the adequacy of the mandate on an annual basis.

5.5 Compensation

Members of the Committee shall be entitled to receive such remuneration for acting as members of the Committee as the Board of Directors may determine from time to time.

3.3 Charter of the Human Resources Committee

IMPORTANT NOTE

Chapter 1, Dream, Mission, Vision and Values of the CGI Group Inc. Fundamental Texts constitutes the fundamental principles of this Charter. This Charter should therefore be read in conjunction with Chapter 1.

1. INTERPRETATION

“Committee” means the Human Resources Committee of the Board of Directors of the Company.

“Independent Director” means a director who meets the independence criteria set out in section 1.4 of Multilateral Instrument 52-110 Audit Committees adopted by the Canadian Securities Administrators and as amended and in effect as of June 30, 2005, which is reproduced in Appendix A.

2. OBJECTIVES

The Committee is responsible for reviewing and making recommendations to the Board of Directors of the Company for the appointment of Senior Executives of the Company and for determining terms of employment of Senior Executives. It shall also perform functions such as reviewing succession planning and matters of compensation as well as such other matters the Committee may consider suitable with respect to compensation or as may be specifically directed by the Board of Directors of the Company from time to time.

3. COMPOSITION

- 3.1 The Committee shall be composed of a majority of Independent Directors.
- 3.2 The Board of Directors shall appoint one of the Independent Directors as the Chair of the Committee. If the Chair is absent from a meeting, the members shall select a Chair from those in attendance to act as Chair of the meeting.

4. MEETINGS

- 4.1 Meetings of the Committee shall be held at the call of the Chair, but not less than three times annually. Meetings of the Committee may be called by the Chair of the Committee, the Executive Chairman of the Board or the Chief Executive Officer.
- 4.2 The powers of the Committee shall be exercisable by a meeting at which a quorum is present. A quorum shall be not less than two members of the Committee from time to time. Subject to the

foregoing requirement, unless otherwise determined by the Board of Directors, the Committee shall have the power to fix its quorum and to regulate its procedure. Matters decided by the Committee shall be decided by majority vote.

- 4.3 Notice of each meeting shall be given to each member, to the Executive Chairman of the Board, to the Chief Executive Officer and to the Corporate Secretary of the Company.
- 4.4 The Committee may invite from time to time such persons as it may see fit to attend its meetings and to take part in discussion and consideration of the affairs of the Committee, including in particular the Executive Chairman of the Board.
- 4.5 The Committee shall appoint a secretary to be the secretary of all meetings of the Committee and to maintain minutes of all meetings and deliberations of the Committee.

5. RESPONSIBILITIES AND DUTIES

5.1 Role and responsibilities of the Committee Chair:

5.1.1 The Chair of the Committee:

5.1.1.1 Provides leadership for the committee by ensuring that:

- (i) The responsibilities of the committee are well understood by committee members and management.
- (ii) The committee works as a cohesive team.
- (iii) Adequate resources and timely and relevant information are available to the committee to support its work.
- (iv) The effectiveness of the committee is assessed on a regular basis.
- (v) The committee's structure and mandate is appropriate and adequate to support the discharge of the committee's responsibilities.
- (vi) The scheduling, organization and procedures of committee meetings provide adequate time for the consideration and discussion of relevant issues.

5.1.1.2 Works with the Executive Chairman of the Board and Corporate Secretary to set the calendar of the committee's regular meetings.

- 5.1.1.3 Has the authority to convene special meetings as required.
- 5.1.1.4 Sets the agenda in collaboration with the Executive Chairman of the Board and the Corporate Secretary.
- 5.1.1.5 Presides at meetings.
- 5.1.1.6 Acts as liaison with management with regard to the work of the committee.
- 5.1.1.7 Reports to the Board concerning the work of the committee.
- 5.1.1.8 Exercises the authority specifically delegated to the Chair by the Committee, if any.

5.2 General Responsibilities

- 5.2.1 The Committee shall, among other things, have responsibility to advise the Board of Directors on human resources planning, compensation of members of the Board of Directors, Executive Officers and other employees, short and long-term incentive plans, benefit plans, and Executive Officer appointments.
- 5.2.2 The Committee shall review and report to the Board of Directors on:
 - 5.2.2.1 Management's succession plans for Executive Officers, with special emphasis on the Executive Chairman of the Board and Chief Executive Officer succession;
 - 5.2.2.2 Compensation philosophy of the organization, including a remuneration strategy and remuneration policies for the Executive Officer level, as proposed by the Executive Chairman of the Board and the Chief Executive Officer;
 - 5.2.2.3 Recommendations to the Board of Directors for the appointment of the Executive Chairman of the Board, the Chief Executive Officer and other Executive Officers, corporate objectives which the Executive Chairman of the Board and such other Executive Officers, as the case may be, are responsible for meeting, assessment of the Executive Chairman of the Board and of the Chief Executive Officer against these objectives, monitoring of the Executive Chairman of the Board's performance and providing advice and counsel in the execution of his duties;

- 5.2.2.4 Total remuneration plan including adequacy and form of compensation realistically reflecting the responsibilities and risks of the position for the Executive Chairman of the Board and for the Chief Executive Officer of the Company and, in connection therewith, consider appropriate information, including information from the Board of Directors with respect to the overall performance of the Executive Chairman of the Board and of the Chief Executive Officer;
 - 5.2.2.5 Remuneration for Executive Officers, annual adjustment to executive salaries, and the design and administration of short and long-term incentive plans, stock options, benefits and perquisites as proposed by the Executive Chairman of the Board and the Chief Executive Officer;
 - 5.2.2.6 Employment and termination arrangements for senior management;
 - 5.2.2.7 Adoption of new, or significant modifications to, pay and benefit plans;
 - 5.2.2.8 Appointment of new officers as appropriate;
 - 5.2.2.9 Significant organizational changes;
 - 5.2.2.10 The Committee's proposed executive compensation report to be contained in the Company's annual proxy circular;
 - 5.2.2.11 Management development programs for the Company;
 - 5.2.2.12 Any special employment contracts or arrangements with officers of the Company including any contracts relating to change of control; and
 - 5.2.2.13 Remuneration for members of the Board of Directors and committees thereof, including adequacy and form of compensation realistically reflecting the responsibilities and risks of the positions and recommend changes where applicable.
- 5.2.3 The Committee shall perform such other duties as may from time to time be assigned to it by the Board of Directors

including those relating to compensation of officers and senior employees and the manpower resources of the Company.

5.3 Other Responsibilities

- 5.3.1 The Committee shall have the right to retain such independent external advisors as it may deem necessary and advisable for its purposes and to assess and review, on an annual basis or as deemed appropriate, the independence of such external advisors.
- 5.3.2 The Committee shall report to the Board of Directors on its proceedings, reviews undertaken, and any associated recommendations.
- 5.3.3 The Committee shall have adequate resources to discharge its responsibilities.
- 5.3.4 The Committee shall have the right, for the purposes of discharging the powers and responsibilities of the Committee, to inspect any relevant records of the Company and its subsidiaries.

5.4 Review of Mandate of the Committee

The Board of Directors should review and reassess the adequacy of this mandate on an annual basis.

5.5 Compensation

Members of the Committee shall be entitled to receive such remuneration for acting as members of the Committee as the Board of Directors may determine from time to time.

3.4 Charter of the Audit and Risk Management Committee

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IMPORTANT NOTE

Chapter 1, Dream, Mission, Vision and Values of the CGI Group Inc. Fundamental Texts constitutes the fundamental principles of this Charter. This Charter should therefore be read in conjunction with Chapter 1.

1. INTERPRETATION

“Committee” means the Audit and Risk Management Committee of the Board of Directors of the Company.

“Financially Literate” means the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements.

“Independent Director” means a director who meets the independence criteria set out in section 1.4 of Multilateral Instrument 52-110 Audit Committees adopted by the Canadian Securities Administrators and as amended and in effect as of June 30, 2005, which is reproduced in Appendix A.

2. OBJECTIVES

The Committee will assist the Board of Directors in fulfilling its oversight responsibilities. In performing its duties, the Committee will maintain effective working relationships with the Board of Directors, management, the internal auditors and the external auditors.

3. COMPOSITION

- 3.1 The Committee shall consist solely of Independent Directors, all of whom shall be Financially Literate and at least one of whom shall be a financial expert as defined in the applicable corporate governance rules imposed by regulatory bodies.
- 3.2 Following each annual meeting of shareholders, the Board of Directors shall elect three or more directors, who shall meet the independence and experience requirements of the New York Stock Exchange and the Toronto Stock Exchange as well as the other similar requirements under applicable securities regulations, to serve on the Committee until the close of the next annual meeting of shareholders of the Company or until the member ceases to be a director, resigns or is replaced, whichever first occurs. Any member may be removed from office or replaced at any time by the Board of Directors.

- 3.3 The Board of Directors shall appoint one of the members of the Committee as the Chair of the Committee. If the Chair is absent from a meeting, the members shall select a Chair from those in attendance to act as Chair of the meeting.

4. MEETINGS AND RESOURCES

- 4.1 Regular meetings of the Committee shall be held quarterly. Special meetings of the Committee may be called by the Chair of the Committee, the external auditors, the Executive Chairman of the Board, the Chief Executive Officer or the Chief Financial Officer of the Company.
- 4.2 The powers of the Committee shall be exercisable by a meeting at which a quorum is present. A quorum shall be not less than two members of the Committee from time to time. Subject to the foregoing requirement, unless otherwise determined by the Board of Directors, the Committee shall have the power to fix its quorum and to regulate its procedure. Matters decided by the Committee shall be decided by majority vote.
- 4.3 Notice of each meeting shall be given to each member, the external auditors, the Executive Chairman of the Board, the Chief Executive Officer and the Chief Financial Officer of the Company, any or all of whom shall be entitled to attend. Notice of each meeting shall also be given, as the case may be, to the internal auditor who shall also attend whenever requested to do so by the Chair of the Committee or the Corporate Secretary.
- 4.4 Notice of meeting may be given orally or by letter, telephone facsimile transmission, telephone or electronic device not less than 24 hours before the time fixed for the meeting. Members may waive notice of any meeting. The notice need not state the purpose or purposes for which the meeting is being held.
- 4.5 Opportunities should be afforded periodically to the external auditors and, as the case may be, to the internal auditor and the senior management to meet separately with the Committee. In addition, the Committee may meet in camera, with only members of the Committee present, whenever the Committee determines that it is appropriate to do so.
- 4.6 The Committee shall have the authority to retain special legal counselling, accounting or other consultants as it may see fit to attend its meetings and to take part in discussion and consideration of the affairs of the Committee at the Company's expense.

- 4.7 The Corporate Secretary of the Company or designate of the Corporate Secretary shall be the Secretary of all meetings of the Committee and shall maintain minutes of all meetings and deliberations of the Committee.

5. RESPONSIBILITIES AND DUTIES

5.1 Role and responsibilities of the Committee Chair:

5.1.1 The Chair of the Committee:

5.1.1.1 Provides leadership for the committee by ensuring that:

- (i) The responsibilities of the committee are well understood by committee members and management.
- (ii) The committee works as a cohesive team.
- (iii) Adequate resources and timely and relevant information are available to the committee to support its work.
- (iv) The effectiveness of the committee is assessed on a regular basis.
- (v) The committee's structure and mandate is appropriate and adequate to support the discharge of the committee's responsibilities.
- (vi) The scheduling, organization and procedures of committee meetings provide adequate time for the consideration and discussion of relevant issues.

5.1.1.2 Works with the Executive Chairman of the Board, the Chief Financial Officer and the Corporate Secretary to set the calendar of the committee's regular meetings.

5.1.1.3 Has the authority to convene special meetings as required.

5.1.1.4 Sets the agenda in collaboration with the Executive Chairman of the Board, the Chief Financial Officer and the Corporate Secretary.

5.1.1.5 Presides at meetings.

5.1.1.6 Acts as liaison with management with regard to the work of the committee.

5.1.1.7 Reports to the Board concerning the work of the committee.

5.1.1.8 Exercises the authority specifically delegated to the Chair by the Committee, if any.

5.2 General Responsibilities

While the Committee has the responsibilities and powers set forth below, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate. This is the responsibility of management and the external auditors. Nor is it the duty of the Committee to conduct investigations, or to assure compliance with laws and regulations. The Committee shall review disagreements, if any, between management and the external auditors and shall make recommendations to resolve such disagreements. In the event that any such disagreement persists, the matter will be referred by the Committee to the Board of Directors for a final determination.

5.3 Review of Mandate of the Committee

The Board of Directors and the Committee shall review and reassess the adequacy of this mandate on an annual basis.

5.4 Publicly Disclosed Financial Information

5.4.1 The Committee shall review and recommend for approval by the Board of Directors, before release to the public:

5.4.1.1 interim unaudited financial statements;

5.4.1.2 audited annual financial statements, in conjunction with the report of the external auditors;

5.4.1.3 all public disclosure documents containing audited or unaudited financial information, including any prospectus, the annual information form and management's discussion and analysis of financial condition and results of operations, as well as related press releases, including earnings guidance; and

5.4.1.4 the compliance of management certification of financial reports with applicable legislation and attestation of the Company's disclosure controls and procedures.

5.4.2 The Committee shall review any report which accompanies published financial statements (to the extent such a report discusses financial condition or operating results) for consistency of disclosure with the financial statements themselves.

- 5.4.3 In its review of financial statements, the Committee should obtain an explanation from management of all significant variances between comparative reporting periods and an explanation from management for items which vary from expected or budgeted amounts as well as from previous reporting periods.
- 5.4.4 In its review of financial statements, the Committee should review unusual or extraordinary items, transactions with related parties, and adequacy of disclosures, asset and liability carrying values, income tax status and related reserves, qualifications, if any, contained in letters of representation and business risks, uncertainties, commitments and contingent liabilities.
- 5.4.5 In its review of financial statements, the Committee shall review the appropriateness of the Company's significant accounting principles and practices, including acceptable alternatives, and the appropriateness of any significant changes in accounting principles and practices.
- 5.4.6 The Committee shall satisfy itself that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, and shall periodically assess the adequacy of those procedures.

5.5 Financial Reporting and Accounting Trends

The Committee shall:

- 5.5.1 Review and assess the effectiveness of accounting policies and practices concerning financial reporting;
- 5.5.2 Review with management and with the external auditors any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgments of management that may be material to financial reporting;
- 5.5.3 Question management and the external auditors regarding significant financial reporting issues discussed and the method of resolution; and
- 5.5.4 Review general accounting trends and issues of accounting policy, standards and practices which affect or may affect the Company.

5.6 Internal Controls

- 5.6.1 The Committee shall review and monitor the Company's internal control procedures, programs and policies, and assess the adequacy and effectiveness of internal controls over the accounting and financial reporting systems, with particular emphasis on controls over computerized systems.
- 5.6.2 The Committee shall review:
 - 5.6.2.1 The evaluation of internal controls by the external auditors, together with management's response;
 - 5.6.2.2 The working relationship between management and external auditors;
 - 5.6.2.3 The appointments of the Chief Financial Officer and any key financial executives involved in the financial reporting process;
 - 5.6.2.4 The review and approval of the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company;
 - 5.6.2.5 Any decisions related to the need for internal auditing, including whether this function should be outsourced and, in such case, approving the supplier which shall not be the external auditors; and
 - 5.6.2.6 Internal control procedures to ensure compliance with the law and avoidance of conflicts of interest.
- 5.6.3 The Committee shall undertake private discussions with staff of the internal audit function to establish internal audit independence, the level of co-operation received from management, the degree of interaction with the external auditors, and any unresolved material differences of opinion or disputes.

5.7 Internal Auditor

The Committee shall:

- 5.7.1 Review the mandate and annual objectives of the internal auditor, if the appointment of an internal auditor is deemed appropriate;
- 5.7.2 Review the adequacy of the Company's internal audit resources; and
- 5.7.3 Ensure the internal auditor has ongoing access to the Chair of the Committee as well as all officers of the Company, particularly the Executive Chairman of the Board and the Chief Executive Officer.

- 5.7.4 Review the audit plans, performance and summaries of the reports of the internal audit function as well as management's response including follow-up to any identified weakness.

5.8 External Auditors

- 5.8.1 The Committee shall recommend to the Board of Directors the appointment of the external auditors, which firm is ultimately accountable to the Committee and the Board of Directors.
- 5.8.2 The Committee shall i) receive periodic reports from the external auditors regarding the auditors independence, the performance of the auditors, the qualifications of the key audit partner and audit managers, a periodic review of the auditors' quality control procedures, material issues arising from the periodic quality control review and the steps taken by the auditors to address such findings, ii) discuss such reports with the auditors, and if so determined by the Committee, iii) recommend that the Board of Directors take appropriate action to satisfy itself as to the independence of the auditors and the quality of their performance.
- 5.8.3 The Committee shall take appropriate steps to assure itself that the external auditors are satisfied with the quality of the Company's accounting principles and that the accounting estimates and judgments made by management reflect an appropriate application of generally accepted accounting principles.
- 5.8.4 The Committee shall undertake private discussions on a regular basis with the external auditors to review, among other matters, the quality of financial personnel, the level of co-operation received from management, any unresolved material differences of opinion or disputes with management regarding financial reporting and the effectiveness of the work of the internal audit function.
- 5.8.5 The Committee shall review the terms of the external auditors' engagement and the appropriateness and reasonableness of the proposed audit fees as well as the compensation of any advisors retained by the Committee.
- 5.8.6 The Committee shall review and pre-approve any engagements for non-audit services provided by the external auditors or their affiliates to the Company or its subsidiaries, together with the fees for such services, and consider the impact of this on the independence of the external auditors. The Committee shall determine which non-audit services the external auditors are prohibited from providing.

- 5.8.7 When a change of auditors is proposed, the Committee shall review all issues related to the change, including the information required to be disclosed by regulations and the planned steps for an orderly transition.
- 5.8.8 The Committee shall review all reportable events, including disagreements, unresolved issues and consultations on a routine basis whether or not there is to be a change of auditors.
- 5.8.9 When discussing auditor independence, the Committee will consider both rotating the lead audit partner or audit partner responsible for reviewing the audit after a number of years and establishing hiring policies for employees or former employees of its external auditor.

5.9 Audit Procedures

- 5.9.1 The Committee shall review the audit plans of the internal and external audits, including the degree of co-ordination in those plans, and shall inquire as to the extent to which the planned audit scope can be relied upon to detect weaknesses in internal control or fraud or other illegal acts. The audit plans should be reviewed with the external auditors and with management, and the Committee should recommend to the Board of Directors the scope of the external audit as stated in the audit plan.
- 5.9.2 The Committee shall review any problems experienced by the external auditors in performing the audit, including any restrictions imposed by management or significant accounting issues on which there was a disagreement with management.
- 5.9.3 The Committee shall review the post-audit or management letter containing the recommendations of the external auditors, and management's response and subsequent follow-up to any identified weakness.

5.10 Risk Management and Other Responsibilities

- 5.10.1 The Committee shall put in place procedures to receive and handle complaints or concerns received by the Company about accounting or audit matters including the anonymous submission by employees of concerns respecting accounting or auditing matters.
- 5.10.2 The Committee shall review such litigation, claims, transactions or other contingencies as the internal auditor,

external auditors or any officer of the Company may bring to its attention, and shall periodically review the Company's risk management programs. In that regard the Committee shall review the Company's major risk exposures and the steps taken by management to monitor, control and report such exposures.

- 5.10.3 The Committee shall review the policy on use of derivatives and monitor the risk.
- 5.10.4 The Committee shall review the related party transactions in line with the New York Stock Exchange rules and regulations and those of any other applicable exchange or regulator.
- 5.10.5 The Committee shall review assurances of compliance with covenants in trust deeds or loan agreements.
- 5.10.6 The Committee shall review business risks that could affect the ability of the Company to achieve its business plan.
- 5.10.7 The Committee shall review uncertainties, commitments, and contingent liabilities material to financial reporting.
- 5.10.8 The Committee shall review the effectiveness of control and control systems utilized by the Company in connection with financial reporting and other identified business risks.
- 5.10.9 The Committee shall review incidents of fraud, illegal acts, conflicts of interest and related-party transactions.
- 5.10.10 The Committee shall review material valuation issues.
- 5.10.11 The Committee shall review the quality and accuracy of computerized accounting systems, the adequacy of the protections against damage and disruption, and security of confidential information through information systems reporting.
- 5.10.12 The Committee shall review material matters relating to audits of subsidiaries.
- 5.10.13 The Committee shall review cases where management has sought accounting advice on a specific issue from an accounting firm other than the one appointed as auditor.
- 5.10.14 The Committee shall review any legal matters that could have a significant impact on the financial statements.
- 5.10.15 The Committee shall consider other matters of a financial nature it feels are important to its mandate or as directed by the Board of Directors.

5.10.16 The Committee shall report regularly to the Board of Directors on its proceedings, reviews undertaken and any associated recommendations.

5.10.17 The Committee shall have the right, for the purpose of discharging the powers and responsibilities of the Committee, to inspect any relevant records of the Company and its subsidiaries.

5.11 Compensation

Members of the Committee shall be entitled to receive such remuneration for acting as members of the Committee as the Board of Directors may determine from time to time.



4. Codes of Ethics



Codes of Ethics

4.1 Code of Ethics and Business Conduct

for members, officers and directors of CGI

To the CGI Team

This Code of Ethics and Business Conduct is based on the values and philosophy that have guided CGI successfully since the Company's inception in 1976. It constitutes a unique repository where the combination of CGI policies, guidelines, principles of conduct and best practices have been regrouped under one umbrella document, for the benefit of our members, officers and directors.

CGI's operations have grown significantly and now extend worldwide, and our business environment has become increasingly competitive and complex. The scope and pace of our business requires us to make quick and informed decisions, in a manner consistent with our values.

This Code provides guidance - and a global view - for CGI members, officers and directors to consistently achieve the professionalism that has earned our Company an enviable reputation among our clients and within our industry. It also provides guidance for CGI directors when acting for the Company.

This Code is not meant to be a complete list of ethics and business conduct covering every eventuality. It highlights situations that CGI's members, officers and directors may face in their duties and provides the basic principles to guide their actions. CGI recognizes the importance of supporting these individuals as ethical issues arise, and has an open door policy for resolving such issues with integrity.

Upon joining CGI, all members, as part of their employment contract, undertake to observe this Code in all aspects of their work. Furthermore, annually, all members shall renew such undertaking.

We must always behave responsibly and in line with the Company's core values when working on behalf of CGI for its clients and other stakeholders. By preserving our personal integrity and the professional reputation of CGI, I am confident that together we will succeed in achieving the Company's mission and vision.

Serge Godin

Founder and Executive Chairman of the Board

IMPORTANT NOTE

Chapter 1, Dream, Mission, Vision and Values of the CGI Group Inc. Fundamental Texts constitutes the fundamental principles of this Code of Ethics and Business Conduct. This Code should therefore be read in conjunction with Chapter 1.

1. VALUES, PHILOSOPHY, MISSION AND VISION

VALUES

CGI has always believed in investing in the future to ensure continued success. From the beginning, the Company has invested in developing a strong corporate culture, based on six core values that reflect its approach to business. These values are: quality and partnership, intrapreneurship and sharing, respect, objectivity and integrity, financial strength and corporate social responsibility. These values are at the heart of CGI's success. They ensure that CGI takes a long-term view on business issues, and it builds long-lasting partnerships with its clients.

PHILOSOPHY

The success of CGI Group Inc. and its subsidiaries is based on the knowledge, creativity and commitment of its members. CGI ensures this success by recruiting the most qualified people available. CGI's members share in the risks and rewards of CGI's business as partners of CGI and are committed to its objectives. They take a disciplined approach to their work and constantly strive for excellence to achieve the best results for every client. In exchange, CGI strives to recognize the value of its members by offering them a stimulating work environment that fosters their personal and professional development.

MISSION

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

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

VISION

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

2. PURPOSE AND SCOPE OF THE CODE

This Code of Ethics and Business Conduct (the “Code”) defines CGI’s character and guides the actions and decisions of the salaried employees (“members”), officers and directors of CGI. Compliance with the Code is essential for many reasons and notably to preserve and enhance CGI’s reputation and maximize shareholder value. In keeping with CGI’s values, the Code outlines the essential rules and guidelines necessary to preserve CGI’s enviable reputation among its clients and within its industry. The Code is not meant to be a complete list of ethics and business conduct covering every eventuality. It highlights situations that CGI members, officers and directors may face in their duties. The code is meant to give them a broad and clear understanding of the conduct expected of them, wherever CGI does business. While the specific illustrations are primarily addressed to members, they should be read as being equally applicable to the members of CGI’s Board of Directors to the extent that they may be applicable in the circumstances.

Should a member be confronted with a situation where further guidance is required, the matter should be discussed with the member’s manager. CGI recognizes its obligation to support its members, officers and directors as ethical issues arise.

3. MEMBERS’ CONDUCT AND BEHAVIOUR

GENERAL CONDUCT

Upon joining CGI, and annually thereafter, all members undertake, by signing the “Member Commitment to the Code of Ethics and Business Conduct,” to abide by the Company Code of Ethics and Business Conduct and related policies and guidelines.

If a member ceases to be employed by CGI for any reason, the Member Commitment specifies which elements continue to apply, namely those related to the confidentiality obligations.

RESPECT AND INTEGRITY

All members of CGI support the Company’s philosophy and contribute to CGI’s development and good reputation by promoting synergy and teamwork, by expressing their ideas and by adopting the highest standards of service quality and integrity. The members of CGI are its ambassadors. They must always behave responsibly and demonstrate courtesy, honesty, civility and respect for other members of CGI, for its clients and for its suppliers.

LOYALTY

Members are expected to act at all times with diligence and loyalty towards CGI and in such a way as to safeguard CGI's interests. Members should not act in a way or publicly hold a position that might harm the image or reputation of CGI.

RELATIONS WITH CLIENTS

CGI's services often involve visiting or working at a client's place of business. A member working at a client's site must comply with the client's practices and procedures and treat the client's facilities with respect. The member must work as efficiently and meticulously as possible and leave the client's premises and property as he or she found them. As well, members must use the client's information and systems infrastructures for the sole purpose of the client's contract and protect those infrastructures and information at all times.

RELATIONS WITH COMPETITORS

If a member is working with a competitor of CGI on a joint project for a client, the member must avoid any situations that could cause conflicts. The member must respect the roles that the client has assigned to each party and work as a team in the client's best interests. CGI's members also have both an ethical and a legal responsibility to portray the Company's competitors fairly and accurately. CGI does not tolerate its members using improper means for gathering information about its competitors.

MAINTENANCE OF ASSETS

All members of CGI have a responsibility to protect CGI's assets against loss, theft, abuse and unauthorized use or disposal. If, in the course of his or her work, a member of CGI is supplied with any property belonging to CGI or to a third party, the member must use said property solely for work-related purposes as specified in the binding agreement he or she signed upon joining CGI. More specifically, the members must use CGI's systems infrastructures in a manner consistent with legal requirements, professional ethics, the policies established by the administrators of CGI's network and of any external networks that the member uses, and must respect the copyrights protecting any software that the member also uses. As well, members must never use the clients' systems infrastructures, including the clients' software, for any purpose that is not work-related. CGI applies a zero-tolerance policy to any abuse of its systems infrastructures or those of its clients.

At the end of employment, members are required to return all CGI property and assets in their possession to their manager or to a designated CGI representative.

4. INTEGRITY OF BOOKS AND RECORDS AND COMPLIANCE WITH SOUND ACCOUNTING PRACTICES

PREPARATION OF BOOKS AND RECORDS

Accuracy and reliability in the preparation of all business records is of critical importance to the decision-making process and to the proper discharge of financial, legal and reporting obligations. All business records, expense accounts, invoices, bills, payroll and member records and other reports are to be prepared with care and honesty. False or misleading entries are not permitted in CGI's books and records.

FINANCIAL TRANSACTIONS

All financial transactions are to be properly recorded in the books of account and accounting procedures are to be supported by the necessary internal controls. In turn, all books and records of CGI must be available for audit.

MEMBER RESPONSIBILITIES

CGI is committed to providing a safe and healthy work environment for all members.

Accordingly, members are expected to observe the following policies:

Drug-Free Workplace

CGI maintains a drug-free workplace. Accordingly, in the workplace, members may not:

- ◆ Use, sell, or possess illegal drugs;
- ◆ Abuse or misuse controlled substances, prescription drugs, or over-the-counter medications; or
- ◆ Abuse alcohol.

Restrictions on Alcohol Use

With the exception of specially-authorized CGI functions, no member may consume, serve, or be under the influence of alcohol while on CGI property or while performing CGI business.

Alcohol may be served at CGI functions only with the prior approval of a Senior Vice President. In such circumstances, CGI strongly encourages members to use discretion, act responsibly, and behave in a manner becoming to the Company. When working in parts of the world where alcohol use or possession is prohibited, CGI members must comply with local laws.

In relation to CGI's books and records, members must:

- i) not intentionally cause Company documents to be incorrect in any way;
- ii) not create or participate in the creation of any records that are intended to conceal anything that is improper;
- iii) properly and promptly record all disbursements of funds;
- iv) co-operate with internal and external auditors;
- v) report any knowledge of any untruthful or inaccurate statements or records or transactions that do not seem to serve a legitimate commercial purpose; and
- vi) not make unusual financial arrangements with a client or a supplier (such as, over-invoicing or under-invoicing) for payments on their behalf to a party not related to the transaction.

The nature of CGI's business places special importance on the accuracy of time keeping and expense reporting.

Accurate Timekeeping

Client billing, member compensation, and cost estimating depends on CGI's ability to record and account for member time worked accurately.

Accordingly, CGI is committed to accurate total time accounting and reporting within all of its subsidiaries.

All members are required to comply with CGI's timekeeping policy and procedures and any applicable contract requirements. Members must record all time worked daily and submit reports weekly, accurately reflecting all time worked on both direct and indirect projects. Managers are responsible for ensuring that members know the correct project code for each project assignment

Knowingly mischarging your time or falsifying time records violates CGI policy and may also violate the law. No member may knowingly charge time inaccurately or knowingly approve mischarging. Similarly, shifting time worked on one project to another project also is strictly prohibited.

To ensure accurate time reporting, members must be sure that they understand and carefully follow CGI's timekeeping policy and procedures. Members must obtain the correct charge code before starting work on any new direct or indirect project. If a member has any questions regarding time charging, the question should be raised with their manager. In all cases, members must take the steps necessary to ensure that their time records are current, accurate, and complete.

Expense Reimbursement

Members must honestly and accurately report their business-related expenses for reimbursement. A member's signature on an expense report certifies that the information provided is complete and accurate and represents a valid business expense.

BREACHES

Suspected breaches of the Code which directly or indirectly affect CGI's business must be reported to the Chief Financial Officer, the Chief Executive Officer or the Chair of the Audit and Risk Management Committee and to CGI's Corporate Secretary.

In addition, CGI has established a policy for incident reporting (often referred to as a "whistleblower policy") as well as a process under that policy which allows any person who has direct knowledge of specific facts to report incidents where the Company is exposed to a serious risk in matters of accounting, auditing, internal accounting controls, finance, banking or financial corruption. The process in place protects the incident reporter and ensures the confidentiality of the report. See the heading "Compliance with the Code" below.

5. CONFIDENTIAL INFORMATION AND INTELLECTUAL PROPERTY**DEFINITIONS****Confidential Information**

"Confidential Information" means information about the Company's business dealings, development strategies and financial results; products or processes; client lists; vendor lists or purchase prices; cost, pricing, marketing or service strategies; results of research and development work, technical know-how, manufacturing processes, computer software; reports and information related to mergers, acquisitions and divestitures. "Confidential Information" also includes information that relates to intellectual property and may include, but is not limited to: business strategies, product marketing and costing information and information provided by suppliers and competitors. In addition, the way the Company puts publicly-known information together, to achieve a particular result, is often a valuable trade secret.

The following information and documents constitute confidential information or documents of CGI or its clients, as the case may be:

- i) methodologies;

- ii) all information related to: processes, formulas, research and development, products, financials, marketing; names and lists of customers, employees and suppliers as well as related data; computer programs, all software developed or to be developed including flow charts, source and object codes;
- iii) all information related to projects undertaken by the Company whether they are merger and acquisition or divestiture projects or projects related to large client contracts, including all information obtained in due diligence initiatives, whether such information pertains to CGI or to any third party; and
- iv) all other information or documents that, if disclosed, could be prejudicial to CGI or its clients.

Intellectual Property

“Intellectual Property” (IP) means patents, copyrights, trademarks, trade secrets and industrial designs of CGI.

NON-DISCLOSURE UNDERTAKING

CGI Confidential Information

During the normal course of business, members will have access to confidential information about CGI. In some cases, the information may affect the value of CGI shares. Each member must protect the confidentiality of all confidential CGI information and documents. Members cannot discuss them away from work, and cannot divulge any confidential CGI information or any information that could harm CGI. Confidential CGI information could include information from other members or information acquired from outside sources, sometimes under obligations of secrecy. Members are expected to use such information exclusively for business purposes and this information must not be disclosed externally without the approval of a member’s manager.

Third Party Agreements

In cases where information or records are obtained under an agreement with a third party, such as software licenses or technology purchases, members must ensure that the provisions of such agreements are strictly adhered to so that CGI will not be deemed to be in default. Unauthorized disclosure or use of information or records associated with these agreements could expose the member involved and/or CGI to serious consequences.

DISCLOSURE GUIDELINES

Insider Information

Confidential information about CGI or other public companies may not be used as a basis for trading in CGI securities, or the securities of any other company in respect of which CGI or its members, consultants or advisers are in possession of insider information. For this purpose, CGI has an established policy regarding the use of insider information and trading in securities. This policy is entitled "Guidelines on Timely Disclosure of Material Information and Transactions in Securities by Insiders" which extends to all directors, officers and, when in possession of Confidential Information, members, those authorized to speak on behalf of CGI and all other insiders. It is designed to protect the integrity of the Company and its directors, officers and members while ensuring compliance with all applicable securities legislation in Canada, the United States and other countries. The law stipulates that insiders may not take advantage of inside information to trade in the securities of a company. Likewise, employees must not provide third parties with any information that would give them an unfair advantage when trading in securities of the company, including client companies or any other company that is the subject of an acquisition, divestiture or client related project.

Material Information

CGI's guidelines on disclosure also cover the disclosure of information with a material impact, defined as any information that, if disclosed to a potential investor, could affect his or her perception of the value of the Company as an investment. Because CGI is a publicly traded company, any information that may have a material impact on CGI's results or on the perception of the value of the stock must be communicated in accordance with CGI's "Guidelines on Timely Disclosure of Material Information and Transactions in Securities of CGI by Insiders." If a member thinks that he or she is in possession of a piece of information that is not known to management and may have a material impact on the Company, the member must communicate it immediately to either the Executive Chairman of the Board, the Chief Executive Officer, the Corporate Secretary, or the Chief Financial Officer, without divulging it to anyone else.

Client Information

Just as CGI's members must protect confidential information about CGI, they must also show discretion at all times with regard to the client's business affairs. Unless a member has the client's express authorization, he or she should never reveal any information that could harm the client's interests and should never use any information that he or she obtains in the course of a project or assignment for any purpose other than that project or assignment. If the client restricts the distribution of certain information within its own organization, the member must comply with those restrictions as well.

Member Information

CGI collects and maintains personal information relating to its members, including medical and benefits information. Access to such information is restricted to CGI personnel on a need-to-know basis. They must ensure that this information is not disclosed in violation of CGI's policies and practices. Personal information is released to outside parties only with the member's approval, except to satisfy the requirements considered by CGI to be appropriate for legal reasons.

Intellectual Property

In the course of their duties, members may develop or create new designs, inventions, systems or processes, products or documents. When these achievements have been made as a direct result of a member's employment with the Company and through use of CGI's resources, they belong to CGI. Moreover, CGI is free to use this work as it so wishes and members cannot use nor divulge, publish or otherwise disseminate it without prior written consent from CGI. Upon request, members will execute documents made necessary to confirm or complete the assignment of rights to CGI. Upon joining CGI, and in Canada only, members agree, by signing the Member Commitment to the Code of Ethics and Business Conduct, to waive their moral rights in favour of CGI.

Suppliers and Partners Information

All information on CGI suppliers and partners is also confidential and must not be disclosed without the express consent of the persons concerned.

6. CONFLICTS OF INTEREST**DEFINITION**

The members of CGI must avoid any actual or apparent conflicts of interest and should never engage in any conduct which is harmful to CGI or its reputation. A conflict of interest exists when a member favours his or her personal interests over those of CGI or its clients or when an obligation or situation arising from a member's personal activities or financial affairs may adversely influence the member's judgement in the performance of his or her duties at CGI.

GUIDELINES

The following guidelines provide guidance for members to avoid situations which are or may appear to be in conflict with their responsibility to act in the best interest of the Company.

Financial Interests - A conflict of interest exists when a member who is able to influence business with CGI owns, directly or indirectly, a beneficial interest in an organization which is a competitor of CGI, or which has current or prospective business as a supplier, customer or contractor with CGI. This does not include the situation where the financial interest in question consists of shares, bonds or other securities of a company listed on a securities exchange and where the amount of this interest is less than one percent of the value of the class of security involved.

Outside Work - When a member, directly or indirectly, acts as a director, officer, employee, consultant or agent of an organization that is a competitor of CGI, or which has current or prospective business as a supplier, customer or contractor with CGI, there is a conflict of interest. Similarly, a conflict of interest may exist when a member undertakes to engage in an independent business venture or to perform work or services for another entity should that activity prevent such member from devoting the time and effort to the conduct of CGI's business, which his or her position requires.

Gifts or Favours - A conflict of interest will arise when a member, either directly or indirectly, solicits or accepts any gift or favour from any person or organization which is a competitor of CGI, or which has current or prospective business with CGI as a customer, supplier, partner or contractor.

For this purpose, a "gift" or "favour" includes any gratuitous service, loan, discount, money or article of value. It does not include articles of nominal value normally used for sales promotion purposes, ordinary business meals or reasonable entertainment consistent with local, social or business customs if received in a sporadic manner.

Commissions - CGI or its members will never accept any commissions from a third-party vendor when recommending software, hardware or any equipment to a client as part of a service agreement.

Trading with CGI - A conflict of interest may exist when a member is directly or indirectly a party to a transaction with CGI.

Misappropriation of Business Opportunities - A conflict of interest will exist when a member, without the knowledge and consent of CGI, appropriates for his or her own use, or that of another person or

organization, the benefit of any business venture, opportunity or potential opportunity about which the member may have learned or that he or she may have developed during the course of his or her employment.

Bribes - Neither CGI nor its members will pay bribes to clients or client representatives to obtain business from them.

REPORTING

If a member thinks that he or she has been placed in a conflict of interest, the member must inform his or her manager and work with him or her to determine how the situation may be corrected.

7. LAWS, STATUTES AND REGULATIONS

COMPLIANCE WITH THE LAW

It is CGI's policy to comply, not merely with the letter, but also with the spirit of the law. CGI is required to maintain compliance with various acts, statutes and regulations governing activities in the jurisdictions in which it carries on business and expects members acting on its behalf to do likewise. Members are also expected to report any situation of concern to CGI's Corporate Secretary.

GUIDELINES FOR COMPLIANCE

This Code does not seek to provide legal guidance for all laws, statutes and regulations that impact CGI's activities. Specialized resources - legal, tax, environmental, government relations, personnel - are available within CGI for that purpose. There are, however, several items of legislation that warrant specific mention. These are listed below along with some general guidelines for compliance.

HEALTH AND SAFETY LAWS

CGI is committed to creating and maintaining healthy and safe workplaces for its members. Members are expected to comply with all safety laws, regulations and directives from their managers (which may not necessarily be a law or regulation).

ENVIRONMENTAL LAWS

CGI is committed to preserving and enhancing the environment in the communities where its various businesses operate through responsible and environmentally-oriented operating practices. Members are encouraged to participate in undertakings geared to improving the environment in both their workplace and their community.

HUMAN RIGHTS LEGISLATION

Every person has the right to equal treatment with respect to employment and the right to be free of discrimination because of race, ancestry, place of origin, colour, ethnic origin, citizenship, creed, sex, sexual orientation, age, pregnancy, record of offences, marital status, social conditions, political beliefs, language, veteran status (U.S. only), family status, disability or means used to overcome a disability. The following are CGI's policies on equal employment opportunity, anti-discrimination and anti-harassment as well as the procedure for reporting any breach or violation of these policies:

- i) **Equal Employment Opportunity** - CGI is committed to treating all people fairly and equitably, without discrimination. The company has established a program to ensure that groups which are often subject to discrimination are equitably represented within CGI and to eliminate any employment rules and practices that could be discriminatory. CGI regards diversity among its members as a priceless resource and one which enables the Company to work harmoniously with clients from around the world.
- ii) **Anti-Harassment and Anti-Discrimination Policies** - CGI recognizes that everyone has the right to work in an environment free of sexual, psychological and racial harassment. CGI will do everything in its power to prevent its members from becoming victims of such harassment. CGI defines sexual, psychological or racial harassment as any behaviour, in the form of words, gestures, or actions, generally repeated, that has undesired sexual, psychological or racial connotations, that has a negative impact on a person's dignity or physical or psychological integrity, or that results in that person being subjected to unfavourable working conditions or dismissal.

CGI will prevent any form of harassment or discrimination against job candidates and members on any of the grounds mentioned above, whether during the hiring process or during employment. This commitment applies to such areas as training, performance assessment, promotions, transfers, layoffs, remuneration and all other employment practices and working conditions.

All CGI managers are personally accountable for enforcing this policy and must make every effort to prevent discriminatory or harassing behaviour and to intervene immediately if they observe a problem or if a problem is reported to them.

CGI requires that all members refrain from any form of harassment or discrimination against anyone else. CGI will not tolerate any violations of this policy whatsoever.

- iii) **Procedure for Reporting Discrimination or Harassment** - Any member of CGI who feels discriminated against or harassed can and should, in all confidence and without fear of reprisal, personally report the facts to the vice-president of his or her business unit and to the human resources leader either in that business unit, in the country or

at the corporate head office. The facts will be examined carefully by these two individuals. Neither the name of the person reporting the facts nor the circumstances surrounding them will be disclosed to anyone whatsoever, unless such disclosure is necessary for an investigation or disciplinary action. Any disciplinary action will be determined by these same two people and will be proportional to the seriousness of the behaviour concerned. CGI will also provide appropriate assistance to any member who is a victim of discrimination or harassment. In addition, retaliation against persons who make complaints of harassment, witness harassment, offer testimony or are otherwise involved in the investigation of harassment complaints will not be tolerated.

COMPETITION ACT

CGI is required to make its own decisions on the basis of its best interest and must do so independent of agreements or understandings with competitors. The Competition Act (Canada) or corresponding provisions of foreign legislation in matters of competition prohibit certain arrangements or agreements with others regarding product prices, terms of sale, division of markets, allocation of customers or other practices that restrain competition. It is the responsibility of each manager to comply with the letter and spirit of all competition laws as they apply to CGI.

Should a question or doubt arise with respect to competition-sensitive issues, they must immediately be brought to the attention of CGI's Corporate Secretary.

SECURITIES LAWS AND INSIDER TRADING

Members who possess material non-public information may not buy or sell CGI securities while such information remains non-public and must refrain from passing such information on to others, including family and friends. These trading prohibitions apply to members at all levels - not just officers or managers. The prohibition on such trading is based on such information potentially providing an unfair advantage to the member.

"Material non-public information" is non-public information that is significant enough that, if publicly known, is likely to affect the market price of any of CGI's securities. CGI has adopted "Guidelines on Timely Disclosure of Material Information and Transactions in Securities of CGI by Insiders". Each member, officer and director must abide by the provisions of these guidelines, when applicable.

LAWS COMBATTING BRIBERY OF PUBLIC OFFICIALS

The global scope of CGI's business means that we do business in many countries around the globe. CGI complies, and it is essential that our members, officers and directors comply at all times, both with the letter and with the spirit of the laws enacted to combat corruption and the bribery of public officials.

Examples of such laws include the *OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions*, and national laws such as the *Canadian Corruption of Foreign Public Officials Act* and the *US Foreign Corrupt Practices Act*, as well as similar laws that have been enacted by other countries in which we operate. Under these laws it is a serious criminal offense to participate, directly or indirectly, in any activity intended to influence a foreign official to act, or not act, in a way that would be in violation of their lawful duty, or to secure any improper advantage to allow CGI to obtain, or retain, business.

EXPORT AND IMPORT LAWS

CGI members may increasingly find themselves dealing with goods or services that are the subject of export or import restrictions, such as, for example, information or technology that has military or state security applications. Members who deal with controlled goods and services must comply with the CGI policies and procedures that are designed to ensure that the controls are respected.

LAWS THAT PROTECT CLASSIFIED INFORMATION

In the normal course of CGI's business with government clients, our members may be required to hold government security clearances and they may have access to information that is classified or facilities that are restricted. Members must comply with the letter and with the spirit of the laws, rules and regulations that apply to classified information and facilities that are restricted.

Whether a member holds a security clearance or not, members must not seek access to classified information or restricted facilities unless that access is required in order to allow them to carry out their assigned tasks. Members must not accept access to, retain, or otherwise deal with classified information, or enter restricted facilities, unless they hold a current and valid security clearance that entitles them to have the appropriate degree of access. If there is any doubt about whether information is classified or whether facilities are restricted, about the restrictions that may apply to information or facilities, or whether the member's security clearance is adequate in the circumstances, the member must first consult with the CGI security officer who has the authority to advise the member.

8. MEMBER, CLIENT, INVESTOR AND MEDIA RELATIONS

COMMUNICATIONS IN GENERAL

Communications Policy

- i) **Within CGI** - CGI's management philosophy demonstrates the value it places on its members' participation in the Company's activities. Communication is a key responsibility of all members. CGI encourages open communication and the sharing of information because it believes its members are its most valuable ambassadors.
- ii) **Outside of CGI** - CGI also believes in maintaining open communication with its clients, shareholders, the investment community, industry analysts, regulators, the media and other interested parties. Clear and professional communication enables CGI to promote its services and solutions to its various audiences.

Communications within CGI

- i) **Member Input** - CGI encourages its members to share their opinions and ideas, both at scheduled meetings and in the member surveys circulated for this purpose. Regular team meetings are held in all of CGI's business units, providing opportunities for its members to get to know their colleagues better, to discuss topics of common interest and to receive information about developments both in their business unit and in the company. During the annual tour of all business units, the senior managers of CGI provide a review for the members of the past year's performance and discuss CGI's strategies for the coming year.
- ii) **Member Satisfaction Assessment Process** - Each year, all members of CGI are asked to participate in the Member Satisfaction Assessment Process (MSAP) by filling out a survey questionnaire. The answers provided in this questionnaire and the comments made in the "Message to the Senior Management" section enable CGI corporate and operational management to improve policies and programs and develop action plans to achieve CGI's objective of becoming the best employer in the industry. Members of CGI can rest assured that their answers and comments on this questionnaire are kept entirely confidential.
- iii) **Newsletter, Other Communications and the Intranet site** - The purpose of internal communications is to fulfill CGI's promise to provide all members with complete, meaningful, up-to-date information about CGI's activities on an ongoing basis. Examples of ongoing communications initiatives include the member newsletter, Perspectives; quarterly (audio) webcasts, Ontrack, and CGI's enterprise Intranet site, all of which keep the members informed about CGI's current projects and recent successes. CGI's Intranet site is intended to implement an infrastructure that allows CGI to share information and corporate policies with all of its members more rapidly.

Corporate Communications Department

The Corporate Communications department of CGI is responsible for developing and managing the policies and programs for CGI's communications activities both within and outside of the company. The Corporate Communications team's mandate includes the establishment of a corporate identity that includes not only the visual branding, but also how to describe and talk about CGI. CGI's Corporate Communications Program has been designed to focus on three key audiences: members, clients and investors.

World Wide Web site

As a key component of the corporate communications program, the CGI Web site is designed to ensure a flow of information to current and future members, current and prospective clients and investors. CGI's Web site is constantly changing and evolving to achieve CGI's worldwide communication strategy. CGI encourages its members and shareholders to keep up with the latest news on CGI and its activities through CGI's Website at www.cgi.com.

COMMUNICATIONS WITH CLIENTS

- i) **Initiatives with Clients** - CGI is successful because it works hard at communicating effectively with its clients around the world. A Corporate Identity Manual is available in each of the business units. This manual provides guidelines which must be followed by all members for all external communications. A 'branding' section is posted on the Intranet that supports the overall branding effort, educating members on how best to manage the brand. It also provides rules, as well as tools, for sales collaterals and presentations, advertising, and trade show and conference participation.
- ii) **Marketing Materials** - A range of marketing materials has been developed in collaboration with leaders across CGI, representing its various business units, industry sectors and areas of expertise. Included are computer-based presentations and brochures about CGI. These materials are available to all members who work directly with the company's clients, and can be located on the company's Intranet site.

COMMUNICATIONS WITH INVESTORS AND MEDIA

CGI strives to maintain strong relations with its shareholders and has developed an integrated program to manage communications with its shareholders as well as with others in the investment community and with the media. As a publicly traded company, CGI must demonstrate discipline in dealing with external audiences. CGI has therefore adopted "Guidelines on Timely Disclosure of Material Information and Transactions in Securities of CGI by Insiders." Such guidelines include (i) Timely Disclosure and Prohibition Against Selective Disclosure and (ii) CGI's Corporate Disclosure Policy.

Release of Information

CGI regularly issues news releases in North America, Europe and around the world when it concludes major agreements, signs important contracts or has any other news of general interest or material information. CGI also provides financial information to institutional investors and financial analysts and other interested parties by issuing quarterly financial news releases, quarterly shareholders' reports, annual reports, annual notices and corporate and financial profiles. These documents are distributed through newswires and/or posted on SEDAR and EDGAR, as well as on the CGI Web site. CGI also holds meetings with the investment community and hosts special events, such as its annual "Investor Day" and the annual general meeting of shareholders, where CGI communicates directly with the investment community and shareholders.

Internet Broadcasts

CGI strives to share information democratically by using Internet technology to broadcast its major communication events to all of its shareholders, other investors, analysts and the media. CGI broadcasts live and also archives its annual shareholders' meeting for replay via its Web site. It also broadcasts live and archives its regular and special telephone conferences with investors and analysts to disclose its quarterly financial results and major news. Where possible, it also broadcasts presentations at brokerage-sponsored conferences. CGI strives to give current and prospective shareholders and analysts a transparent picture of CGI. This information helps investors better understand CGI's strategy and strengths, so that its shares will trade on the market at their fair value.

Authorized Spokespersons

Media and investor interaction is the responsibility of authorized CGI spokespersons, who ensure the timely and informed communication of relevant information. All authorized spokespersons must demonstrate high standards of integrity and transparency, while refraining from unauthorized disclosure of proprietary or non-public material information.

Initiatives

All initiatives related to investor and media communications must be directed through CGI's Chief Executive Officer. Furthermore, members should make sure that CGI's authorized spokespersons know about any relevant issue of local or national interest that relates to CGI's business, of which they may not be aware.

9. COMMUNITY ACTIVITIES AND POLITICAL AND PUBLIC CONTRIBUTIONS

CGI respects and supports the right of its members as individuals to participate in both community and political activities outside of work hours. No contributions of any kind may be made by a member to any political party, candidate or campaign on behalf of CGI without the approval of CGI's Chief Executive Officer. However, CGI may itself make contributions to political parties as permitted by law.

10. COMPLIANCE WITH THE CODE

MANAGEMENT RESPONSIBILITIES

CGI's managers have a special duty to be role models of appropriate business conduct and to see that the principles and policies of this Code and of other CGI guidelines and policies referred to in this Code are upheld. This means:

- i) **Copy of the Code** - Ensuring that all members have a copy of the Code, and that they understand and comply with its provisions.
- ii) **Assistance** - Offering assistance and explanations to any member who has questions, doubts or is in a difficult situation. Managers are also required to counsel members promptly when their conduct or behaviour is inconsistent with the Code.
- iii) **Enforcement** - Taking prompt and decisive action when a violation of the Code has occurred, in consultation with CGI's Corporate Secretary. If a manager knows a member is contemplating a prohibited action and does nothing, the manager will be held responsible along with the member.

MEMBER RESPONSIBILITIES

Each member is accountable for observing the rules of conduct that are normally accepted as standard in a business enterprise. In addition they must abide by the following:

- i) **Compliance** - CGI's members are expected to comply with the Code and all policies and procedures of the company as well as to actively promote and support CGI's values.
- ii) **Preventing** - Members should take all necessary steps to prevent a Code violation.
- iii) **Reporting** - Members must immediately report to their manager (i) situations of non-compliance with respect to this Code of which they become aware and (ii) suspected violations of the Code. All information will, to the extent possible, be received in confidence. It is corporate policy not to take action against a member who reports in good faith unless unusual circumstances warrant such action.

In addition, CGI has established a policy for incident reporting (often referred to as a “whistleblower policy”) as well as a process under that policy which allows any person who has direct knowledge of specific facts to report incidents in which the Company is exposed to a serious risk in matters of accounting, auditing, internal accounting controls, finance, banking or financial corruption. The process in place protects the incident reporter and ensures the confidentiality of the report.

Incident reports may be submitted either by telephone by dialing 1-800-422-3076 toll free, by dialing (503) 748-0564 and reversing the long distance charges, or by submitting an incident report online. For telephone reports, all long distances charges will be at the expense of CGI. For those who wish to submit incident reports online, a link to the incident reporting web site is provided on CGI’s Enterprise Portal or members may access the incident reporting system directly at www.cgi-en.ethicspoint.com.

CGI’s incident reporting system is managed by EthicsPoint, Inc., a company unrelated to CGI which has undertaken to ensure the confidentiality of all incident reporters as well as the confidentiality of the reports they submit.

CGI’s policy on incident reporting is entitled the *Serious Ethical Incidents Reporting Policy* and is available on the CGI Enterprise Portal on the policies page.

- iv) **Consequences** - Unethical behaviour, violations of this Code and of CGI’s other guidelines and policies, as well as withholding information during the course of an investigation regarding a possible violation of the Code, may result in disciplinary action which will be commensurate with the seriousness of the behaviour. Such action could include termination as well as civil or criminal action.

11. ADMINISTRATION OF THE CODE

PERIODIC REVIEW

Responsibility for the periodic review and revision of the Code lies with CGI’s Corporate Governance Committee.

MONITORING COMPLIANCE

The Board of Directors of CGI will monitor compliance with the Code and will be responsible for the granting of any waivers from compliance with the Code for directors and officers of CGI. These waivers will be disclosed publicly in due course by the Board of Directors of CGI who shall also specify the circumstances and rationale for granting the waivers, as the case may be. The Corporate Secretary of CGI shall, when deemed appropriate, make reports to the Board of Directors of CGI with respect to compliance with this Code.

QUESTIONS

Questions concerning this Code should be referred to a member's manager who, when warranted, shall report to CGI's Corporate Secretary.

4.2 Executive Code of Conduct

IMPORTANT NOTE

Chapter 1, Dream, Mission, Vision and Values of the CGI Group Inc. Fundamental Texts constitutes the fundamental principles of this Executive Code of Conduct. This Code should therefore be read in conjunction with Chapter 1.

This Executive Code of Conduct (the “Code”) is part of the commitment of CGI Group Inc. (“CGI”) to ethical business conduct and practices. This Code reflects CGI’s firm commitment, not only to adherence to the law, but also to the highest standards of ethical conduct.

This Code specifically covers CGI’s principal executive officer, principal financial officer, principal accounting officer or controller, or other persons performing similar functions (collectively, the “officers”).

1. HONEST AND ETHICAL CONDUCT

RESPECT AND INTEGRITY

The officers of CGI are its ambassadors. They must always behave responsibly and demonstrate courtesy, honesty, civility and respect for all other employees of CGI, for its clients and for its suppliers.

ETHICS

Supporting CGI’s objectives, officers in performing their duties will carry out their responsibilities at all times in a way that promotes ethics in their leadership. The officers will:

- (i) Undertake their responsibilities in a vigilant manner in the interests of CGI and to avoid any real or perceived impression of personal advantage;
- (ii) Advance CGI’s legitimate interests when the opportunity arises at all times ahead of their own interests;
- (iii) Proactively promote ethical behavior among subordinates and peers; and
- (iv) Use corporate assets and resources in a responsible and fair manner, having regard for the interests of CGI.

AVOIDANCE OF CONFLICT OF INTEREST

Officers must avoid any actual or apparent conflicts of interest and should never engage in any conduct that is harmful to CGI or its reputation. Such a conflict would exist when an officer favours his or her personal interests

over those of CGI or its clients or when an obligation or situation arising from an officer's personal activities or financial affairs may adversely influence the officer's judgment in the performance of his or her duties to CGI.

Officers will not knowingly do business with any parties related to CGI, any of CGI's clients or any firms with which CGI does business if such business would be material or would be outside of normal client related activity.

Officers shall not solicit or accept gifts or favours from related parties, clients or firms with which CGI does business beyond customary courtesies. For this purpose, a "gift" or "favour" includes any gratuitous service, loan, discount, money or article of value. It does not include articles of nominal value normally used for sales promotion purposes, ordinary business meals or reasonable entertainment consistent with local, social or business customs if received in a sporadic manner.

Officers will not perform work or render services for, or knowingly make a material investment in, organizations that compete with CGI or with which CGI does business without appropriate approval from CGI's Corporate Secretary.

If an officer thinks that he has been placed in a conflict of interest, the Officer must inform CGI's Corporate Secretary.

2. FULL, FAIR, ACCURATE, TIMELY AND UNDERSTANDABLE DISCLOSURE

ANNUAL AND QUARTERLY REPORTS

Each officer shall read each annual or quarterly report filed or submitted under the applicable securities laws and satisfy himself or herself that the report does not contain any untrue statement of a material fact or omit to state a material fact that is necessary in order for the statements made not to be misleading, in light of the circumstances in which such statements were made.

FINANCIAL STATEMENTS

Each officer shall satisfy himself or herself that the financial statements, and other financial information included in the report, fairly present in all material respects the financial condition and results of operations of CGI as of, and for, the periods presented in the report.

REPORTS TO SECURITIES REGULATORS

Officers shall perform their responsibilities with a view to causing periodic reports filed with securities regulators to contain information which is accurate, complete, fair and understandable and to be filed in a timely fashion.

REPORTING CONCERNS AND COMPLAINTS

An officer who believes it is necessary or appropriate to do so can refer concerns about the quality and scope of financial or related reporting requirements to the Chair of the Audit Committee. Any officer who receives a bona fide material complaint about financial reporting from any employee shall report such complaints to the Audit Committee. Any officer who has disclosed such concerns in good faith shall not face any form of retribution.

3. COMPLIANCE WITH LAWS, RULES AND REGULATIONS

The officers are cognizant of their leadership roles within the organization and the importance of compliance with the letter and spirit of applicable laws, rules and regulations relating to financial and related reporting.

4. COMPLIANCE WITH THE CODE

GENERAL RESPONSIBILITIES

Officers have a special duty to be role models of appropriate business conduct and see that the principles and policies of this Code and other CGI guidelines and policies are upheld.

REPORTING

Any violation or suspected violation of the Code should be personally reported by an officer to CGI's Corporate Secretary.

ACCOUNTABILITY

Non-compliance with this Code in every respect by an officer will be a matter for consideration and review by the Board of Directors of CGI.

4.3 Guidelines on Timely Disclosure of Material Information and Transactions in Securities of CGI by Insiders

The present document is divided into three sections. The first section is a summary of the applicable legislation and policies regarding timely disclosure and prohibitions against selective disclosure. The second section is CGI's corporate disclosure policy which is destined to ensure compliance by CGI of the timely disclosure requirements and avoid selective disclosure of material information. Finally, the third section refers to restrictions applicable to transactions in securities of CGI by insiders.

IMPORTANT NOTE

Chapter 1, Dream, Mission, Vision and Values of the CGI Group Inc. Fundamental Texts constitutes the fundamental principles of these Guidelines on timely disclosure of material information and transactions in securities of CGI by insiders. These Guidelines should therefore be read in conjunction with Chapter 1.

I. TIMELY DISCLOSURE AND PROHIBITIONS AGAINST SELECTIVE DISCLOSURE¹

It is fundamental that all persons investing in securities have equal access to information that may influence their investment decisions, therefore placing all participants in the market on an equal footing. The timely disclosure policies of the Toronto Stock Exchange (the "TSX")² and the New York Stock Exchange (the "NYSE") (collectively, the "Exchanges") and of the Canadian Securities Administrators (the "CSA") (individually, a "Timely Disclosure Policy" and collectively, the "Timely Disclosure Policies") elaborate upon the provisions of the Securities Act (Québec), and the securities legislation of all of the provinces of Canada (collectively, the "Legislation") which require that when a material change occurs which is not generally known, a press release disclosing the substance of the change must be issued.

DEFINITION OF MATERIAL INFORMATION

Material information is any information relating to the business and affairs of CGI that results in or would reasonably be expected to result in a significant change in the market price or value of CGI securities (the "CGI Securities"). Material information consists of both "material changes"³ and "material facts"⁴ relating to the business and affairs of CGI. A material change includes a decision to implement such a change made by the board of directors or by senior management who believe that confirmation of the decision by the board of directors is probable.

¹ Definitions provided in Sections I and II apply only to those Sections.

² Respectively, the Toronto Stock Exchange Policy Statement on Timely Disclosure, the Listed Company Manual of the New York Stock Exchange (both available on the TSX website) and National Policy 51-201 on disclosure standards and which provide guidance on best disclosure practices.

³ A material change is a change in the business, operations or capital of the issuer that would reasonably be expected to have a significant effect on the market price or value of any of the securities of the issuer and includes a decision to implement a change made by the board of directors of the issuer or by senior management of the issuer who believe that confirmation of the decision by the board of directors is probable.

⁴ A material fact is a fact that significantly affects, or would reasonably be expected to have a significant effect on, the market price or value of a security of the issuer. The Securities Act (Québec) refers to "privileged information" which is defined as "any information that has not been disclosed to the public and that could affect the decision of a reasonable investor". (Refer to Section III of this document).

It is the responsibility of CGI to determine the materiality of information, as it relates to CGI. When making materiality judgments, CGI should consider factors such as the nature of the information, the volatility of CGI Securities and prevailing market conditions. Ongoing monitoring and assessment of market reaction by CGI to different disclosures will be helpful when making materiality judgments in the future. As a guiding principle, if there is any doubt about whether particular information is material⁵, the CSA encourage companies to err on the side of caution and release information publicly.

Pursuant to the Timely Disclosure Policy of the TSX, the following examples of corporate developments are likely to constitute material information requiring prompt disclosure:

- ◆ a change in share ownership that may affect the control of the company;
- ◆ a change in the corporate structure such as a merger, an amalgamation or a reorganization;
- ◆ a take-over bid or issuer bid;
- ◆ a major corporate acquisition, disposition or joint venture;
- ◆ a stock split, consolidation, stock dividend or other change in capital structure;
- ◆ the borrowing of a significant amount of funds;
- ◆ the public or private sale of additional securities;
- ◆ the development of a new product and/or a development affecting the company's resources, technology, products or markets;
- ◆ entering into or loss of a significant contract;
- ◆ firm evidence of a significant increase or decrease in near term earnings prospects;
- ◆ an important change in capital investment plans or corporate objectives;
- ◆ a significant change in management;
- ◆ significant litigation;
- ◆ a major labour dispute or a dispute with a major contractor or supplier;
- ◆ an event of default under a financing or other agreement;

⁵ U.S. case law has interpreted information to be material if "there is a substantial likelihood that a reasonable shareholder would consider it important" in making an investment decision. Also, according to the U.S. case law, information will be considered material if there is a substantial likelihood that a fact "would have been viewed by the reasonable investor as having significantly altered the "total mix" of information available".

- ◆ a declaration or omission of dividends;
- ◆ a call of securities for redemption; and
- ◆ any other development relating to the business and affairs of a company that would reasonably be expected to significantly affect the market price or value of any of the Company's securities or that would reasonably be expected to have a significant influence on an informed investor's investment decisions.

TIMING OF PUBLIC ANNOUNCEMENT

Pursuant to Timely Disclosure Policies and Legislation, CGI is required to disclose material information concerning its business and affairs immediately upon the information becoming known to management or a development being approved by the Board of Directors, or in the case of information previously known, immediately upon it becoming apparent that the information is material⁶. Immediate release of material information is necessary to ensure that it is promptly available to all investors and to reduce the risk that persons with access to that information will act upon undisclosed information. The disclosure of material change must be made by way of a broadly disseminated news release that is followed by a material change report filed with the appropriate CSA members.

The announcement of an intention to proceed with a transaction or activity should be made when a decision has been taken to proceed with it by CGI's board of directors or by senior management with the expectation in that case of such decision being further agreed to by CGI's board of directors. However, as discussed below, a corporate development in CGI's affairs in respect of which no firm decision has yet been made, may require immediate disclosure if leaks or rumours of such corporate development are reflected in the market place.

Disclosure of corporate developments must be managed with care and judgment by company officials as to the timing of an announcement of material information whether late or premature may affect the credibility and reputation of the company and of the securities market.

In limited circumstances, disclosure of material information may be delayed for reasons of corporate confidentiality.

⁶ Where the material information constitutes a material change, such disclosure must be followed by a material change report filed within ten days of the date on which the change occurred with the relevant securities commissions.

DEALING WITH RUMOURS

Except in certain circumstances, CGI is not required to respond to market rumours. It may choose a “no comment” response to market rumours. An effective way of saying “no comment” is to say, “We do not respond to market rumours”. To maintain a consistent “no comment” policy, a company should not selectively comment, even if no significant corporate developments are taking place or the company knows of no reason for unusual market activity. For example, it is an inconsistent (and likely ineffective) use of a “no comment” policy if a company were to say, “There are no significant corporate developments at this time,” when such is the case, but respond, “no comment” when material developments or transactions are under consideration. Using a “no comment” policy in this fashion may act as a signal to the market and defeats the purpose of the policy.

If, however, the rumour is about a material change in the company’s business, operations or capital or other material information that the company has withheld from general disclosure under its confidentiality privilege, the company’s obligation to make immediate disclosure of that change or information will be triggered. In the face of a rumour regarding undisclosed material information, it is impossible for a company to continue a request for confidentiality. In addition, CSA members or stock exchanges may request that a company respond to a rumour if it is the source of the rumour or if market activity indicates that trading is being affected by the rumour.

Upon such a request, prompt clarification or denial of the rumour through a news release will be necessary and, if the rumour is correct in whole or in part, immediate disclosure of the relevant material information should be made. Pending dissemination of a response to such a request, the relevant stock exchanges, or less frequently, the CSA member, may decide to halt trading in securities of the company.

Companies are often asked to respond to rumours or inquiries regarding possible differences in earnings from current Street estimates. When a company has provided no guidance on analysts’ earnings estimates, except in certain circumstances, the company is under no obligation to respond to such rumours or inquiries. If it is a company’s policy not to comment on analysts’ earnings estimates, the company should state this policy in response to any such questions it receives.

If earnings rumours are affecting the company’s share price, the company may wish to consider issuing a full news release if it believes earnings will be significantly different than Street expectations, or if it believes the rumours to be false and wants to counter them.

MAINTAINING CONFIDENTIALITY

Pursuant to Timely Disclosure Policies, the withholding of material information may only be justified where the potential harm to CGI or to its

investors caused by immediate disclosure may reasonably be considered to exceed the negative consequences of delaying disclosure. Pursuant to the Legislation, CGI will not be required to prepare a press release if senior management has reasonable ground to believe that disclosure would be seriously prejudicial to the interests of CGI and that no transaction in CGI Securities has been or will be carried out on the basis of the information not generally known⁷. In any case, confidentiality may not be maintained beyond the short term. Furthermore, in any situation where material information is being kept confidential because disclosure would be unduly detrimental to CGI's best interests, CGI's management is responsible for taking every possible precaution to ensure that no trading whatsoever takes place by any insider or any employee of CGI in possession of such information before it is generally disclosed to the public.

If the information that CGI wants to keep confidential is a "material change" in its business, operations or capital, CGI must file a report of that change with the appropriate CSA members on a confidential basis, together with an explanation of the reasons for the non-disclosure. To maintain the confidentiality of the filing, CGI must renew its confidential filing every 10 days in certain jurisdictions.

The Timely Disclosure Policy of the TSX enumerates as follows situations where prompt disclosure might be unduly detrimental to CGI's interests:

- ◆ release of the information would prejudice CGI's ability to pursue specific and limited objectives or complete a transaction or series of transactions that are underway. For instance, premature disclosure of the fact that CGI intends to purchase a significant asset may increase the cost of the acquisition;
- ◆ disclosure of the information would provide competitors with confidential corporate information that would significantly benefit them. Such information may be kept confidential if CGI is of the opinion that the detriment to it resulting from disclosure would exceed the detriment to the market in not having access to the information. A decision to release a new product, or details on the features of a new product, may be withheld for competitive reasons, but such information should not be withheld if it is available to competitors from other sources;

⁷ However, in such circumstances CGI is nonetheless required to file a "confidential" material change report indicating the reasons why disclosure is being delayed must be provided in writing. If CGI wishes to keep the material information confidential, it must renew the confidential filing every 10 days following such filing.

- ◆ disclosure of information concerning the status of ongoing negotiations would prejudice the successful completion of these negotiations. It is unnecessary to make a series of announcements concerning the status of negotiations with another party concerning a particular transaction. If it seems that the situation is going to stabilize within a short period, public disclosure may be delayed until a definitive announcement can be made. Disclosure should be made once “concrete information” is available, such as a final decision to proceed with the transaction or, at a later point in time, finalization of the terms of the transaction.

Again, when the disclosure of material information is to be delayed, complete confidentiality must be maintained. In the event that such information has leaked or appears to be impacting the market, CGI must then take immediate steps to ensure that full disclosure to the public is made and contact the Exchanges immediately and ask that trading be halted pending the issuance of a news release.

PROHIBITIONS AGAINST SELECTIVE DISCLOSURE

The Legislation prohibits CGI or any person or company in a special relationship⁸ with CGI from informing anyone, other than in the necessary course of business, of a material information before it has been generally disclosed. This prohibition is commonly known as “tipping”. Tipping is prohibited in order to ensure equal access to, and opportunity to act upon, material information.

The tipping prohibition is very broad. It covers disclosure made by any person in a special relationship with CGI to anyone (other than in the “necessary course of business” as discussed below) and is not limited to communications made to securities market professionals, analysts and institutional investors⁹.

The tipping provisions however permit an issuer to make a selective disclosure in the necessary course of business. This exception exists so as not to interfere with a company’s everyday business. However, whether a particular disclosure has been made in the necessary course of business is dependent on the facts of each case. The CSA set out a list of parties that the necessary course of business exception would generally permit communication to, including:

- ◆ vendors, suppliers, or strategic partners on issues such as research and development, sales and marketing and supply contracts;
- ◆ employees, officers and board members;
- ◆ lenders, legal counsel, auditors, financial advisors and underwriters;

⁸ Persons in a special relationship with CGI, include, but are not limited to: (a) insiders of CGI; (b) directors, officers and employees of CGI; (c) persons engaging in professional or business activities for or on behalf of CGI; and (d) anyone who learns of material information from someone that is known or should be known to be in a special relationship with CGI.

⁹ The CSA point out that although selective disclosure most often occurs in one-on-one discussions and private meetings, it can occur in a variety of situations including annual meetings.

- ◆ parties to negotiations;
- ◆ labour unions and industry associations; and
- ◆ government agencies and non-governmental regulators; and
- ◆ credit rating agencies (provided that the information is disclosed for the purpose of assisting the agency to formulate a credit rating and the ratings are or will be publicly available).

The CSA advise however that the necessary course of business exception would not generally allow selective disclosure to analysts, the media or institutional investors.

In relying on the necessary course of business exception when disclosing material information, CGI must ensure that those receiving the information are aware that they cannot disclose the information to any other party, other than in the necessary course of business, or trade on the information, until it has been generally disclosed.

The selective disclosure prohibition continues until material information has been “generally disclosed”¹⁰.

The CSA encourage issuers to satisfy the general disclosure requirement under the tipping provisions by using one or a combination of news releases through a widely circulated service, press conferences and conference calls where the public is given appropriate notice by news release and may attend or listen. Although issuers are encouraged to file news releases on SEDAR and post information on their website, the CSA point out that currently neither of these methods alone will constitute general disclosure.

If CGI makes an unintentional selective disclosure, it must take immediate steps to ensure that a full public announcement is made. The CSA suggest that, pending issuance of a news release, a company which has made an unintentional selective disclosure shall request a halt trading of its securities and advise anyone with knowledge of the information that it is material and has not been generally disclosed.

Although the Legislation does not provide for a safe harbour for unintentional selective disclosure¹¹, the CSA will look at all of the surrounding circumstances in a selective disclosure enforcement proceeding. Factors that will be considered include:

- ◆ whether and to what extent an issuer has implemented, maintained and followed reasonable selective disclosure policies and procedures ;

¹⁰ The Legislation does not define the term “generally disclosed”. Insider trading jurisprudence however states that information has been generally disclosed when it has been disseminated in a manner calculated to effectively reach the market place and public investors have been given a reasonable amount of time to analyze the information. What constitutes a “reasonable amount of time” will depend on a number of factors including the circumstances in which the event arises, the particulars of the information, the nature of the market for the issuer’s securities and the disclosure method used.

¹¹ Unlike Regulation FD which will be discussed below.

- ◆ whether any selective disclosure was intentional; and
- ◆ what steps were taken to disseminate information that had been unintentionally disclosed, including how quickly the information was disclosed.

ANNOUNCEMENT AND ISSUANCE OF A PRESS RELEASE

As discussed above, the Timely Disclosure Policies, as well as the Legislation, require that when a material change in CGI's affairs occurs that is likely to have a significant influence on the value or the market price of CGI Securities, and is not generally known, CGI shall immediately prepare and distribute a press release disclosing the substance of the change. The press release should be factual and balanced and avoid unnecessary details, exaggerated reports or promotional commentary. When a press release is to be issued during the trading hours, it is essential that CGI officials notify the Market Surveillance Division of the TSX (which will normally coordinate with the NYSE) prior to the issuance of such press release, in order to permit the Market Surveillance Staff to determine whether trading in any of CGI Securities should be temporarily halted. Normally, a trading halt in a security will only be justified if the announcement of the material information is imminent.

The NYSE Company Manual requires that when an announcement of news of a material event or a statement dealing with a rumour which calls for immediate release is made shortly before the opening or during the market hours, the company's NYSE representative be notified by telephone at least ten minutes prior to the release of the announcement to the news media. To ensure adequate coverage, the news release requiring immediate publicity should be given to Dow Jones & Company, Inc., Reuters Economic Services and Bloomberg Business News.

CGI is also required to release material information to the media by the quickest possible method and by one which provides the widest possible dissemination. Because dissemination of news is essential to ensure that all investors trade on equal information, the responsibility of ensuring appropriate dissemination of news releases belongs to CGI.

DISSEMINATION OF MATERIAL INFORMATION THROUGH WEBSITES

The dissemination of information through a website¹² is also subject to the Legislation and Timely Disclosure Policies and the information to be issued through electronic communications must be guided by the same rules as the information disseminated by traditional forms, such as a press release. Consequently, electronic information cannot be misleading to investors (by being incomplete, out of date or by omitting facts) nor of a promotional nature and cannot be used to disseminate material information not yet disclosed to the general public. CGI must regularly review, update or correct, if need be, the information posted on the website. CGI should date all material information posted on its website and should disclaim any duty to update.

¹² The dissemination of information through a website is governed by the TSX Electronic Communications Disclosure Guidelines (which may be found on the TSX website).

In addition, CGI should either delete outdated information or move it to an archive. If CGI updates or corrects material information on its website, it should take steps to ensure that it properly disseminates that information to the public on a timely basis. No material information is to be disseminated through electronic communications prior to being disseminated on a news wire service.

REGULATION FD

The Securities and Exchange Commission's Regulation FD (Fair Disclosure)¹³ requires that reporting companies disclose material information through broad public means and not selectively to securities analysts and other market professionals. However, it is to be noted that Regulation FD does not impose an obligation to disclose material non-public information but rather mandates that if such information is disclosed voluntarily, it must be done on a broad non-exclusive basis. Essentially, if an issuer, or any person acting on its behalf discloses material non-public information to specified persons, Regulation FD requires that the issuer must simultaneously (for intentional disclosures) or promptly (for non-intentional disclosures) make public disclosure of that information.

Since CGI is considered under U.S. securities laws to be a foreign private issuer, Regulation FD will not technically apply to it. It is however important to note that Regulation FD is, to some extent, simply a codification of the U.S. Securities and Exchange Commission's (the "SEC") previous position and that selective disclosure of material non-public information about CGI could, in certain circumstances, even if not technically in violation of Regulation FD, expose the person making the disclosure to liability under the SEC's anti-fraud rules under the Exchange Act¹⁴.

II. CGI CORPORATE DISCLOSURE POLICY

CGI's management believes that the implementation and maintenance of a written corporate disclosure policy will promote consistent, appropriate, timely and broadly disseminated disclosure of its material information and reinforce compliance with the Legislation and the Timely Disclosure Policies.

This disclosure policy confirms in writing our existing disclosure policies and practices. Its goal is to raise awareness of the Company's approach to disclosure among the board of directors, senior management and employees.

¹³ Which became effective on October 23, 2000.

¹⁴ The Securities Act of 1934, as amended.

This disclosure policy extends to all employees of the Company, its board of directors, those authorized to speak on its behalf and all other insiders. It covers disclosures in documents filed with the securities regulators, financial disclosure, including management's discussion and analysis (MD&A) and written statements made in the Company's annual and quarterly reports, news releases, letters to shareholders, presentations by senior management and information contained on the Company's Web site and other electronic communications. It extends to oral statements made in meetings and telephone conversations with analysts and investors, interviews with the media as well as speeches, press conferences and conference calls.

DISCLOSURE POLICY COMMITTEE

The board of directors has established a disclosure policy committee (the "Committee") responsible for all regulatory disclosure requirements and overseeing the Company's disclosure practices. The Committee consists of the Executive Chairman of the Board, Chief Executive Officer, the Corporate Secretary, the Chief Financial Officer and the Executive Vice-President and Chief Legal Officer.

It is essential that the Committee be kept fully apprised of all pending material Company developments in order to evaluate and discuss those events and to determine the appropriateness and timing for public release of information. If it is deemed that material information should remain confidential, the Committee will determine how that inside information will be controlled.

The Committee will identify appropriate industry and Company benchmarks for a preliminary assessment of materiality. Guided by these benchmarks the Committee will use experience and judgement to determine the appropriateness and timing for public release of material information. The Committee will review all core disclosure documents prior to their release or filing, including the Company's MD&A. The Committee will meet quarterly or as conditions dictate and the Vice-President, Corporate Communications & Investor Relations will keep records of these meetings.

The Committee will review and update, if necessary, this disclosure policy annually or as needed to ensure compliance with changing regulatory requirements. The Committee will report to the board of directors quarterly. The Committee is also responsible for ensuring that Company spokespersons receive adequate training.

NEWS RELEASES

Once the Committee determines that a development is material, it will authorize the issuance of a news release unless the Committee determines that such developments must remain confidential for the time being. If developments are to remain confidential, appropriate confidential filings must be made and control of the inside information must be instituted. Should a material statement inadvertently be made in a selective forum, the Company will immediately issue a news release to fully disclose that information.

If the stock exchanges upon which shares of the Company are listed are open for trading at the time of a proposed announcement, prior notice of a news release announcing material information must be provided to the exchanges' market surveillance departments to enable a trading halt, if deemed necessary by the stock exchanges. If a news release announcing material information is issued outside of trading hours, market surveillance must be notified before the market opens.

Annual and interim financial results will be publicly released immediately following audit committee or board approval of the MD&A, financial statements and notes.

The Vice-President, Corporate Communications & Investor Relations must ensure that the material information disclosed in the press release is factual, balanced and complete and avoid including unnecessary details, exaggerated reports or promotional commentaries. The disclosure must allow a reasonable and objective valuation of the information (i.e. nature of the agreement, length, costs and revenues involved, etc.) and comments on future events concerning the affairs of CGI should be limited to the strict minimum.

News releases will be disseminated through an approved news wire service that provides simultaneous national and/or international distribution. News releases will be transmitted to all stock exchange members, relevant regulatory bodies, major business wires, national financial media, and the local media in areas where the Company has its headquarters and operations. As a general rule, procedure for dissemination of material information shall be applied consistently.

DISSEMINATION OF THE MATERIAL INFORMATION

Once the information has been qualified as material, the responsibility of its immediate disclosure by the issuance of a press release belongs to the Vice-President, Corporate Communications & Investor Relations.

A pre-notice of such press release must be sent to the TSX and NYSE before its issuance in order to allow the Market Surveillance Staff to determine whether it is necessary to temporarily halt trading in CGI Securities pending the announcement.

The press release shall be distributed through a widely circulated news or wire service. Refer to heading below "Investor Conference Calls", if an investor conference call is scheduled in connection with the information announced in the press release.

News releases will be posted on the Company's Web site immediately after release over the news wire. The news release page of the Web site will include a notice that advises the reader that the information posted was accurate at the time of posting, but may be superseded by subsequent news releases.

PRINCIPLES OF DISCLOSURE OF MATERIAL INFORMATION

Material information is any information relating to the business and affairs of the Company that results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's securities or that would reasonably be expected to have a significant influence on a reasonable investor's investment decisions. In complying with the requirement to immediately disclose all material information under applicable laws and stock exchange rules, the Company will adhere to the following basic disclosure principles:

- ◆ Material information will be publicly disclosed immediately via news release.
- ◆ In certain circumstances, the Committee may determine that such disclosure would be unduly detrimental to the Company (for example if release of the information would prejudice negotiations in a corporate transaction), in which case the information will be kept confidential until the Committee determines it is appropriate to publicly disclose. In these circumstances, the Committee will cause a confidential material change report to be filed with the applicable securities regulators, and will periodically (at least every 10 days) review its decision to keep the information confidential (also see 'Dealing with Rumours').
- ◆ Disclosure must include any information the omission of which would make the rest of the disclosure misleading (half truths are misleading).
- ◆ Unfavourable material information must be disclosed as promptly and completely as favourable information.
- ◆ There must be no selective disclosure. Previously undisclosed material information must not be disclosed to selected individuals (for example, in an interview with an analyst or in a telephone conversation with an investor). If previously undisclosed material information has been inadvertently disclosed to an analyst or any other person not bound by an express confidentiality obligation, this information must be broadly disclosed immediately via news release.
- ◆ Disclosure on the Company's Web site alone does not constitute adequate disclosure of material information.
- ◆ Disclosure must be corrected immediately if the Company subsequently learns that earlier disclosure contained a material error at the time it was given.

DESIGNATED SPOKESPERSONS

The Company designates a limited number of spokespersons with authority for communication with the investment community, regulators or the media. The Chief Executive Officer, Chief Financial Officer and Vice-President, Corporate Communications & Investor Relations shall be the official spokespersons for the Company. Individuals holding these offices may, from time to time, designate others within the Company with authority to speak on behalf of the Company as back-ups or to respond to specific inquiries.

Employees who are not authorized spokespersons must not respond under any circumstances to inquiries from the investment community, the media or others, unless specifically asked to do so by an authorized spokesperson. All such inquiries are to be referred to the Vice-President, Corporate Communications & Investor Relations.

All external information requests from the investment community regarding CGI will be initially directed to the Vice-President, Corporate Communications & Investor Relations, who is responsible for communications with the investment community and securities analysts. However, in certain circumstances such requests shall be directed to the Executive Chairman of the Board, the Corporate Secretary, the Chief Financial Officer or the Senior Vice-President, Finance and Treasury (collectively, the "Authorized Spokespersons").

All employees who are not Authorized Spokespersons must refer calls to the Authorized Spokespersons or to the Vice-President, Corporate Communications & Investor Relations or to the media relations managers, depending on the particular call.

It is very important that any comment made by the Authorized Spokespersons reflects only material information already generally disclosed. To that effect, all relevant public information regarding CGI (news releases, financial analyst reports, notes following communication with analysts, etc.) will be kept in a specific file in order to ensure complete compilation of the public information and to assist the Vice-President, Corporate Communications & Investor Relations in his or her functions.

Information relating to CGI in the market place and reactions by the market place to such information shall be closely monitored by the Vice-President, Corporate Communications & Investor Relations to ensure a prompt reaction to non-intentional selective disclosures. All employees shall report any such disclosure to the Vice-President, Corporate Communications & Investor Relations.

CONFIDENTIALITY OF THE INFORMATION

The Disclosure Policies and the Legislation allow material information to be kept confidential when immediate disclosure of such information would be unduly detrimental to CGI (to that effect, refer to heading "Maintaining Confidentiality" of Section I above).

In order to ensure the confidential nature of the information, CGI establishes the following rules:

- a) the number of CGI employees with access to confidential information must be limited, to the extent possible;
- b) appropriate measures are to be taken in order to avoid unauthorized access to the confidential documents through technology or otherwise;

Moreover, any CGI employee in possession of material information will not disclose the information to anyone (including financial analysts and institutional investors) except in the necessary course of business (as discussed above) and when disclosed in such manner, all parties involved will be reminded that such information is to be kept confidential.

During the period when the material information is being kept confidential, the Vice-President, Corporate Communications & Investor Relations will carefully monitor the market activity in CGI Securities. In some cases, he or she may request the market surveillance department of one or both stock exchanges where it is listed to place the company's securities on 'stock watch' to monitor trading activity.

If the confidential material information, or rumours about it, has leaked or appears to be impacting the market, the Vice-President, Corporate Communications & Investor Relations, on the direction of the Disclosure Policy Committee will have to take immediate steps to ensure that a full public announcement is made. This includes contacting the Exchanges and asking that trading be halted pending the issuance of a news release. Furthermore, pending the public release of the material information, those who have knowledge of the information shall be told that the information is material and that it has not been generally disclosed.

DEALING WITH RUMOURS

The Company does not comment, affirmatively or negatively, on rumours. This also applies to rumours on the Internet. The Company's spokespersons will respond consistently to any rumours, saying, "It is our policy not to comment on market rumours or speculation."

Should the stock exchange request that the Company make a definitive statement in response to a market rumour that is causing significant volatility in the stock, the Committee will consider the matter and decide whether to make a policy exception. If the rumour is true in whole or in part, this may be evidence of a leak, and the Company then will immediately issue a news release disclosing the relevant material information.

TRADING RESTRICTIONS, BLACKOUT PERIODS AND PRE CLEARING OF TRADES

It is illegal for anyone with knowledge of material information affecting a public company that has not been publicly disclosed to purchase or sell securities of that company. It is also illegal for anyone to inform any other person of material non-public information, except in the necessary course of business. Therefore, insiders and employees with knowledge of confidential or material information about the Company or information about counter-parties in negotiations of transactions that are potentially material to the Company or to such counterparty, are prohibited from trading securities of the Company or any counter-party until the information has been fully disclosed and a reasonable period has passed for the information to be widely disseminated.

Insiders are personally responsible for filing accurate and timely insider trading reports. Insiders are required to provide a copy of all insider reports to the Corporate Secretary or other designated person concurrent with their filing to regulatory authorities. For trading blackouts for designated employees in possession of privileged information, please refer to Section III below "Restrictions Applicable to Transactions in Securities by Insiders".

Quarterly trading periods, blackout periods and the requirement to pre clear trades with the Corporate Secretary apply to certain insiders and to CGI employees who normally have access to Privileged Information regarding CGI. These restrictions are set out in the *CGI Policy on Insider Trading Restrictions and Blackout Periods*.

Blackout periods may also be prescribed from time to time by the Disclosure Policy Committee as a result of special circumstances relating to the Company when certain insiders and CGI employees who have access to Privileged Information regarding CGI would be precluded from trading in its securities. All parties with knowledge of such special circumstances should be covered by the blackout. These parties may include external advisors such as legal counsel, investment bankers, investor relations consultants and other professional advisors, and counter-parties in negotiations of material potential transactions.

CONTACTS WITH ANALYSTS, INVESTORS AND THE MEDIA

Disclosure in individual or group meetings does not constitute adequate disclosure of information that is considered material non-public information. If the Company intends to announce material information at an analyst or shareholder meeting or a press conference or conference call, the announcement must be preceded by a news release.

The Company recognizes that meetings with analysts and significant investors are an important element of its investor relations program. The Company will meet with analysts and investors individually or in small groups as needed and will initiate contacts or respond to analyst and

investor calls in a timely, consistent and accurate fashion in accordance with this disclosure policy. All analysts will receive fair treatment regardless of whether they are recommending buying or selling the Company's securities.

The Company will provide only non-material information through individual and group meetings, in addition to publicly disclosed information, recognizing that an analyst or investor may construct this information into a mosaic that could result in material information. The Company cannot alter the materiality of information by breaking down the information into smaller, non-material components.

CGI representatives meeting privately with financial analysts and investors will carry out research on the people they are meeting in order to prepare for their expected line of questioning. Statements and responses to anticipated questions will be discussed with the Vice-President, Corporate Communications & Investor Relations prior to the meeting. The Vice-President, Corporate Communications & Investor Relations will be present at each private meeting to ensure consistency of corporate answers and to determine whether any unintentional selective disclosure occurred during the meeting.

The Company will provide the same sort of detailed, non-material information to individual investors or reporters that it has provided to analysts and institutional investors and may post this information on its Web site.

Spokespersons will keep notes of telephone conversations with analysts and investors and where practicable more than one Company representative will be present at all individual and group meetings. A debriefing will be held after these meetings and if it determines that selective disclosure of previously undisclosed material information has occurred, the Company will immediately disclose the information broadly via news release.

INVESTOR CONFERENCE CALLS

The following steps shall be followed when holding investor conference calls to disclose material information:

- i) a press release containing the material information shall have been previously released through a widely circulated news or wire service. Such press release shall contain the date and time of the call, the subject matter and the means for accessing it;
- ii) CGI representatives participating in the analyst conference call will meet before the call to prepare for anticipated questions. Statements and responses to anticipated questions will be discussed and scripted in advance and reviewed by the Company's executive management.

- iii) the conference call shall be held in an open manner, permitting investors to listen either by telephone or through Internet Webcasting;
- iv) a dial-in replay will be provided for a period of at least one week after the investor conference call and a web replay will be provided for a period of at least 90 days after the call.
- v) a detailed transcript of the conference call will be kept and reviewed to determine whether any unintentional selective disclosure occurred during the conference call. If so, immediate steps to ensure full public announcement shall be made including contacting the Exchanges and asking that trading be halted pending the issuance of a news release.

REVIEWING ANALYST REPORTS AND FINANCIAL MODELS

Upon request, the Company may review analysts' draft research reports or financial models for factual accuracy based on publicly disclosed information. The Company will not confirm, or attempt to influence, an analyst's opinions or conclusions and will not express comfort with the analyst's financial model and earnings estimates.

To avoid appearing to endorse an analyst's report or model, the Company will provide its comments orally or will attach a disclaimer to written comments to indicate the report was reviewed only for factual accuracy.

QUIET PERIODS

To avoid the potential for selective disclosure or even the perception or appearance of selective disclosure, the Company will observe quiet periods prior to quarterly earnings announcements or when material changes are pending. Regular quiet periods will commence two days before the end of a quarter and end on the date of a news release disclosing results for the quarter just ended.

During a quiet period, the Company will not initiate any meetings or telephone contacts with analysts and investors, but will respond to unsolicited inquiries concerning factual matters. However, the Company may accept invitations to participate in investment meetings and conferences organized by others, as long as material, non-public information is not selectively disclosed.

FORWARD-LOOKING INFORMATION

When CGI elects to disclose forward-looking information in continuous disclosure documents, speeches, conference calls, etc., the following guidelines will be observed.

- ◆ All material forward-looking information will be broadly disseminated via news release and included in the Company's annual and quarterly MD&A. The Committee will assess whether an update is required on a quarterly basis or as circumstances warrant.

- ◆ The information will be clearly identified as forward looking.
- ◆ The Company will identify all material assumptions used in the preparation of the forward-looking information.
- ◆ The information will be accompanied by a statement that identifies, in specific terms, the risks and uncertainties that may cause the actual results to differ materially from those projected in the statement.
- ◆ The information may be accompanied by supplementary information such as a range of reasonably possible outcomes or a sensitivity analysis to indicate the extent to which different business conditions may affect the actual outcome.
- ◆ The information will be accompanied by a statement that the information is as of the current date and subject to change after that date and the Company disclaims any intention to update or revise the forward-looking information, whether as a result of new information, future events or otherwise.
- ◆ Once forward looking information has been disclosed, CGI will regularly assess whether an update is required and ensure that past disclosure of forward-looking information is accurately reflected in current MD&A.
- ◆ Forward-looking statements shall be updated, if necessary, by issuing a press release and filing a material change report.

DISCLOSURE RECORD

The Vice-President, Corporate Communications & Investor Relations will maintain a five-year record of all public information about the Company, including continuous disclosure documents, news releases, analysts' reports, transcripts or tape recordings of conference calls, debriefing notes, notes from meetings and telephone conversations with analysts and investors, and newspaper articles.

ELECTRONIC COMMUNICATIONS

Employees must not use electronic communications to leak or discuss in any way undisclosed material information regarding CGI's affairs and business.

- a) Officers responsible for monitoring CGI's electronic communications:
 - i) The Vice-President, Corporate Communications & Investor Relations, under the authority of the Disclosure Policy Committee, and

- ii) Such officers will be responsible for monitoring CGI's electronic communications and enforcing compliance with CGI's guidelines. Moreover, in order to ensure the integrity and security of CGI's electronic communications, regular review and update of its security systems will be executed. The Vice-President, Corporate Communications & Investor Relations will maintain a log indicating the date that material information is posted and/or removed from the IR section of the Web site. Documents filed with securities regulators will be maintained on the web site for a minimum of two years.
- b) CGI's website:
- i) The Vice-President, Corporate Communications & Investor Relations, under the authority of the Disclosure Policy Committee shall be responsible for maintaining CGI's website up-to-date and accurate. All material information shall be dated when posted or modified and outdated information shall be archived, and
 - ii) All CGI corporate "timely disclosure" documents as well as any other public documents filed with the Exchanges and the Canadian securities commissions or required to be posted on the website shall be posted in their entirety on CGI's website. Such documents include:
 - ◆ the annual and interim financial statements and related auditors report and MD&A;
 - ◆ the annual report;
 - ◆ interim shareholder reports;
 - ◆ the annual information form;
 - ◆ press releases (whether or not favourable);
 - ◆ management proxy circulars;
 - ◆ CEO and CFO financial statements certifications;
 - ◆ Corporate governance Guidelines;
 - ◆ Board and Board Committee Charters;
 - ◆ Code of Business Conduct and Ethics;
 - ◆ Insider trading reports; and
 - ◆ any other communications transmitted to shareholders.

No material information shall be posted on CGI's website before it has been widely disseminated.

The Vice-President, Corporate Communications & Investor Relations must approve all links from the Company Web site to a third party web site. The Web site will include a notice that advises readers they are leaving the Company's Web site and that the Company is not responsible for the contents of the other site.

The Vice-President, Corporate Communications & Investor Relations will be responsible for the responses to electronic inquiries. Only public information or information that could otherwise be disclosed in accordance with this disclosure policy shall be used to respond to electronic inquiries.

c) Rumours on the Internet:

Rumours about CGI on the Internet through chat-rooms, web logs, news groups or otherwise shall be handled similarly to rumours spread in a traditional way (refer to heading "Dealing with Rumours" of Section I).

d) Supplemental information:

It is understood that any non material information disseminated to third parties (including private investors, financial analysts, institutional investors) should also be available to all investors. Consequently, such information will be posted on CGI's website unless the volume or format makes it unduly complicated. In such case, CGI will provide a contact name on its website so that investors may have access to such information, if requested. The supplemental information includes data books, fact sheets, slides of investor presentations and other materials distributed at analyst or industry presentations.

e) Investor Relations contact information:

CGI will maintain an e-mail link on its website allowing investors to communicate directly with CGI's Investor Relations representatives. Such representatives shall ensure that any risk of selective disclosure is avoided when responding to investor e-mails. When possible, they will respond to investor enquiries by telephone.

CGI will maintain a phone number for the media, to assist them in receiving responses to questions in a timely manner in order to meet their print deadlines.

f) Utilization and exclusion of certain information:

i) Employee use of electronic information:

- ◆ CGI employees are hereby reminded that all correspondence received and sent via e-mail is to be considered corporate correspondence and therefore must not transmit confidential information externally unless protected by appropriate encryption technology;
- ◆ CGI employees are prohibited from participating in, hosting or linking to any Internet chat-rooms, bulletin boards, web logs or news groups in communications involving CGI or its securities (even if the intention of CGI employees is to correct rumours or defend CGI);

- ◆ CGI employees are encouraged to report to the Vice-President, Corporate Communications & Investor Relations any discussion pertaining to CGI which they find on the Internet.

ii) Analyst reports and third party information:

Analyst reports are proprietary products of the analyst's firm. Distributing analyst reports or providing links to them may be viewed as an endorsement by the Company of the reports. For these reasons, the Company will not provide analyst reports through any means to persons outside of the Company or generally to employees of the Company, including posting such information on its Web site. The Company will post on its Web site a complete list, regardless of the recommendation, of all the investment firms and analysts who provide research coverage on the Company. This list will not include links to the analysts' or any other third party Web sites or publications.

Notwithstanding the foregoing, the Company will distribute analyst reports to its directors and senior officers to assist them in understanding how the marketplace values the company and what corporate developments analysts typically consider important. This information is useful in monitoring the communications of the company, and in developing messages to better guide investor expectations.

g) Legal disclaimer:

A legal disclaimer regarding the accuracy, timeliness and completeness of the information posted on the website must be included on CGI's website at all times.

COMMUNICATION, EDUCATION AND ENFORCEMENT

This disclosure policy extends to all employees of the Company, its board of directors and authorized spokespersons. New directors, officers and employees will be provided with a copy of this disclosure policy and educated about its importance. This disclosure policy will be posted on the Company's internal Web site and changes will be communicated to all employees.

Any employee who violates this disclosure policy may face disciplinary action up to and including termination of employment with the Company without notice. The violation of this disclosure policy may also violate certain securities laws, which could expose directors, officers or employees to personal liability. If it appears that an employee may have violated such securities laws, the Company may refer the matter to the appropriate regulatory authorities, which could lead to fines or other penalties.

III. RESTRICTIONS APPLICABLE TO TRANSACTIONS IN SECURITIES BY INSIDERS

The acquisition or the sale of CGI securities (the “CGI Securities”) by its senior executives (which means under Canadian securities legislation (the “Legislation”), a person exercising the functions of a director or of a president, vice-president, secretary, treasurer, controller or similar functions) entails under the terms of the Legislation, civil, penal and criminal liability if they carry out these operations while they have at their disposal information which has not been disclosed to the public and which information may be susceptible of affecting the decision of a reasonable investor, as well as any information that may affect the value or market price of CGI Securities. All insiders of CGI are subject to the Legislation. These insiders include CGI, its senior executives and the senior executives of its subsidiaries as well as any person or company who exercises control over 10% or more of outstanding CGI Securities.

The Legislation also provides for civil, penal and criminal liability for any person who trades in the securities of any public company if they carry out these operations while they have at their disposal information which they have reason to believe has not been disclosed to the public and that may be susceptible of affecting the decision of a reasonable investor, as well as any information that may affect the value or market price of such securities.

Any such information, whether it relates to CGI or to any other public company, is hereafter referred to as “Privileged Information”.

The underlying principle of the Legislation in respect to insider restrictions is that all persons investing in securities should have access to information that may affect their investment decisions. Consequently, no insider having Privileged Information relating to CGI Securities may trade in such securities, except if such insider is justified in believing that the information is generally known or known to the other party or, as the case may be, he avails himself of an automatic subscription plan or any other automatic plan established by CGI, according to conditions set down in writing, before he learned of the information. Furthermore, no insider may disclose such Privileged Information unless he is justified in believing that the information is generally known or known to the other party or such insider must disclose the information in the necessary course of business, having no ground to believe it will be used or disclosed contrary to the guidelines set out herein.

The Legislation extends the prohibition in engaging in transactions with CGI Securities at the time when a person possesses Privileged Information to:

- (i) any person who possesses Privileged Information as a result of any relationship he may have with CGI in the performance of his duties, or within the scope of commercial or professional activities

- (ii) any person who possesses Privileged Information coming from, to his knowledge, an insider or another person targeted by this prohibition and
- (iii) any person who possesses Privileged Information which he knows to be such, with respect to CGI.

TRANSACTIONS BY SENIOR EXECUTIVES OF CGI

CGI believes that it is important to establish rules of conduct in order to ensure the respect of all Legislation pertaining to senior executives' transactions in CGI Securities as well as in the securities of other public companies. These rules of conduct are the following, their application being cumulative and not exclusive:

- a) Directors, senior executives, insiders and CGI employees who have access to Privileged Information regarding CGI or any other public Company may not carry out any transaction with CGI Securities when in possession of Privileged Information.
- b) Subject to the restrictions provided for in the Legislation, these persons must pre clear their trades with the Corporate Secretary and may only trade in CGI Securities within the periods permitted under the *CGI Policy on Insider Trading and Blackout Periods*.
- c) The directors may not carry out any transaction with CGI Securities from the date of receipt of any notice concerning a meeting of the Board of Directors, or of any other notice, whether or not this notice discloses any Privileged Information.
- d) Directors and senior executives shall avoid frequent transactions in the market in order to avoid the appearance of speculation.
- e) Directors and senior executives shall not engage in short selling in respect of CGI Securities and shall not sell a call or buy a put in respect of CGI Securities.

The foregoing rules exist in order to help the directors and senior executives of CGI satisfy themselves and all third parties, that they only carry out transactions in CGI Securities at times when it is reasonable for them to believe that all Privileged Information regarding CGI has been publicly disclosed.

DISCLOSURE OF PRIVILEGED INFORMATION

As mentioned above, the Legislation prohibits the disclosure of Privileged Information. This prohibition extends to the same persons who are not permitted to carry out transactions when in possession of Privileged Information.

CGI believes it is important to establish the following additional rules of conduct concerning the disclosure of Privileged Information:

- g) Material information regarding the activities and affairs of CGI will be disclosed in a timely manner, in accordance with the requirements of the timely disclosure policies of the TSX and the NYSE and applicable securities legislation (as discussed in Section I).
- h) It is forbidden for management, insiders and employees of CGI to convey to any person whatsoever, any and all material information related to the activities and affairs of CGI before CGI's shareholders and the general public have been notified (by way of media or other means), except in the necessary course of business and subject to an obligation of confidentiality.

INSIDER REPORTS

Any person who becomes an insider of CGI shall file an electronic profile in the System for Electronic Disclosure by Insiders ("SEDI") www.sedi.ca.

In addition, CGI insiders are required to declare any modifications or changes (whatever the percentage) to their holdings in CGI Securities within 5 days of such a change, except in certain limited exceptions. In this regard, an insider report must be completed and filed in SEDI. The insider of CGI who registers or causes to be registered any CGI Securities in the name of a third person shall file an insider report, except in the case of a bona fide transfer in guarantee. In such case and where the insider fails to file the report provided for by the Legislation, the third person shall file the report himself on becoming aware of the failure.

The obligation to complete insider reports shall continue for as long as the person qualifies as an insider.

An insider is required to file an amended insider profile within ten days of a change in the insider's name or relationship to CGI. If there is a change in any other information in the insider profile, an amended insider profile is only required at the time of the insider's next SEDI filing.

As a matter of law, the responsibility for filing and updating an electronic profile and for filing insider reports in SEDI lies solely with the insider. However, CGI's secretariat staff will send three days prior to the end of each month to each insider of the Company a reminder to complete an insider report, if necessary. It is recommended that each insider inform the Company's Corporate Secretary prior to completion of any transaction on CGI Securities.



Appendix



APPENDIX A

Definition of Independence in effect as of June 30, 2005 under CSA Multilateral Instrument 52-110

1.4 Meaning of independence

- (1) An audit committee member is independent if he or she has no direct or indirect material relationship with the issuer.
- (2) For the purposes of subsection (1), a “material relationship” is a relationship which could, in the view of the issuer’s board of directors, be reasonably expected to interfere with the exercise of a member’s independent judgement.
- (3) Despite subsection (2), the following individuals are considered to have a material relationship with an issuer:
 - (a) an individual who is, or has been within the last three years, an employee or executive officer of the issuer;
 - (b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the issuer;
 - (c) an individual who:
 - (i) is a partner of a firm that is the issuer’s internal or external auditor,
 - (ii) is an employee of that firm, or
 - (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer’s audit within that time;
 - (d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual:
 - (i) is a partner of a firm that is the issuer’s internal or external auditor,
 - (ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or
 - (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer’s audit within that time;

- (e) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the issuer's current executive officers serves or served at that same time on the entity's compensation committee; and
 - (f) an individual who received, or whose immediate family member who is employed as an executive officer of the issuer received, more than \$75,000 in direct compensation from the issuer during any 12 month period within the last three years.
- (4) Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because
- (a) he or she had a relationship identified in subsection (3) if that relationship ended before March 30, 2004; or
 - (b) he or she had a relationship identified in subsection (3) by virtue of subsection (8) if that relationship ended before June 30, 2005.
- (5) For the purposes of clauses (3)(c) and (3)(d), a partner does not include a fixed income partner whose interest in the firm that is the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with that firm if the compensation is not contingent in any way on continued service.
- (6) For the purposes of clause (3)(f), direct compensation does not include:
- (a) remuneration for acting as a member of the board of directors or of any board committee of the issuer, and
 - (b) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.
- (7) Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because the individual or his or her immediate family member
- (a) has previously acted as an interim chief executive officer of the issuer, or
 - (b) acts, or has previously acted, as a chair or vice-chair of the board of directors or of any board committee of the issuer on a part-time basis.

- (8) For the purpose of section 1.4, an issuer includes a subsidiary entity of the issuer and a parent of the issuer.

1.5 additional independence requirements

- (1) Despite any determination made under section 1.4, an individual who
- (a) accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the issuer or any subsidiary entity of the issuer, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee, or as a part time chair or vice-chair of the board or any board committee; or
 - (b) is an affiliated entity of the issuer or any of its subsidiary entities, is considered to have a material relationship with the issuer.
- (2) For the purposes of subsection (1), the indirect acceptance by an individual of any consulting, advisory or other compensatory fee includes acceptance of a fee by
- (a) an individual's spouse, minor child or stepchild, or a child or stepchild who shares the individual's home; or
 - (b) an entity in which such individual is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the issuer or any subsidiary entity of the issuer.
- (3) For the purposes of subsection (1), compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.

Consolidated Financial Statements of

CGI GROUP INC.

For the years ended September 30, 2013 and 2012

Management's and Auditors' reports

MANAGEMENT'S STATEMENT OF RESPONSIBILITY FOR FINANCIAL REPORTING

The management of CGI Group Inc. ("the Company") is responsible for the preparation and integrity of the consolidated financial statements and the Management's Discussion and Analysis ("MD&A"). The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and necessarily include some amounts that are based on management's best estimates and judgment. Financial and operating data elsewhere in the MD&A are consistent with that contained in the accompanying consolidated financial statements.

To fulfill its responsibility, management has developed, and continues to maintain, systems of internal controls reinforced by the Company's standards of conduct and ethics, as set out in written policies to ensure the reliability of the financial information and to safeguard its assets. The Company's internal control over financial reporting and consolidated financial statements are subject to audit by the independent auditors, Ernst & Young LLP, whose report follows. They were appointed as independent auditors, by a vote of the Company's shareholders, to conduct an integrated audit of the Company's consolidated financial statements and of the Company's internal control over financial reporting. In addition, the Executive Committee of the Company reviews the disclosure of corporate information and oversees the functioning of the Company's disclosure controls and procedures.

Members of the Audit and Risk Management Committee of the Board of Directors, all of whom are independent of the Company, meet regularly with the independent auditors and with management to discuss internal controls in the financial reporting process, auditing matters and financial reporting issues and formulates the appropriate recommendations to the Board of Directors. The independent auditors have unrestricted access to the Audit and Risk Management Committee. The consolidated financial statements and MD&A have been reviewed and approved by the Board of Directors.

/s/ Michael E. Roach

Michael E. Roach

President and Chief Executive Officer

November 13, 2013

/s/ R. David Anderson

R. David Anderson

Executive Vice-President and Chief Financial Officer

MANAGEMENT REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's consolidated financial statements for external reporting purposes in accordance with accounting principles generally accepted in Canada.

The Company's internal control over financial reporting includes policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of the assets of the Company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with accounting principles generally accepted in Canada, and that receipts and expenditures are being made only in accordance with authorizations of management and the directors of the Company; and,
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the Company's consolidated financial statements.

All internal control systems have inherent limitations; therefore, even where internal control over financial reporting is determined to be effective, it can provide only reasonable assurance. Projections of any evaluation of effectiveness to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As of the end of the Company's 2013 fiscal year, management conducted an assessment of the effectiveness of the Company's internal control over financial reporting based on the framework established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 Framework). Based on this assessment, management has determined the Company's internal control over financial reporting as at September 30, 2013, was effective.

The effectiveness of the Company's internal control over financial reporting as at September 30, 2013, has been audited by the Company's independent auditors, as stated in their report appearing on page 3.

/s/ Michael E. Roach

Michael E. Roach

President and Chief Executive Officer

November 13, 2013

/s/ R. David Anderson

R. David Anderson

Executive Vice-President and Chief Financial Officer

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON INTERNAL CONTROL OVER FINANCIAL REPORTING

To the Board of Directors and Shareholders of CGI Group Inc.

We have audited CGI Group Inc.'s (the "Company") internal control over financial reporting as of September 30, 2013, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 Framework) ("the COSO criteria"). The Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records, that in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of September 30, 2013 based on the COSO criteria.

We also have audited, in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements of the Company as at and for the year ended September 30, 2013, and our report dated November 13, 2013 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP¹
Ernst & Young LLP

Montréal, Canada
November 13, 2013

1. CPA auditor, CA, public accountancy permit No. 112431

CGI Group Inc. – Consolidated Financial Statements for the years ended September 30, 2013 and 2012

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON FINANCIAL STATEMENTS

To the Board of Directors and Shareholders of CGI Group Inc.

We have audited the accompanying consolidated financial statements of CGI Group Inc. (the “Company”), which comprise the consolidated balance sheets as of September 30, 2013 and 2012 and the consolidated statements of earnings, comprehensive income, changes in equity and cash flows for the years ended September 30, 2013 and 2012, and a summary of significant accounting policies and other explanatory information.

Management’s responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors’ judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity’s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2013 and 2012 and its financial performance and its cash flows for the years ended September 30, 2013 and 2012 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

CGI Group Inc. – Consolidated Financial Statements for the years ended September 30, 2013 and 2012

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Other matter

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), CGI Group Inc.'s internal control over financial reporting as of September 30, 2013, based on the criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 Framework) and our report dated November 13, 2013 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ Ernst & Young LLP¹

Ernst & Young LLP

Montréal, Canada
November 13, 2013

1. CPA auditor, CA, public accountancy permit No. 112431

CGI Group Inc. – Consolidated Financial Statements for the years ended September 30, 2013 and 2012

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Consolidated Statements of Earnings

For the years ended September 30

(in thousands of Canadian dollars, except share data)

	2013	2012
	\$	\$
Revenue	10,084,624	4,772,454
Operating expenses		
Costs of services, selling and administrative (Note 22)	9,012,310	4,226,859
Acquisition-related and integration costs (Note 25b)	338,439	254,973
Finance costs (Note 24)	113,931	42,099
Finance income	(4,362)	(5,318)
Other income	—	(3,955)
Foreign exchange gain	(3,316)	(1,134)
Share of profit on joint venture	—	(3,996)
	9,457,002	4,509,528
Earnings before income taxes	627,622	262,926
Income tax expense (Note 15)	171,802	131,397
Net earnings	455,820	131,529
Earnings per share (Note 20)		
Basic earnings per share	1.48	0.50
Diluted earnings per share	1.44	0.48

See Notes to the consolidated financial statements.

CGI Group Inc. – Consolidated Financial Statements for the years ended September 30, 2013 and 2012

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Consolidated Statements of Comprehensive Income

For the years ended September 30

(in thousands of Canadian dollars)

	2013 \$	2012 (Revised – Note 25) \$
Net earnings	455,820	131,529
Net unrealized gains (losses) on translating financial statements of foreign operations (net of income taxes) (Note 25a)	297,761	(19,626)
Net unrealized (losses) gains on derivative financial instruments and on translating long-term debt designated as hedges of net investments in foreign operations (net of income taxes)	(143,785)	10,766
Net unrealized gains (losses) on cash flow hedges (net of income taxes)	134	(11,615)
Net unrealized actuarial (losses) gains (net of income taxes)	(30,845)	5,210
Net unrealized (losses) gains on investments available for sale (net of income taxes)	(1,704)	987
Other comprehensive income (loss)	121,561	(14,278)
Comprehensive income	577,381	117,251

See Notes to the consolidated financial statements.

CGI Group Inc. – Consolidated Financial Statements for the years ended September 30, 2013 and 2012

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Consolidated Balance Sheets
As at September 30
(in thousands of Canadian dollars)

	2013 \$	2012 (Revised – Note 25) \$
Assets		
Current assets		
Cash and cash equivalents (Note 4)	106,199	113,103
Short-term investments	69	14,459
Accounts receivable (Note 5)	1,205,625	1,412,935
Work in progress	911,848	697,132
Prepaid expenses and other current assets	219,721	235,962
Income taxes	17,233	39,877
Total current assets before funds held for clients	2,460,695	2,513,468
Funds held for clients (Note 6)	222,469	202,407
Total current assets	2,683,164	2,715,875
Property, plant and equipment (Note 7)	475,143	481,480
Contract costs (Note 8)	140,472	168,650
Intangible assets (Note 9)	708,165	787,779
Other long-term assets (Note 10)	110,321	94,625
Deferred tax assets (Note 15)	368,217	348,689
Goodwill (Note 11)	6,393,790	6,093,134
	<u>10,879,272</u>	<u>10,690,232</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	1,125,916	1,286,031
Accrued compensation	713,933	522,564
Deferred revenue	508,267	535,902
Income taxes	156,358	176,962
Provisions (Note 12)	223,074	250,687
Current portion of long-term debt (Note 13)	534,173	52,347
Total current liabilities before clients' funds obligations	3,261,721	2,824,493
Clients' funds obligations	220,279	197,986
Total current liabilities	3,482,000	3,022,479
Long-term provisions (Note 12)	109,011	126,138
Long-term debt (Note 13)	2,332,377	3,196,061
Other long-term liabilities (Note 14)	591,763	657,121
Deferred tax liabilities (Note 15)	155,329	147,452
Retirement benefits obligations (Note 16)	153,095	118,078
	<u>6,823,575</u>	<u>7,267,329</u>
Equity		
Retained earnings	1,551,956	1,113,225
Accumulated other comprehensive income (Note 17)	121,855	294
Capital stock (Note 18)	2,240,494	2,201,694
Contributed surplus	141,392	107,690
	<u>4,055,697</u>	<u>3,422,903</u>
	<u>10,879,272</u>	<u>10,690,232</u>

See Notes to the consolidated financial statements.

Approved by the Board

/s/ Michael E. Roach
Michael E. Roach
Director

/s/ Serge Godin
Serge Godin
Director

Consolidated Statements of Changes in Equity

For the years ended September 30
(in thousands of Canadian dollars)

	Retained earnings \$	Accumulated other comprehensive income \$	Capital stock \$	Contributed surplus \$	Total equity \$
Balance as at September 30, 2012, as retrospectively revised	1,113,225	294	2,201,694	107,690	3,422,903
Net earnings for the year	455,820	—	—	—	455,820
Other comprehensive income for the year	—	121,561	—	—	121,561
	<u>1,569,045</u>	<u>121,855</u>	<u>2,201,694</u>	<u>107,690</u>	<u>4,000,284</u>
Share-based payment costs (Note 19c)	—	—	—	31,273	31,273
Income tax impact associated with stock options	—	—	—	15,232	15,232
Exercise of stock options (Note 18)	—	—	51,971	(12,531)	39,440
Exercise of performance share units ("PSUs") (Note 18)	—	—	272	(272)	—
Repurchase of Class A subordinate shares (Note 18)	(17,089)	—	(5,780)	—	(22,869)
Purchase of Class A subordinate shares held in trust (Note 18)	—	—	(7,663)	—	(7,663)
Balance as at September 30, 2013	<u>1,551,956</u>	<u>121,855</u>	<u>2,240,494</u>	<u>141,392</u>	<u>4,055,697</u>

	Retained earnings \$	Accumulated other comprehensive income \$	Capital stock \$	Contributed surplus \$	Total equity (Revised - Note 25) \$
Balance as at September 30, 2011	1,057,599	14,572	1,178,559	98,501	2,349,231
Net earnings for the year	131,529	—	—	—	131,529
Other comprehensive loss for the year (Note 25a)	—	(14,278)	—	—	(14,278)
	<u>1,189,128</u>	<u>294</u>	<u>1,178,559</u>	<u>98,501</u>	<u>2,466,482</u>
Share-based payment costs (Note 19c)	—	—	—	12,520	12,520
Income tax impact associated with stock options	—	—	—	12,626	12,626
Issuance of Class A subordinate shares, net of transaction costs (Note 18)	—	—	999,178	—	999,178
Exercise of stock options (Note 18)	—	—	64,033	(16,010)	48,023
Repurchase of Class A subordinate shares (Note 18)	(75,903)	—	(26,942)	—	(102,845)
Purchase of Class A subordinate shares held in trust (Note 18)	—	—	(14,252)	—	(14,252)
Sale of Class A subordinate shares held in trust (Note 18)	—	—	1,118	53	1,171
Balance as at September 30, 2012, as retrospectively revised	<u>1,113,225</u>	<u>294</u>	<u>2,201,694</u>	<u>107,690</u>	<u>3,422,903</u>

See Notes to the consolidated financial statements.

Consolidated Statements of Cash Flows

For the years ended September 30

(tabular amounts only are in thousands of Canadian dollars)

	2013 \$	2012 \$
Operating activities		
Net earnings	455,820	131,529
Adjustments for:		
Amortization and depreciation (Note 23)	435,944	231,398
Deferred income taxes (Note 15)	34,714	(22,306)
Foreign exchange (gain) loss	(4,938)	158
Share-based payment costs (Note 19c)	31,273	12,520
Gain on sale of investment in joint venture	—	(2,981)
Share of profit on joint venture	—	(3,996)
Loss on repayment of debt assumed in business acquisition (Note 25a)	—	83,632
Dividend received from joint venture	—	7,350
Net change in non-cash working capital items (Note 26)	(281,556)	175,958
Cash provided by operating activities	671,257	613,262
Investing activities		
Net change in short-term investments	11,843	(5,203)
Business acquisition (including bank overdraft assumed) (Note 25a)	(5,140)	(2,734,795)
Purchase of call options related to business acquisition (Note 25b)	—	(7,146)
Proceeds from sale of investment in joint venture	—	26,000
Proceeds from sale of business	—	4,583
Purchase of property, plant and equipment	(141,965)	(64,555)
Additions to contract costs	(31,207)	(25,325)
Additions to intangible assets	(71,447)	(43,658)
Additions to other long-term assets	—	(2,208)
Purchase of long-term investments	(10,518)	(976)
Proceeds from sale of long-term investments	6,402	—
Payment received from long-term receivable	8,177	4,249
Cash used in investing activities	(233,855)	(2,849,034)
Financing activities		
Net change in credit facility	(467,027)	(158,618)
Increase of long-term debt	80,333	2,416,781
Repayment of long-term debt	(68,057)	(62,817)
Repayment of debt assumed in business acquisition (Note 25a)	—	(841,183)
Purchase of Class A subordinate shares held in trust (Note 18)	(7,663)	(14,252)
Sale of Class A subordinate shares held in a trust	—	1,171
Repurchase of Class A subordinate shares (Note 18)	(22,869)	(102,845)
Issuance of Class A subordinate shares, net of transaction costs	39,312	1,047,243
Cash (used in) provided by financing activities	(445,971)	2,285,480
Effect of foreign exchange rate changes on cash and cash equivalents	1,665	2,722
Net (decrease) increase in cash and cash equivalents	(6,904)	52,430
Cash and cash equivalents, beginning of period	113,103	60,673
Cash and cash equivalents, end of period (Note 4)	106,199	113,103

Supplementary cash flow information (Note 26).

See Notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012

(tabular amounts only are in thousands of Canadian dollars, except share data)

1. Description of business

CGI Group Inc. (the “Company”), directly or through its subsidiaries, manages information technology services (“IT services”) as well as business process services (“BPS”) to help clients effectively realize their strategies and create added value. The Company’s services include the management of IT and business processes (“outsourcing”), systems integration and consulting including the sale of business solutions. The Company was incorporated under Part IA of the Companies Act (Québec) predecessor to the Business Corporations Act (Québec) which came into force on February 14, 2011 and its shares are publicly traded. The executive and registered office of the Company is situated at 1350, René-Lévesque Blvd. West, Montréal, Québec, Canada, H3G 1T4.

2. Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). In addition, the consolidated financial statements have been prepared in accordance with the accounting policies set out in Note 3, “Summary of significant accounting policies”, which are based on IFRS and International Financial Reporting Interpretations Committee (“IFRIC”) interpretations. The accounting policies were consistently applied to all periods presented.

The Company’s consolidated financial statements for the years ended September 30, 2013 and 2012 were authorized for issue by the Board of Directors on November 13, 2013.

3. Summary of significant accounting policies

BASIS OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany transactions and balances have been eliminated.

BASIS OF MEASUREMENT

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities, which have been measured at fair value as described below.

USE OF ESTIMATES AND JUDGEMENTS

The preparation of the consolidated financial statements requires management to make estimates and judgements that affect the reported amounts of assets, liabilities and equity and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Because of the use of estimates and judgements inherent in the financial reporting process, actual results could differ.

Significant estimates and judgements about the future and other major sources of estimation uncertainty at the end of the reporting period could have a significant risk of causing a material adjustment to the carrying amounts of the following: business combinations, income taxes, contingencies and provisions, revenue recognition (including provisions for estimated contract losses), share-based payments, investment tax credits and other government programs, defined benefits plan obligations and retirement benefits assets, impairment of property, plant and equipment (“PP&E”), intangible assets and goodwill.

A description of the significant estimates and judgements is included in the respective sections within the notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012

(tabular amounts only are in thousands of Canadian dollars, except share data)

3. Summary of significant accounting policies (continued)

REVENUE RECOGNITION, WORK IN PROGRESS AND DEFERRED REVENUE

The Company generates revenue principally through the provision of IT services and BPS as described in Note 1.

The Company provides services and products under arrangements that contain various pricing mechanisms. The Company recognizes revenue when the following criteria are met: there is clear evidence that an arrangement exists, the amount of revenue and related costs can be measured reliably, it is probable that future economic benefits will flow to the Company, the stage of completion can be measured reliably where services are delivered and the significant risks and rewards of ownership, including effective control, are transferred to clients where products are sold. Revenue is measured at the fair value of the consideration received or receivable net of discounts, volume rebates and sales related taxes.

Some of the Company's arrangements may include client acceptance clauses. Each clause is analyzed to determine whether the earnings process is complete when the service is performed. Formal client sign-off is not always necessary to recognize revenue provided that the Company objectively demonstrates that the criteria specified in the acceptance provisions are satisfied. Some of the criteria reviewed include historical experience with similar types of arrangements, whether the acceptance provisions are specific to the client or are included in all arrangements, the length of the acceptance term and historical experience with the specific client.

Revenue from benefits-funded arrangements is recognized only to the extent that it is probable that the benefit stream associated with the transaction will generate amounts sufficient to fund the value on which revenue recognition is based.

Revenue from sales of third party vendor products, such as software licenses and hardware, or services is recorded gross when the Company is a principal to the transaction and is recorded net of costs when the Company is acting as an agent between the client and vendor. Factors generally considered to determine whether the Company is a principal or an agent are if the Company is the primary obligor to the client, if it adds meaningful value to the vendor's product or service or if it assumes delivery and credit risks.

Estimated losses on revenue-generating contracts may occur due to additional contract costs which were not foreseen at inception of the contract. Contract losses are measured at the amount by which the estimated total costs exceed the estimated total revenue from the contract. The estimated losses on revenue-generating contracts are recognized in the period when it is determined that a loss is probable. They are presented in accounts payable and accrued liabilities and in other long-term liabilities. Management regularly reviews arrangement profitability and the underlying estimates.

Multiple component arrangements

The Company's arrangements often include a mix of the services and products listed below. If an arrangement involves the provision of multiple components, the total arrangement value is allocated to each separately identifiable component based on its relative selling price. A component is considered to be separately identifiable if it has value to the client on a stand-alone basis. Assessing whether an arrangement involving the provision of multiple components has separately identifiable components requires judgement by management. When estimating selling price of each component, the Company maximizes the use of observable prices which are established using the Company's prices for same or similar components. When observable prices are not available, the Company estimates selling prices based on its best estimate of selling price. The best estimate of selling price is the price at which the Company would normally expect to offer the services or products and is established by considering a number of internal and external factors including, but not limited to, geographies, the Company's pricing policies, internal costs and margins. The appropriate revenue recognition method is applied for each separately identifiable component as described below.

Outsourcing

Revenue from outsourcing and BPS arrangements is generally recognized as the services are provided at the contractually stated price, unless there is a better measure of performance or delivery.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012

(tabular amounts only are in thousands of Canadian dollars, except share data)

3. Summary of significant accounting policies (continued)

REVENUE RECOGNITION, WORK IN PROGRESS AND DEFERRED REVENUE (CONTINUED)

Systems integration and consulting services

Revenue from systems integration and consulting services under time and material arrangements is recognized as the services are rendered, and revenue under cost-based arrangements is recognized as reimbursable costs are incurred.

Revenue from systems integration and consulting services under fixed-fee arrangements where the outcome of the arrangements can be estimated reliably is recognized using the percentage-of-completion method over the service periods. The Company uses the labour costs or labour hours to measure the progress towards completion. This method relies on estimates of total expected labour costs or total expected labour hours to complete the service, which are compared to labour costs or labour hours incurred to date, to arrive at an estimate of the percentage of revenue earned to date. Management regularly reviews underlying estimates of total expected labour costs or hours. If the outcome of an arrangement cannot be estimated reliably, revenue is recognized to the extent of arrangement costs incurred that are likely to be recoverable.

Software licenses

Most of the Company's software license arrangements include other services such as implementation, customization and maintenance. For these types of arrangements, revenue from a software license is recognized upon delivery if it has been identified as a separately identifiable component. Otherwise, it is combined with the implementation and customization services and is accounted for as described in "Systems integration and consulting services" above. Revenue from maintenance services for software licenses sold and implemented is recognized ratably over the term of the maintenance period.

Work in progress and deferred revenue

Amounts recognized as revenue in excess of billings are classified as work in progress. Amounts received in advance of the delivery of products or performance of services are classified as deferred revenue.

CASH AND CASH EQUIVALENTS

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

SHORT-TERM INVESTMENTS

Short-term investments, comprised generally of term deposits, have remaining maturities over three months, but not more than one year, at the date of purchase.

FUNDS HELD FOR CLIENTS AND CLIENTS' FUNDS OBLIGATIONS

In connection with the Company's payroll, tax filing and claims services, the Company collects funds for payment of payroll, taxes and claims, temporarily holds such funds until payment is due, remits the funds to the clients' employees, appropriate tax authorities or claim holders, and files federal and local tax returns and handles related regulatory correspondence and amendments. The funds held for clients include cash and long-term bonds. The Company presents the funds held for clients and related obligations separately. Funds held for clients are classified as current assets since, based upon management's intentions, these funds are held solely for the purpose of satisfying the clients' funds obligations, which will be repaid within one year of the consolidated balance sheets date.

Interest income earned and realized gains and losses on the disposal of bonds are recorded in revenue in the period that the income is earned, since the collecting, holding and remitting of these funds are critical components of providing these services.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012

(tabular amounts only are in thousands of Canadian dollars, except share data)

3. Summary of significant accounting policies (continued)

PROPERTY, PLANT AND EQUIPMENT

PP&E, including those items under finance leases, are recorded at cost and are depreciated over their estimated useful lives using the straight-line method.

Land and buildings	10 to 40 years
Leasehold improvements	Lesser of the useful life or lease term
Furniture, fixtures and equipment	3 to 20 years
Computer equipment	3 to 5 years

LEASES

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognized as property, plant and equipment at an amount equal to the fair value of the leased assets or, if lower, the present value of minimum lease payments at the inception of the lease, and then depreciated over their useful economic lives or term of the lease, whichever is shorter. The capital element of future lease payments is included in the consolidated balance sheets as a liability. Interest is charged to the consolidated statements of earnings so as to achieve a constant rate of interest on the remaining balance of the liability.

Lease payments under operating leases are charged to the consolidated statements of earnings on a straight-line basis over the lease term. Operating lease incentives are recognized as a reduction in the rental expense over the lease term.

BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or development of a qualifying asset are capitalized as part of the cost of the respective asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are expensed in the period they occur.

CONTRACT COSTS

Contract costs are mainly incurred when acquiring or implementing long-term outsourcing contracts. Contract costs are comprised primarily of transition costs and incentives and are recorded at cost.

Transition costs

Transition costs consist of costs associated with the installation of systems and processes incurred after the award of outsourcing contracts, relocation of transitioned employees and exit from client facilities. Under BPS contracts, the costs consist primarily of costs related to activities such as the conversion of the client's applications to the Company's platforms. These costs are comprised essentially of labour costs, including compensation and related fringe benefits, as well as subcontractor costs.

Incentives

Occasionally, incentives are granted to clients upon the signing of outsourcing contracts. These incentives are primarily granted either in the form of cash payments or as an issuance of equity instruments. In the case of equity instruments, cost is measured at the estimated fair value at the time they are issued.

Pre-contract costs

Pre-contract costs associated with acquiring or implementing long-term outsourcing contracts are expensed as incurred except where it is virtually certain that the contracts will be awarded and the costs are directly related to the acquisition of the contract.

Amortization of contract costs

Contract costs are amortized as services are provided. Amortization of transition costs and pre-contract costs is included in costs of services, selling and administrative and amortization of incentives is recorded as a reduction of revenue.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012

(tabular amounts only are in thousands of Canadian dollars, except share data)

3. Summary of significant accounting policies (continued)

CONTRACT COSTS (CONTINUED)

Impairment of contract costs

When a contract is not expected to be profitable, the expected loss is first applied to impair the related contract costs, with the excess recorded as a provision and presented in accounts payable and accrued liabilities and other long-term liabilities. At a future date if the contract returns to profitability, the previously recognized impairment loss must be reversed. The reversal of the impairment loss is limited so that the carrying amount does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of amortization, had no impairment loss been recognized for the contract costs in prior years.

INTANGIBLE ASSETS

Intangible assets consist mainly of internal-use software, business solutions, software licenses and client relationships. Internal-use software, business solutions and software licenses are recorded at cost. Business solutions developed internally and marketed are capitalized when they meet specific capitalization criteria related to technical, market and financial feasibility. Internal-use software, business solutions, software licenses and client relationships acquired through business combinations are initially recorded at their fair value based on the present value of expected future cash flows, which involve making estimates about the future cash flows, as well as discount rates.

Amortization of intangible assets

The Company amortizes its intangible assets using the straight-line method over the following estimated useful lives:

Internal-use software	2 to 7 years
Business solutions	2 to 10 years
Software licenses	3 to 8 years
Client relationships and other	2 to 10 years

IMPAIRMENT OF PP&E, INTANGIBLE ASSETS AND GOODWILL

Timing of impairment testing

The carrying values of PP&E, intangible assets and goodwill are reviewed for impairment when events or changes in circumstances indicate that the carrying value may be impaired. The Company assesses at each reporting date whether any such events or changes in circumstances exist. The carrying values of PP&E and intangible assets not available for use and goodwill are tested for impairment annually as at September 30.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012

(tabular amounts only are in thousands of Canadian dollars, except share data)

3. Summary of significant accounting policies (continued)

IMPAIRMENT OF PP&E, INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

Impairment testing

If any indication of impairment exists or when annual impairment testing for an asset is required, the Company estimates the recoverable amount of the asset or cash-generating unit ("CGU") to which the asset relates to determine the extent of any impairment loss. The recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use ("VIU") to the Company. The Company generally uses the VIU. In assessing VIU, estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If the recoverable amount of an asset or a CGU is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated statements of earnings.

For goodwill impairment testing purposes, the CGU that represents the lowest level within the Company at which management monitors goodwill is the operating segment level (Note 27). Goodwill acquired through business combinations is allocated to the CGU that is expected to benefit from synergies of the related business combination.

The VIU calculation for the recoverable amount of the CGUs to which goodwill has been allocated includes estimates about their future financial performance based on cash flows approved by management covering a period of five years as the Company generates revenue mainly through long-term contracts. Key assumptions used in the VIU calculations are the discount rate applied and the long-term growth rate of net operating cash flows. In determining these assumptions, management has taken into consideration the current economic climate and its resulting impact on expected growth and discount rates. In determining the discount rate applied to a CGU, management uses the Company's weighted average cost of capital as a starting point and applies adjustments to take into account specific tax rates, geographical risk and any additional risks specific to the CGU. The cash flow projections reflect management's expectations of the operating performance of the CGU and growth prospects in the CGU's market.

For impaired assets, excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statements of earnings. Impairment losses relating to goodwill cannot be reversed in future periods.

OTHER LONG-TERM ASSETS

Other long-term assets consist mainly of insurance contracts held to fund defined benefit pension and life assurance arrangements, deferred compensation plan assets, long-term investments, retirement benefits assets, long-term receivables, deferred financing fees, long-term maintenance agreements, derivative financial instruments and deposits. Long-term investments, comprised of bonds, are classified as long-term based on management's intentions.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012

(tabular amounts only are in thousands of Canadian dollars, except share data)

3. Summary of significant accounting policies (continued)

BUSINESS COMBINATIONS

The Company accounts for its business combinations using the acquisition method. Under this method the consideration transferred is measured at fair value. Acquisition-related and integration costs associated with the business combination are expensed as incurred. The Company recognizes goodwill as the excess of the cost of the acquisition over the net identifiable tangible and intangible assets acquired and liabilities assumed at their acquisition-date fair values. The fair value allocated to tangible and intangible assets acquired and liabilities assumed are based on assumptions of management. These assumptions include the future expected cash flows arising from the intangible assets identified as client relationships, business solutions, and trademarks. The preliminary goodwill recognized is composed of the future economic value associated to acquired work force and synergies with the Company's operations which are primarily due to reduction of costs and new business opportunities. The determination of fair value involves making estimates relating to acquired intangible assets, PP&E, litigation, provision for estimated losses on revenue-generating contracts, onerous contracts and other contingency reserves. Estimates include the forecasting of future cash flows and discount rates. Subsequent changes in fair values are adjusted against the cost of acquisition if they qualify as measurement period adjustments. The measurement period is the period between the date of acquisition and the date where all significant information necessary to determine the fair values is available, not to exceed 12 months. All other subsequent changes are recognized in the consolidated statements of earnings. For all business acquisitions, the Company records the results of operations of the acquired entities as of their respective effective acquisition dates.

EARNINGS PER SHARE

Basic earnings per share is based on the weighted average number of shares outstanding during the period. Diluted earnings per share is determined using the treasury stock method to evaluate the dilutive effect of stock options and PSUs.

RESEARCH AND SOFTWARE DEVELOPMENT COSTS

Research costs are charged to earnings in the period in which they are incurred, net of related tax credits. Software development costs are charged to earnings in the year they are incurred, net of related tax credits, unless they meet specific capitalization criteria related to technical, market and financial feasibility.

TAX CREDITS

The Company follows the income approach to account for tax credits, whereby investment tax credits are recorded when there is a reasonable assurance that the assistance will be received and that the Company will comply with all relevant conditions. Under this method, tax credits related to operating expenditures are recorded as a reduction of the related expense and recognized in the period in which the related expenditures are charged to operations. Tax credits related to capital expenditures are recorded as a reduction of the cost of the related asset. The tax credits recorded are based on management's best estimates of amounts expected to be received and are subject to audit by the taxation authorities.

INCOME TAXES

Income taxes are accounted for using the liability method of accounting.

Current income taxes are recognized with respect to the amounts expected to be paid or recovered under the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax assets and liabilities are determined based on deductible or taxable temporary differences between the amounts reported for financial statements purposes and tax values of the assets and liabilities using enacted or substantively enacted tax rates that will be in effect for the year in which the differences are expected to be recovered or settled. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012

(tabular amounts only are in thousands of Canadian dollars, except share data)

3. Summary of significant accounting policies (continued)

INCOME TAXES (CONTINUED)

Deferred income tax assets and liabilities are recognized directly in earnings, other comprehensive income or in equity based on the classification of the item to which they relate.

In the course of the Company's operations, uncertainties exist with respect to interpretation of complex tax regulations and the amount and timing of future taxable income. When a tax position is uncertain, the Company recognizes an income tax benefit or reduces an income tax liability only when it is probable that the tax benefit will be realized in the future or that the income tax liability is no longer probable.

PROVISIONS

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The Company's provisions consist of liabilities for leases of premises that the Company has vacated, litigation and claim provisions arising in the ordinary course of business and decommissioning liabilities for operating leases of office buildings where certain arrangements require premises to be returned to their original state at the end of the lease term. The Company also records restructuring provisions related to business acquisitions.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Provisions are discounted using a current pre-tax rate when the impact of the time value of money is material. The increase in the provision due to the passage of time is recognized as finance cost.

The Company accrues provisions for onerous leases which consist of estimated costs associated with vacated premises. The provisions reflect the present value of lease payments in excess of the expected sublease proceeds on the remaining term of the lease using the risk-free interest rates. Estimates include potential revenues from the subleasing of vacated premises.

The accrued litigation and legal claim provisions are based on historical experience, current trends and other assumptions that are believed to be reasonable under the circumstances. Estimates include the period in which the underlying cause of the claim occurred and the degree of probability of an unfavourable outcome.

Decommissioning liabilities pertain to operating leases of office buildings where certain arrangements require premises to be returned to their original state at the end of the lease term. The provision is determined using the present value of the estimated future cash outflows using the risk-free interest rates.

Restructuring provisions are recognized when a detailed formal plan identifies the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs and an appropriate timeline. The restructuring provisions are comprised of reduction in headcount.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012

(tabular amounts only are in thousands of Canadian dollars, except share data)

3. Summary of significant accounting policies (continued)

TRANSLATION OF FOREIGN CURRENCIES

The Company's consolidated financial statements are presented in Canadian dollars, which is also the parent company's functional currency. Each entity in the Company determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Functional currency is the currency of the primary economic environment in which the entity operates.

Foreign currency transactions and balances

Revenue, expenses and non-monetary assets and liabilities denominated in foreign currencies are recorded at the rate of exchange prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at exchange rates prevailing at the balance sheet date. Realized and unrealized translation gains and losses are reflected in the consolidated statements of earnings.

Foreign operations

For foreign operations that have functional currencies different from the Company, assets and liabilities denominated in a foreign currency are translated into Canadian dollars at exchange rates in effect at the balance sheet date. Revenue and expenses are translated at average exchange rates prevailing during the period. Resulting unrealized gains or losses are reported as net unrealized gains or losses on translating financial statements of foreign operations in other comprehensive income.

For the accounts of foreign operations with the same functional currency as the Company, monetary assets and liabilities are translated at the exchange rates in effect at the balance sheet date and non-monetary assets and liabilities are translated at historical exchange rates. Revenue and expenses are translated at average rates for the period. Translation exchange gains or losses of such operations are reflected in the consolidated statements of earnings.

SHARE-BASED PAYMENTS

The Company operates equity-settled stock option and PSU plans under which the Company receives services from employees and others as consideration for equity instruments.

The fair value of those share-based payments is established on the grant date using the Black-Scholes option pricing model for the stock options and the closing price of Class A subordinate shares of the Company on the Toronto Stock Exchange ("TSX") for the PSUs. The number of stock options and PSUs expected to vest are estimated on the grant date and subsequently revised on a periodic basis. For stock options, the estimation of fair value requires making assumptions for the most appropriate inputs to the valuation model including the expected life of the option, expected stock price volatility and expected forfeitures. The fair values, adjusted for expectations related to performance conditions, are recognized as share-based payment costs in earnings with a corresponding credit to contributed surplus on a graded-vesting basis over the vesting period.

When stock options are exercised, any consideration paid is credited to capital stock and the recorded fair value of the stock option is removed from contributed surplus and credited to capital stock. When PSUs are exercised, the recorded fair value of PSUs is removed from contributed surplus and credited to capital stock.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012

(tabular amounts only are in thousands of Canadian dollars, except share data)

3. Summary of significant accounting policies (continued)

FINANCIAL INSTRUMENTS

All financial assets designated as held-to-maturity and loans and receivables, as well as financial liabilities designated as other liabilities, are initially measured at their fair values and subsequently at their amortized cost using the effective interest rate method. All financial assets and liabilities designated as fair value through earnings ("FVTE") are measured at their fair values and gains and losses related to periodic revaluations are recorded in the consolidated statements of earnings. Financial instruments may be designated on initial recognition as FVTE if any of the following criteria are met: i) the financial instrument contains one or more embedded derivatives that otherwise would have to be accounted for separately; ii) the designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring the financial asset or liability or recognizing the gains and losses on them on a different basis; or iii) the financial asset and financial liability are part of a group of financial assets or liabilities that is managed and its performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy. All financial assets designated as available for sale are measured at their fair value and any unrealized gains and losses, net of applicable income taxes, are reported in other comprehensive income. Interest income earned and realized gains and losses on the sale of available for sale assets are recorded in the consolidated statements of earnings.

Transaction costs are comprised primarily of legal, accounting and other costs directly attributable to the issuance of the respective financial assets and liabilities. Transaction costs are capitalized to the cost of financial assets and liabilities classified as other than FVTE.

Financial assets are derecognized if the contractual rights to the cash flows from the financial asset expire or the asset is transferred and the transfer qualifies for derecognition. The transfer qualifies for derecognition if substantially all the risks and rewards of ownership of the financial asset are transferred.

The Company has made the following classifications:

FVTE

Cash and cash equivalents, short-term investments (other than those included in funds held for clients) and derivatives (unless they qualify for hedge accounting, refer to "Derivative Financial Instruments and Hedging Transactions"). In addition, deferred compensation plan assets were designated by management as FVTE upon initial recognition as this reflected management's investment strategy.

Loan and receivables

Trade accounts receivable and cash included in funds held for clients.

Available for sale

Long-term bonds included in funds held for clients and long-term investments.

Other liabilities

Accounts payable and accrued liabilities, accrued compensation, long-term debt excluding obligations under finance leases and clients' funds obligations.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012

(tabular amounts only are in thousands of Canadian dollars, except share data)

3. Summary of significant accounting policies (continued)

FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy

Fair value measurements recognized in the balance sheet are categorized in accordance with the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included in Level 1, but that are observable for the asset or liability, either directly or indirectly; and

Level 3: inputs for the asset or liability that are not based on observable market data.

All financial assets and liabilities measured at fair value are categorized in Level 1, except for derivatives, investments included in funds held for clients and long-term investments, which are categorized in Level 2.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING TRANSACTIONS

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency exchange risks.

Derivative financial instruments are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in the consolidated statements of earnings unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the consolidated statements of earnings depends on the nature of the hedge relationship.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Company will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The cash flows of the hedging transactions are classified in the same manner as the cash flows of the position being hedged.

Hedges on net investments in foreign operations

The Company uses cross-currency swaps and foreign currency denominated long-term debt to hedge portions of the Company's net investments in its U.S. and European operations. Foreign exchange translation gains or losses on the net investments and the effective portions of gains or losses on instruments hedging the net investments are recorded in other comprehensive income. To the extent that the hedge is ineffective, such differences are recognized in consolidated statements of earnings. When the hedged net investment is disposed of, the relevant amount in other comprehensive income is transferred to earnings as part of the gain or loss on disposal.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012

(tabular amounts only are in thousands of Canadian dollars, except share data)

3. Summary of significant accounting policies (continued)

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING TRANSACTIONS (CONTINUED)

CASH FLOW HEDGES

Cash flow hedges on future revenue

The Company has entered into various foreign currency forward contracts to hedge the variability in the foreign currency exchange rates.

Cash flow hedges on unsecured committed term loan credit facility

The Company has entered into interest rate swaps to hedge the cash flow exposure of the issued variable rate unsecured committed term loan credit facility. Under the interest rate swaps, the Company receives a variable rate of interest and pays interest at a fixed rate on the notional amount.

The above hedges were documented as cash flow hedges and no component of the derivative instruments' fair value are excluded from the assessment and measurement of hedge effectiveness. The effective portion of the change in fair value of the derivative financial instruments is recognized in other comprehensive income and the ineffective portion, if any, in the consolidated statements of earnings. The effective portion of the change in fair value of the derivatives is reclassified out of other comprehensive income into the consolidated statements of earnings when the hedged element is recognized in the consolidated statements of earnings.

FAIR VALUE HEDGES

Fair value hedges on Senior U.S. unsecured notes

The Company entered into interest rate swaps to hedge the fair value exposure of the issued fixed rate Senior U.S. unsecured notes. Under the interest rate swaps, the Company receives a fixed rate of interest and pays interest at a variable rate on the notional amount.

The changes in the fair value of the interest rate swaps are recognized in the consolidated statements of earnings as finance costs. The changes in the fair value of the hedged items attributable to the risk hedged is recorded as part of the carrying value of the Senior U.S. unsecured notes and are also recognized in the consolidated statements of earnings as finance costs. If the hedged items are derecognized, the unamortized fair value is recognized immediately in the consolidated statements of earnings.

The cross-currency swaps, the foreign currency forward contracts and the interest rate swaps used as a hedging item are derivative financial instruments and, therefore, are recorded at fair value in the consolidated balance sheets under other current assets, other long-term assets, accrued liabilities or other long-term liabilities. Valuation models, such as discounted cash flow analysis using observable market inputs, are utilized to determine the fair values of the derivative financial instruments.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012

(tabular amounts only are in thousands of Canadian dollars, except share data)

3. Summary of significant accounting policies (continued)

EMPLOYEE BENEFITS

The Company operates retirement benefit plans of both a defined contribution and defined benefit nature.

The cost of defined contribution plans is charged to the consolidated statements of earnings on the basis of contributions payable by the Company during the year.

For defined benefits plans, the defined benefit obligations are calculated annually by independent actuaries using the projected unit credit method. The retirement benefit obligations in the consolidated balance sheets represent the present value of the defined benefit obligation as reduced by the fair value of plan assets. The retirement benefits assets are recognized to the extent that the Company can benefit from refunds or a reduction in future contributions. Retirement benefit plans that are funded by the payment of insurance premiums are treated as defined contribution plans unless the Company has an obligation either to pay the benefits directly when they fall due or to pay further amounts if assets accumulated with the insurer do not cover all future employee benefits. In such circumstances, the plan is treated as a defined benefit plan.

Insurance policies are treated as plan assets of a defined benefit plan if the proceeds of the policy:

- Can only be used to fund employee benefits;
- Are not available to the Company's creditors; and
- Either cannot be paid to the Company unless the proceeds represent surplus assets not needed to meet all the benefit obligations or are a reimbursement for benefits already paid by the Company.

Insurance policies that do not meet the above criteria are treated as non-current investments and are held at fair value as a non-current financial asset in the consolidated balance sheets.

The actuarial valuations used to determine the cost of defined benefit pension plans and their present value involve making assumptions about discount rates, expected rates of return on assets, future salary and pension increases, inflation rates and mortality rates. Any changes in these assumptions will impact the carrying amount of pension obligations. In determining the appropriate discount rate management considers the interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. Other assumptions are based in part on current market conditions.

The current service cost is recognized in the consolidated statements of earnings as an employee benefit expense. The interest cost resulting from the increase in the present value of the defined benefit obligations over time and the expected return on plan assets, is recognized as net finance cost or income. A curtailment arises when a defined benefit pension plan is amended or restructured and results in a significant reduction in plan benefits. Actuarial gains and losses arising from experience adjustments or changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012

(tabular amounts only are in thousands of Canadian dollars, except share data)

3. Summary of significant accounting policies (continued)

FUTURE ACCOUNTING STANDARD CHANGES

The following standards have been issued but are not yet effective:

- IFRS 9, “Financial Instruments”, covers the classification and measurement of financial assets and financial liabilities. The Company is currently evaluating the impact of these standards on the Company’s consolidated financial statements.
- IFRS 10, “Consolidated Financial Statements”, builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included in a company’s consolidated financial statements. The adoption of this standard will not result in any change in the consolidation status of the Company’s subsidiaries.
- IFRS 12, “Disclosure of Interests in Other Entities”, provides guidance on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles. The adoption of this standard will not result in any significant change in the disclosure in the Company’s consolidated financial statements.
- IFRS 13, “Fair Value Measurement”, provides guidance on fair value measurements by providing a definition of fair value and a single source of fair value measurement and disclosure requirements. Based on the preliminary assessment, the adoption of this standard will not result in any significant change in the disclosure in the Company’s consolidated financial statements.
- IAS 1, “Presentation of Financial Statements”, was amended to require grouping together items within the statement of comprehensive income that may be reclassified to the statement of income. The presentation of the Company consolidated financial statements will be impacted by this amendment as the Company will group items within its consolidated statements of comprehensive income by items that will and will not be reclassified subsequently to consolidated statements of earnings.
- IAS 19, “Employee Benefits”, was amended to adjust the calculation of the financing cost component of defined benefit plans and to enhance disclosure requirements. Other than for the disclosure requirements, the adoption of this standard will not result in any significant impact on the consolidated financial statements of the Company.

The above standards are effective October 1, 2013 except for IFRS 9 which is effective October 1, 2015, with earlier application permitted.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012

(tabular amounts only are in thousands of Canadian dollars, except share data)

4. Cash and cash equivalents

	As at September 30, 2013	As at September 30, 2012
	\$	\$
Cash	105,677	86,060
Cash equivalents	522	27,043
	<u>106,199</u>	<u>113,103</u>

5. Accounts receivable

	As at September 30, 2013	As at September 30, 2012 (Revised – Note 25)
	\$	\$
Trade	1,018,990	1,239,208
Other ¹	186,635	173,727
	<u>1,205,625</u>	<u>1,412,935</u>

¹ Other accounts receivable include refundable tax credits on salaries related to the Québec Development of E-Business program, research and development tax credits and other job and economic growth creation programs available. The tax credits represent approximately \$110,615,000 and \$106,491,000 of other accounts receivable in 2013 and 2012, respectively.

The fiscal measures under the Québec Development of E-Business program enable corporations with an establishment in the province of Québec that carry out eligible activities in the technology sector to obtain a refundable tax credit equal to 30% of eligible salaries, up to a maximum of \$20,000 per year per eligible employee until December 31, 2015. On July 11, 2013, the government of Québec announced an extension of the fiscal measure under the Québec Development of E-Business program until December 31, 2025. Beginning January 1, 2016, the maximum amount per year per eligible employee for the tax credit will equal \$22,500.

6. Funds held for clients

	As at September 30, 2013	As at September 30, 2012
	\$	\$
Cash	34,653	11,670
Long-term bonds	187,816	190,737
	<u>222,469</u>	<u>202,407</u>

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012

(tabular amounts only are in thousands of Canadian dollars, except share data)

7. Property, plant and equipment

	Land and buildings \$	Leasehold improvements \$	Furniture, fixtures and equipment \$	Computer equipment \$	Total \$
Cost					
As at September 30, 2012, revised	56,638	182,553	134,071	413,613	786,875
Additions/transfers	4,038	16,197	18,570	121,060	159,865
Disposals/transfers	—	(8,276)	(13,941)	(60,767)	(82,984)
Foreign currency translation adjustment	1,401	2,747	2,270	11,830	18,248
As at September 30, 2013	62,077	193,221	140,970	485,736	882,004
Accumulated depreciation					
As at September 30, 2012	5,240	76,431	40,992	182,732	305,395
Depreciation expense (Note 23)	1,467	28,299	27,788	118,133	175,687
Disposals/transfers	—	(6,393)	(12,730)	(58,871)	(77,994)
Foreign currency translation adjustment	(37)	678	222	2,910	3,773
As at September 30, 2013	6,670	99,015	56,272	244,904	406,861
Net carrying amount as at September 30, 2013	55,407	94,206	84,698	240,832	475,143
	Land and buildings \$	Leasehold improvements \$	Furniture, fixtures and equipment \$	Computer equipment \$	Total (Revised – Note 25) \$
Cost					
As at September 30, 2011	14,773	125,808	84,046	293,944	518,571
Additions/transfers	23,993	5,021	8,980	58,891	96,885
Additions – business acquisition (Note 25a)	17,617	60,984	43,552	109,486	231,639
Disposals/transfers	—	(9,344)	(2,305)	(46,537)	(58,186)
Foreign currency translation adjustment (Note 25a)	255	84	(202)	(2,171)	(2,034)
As at September 30, 2012	56,638	182,553	134,071	413,613	786,875
Accumulated depreciation					
As at September 30, 2011	4,047	65,678	31,767	167,178	268,670
Depreciation expense (Note 23)	1,178	18,189	10,707	62,979	93,053
Disposals/transfers	—	(7,052)	(2,274)	(44,580)	(53,906)
Foreign currency translation adjustment	15	(384)	792	(2,845)	(2,422)
As at September 30, 2012	5,240	76,431	40,992	182,732	305,395
Net carrying amount as at September 30, 2012	51,398	106,122	93,079	230,881	481,480

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012

(tabular amounts only are in thousands of Canadian dollars, except share data)

7. Property, plant and equipment (continued)

Property, plant and equipment include the following assets acquired under finance leases:

	As at September 30, 2013			As at September 30, 2012		
	Cost	Accumulated depreciation	Net carrying amount	Cost	Accumulated depreciation	Net carrying amount
	\$	\$	\$	\$	\$	\$
Furniture, fixtures and equipment	15,762	7,218	8,544	16,909	5,198	11,711
Computer equipment	105,112	66,117	38,995	103,759	52,201	51,558
	<u>120,874</u>	<u>73,335</u>	<u>47,539</u>	<u>120,668</u>	<u>57,399</u>	<u>63,269</u>

8. Contract costs

	As at September 30, 2013			As at September 30, 2012 (Revised – Note 25)		
	Cost	Accumulated amortization	Net carrying amount	Cost	Accumulated amortization	Net carrying amount
	\$	\$	\$	\$	\$	\$
Transition costs	291,305	165,705	125,600	259,686	111,672	148,014
Incentives	103,058	88,186	14,872	102,061	81,425	20,636
	<u>394,363</u>	<u>253,891</u>	<u>140,472</u>	<u>361,747</u>	<u>193,097</u>	<u>168,650</u>

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012

(tabular amounts only are in thousands of Canadian dollars, except share data)

9. Intangible assets

	Internal-use software \$	Business solutions \$	Software licenses \$	Client relationships and other \$	Total \$
Cost					
As at September 30, 2012, revised	130,519	351,355	175,932	819,596	1,477,402
Additions/transfers	23,032	—	27,008	—	50,040
Additions – internally developed	—	28,607	—	—	28,607
Disposals/transfers	(5,824)	(4,641)	(74,329)	(1,382)	(86,176)
Foreign currency translation adjustment	2,646	8,601	1,837	43,790	56,874
As at September 30, 2013	150,373	383,922	130,448	862,004	1,526,747
Accumulated amortization					
As at September 30, 2012	78,217	220,317	132,629	258,460	689,623
Amortization expense (Note 23)	29,218	29,302	20,956	114,505	193,981
Disposals/transfers	(5,608)	(4,889)	(72,241)	(1,382)	(84,120)
Foreign currency translation adjustment	1,568	4,877	1,541	11,112	19,098
As at September 30, 2013	103,395	249,607	82,885	382,695	818,582
Net carrying amount as at September 30, 2013	46,978	134,315	47,563	479,309	708,165
	Internal-use software \$	Business solutions \$	Software licenses \$	Client relationships and other \$	Total (Revised – Note 25) \$
Cost					
As at September 30, 2011	90,775	299,788	162,699	390,374	943,636
Additions/transfers	4,158	—	19,499	—	23,657
Additions – internally developed	—	35,360	—	—	35,360
Additions – business acquisition (Note 25a)	39,730	32,426	—	462,907	535,063
Disposals/transfers	(4,012)	(8,099)	(5,115)	(29,999)	(47,225)
Foreign currency translation adjustment (Note 25a)	(132)	(8,120)	(1,151)	(3,686)	(13,089)
As at September 30, 2012	130,519	351,355	175,932	819,596	1,477,402
Accumulated amortization					
As at September 30, 2011	71,510	213,780	119,051	247,162	651,503
Amortization expense (Note 23)	9,133	21,770	18,472	50,299	99,674
Disposals/transfers	(2,062)	(8,917)	(4,302)	(31,811)	(47,092)
Foreign currency translation adjustment	(364)	(6,316)	(592)	(7,190)	(14,462)
As at September 30, 2012	78,217	220,317	132,629	258,460	689,623
Net carrying amount as at September 30, 2012	52,302	131,038	43,303	561,136	787,779

All intangible assets are subject to amortization.

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10. Other long-term assets

	As at September 30, 2013 \$	As at September 30, 2012 (Revised – Note 25) \$
Insurance contracts held to fund defined benefit pension and life assurance arrangements (Note 16)	20,856	19,122
Deferred compensation plan assets (Note 16)	24,752	18,878
Long-term investments	20,333	15,533
Retirement benefits assets (Note 16)	9,175	9,165
Long-term receivables	4,289	8,502
Deferred financing fees	3,856	5,042
Long-term maintenance agreements	6,653	4,891
Derivative financial instruments (Note 30)	2,518	2,098
Deposits	9,960	8,785
Other	7,929	2,609
	<u>110,321</u>	<u>94,625</u>

11. Goodwill

On August 20, 2012, the Company acquired 100% of the outstanding ordinary shares of Logica plc (“Logica”), a business and technology services company and made a preliminary purchase price allocation. In 2013, the Company modified the preliminary purchase price allocation and the goodwill has been retrospectively revised.

Due to the change in operating segments at October 1, 2012 (Note 27), the Company is now managed through seven operating segments which are based on its geographic delivery model, namely: United States of America (“U.S.”); Nordics, Southern Europe and South America (“NSES”); Canada; France (including Luxembourg and Morocco); United Kingdom (“U.K.”); Central and Eastern Europe (including Netherlands, Germany and Belgium) (“CEE”); the Asia Pacific (including Australia, India, Philippines and the Middle east). The Company reallocated goodwill to the revised CGUs using relative fair values.

The Company completed the annual impairment test using the CGUs which are the same as the operating segments as at September 30, 2013 and did not identify any impairment.

The variations in goodwill were as follows:

	2013							
	U.S. \$	NSES \$	Canada \$	France \$	U.K. \$	CEE \$	Asia Pacific \$	Total \$
As at October 1, 2012	1,307,707	1,183,338	1,111,702	742,593	793,121	649,510	305,163	6,093,134
Foreign currency translation adjustment	62,692	91,329	—	63,298	34,170	65,501	(16,334)	300,656
As at September 30, 2013	<u>1,370,399</u>	<u>1,274,667</u>	<u>1,111,702</u>	<u>805,891</u>	<u>827,291</u>	<u>715,011</u>	<u>288,829</u>	<u>6,393,790</u>

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11. Goodwill (continued)

Impact of the reallocation of goodwill:

	2012 (Revised – Note 25)										
	U.S. \$	NSESA \$	Canada \$	France \$	U.K. \$	CEE \$	Asia Pacific \$	GIS ¹ \$	Europe & Asia Pacific \$	Logica \$	Total \$
As at September 30, 2011	1,275,588	—	980,648	—	—	—	—	202,835	76,951	—	2,536,022
Business acquisition (Note 25a)	—	—	—	—	—	—	—	—	—	3,541,496	3,541,496
Foreign currency translation adjustment (Note 25a)	(70,849)	—	—	—	—	—	—	(880)	(7,011)	94,356	15,616
As at September 30, 2012	1,204,739	—	980,648	—	—	—	—	201,955	69,940	3,635,852	6,093,134
Goodwill reallocation to new CGUs	102,968	1,183,338	131,054	742,593	793,121	649,510	305,163	(201,955)	(69,940)	(3,635,852)	—
As at October 1, 2012	1,307,707	1,183,338	1,111,702	742,593	793,121	649,510	305,163	—	—	—	6,093,134
¹ Global Infrastructure Services.											

Key assumptions in goodwill impairment testing

The key assumptions for the CGUs are disclosed in the following table:

As at September 30, 2013	U.S. %	NSESA %	Canada %	France %	U.K. %	CEE %	Asia Pacific %
Assumptions							
Pre-tax discount rate	10.0	12.5	7.6	10.8	10.7	10.5	20.1
Long-term growth rate of net operating cash flows	2.0	2.0	2.0	2.0	2.0	2.0	2.0
As at September 30, 2012	U.S. %	Canada %	GIS %	Europe & Asia Pacific %			
Assumptions							
Pre-tax discount rate	8.7	5.5	7.2	13.2			
Long-term growth rate of net operating cash flows	2.0	2.0	2.0	2.0			

As Logica was acquired on August 20, 2012, the consideration paid was the best indicator of fair value for this CGU as at September 30, 2012.

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12. Provisions

	Onerous leases ¹	Litigations and claims ²	Decommissioning liabilities ³	Restructuring ⁴	Total
	\$	\$	\$	\$	\$
As at September 30, 2012, revised	88,670	91,669	53,366	143,120	376,825
Additional provisions	36,687	—	1,722	249,799	288,208
Utilized amounts	(34,490)	(31,332)	(2,375)	(284,106)	(352,303)
Reversals of unused amounts	(1,683)	—	(1,958)	—	(3,641)
Discount rate adjustment and imputed interest	646	—	572	—	1,218
Foreign currency translation adjustment	4,192	5,081	2,929	9,576	21,778
As at September 30, 2013	94,022	65,418	54,256	118,389	332,085
Current portion	41,668	65,418	7,735	108,253	223,074
Non-current portion	52,354	—	46,521	10,136	109,011

	Onerous leases ¹	Litigations and claims ²	Decommissioning liabilities ³	Restructuring ⁴	Total (Revised – Note 25)
	\$	\$	\$	\$	\$
As at September 30, 2011	29,703	2,535	7,559	—	39,797
Additional provisions	4,515	1,719	1,672	101,475	109,381
Provisions assumed in business acquisition (Note 25a)	65,115	87,556	46,628	45,713	245,012
Utilized amounts	(10,445)	(2,217)	—	(5,384)	(18,046)
Reversals of unused amounts	(1,135)	—	(2,908)	—	(4,043)
Discount rate adjustment and imputed interest	148	—	205	—	353
Foreign currency translation adjustment (Note 25a)	769	2,076	210	1,316	4,371
As at September 30, 2012	88,670	91,669	53,366	143,120	376,825
Current portion	31,428	91,669	4,750	122,840	250,687
Non-current portion	57,242	—	48,616	20,280	126,138

¹ As at September 30, 2013, the timing of cash outflows relating to these provisions ranges between one and ten years (one and thirteen years as at September 30, 2012) and was discounted at a weighted average rate of 1.15% (1.21% as at September 30, 2012). As at September 30, 2013, the provision includes \$31,899,000 of integration costs (\$nil as at September 30, 2012) (Note 25b).

² As at September 30, 2013, litigations and claims include provisions related to tax exposure, contractual disputes, employee claims and other of \$34,409,000, \$15,434,000 and \$15,575,000, respectively (as at September 30, 2012, \$55,090,000, \$19,939,000 and \$16,640,000, respectively).

³ As at September 30, 2013, the decommissioning liability was based on the expected cash flows of \$56,454,000 (\$55,690,000 as at September 30, 2012) and was discounted at a weighted average rate of 0.93% (1.09% as at September 30, 2012). The timing of the settlement of these obligations ranges between one and ten years as at September 30, 2013 (one and fourteen years as at September 30, 2012).

⁴ As at September 30, 2013, the provision includes \$249,799,000 of integration costs (\$101,475,000 as at September 30, 2012) (Note 25b).

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13. Long-term debt

	As at September 30, 2013 \$	As at September 30, 2012 \$
Senior U.S. unsecured notes repayable by a payment of \$87,423 (US\$85,000) in 2016, \$143,990 (US\$140,000) in 2018 and \$257,125 (US\$250,000) in 2021 ¹	475,787	467,610
Unsecured committed revolving facility ²	254,818	691,960
Unsecured committed term loan credit facility ³	1,974,490	1,933,948
Obligations bearing a weighted average interest rate of 3.27% (3.34% in 2012) and repayable in blended monthly installments maturing at various dates until 2018	79,446	60,812
Obligations under finance leases, bearing a weighted average interest rate of 3.46% (3.85% in 2012) and repayable in blended monthly installments maturing at various dates until 2019	67,928	85,124
Other long-term debt	14,081	8,954
	2,866,550	3,248,408
Current portion	534,173	52,347
	2,332,377	3,196,061

¹ As at September 30, 2013, an amount of \$488,538,000 was drawn, less fair value adjustments relating to interest rate hedge contracts designated as fair value hedges and financing fees for a total of \$12,751,000. The private placement financing with U.S. institutional investors is comprised of three tranches of Senior U.S. unsecured notes, with a weighted average maturity as at September 30, 2013 of 6.4 years and a weighted average interest rate of 4.57%. The Senior U.S. unsecured notes contain covenants that require the Company to maintain certain financial ratios (Note 31). As at September 30, 2013, the Company was in compliance with these covenants.

² The Company has a five-year unsecured revolving credit facility available for an amount of \$1,500,000,000 that expires in December 2016. This facility is bearing interest at Bankers' acceptance, LIBOR or Canadian prime; plus a variable margin that is determined based on the Company's leverage ratio. As at September 30, 2013, an amount of \$254,818,000 was drawn upon this facility at a margin of 1.75% for LIBOR and Banker's acceptance and 0.75% for the Canadian prime portion. Also, an amount of \$34,552,000 has been committed against this facility to cover various letters of credit issued for clients and other parties. The revolving credit facility contains covenants that require the Company to maintain certain financial ratios (Note 31). As at September 30, 2013, the Company was in compliance with these covenants.

On October 31, 2013, the unsecured revolving credit facility of \$1,500,000,000 was extended by one year to December 2017 and can be further extended annually. This agreement was accepted by all the lenders except one having a commitment of \$50,000,000 which will expire at the original maturity date. All other terms and conditions including interest rates and banking covenants remain unchanged.

³ As at September 30, 2013, an amount of \$1,983,812,000 was drawn, less financing costs of \$9,322,000. The term loan credit facility expires in tranches on May 2014 (\$486,738,000), 2015 (\$493,998,000) and 2016 (\$1,003,076,000). The term loan credit facility is bearing interest at Bankers' acceptance, LIBOR or to a lesser extent, Canadian prime; plus a variable margin that is determined based on the Company's leverage ratio. As at September 30, 2013, the margin paid was 2.00% for LIBOR and Banker's acceptance and 1.00% for the Canadian prime portion. The term loan credit facility contains covenants that require the Company to maintain certain financial ratios (Note 31). As at September 30, 2013, the Company was in compliance with these covenants.

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

	\$
Less than one year	511,949
Between one and two years	518,360
Between two and five years	1,384,198
Beyond five years	406,188
Total principal payments on long-term debt	<u>2,820,695</u>

Minimum finance lease payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Payment</u>
	\$	\$	\$
Less than one year	22,224	1,646	23,870
Between one and two years	23,420	1,039	24,459
Between two and five years	21,887	583	22,470
Beyond five years	397	4	401
Total minimum finance lease payments	<u>67,928</u>	<u>3,272</u>	<u>71,200</u>

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14. Other long-term liabilities

	As at September 30, 2013	As at September 30, 2012 (Revised – Note 25)
	\$	\$
Deferred revenue	225,482	314,758
Estimated losses on revenue-generating contracts	78,390	176,604
Deferred compensation plan liabilities (Note 16)	25,253	19,724
Deferred rent	85,858	94,751
Derivative financial instruments (Note 30)	157,110	32,848
Other	19,670	18,436
	<u>591,763</u>	<u>657,121</u>

15. Income taxes

	Year ended September 30	
	2013	2012
	\$	\$
Current income tax expense		
Current income tax expense in respect of the current year	157,822	151,736
Adjustments recognized in the current year in relation to the income tax expense of prior years	(20,734)	1,967
Total current income tax expense	137,088	153,703
Deferred income tax expense		
Deferred income tax expense relating to the origination and reversal of temporary differences	35,435	(19,680)
Deferred income tax expense relating to changes in tax rates	27,708	—
Recognition of previously unrecognized temporary differences	(28,429)	(2,626)
Total deferred income tax expense (recovery)	34,714	(22,306)
Total income tax expense	<u>171,802</u>	<u>131,397</u>

The Company's effective income tax rate on income from continuing operations differs from the combined Federal and Provincial Canadian statutory tax rate as follows:

	Year ended September 30	
	2013	2012
	%	%
Company's statutory tax rate	26.9	27.3
Effect of foreign tax rate differences	(1.5)	2.9
Final determination from agreements with tax authorities and expirations of statutes of limitations	(3.4)	(0.2)
Non-deductible and tax exempt items	1.0	1.2
Recognition of previously unrecognized temporary differences	(4.5)	—
Effect of non-deductible acquisition-related and integration costs	2.9	18.5
Minimum income tax charge	1.6	0.3
Impact on future tax assets and liabilities resulting from tax rate changes	4.4	—
Effective income tax rate	<u>27.4</u>	<u>50.0</u>

The decrease in Company's statutory tax rate is explained by the reduction in the federal statutory tax rate from 15.4% to 15.0%.

Notes to the Consolidated Financial Statements

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15. Income taxes (continued)

The continuity of deferred income tax balances is as follows:

	As at September 30, 2012 (Revised)	Recognized in earnings	Recognized in other comprehensive income	Recognized in equity	Foreign currency translation adjustment and other	As at September 30, 2013
	\$	\$	\$	\$	\$	\$
Accounts payable, accrued liabilities and other long-term liabilities	96,992	(27,724)	—	—	229	69,497
Tax benefits on losses carried forward	289,323	(10,920)	—	—	22,133	300,536
Accrued compensation	38,518	12,992	—	15,232	2,166	68,908
Retirement benefits	17,448	(2,750)	7,749	—	(489)	21,958
Allowance for doubtful accounts	2,046	3,228	—	—	—	5,274
PP&E, contract costs, intangible assets and other long-term assets	(162,950)	17,932	—	—	(5,400)	(150,418)
Work in progress	(25,382)	(17,107)	—	—	(728)	(43,217)
Goodwill	(35,244)	(4,644)	—	—	(1,438)	(41,326)
Refundable tax credits on salaries	(17,783)	(4,038)	—	—	—	(21,821)
Unrealized gains on cash flow hedges	4,379	(696)	(217)	—	707	4,173
Other liabilities	(6,110)	(987)	4,479	—	1,942	(676)
Deferred income taxes, net	<u>201,237</u>	<u>(34,714)</u>	<u>12,011</u>	<u>15,232</u>	<u>19,122</u>	<u>212,888</u>

	As at September 30, 2011	Additions from business acquisition (Note 25a)	Recognized in earnings	Recognized in other comprehensive income	Recognized in equity	Foreign currency translation adjustment and other (Note 25a)	As at September 30, 2012 (Revised – Note 25)
	\$	\$	\$	\$	\$	\$	\$
Accounts payable, accrued liabilities and other long-term liabilities	24,884	78,674	(7,473)	—	—	907	96,992
Tax benefits on losses carried forward	7,459	268,569	8,271	—	—	5,024	289,323
Accrued compensation	28,354	2,541	787	—	6,805	31	38,518
Retirement benefits	—	19,387	—	(2,178)	—	239	17,448
Allowance for doubtful accounts	3,255	—	(1,209)	—	—	—	2,046
PP&E, contract costs, intangible assets and other long-term assets	(122,374)	(55,980)	13,769	—	—	1,635	(162,950)
Work in progress	(28,090)	(211)	2,921	—	—	(2)	(25,382)
Goodwill	(33,490)	—	(1,754)	—	—	—	(35,244)
Refundable tax credits on salaries	(14,756)	—	(3,027)	—	—	—	(17,783)
Unrealized gains on cash flow hedges	(1,457)	—	3,236	2,695	—	(95)	4,379
Other liabilities	(3,297)	(10,343)	6,785	548	—	197	(6,110)
Deferred income taxes, net	<u>(139,512)</u>	<u>302,637</u>	<u>22,306</u>	<u>1,065</u>	<u>6,805</u>	<u>7,936</u>	<u>201,237</u>

The deferred income taxes are presented as follows in the consolidated balance sheets:

	As at September 30, 2013	As at September 30, 2012 (Revised – Note 25)
	\$	\$
Deferred tax assets	368,217	348,689
Deferred tax liabilities	(155,329)	(147,452)
Deferred income taxes, net	<u>212,888</u>	<u>201,237</u>

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15. Income taxes (continued)

At September 30, 2013, the Company had \$1,920,600,000 in tax losses carried forward and other temporary differences, of which \$547,100,000 expire at various dates up to 2029 and \$1,373,500,000 have no expiry dates. The Company recognized deferred income tax assets on tax losses carried forward and other temporary differences to the extent that the realization of the related tax benefits through reversal of deferred tax liabilities, future taxable profit and tax planning strategies is probable. The Company recognized a deferred tax asset of \$460,800,000 on the losses carried forward and other temporary differences and recognized a valuation allowance of \$160,264,000. The resulting net deferred tax asset of \$300,536,000 is the amount that is more likely than not to be realized. The valuation allowance related mainly to the tax assets resulting from the Logica acquisition.

The Company has not recorded deferred tax liabilities on undistributed earnings of its foreign subsidiaries when they are considered indefinitely reinvested, unless it is probable that these temporary differences will reverse. Upon distribution of these earnings in the form of dividends or otherwise, the Company may be subject to taxes. The temporary differences associated with investments in subsidiaries for which a deferred tax liability has not been recognized amount to \$934,176,000.

The cash and cash equivalents held by foreign subsidiaries were \$16,400,000 as at September 30, 2013. The tax implications on the repatriation of the cash and cash equivalents have no significant impact on the liquidities of the Company and its consolidated financial statements.

16. Employee benefits

The Company operates various post-employment plans, including defined benefit and defined contribution pension plans as well as other benefits plans to its employees.

DEFINED BENEFIT PLANS

The Company operates defined benefit retirement plans primarily for the benefit of employees in U.K. and Netherlands, with smaller plans in other countries like Germany, France, Sweden, Norway and Switzerland.

The largest plans are funded plans, where contributions are made by the Company, and also in some cases by the employees, to build up a separate fund of assets which is used to pay the employee benefits. The plans' assets are held in funds separate from those of the Company. Contribution rates are assessed by the actuary or insurer of each plan in regular funding reviews. Plan benefits typically provide for a pension on retirement based on years of qualifying service and final pensionable salary.

The Company also operates unfunded plans where the Company will be required to pay the future employee benefits from its future earnings.

Stichting Pensioenfonds CMG (Netherlands) – last full actuarial valuation at December 31, 2011

The defined benefit pension plan in Netherlands is closed to accrual. At September 30, 2013, the plan held an insurance policy which matched the majority of the benefits due to members. At October 9, 2013 the Company signed an agreement with an insurance company to cover residual benefits and is no longer exposed to risks in respect of this plan.

CMG UK Pension Plan – last full actuarial valuation at September 30, 2012

CMG UK Pension Plan is the most significant plan in U.K. The plan is closed to accrual and the last funding valuation performed in September 30, 2011 reported a deficit of \$78,702,000. A revised recovery plan was agreed with the Trustees and the Company will pay contributions in respect of the expenses and the shortfall in funding of \$13,311,000 annually for a period of 5 years and 9 months from July 1, 2011 to March 31, 2017.

The Company expects to contribute \$21,020,000 to defined benefit plans during the following year, of which \$16,205,000 relates to U.K. plans, and \$4,815,000 relating to other plans. The contributions include new benefit accruals and deficit recovery payments.

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16. Employee benefits (continued)

DEFINED BENEFIT PLANS (CONTINUED)

The following table presents amounts for post-retirement benefits plans and post-employment benefits plan other than pensions included in the consolidated balance sheets:

<u>As at September 30, 2013</u>	<u>U.K.</u>	<u>Netherlands</u>	<u>Other</u>	<u>Total</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Defined benefit obligations	(521,505)	(366,533)	(162,875)	(1,050,913)
Fair value of plan assets	491,717	364,848	50,428	906,993
	(29,788)	(1,685)	(112,447)	(143,920)
Fair value of reimbursement rights	—	—	20,856	20,856
Net liability recognized in the balance sheet	(29,788)	(1,685)	(91,591)	(123,064)
Presented as:				
Other long-term assets (Note 10)				
Insurance contracts held to fund defined benefit pension and life assurance arrangements	—	—	20,856	20,856
Retirement benefits assets	8,813	—	362	9,175
Retirement benefits obligations	(38,601)	(1,685)	(112,809)	(153,095)
	(29,788)	(1,685)	(91,591)	(123,064)
<u>As at September 30, 2012</u>	<u>U.K.</u>	<u>Netherlands</u>	<u>Other</u>	<u>Total</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Defined benefit obligations	(437,585)	(326,620)	(150,827)	(915,032)
Fair value of plan assets	433,727	326,793	45,599	806,119
	(3,858)	173	(105,228)	(108,913)
Fair value of reimbursement rights	—	—	19,122	19,122
Net (liability)/asset recognized in the balance sheet	(3,858)	173	(86,106)	(89,791)
Presented as:				
Other long-term assets (Note 10)				
Insurance contracts held to fund defined benefit pension and life assurance arrangements	—	—	19,122	19,122
Retirement benefits assets	8,790	375	—	9,165
Retirement benefits obligations	(12,648)	(202)	(105,228)	(118,078)
	(3,858)	173	(86,106)	(89,791)

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16. Employee benefits (continued)

DEFINED BENEFIT PLANS (CONTINUED)

The following table presents a reconciliation of the movements in the defined benefit obligations between the beginning and end of the year, and an analysis of the defined benefit obligations between unfunded plans and those plans that are wholly funded:

<u>Defined benefit obligations</u>	<u>U.K.</u> \$	<u>Netherlands</u> \$	<u>Other</u> \$	<u>Total</u> \$
As at September 30, 2012	437,585	326,620	150,827	915,032
Current service cost	1,096	—	7,425	8,521
Interest cost	20,335	12,543	5,489	38,367
Curtailment gains	—	—	(4,371)	(4,371)
Actuarial losses (gains) ¹	53,377	2,439	(3,179)	52,637
Termination benefits	310	—	—	310
Plan participant contributions	271	—	288	559
Benefits paid from the plan	(13,509)	(8,025)	(3,547)	(25,081)
Benefits paid directly by employer	—	—	(2,581)	(2,581)
Foreign currency translation adjustment	22,040	32,956	12,524	67,520
As at September 30, 2013	521,505	366,533	162,875	1,050,913
Defined benefit obligation of unfunded plans	—	—	41,272	41,272
Defined benefit obligation of funded plans	521,505	366,533	121,603	1,009,641
As at September 30, 2013	521,505	366,533	162,875	1,050,913

<u>Defined benefit obligations</u>	<u>U.K.</u> \$	<u>Netherlands</u> \$	<u>Other</u> \$	<u>Total</u> \$
As at September 30, 2011	—	—	7,035	7,035
Liabilities assumed in a business acquisition	436,695	304,686	134,780	876,161
Current service cost	140	—	643	783
Interest cost	2,267	1,289	880	4,436
Actuarial (gains) losses ¹	(10,615)	10,214	3,660	3,259
Termination benefits	95	—	—	95
Plan participant contributions	38	—	32	70
Benefits paid from the plan	(421)	(687)	(410)	(1,518)
Benefits paid directly by employer	—	—	(160)	(160)
Foreign currency translation adjustment	9,386	11,118	4,367	24,871
As at September 30, 2012	437,585	326,620	150,827	915,032
Defined benefit obligation of unfunded plans	—	—	39,548	39,548
Defined benefit obligation of funded plans	437,585	326,620	111,279	875,484
As at September 30, 2012	437,585	326,620	150,827	915,032

¹ Amounts recognized in other comprehensive income.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012

(tabular amounts only are in thousands of Canadian dollars, except share data)

16. Employee benefits (continued)

DEFINED BENEFIT PLANS (CONTINUED)

The following table presents a reconciliation of the movements in plan assets and reimbursement rights between the beginning and end of the year:

<u>Plan assets and reimbursement rights</u>	<u>U.K.</u> \$	<u>Netherlands</u> \$	<u>Other</u> \$	<u>Total</u> \$
As at September 30, 2012	433,727	326,793	64,721	825,241
Expected return on assets	18,885	12,559	2,518	33,962
Employer contributions	16,937	—	5,664	22,601
Actuarial gains (losses) ¹	13,885	562	(404)	14,043
Plan participants contributions	271	—	288	559
Benefits paid from the plan	(13,509)	(8,025)	(4,132)	(25,666)
Benefits paid directly by employer	—	—	(2,581)	(2,581)
Foreign currency translation adjustment	21,521	32,959	5,210	59,690
As at September 30, 2013	491,717	364,848	71,284	927,849
Plan assets	491,717	364,848	50,428	906,993
Reimbursement rights	—	—	20,856	20,856
As at September 30, 2013	491,717	364,848	71,284	927,849

<u>Plan assets and reimbursement rights</u>	<u>U.K.</u> \$	<u>Netherlands</u> \$	<u>Other</u> \$	<u>Total</u> \$
As at September 30, 2011	—	—	—	—
Assets acquired in a business acquisition	423,111	304,944	61,263	789,318
Expected return on assets	2,196	1,291	246	3,733
Employer contributions	233	—	649	882
Actuarial (losses) gains ¹	(594)	10,119	1,122	10,647
Plan participants contributions	38	—	32	70
Benefits paid from the plan	(421)	(687)	(482)	(1,590)
Benefits paid directly by employer	—	—	(160)	(160)
Foreign currency translation adjustment	9,164	11,126	2,051	22,341
As at September 30, 2012	433,727	326,793	64,721	825,241
Plan assets	433,727	326,793	45,599	806,119
Reimbursement rights	—	—	19,122	19,122
As at September 30, 2012	433,727	326,793	64,721	825,241

¹ Amounts recognized in other comprehensive income.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012

(tabular amounts only are in thousands of Canadian dollars, except share data)

16. Employee benefits (continued)

DEFINED BENEFIT PLANS (CONTINUED)

The plan assets at the end of the year consist of:

As at September 30, 2013	U.K. \$	Netherlands \$	Other \$	Total \$
Equities	181,463	—	2,214	183,677
Bonds	283,186	—	20,805	303,991
Property	23,529	—	4,936	28,465
Cash	3,539	2,435	513	6,487
Other ¹	—	362,413	21,960	384,373
	<u>491,717</u>	<u>364,848</u>	<u>50,428</u>	<u>906,993</u>
As at September 30, 2012	U.K. \$	Netherlands \$	Other \$	Total \$
Equities	141,402	—	2,465	143,867
Bonds	262,845	—	20,065	282,910
Property	21,398	—	4,930	26,328
Cash	8,082	2,733	2,263	13,078
Other ¹	—	324,060	15,876	339,936
	<u>433,727</u>	<u>326,793</u>	<u>45,599</u>	<u>806,119</u>

¹ Other is mainly composed of various insurance policies to cover some of the defined benefit obligations.

Plan assets do not include any ordinary shares of the Company or property occupied by the Company or any other assets used by the Company.

The following table summarizes the expense recognized in the consolidated statements of earnings:

	2013 \$	Year ended September 30 2012 \$
Current service cost	8,521	783
Curtailment gain	(4,371)	—
Termination benefits	310	95
Interest cost	38,367	4,436
Expected return on plan assets and reimbursement rights ¹	(33,962)	(3,733)
	<u>8,865²</u>	<u>1,581²</u>

¹ Actual return on plan assets and reimbursement rights was \$48,005,000 (\$14,380,000 for the year ended September 30, 2012).

² The expense was presented as costs of services, selling and administrative and finance costs for an amount of \$5,981,000 and \$4,405,000, respectively (\$878,000 and \$703,000 for the year ended September 30, 2012), with a curtailment gain of \$1,521,000 presented in acquisition-related and integration costs (\$nil for the year ended September 30, 2012) (Note 25b).

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012

(tabular amounts only are in thousands of Canadian dollars, except share data)

16. Employee benefits (continued)

DEFINED BENEFIT PLANS (CONTINUED)

Actuarial assumptions

The following are the principal actuarial assumptions at the reporting date (expressed as weighted averages). The assumed discount rate, expected return on plan assets, rate of inflation, salary and pension increases and mortality rates all have a significant effect on the accounting valuation.

<u>As at September 30, 2013</u>	<u>U.K.</u> %	<u>Netherlands</u> %	<u>Other</u> %	<u>Total</u> %
Discount rate	4.40	3.60	3.84	4.03
Expected return on plan assets	5.05	3.60	4.32	4.43
Future salary increases	3.35	—	—	—
Future pension increases	3.19	—	—	—
Inflation	3.35	2.00	2.20	2.72
<u>As at September 30, 2012</u>	<u>U.K.</u> %	<u>Netherlands</u> %	<u>Other</u> %	<u>Total</u> %
Discount rate	4.55	3.55	3.35	4.00
Expected return on plan assets	4.55	3.55	3.26	4.07
Future salary increases	2.60	—	—	—
Future pension increases	2.57	—	—	—
Inflation	2.60	2.00	2.10	2.31

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory. Mortality assumptions for the most significant countries are based on the following post-retirement mortality tables: (1) U.K.: 110% PNXA00 (year of birth) plus CMI_2011 projections with 1% p.a. minimum long term improvement rate; and (2) Netherlands: AG Generation 2012-2062 with an age setback of 1 year.

The overall expected rate of return on plan assets is calculated as a weighted average of the expected rates of return of individual asset classes. The weighted average is calculated by reference to the amount in each class of plan assets at the end of the reporting period. The expected rates of return on bonds is determined by reference to market yields at the end of the reporting period for bonds of similar term to those held as plan assets. The expected rate of return on equities is determined by reference to real historical equity market returns.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012

(tabular amounts only are in thousands of Canadian dollars, except share data)

16. Employee benefits (continued)

DEFINED BENEFIT PLANS (CONTINUED)

Actuarial assumptions (continued)

The following table shows the sensitivity of the defined benefit obligations to changes in these assumptions:

As at September 30, 2013	U.K. \$	Netherlands \$	Other \$	Total \$
Increase of 0.25% in the discount rate	(21,118)	(14,367)	(5,539)	(41,024)
Decrease of 0.25% in the discount rate	23,052	15,235	5,770	44,057
Increase of 0.25% in inflation	16,235	—	1,438	17,673
Decrease of 0.25% in inflation	(14,107)	—	(625)	(14,732)
Increase of one year in life expectancy	10,504	8,747	2,204	21,455
Decrease of one year in life expectancy	(10,626)	(8,973)	(2,650)	(22,249)
As at September 30, 2012	U.K. \$	Netherlands \$	Other \$	Total \$
Increase of 0.25% in the discount rate	(18,043)	(14,154)	(5,200)	(37,397)
Decrease of 0.25% in the discount rate	19,424	13,599	5,195	38,218
Increase of 0.25% in inflation	13,698	—	778	14,476
Decrease of 0.25% in inflation	(11,902)	—	(830)	(12,732)
Increase of one year in life expectancy	8,901	6,855	2,222	17,978
Decrease of one year in life expectancy	(9,004)	(7,018)	(2,184)	(18,206)

DEFINED CONTRIBUTION PLANS

The Company also operates defined contribution retirement plans. In some countries, contributions are made into state pension plans. The pension cost expense for defined contribution plans amounted to \$207,616,000 in 2013 (\$45,194,000 in 2012).

In addition, in Sweden the Company contributes to the Alecta SE pension plan which is a defined benefit pension plan. This pension plan is classified as a defined contribution plan as it is a multi-employer plan. Any surplus or deficit in the plan will affect the amount of future contributions payable. Alecta uses a collective funding ratio to determine the surplus or deficit in the pension plan. The collective funding is the difference between Alecta's assets and the commitments to the policyholders and insured individuals. The collective solvency is normally allowed to vary between 125% and 155%, with the target being 140%. At September 30, 2013, Alecta's collective funding ratio was 145%. The plan expense was \$38,598,000 in 2013 (\$3,450,000 in 2012).

OTHER BENEFIT PLANS

The Company maintains two non-qualified deferred compensation plans covering some of its U.S. management. One of these plans is an unfunded plan and the non-qualified deferred compensation liability totaled \$501,000 as at September 30, 2013 (\$846,000 as at September 30, 2012). The other plan is a funded plan for which a trust was established so that the plan assets could be segregated; however, the assets are subject to the Company's general creditors in the case of bankruptcy. The assets composed of investments vary with employees' contributions and changes in the value of the investments. The change in liability associated with the plan is equal to the change of the assets. The assets in the trust and the associated liabilities totaled \$24,752,000 as at September 30, 2012 (\$18,878,000 as at September 30, 2012).

The deferred compensation plans assets and liabilities are presented in other long-term assets and other long-term liabilities, respectively.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012

(tabular amounts only are in thousands of Canadian dollars, except share data)

17. Accumulated other comprehensive income

	As at September 30, 2013 \$	As at September 30, 2012 (Revised – Note 25) \$
Net unrealized gains (losses) on translating financial statements of foreign operations, net of accumulated income tax expense of \$18,818 as at September 30, 2013 (net of accumulated income tax expense of \$330 as at September 30, 2012)	290,410	(7,351)
Net unrealized (losses) gains on derivative financial instruments and on translating long-term debt designated as hedges of net investments in foreign operations, net of accumulated income tax recovery of \$21,349 as at September 30, 2013 (net of accumulated income tax expense of \$959 as at September 30, 2012)	(137,714)	6,071
Net unrealized losses on cash flow hedges, net of accumulated income tax recovery of \$3,085 as at September 30, 2013 (\$3,302 as at September 30, 2012)	(6,209)	(6,343)
Net unrealized actuarial (losses) gains, net of accumulated income tax recovery of \$5,788 as at September 30, 2013 (net of accumulated income tax expense of \$1,961 as at September 30, 2012)	(26,267)	4,578
Net unrealized gains on investments available for sale, net of accumulated income tax expense of \$617 as at September 30, 2013 (\$1,276 as at September 30, 2012)	1,635	3,339
	<u>121,855</u>	<u>294</u>

For the year ended September 30, 2013, \$1,967,000 of the net unrealized losses previously recognized in other comprehensive income, net of income tax recovery of \$1,601,000, were reclassified to net earnings for derivatives designated as cash flow hedges (\$794,000 of the net unrealized gains net of income tax recovery of \$277,000 for the year ended September 30, 2012).

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012

(tabular amounts only are in thousands of Canadian dollars, except share data)

18. Capital stock

Authorized, an unlimited number without par value:

First preferred shares, carrying one vote per share, ranking prior to second preferred shares, Class A subordinate shares and Class B shares with respect to the payment of dividends;

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

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

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

For 2013 and 2012, the Class A subordinate and the Class B shares varied as follows:

	Class A subordinate shares		Class B shares		Number	Total Carrying value
	Number	Carrying value \$	Number	Carrying value \$		
As at September 30, 2011	227,055,040	1,131,672	33,608,159	46,887	260,663,199	1,178,559
Issued upon financing of business acquisition, net of transaction costs	46,707,146	999,178	—	—	46,707,146	999,178
Issued upon exercise of stock options ¹	5,376,920	64,033	—	—	5,376,920	64,033
Repurchased and cancelled ²	(5,368,000)	(26,942)	—	—	(5,368,000)	(26,942)
Purchased and held in trust ³	—	(14,252)	—	—	—	(14,252)
Sale of shares held in trust ³	—	1,118	—	—	—	1,118
As at September 30, 2012	273,771,106	2,154,807	33,608,159	46,887	307,379,265	2,201,694
Issued upon exercise of stock options ¹	3,765,982	51,971	—	—	3,765,982	51,971
Repurchased and cancelled ²	(723,100)	(5,780)	—	—	(723,100)	(5,780)
Purchased and held in trust ³	—	(7,663)	—	—	—	(7,663)
PSUs exercised ³	—	272	—	—	—	272
Conversion of shares ⁴	335,392	468	(335,392)	(468)	—	—
As at September 30, 2013	277,149,380	2,194,075	33,272,767	46,419	310,422,147	2,240,494

¹ The carrying value of Class A subordinate shares includes \$12,531,000 (\$16,010,000 in 2012), which corresponds to a reduction in contributed surplus representing the value of accumulated compensation costs associated with the stock options exercised during the year.

² On January 30, 2013, the Company's Board of Directors authorized the renewal of a Normal Course Issuer Bid ("NCIB") for the purchase of up to 20,685,976 Class A subordinate shares during the next year (22,064,163 in 2012) for cancellation on the open market through the TSX. The Class A subordinate shares were available for purchase commencing February 11, 2013, until no later than February 10, 2014, or on such earlier date when the Company completes its purchases or elects to terminate the bid. During the year ended September 30, 2013, the Company repurchased 723,100 Class A subordinate shares (5,368,000 in 2012) for cash consideration of \$22,869,000 (\$102,845,000 in 2012). The excess of the purchase price over the carrying value, in the amount of \$17,089,000 (\$75,903,000 in 2012), was charged to retained earnings.

³ The trustee, in accordance with the terms of the PSU plan and a Trust Agreement, purchased 336,849 Class A subordinate shares of the Company on the open market for \$7,663,000 during the year ended September 30, 2013 (761,358 Class A subordinate shares for \$14,252,000 during the year ended September 30, 2012). In addition, during the year ended September 30, 2013, 14,020 PSUs were exercised with a recorded fair value of \$217,000 that was removed from contributed surplus. The excess of the average carrying value over the recorded fair value in the amount of \$55,000 was removed from contributed surplus. As at September 30, 2013, 1,186,695 Class A subordinate shares were held in trust under the PSU plan (863,866 as at September 30, 2012) (Note 19b).

⁴ During the year ended September 30, 2013, a shareholder converted 335,392 Class B shares into 335,392 Class A subordinate shares.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012

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19. Share-based payments

a) Stock options

Under the Company's stock option plan, the Board of Directors may grant, at its discretion, stock options to purchase Class A subordinate shares to certain employees, officers, directors and consultants of the Company and its subsidiaries. The exercise price is established by the Board of Directors and is equal to the closing price of the Class A subordinate shares on the TSX on the day preceding the date of the grant. Stock options generally vest over four years from the date of grant conditionally upon achievement of objectives and must be exercised within a ten-year period, except in the event of retirement, termination of employment or death. As at September 30, 2013, 37,115,627 Class A subordinate shares have been reserved for issuance under the stock option plan.

The following table presents information concerning all outstanding stock options granted by the Company:

		2013		2012
	Number of options	Weighted average exercise price per share	Number of options	Weighted average exercise price per share
		\$		\$
Outstanding, beginning of year	18,617,230	12.69	24,163,317	11.42
Granted	7,196,903	23.89	2,551,547	19.74
Exercised	(3,765,982)	10.47	(5,376,920)	8.93
Forfeited	(1,825,447)	19.77	(2,720,714)	15.47
Expired	(13,135)	11.42	—	—
Outstanding, end of year	20,209,569	16.45	18,617,230	12.69
Exercisable, end of year	10,955,235	11.70	12,079,231	10.69

The weighted average share price at the date of exercise for share options exercised in 2013 was \$29.47 (\$22.46 in 2012).

The following table summarizes information about outstanding stock options granted by the Company as at September 30, 2013:

Range of exercise price	Options outstanding		Options exercisable	
	Number of options	Weighted average remaining contractual life (years)	Number of options	Weighted average exercise price
\$				\$
6.69 to 7.81	818,879	3.06	818,879	7.69
8.00 to 8.55	1,070,895	1.59	1,070,895	8.53
9.05 to 9.43	2,229,726	5.00	2,229,726	9.31
10.05 to 11.80	1,605,616	4.03	1,605,616	11.37
12.54 to 13.26	3,177,721	5.99	3,177,721	12.55
14.48 to 15.96	3,317,208	7.00	1,687,459	15.48
19.28 to 22.52	987,510	8.00	296,954	19.86
23.65 to 32.57	7,002,014	9.22	67,985	26.39
	20,209,569	6.76	10,955,235	11.70

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012

(tabular amounts only are in thousands of Canadian dollars, except share data)

19. Share-based payments (continued)

a) Stock options (continued)

The fair value of stock options granted in the period and the assumptions used in the calculation of their fair value on the date of grant using the Black-Scholes option pricing model were as follows:

	Year ended September 30	
	2013	2012
Weighted average assumptions		
Grant date fair value (\$)	4.98	4.67
Dividend yield (%)	0.00	0.00
Expected volatility (%) ¹	23.67	27.63
Risk-free interest rate (%)	1.29	1.20
Expected life (years)	4.00	4.00
Exercise price (\$)	23.89	19.74
Share price (\$)	23.89	19.74

¹ Expected volatility was determined using statistical formulas and based on the weekly historical average of closing daily share prices over the period of the expected life of stock option.

b) Performance share units

Under the PSU plan, the Board of Directors may grant PSUs to senior executives and other key employees (“participants”) which entitle them to receive one Class A subordinate share for each PSU. The vesting performance conditions are determined by the Board of Directors at the time of each grant. PSUs expire on December 31 of the third calendar year following the end of the fiscal year during which the PSU award is made, except in the event of retirement, termination of employment or death. Granted PSUs vest annually over a period of four years from the date of grant conditionally upon achievement of objectives.

Class A subordinate shares purchased in connection with the PSU plan are held in trust for the benefit of the participants. The trust, considered as a special purpose entity, is consolidated in the Company’s consolidated financial statements with the cost of the purchased shares recorded as a reduction of capital stock (Note 18).

The following table presents information concerning the number of outstanding PSUs granted by the Company:

Outstanding as at September 30, 2011	164,012
Granted ¹	761,358
Forfeited	(61,504)
Outstanding as at September 30, 2012	863,866
Granted ¹	805,921
Exercised	(14,020)
Forfeited	(469,072)
Outstanding as at September 30, 2013	<u>1,186,695</u>

¹ The PSUs granted in the period had a grant date fair value of \$23.65 per unit in 2013 (\$19.71 in 2012).

c) Share-based payment costs

The share-based payment expense recorded in cost of services, selling and administrative expenses is as follows:

	Year ended September 30	
	2013	2012
	\$	\$
Stock options	19,631	9,310
PSUs	11,642	3,210
	<u>31,273</u>	<u>12,520</u>

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012

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20. Earnings per share

The following table sets forth the computation of basic and diluted earnings per share for the year ended September 30:

	2013			2012		
	Net earnings	Weighted average number of shares outstanding ¹	Earnings per share	Net earnings	Weighted average number of shares outstanding ¹	Earnings per share
	\$		\$	\$		\$
Basic	455,820	307,900,034	1.48	131,529	263,431,660	0.50
Dilutive stock options and PSUs ²		9,074,145			10,212,342	
	<u>455,820</u>	<u>316,974,179</u>	<u>1.44</u>	<u>131,529</u>	<u>273,644,002</u>	<u>0.48</u>

¹ The 723,100 Class A subordinate shares repurchased and 1,186,695 Class A subordinate shares held in trust during the year ended September 30, 2013 (5,368,000 and 863,866, respectively, during year ended September 30, 2012), were excluded from the calculation of weighted average number of shares outstanding as of the date of transaction.

² The calculation of the diluted earnings per share excluded 19,994 stock options for the year ended September 30, 2013 (2,400,489 for the year ended September 30, 2012), as they were anti-dilutive.

21. Construction contracts in progress

Revenue from systems integration and consulting services under fixed-fee arrangements where the outcome of the arrangements can be estimated reliably is recognized using the percentage-of-completion method over the service periods. The Company uses the labour costs or labour hours to measure the progress towards completion. If the outcome of an arrangement cannot be estimated reliably, revenue is recognized to the extent of arrangement costs incurred that are likely to be recoverable.

Amounts recognized as revenue in excess of billings are classified as work in progress. Amounts received in advance of the delivery of products or performance of services are classified as deferred revenue.

The status of the Company's construction contracts still in progress at the end of the reporting period was as follows:

	As at September 30, 2013 \$	As at September 30, 2012 \$
Recognized as:		
Revenue in the respective year	1,634,739	637,764
Recognized as:		
Amounts due from customers under construction contracts ¹	311,733	366,398
Amounts due to customers under construction contracts	(209,890)	(206,235)

¹ As at September 30, 2013, retentions held by customers for contract work in progress amounted to \$38,133,000 (\$21,402,000 as at September 30, 2012).

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012

(tabular amounts only are in thousands of Canadian dollars, except share data)

22. Costs of services, selling and administrative

	Year ended September 30	
	2013	2012
	\$	\$
Salaries and other member costs ¹	5,954,032	2,771,802
Hardware, software and data center related costs	864,687	400,015
Professional fees and other contracted labour	1,311,323	592,374
Property costs	410,197	204,944
Amortization and depreciation (Note 23)	416,889	220,054
Other operating expenses	55,182	37,670
	<u>9,012,310</u>	<u>4,226,859</u>

¹ Net of tax credits of \$95,911,000 in 2013 (\$98,750,000 in 2012).

23. Amortization and depreciation

	Year ended September 30	
	2013	2012
	\$	\$
Depreciation of PP&E ¹	175,687	93,053
Amortization of intangible assets	185,309	99,674
Amortization of contract costs related to transition costs	55,893	27,327
Included in costs of services, selling and administrative (Note 22)	416,889	220,054
Amortization of contract costs related to incentives (presented as a reduction of revenue)	8,151	8,723
Amortization of internal-use software (presented in acquisition-related and integration costs) (Note 25b)	8,672	—
Amortization of deferred financing fees (presented in finance costs)	1,186	1,211
Amortization of premiums and discounts on investments related to funds held for clients (presented net as a reduction of revenue)	1,046	1,371
Amortization of premiums and discounts on long-term investments (presented net in finance costs)	—	39
	<u>435,944</u>	<u>231,398</u>

¹ Depreciation of property, plant and equipment acquired under finance leases was \$21,102,000 in 2013 (\$20,799,000 in 2012).

24. Finance costs

	Year ended September 30	
	2013	2012
	\$	\$
Interest on long-term debt	104,502	40,853
Net finance costs on defined benefit plans (Note 16)	4,405	703
Other finance costs	5,024	543
	<u>113,931</u>	<u>42,099</u>

Notes to the Consolidated Financial Statements

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(tabular amounts only are in thousands of Canadian dollars, except share data)

25. Investments in subsidiaries

2013 TRANSACTIONS

There were no significant acquisitions and disposals during fiscal 2013.

2012 TRANSACTIONS

a) Modifications to purchase price allocation

On August 20, 2012, the Company acquired 100% of the outstanding ordinary shares of Logica, a business and technology services company, for a total cash consideration of \$2,682,380,000 and the assumption of Logica's net debt of \$866,658,000. The acquisition and the repayment of Logica's debt assumed were funded through the issuance of 46,707,146 new Class A subordinate voting shares at a price of \$21.41 for a total consideration of \$1,000,000,000 and through a term loan agreement of \$1,933,858,000. The remaining funding came from the Company's existing credit facility and cash.

During the year ended September 30, 2013, the Company finalized the purchase price allocation and has retrospectively revised the impact of changes to the preliminary purchase price allocation.

	Purchase price allocation, as originally reported	Adjustments and reclassifications	Final purchase price allocation
	\$	\$	\$
Assets			
Current assets ¹	1,374,838	(72,333)	1,302,505
Property, plant and equipment	250,808	(19,169)	231,639
Contract costs	71,697	948	72,645
Intangible assets	603,683	(68,620)	535,063
Other long-term assets	87,789	(1,667)	86,122
Deferred tax assets	197,210	126,571	323,781
Goodwill	3,276,172	265,324	3,541,496
	<u>5,862,197</u>	<u>231,054</u>	<u>6,093,251</u>
Liabilities			
Current liabilities	(1,546,273)	(285,657)	(1,831,930)
Debt ²	(808,775)	—	(808,775)
Deferred tax liabilities	(43,616)	22,472	(21,144)
Long-term provisions	(182,880)	86,570	(96,310)
Retirement benefits obligations	(113,526)	—	(113,526)
Other long-term liabilities	(426,864)	(54,439)	(481,303)
	<u>(3,121,934)</u>	<u>(231,054)</u>	<u>(3,352,988)</u>
Bank overdraft assumed, net	(57,883)	—	(57,883)
Net assets acquired	<u>2,682,380</u>	<u>—</u>	<u>2,682,380</u>
Cash consideration	2,676,912		2,676,912
Consideration payable ³	<u>5,468</u>		<u>5,468</u>

¹ The current assets include accounts receivable with a fair value of \$866,816,000 which approximates the gross amount due under the contracts.

² The fair value of the assumed debt in the business acquisition at August 20, 2012 was \$808,775,000. In 2012, the Company repaid Logica's debt for an amount of \$891,354,000, less settlement of foreign currency forward contracts of \$50,171,000 resulting in a loss of \$83,632,000, which was recorded in acquisition-related and integration costs.

³ Paid during the year ended September 30, 2013.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012

(tabular amounts only are in thousands of Canadian dollars, except share data)

25. Investments in subsidiaries (continued)

2012 TRANSACTIONS (CONTINUED)

a) Modifications to purchase price allocation (continued)

IMPACT ON CONSOLIDATED BALANCE SHEET AS AT SEPTEMBER 30, 2012

The following represents the revised consolidated balance sheet as at September 30, 2012 which reflects the final purchase price allocation adjustments and the related additional reclassifications applied to the consolidated balance sheet as at September 30, 2012. A discussion of the adjustments and resulting impact for year ended September 30, 2012 are presented further below.

	As originally reported		Adjustments and reclassifications	Foreign exchange on adjustments	Final
	\$		\$	\$	\$
Assets					
Current assets					
Cash and cash equivalents	113,103		—	—	113,103
Short-term investments	14,459		—	—	14,459
Accounts receivable	1,446,149	A	(32,273)	(941)	1,412,935
Work in progress	744,482	A	(45,819)	(1,531)	697,132
Prepaid expenses and other current assets	244,805	A	(8,840)	(3)	235,962
Income taxes	24,650	I	14,599	628	39,877
Total current assets before funds held for clients	2,587,648		(72,333)	(1,847)	2,513,468
Funds held for clients	202,407		—	—	202,407
Total current assets	2,790,055		(72,333)	(1,847)	2,715,875
Property, plant and equipment	500,995	A, B, F	(19,169)	(346)	481,480
Contract costs	167,742	A	948	(40)	168,650
Intangible assets	858,892	C	(68,620)	(2,493)	787,779
Other long-term assets	96,351	A	(1,667)	(59)	94,625
Deferred tax assets	219,590	I	126,571	2,528	348,689
Goodwill	5,819,817		265,324	7,993	6,093,134
	<u>10,453,442</u>		<u>231,054</u>	<u>5,736</u>	<u>10,690,232</u>
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	1,156,737	A, H	124,680	4,614	1,286,031
Accrued compensation	539,779	D	(16,695)	(520)	522,564
Deferred revenue	443,596	A	90,792	1,514	535,902
Income taxes	177,030	I	(58)	(10)	176,962
Provisions	160,625	E, F, J	86,938	3,124	250,687
Current portion of long-term debt	52,347		—	—	52,347
Total current liabilities before clients' funds obligations	2,530,114		285,657	8,722	2,824,493
Clients' funds obligations	197,986		—	—	197,986
Total current liabilities	2,728,100		285,657	8,722	3,022,479
Long-term provisions	216,507	E, F	(86,570)	(3,799)	126,138
Long-term debt	3,196,061		—	—	3,196,061
Other long-term liabilities	601,232	A, D, G, H	54,439	1,450	657,121
Deferred tax liabilities	171,130	I	(22,472)	(1,206)	147,452
Retirement benefits obligations	118,078		—	—	118,078
	<u>7,031,108</u>		<u>231,054</u>	<u>5,167</u>	<u>7,267,329</u>
Equity					
Retained earnings	1,113,225		—	—	1,113,225
Accumulated other comprehensive (loss) income	(275)		—	569	294

Capital stock	2,201,694	—	—	2,201,694
Contributed surplus	107,690	—	—	107,690
	<u>3,422,334</u>	<u>—</u>	<u>569</u>	<u>3,422,903</u>
	<u>10,453,442</u>	<u>231,054</u>	<u>5,736</u>	<u>10,690,232</u>

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For the years ended September 30, 2013 and 2012

(tabular amounts only are in thousands of Canadian dollars, except share data)

25. Investments in subsidiaries (continued)

2012 TRANSACTIONS (CONTINUED)

a) Modifications to purchase price allocation (continued)

IMPACT ON CONSOLIDATED BALANCE SHEET AS AT SEPTEMBER 30, 2012 (CONTINUED)

A. Contract accounting

The Company obtained supplementary information and reviewed estimates related to client contracts and made reclassifications. As a result, accounts receivable, work in progress, prepaid expenses and other current assets, property, plant and equipment and other long-term assets decreased by an amount of \$32,273,000, \$13,663,000, \$8,840,000, \$8,947,000, \$1,667,000, respectively while contract costs, accounts payable and accrued liabilities as well as long-term deferred revenue, estimated losses on revenue-generating contracts and other within other long-term liabilities increased by an amount of \$948,000, \$4,482,000, \$29,638,000, \$142,173,000 and \$8,514,000, respectively.

In addition, certain reclassifications for presentation purposes were done. As a result, accounts payable and accrued liabilities and current deferred revenue increased by an amount of \$114,253,000 and \$90,792,000, respectively while work in progress, long-term deferred revenue and estimated losses on revenue-generating contracts within other long-term liabilities decreased by an amount of \$32,156,000, \$131,751,000 and \$105,450,000, respectively.

B. Buildings

The Company refined the assumptions related to the fair value of buildings acquired. As a result, property, plant and equipment decreased by an amount of \$2,377,000.

C. Intangible assets

The Company refined the assumptions related to cash flows. As a result, internal-use software increased by an amount of \$5,918,000 while business solutions and client relationships decreased by an amount of \$3,966,000 and \$70,572,000, respectively.

D. Accrued compensation

The Company adjusted the accrued compensation provision. As a result, accrued compensation decreased by an amount of \$16,695,000 while other within other long-term liabilities increased by an amount of \$5,488,000.

E. Litigations and claims

The Company obtained supplementary information, reviewed estimates and settled claims that have been agreed upon by both parties for a social security and contractual dispute claim against the Company. As a result, current and non-current provisions for litigations decreased by an amount of \$708,000 and \$18,144,000, respectively.

In addition, the Company made certain reclassifications from non-current provisions to current provisions for an amount of \$86,884,000.

F. Lease provisions

The Company refined the assumptions related to the discount rate, sub-lease rental cash flows and costs to restore premises at the end of the lease period. As a result, onerous leases within current provisions decreased by an amount of \$3,704,000 while onerous lease and decommissioning liabilities within non-current provisions and decommissioning liabilities within current provisions increased by an amount of \$9,681,000, \$13,777,000 and \$1,405,000. Additionally, leasehold improvements within property, plant and equipment decreased by an amount of \$7,845,000.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012

(tabular amounts only are in thousands of Canadian dollars, except share data)

25. Investments in subsidiaries (continued)**2012 TRANSACTIONS (CONTINUED)****a) Modifications to purchase price allocation (continued)****IMPACT ON CONSOLIDATED BALANCE SHEET AS AT SEPTEMBER 30, 2012 (CONTINUED)****G. Fair value of client contracts**

The Company refined the assumptions related to the discount rate and the expected amount and timing of future cash flows related to client contracts. As a result, long-term deferred revenue within other long-term liabilities increased by an amount of \$67,507,000.

H. Fair value of lease contracts

The Company refined the assumptions related to the discount rate and rental rates in effect at the acquisition date of lease contracts. As a result, deferred rent within accounts payable and accrued liabilities and within other long-term liabilities increased by an amount of \$5,945,000 and \$38,320,000.

I. Income taxes

The Company obtained supplementary information concerning income tax provisions. As a result, income taxes payable decreased by an amount of \$28,280,000. The related income tax impact of the adjustments to purchase price allocation on income taxes receivable and deferred tax liabilities was a decrease by an amount of \$7,501,000 and \$6,972,000, respectively while deferred tax assets and income taxes payable increased by an amount of \$142,071,000 and \$6,122,000, respectively.

In addition, for presentation purposes, reclassifications were made from income taxes payable to income taxes receivable for an amount of \$22,100,000 and from deferred tax assets to deferred tax liabilities for an amount of \$15,500,000.

J. Restructuring

The Company refined the assumptions related to restructuring provisions assumed in the acquisition. As a result, expected restructuring costs within current and non-current provisions increased by an amount of \$3,061,000 and decreased by an amount of \$5,000,000, respectively.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012

(tabular amounts only are in thousands of Canadian dollars, except share data)

25. Investments in subsidiaries (continued)

2012 TRANSACTIONS (CONTINUED)

b) Acquisition-related and integration costs

In connection with the acquisition of Logica, the Company expensed \$338,439,000 of the announced integration program of \$525,000,000, during the year ended September 30, 2013. This amount included integration costs for the termination of employees to transform the operations of Logica to the Company's operating model of \$249,799,000 (Note 12), costs related to onerous leases of \$31,899,000 (Note 12) and other integration costs of \$56,741,000. During the year ended September 30, 2012, the integration costs of \$109,714,000 included integration costs for the termination of employees to transform the operations of Logica to the Company's operating model of \$101,475,000 (Note 12) and other integration costs of \$8,239,000.

During the year ended September 30, 2013, the Company paid in total \$306,433,000 (\$8,239,000 during the year ended September 30, 2012) related to the integration program and \$37,937,000 (\$5,384,000 during the year ended September 30, 2012), related to the restructuring program of Logica announced before the acquisition, on December 14, 2011. During the year ended September 30, 2013, the non-cash integration costs of \$7,151,000 (\$nil during the year ended September 30, 2012) included amortization expense of \$8,672,000 (Note 23) and curtailment gain of \$1,521,000 (Note 16).

In addition, during the year ended September 30, 2012, the Company expensed acquisition-related costs of \$36,403,000 and financing costs of \$108,856,000. The acquisition-related costs consisted mainly of professional fees incurred for the acquisition and foreign exchange call options for an amount of \$7,146,000 in order to comply with the funds certain requirement under the UK City Code on Takeovers and Mergers. During the year ended September 30, 2013, the Company paid \$27,203,000 (\$118,056,000 during the year ended September 30, 2012) related to the acquisition-related costs.

c) Disposal

There were no significant disposals during fiscal 2012.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012

(tabular amounts only are in thousands of Canadian dollars, except share data)

26. Supplementary cash flow information

a) Net change in non-cash working capital items is as follows for the years ended September 30:

	2013	2012
	\$	\$
Accounts receivable	280,146	(61,373)
Work in progress	(169,035)	(15,815)
Prepaid expenses and other assets	14,757	(10,020)
Accounts payable and accrued liabilities	(231,169)	62,697
Accrued compensation	164,166	89,836
Provisions	(67,055)	85,715
Deferred revenue	(163,941)	46,727
Other long-term liabilities	(106,253)	(536)
Income taxes	(3,172)	(21,273)
	<u>(281,556)</u>	<u>175,958</u>

b) Non-cash operating, investing and financing activities related to operations are as follows for the years ended September 30:

	2013	2012
	\$	\$
Operating activities		
Accounts receivable	(412)	(284)
Prepaid expenses and other assets	(4,180)	(11,105)
	<u>(4,592)</u>	<u>(11,389)</u>
Investing activities		
Purchase of property, plant and equipment	(12,909)	(32,207)
Additions of intangible assets	(4,948)	(15,359)
Additions of other long-term assets	(1,852)	(7,426)
	<u>(19,709)</u>	<u>(54,992)</u>
Financing activities		
Increase in obligations under finance leases	11,745	29,753
Increase in obligations	12,144	36,344
Issuance of shares	412	284
	<u>24,301</u>	<u>66,381</u>

c) Interest paid and income taxes paid are classified within operating activities and are as follows for the years ended September 30:

	2013	2012
	\$	\$
Interest paid	104,981	34,573
Interest received	3,550	3,415
Income taxes paid	131,552	144,010

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012

(tabular amounts only are in thousands of Canadian dollars, except share data)

27. Segmented information

In the prior year, management regularly reviewed the Company's operating results through five operating segments, namely: U.S., Canada, GIS, Europe & Asia Pacific and Logica. Effective October 1, 2012, as a result of changes to the management reporting structure in the current year, the Company is now managed through seven operating segments which are based on its geographic delivery model, namely: U.S., NSESA; Canada; France (including Luxembourg and Morocco); U.K.; CEE (including Netherlands, Germany and Belgium); and Asia Pacific (including Australia, India, Philippines and the Middle East).

The following presents information on the Company's operations based on its current management structure effective October 1, 2012. The Company has retrospectively revised the segmented information for the comparative periods to conform to the new segmented information structure.

	Year ended September 30, 2013							Total
	U.S.	NSESA	Canada	France	U.K.	CEE	Asia Pacific	
	\$	\$	\$	\$	\$	\$	\$	\$
Segment revenue	2,512,530	2,010,693	1,685,723	1,273,604	1,158,520	1,003,950	439,604	10,084,624
Earnings before acquisition-related and integration costs, finance costs, finance income and income tax expense ¹	283,690	139,418	320,306	109,760	102,820	67,341	52,295	1,075,630
Acquisition-related and integration costs								(338,439)
Finance costs								(113,931)
Finance income								4,362
Earnings before income taxes								627,622

¹ Total amortization and depreciation of \$426,086,000 included in the U.S., NSESA, Canada, France, U.K., CEE and Asia Pacific operating segments was \$103,520,000, \$78,095,000, \$99,899,000, \$30,855,000, \$52,417,000, \$34,899,000 and \$26,401,000, respectively for the year ended September 30, 2013.

	Year ended September 30, 2012							Total
	U.S.	NSESA	Canada	France	U.K.	CEE	Asia Pacific	
	\$	\$	\$	\$	\$	\$	\$	\$
Segment revenue	2,120,382	216,366	1,737,529	157,328	171,548	191,596	177,705	4,772,454
Earnings before acquisition-related and integration costs, finance costs, finance income and income tax expense ¹	233,764	(9,370)	302,552	(9,168)	(2,297)	(834)	32,082	546,729
Acquisition-related and integration costs								(254,973)
Finance costs								(42,099)
Finance income								5,318
Other income								3,955
Share of profit on joint venture								3,996
Earnings before income taxes								262,926

¹ Total amortization and depreciation of \$230,148,000 included in the U.S., NSESA, Canada, France, U.K., CEE and Asia Pacific operating segments was \$90,752,000, \$8,606,000, \$104,624,000, \$4,372,000, \$9,414,000, \$5,398,000 and \$6,982,000 respectively, for the year ended September 30, 2012.

The accounting policies of each operating segment are the same as those described in the summary of significant accounting policies (Note 3). Intersegment revenue is priced as if the revenue was from third parties.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012

(tabular amounts only are in thousands of Canadian dollars, except share data)

27. Segmented information (continued)

GEOGRAPHIC INFORMATION

The following table provides information for property, plant and equipment, contract costs and intangible assets based on their location:

	As at September 30, 2013 \$	As at September 30, 2012 (Revised) \$
U.S.	288,307	298,967
Canada	289,248	292,990
U.K.	210,089	243,998
France	125,056	130,225
Sweden	96,608	103,581
Finland	66,408	76,550
Germany	55,786	63,166
Netherlands	50,016	52,483
Rest of the world	142,262	175,949
	<u>1,323,780</u>	<u>1,437,909</u>

The following table provides revenue information based on the client's location:

	2013 \$	2012 \$
U.S.	2,650,540	2,240,644
Canada	1,670,190	1,721,491
U.K.	1,271,405	205,247
France	1,257,473	153,879
Sweden	909,977	59,822
Finland	571,682	56,437
Netherlands	507,638	62,135
Germany	353,967	97,134
Rest of the world	891,752	175,665
	<u>10,084,624</u>	<u>4,772,454</u>

INFORMATION ABOUT SERVICES

The following table provides revenue information based on services provided by the Company:

	2013 \$	2012 \$
Outsourcing		
IT Services	4,474,203	2,216,942
BPS	1,143,069	838,879
Systems integration and consulting	4,467,352	1,716,633
	<u>10,084,624</u>	<u>4,772,454</u>

MAJOR CLIENT INFORMATION

Contracts with the U.S. federal government and its various agencies accounted for \$1,392,286,000 (13.8%) of revenues included within the U.S. segment for the year ended September 30, 2013 (\$1,336,941,000 (28.0%) for the year ended September 30, 2012).

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012

(tabular amounts only are in thousands of Canadian dollars, except share data)

28. Related party transactions

a) Transactions with subsidiaries

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation. The Company owns 100% of the equity interests of its principal subsidiaries.

The Company's principal subsidiaries are as follows:

<u>Name of subsidiary</u>	<u>Country of incorporation</u>
Conseillers en Gestion et Informatique CGI Inc.	Canada
CGI Information Systems and Management Consultants Inc.	Canada
CGI Technologies and Solutions Inc.	United States
Stanley Associates, Inc.	United States
CGI Federal Inc.	United States
Oberon Associates, Inc.	United States
CGI Information Systems and Management Consultants Private Limited	India
Logica Private Limited	India
CGI France SAS	France
CGI Business Consulting France SAS	France
CGI Nederland BV	Netherlands
Logica Deutschland GmbH & Co KG	Germany
CGI TI Portugal SA	Portugal
CGI Danmark A/S	Denmark
CGI Norge AS	Norway
CGI Technologies and Solutions Australia Pty Limited	Australia
CGI Suomi Oy	Finland
CGI Sverige AB	Sweden
CGI Sverige Infrastructure Management Abv	Sweden
CGI Information Systems and Management Consultants (UK) Limited	United Kingdom
CGI IT UK Limited	United Kingdom

b) Compensation of key management personnel

Compensation of key management personnel, defined as the Board of Directors and the Executive Vice-President and Chief Financial Officer, was as follows:

	<u>2013</u>	<u>2012</u>
	<u>\$</u>	<u>\$</u>
Short-term employee benefits	8,940	3,909
Share-based payments	13,715	5,732

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012

(tabular amounts only are in thousands of Canadian dollars, except share data)

29. Commitments, contingencies and guarantees

a) Commitments

At September 30, 2013, the Company is committed under the terms of operating leases with various expiration dates up to 2027, primarily for the rental of premises and computer equipment used in outsourcing contracts, in the aggregate amount of approximately \$1,652,449,000. The future minimum lease payments under non-cancellable operating leases are due as follows:

	\$
Less than one year	376,539
Between one and two years	300,867
Between two and five years	627,123
Beyond five years	347,920

The majority of the lease agreements are renewable at the end of the lease period at market rates. The lease expenditure charged to the earnings during the year was \$326,140,000 (\$136,938,000 in 2012), net of sub-lease income of \$25,851,000 (\$8,014,000 in 2012). As at September 30, 2013, the total future minimum sub-lease payments expected to be received under non-cancellable sub-lease were \$110,823,000 (\$114,458,000 as at September 30, 2012).

The Company entered into long-term service and other agreements representing a total commitment of \$63,856,000. Minimum payments under these agreements are due as follows:

	\$
Less than one year	30,867
Between one and two years	23,976
Between two and five years	9,013
Beyond five years	—

b) Contingencies

From time to time, the Company is involved in legal proceedings, audits, claims and litigation which primarily relate to tax exposure, contractual disputes and employee claims arising in the ordinary course of its business. Certain of these matters seek damages in significant amounts and will ultimately be resolved when one or more future events occur or fail to occur. Although the outcome of such matters is not predictable with assurance, the Company has no reason to believe that the disposition of any such current matter could reasonably be expected to have a materially adverse impact on the Company's financial position, results of operations or the ability to carry on any of its business activities. Claims for which there is a probable unfavourable outcome are recorded in provisions (Note 12).

In addition, the Company is engaged to provide services under contracts with the U.S. Government. The contracts are subject to extensive legal and regulatory requirements and, from time to time, agencies of the U.S. Government investigate whether the Company's operations are being conducted in accordance with these requirements. Generally, the Government has the right to change the scope of, or terminate, these projects at its convenience. The termination or reduction in the scope, of a major government project could have a materially adverse effect on the results of operations and financial condition of the Company.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012

(tabular amounts only are in thousands of Canadian dollars, except share data)

29. Commitments, contingencies and guarantees (continued)

c) Guarantees

Sale of assets and business divestitures

In connection with the sale of assets and business divestitures, the Company may be required to pay counterparties for costs and losses incurred as the result of breaches in representations and warranties, intellectual property right infringement and litigation against counterparties. While some of the agreements specify a maximum potential exposure of approximately \$9,742,000 in total, others do not specify a maximum amount or limited period. It is not possible to reasonably estimate the maximum amount that may have to be paid under such guarantees. The amounts are dependent upon the outcome of future contingent events, the nature and likelihood of which cannot be determined at this time. No amount has been accrued in the consolidated balance sheets relating to this type of indemnification as at September 30, 2013. The Company does not expect to incur any potential payment in connection with these guarantees that could have a materially adverse effect on its consolidated financial statements.

Other transactions

In the normal course of business, the Company may provide certain clients, principally governmental entities, with bid and performance bonds. In general, the Company would only be liable for the amount of the bid bonds if the Company refuses to perform the project once the bid is awarded. The Company would also be liable for the performance bonds in the event of default in the performance of its obligations. As at September 30, 2013, the Company provided for a total of \$53,926,000 of these bonds. To the best of its knowledge, the Company is in compliance with its performance obligations under all service contracts for which there is a performance or bid bond, and the ultimate liability, if any, incurred in connection with these guarantees would not have a materially adverse effect on the Company's consolidated results of operations or financial condition.

In addition, the Company provides a guarantee of \$5,900,000 of the residual value of a leased property accounted for as an operating lease at the expiration of the lease term. The Company also has letters of credit for a total of \$83,830,000 in addition to the letters of credit covered by the unsecured committed revolving facility (Note 13). These guarantees are required in some of the Company's contracts with customers.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012

(tabular amounts only are in thousands of Canadian dollars, except share data)

30. Financial instruments

FAIR VALUE

At September 30, 2013 and 2012, the estimated fair values of trade accounts receivable, cash included in funds held for clients, accounts payable and accrued liabilities, accrued compensation, long-term debt obligation and clients' funds obligations approximate their respective carrying values.

The fair values of Senior U.S. unsecured notes, the unsecured committed revolving facility and the unsecured committed term loan credit facility, estimated by discounting expected cash flows at rates currently offered to the Company for debts of the same remaining maturities and conditions, are \$510,667,000, \$254,162,000 and \$1,984,773,000 as at September 30, 2013, respectively (\$521,971,000, \$685,951,000 and \$1,951,279,000 as at September 30, 2012, respectively), as compared to their carrying value \$475,787,000, \$254,818,000 and \$1,974,490,000, respectively (\$467,610,000, \$691,960,000 and \$1,933,948,000 as at September 30, 2012, respectively) (Note 13).

The following table summarizes the fair value of outstanding hedging instruments:

	Recorded in	As at September 30, 2013 \$	As at September 30, 2012 \$
Hedges on net investments in foreign operations			
US\$552,000 debt designated as the hedging instrument of the Company's net investment in U.S. operations (US\$818,000 as at September 30, 2012)	Long-term debt	567,732	804,667
€85,000 debt designated as a hedging instrument of the Company's net investment in European operations (€45,000 as at September 30, 2012)	Long-term debt	118,320	56,907
\$1,153,700 cross-currency swaps in euro designated as a hedging instrument of the Company's net investment in European operations (\$1,153,700 as at September 30, 2012)	Other long-term liabilities	137,795	23,876
Cash flow hedges on future revenue			
US\$56,800 foreign currency forward contracts to hedge the variability in the expected foreign currency exchange rate between the U.S. dollar and the Canadian dollar (US\$32,100 as at September 30, 2012)	Other current assets	1,078	6,514
	Other long-term assets	300	1,024
US\$94,436 foreign currency forward contracts to hedge the variability in the expected foreign currency exchange rate between the U.S. dollar and the Indian rupee (US\$51,944 as at September 30, 2012)	Accrued liabilities	3,707	1,678
	Other long-term liabilities	4,079	2,697
\$142,528 foreign currency forward contracts to hedge the variability in the expected foreign currency exchange rate between the Canadian dollar and the Indian rupee (\$53,145 as at September 30, 2012)	Other current assets	267	—
	Other long-term assets	838	—
	Accrued liabilities	2,605	6,533
	Other long-term liabilities	1,549	2,073

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012

(tabular amounts only are in thousands of Canadian dollars, except share data)

30. Financial instruments (continued)

FAIR VALUE (CONTINUED)

	Recorded in	As at September 30, 2013 \$	As at September 30, 2012 \$
Cash flow hedges on future revenue (continued)			
€31,000 foreign currency forward contracts to hedge the variability in the expected foreign currency exchange rate between the euro and the Swedish krona (€nil as at September 30, 2012)	Accrued liabilities	11	—
	Other long-term liabilities	52	—
€17,000 foreign currency forward contracts to hedge the variability in the expected foreign currency exchange rate between the euro and the Moroccan Dirham (€nil as at September 30, 2012)	Other long-term assets	26	—
	Accrued liabilities	149	—
	Other long-term liabilities	54	—
Cash flow hedges on unsecured committed term loan credit facility			
\$1,234,400 interest rate swaps floating-to-fixed (\$1,234,400 as at September 30, 2012)	Other long-term assets	1,354	—
	Accrued liabilities	412	—
	Other long-term liabilities	537	4,202
Fair value hedges on Senior U.S. unsecured notes			
US\$250,000 interest rate swaps fixed-to-floating (US\$125,000 as at September 30, 2012)	Other long-term assets	—	1,074
	Other long-term liabilities	13,044	—
Derivatives not designated as hedges			
£nil foreign currency forward contracts to hedge the net exposure of some assets and liabilities denominated in foreign currencies (£37,288 as at September 30, 2012)	Accrued liabilities	—	2,182

Valuation techniques used to value financial instruments are as follows:

- The fair value of foreign currency forward contracts is determined using forward exchange rates at the end of the reporting period;
- The fair value of cross-currency swaps and interest rate swaps is determined based on market data (primarily yield curves, exchange rates and interest rates) to calculate the present value of all estimated flows.

The Company expects that approximately \$5,733,000 of the accumulated net unrealized loss on all derivative financial instruments designated as cash flow hedges as at September 30, 2013 will be reclassified in the consolidated statements of earnings in the next 12 months.

During the year ended September 30, 2013, the Company's hedging relationships were effective.

MARKET RISK

Market risk incorporates a range of risks. Movements in risk factors, such as interest rate risk and currency risk, affect the fair values of financial assets and liabilities.

Interest rate risk

The Company is exposed to interest rate risk on a portion of its long-term debt (Note 13) and holds interest rate swaps that mitigate this risk on the variable rate unsecured committed term loan credit facility. Under the interest rate swaps, the Company receives a variable rate of interest and pays interest at a fixed rate on the notional amount.

The Company also has interest rate swaps whereby the Company receives a fixed rate of interest and pays interest at a variable rate on the notional amount of its Senior U.S. unsecured notes. These swaps are being used to hedge the exposure to changes in the fair value of the debt.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012

(tabular amounts only are in thousands of Canadian dollars, except share data)

30. Financial instruments (continued)

MARKET RISK (CONTINUED)

Interest rate risk (continued)

The Company analyzes its interest rate risk exposure on an ongoing basis using various scenarios to simulate refinancing or the renewal of existing positions. Based on these scenarios, a change in the interest rate of 1% would not have had a significant impact on net earnings and comprehensive income.

Currency risk

The Company operates internationally and is exposed to risk from changes in foreign currency rates. The Company mitigates this risk principally through foreign currency denominated debt and use of derivatives. The Company enters into foreign currency forward contracts to hedge forecasted cash flows or contractual cash flows in currencies other than the functional currency of its subsidiaries. The Company has entered into foreign currency forward contracts to hedge the variability in various foreign currency exchange rates on future U.S. dollar, Canadian dollar and euro revenues.

The Company hedges a portion of the translation of the Company's net investments in its U.S. and European operations into Canadian dollar with unsecured committed revolving facility and Senior U.S. unsecured notes. The Company also hedges a portion of the translation of the Company's net investments in its European operations with fixed-to-fixed and floating-to-floating cross-currency swaps. These swaps convert Canadian dollar based fixed and variable interest payments to euro based fixed and variable interest payments associated with the notional amount. Hedging relationships are designated and documented at inception and quarterly effectiveness assessments are performed during the year.

In addition, to mitigate foreign exchange risk arising from transactions denominated in currencies other than the Company's functional currency, assets and liabilities not denominated in the functional currencies are hedged economically by means of foreign currency forward contracts. Moreover, during the year ended September 30, 2013, the Company entered into a cross-currency swap contract to exchange Canadian dollars for U.S. dollars related to part of the unsecured committed term loan credit facility. The Company has not applied hedge accounting to any of these contracts. During the year ended September 30, 2013, a fair value gain on the cross-currency swap contract amounted to \$21,325,000 and was offsetting a translation exchange loss on the unsecured committed term loan credit facility of \$21,600,000. A fair value loss of \$6,992,000 on the foreign currency forward contracts was also offsetting a translation exchange gain.

The gains and losses on the economic hedges and the hedged instruments were recorded in foreign exchange gain in the consolidated statements of earnings. As at September 30, 2013, these contracts were terminated.

The Company is mainly exposed to fluctuations in the Swedish krona, U.S. dollar, the euro and the British pound. The following table details the Company's sensitivity to a 10% strengthening of the Swedish krona, U.S. dollar, the euro and the British pound foreign currency rates on net earnings and comprehensive income against the Canadian dollar. The sensitivity analysis on net earnings presents the impact of foreign currency denominated financial instruments and adjusts their translation at period end for a 10% strengthening in foreign currency rates. The sensitivity analysis on other comprehensive income presents the impact of a 10% strengthening in foreign currency rates on the fair value of foreign currency forward contracts designated as cash flow hedges and on net investment hedges.

	2013				2012			
	Swedish krona impact	U.S. dollar impact	Euro impact	British pound impact	Swedish krona impact	U.S. dollar impact	Euro impact	British pound impact
Increase in net earnings	11,548	4,201	5,921	55	4,041	5,067	5,362	5,241
Decrease in other comprehensive income	—	(71,751)	(150,066)	—	—	(87,564)	(126,356)	—

CGI Group Inc. – Consolidated Financial Statements for the years ended September 30, 2013 and 2012

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Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012

(tabular amounts only are in thousands of Canadian dollars, except share data)

30. Financial instruments (continued)

LIQUIDITY RISK

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due or can do so only at excessive cost. The Company's activities are financed through a combination of the cash flows from operations, borrowing under existing credit facilities, the issuance of debt and the issuance of equity. One of management's primary goals is to maintain an optimal level of liquidity through the active management of the assets and liabilities as well as the cash flows.

The following table summarizes the carrying amount and the contractual maturities of both the interest and principal portion of significant financial liabilities. All amounts contractually denominated in foreign currency are presented in Canadian dollar equivalent amounts using the period-end spot rate.

As at September 30, 2013	Carrying amount	Contractual cash flows	Less than one year	Between one and two years	Between two and five years	Beyond five years
	\$	\$	\$	\$	\$	\$
Non-derivative financial liabilities						
Accounts payable and accrued liabilities	1,125,916	1,125,916	1,125,916	—	—	—
Accrued compensation	713,933	713,933	713,933	—	—	—
Senior U.S. unsecured notes	475,787	643,324	22,308	22,308	149,547	449,161
Unsecured committed revolving facility	254,818	273,935	6,000	6,000	261,935	—
Unsecured committed term loan credit facility	1,974,490	2,105,910	544,955	536,547	1,024,408	—
Obligations repayable in blended monthly installments	79,446	84,392	21,940	24,861	37,449	142
Other long-term debt	14,081	14,081	5,023	1,129	2,972	4,957
Clients' funds obligations	220,279	220,279	220,279	—	—	—
Derivative financial liabilities						
Cash flow hedges on future revenue	9,697					
Outflow		13,523	6,740	4,679	2,104	—
(Inflow)		(2,746)	(1,367)	(631)	(748)	—
Cross-currency swaps	137,795					
Outflow		1,356,654	25,153	231,178	1,100,323	—
(Inflow)		(1,248,720)	(37,835)	(220,777)	(990,108)	—
Interest rate swaps	12,639					
Outflow		1,596,637	474,184	318,714	515,635	288,104
(Inflow)		(1,625,755)	(475,879)	(321,066)	(526,778)	(302,032)
	<u>5,018,881</u>	<u>5,271,363</u>	<u>2,651,350</u>	<u>602,942</u>	<u>1,576,739</u>	<u>440,332</u>

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012

(tabular amounts only are in thousands of Canadian dollars, except share data)

30. Financial instruments (continued)

LIQUIDITY RISK (CONTINUED)

As at September 30, 2012	Carrying amount (Note 25a)	Contractual cash flows (Note 25a)	Less than one year (Note 25a)	Between one and two years	Between two and five years	Beyond five years
	\$	\$	\$	\$	\$	\$
Non-derivative financial liabilities						
Accounts payable and accrued liabilities	1,286,031	1,286,031	1,286,031	—	—	—
Accrued compensation	522,564	522,564	522,564	—	—	—
Senior U.S. unsecured notes	467,610	635,519	21,299	21,299	145,980	446,941
Unsecured committed revolving facility	691,960	762,215	16,783	16,783	728,649	—
Unsecured committed term loan credit facility	1,933,948	2,146,967	67,870	547,177	1,531,920	—
Obligations repayable in blended monthly installments	60,812	64,330	20,166	17,653	26,444	67
Other long-term debt	8,954	8,954	476	8,478	—	—
Clients' funds obligations	197,986	197,986	197,986	—	—	—
Derivative financial liabilities						
Cash flow hedges on future revenue	5,443					
Outflow		14,265	8,620	2,915	2,730	—
(Inflow)		(7,603)	(6,556)	(1,047)	—	—
Cross-currency swaps	23,876					
Outflow		1,254,517	22,612	22,612	1,209,293	—
(Inflow)		(1,288,939)	(38,519)	(38,519)	(1,211,901)	—
Interest rate swaps	3,128					
Outflow		1,445,111	20,665	469,874	812,132	142,440
(Inflow)		(1,457,023)	(21,489)	(469,624)	(815,336)	(150,574)
Foreign currency forward contracts	2,182					
Outflow		406,881	406,881	—	—	—
(Inflow)		(404,741)	(404,741)	—	—	—
	<u>5,204,494</u>	<u>5,587,034</u>	<u>2,120,648</u>	<u>597,601</u>	<u>2,429,911</u>	<u>438,874</u>

As at September 30, 2013, the Company holds cash and cash equivalents and short-term and long-term investments of \$126,601,000 (\$143,095,000 as at September 30, 2012). The Company also has available \$1,210,630,000 in unsecured committed revolving facility (Note 13) (\$786,089,000 as at September 30, 2012). The funds held for clients of \$222,469,000 (\$202,407,000 as at September 30, 2012) fully cover the clients' funds obligations. Given the Company's available liquid resources as compared to the timing of the payments of liabilities, management assesses the Company's liquidity risk to be low.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012

(tabular amounts only are in thousands of Canadian dollars, except share data)

30. Financial instruments (continued)

CREDIT RISK

The Company takes on exposure to credit risk, which is the risk that a client will be unable to pay amounts in full when due. Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and cash equivalents, short-term investments, accounts receivable and long-term investments. The maximum exposure of credit risk is generally represented by the carrying amounts of these items reported on the consolidated balance sheets.

Cash equivalents consist mainly of highly liquid investments, such as money market funds and term deposits, as well as bankers' acceptances and bearer deposit notes issued by major banks (Note 4). The Company has deposited its cash and cash equivalents with reputable financial institutions, from which management believes the risk of loss to be remote.

The Company is exposed to credit risk in connection with short-term and long-term investments through the possible inability of borrowers to meet the terms of their obligations. The Company mitigates this risk by investing primarily in high credit quality corporate and government bonds with a credit rating of A or higher.

The Company has accounts receivable derived from clients engaged in various industries including governmental agencies, finance, telecommunications, manufacturing and utilities that are not concentrated in any specific geographic area. These specific industries may be affected by economic factors that may impact accounts receivable. However, management does not believe that the Company is subject to any significant credit risk in view of the Company's large and diversified client base. Overall, management does not believe that any single industry or geographic region represents a significant credit risk to the Company.

The following table sets forth details of the age of accounts receivable that are past due:

	2013	2012 (Revised – Note 25)
	\$	\$
Not past due	814,054	983,093
Past due 1-30 days	109,942	162,314
Past due 31-60 days	43,909	43,736
Past due 61-90 days	32,309	25,101
Past due more than 90 days	21,022	28,510
	1,021,236	1,242,754
Allowance for doubtful accounts	(2,246)	(3,546)
	1,018,990	1,239,208

The carrying amount of accounts receivable is reduced by an allowance account and the amount of the loss is recognized in the consolidated statements of earnings within costs of services, selling and administrative. When a receivable balance is considered uncollectible, it is written off against the allowance for doubtful accounts. Subsequent recoveries of amounts previously written off are credited against costs of services, selling and administrative in the consolidated statements of earnings.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012

(tabular amounts only are in thousands of Canadian dollars, except share data)

31. Capital risk management

The Company is exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives for growth. The main objectives of the Company's risk management process are to ensure that risks are properly identified and that the capital base is adequate in relation to these risks.

The Company manages its capital to ensure that there are adequate capital resources while maximizing the return to shareholders through the optimization of the debt and equity balance. At September 30, 2013, total managed capital was \$7,048,848,000 (\$6,814,406,000 as at September 30, 2012). Managed capital consists of long-term debt, including the current portion (Note 13), cash and cash equivalents (Note 4), short-term investments, long-term investments and shareholders' equity. The basis for the Company's capital structure is dependent on the Company's expected business growth and changes in the business environment. When capital needs have been specified, the Company's management proposes capital transactions for the approval of the Company's Audit and Risk Management Committee and Board of Directors. The capital risk policy remains unchanged from prior periods.

The Company monitors its capital by reviewing various financial metrics, including the following:

- Debt/Capitalization
- Net Debt/Capitalization
- Debt/EBITDA

Debt represents long-term debt, including the current portion. Net debt, capitalization and EBITDA are additional measures. Net debt represents debt (including the impact of the fair value of derivative financial instruments) less cash and cash equivalents, short-term investments and long-term investments. Capitalization is shareholders' equity plus debt. EBITDA is calculated as earnings from continuing operations before income taxes, interest expense on long-term debt, depreciation, amortization and acquisition-related and integration costs. The Company believes that the results of the current internal ratios are consistent with its capital management objectives.

The Company is subject to external covenants on its Senior U.S. unsecured notes, its unsecured committed revolving facility and unsecured committed term loan credit facility. The ratios are as follows:

- A leverage ratio, which is the ratio of total debt to EBITDA for the four most recent quarters¹.
- An interest and rent coverage ratio, which is the ratio of the EBITDAR for the four most recent quarters to the total interest expense and the operating rentals in the same periods. EBITDAR, a non-GAAP measure, is calculated as EBITDA before rent expense¹.
- In the case of the Senior U.S. unsecured notes, a minimum net worth is required, whereby shareholders' equity, excluding foreign exchange translation adjustments included in accumulated other comprehensive income, cannot be less than a specified threshold.

These ratios are calculated on a consolidated basis.

The Company is in compliance with these covenants and monitors them on an ongoing basis. The ratios are also reviewed quarterly by the Company's Audit and Risk Management Committee. The Company is not subject to any other externally imposed capital requirements.

¹ In the event of an acquisition, the available historical financial information of the acquired company will be used in the computation of the ratios.



MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR 2013

November 14, 2013

Basis of Presentation

This Management's Discussion and Analysis of the Financial Position and Results of Operations ("MD&A") is the responsibility of management and has been reviewed and approved by the Board of Directors. This MD&A has been prepared in accordance with the requirements of the Canadian Securities Administrators. The Board of Directors is ultimately responsible for reviewing and approving the MD&A. The Board of Directors carries out this responsibility mainly through its Audit and Risk Management Committee, which is appointed by the Board of Directors and is comprised entirely of independent and financially literate directors.

Throughout this document, CGI Group Inc. is referred to as "CGI", "we", "our" or "Company". This MD&A provides information management believes is relevant to an assessment and understanding of the consolidated results of operations and financial condition of the Company. This document should be read in conjunction with the audited consolidated financial statements and the notes thereto for the years ended September 30, 2013 and 2012. CGI's accounting policies are in accordance with International Financials Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). All dollar amounts are in Canadian dollars unless otherwise indicated.

Materiality of Disclosures

This MD&A includes information we believe is material to investors. We consider something to be material if it results in, or would reasonably be expected to result in, a significant change in the market price or value of our shares, or if it is likely that a reasonable investor would consider the information to be important in making an investment decision.

Forward-Looking Statements

All statements in this MD&A that do not directly and exclusively relate to historical facts constitute "forward-looking statements" within the meaning of that term in Section 27A of the United States Securities Act of 1933, as amended, and Section 21E of the United States Securities Exchange Act of 1934, as amended, and are "forward-looking information" within the meaning of Canadian securities laws. These statements and this information represent CGI's intentions, plans, expectations and beliefs, and are subject to risks, uncertainties and other factors, of which many are beyond the control of the Company. These factors could cause actual results to differ materially from such forward-looking statements or forward-looking information. These factors include but are not restricted to: the timing and size of new contracts; acquisitions and other corporate developments; the ability to attract and retain qualified members; market competition in the rapidly evolving information technology industry; general economic and business conditions; foreign exchange and other risks identified in the MD&A, in CGI's Annual Report on Form 40-F filed with the U.S. Securities and Exchange Commission (filed on EDGAR at www.sec.gov), the Company's Annual Information Form filed with the Canadian securities authorities (filed on SEDAR at www.sedar.com), as well as assumptions regarding the foregoing. The words "believe," "estimate," "expect," "intend," "anticipate," "foresee," "plan," and similar expressions and variations thereof, identify certain of such forward-looking statements or forward-looking information, which speak only as of the date on which they are made. In particular, statements relating to future performance are forward-looking statements and forward-looking information. CGI disclaims any intention or obligation to publicly update or revise any forward-looking statements or forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable law. Readers are cautioned not to place undue reliance on these forward-looking statements or on this forward-looking information. You will find more information about the risks that could cause our actual results to differ significantly from our current expectations in Section 10 – Risk Environment.

Non-GAAP Measures

The reader should note that the Company reports its financial results in accordance with IFRS. However, in this MD&A, certain non-GAAP financial measures are used:

1. Earnings before acquisition-related and integration costs, finance costs, finance income, other income, share of profit on joint venture, and income tax expense (“adjusted EBIT”);
2. Constant currency growth;
3. Days sales outstanding (“DSO”);
4. Return on invested capital (“ROIC”);
5. Return on equity (“ROE”);
6. Net debt; and
7. Net debt to capitalization ratio.

Management believes that these non-GAAP measures provide useful information to investors regarding the Company’s financial condition and results of operations as they provide additional measures of its performance. These non-GAAP measures do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. These measures should be considered as supplemental in nature and not as a substitute for the related financial information prepared in accordance with IFRS.

A reconciliation of adjusted EBIT to its closest IFRS measure can be found on page 21. Definitions of constant currency growth, DSO, ROIC, ROE, net debt and net debt to capitalization are provided on page 9. A reconciliation of net debt to its closest IFRS measure and a discussion of DSO, ROIC, ROE and net debt to capitalization can be found on page 30.

Change in Reporting Segments

At the beginning of fiscal 2013, we revised our management reporting structure to reflect our new operating segments established following the acquisition of Logica plc (“Logica”) on August 20, 2012. This included the modification of our basis of reporting such that the revenue and profitability of our Global Infrastructure Services (“GIS”) activities were reallocated to each geographic segment. The Company is now managed through the following seven operating segments, namely: Canada; United States of America (“U.S.”); Nordics, Southern Europe and South America (“NSESA”); Central and Eastern Europe (including the Netherlands, Germany, and Belgium) (“CEE”); United Kingdom (“U.K.”); Asia Pacific (including Australia, India, the Philippines and the Middle East); and France (including Luxembourg and Morocco). This MD&A reflects the current segmentation and therefore the segmented results for the year and three months ended September 30, 2012 were retrospectively revised. Please refer to Note 27 of our audited consolidated financial statements for additional information on our segments.

MD&A Objectives and Contents

- Provide a narrative explanation of the audited consolidated financial statements through the eyes of management;
- Provide the context within which the audited consolidated financial statements should be analyzed, by giving enhanced disclosure about the dynamics and trends of the Company's business; and
- Provide information to assist the reader in ascertaining the likelihood that past performance is indicative of future performance.

In order to achieve these objectives, this MD&A is presented in the following main sections:

<u>Section</u>	<u>Contents</u>	<u>Pages</u>
1. Corporate Overview	This includes a description of our business and how we generate revenue as well as the markets in which we operate.	
	1.1. About CGI	5
	1.2. Vision and Strategy	6
	1.3. Competitive Environment	6
2. Highlights and Key Performance Measures	A summary of key achievements during the year and past three years' key performance measures, and CGI's share performance.	
	2.1. Fiscal 2013 Highlights	8
	2.2. Key Performance Measures Defined	9
	2.3. Selected Yearly Information & Key Performance Measures	10
	2.4. Stock Performance	11
3. Financial Review	A discussion of year-over-year changes to operating results for the years ended September 30, 2013 and 2012, describing the factors affecting revenue and adjusted EBIT on a consolidated and reportable segment basis, and also by describing the factors affecting changes in the major expense categories. Also discussed are bookings broken down by geography, by vertical market, by contract type and by service type.	
	3.1. Bookings and Book-to-Bill Ratio	13
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	3.7. Earnings before Income Taxes	21
	3.8. Net Earnings and Earnings Per Share ("EPS")	22

<u>Section</u>	<u>Contents</u>	<u>Pages</u>
4. Liquidity	This includes a discussion of changes in cash flows from operating, investing and financing activities. This section also describes the Company's available capital resources, financial instruments, and off-balance sheet financing and guarantees. Measures of liquidity (days sales outstanding) and capital structure (return on equity, net debt to capitalization, and return on invested capital) are analyzed on a year-over-year basis.	
	4.1. Consolidated Statements of Cash Flows	24
	4.2. Capital Resources	27
	4.3. Contractual Obligations	28
	4.4. Financial Instruments and Hedging Transactions	28
	4.5. Selected Measures of Liquidity and Capital Resources	30
	4.6. Off-Balance Sheet Financing and Guarantees	30
	4.7. Capability to Deliver Results	31
5. Fourth Quarter Results	A discussion of year-over-year changes to operating results for the three months ended September 30, 2013 and 2012, describing the factors affecting revenue and earnings on a consolidated and reportable segment basis.	
	5.1 Revenue Variation and Revenue by Segment	32
	5.2 Adjusted EBIT by Segment	35
	5.3 Net Earnings and Earnings Per Share	37
6. Eight Quarter Summary	A summary of the past eight quarters' key performance measures and a discussion of the factors that could impact our quarterly results.	39
7. Changes in Accounting Standards	A summary of future accounting standards to be adopted.	40
8. Critical Accounting Estimates	A discussion of the estimates and judgements made in the preparation of the consolidated financial statements.	41
9. Integrity of Disclosure	A discussion of the existence of appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete and reliable.	46
10. Risk Environment	A discussion of the risks affecting our business activities and what may be the impact if these risks are realized.	
	10.1 Risks and Uncertainties	46
	10.2 Legal Proceedings	54

1. Corporate Overview

1.1. ABOUT CGI

Founded in 1976 and headquartered in Montreal, Canada, CGI is the fifth largest independent information technology and business process services firm in the world. CGI has approximately 68,000 employees, whom we refer to as members, worldwide. The Company's client-proximity model provides for CGI services and solutions to be delivered in a number of ways and considering a number of factors: onsite at clients' premises; or from any combination of onsite, near-shore and/or offshore delivery centers. We also have a number of leading business solutions that support long-term client relationships. Our services are broken down as:

- Consulting – CGI provides a full range of IT and management consulting services, including business transformation, IT strategic planning, business process engineering and systems architecture.
- Systems integration – CGI integrates and customizes leading technologies and software applications to create IT systems that respond to clients' strategic needs.
- Management of IT and business functions ("outsourcing") – Clients delegate entire or partial responsibility for their IT or business functions to CGI to achieve significant savings and access the best suited technology, while retaining control over strategic IT and business functions. As part of such agreements, we implement our quality processes and practices to improve the efficiency of the clients' operations. We also integrate clients' operations into our technology network. Finally, we may take on specialized professionals from our clients, enabling our clients to focus on key operations. Services provided as part of an outsourcing contract may include development and integration of new projects and applications; applications maintenance and support; technology infrastructure management (enterprise and end-user computing and network services); transaction and business processing such as payroll, claims processing, and document management services. Outsourcing contracts typically have terms from five to ten years.

CGI offers its end-to-end services to a focused set of industry vertical markets where we have developed extensive and deep subject matter expertise. This allows us to fully understand our clients' business realities and to have the knowledge and solutions needed to advance their business goals. Our targeted vertical markets include the following:

- Financial services – Helping financial institutions, including most major banks and top insurers, to reduce costs, increase efficiency and improve customer service.
- Government – Supporting over 2,000 government organizations in reducing costs and improving the efficiency, quality and accountability of public service organizations, all while increasing citizen engagement.
- Health – Helping more than 1,000 healthcare facilities, hospitals and departments of health implement solutions for better care, better business and better outcomes.
- Telecommunications and utilities – Helping six of the top ten largest global telecommunications providers and eight of the top ten largest European utilities deliver new revenue streams and improve productivity and service.
- Manufacturing, retail and distribution ("MRD") – Enabling business transformation for more than 2,000 clients by improving efficiency and loyalty, lowering costs and boosting sustainable growth.

CGI has a wide range of proprietary business solutions which help shape opportunities and drive value for our clients and shareholders. Examples of these include Enterprise Resource Planning solutions, energy management, credit and debt collections, tax management, claims auditing and fraud detection.

We take great pride in delivering high quality services to our clients. To do so consistently, we have implemented and continue to maintain the International Organization for Standardization ("ISO") quality program. By designing and implementing rigorous service delivery and quality standards, followed by monitoring and measurement, we are better able to satisfy our clients' needs. As a measure of the scope of our ISO program, all of the legacy CGI's business units continue to be certified and the work on harmonizing Logica's processes to apply for the same certification is in progress.

1.2. VISION AND STRATEGY

At CGI, we derive our business vision from our dream which is to create an environment in which we enjoy working together and, as owners, contribute to building a Company we can be proud of. That dream led to CGI's vision of being a global world-class IT and BPS leader, helping its clients succeed.

Our focus on profitable growth has centered on building critical mass in key client geographies, gaining a deep knowledge of clients' business sectors and developing specialized practices and innovative solutions.

With the IT industry rapidly maturing, and as globalization and consolidation increased, we focused on executing our "build and buy" growth strategy, expanding both through organic growth ("build") and through acquisitions ("buy") a strategy that we follow to this day.

CGI remains committed to the fundamentals that help all of CGI's stakeholders succeed, and the fulfillment of CGI's strategic objective of doubling the size of the Company.

In 2010, CGI acquired Stanley, Inc. The acquisition nearly doubled the size of CGI's U.S. operations. In addition, the combination of talent and capabilities created further opportunity for growth in the key U.S. federal market.

Two years later, we made our largest acquisition to date, merging with the Anglo-Dutch business and technology services Company Logica. The acquisition more than doubled the number of CGI members globally and offered greater presence, service capabilities and expertise for our clients across the Americas, Europe and Asia. With this acquisition, we became the world's fifth largest independent IT and business process services Company.

Today, with a presence in 40 countries, strong expertise in all of our target markets and a complete range of IT services, CGI is able to meet our clients' business needs anywhere, anytime. While remaining true to our Constitution, CGI continues to adapt to best respond to changes in the IT market, the local and global business climate of clients, and to our professionals' and shareholders' expectations

1.3. COMPETITIVE ENVIRONMENT

As a global provider of end-to-end information technology and business process services, CGI operates in a highly competitive and rapidly evolving global industry. Our competition comprises a variety of global players, from niche companies providing specialized services to other end-to-end service providers, mainly in the U.S., Europe and India, all of whom are competing to deliver some or all of the services we provide.

Recent mergers and acquisition activity has resulted in CGI being positioned as one of the few remaining IT services firms that operates independently of any hardware or software vendor. This independence allows CGI to deliver the best-suited technology available to our clients.

CGI offers its end-to-end services to a select set of targeted vertical markets in which we have deep business and technical expertise covering 94% of global IT spend. To compete effectively, CGI focuses on high-end systems integration, consulting and outsourcing where vertical market industry knowledge and expertise are required.

Our business model is designed to listen to the needs of our clients and adapt our offerings to provide the best solutions to meet each client's unique needs. Our client approach focuses on:

- **Local accountability:** We live and work near our clients to provide a high level of responsiveness. We speak our clients' language, understand their business environment, and collaborate with them to meet their goals and advance their business.

- **Global capabilities:** Our local presence is backed by an expansive global delivery network that ensures our clients have access to the best-fit 24/7 resources.
- **Quality processes:** Our investment in quality frameworks and rigorous client satisfaction assessments provides for a consistent track record of on-time, on-budget delivery to minimize the uncertainty and risk of projects, enabling our clients to focus on their business objectives.
- **Committed experts:** Our professionals have vast industry, business and technology expertise to help our clients. In addition, a majority of our professionals are Company owners, providing an added level of commitment to our clients' success.
- **Practical innovation:** We provide a full set of business consulting, systems integration and outsourcing services that are complemented by a strong set of IP offerings to offer creative business strategies to our clients.

CGI's business operations are executed based on the same Management Foundation, ensuring consistency and cohesion across the world.

There are many factors involved in winning and retaining IT and BPS contracts, including the following: total cost of services; ability to deliver; track record; vertical market expertise; investment in business solutions; local presence; global delivery capability; and the strength of client relationships. CGI compares favourably with its competition with respect to all of these factors.

In summary, CGI's competitive value proposition encompasses the following: end-to-end IT and BPS capability; expertise and proprietary business solutions in our targeted vertical markets covering the majority of global IT spending; a unique global delivery model, which includes industry leading delivery capabilities; a disciplined Management Foundation; and our focus on client satisfaction which is supported by our client proximity business model.

2. Highlights and Key Performance Measures

2.1. FISCAL 2013 HIGHLIGHTS

Fiscal 2013 marks the first full year of results from Logica's businesses. Operational highlights for the year include:

- Revenue of \$10.1 billion, up 111.3%;
- Bookings of \$10.3 billion, up 99.0%;
- Backlog of \$18.7 billion, up more than \$1 billion;
- Adjusted EBIT of \$1,075.6 million, up 96.7%;
- Adjusted EBIT margin of 10.7%;
- Net earnings of \$727.7 million, or diluted EPS of \$2.30, excluding acquisition-related and integration costs and net unfavorable tax adjustments;
- Net earnings of \$455.8 million, or diluted EPS of \$1.44 on a GAAP basis, including acquisition-related and integration costs and net unfavorable tax adjustments;
- Cash provided by operating activities of \$671.3 million, or \$2.12 per diluted share;
- Net debt reduced by \$365.4 million and repurchased 723,100 shares during the year; and
- Return on invested capital of 11.8%.

2.1.1. Acquisition of Logica plc

On August 20, 2012, CGI completed its acquisition of Logica for 105 pence (\$1.63) per ordinary share which is equivalent to a total purchase price of \$2.7 billion plus the assumption of Logica's net debt of \$0.9 billion. Subsequent to August 20, 2012, our results incorporated the operations of Logica.

As announced in Q2 2013, the Company decided to stretch its integration goals increasing the annual savings target from \$300 million to \$375 million per year to drive additional long-term savings and EPS accretion. The one-time cost to accomplish the expanded plan had been increased from \$400 million to \$525 million; and the Company expects to complete the program by the end of fiscal 2014, a year earlier than planned.

Of the announced integration costs of \$525.0 million, \$109.7 million was expensed in fiscal 2012 while \$338.4 million was expensed in the current year for a total of \$448.2 million since the beginning of the program. The total future cash disbursements of approximately \$213 million will cover the remaining transformation of the business processes as well as the rental payments for sites closed under the program and are comprised of a year-end provision of approximately \$136 million and another \$76.8 million required to complete the program.

For the first full year of results following the transaction, the Company exceeded its accretion target. As noted on page 23 the Company realized an EPS before acquisition-related and integration costs and other adjustments of \$2.30 per diluted share compared to \$1.50 for the previous year.

2.2. KEY PERFORMANCE MEASURES DEFINED

We use a combination of financial measures, ratios, and non-GAAP measures to assess our Company's performance. The table below summarizes our most relevant key performance measures. The calculated results and the discussion of each indicator follow in the subsequent sections.

Profitability	- Adjusted EBIT – is a measure of earnings before items not directly related to the cost of operations, such as financing costs, acquisition-related and integration costs and income taxes (see definition on page 2). Management believes this best reflects the profitability of our operations. - Diluted earnings per share – is a measure of earnings generated for shareholders on a per share basis, assuming all dilutive elements are exercised.
Liquidity	- Cash provided by operating activities – is a measure of cash generated from managing our day-to-day business operations. We believe strong operating cash flow is indicative of financial flexibility, allowing us to execute our corporate strategy. - Days sales outstanding – is the average number of days to convert our trade receivables and work in progress into cash. Management tracks this metric closely to ensure timely collection, healthy liquidity, and is committed to a DSO target of 45 days.
Growth	- Constant currency growth – is a measure of revenue growth before foreign currency impacts. This growth is calculated by translating current period results in local currency using the conversion rates in the equivalent period from the prior year. We believe that it is helpful to adjust revenue to exclude the impact of currency fluctuations to facilitate period-to-period comparisons of business performance. - Backlog – represents management's best estimate of revenue to be realized in the future based on the terms of respective client agreements in effect at a point in time. - Book-to-bill ratio – is a measure of the proportion of the value of our contract wins to our revenue in the period. This metric allows management to monitor the Company's business development efforts to ensure we grow our backlog and our business over time. Management remains committed to maintaining a target ratio greater than 100% over a 12-month period. Management believes that the longer period is a more effective measure as the size and timing of bookings could cause this measurement to fluctuate significantly if taken for only a three-month period.
Capital Structure	- Net debt and net debt to capitalization ratio – is a measure of our level of financial leverage net of our cash and cash equivalents, short-term investments and marketable long-term investments. Management uses the net debt to capitalization metric to monitor the proportion of debt versus capital used to finance our operations and it provides insight into our financial strength. - Return on equity – is a measure of the rate of return on the ownership interest of our shareholders. Management looks at ROE to measure its efficiency at generating profits for the Company's shareholders and how well the Company uses the invested funds to generate earnings growth. - Return on invested capital – is a measure of the Company's efficiency at allocating the capital under its control to profitable investments. Management examines this ratio to assess how well it is using its money to generate returns.

2.3. SELECTED YEARLY INFORMATION & KEY PERFORMANCE MEASURES

CGI completed its acquisition of Logica on August 20, 2012, six weeks prior to the end of fiscal 2012. The significant year-over-year changes for fiscal 2011 through fiscal 2013 are primarily attributable to this acquisition. The Company is currently executing its integration plan and expects the margins to improve further as additional cost synergies are realized.

As at and for the years ended September 30, <i>In millions of CAD unless otherwise noted</i>	2013	2012	2011	Change 2013 / 2012	Change 2012 / 2011
Growth					
Backlog ¹	18,677	17,647	13,398	1,030	4,249
Bookings	10,310	5,180	4,875	5,130	305
Book-to-bill ratio	102.2%	108.5%	115.4%	(6.3%)	(6.9%)
Revenue	10,084.6	4,772.5	4,223.9	5,312.2	548.5
Year-over-year growth ²	111.3%	13.0%	15.8%	98.3%	(2.8%)
Constant currency growth ²	110.1%	12.1%	18.9%	98.0%	(6.8%)
Profitability					
Adjusted EBIT ³	1,075.6	546.7	536.3	528.9	10.4
Adjusted EBIT margin	10.7%	11.5%	12.7%	(0.8%)	(1.2%)
Net earnings	455.8	131.5	438.1	324.3	(306.6)
Net earnings margin	4.5%	2.8%	10.4%	1.7%	(7.6%)
Basic EPS (in dollars)	1.48	0.50	1.65	0.98	(1.15)
Diluted EPS (in dollars)	1.44	0.48	1.59	0.96	(1.11)
Liquidity					
Cash provided by operating activities	671.3	613.3	570.0	58.0	43.3
As a % of revenue	6.7%	12.9%	13.5%	(6.2%)	(0.6%)
Days sales outstanding ^{4, 10}	49	74	53	(25)	21
Capital structure					
Net debt ⁵	2,739.9	3,105.3	919.0	(365.4)	2,186.3
Net debt to capitalization ratio ^{6, 10}	39.6%	46.5%	27.4%	(6.9%)	19.1%
Return on equity ⁷	12.3%	5.0%	19.6%	7.3%	(14.6%)
Return on invested capital ⁸	11.8%	11.4%	13.7%	0.4%	(2.3%)
Balance sheet					
Cash and cash equivalents, bank overdraft and short-term investments	106.3	127.6	70.8	(21.3)	56.7
Total assets ¹⁰	10,879.3	10,690.2	4,657.4	189.0	6,032.9
Long-term financial liabilities ^{9, 10}	3,186.2	4,097.4	238.2	(911.2)	3,859.2

¹ Backlog includes new contract wins, extensions and renewals ("bookings"), partially offset by the backlog consumed during the year as a result of client work performed and adjustments related to the volume, cancellation and/or the impact of foreign currencies to our existing contracts. Backlog incorporates estimates from management that are subject to change.

² Constant currency growth is adjusted to remove the impact of foreign currency exchange rate fluctuations. Please refer to page 16 for details. The reader should note that both the year-over-year and constant currency growth rates for fiscal 2011 have not been restated as fiscal 2010 numbers under IFRS are not available.

³ Adjusted EBIT is a non-GAAP measure for which we provide the reconciliation to its closest IFRS measure on page 21.

⁴ Days sales outstanding are obtained by subtracting deferred revenue from trade accounts receivable and work in progress; the result is divided by the quarter's revenue over 90 days. Deferred revenue is net of the fair value adjustments on revenue-generating contracts assumed through the Logica acquisition.

⁵ Net debt represents the proportion of debt net of cash and cash equivalents, short-term and marketable long-term investments. It is a non-GAAP measure for which we provide the reconciliation to its closest IFRS measure on page 30.

The net debt to capitalization ratio represents the proportion of debt net of cash and cash equivalents, short-term and marketable long-term investments (“net debt”) over the sum of shareholders’ equity and debt.

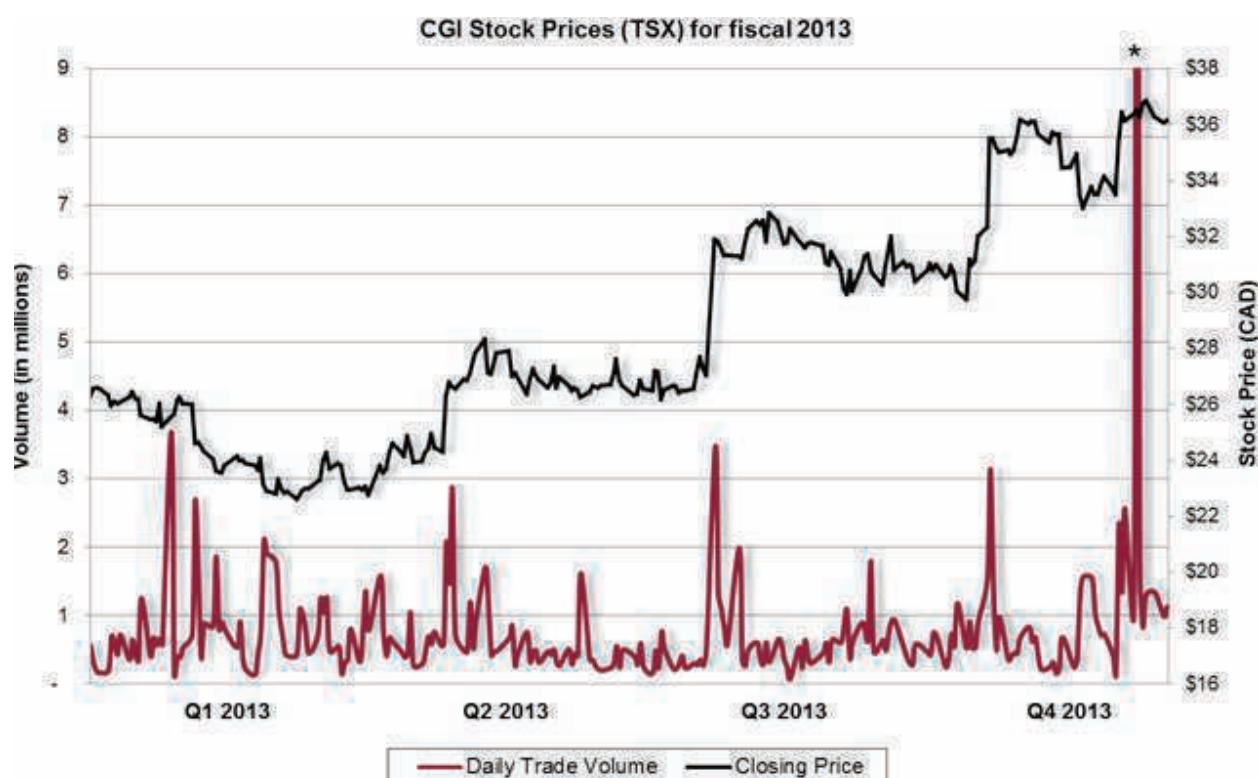
The return on equity ratio is calculated as the proportion of earnings for the last 12 months over the last four quarters’ average equity.

The return on invested capital ratio represents the proportion of the after-tax adjusted EBIT for the last 12 months, over the last four quarters’ average invested capital, which is defined as the sum of equity and debt, less cash and cash equivalents, short-term and marketable long-term investments.

Long-term financial liabilities include the long-term portion of debt, long-term provisions, retirement benefits obligations and other long-term liabilities.

The reader should note that the figures for fiscal 2012 were restated to reflect the preliminary purchase price allocation adjustments made to the opening balance sheet of Logica.

2.4. STOCK PERFORMANCE



* On September 20, 2013, 17.7 million CGI shares were traded on the TSX. The higher volume is likely related to CGI’s recent inclusion in the S&P/TSX 60 Index.

2.4.1. Fiscal 2013 Trading Summary

CGI’s shares are listed on the Toronto Stock Exchange (“TSX”) (stock quote – GIB.A) and the New York Stock Exchange (“NYSE”) (stock quote – GIB) and are included in the S&P/TSX Composite Index, the S&P/TSX 60 Index, the S&P/TSX Capped Information Technology and Midcap Indices, and the Dow Jones Sustainability Index.

TSX	(CDN\$)	NYSE	(US\$)
Open:	26.36	Open:	26.92
High:	37.82	High:	36.72
Low:	22.33	Low:	22.51
Close:	36.15	Close:	35.10
CDN average daily trading volumes*:	1,179,354	U.S. average daily trading volumes:	170,085

* Includes the average daily volumes of both the TSX and alternative trading systems.

2.4.2. Share Repurchase Program

On January 30, 2013, the Company's Board of Directors authorized and subsequently received the approval from the TSX for the renewal of the Normal Course Issuer Bid ("NCIB") to purchase up to 10% of the public float of the Company's Class A subordinate shares as of the close of business on January 25, 2013. The NCIB enables CGI to purchase, on the open market, up to 20,685,976 Class A subordinate shares for cancellation. The Class A subordinate shares may be purchased under the NCIB commencing February 11, 2013 and ending on the earlier of February 10, 2014, or the date on which the Company has either acquired the maximum number of Class A subordinate shares allowable under the NCIB, or elects to terminate the NCIB.

During fiscal 2013, the Company repurchased 723,100 of its Class A subordinate shares for \$22.9 million at an average price of \$31.63 under the current and previous NCIB. As at September 30, 2013, the Company may purchase up to an additional 20.0 million shares under the current NCIB.

2.4.3. Capital Stock and Options Outstanding (as at November 8, 2013)

277,469,091 Class A subordinate shares

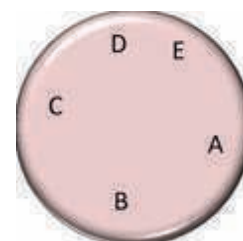
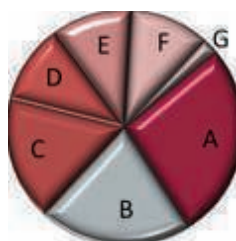
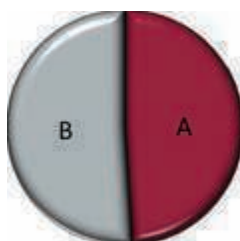
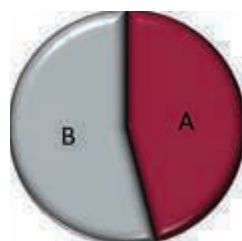
33,272,767 Class B shares

19,846,975 options to purchase Class A subordinate shares

3. Financial Review

3.1. BOOKINGS AND BOOK-TO-BILL RATIO

Bookings for the year were \$10.3 billion, representing a book-to-bill ratio of 102.2%. The breakdown of the \$10.3 billion in bookings signed during the year is as follow:



Contract Type			Service Type		Segment		Vertical Markets				
A.	New business	46%	A.	Management of IT and business functions (outsourcing)	49%	A.	USA	27%	A.	Manufacturing, retail & distribution	27%
B.	Extensions and renewals	54%	B.	Systems integration and consulting	51%	B.	NSESA	21%	B.	Government	26%
						C.	Canada	17%	C.	Financial services	23%
						D.	France	11%	D.	Telecommunications & utilities	13%
						E.	U.K.	11%	E.	Health	11%
						F.	CEE	11%			
						G.	Asia Pacific	2%			

Information regarding our bookings is a key indicator of the volume of our business over time. However, due to the timing and transition period associated with outsourcing contracts, the realization of revenue related to these bookings may fluctuate from period to period. The values initially booked may change over time due to their variable attributes, including demand-driven usage, modifications in the scope of work to be performed caused by changes in client requirements as well as termination clauses at the option of the client. As such, information regarding our bookings is not comparable to, nor should it be substituted for an analysis of our revenue; it is instead a key indicator of our future revenue used by the Company's management to measure growth.

3.2. FOREIGN EXCHANGE

The Company operates globally and is exposed to changes in foreign currency rates. We report all dollar amounts in Canadian dollars. Accordingly, we value assets, liabilities and transactions that are measured in foreign currencies using various exchange rates as prescribed by IFRS.

Closing foreign exchange rates

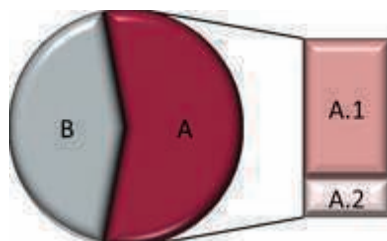
<u>As at September 30,</u>	<u>2013</u>	<u>2012</u>	<u>Change</u>
U.S. dollar	1.0285	0.9837	4.6%
Euro	1.3920	1.2646	10.1%
Indian rupee	0.0164	0.0186	(11.8%)
British pound	1.6639	1.5869	4.9%
Swedish krona	0.1604	0.1498	7.1%
Australian dollar	0.9607	1.0219	(6.0%)

Average foreign exchange rates

<u>For the years ended September 30,</u>	<u>2013</u>	<u>2012</u>	<u>Change</u>
U.S. dollar	1.0155	1.0074	0.8%
Euro	1.3326	1.3077	1.9%
Indian rupee	0.0180	0.0192	(6.3%)
British pound	1.5846	1.5878	(0.2%)
Swedish krona	0.1551	0.1482	4.7%
Australian dollar	1.0105	1.0368	(2.5%)

3.3. REVENUE DISTRIBUTION

The following charts provide additional information regarding our revenue mix for the year:



Service Type

- A. Management of IT and business functions (outsourcing) 56%
 - 1. IT services 44%
 - 2. Business process services 12%
- B. Systems integration and consulting 44%



Client Geography

- A. U.S. 26%
- B. Canada 17%
- C. France 12%
- D. U.K. 12%
- E. Sweden 9%
- F. Finland 6%
- G. Rest of the world 18%



Vertical Markets

- A. Government 32%
- B. Manufacturing, retail & distribution 26%
- C. Financial services 18%
- D. Telecommunications & utilities 16%
- E. Health 8%

3.3.1. Client Concentration

IFRS guidance on Segment Disclosures defines a single customer as a group of entities that are known to the reporting enterprise to be under common control. The Company considers the federal, regional or local governments each to be a single customer. Our work for the U.S. federal government including its various agencies represented 13.8% of our revenue for fiscal 2013 as compared to 28.0% in fiscal 2012.

3.4. REVENUE VARIATION AND REVENUE BY SEGMENT

Our seven segments are based on our geographic delivery model: U.S., NSESA, Canada, France, U.K., CEE and Asia Pacific.

The following table provides a summary of the year-over-year changes in our revenue, in total and by segment, separately showing the impacts of foreign currency exchange rate variations between fiscal 2013 and 2012. The fiscal 2012 revenue by segment was recorded reflecting the actual foreign exchange rates for that period. The foreign exchange impact is the difference between the current period's actual results and the current period's results converted with the prior year's foreign exchange rates. Since our presence in the segments NSESA, France, U.K., CEE, and Asia Pacific was not significant until the Logica acquisition which was completed on August 20, 2012, management believes that calculating the foreign exchange impact by applying the exchange rate differential to the CGI fiscal 2012 revenue amounts is more representative for these segments.

<u>For the years ended September 30,</u>	<u>2013</u>	<u>2012</u>	<u>Change</u>
<i>In thousands of CAD except for percentages</i>			
Total CGI revenue	10,084,624	4,772,454	111.3%
Variation prior to foreign currency impact	110.1%		
Foreign currency impact	1.2%		
Variation over previous period	111.3%		
U.S.			
Revenue prior to foreign currency impact	2,489,115	2,120,382	17.4%
Foreign currency impact	23,415		
U.S. revenue	2,512,530	2,120,382	18.5%
NSESA			
Revenue prior to foreign currency impact	1,992,779	216,366	821.0%
Foreign currency impact	17,914		
NSESA revenue	2,010,693	216,366	829.3%
Canada			
Revenue prior to foreign currency impact	1,685,021	1,737,529	(3.0%)
Foreign currency impact	702		
Canada revenue	1,685,723	1,737,529	(3.0%)
France			
Revenue prior to foreign currency impact	1,260,810	157,328	701.4%
Foreign currency impact	12,794		
France revenue	1,273,604	157,328	709.5%
U.K.			
Revenue prior to foreign currency impact	1,154,178	171,548	572.8%
Foreign currency impact	4,342		
U.K. revenue	1,158,520	171,548	575.3%
CEE			
Revenue prior to foreign currency impact	992,206	191,596	417.9%
Foreign currency impact	11,744		
CEE revenue	1,003,950	191,596	424.0%

For the years ended September 30,	2013	2012	Change
Asia Pacific			
Revenue prior to foreign currency impact	451,736	177,705	154.2%
Foreign currency impact	(12,132)		
Asia Pacific revenue	439,604	177,705	147.4%

We ended fiscal 2013 with revenue of \$10,084.6 million, an increase of \$5,312.2 million or 111.3% over fiscal 2012. On a constant currency basis, revenue increased by 110.1%, while foreign currency rate fluctuations favourably impacted our revenue by \$58.8 million or 1.2%. Year-over-year, our MRD vertical market grew the most at 292%, followed by our telecommunications & utilities vertical at 134% and healthcare at 84%.

The significant revenue growth year-over-year, was due to the impact of the Logica acquisition, and to a lesser extent from the continued growth in our U.S. operations, which posted a constant currency growth of 17.4%. Combined with our former Europe segment, the Logica segment is now separated into NSESA, France, U.K., CEE, and Asia Pacific. Revenue from these five segments represented \$5,886.4 million or 58.4% of total CGI revenue for the year.

3.4.1. U.S.

Revenue in our U.S. segment was \$2,512.5 million in fiscal 2013, an increase of \$392.1 million or 18.5% compared to fiscal 2012. On a constant currency basis, growth was 17.4% year-over-year. The increase in revenue reflects the high levels of bookings from 2012 and 2013 now coming on stream and the ramp up of existing engagements, primarily in the government and health vertical markets, and to a lesser extent the addition of Logica's U.S. business. For the current year, U.S.'s top two vertical markets were government and health, which together accounted for approximately 80% of its revenue.

3.4.2. NSESA

Revenue from our NSESA segment was \$2,010.7 million in fiscal 2013, an increase of \$1,794.3 million compared to fiscal 2012. The increase in revenue was due to the acquisition of Logica, where their business market was concentrated in Sweden, Finland, Denmark, Norway, Portugal, Spain and Brazil, while CGI had operations in Spain and Portugal. For fiscal 2013, revenue coming from Sweden and Finland accounted for 72% of this segment. For the current year, NSESA's top two vertical markets were MRD and government, which together accounted for approximately 61% of its revenue.

3.4.3. Canada

Revenue in our Canada segment for fiscal 2013 was \$1,685.7 million, a decrease of \$51.8 million or 3.0% compared to fiscal 2012. The revenue change was due to lower SI&C work volumes due to the completion of projects, and a cautionary spending pattern deferring the start-up of new projects and to a lesser extent from the expiration of a document management services contract in the financial services vertical. For the current year, Canada's top two vertical markets were financial services and MRD, which together accounted for approximately 58% of its revenue.

3.4.4. France

Revenue from our France segment was \$1,273.6 million in fiscal 2013, an increase of \$1,116.3 million compared to fiscal 2012. The increase in revenue was due to the acquisition of Logica. For the current year, France's top two vertical markets were MRD and financial services, which together accounted for approximately 67% of its revenue.

3.4.5. U.K.

Revenue from our U.K. segment was \$1,158.5 million in fiscal 2013, an increase of \$987.0 million compared to 2012. The increase in revenue was due to the acquisition of Logica. For the current year, U.K.'s top two vertical markets were government and MRD, which together accounted for approximately 71% of its revenue.

3.4.6. CEE

Revenue from our CEE segment was \$1,004.0 million in fiscal 2013, an increase of \$812.4 million compared to fiscal 2012. The increase in revenue was due to the acquisition of Logica, where their business market was concentrated in the Netherlands, Germany, Belgium, Czech Republic and Poland, while CGI had operations in Germany and Poland. For fiscal 2013, revenue coming from the Netherlands and Germany accounted for 86% of this segment. For the current year, CEE's top two vertical markets were MRD and government, which together accounted for approximately 58% of its revenue.

3.4.7. Asia Pacific

Revenue from our Asia Pacific segment was \$439.6 million in fiscal 2013, an increase of \$261.9 million compared to fiscal 2012. The increase in revenue was due to the acquisition of Logica, which expanded our customer base in Australia, increased our delivery capacity in India, added delivery capacity in the Philippines, as well as added business from Malaysia and the Middle East. For the current year, Asia Pacific's top two vertical markets were telecommunications & utilities and MRD, which together accounted for approximately 74% of its revenue.

3.5. OPERATING EXPENSES

<u>For the years ended September 30,</u> <i>In thousands of CAD except for percentages</i>	<u>2013</u>	<u>% of Revenue</u>	<u>2012</u>	<u>% of Revenue</u>	<u>Change</u>	
					<u>\$</u>	<u>%</u>
Costs of services, selling and administrative	9,012,310	89.4%	4,226,859	88.6%	4,785,451	113.2%
Foreign exchange gain	(3,316)	(0.0%)	(1,134)	(0.0%)	2,182	192.4%

3.5.1. Costs of Services, Selling and Administrative

Costs of services, selling and administrative expenses amounted to \$9,012.3 million in fiscal 2013, an increase of \$4,785.5 million from \$4,226.9 million in fiscal 2012. The translation of the results of our foreign operations from their local currencies to the Canadian dollar unfavourably impacted costs by \$56.1 million, substantially offsetting the favourable translation impact of \$58.8 million on revenue. The increase in cost of services, selling and administrative expenses was mainly due to the incremental costs of operating the recently acquired business of Logica. As a percentage of revenue, costs of services, selling and administrative also increased from 88.6% in fiscal 2012 to 89.4% in fiscal 2013. The increase was primarily due to the blending of Logica's operations, which have a higher cost base, with CGI's operations. As a percentage of revenue, costs of services, selling and administrative expenses have sequentially decreased from 88.6% in Q3 2013 to 87.4% in Q4 2013. This improvement is mainly the result of business synergies achieved from the ongoing integration of Logica.

The majority of our costs are denominated in currencies other than the Canadian dollar. The risk of foreign exchange fluctuation impacting the results is substantially mitigated by a natural hedge in matching our costs with revenue denominated in the same currency. In particular cases where the costs related to specific contracts are denominated in a different currency than the functional currency of its subsidiaries, the Company enters into foreign exchange forward contracts to hedge cash flows.

3.5.2. Foreign Exchange Gain

This line item includes the realized and unrealized foreign exchange impact on our earnings. The Company, in addition to its natural hedges, has a strategy in place to manage its exposure, to the extent possible, to exchange rate fluctuations through the effective use of derivatives.

3.6. ADJUSTED EBIT BY SEGMENT

For the years ended September 30,	2013	2012	Change
<i>In thousands of CAD except for percentages</i>			
U.S.	283,690	233,764	21.4%
<i>As a percentage of U.S. revenue</i>	<i>11.3 %</i>	<i>11.0 %</i>	
NSESA	139,418	(9,370)	1,587.9%
<i>As a percentage of NSESA revenue</i>	<i>6.9 %</i>	<i>(4.3 %)</i>	
Canada	320,306	302,552	5.9%
<i>As a percentage of Canada revenue</i>	<i>19.0 %</i>	<i>17.4 %</i>	
France	109,760	(9,168)	1,297.2%
<i>As a percentage of France revenue</i>	<i>8.6 %</i>	<i>(5.8 %)</i>	
U.K.	102,820	(2,297)	4,576.3%
<i>As a percentage of U.K. revenue</i>	<i>8.9 %</i>	<i>(1.3 %)</i>	
CEE	67,341	(834)	8,174.5%
<i>As a percentage of CEE revenue</i>	<i>6.7 %</i>	<i>(0.4 %)</i>	
Asia Pacific	52,295	32,082	63.0%
<i>As a percentage of Asia Pacific revenue</i>	<i>11.9 %</i>	<i>18.1 %</i>	
Adjusted EBIT	1,075,630	546,729	96.7%
Adjusted EBIT margin	10.7 %	11.5 %	

Adjusted EBIT for the year was \$1,075.6 million, an increase of \$528.9 million or 96.7% from the previous year, while the margin decreased from 11.5% to 10.7% over the same period. The significant growth in adjusted EBIT was due to the acquisition of Logica. Combined with our former Europe segment, the Logica segment is now separated into NSESA, France, U.K., CEE, and Asia Pacific. Adjusted EBIT for the year from these five segments was \$471.6 million or an adjusted EBIT margin of 8.0%, up from \$10.4 million or 1.1% from fiscal 2012. We are continuing to execute our integration plan to implement CGI's business model to increase the margins in these segments in the future periods.

Our Canada and U.S. segments contributed \$604.0 million in fiscal 2013 compared to \$536.3 million in fiscal 2012, or a margin of 14.4% which improved compared to the 13.9% margin last year.

3.6.1. U.S.

Adjusted EBIT in the U.S. segment was \$283.7 million for fiscal 2013, an increase of 21.4% or \$49.9 million year-over-year, while the margin increased from 11.0% to 11.3%. The increase in adjusted EBIT and margin came primarily from the strong revenue growth in this segment, from the continuous diligent management of overheads and from additional licence sales.

3.6.2. NSESA

Adjusted EBIT in the NSESA segment was \$139.4 million for fiscal 2013, an increase of \$148.8 million year-over-year, while the margin increased from (4.3%) to 6.9%. This increase in adjusted EBIT was due to the acquisition of Logica and from the benefits of implementing the CGI management foundation. We are currently executing our integration plan and expect the margins to improve further as additional cost synergies are realized.

3.6.3. Canada

Adjusted EBIT in the Canada segment was \$320.3 million for fiscal 2013, an increase of \$17.8 million year-over-year, while the margin increased from 17.4% to 19.0%. The improvement in margin reflects the focus on the management of resource utilization as well as cost reductions from additional real estate optimization.

3.6.4. France

Adjusted EBIT in the France segment was \$109.8 million for fiscal 2013, an increase of \$118.9 million year-over-year, while the margin increased from (5.8%) to 8.6%. This increase in adjusted EBIT was due to the acquisition of Logica and from the benefits of implementing the CGI management foundation. We are currently executing our integration plan and expect the margins to improve further as additional cost synergies are realized.

3.6.5. U.K.

The U.K. segment adjusted EBIT was \$102.8 million for fiscal 2013, an increase of \$105.1 million year-over-year, while the margin increased from (1.3%) to 8.9%. This increase in adjusted EBIT was due to the acquisition of Logica and from the benefits of implementing the CGI management foundation. We are currently executing our integration plan and expect the margins to improve further as additional cost synergies are realized.

3.6.6. CEE

The CEE segment adjusted EBIT was \$67.3 million for fiscal 2013, an increase of \$68.2 million year-over-year, while the margin increased from (0.4%) to 6.7%. This increase in adjusted EBIT was due to the acquisition of Logica and from the benefits of implementing the CGI management foundation. We are currently executing our integration plan and expect the margins to improve further as additional cost synergies are realized.

3.6.7. Asia Pacific

The Asia Pacific segment adjusted EBIT was \$52.3 million for fiscal 2013, an increase of \$20.2 million year-over-year, while the margin decreased from 18.1% to 11.9%. This increase in adjusted EBIT was due to the acquisition of Logica and from the benefits of implementing the CGI management foundation while the decrease in margin was mainly due to the combination of the Indian Logica operations with the higher margin legacy CGI Indian delivery centers. We are currently executing our integration plan and expect the margins to improve further as additional cost synergies are realized.

3.7. EARNINGS BEFORE INCOME TAXES

The following table provides, for the periods indicated, a reconciliation between our adjusted EBIT and earnings before income taxes, which is reported in accordance with IFRS.

<u>For the years ended September 30,</u> <i>In thousands of CAD except for percentages</i>	<u>2013</u>	<u>% of Revenue</u>	<u>2012</u>	<u>% of Revenue</u>
Adjusted EBIT	1,075,630	10.7%	546,729	11.5%
<i>Minus the following items:</i>				
Acquisition-related and integration costs	338,439	3.4%	254,973	5.3%
Finance costs	113,931	1.1%	42,099	0.9%
Finance income	(4,362)	(0.0%)	(5,318)	(0.1%)
Other income	—	—	(3,955)	(0.1%)
Share profit on joint venture	—	—	(3,996)	(0.1%)
Earnings before income taxes	627,622	6.2%	262,926	5.5%

3.7.1. Acquisition-Related and Integration Costs

For the year ended September 30, 2013 the Company incurred \$338.4 million of integration costs. These costs pertain to the transformation of Logica's operations to the CGI operating model.

The \$255.0 million incurred in fiscal 2012 was comprised of \$109.7 million of integration costs, \$108.9 million of financing costs and \$36.4 million of acquisition-related costs.

3.7.2. Finance Costs

The year-over-year increase in finance costs was mainly related to the incremental interest expense from the debt used to finance the Logica acquisition.

3.7.3. Finance Income

Finance income includes interest and other investment income related to cash balances, investments, and tax assessments.

3.7.4. Other Income

During fiscal 2012, the Company sold its 49% interest in Innovapost Inc. ("Innovapost"). A gain of \$3.0 million was recognized in the first quarter of fiscal 2012.

3.7.5. Share of Profit on Joint Venture

During fiscal 2012, the Company sold its 49% interest in Innovapost. An amount of \$4.0 million related to CGI's share of profit on the joint venture with Innovapost was recorded in the first quarter of fiscal 2012.

3.8. NET EARNINGS AND EARNINGS PER SHARE

The following table sets out the information supporting the earnings per share calculations:

For the years ended September 30, <i>In thousands of CAD except for percentages</i>	2013	2012	Change
Earnings before income taxes	627,622	262,926	138.7%
Income tax expense	171,802	131,397	30.8%
<i>Effective tax rate</i>	<i>27.4 %</i>	<i>50.0 %</i>	
Net earnings	455,820	131,529	246.6%
<i>Net earnings margin</i>	<i>4.5 %</i>	<i>2.8 %</i>	
Weighted average number of shares			
Class A subordinate shares and Class B shares (basic)	307,900,034	263,431,660	16.9%
Class A subordinate shares and Class B shares (diluted)	316,974,179	273,644,002	15.8%
Earnings per share (in dollars)			
Basic EPS	1.48	0.50	196.0%
Diluted EPS	1.44	0.48	200.0%

3.8.1. Income Tax Expense

For fiscal 2013, income tax expense was \$171.8 million, an increase of \$40.4 million compared to \$131.4 million in fiscal 2012, while our effective income tax rate decreased from 50.0% to 27.4%. The increase in the income tax expense was mainly due to higher earnings before income taxes and net unfavorable tax adjustments. The adjustments are comprised of a \$18.4 million expense resulting from the revaluation of deferred tax assets following the enactment of a future rate reduction in the U.K., from taxes paid on the repatriation of funds from the legacy Logica Indian operations of \$7.6 million partly offset by a favorable adjustment of \$14.9 million in the U.S. resulting from the expiration of a statute of limitation period. The decrease in income tax rate was due to certain 2012 non-deductible transaction costs and integration expenses incurred on which the tax benefit was not recognized in fiscal 2012, partially offset by the above-mentioned adjustments.

The table on page 23 shows the year-over-year comparison of the tax rate with the net unfavorable tax adjustments and the impacts of acquisition-related and integration costs removed.

Based on the enacted rates at the end of fiscal 2013 and our current business mix, we expect our effective tax rate before any significant adjustments to be in the range of 24% to 26% in subsequent periods.

3.8.2. Weighted Average Number of Shares

CGI's basic and diluted weighted average number of shares for fiscal 2013 increased compared to fiscal 2012 due to the issuance of 46.7 million Class A subordinate shares to Caisse de Dépôt et Placement du Québec ("CDPQ") to finance the acquisition of Logica. During the year, 723,100 shares were repurchased, while 3,765,982 options were exercised.

3.8.3. Net Earnings and Earnings per Share Excluding Certain Items

Below is a table showing the year-over-year comparison excluding the items related to the acquisition of Logica, as well as the 2013 tax adjustments:

For the years ended September 30,	2013	2012 ¹	Change
<i>In thousands of CAD except for percentages</i>			
Earnings before income taxes	627,622	262,926	138.7%
<i>Add back:</i>			
Acquisition-related and integration costs ²	338,439	254,973	32.7%
Logica loss ³	—	18,314	(100.0%)
Interest rate impact ⁴	—	19,010	(100.0%)
Earnings before income taxes prior to adjustments	966,061	555,223	74.0%
Margin	9.6 %	13.2 %	
Income tax expense	171,802	131,397	30.8%
<i>Add back:</i>			
Income tax recovery on the Logica loss	—	1,098	(100.0%)
Tax deduction on acquisition-related and integration costs, and interest rate impact	77,707	21,396	263.2%
<i>Remove:</i>			
Tax adjustments ⁵	(11,113)	—	—
Income tax expense prior to adjustments	238,396	153,891	54.9%
Effective tax rate prior to adjustments	24.7 %	27.7 %	
Net earnings prior to adjustments	727,665	401,332	81.3%
Net earnings margin	7.2 %	9.5 %	
Weighted average number of shares ⁶			
Class A subordinate shares and Class B shares (basic)	307,900,034	258,199,439	19.2%
Class A subordinate shares and Class B shares (diluted)	316,974,179	268,411,780	18.1%
Earnings per share prior to adjustments (in dollars)			
Basic EPS	2.36	1.55	52.3%
Diluted EPS	2.30	1.50	53.3%

¹ The 2012 adjustments were maintained as reported last year as management considers that it gives a better view of CGI's results prior to the Logica acquisition.

² Costs related to the acquisition and integration of Logica.

³ Logica's results for the six-week period ended September 30, 2012, excluding acquisition-related and integration costs.

⁴ The interest rate impact removes the incremental interest expense related to the debt drawn for the acquisition of Logica and the difference in the interest rate between our variable rate credit facility and the fixed interest rate on the long-term notes.

⁵ The unfavorable tax adjustments are comprised of an \$18.4 million expense resulting from the revaluation of deferred tax assets following the enactment of a future tax rate reduction in the U.K., from taxes paid on the repatriation of funds from the legacy Logica Indian operations of \$7.6 million, partially offset by a favorable adjustment of \$14.9 million in the U.S. resulting from the expiration of statute of limitation period.

⁶ The weighted average number of shares for 2012 was re-calculated without the issuance of the 46.7 million Class A shares to the CDPQ as management considers that it gives a better view of CGI's EPS prior to adjustments related to the Logica acquisition.

4. Liquidity

4.1. CONSOLIDATED STATEMENTS OF CASH FLOWS

CGI's growth is financed through a combination of our cash flow from operations, borrowing under our existing credit facilities, the issuance of long-term debt, and the issuance of equity. One of our primary financial goals is to maintain an optimal level of liquidity through the active management of our assets and liabilities as well as our cash flows.

As at September 30, 2013, cash and cash equivalents were \$106.2 million. The following table provides a summary of the generation and utilization of cash for the year ended September 30, 2013 and 2012.

For the years ended September 30,	2013	2012	Change
<i>In thousands of CAD</i>			
Cash provided by operating activities	671,257	613,262	57,995
Cash used in investing activities	(233,855)	(2,849,034)	2,615,179
Cash (used in) provided by financing activities	(445,971)	2,285,480	(2,731,451)
Effect of foreign exchange rate changes on cash and cash equivalents	1,665	2,722	(1,057)
Net (decrease) increase in cash and cash equivalents	(6,904)	52,430	(59,334)

4.1.1. Cash Provided by Operating Activities

Cash provided by operating activities was \$671.3 million for fiscal 2013 compared to \$613.3 million for fiscal 2012. The following table provides a summary of the generation and utilization of cash from operating activities.

For the years ended September 30,	2013	2012	Change
<i>In thousands of CAD</i>			
Net earnings	455,820	131,529	324,291
Amortization and depreciation	435,944	231,398	204,546
Other adjustments ¹	61,049	67,027	(5,978)
Dividend received from joint venture	—	7,350	(7,350)
<i>Net change in non-cash working capital items:</i>			
Accounts receivable, work in progress and deferred revenue	(52,830)	(30,461)	(22,369)
Accounts payable and accrued liabilities, accrued compensation, other long-term liabilities and provisions	(240,311)	237,712	(478,023)
Other ²	11,585	(31,293)	42,878
Net change in non-cash working capital items	(281,556)	175,958	(457,514)
Cash provided by operating activities	671,257	613,262	57,995

¹ Comprised of deferred incomes taxes, foreign exchange (gain) loss, share-based payment costs, gain on sale of investment in joint venture, share of profit on joint venture and loss on repayment of debt assumed in business acquisition.

² Comprised of prepaid expenses and other assets and income taxes.

The increase in net earnings was due to the acquisition of Logica and from the benefits of implementing the CGI management foundation while the amortization and depreciation increase was primarily related to the incremental amortization expense of the acquired Logica operations.

The \$52.8 million decrease from the previous year in the accounts receivable, work in progress and deferred revenue was mainly the results of an increase in the tax credits receivable along with a slight increase in our DSO to 49 days, as a result of the timing of milestone payments. We remain committed to our 45 day target for DSO.

The \$240.3 million decrease from fiscal 2012 in accounts payable and accrued liabilities, accrued compensation, other long-term liabilities and provisions was due to the utilization of approximately \$80.0 million of the estimated losses on revenue-generating contracts which originated from the acquisition, a net decrease of \$42 million in acquisition-related and integration accruals, and payments in connection with the settlement of inherited claims for \$31.3 million. To a lesser extent, the decrease in accounts payable and accrued liabilities came from the transition and transformation of our business practices related to the acquired Logica operations in areas such as the reduction of subcontractors and the implementation of spend management practices.

The \$30.5 million decrease from fiscal 2011 to fiscal 2012 in the accounts receivable, work in progress and deferred revenue was mainly attributable to the inclusion of six weeks of Logica's operations into CGI's operations.

The \$237.7 million increase from fiscal 2011 to fiscal 2012 in accounts payable and accrued liabilities, accrued compensation, other long-term liabilities and provisions is primarily attributable to the \$255.0 million of acquisition-related and integration accruals and provisions.

Cash provided by operating activities represented 6.7% of revenue in fiscal 2013 compared to 12.9% of revenue for fiscal 2012. The decrease was mainly due to the above-mentioned items. The timing of our working capital inflows and outflows will always have an impact on the cash flow from operations. Excluding the approximate \$306 million in payments of integration-related costs in respect of the CGI integration program and the approximate payments of \$27 million of acquisition-related costs, the cash provided by operating activities for fiscal 2013 would have been over a \$1.0 billion, representing 10.0% of revenue compared to approximately \$654 million or 13.7% of revenue for fiscal 2012.

4.1.2. Cash Used in Investing Activities

In fiscal 2013, \$233.9 million was used in investing activities while \$2,849.0 million was used in fiscal 2012. The following table provides a summary of the generation and utilization of cash from investing activities.

For the years ended September 30,	2013	2012	Change
<i>In thousands of CAD</i>			
Business acquisitions (including bank overdraft assumed)	(5,140)	(2,734,795)	2,729,655
Proceeds from sale of business and investment in joint venture	—	30,583	(30,583)
Purchase of property, plant and equipment	(141,965)	(64,555)	(77,410)
Additions to intangible assets	(71,447)	(43,658)	(27,789)
Additions to contract costs	(31,207)	(25,325)	(5,882)
Additions to other long-term assets	—	(2,208)	2,208
Net change in short-term investments, purchase of long-term investments and proceeds from sale of long-term investments	7,727	(6,179)	13,906
Other investing activities ¹	8,177	(2,897)	11,074
Cash used in investing activities	(233,855)	(2,849,034)	2,615,179

¹ Comprised of payment received from long-term receivable and purchase of call options related to business acquisition.

For 2013, the year-over-year combined increase of \$111.1 million for the purchase of property, plant and equipment, and the additions of intangible assets and contract costs was due to support the acquired Logica operations. We added and updated the functionality of our business solutions, and various internal software applications as well as licenses for our expanded operations.

In fiscal 2012, \$2,734.8 million was used for the acquisition of Logica while the \$30.6 million received from the sale of investment in joint venture was largely related to the disposal of our 49% interest in Innovapost settled in Q2 2012.

4.1.3. Cash Used in Financing Activities

During the year, \$446.0 million was used in financing activities while \$2,285.5 million was provided in fiscal 2012. The following table provides a summary of the generation and utilization of cash from financing activities.

For the years ended September 30,	2013	2012	Change
<i>In thousands of CAD</i>			
Net change in credit facilities	(467,027)	(158,618)	(308,409)
Net change in long-term debt	12,276	2,353,964	(2,341,688)
Repayment of debt assumed in business acquisition	—	(841,183)	841,183
Purchase of Class A subordinate shares held in trust	(7,663)	(14,252)	6,589
Sale of Class A subordinate shares held in trust	—	1,171	(1,171)
Repurchase of Class A subordinate shares	(22,869)	(102,845)	79,976
Issuance of Class A subordinate shares, net of transaction costs	39,312	1,047,243	(1,007,931)
Cash (used in) provided by financing activities	(445,971)	2,285,480	(2,731,451)

During the current year, \$467.0 million was used for the reimbursement of the credit facilities drawn to finance the acquisition of Logica and the Company increased its outstanding long-term debt by \$12.3 million. CGI repurchased 0.7 million Class A subordinate shares for \$22.9 million on the open market under the previous and current NCIB while \$7.7 million was used to purchase CGI shares under the Performance Share Unit (“PSU”) Plan which is part of the compensation package of various executive officers. Finally, we received \$39.3 million in proceeds from the exercise of stock options.

In fiscal 2012, a term loan of \$2,354.0 million was drawn while \$1,000.0 million of CGI Class A subordinate shares were issued for the acquisition of Logica. The Company also made net repayments of \$891.4 million related to the debt assumed for the Logica acquisition and reimbursed a net amount of \$158.6 million on its credit facilities. CGI also repurchased 5.4 million of its Class A subordinate shares for \$102.8 million on the open market under the previous and current NCIB. An amount of \$14.3 million was also used to purchase CGI shares under the PSU Plan which is part of the compensation package of various executive officers. Finally, we received \$47.2 million in proceeds from the exercise of stock options.

4.1.4. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents

The effect of foreign exchange rate changes on cash and cash equivalents was negligible for both the 2013 and 2012 fiscal year. These amounts had no effect on net earnings as they were recorded in other comprehensive income.

4.2. CAPITAL RESOURCES

<i>In thousands of CAD</i>	Total commitment	Available at September 30, 2013	Outstanding at September 30, 2013
Cash and cash equivalents	—	106,199	—
Short-term investments	—	69	—
Long-term marketable investments	—	20,333	—
Unsecured committed revolving facilities ¹	1,500,000	1,210,630	289,370
Total	1,500,000	1,337,231	289,370

¹ Consists of drawn portion of \$254.8 million and Letters of Credit for \$34.6 million outstanding on September 30, 2013.

Our cash position and bank lines are sufficient to support our growth strategy. At September 30, 2013, cash and cash equivalents, short-term and long-term marketable investments represented \$126.6 million.

Cash equivalents typically include term deposits, all with maturities of 90 days or less. Short-term investments include fixed deposits with initial maturities ranging from 91 days to 1 year. Long-term marketable investments include corporate and government bonds with maturities ranging from one to five years, rated “A” or higher.

The amount of capital available was \$1,337.2 million. The long-term debt agreements contain covenants, which require us to maintain certain financial ratios. At September 30, 2013, CGI was in compliance with these covenants.

Total debt decreased by \$381.8 million to \$2,866.6 million at September 30, 2013, compared to \$3,248.4 million at September 30, 2012. The variation was mainly due to the net reimbursement of \$467.0 million under the credit facilities, partially offset by an unrealized loss of \$78.0 million on foreign exchange translation.

On October 31, 2013, the \$1,500.0 million unsecured revolving credit facility was extended by one year to December 2017 and can be further extended annually. This agreement was accepted by all the lenders except one having a commitment of \$50.0 million which will expire at the original maturity date. All other terms and conditions including interest rates and banking covenants remain unchanged.

The Company expects that cash generated from the combined operations will permit deleveraging over the next three years and that funds generated will be adequate to meet our business needs in the foreseeable future while maintaining adequate levels of liquidity.

4.3. CONTRACTUAL OBLIGATIONS

We are committed under the terms of contractual obligations with various expiration dates, primarily for the rental of premises, computer equipment used in outsourcing contracts and long-term service agreements. For the year ended September 30, 2013, the Company decreased its commitments by \$322.0 million mainly due to the reimbursement of the long-term debt taken on to acquire Logica.

Commitment type (In thousands of CAD)	Total	Less than 1 year	2 nd and 3 rd years	4 th and 5 th years	After 5 years
Long-term debt	2,820,695	511,949	1,540,509	362,049	406,188
Estimated interests on long-term debt	300,947	88,299	123,136	41,466	48,046
Finance lease obligations	67,928	22,224	35,813	9,494	397
Estimated interests on capital lease obligations	3,272	1,646	1,435	187	4
Operating leases					
Rental of office space	1,486,568	290,585	480,563	373,107	342,313
Computer equipment	80,660	43,946	32,155	4,376	183
Automobiles	85,221	42,008	32,626	5,163	5,424
Long-term service agreements and other	63,856	30,867	29,493	3,496	—
Total contractual obligations	4,909,147	1,031,524	2,275,730	799,338	802,555

Our required benefit plan contributions have not been included in this table as such contributions depend on periodic actuarial valuations for funding purposes. Our contributions to benefit plans are estimated at \$21.0 million for fiscal 2014 as described in note 16 to the financial statements.

4.4. FINANCIAL INSTRUMENTS AND HEDGING TRANSACTIONS

We use various financial instruments to manage our exposure to fluctuations of foreign currency exchange rates and interest rates. We do not hold or use any derivative instruments for trading purposes. Foreign exchange translation gains or losses on the net investments and the effective portions of gains or losses on instruments hedging the net investments are recorded in the consolidated statement of comprehensive income. Any realized or unrealized gains or losses on instruments covering the U.S. denominated debt are also recognized in the audited consolidated statement of comprehensive income.

We have the following outstanding hedging instruments:

Hedges on net investments in foreign operations

- US\$552.0 million debt designated as the hedging instrument of the Company's net investment in U.S. operations;
- €85.0 million debt designated as a hedging instrument of the Company's net investment in European operations;
- \$1,153.7 million cross-currency swaps in euro designated as a hedging instrument of the Company's net investment in European operations.

Cash flow hedges on future revenue

- US\$56.8 million foreign currency forward contracts to hedge the variability in the expected foreign currency exchange rate between the U.S. dollar and the Canadian dollar;

- US\$94.4 million foreign currency forward contracts to hedge the variability in the expected foreign currency exchange rate between the U.S. dollar and the Indian rupee;
- \$142.5 million foreign currency forward contracts to hedge the variability in the expected foreign currency exchange rate between the Canadian dollar and the Indian rupee;
- €31.0 million foreign currency forward contracts to hedge the variability in the expected foreign currency exchange rate between the euro and the Swedish Krona;
- €17.0 million foreign currency forward contracts to hedge the variability in the expected foreign currency exchange rate between the euro and the Moroccan Dirham.

Cash flow hedges on unsecured committed term loan credit facility

- \$1,234.4 million interest rate swaps floating-to-fixed.

Fair value hedges on Senior U.S. unsecured notes

- US\$250.0 million interest rate swaps fixed-to-floating.

Derivatives not designated as hedges

The Company does not have any derivatives not designated as hedges as at September 30th, 2013.

The effective portion of the change in the fair value of the derivative instruments is recognized in other comprehensive income and the ineffective portion, if any, in net earnings. During the year ended September 30, 2013, the Company's hedging relationships were effective.

We expect that approximately \$5.7 million of the accumulated net unrealized losses on all derivative financial instruments designated as cash flow hedges at September 30, 2013 will be reclassified in the consolidated statements of earnings in the next 12 months.

4.5. SELECTED MEASURES OF LIQUIDITY AND CAPITAL RESOURCES

As at September 30,	2013	2012
Reconciliation between net debt and long-term debt including the current portion:		
Net debt	2,739,949	3,105,313
<i>Add back:</i>		
Cash and cash equivalents	106,199	113,103
Short-term investments	69	14,459
Long-term investments	20,333	15,533
Long-term debt including the current portion	2,866,550	3,248,408
Net debt to capitalization ratio	39.6%	46.5%
Return on equity	12.3%	5.0%
Return on invested capital	11.8%	11.4%
Days sales outstanding (in days)	49	74

We use the net debt to capitalization ratio as an indication of our financial leverage in order to pursue any large outsourcing contracts, expand global delivery centres, or make acquisitions. On August 20, 2012, we acquired Logica using a combination of debt and stock, causing our net debt to capitalization ratio to increase significantly. The net debt to capitalization ratio decreased compared to fiscal 2012 due to the net repayments made on the outstanding long-term debt.

Return on equity is a measure of the return we are generating for our shareholders. ROE increased from 5.0% in fiscal 2012 to 12.3% at the end of fiscal 2013. The increase was mainly due to the higher net earnings over the last four quarters as the benefits of the integration of Logica with CGI were being realized.

ROIC is a measure of the Company's efficiency in allocating the capital under our control to profitable investments. The return on invested capital was 11.8% as at September 30, 2013, compared to 11.4% a year ago. The improvement in the ROIC was mainly the result of our higher after-tax adjusted EBIT for the last twelve months compared to last year as the benefits of the integration of Logica with CGI were being realized.

DSO decreased from 74 days as at September 30, 2012 to 49 days at the end of fiscal 2013. In calculating the DSO, we subtract the deferred revenue balance from trade accounts receivable and work in progress; for that reason, the timing of payments received from outsourcing clients in advance of the work to be performed and the timing of payments related to project milestones can affect the DSO fluctuations. The DSO decrease was mainly due to the fact that at the end of fiscal 2012 the full value of Logica's trade receivables, work in progress, and deferred revenue were included in the calculation while only six weeks of revenue from the acquisition were included which resulted in an increased DSO. Improvements in the billing and collections activities of the newly acquired business units also contributed to the decrease in the DSO. We remain committed to manage our DSO within our 45-day target.

4.6. OFF-BALANCE SHEET FINANCING AND GUARANTEES

CGI engages in the practice of off-balance sheet financing in the normal course of operations for a variety of transactions such as operating leases for office space, computer equipment and vehicles. In accordance with IFRS, neither the lease liability nor the underlying asset is carried on the balance sheet as the terms of the leases do not meet the criteria for capitalization. From time to time, we also enter into agreements to provide financial or performance assurances to third parties on the sale of assets, business divestitures, guarantees and U.S. Government contracts.

In connection with sales of assets and business divestitures, we may be required to pay counterparties for costs and losses incurred as the result of breaches in representations and warranties, intellectual property right infringement and litigation against counterparties. While some of the agreements specify a maximum potential exposure totalling \$9.7 million, others do not specify a maximum amount or limited period. It is impossible to reasonably estimate the maximum

amount that may have to be paid under such guarantees. The amounts are dependent upon the outcome of future contingent events, the nature and likelihood of which cannot be determined at this time. The Company does not expect to incur any potential payment in connection with these guarantees that could have a materially adverse effect on its consolidated financial statements.

We are also engaged to provide services under contracts with the U.S. Government. The contracts are subject to extensive legal and regulatory requirements and, from time to time, agencies of the U.S. Government investigate whether our operations are being conducted in accordance with these requirements. Generally, the Government has the right to change the scope of, or terminate, these projects at its convenience. The termination or a reduction in the scope of a major government project could have a material adverse effect on our results of operations and financial condition.

In the normal course of business, we may provide certain clients, principally governmental entities, with bid and performance bonds. In general, we would only be liable for the amount of the bid bonds if we refuse to perform the project once the bid is awarded. We would also be liable for the performance bonds in the event of default in the performance of our obligations. As at September 30, 2013, we had committed for a total of \$53.9 million for these bonds. To the best of our knowledge, we complied with our performance obligations under all service contracts for which there was a performance or bid bond, and the ultimate liability, if any, incurred in connection with these guarantees would not have a material adverse effect on our consolidated results of operations or financial condition.

In addition, we provided a guarantee of \$5.9 million on the residual value of leased equipment, accounted for as an operating lease, at the expiration of the lease term. The Company also has letters of credit for a total of \$83.8 million in addition to the letters of credit covered by the unsecured committed revolving facility as described in section 4.2 of the present document. These guarantees are required in some of the Company's contracts with customers.

4.7. CAPABILITY TO DELIVER RESULTS

Sufficient capital resources and liquidity are required for supporting ongoing business operations and to execute our build and buy growth strategy. The Company has sufficient capital resources coming from the cash generated from operations, credit facilities, long-term debt agreements and invested capital from shareholders. Our principal uses of cash are for procuring new large outsourcing and managed services contracts; investing in our business solutions; pursuing accretive acquisitions; buying back CGI shares and paying down debt. Funds were also used to expand our global delivery network as more and more of our clients demand lower cost alternatives. In terms of financing, we are well positioned to continue executing our four-pillar growth strategy in fiscal 2014.

Strong and experienced leadership is essential to successfully implement our corporate strategy. CGI has a strong leadership team with members who are highly knowledgeable and have gained a significant amount of experience within the IT industry via various career paths and leadership roles. CGI fosters leadership development to ensure a continuous flow of knowledge and strength is maintained throughout the organization. As part of our succession planning in key positions, we established the Leadership Institute, our own corporate university, to develop leadership, technical and managerial skills inspired by CGI's roots and traditions.

As a Company built on human capital, our professionals and their knowledge are critical to delivering quality service to our clients. Our human resources program provides competitive compensation and benefits, a favourable working environment, and our training and career development programs combine to allow us to attract and retain the best talent. Employee satisfaction is monitored regularly through a Company-wide survey and issues are addressed immediately. Among the countries in which we currently offer the program, approximately 74% of our members were also owners of CGI through our Share Purchase Plan. We continue to deploy this Plan across our newly acquired business units. The Share Purchase Plan, along with the Profit Participation Program, allows members to share in the success of the Company and aligns member objectives with our strategic goals.

In addition to our capital resources and the talent of our human capital, CGI has established a Management Foundation encompassing governance policies, sophisticated management frameworks and an organizational model for its business unit and corporate processes. This foundation, along with our appropriate internal systems, helps in providing for a consistent high standard of quality service to our clients. CGI's operations maintain appropriate certifications in accordance with service requirements such as the ISO and Capability Maturity Model Integration quality programs.

5. Fourth Quarter Results

The Company operates globally and is exposed to changes in foreign currency rates. We report all dollar amounts in Canadian dollars. Accordingly, we value assets, liabilities and transactions that are measured in foreign currencies using various exchange rates as prescribed by IFRS.

Average foreign exchange rates

<u>For the three months ended September 30,</u>	<u>2013</u>	<u>2012</u>	<u>Change</u>
U.S. dollar	1.0385	0.9948	4.4%
Euro	1.3762	1.2452	10.5%
Indian rupee	0.0167	0.0181	(7.7%)
British pound	1.6117	1.5727	2.5%
Swedish krona	0.1586	0.1476	7.5%
Australian dollar	0.9517	1.0337	(7.9%)

5.1. REVENUE VARIATION AND REVENUE BY SEGMENT

Our seven segments are based on our geographic delivery model: U.S., NSESA, Canada, France, U.K., CEE and Asia Pacific.

The following table provides a summary of the year-over-year changes in our revenue, in total and by segment, separately showing the impacts of foreign currency exchange rate variations between the Q4 2013 and Q4 2012 periods. The Q4 2012 revenue by segment was recorded reflecting the actual foreign exchange rates for that period. The foreign exchange impact is the difference between the current period's actual results and the current period's results converted with the prior year's foreign exchange rates. Since our presence in the segments NSESA, France, U.K., CEE, and Asia Pacific was not significant until the Logica acquisition which was completed on August 20, 2012, management believes that calculating the foreign exchange impact by applying the exchange rate differential to the CGI Q4 2012 revenue amounts is more representative for these segments.

<u>For the three months ended September 30,</u>	<u>2013</u>	<u>2012</u>	<u>Change</u>
<i>In thousands of CAD except for percentages</i>			
Total CGI revenue	2,458,207	1,609,661	52.7%
Variation prior to foreign currency impact	48.2%		
Foreign currency impact	4.5%		
Variation over previous period	52.7%		
U.S.			
Revenue prior to foreign currency impact	649,901	559,891	16.1%
Foreign currency impact	29,354		
U.S. revenue	679,255	559,891	21.3%

<u>For the three months ended September 30,</u>	<u>2013</u>	<u>2012</u>	<u>Change</u>
NSESA			
Revenue prior to foreign currency impact	418,755	186,991	123.9%
Foreign currency impact	18,150		
NSESA revenue	436,905	186,991	133.7%
Canada			
Revenue prior to foreign currency impact	406,957	404,710	0.6%
Foreign currency impact	794		
Canada revenue	407,751	404,710	0.8%
France			
Revenue prior to foreign currency impact	272,431	133,776	103.6%
Foreign currency impact	12,983		
France revenue	285,414	133,776	113.4%
U.K.			
Revenue prior to foreign currency impact	299,489	125,239	139.1%
Foreign currency impact	4,845		
U.K. revenue	304,334	125,239	143.0%
CEE			
Revenue prior to foreign currency impact	233,417	126,652	84.3%
Foreign currency impact	12,266		
CEE revenue	245,683	126,652	94.0%
Asia Pacific			
Revenue prior to foreign currency impact	105,068	72,402	45.1%
Foreign currency impact	(6,203)		
Asia Pacific revenue	98,865	72,402	36.6%

We ended the fourth quarter of fiscal 2013 with revenue of \$2,458.2 million, an increase of \$848.5 million or 52.7% over the same period of fiscal 2012. On a constant currency basis, revenue increased by 48.2%, while foreign currency rate fluctuations favourably impacted our revenue by \$72.2 million or 4.5%. Year-over-year, our MRD vertical market grew the most followed by our healthcare and telecommunication and utilities vertical markets.

The significant revenue growth was due to the impact of the Logica acquisition, and to a lesser extent from the continued growth in our U.S. operations, which posted a constant currency growth of 16.1%. Compared to Q3 2013, revenue from the current quarter has decreased by \$109.1 million mainly due to an approximate \$146 million impact attributable to the vacation period. Combined with our former Europe segment, the Logica segment is now separated into NSESA, France, U.K., CEE, and Asia Pacific. Revenue from these five segments represented \$1,371.2 million or 55.8% of total CGI revenue for Q4 2013.

5.1.1. U.S.

Revenue in our U.S. segment was \$679.3 million in Q4 2013, an increase of \$119.4 million or 21.3%. On a constant currency basis, growth was 16.1% year-over-year. The increase in revenue reflects the high levels of bookings in the previous quarters now coming on stream and the ramp up of existing engagements, primarily in the government and health vertical markets, and to a lesser extent the addition of Logica's U.S. business. For the current quarter, U.S.'s top two vertical markets were government and health, which together accounted for approximately 80% of its revenue.

5.1.2. NSESA

Revenue from our NSESA segment was \$436.9 million in the fourth quarter of fiscal 2013, an increase of \$249.9 million from the same period in the prior year. The increase in revenue was due to the acquisition of Logica, where their business market was concentrated in Sweden, Finland, Denmark, Norway, Portugal, Spain and Brazil, while CGI had operations in Spain and Portugal. For the current quarter, revenue coming from Sweden and Finland accounted for 73% of this segment. For the current quarter, NSESA's top two vertical markets were MRD and telecommunications & utilities, which together accounted for approximately 62% of its revenue in both periods.

5.1.3. Canada

Revenue in our Canada segment for Q4 2013 was \$407.8 million, an increase of \$3.0 million or 0.8% compared to Q4 2012. The quarterly revenue from our verticals in this segment was not materially different between the years. For the current quarter, Canada's top two vertical markets were financial services and MRD, which together accounted for approximately 59% of its revenue.

5.1.4. France

Revenue from our France segment was \$285.4 million in the fourth quarter of fiscal 2013, an increase of \$151.6 million from the same period in the prior year. The increase in revenue was due to the acquisition of Logica. For the current quarter, France's top two vertical markets were MRD and financial services, which together accounted for approximately 68% of its revenue.

5.1.5. U.K.

Revenue from our U.K. segment was \$304.3 million in the fourth quarter of fiscal 2013, an increase of \$179.1 million from the same period in the prior year. The increase in revenue was due to the acquisition of Logica. For the current quarter, U.K.'s top two vertical markets were government and MRD, which together accounted for approximately 70% of its revenue.

5.1.6. CEE

Revenue from our CEE segment was \$245.7 million in the fourth quarter of fiscal 2013, an increase of \$119.0 million from the same period in the prior year. The increase in revenue was due to the acquisition of Logica, where their business market was concentrated in the Netherlands, Germany, Belgium, Czech Republic and Poland, while CGI had operations in Germany and Poland. For Q4 2013, revenue coming from the Netherlands and Germany accounted for 86% of this segment. For the current quarter, CEE's top two vertical markets were MRD and government, which together accounted for approximately 58% of its revenue.

5.1.7. Asia Pacific

Revenue from our Asia Pacific segment was \$98.9 million in the fourth quarter of fiscal 2013, an increase of \$26.5 million from the same period in the prior year. The increase in revenue was due to the acquisition of Logica, which expanded our customer base in Australia, increased our delivery capacity in India, added delivery capacity in the Philippines, as well as added business from Malaysia and the Middle East. For the current quarter, Asia Pacific's top two vertical markets were telecommunications & utilities and MRD, which together accounted for approximately 76% of its revenue.

5.2. ADJUSTED EBIT BY SEGMENT

<u>For the three months ended September 30,</u> <u>In thousands of CAD except for percentages</u>	<u>2013</u>	<u>2012</u>	<u>Change</u>
U.S.	82,965	68,486	21.1%
As a percentage of U.S. revenue	12.2 %	12.2 %	
NSESA	43,526	(11,126)	491.2%
As a percentage of NSESA revenue	10.0 %	(6.0 %)	
Canada	80,419	64,174	25.3%
As a percentage of Canada revenue	19.7 %	15.9 %	
France	34,974	(10,007)	449.5%
As a percentage of France revenue	12.3 %	(7.5 %)	
U.K.	35,826	(5,407)	762.6%
As a percentage of U.K. revenue	11.8 %	(4.3 %)	
CEE	21,697	(3,457)	727.6%
As a percentage of CEE revenue	8.8 %	(2.7 %)	
Asia Pacific	13,985	11,477	21.9%
As a percentage of Asia Pacific revenue	14.1 %	15.9 %	
Adjusted EBIT	313,392	114,140	174.6%
Adjusted EBIT margin	12.7 %	7.1 %	

Adjusted EBIT for the quarter was \$313.4 million, an increase of \$199.3 million or 174.6% from the previous year, while the margin increased from 7.1% to 12.7% over the same period. The significant growth in adjusted EBIT was due to the acquisition of Logica. Combined with our former Europe segment, the Logica segment is now separated into NSESA, France, U.K., CEE, and Asia Pacific. Adjusted EBIT for the quarter from these five segments was \$150.0 million or an adjusted EBIT margin of 10.9%, up from \$130.4 million or 8.7% from Q3. We are continuing to execute our integration plan to implement CGI's business model to increase the margins in these segments in the future periods.

Our Canada and U.S. segments contributed \$163.4 million in Q4 2013 compared to \$132.7 million in Q4 2012, or 15.0% of revenue compared to 13.8%.

5.2.1. U.S.

Adjusted EBIT in the U.S. segment was \$83.0 million for the current quarter, an increase of 21.1% or \$14.5 million year-over-year, while the margin remained stable at 12.2%. The increase in adjusted EBIT came primarily from the strong revenue growth in this segment.

5.2.2. NSESA

Adjusted EBIT in the NSESA segment was \$43.5 million for the current quarter, an increase of \$54.7 million year-over-year, while the margin increased from (6.0%) to 10.0%. This increase in adjusted EBIT was due to the acquisition of Logica. We are currently executing our integration plan and expect the margins to improve further as additional cost synergies are realized.

5.2.3. Canada

Adjusted EBIT in the Canada segment was \$80.4 million for the current quarter, an increase of \$16.2 million year-over-year, while the margin increased from 15.9% to 19.7%. The improvement in margin reflects the focus on the management of resource utilization as well as cost reductions from additional real estate optimization.

5.2.4. France

Adjusted EBIT in the France segment was \$35.0 million for the current quarter, an increase of \$45.0 million year-over-year, while the margin increased from (7.5%) to 12.3%. This increase in adjusted EBIT was due to the acquisition of Logica. We are currently executing our integration plan and expect the margins to improve further as additional cost synergies are realized.

5.2.5. U.K.

For the current quarter, our U.K. segment adjusted EBIT was \$35.8 million, an increase of \$41.2 million year-over-year, while the margin increased from (4.3%) to 11.8%. This increase in adjusted EBIT was due to the acquisition of Logica. We are currently executing our integration plan and expect the margins to improve further as additional cost synergies are realized.

5.2.6. CEE

For the current quarter, our CEE segment adjusted EBIT was \$21.7 million, an increase of \$25.2 million year-over-year, while the margin increased from (2.7%) to 8.8%. This increase in adjusted EBIT was due to the acquisition of Logica. We are currently executing our integration plan and expect the margins to improve further as additional cost synergies are realized.

5.2.7. Asia Pacific

For the current quarter, our Asia Pacific segment adjusted EBIT was \$14.0 million, an increase of \$2.5 million year-over-year, while the margin decreased from 15.9% to 14.1% but up from 12.7% from last quarter. This increase in adjusted EBIT was due to the acquisition of Logica while the decrease in margin was mainly due to the combination of the Indian Logica operations with the higher margin legacy CGI Indian delivery centers. We are currently executing our integration plan and expect the margins to improve further as additional cost synergies are realized.

5.3. NET EARNINGS AND EARNINGS PER SHARE

The following table sets out the information supporting the earnings per share calculations:

For the three months ended September 30, <i>In thousands of CAD except for percentages</i>	2013	2012	Change
Adjusted EBIT	313,392	114,140	174.6%
<i>Minus the following items:</i>			
Acquisition-related and integration costs	50,184	248,320	(79.8%)
Finance costs	28,184	17,901	57.4%
Finance income	(576)	(3,710)	(84.5%)
Other expenses	—	1,691	(100.0%)
Earnings (Loss) before income taxes	235,600	(150,062)	257.0%
Income tax expense	94,578	17,906	428.2%
<i>Effective tax rate</i>	40.1 %	(11.9 %)	
Net earnings (loss)	141,022	(167,968)	184.0%
<i>Margin</i>	5.7 %	(10.4 %)	
Weighted average number of shares			
Class A subordinate shares and Class B shares (basic)	309,046,350	279,284,376	10.7%
Class A subordinate shares and Class B shares (diluted)	319,114,642	289,815,528	10.1%
Earnings per share (in dollars)			
Basic EPS	0.46	(0.60)	176.7%
Diluted EPS	0.44	(0.58)	175.9%

For the current quarter, income tax expense was \$94.6 million, an increase of \$76.7 million compared to \$17.9 million in Q4 2012, while our effective income tax rate increased from (11.9%) to 40.1%. The increase in the income tax expense and rate was mainly due to higher earnings before income taxes and certain unfavorable tax adjustments. The unfavorable adjustments are comprised of an \$18.4 million expense resulting from the revaluation of deferred tax assets following the enactment of a future rate reduction in the U.K. and from taxes paid on the repatriation of funds from the legacy Logica Indian operations of \$7.6 million.

The net earnings were \$141.0 million for the quarter ended September 30th, 2013 compared to a net loss of \$168.0 million for the comparable period ended September 30th, 2012. The Company is currently executing its integration plan and expects the net earnings margin to improve further as additional costs synergies are realized.

The increase in weighted average number of shares is due to the issuance of 46.7 million Class A shares to the CDPQ in August 2012 to finance the acquisition of Logica. During the quarter, the Company repurchased 365,200 of its Class A subordinate shares for \$12.2 million at an average price of \$33.34 under the current NCIB while 910,782 options were exercised.

5.3.1. Net Earnings and Earnings per Share Excluding Certain Items

Below is a table showing the year-over-year comparison excluding the items related to the acquisition of Logica, as well as the provisions on excess real estate, the related leasehold improvements write-offs, the severance costs and the Q4 2013 tax adjustments:

For the three months ended September 30, <i>In thousands of CAD except for percentages</i>	2013	2012 ¹	Change
Earnings (Loss) before income taxes	235,600	(150,062)	257.0%
Add back:			
Acquisition-related and integration costs ²	50,184	248,320	(79.8%)
Logica loss ³	—	18,314	(100.0%)
Interest rate impact ⁴	—	10,996	(100.0%)
Severances, excess real estate provisions and leasehold improvement write-offs ⁵	—	13,421	(100.0%)
Earnings before income taxes prior to adjustments	285,784	140,989	102.7%
<i>Margin</i>	<i>11.6 %</i>	<i>13.5 %</i>	
Income tax expense	94,578	17,906	428.2%
Add back:			
Income tax recovery on the Logica loss	—	1,098	(100.0%)
Tax deduction on acquisition-related and integration costs, interest rate impact, severances, excess real estate provisions and leasehold improvement write-offs	3,619	22,023	(83.6%)
Remove:			
Tax adjustments ⁶	(26,013)	—	—
Income tax expense prior to adjustments	72,184	41,027	75.9%
<i>Effective tax rate prior to adjustments</i>	<i>25.3 %</i>	<i>29.1 %</i>	
Net earnings prior to adjustments	213,600	99,962	113.7%
<i>Net earnings margin</i>	<i>8.7 %</i>	<i>9.6 %</i>	
Weighted average number of shares ⁷			
Class A subordinate shares and Class B shares (basic)	309,046,350	258,469,235	19.6%
Class A subordinate shares and Class B shares (diluted)	319,114,642	269,000,386	18.6%
Earnings per share prior to adjustments (in dollars)			
Basic EPS	0.69	0.39	76.9%
Diluted EPS	0.67	0.37	81.1%

¹ The Q4 2012 adjustments were maintained as reported last year as management considers that it gives a better view of CGI's results prior to the Logica acquisition.

² Costs related to the acquisition and integration of Logica.

³ Logica's results for the six-week period ended September 30, 2012, excluding acquisition-related and integration costs.

⁴ The interest rate impact removes the incremental interest expense related to the debt drawn for the acquisition of Logica and the difference in the interest rate between our variable rate credit facility and the fixed interest rate on the long-term notes.

⁵ In Q4 2012, \$13.4 million of provisions on excess real estate, related leasehold improvements write-offs and severance costs were added back to earnings in order to calculate a more meaningful net earnings and margin number for the operations. These items are immaterial for Q4 2013.

- ⁶ The unfavorable tax adjustments are comprised of an \$18.4 million expense resulting from the revaluation of deferred tax assets following the enactment of a future tax rate reduction in the U.K. and from taxes paid on the repatriation of funds from the legacy Logica Indian operations of \$7.6 million.
- ⁷ The weighted average number of shares for Q4 2012 was re-calculated without the issuance of the 46.7 million Class A shares to the CDPQ as management considers that it gives a better view of CGI's EPS prior to adjustments related to the Logica acquisition.

6. Eight Quarter Summary

As at and for the three months ended	Sept. 30, 2013	June 30, 2013	Mar. 31, 2013	Dec. 31, 2012	Sept. 30, 2012	June 30, 2012	Mar. 31, 2012	Dec. 31, 2011
<i>In millions of CAD unless otherwise noted</i>								
Growth								
Backlog	18,677	18,747	18,019	18,281	17,647	13,610	13,118	13,558
Bookings	2,501	2,754	2,210	2,845	1,523	1,478	787	1,392
Book-to-bill ratio	101.7%	107.3%	87.5%	112.3%	94.6%	138.8%	73.8%	134.9%
Revenue	2,458.2	2,567.3	2,526.2	2,532.9	1,609.7	1,064.9	1,065.8	1,032.1
Year-over-year growth ¹	52.7%	141.1%	137.0%	145.4%	60.1%	5.1%	(4.1%)	(5.6%)
Constant currency growth ¹	48.2%	140.3%	137.1%	147.5%	59.6%	3.0%	(4.8%)	(6.1%)
Profitability								
Adjusted EBIT	313.4	291.2	261.6	209.5	114.1	136.3	156.4	139.9
Adjusted EBIT margin	12.7%	11.3%	10.4%	8.3%	7.1%	12.8%	14.7%	13.6%
Net earnings	141.0	178.2	114.2	22.4	(168.0)	87.2	105.7	106.5
Net earnings margin	5.7%	6.9%	4.5%	0.9%	(10.4%)	8.2%	9.9%	10.3%
Basic EPS (in dollars)	0.46	0.58	0.37	0.07	(0.60)	0.34	0.41	0.41
Diluted EPS (in dollars)	0.44	0.56	0.36	0.07	(0.58)	0.33	0.40	0.40
Liquidity								
Cash provided by operating activities	166.4	133.2	147.2	224.5	109.3	251.0	104.2	148.7
As a % of revenue	6.8%	5.2%	5.8%	8.9%	6.8%	23.6%	9.8%	14.4%
Days sales outstanding	49	49	46	46	74	49	53	51
Capital structure								
Net debt	2,739.9	2,873.0	2,914.3	2,964.9	3,105.3	633.4	795.3	879.5
Net debt to capitalization ratio	39.6%	41.1%	43.0%	44.7%	46.5%	19.4%	24.0%	26.6%
Return on equity	12.3%	4.3%	1.8%	1.7%	5.0%	15.4%	17.4%	18.4%
Return on invested capital	11.8%	12.3%	11.1%	10.9%	11.4%	11.8%	12.5%	12.8%
Balance sheet								
Cash and cash equivalents, bank overdraft and short-term investments	106.3	165.3	167.7	161.6	127.6	77.4	70.2	63.9
Total assets	10,879.3	11,132.8	10,936.6	10,981.8	10,690.2	4,550.4	4,550.4	4,578.8
Long-term financial liabilities	3,186.2	3,476.0	3,913.0	4,024.4	4,097.4	855.0	969.8	1,066.3

¹ Reflects the acquisition of Logica on August 20, 2012.

There are factors causing quarterly variances which may not be reflective of the Company's future performance. First, there is seasonality in SI&C work, and the quarterly performance of these operations is impacted by occurrences such as vacations and the number of statutory holidays in any given quarter. Outsourcing contracts including BPS contracts are affected to a lesser extent by seasonality. Second, the workflow from some clients may fluctuate from quarter to quarter based on their business cycle and the seasonality of their own operations. Third, the savings that we generate for a client on a given outsourcing contract may temporarily reduce our revenue stream from this client, as these savings may not be immediately offset by additional work performed for this client.

In general, cash flow from operating activities could vary significantly from quarter to quarter depending on the timing of monthly payments received from large clients, cash requirements associated with large acquisitions, outsourcing contracts and projects, the timing of the reimbursements for various tax credits as well as profit sharing payments to members and the timing of restructuring cost payments.

Foreign exchange fluctuations can also contribute to quarterly variances as our percentage of operations in foreign countries evolves. The effect from these variances is primarily on our revenue and to a much less extent, on our net margin as we benefit from natural hedges.

7. Changes in Accounting Standards

The following standards have been issued but are not yet effective:

- IFRS 9, “Financial Instruments”, covers the classification and measurement of financial assets and financial liabilities. The Company is currently evaluating the impact of these standards on the Company’s consolidated financial statements.
- IFRS 10, “Consolidated Financial Statements”, builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included in a company’s consolidated financial statements. The adoption of this standard will not result in any change in the consolidation status of the Company’s subsidiaries.
- IFRS 12, “Disclosure of Interests in Other Entities”, provides guidance on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles. The adoption of this standard will not result in any significant change in the disclosure in the Company’s consolidated financial statements.
- IFRS 13, “Fair Value Measurement”, provides guidance on fair value measurements by providing a definition of fair value and a single source of fair value measurement and disclosure requirements. Based on the preliminary assessment, the adoption of this standard will not result in any significant change in the disclosure in the Company’s consolidated financial statements.
- IAS 1, “Presentation of Financial Statements”, was amended to require grouping together items within the statement of comprehensive income that may be reclassified to the statement of income. The presentation of the Company consolidated financial statements will be impacted by this amendment as the Company will group items within its consolidated statements of comprehensive income by items that will and will not be reclassified subsequently to consolidated statements of earnings.
- IAS 19, “Employee Benefits”, was amended to adjust the calculation of the financing cost component of defined benefit plans and to enhance disclosure requirements. Other than for the disclosure requirements, the adoption of this standard will not result in any significant impact on the consolidated financial statements of the Company.

The above standards are effective October 1, 2013. IFRS 9 is effective October 1, 2015, with earlier application permitted.

8. Critical Accounting Estimates

The Company's significant accounting policies are described in Note 3 of the audited consolidated financial statements for the year ended September 30, 2013. The preparation of the consolidated financial statements requires management to make estimates and judgements that affect the reported amounts of assets, liabilities and equity and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Because of the use of estimates and judgements inherent in the financial reporting process, actual results could differ.

An accounting estimate is considered critical if the estimate requires management to make assumptions about matters that were highly uncertain at the time the estimate was made, if different estimates could reasonably have been used in the period, or changes in the accounting estimates that are reasonably likely to occur, could have a material impact on the presentation of our financial condition, changes in financial condition or results of operations.

Areas impacted by estimates	Consolidated balance sheets	Consolidated statements of earnings		
		Revenue	Cost of services, selling and administrative	Income taxes
Business combinations	✓	✓	✓	✓
Income taxes	✓			✓
Contingencies and provisions	✓		✓	
Revenue recognition ¹	✓	✓	✓	
Share-based payments	✓		✓	
Investment tax credits and other government programs	✓		✓	
Impairment of property, plant and equipment ("PP&E"), intangible assets and goodwill	✓		✓	
Employee benefits	✓		✓	

¹ Affects the balance sheet through accounts receivable, work in progress and deferred revenue.

Business combinations

The Company accounts for its business combinations using the acquisition method. Under this method the consideration transferred is measured at fair value. Acquisition-related and integration costs associated with the business combination are expensed as incurred. The Company recognizes goodwill as the excess of the cost of the acquisition over the net identifiable tangible and intangible assets acquired and liabilities assumed at their acquisition-date fair values. The fair value allocated to tangible and intangible assets acquired and liabilities assumed are based on assumptions of management. These assumptions include the future expected cash flows arising from the intangible assets identified as client relationships, business solutions, and trademarks. The preliminary goodwill recognized is composed of the future economic value associated to acquired work force and synergies with the Company's operations which are primarily due to reduction of costs and new business opportunities. The determination of fair value involves making estimates relating to acquired intangible assets, PP&E, litigation, provision for estimated losses on revenue-generating contracts, onerous contracts and other contingency reserves. Estimates include the forecasting of future cash flows and discount rates. Subsequent changes in fair values are adjusted against the cost of acquisition if they qualify as measurement period adjustments. The measurement period is the period between the date of acquisition and the date where all significant information necessary to determine the fair values is available, not to exceed 12 months. All other subsequent changes are recognized in the consolidated statements of earnings. For all business acquisitions, the Company records the results of operations of the acquired entities as of their respective effective acquisition dates.

Income taxes

Income taxes are accounted for using the liability method of accounting.

Current income taxes are recognized with respect to the amounts expected to be paid or recovered under the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax assets and liabilities are determined based on deductible or taxable temporary differences between the amounts reported for financial statements purposes and tax values of the assets and liabilities using enacted or substantively enacted tax rates that will be in effect for the year in which the differences are expected to be recovered or settled. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred income tax assets and liabilities are recognized directly in earnings, other comprehensive income or in equity based on the classification of the item to which they relate.

In the course of the Company's operations, uncertainties exist with respect to interpretation of complex tax regulations and the amount and timing of future taxable income. When a tax position is uncertain, the Company recognizes an income tax benefit or reduces an income tax liability only when it is probable that the tax benefit will be realized in the future or that the income tax liability is no longer probable.

Contingencies and provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The Company's provisions consist of liabilities for leases of premises that the Company has vacated, litigation and claim provisions arising in the ordinary course of business and decommissioning liabilities for operating leases of office buildings where certain arrangements require premises to be returned to their original state at the end of the lease term. The Company also records restructuring provisions related to business acquisitions.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Provisions are discounted using a current pre-tax rate when the impact of the time value of money is material. The increase in the provision due to the passage of time is recognized as finance cost.

The Company accrues provision for onerous leases which consists of estimated costs associated with vacated premises. The provisions reflect the present value of lease payments in excess of the expected sublease proceeds on the remaining term of the lease using the risk-free interest rates. Estimates include potential revenues from the subleasing of vacated premises.

The accrued litigation and legal claim provisions are based on historical experience, current trends and other assumptions that are believed to be reasonable under the circumstances. Estimates include the period in which the underlying cause of the claim occurred and the degree of probability of an unfavourable outcome.

Decommissioning liabilities pertain to operating leases of office buildings where certain arrangements require premises to be returned to their original state at the end of the lease term. The provision is determined using the present value of the estimated future cash outflows using the risk-free interest rates.

Restructuring provisions are recognized when a detailed formal plan identifies the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs and an appropriate timeline. The restructuring provisions are comprised of reduction in headcount.

Revenue recognition

The Company generates revenue principally through the provision of IT services and BPS.

The Company provides services and products under arrangements that contain various pricing mechanisms. The Company recognizes revenue when the following criteria are met: there is clear evidence that an arrangement exists, the amount of revenue and related costs can be measured reliably, it is probable that future economic benefits will flow to the Company, the stage of completion can be measured reliably where services are delivered and the significant risks and rewards of ownership, including effective control, are transferred to clients where products are sold. Revenue is measured at the fair value of the consideration received or receivable net of discounts, volume rebates and sales related taxes.

Some of the Company's arrangements may include client acceptance clauses. Each clause is analyzed to determine whether the earnings process is complete when the service is performed. Formal client sign-off is not always necessary to recognize revenue provided that the Company objectively demonstrates that the criteria specified in the acceptance provisions are satisfied. Some of the criteria reviewed include historical experience with similar types of arrangements, whether the acceptance provisions are specific to the client or are included in all arrangements, the length of the acceptance term and historical experience with the specific client.

Revenue from benefits-funded arrangements is recognized only to the extent that it is probable that the benefit stream associated with the transaction will generate amounts sufficient to fund the value on which revenue recognition is based.

Revenue from sales of third party vendor products, such as software licenses and hardware, or services is recorded gross when the Company is a principal to the transaction and is recorded net of costs when the Company is acting as an agent between the client and vendor. Factors generally considered to determine whether the Company is a principal or an agent are if the Company is the primary obligor to the client, if it adds meaningful value to the vendor's product or service or if it assumes delivery and credit risks.

Estimated losses on revenue-generating contracts may occur due to additional contract costs which were not foreseen at inception of the contract. Contract losses are measured at the amount by which the estimated total costs exceed the estimated total revenue from the contract. The estimated losses on revenue-generating contracts are recognized in the period when it is determined that a loss is probable. They are presented in accounts payable and accrued liabilities and in other long-term liabilities. Management regularly reviews arrangement profitability and the underlying estimates.

Share-based payments

The Company operates equity-settled stock option and PSU plans under which the Company receives services from employees and others as consideration for equity instruments.

The fair value of those share-based payments is established on the grant date using the Black-Scholes option pricing model for the stock options and the closing price of Class A subordinate shares of the Company on the Toronto Stock Exchange ("TSX") for the PSUs. The number of stock options and PSUs expected to vest are estimated on the grant date and subsequently revised on a periodic basis. For stock options, the estimation of fair value requires making assumptions for the most appropriate inputs to the valuation model including the expected life of the option, expected stock price volatility and expected forfeitures. The fair values, adjusted for expectations related to performance conditions, are recognized as share-based payment costs in earnings with a corresponding credit to contributed surplus on a graded-vesting basis over the vesting period.

When stock options are exercised, any consideration paid is credited to capital stock and the recorded fair value of the stock option is removed from contributed surplus and credited to capital stock. When PSUs are exercised, the recorded fair value of PSUs is removed from contributed surplus and credited to capital stock.

Investment tax credits and other government programs

The Company follows the income approach to account for tax credits, whereby investment tax credits are recorded when there is a reasonable assurance that the assistance will be received and that the Company will comply with all relevant conditions. Under this method, tax credits related to operating expenditures are recorded as a reduction of the related expense and recognized in the period in which the related expenditures are charged to operations. Tax credits related to capital expenditures are recorded as a reduction of the cost of the related asset. The tax credits recorded are based on management's best estimates of amounts expected to be received and are subject to audit by the taxation authorities.

Impairment of PP&E, intangible assets and goodwill

The carrying values of PP&E, intangible assets and goodwill are reviewed for impairment when events or changes in circumstances indicate that the carrying value may be impaired. The Company assesses at each reporting date whether any such events or changes in circumstances exist. The carrying values of PP&E and intangible assets not available for use and goodwill are tested for impairment annually as at September 30.

If any indication of impairment exists or when annual impairment testing for an asset is required, the Company estimates the recoverable amount of the asset or cash-generating unit ("CGU") to which the asset relates to determine the extent of any impairment loss. The recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use ("VIU") to the Company. The Company generally uses the VIU. In assessing VIU, estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If the recoverable amount of an asset or a CGU is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated statements of earnings.

For goodwill impairment testing purposes, the CGU that represents the lowest level within the Company at which management monitors goodwill is the operating segment level. Goodwill acquired through business combinations is allocated to the CGU that is expected to benefit from synergies of the related business combination.

The VIU calculation for the recoverable amount of the CGUs to which goodwill has been allocated includes estimates about their future financial performance based on cash flows approved by management covering a period of five years as the Company generates revenue mainly through long-term contracts. Key assumptions used in the VIU calculations are the discount rate applied and the long-term growth rate of net operating cash flows. In determining these assumptions, management has taken into consideration the current economic climate and its resulting impact on expected growth and discount rates. In determining the discount rate applied to a CGU, management uses the Company's weighted average cost of capital as a starting point and applies adjustments to take into account specific tax rates, geographical risk and any additional risks specific to the CGU. The cash flow projections reflect management's expectations of the operating performance of the CGU and growth prospects in the CGU's market.

For impaired assets, excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statements of earnings. Impairment losses relating to goodwill cannot be reversed in future periods.

Employee benefits

The Company operates retirement benefit plans of both a defined contribution and defined benefit nature.

The cost of defined contribution plans is charged to the consolidated statements of earnings on the basis of contributions payable by the Company during the year.

For defined benefits plans, the defined benefit obligations are calculated annually by independent actuaries using the projected unit credit method. The retirement benefit obligations in the consolidated balance sheets represent the present value of the defined benefit obligation as reduced by the fair value of plan assets. The retirement benefits assets are recognized to the extent that the Company can benefit from refunds or a reduction in future contributions. Retirement benefit plans that are funded by the payment of insurance premiums are treated as defined contribution plans unless the Company has an obligation either to pay the benefits directly when they fall due or to pay further amounts if assets accumulated with the insurer do not cover all future employee benefits. In such circumstances, the plan is treated as a defined benefit plan.

Insurance policies are treated as plan assets of a defined benefit plan if the proceeds of the policy:

- Can only be used to fund employee benefits;
- Are not available to the Company's creditors; and
- Either cannot be paid to the Company unless the proceeds represent surplus assets not needed to meet all the benefit obligations or are a reimbursement for benefits already paid by the Company.

Insurance policies that do not meet the above criteria are treated as non-current investments and are held at fair value as a non-current financial asset in the consolidated balance sheets.

The actuarial valuations used to determine the cost of defined benefit pension plans and their present value involve making assumptions about discount rates, expected rates of return on assets, future salary and pension increases, inflation rates and mortality rates. Any changes in these assumptions will impact the carrying amount of pension obligations. In determining the appropriate discount rate management considers the interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. Other assumptions are based in part on current market conditions.

The current service cost is recognized in the consolidated statements of earnings as an employee benefit expense. The interest cost resulting from the increase in the present value of the defined benefit obligations over time and the expected return on plan assets, is recognized as net finance cost or income. A curtailment arises when a defined benefit pension plan is amended or restructured and results in a significant reduction in plan benefits. Actuarial gains and losses arising from experience adjustments or changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise. Additional information is disclosed in note 16 to the audited consolidated financial statements.

9. Integrity of Disclosure

Our management assumes the responsibility for the existence of appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete and reliable. The Board of Directors carries out this responsibility mainly through its Audit and Risk Management Committee.

CGI has a formal Corporate Disclosure Policy as a part of its Fundamental Texts whose goal is to raise awareness of the Company's approach to disclosure among the Board of Directors, senior management and employees. The Board of Directors has established a Disclosure Policy Committee responsible for all regulatory disclosure requirements and overseeing the Company's disclosure practices.

The Audit and Risk Management Committee of CGI is composed entirely of independent directors who meet the independence and experience requirements of the New York Stock Exchange as well as those that apply under Canadian securities regulation. The responsibilities of our Audit and Risk Management Committee include: a) reviewing of all our public disclosure documents containing audited or unaudited financial information; b) identifying and examining the financial and operating risks to which we are exposed and reviewing the various policies and practices that are intended to manage those risks; c) reviewing and assessing of the effectiveness of our accounting policies and practices concerning financial reporting; d) reviewing and monitoring our internal control procedures, programs and policies and assessing of the adequacy and effectiveness thereof; e) reviewing the adequacy of our internal audit resources including the mandate and objectives of the internal auditor; f) recommending to the Board of Directors of CGI on the appointment of external auditors, the assertion of the external auditors' independence, the review of the terms of their engagement as well as pursuing ongoing discussions with them; g) reviewing of the audit procedures; h) reviewing of related party transactions; and i) carrying out such other responsibilities usually attributed to audit and risk committees or as directed by our Board of Directors.

The Company evaluated the effectiveness of its disclosure controls and procedures and internal controls over financial reporting, supervised by and with the participation of the Chief Executive Officer and the Chief Financial Officer as of September 30, 2013. The Chief Executive Officer and Chief Financial Officer concluded that, based on this evaluation, the Company's disclosure controls and procedures and internal controls over financial reporting were adequate and effective, at a reasonable level of assurance, to ensure that material information related to the Company and its consolidated subsidiaries would be made known to them by others within those entities.

10. Risk Environment

10.1. RISKS AND UNCERTAINTIES

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

10.1.1. Risks Related to the Market

Economic risk

The level of business activity of our clients, which is affected by economic conditions, has a bearing upon the results of our operations. We can neither predict the impact that current economic conditions will have on our future revenue, nor predict when economic conditions will show meaningful improvement. During an economic downturn, our clients and potential clients may cancel, reduce or defer existing contracts and delay entering into new engagements. In general, companies also decide to undertake fewer IT systems projects during difficult economic times, resulting in limited

implementation of new technology and smaller engagements. Since there are fewer engagements in a downturn, competition usually increases and pricing for services may decline as competitors, particularly companies with significant financial resources, decrease rates to maintain or increase their market share in our industry and this may trigger pricing adjustments related to the benchmarking obligations within our contracts. Our pricing, revenue and profitability could be negatively impacted as a result of these factors.

10.1.2. Risks Related to our Industry

The competition for contracts

CGI operates in a global marketplace in which competition among providers of IT services is vigorous. Some of our competitors possess greater financial, marketing, sales resources, and larger geographic scope in certain parts of the world than we do, which, in turn, provides them with additional leverage in the competition for contracts. In certain niche, regional or metropolitan markets, we face smaller competitors with specialized capabilities who may be able to provide competing services with greater economic efficiency. Some of our competitors have more significant operations than we do in lower cost countries that can serve as a platform from which to provide services worldwide on terms that may be more favourable. Increased competition among IT services firms often results in corresponding pressure on prices. There can be no assurance that we will succeed in providing competitively priced services at levels of service and quality that will enable us to maintain and grow our market share.

The availability and retention of qualified IT professionals

There is strong demand for qualified individuals in the IT industry. Hiring and retaining a sufficient amount of individuals with the desired knowledge and skill set may be difficult. Therefore, it is important that we remain able to successfully attract and retain highly qualified professionals and establish an effective succession plan. If our comprehensive programs aimed at attracting and retaining qualified and dedicated professionals do not ensure that we have staff in sufficient numbers and with the appropriate training, expertise and suitable government security clearances required to serve the needs of our clients, we may have to rely on subcontractors or transfers of staff to fill resulting gaps. If our succession plan fails to identify those with potential or to develop these key individuals, we may lose key members and be required to recruit and train these new resources. This might result in lost revenue or increased costs, thereby putting pressure on our earnings.

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

The rapid pace of change in all aspects of information technology and the continually declining costs of acquiring and maintaining information technology infrastructure mean that we must anticipate changes in our clients' needs. To do so, we must adapt our services and our solutions so that we maintain and improve our competitive advantage and remain able to provide cost effective services. The market for the services and solutions we offer is extremely competitive and there can be no assurance that we will succeed in developing and adapting our business in a timely manner. If we do not keep pace, our ability to retain existing clients and gain new business may be adversely affected. This may result in pressure on our revenue, profit margin and resulting cash flows from operations.

Infringing on the intellectual property rights of others

Despite our efforts, the steps we take to ensure that our services and offerings do not infringe on the intellectual property rights of third parties may not be adequate to prevent infringement and, as a result, claims may be asserted against us or our clients. We enter into licensing agreements for the right to use intellectual property and may otherwise offer indemnities against liability and damages arising from third-party claims of patent, copyright, trademark or trade secret

infringement in respect of our own intellectual property or software or other solutions developed for our clients. In some instances, the amount of these indemnity claims could be greater than the revenue we receive from the client. Intellectual property claims or litigation could be time-consuming and costly, harm our reputation, require us to enter into additional royalty or licensing arrangements, or prevent us from providing some solutions or services. Any limitation on our ability to sell or use solutions or services that incorporate software or technologies that are the subject of a claim could cause us to lose revenue-generating opportunities or require us to incur additional expenses to modify solutions for future projects.

Benchmarking provisions within certain contracts

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

Protecting our intellectual property rights

Our success depends, in part, on our ability to protect our proprietary methodologies, processes, know-how, tools, techniques and other intellectual property that we use to provide our services. CGI's business solutions will generally benefit from available copyright protection and, in some cases, patent protection. Although CGI takes reasonable steps to protect and enforce its intellectual property rights, there is no assurance that such measures will be enforceable or adequate. The cost of enforcing our rights can be substantial and, in certain cases, may prove to be uneconomic. In addition, the laws of some countries in which we conduct business may offer only limited intellectual property rights protection. Despite our efforts, the steps taken to protect our intellectual property may not be adequate to prevent or deter infringement or other misappropriation of intellectual property, and we may not be able to detect unauthorized use of our intellectual property, or take appropriate steps to enforce our intellectual property rights.

10.1.3. Risks Related to our Business

Risks associated with our growth strategy

CGI's Build and Buy strategy is founded on four pillars of growth: first, organic growth through contract wins, renewals and extensions in the areas of outsourcing and system integration; second, the pursuit of new large outsourcing contracts; third, acquisitions of smaller firms or niche players; and fourth, transformational acquisitions.

Our ability to grow through organic growth and new large outsourcing transactions is affected by a number of factors outside of our control, including a lengthening of our sales cycle for major outsourcing contracts.

Our ability to grow through niche and transformational acquisitions requires that we identify suitable acquisition targets and that we correctly evaluate their potential as transactions that will meet our financial and operational objectives. There can be no assurance that we will be able to identify suitable acquisition candidates and consummate additional acquisitions that meet our economic thresholds, or that future acquisitions will be successfully integrated into our operations and yield the tangible accretive value that had been expected.

If we are unable to implement our Build and Buy strategy, we will likely be unable to maintain our historic or expected growth rates.

The variability of financial results

Our ability to maintain and increase our revenues is affected not only by our success in implementing our Build and Buy strategy, but also by a number of other factors, including: our ability to introduce and deliver new services and products; a lengthened sales cycle; the cyclical nature of purchases of technology services and products; the nature of a customer's business; and the structure of agreements with customers. These, and other factors, make it difficult to predict financial results for any given period.

Business mix variations

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

The financial and operational risks inherent in worldwide operations

We manage operations in numerous countries around the world. The scope of our operations subjects us to various issues that can negatively impact our operations: the fluctuations of currency (see foreign exchange risk); the burden of complying with a wide variety of national and local laws (see regulatory risk); the differences in and uncertainties arising from local business culture and practices; political, social and economic instability including the threats of terrorism, civil unrest, war, natural disasters and pandemic illnesses. Any or all of these risks could impact our global business operations and cause our profitability to decline.

Organizational challenges associated with our size

With the acquisition of Logica, our organization has more than doubled in size with expanded operations in both Europe and Asia. Our culture, standards, core values, internal controls and our policies need to be instilled across the newly acquired businesses as well as maintained within our existing operations. To effectively communicate and manage these standards throughout a large global organization is both challenging and time consuming. Newly acquired businesses may be resistant to change and may remain attached to past methods, standards and practices which may compromise our business agility in pursuing opportunities. Cultural differences in various countries may also present barriers to introducing new ideas or aligning our vision and strategy with the rest of the organization. If we cannot overcome these obstacles in maintaining a strategic bond throughout the Company worldwide, we may not be able to achieve our growth and profitability objectives.

Taxes

In estimating our income tax payable, management uses accounting principles to determine income tax positions that are likely to be sustained by applicable tax authorities. However, there is no assurance that our tax benefits or tax liability will not materially differ from our estimates or expectations. The tax legislation, regulation and interpretation that apply to our operations are continually changing. In addition, future tax benefits and liabilities are dependent on factors that are inherently uncertain and subject to change, including future earnings, future tax rates, and anticipated business mix in the various jurisdictions in which we operate. Moreover, our tax returns are continually subject to review by applicable tax authorities; it is these tax authorities that will make the final determination of the actual amounts of taxes payable or receivable, of any future tax benefits or liabilities and of income tax expense that we may ultimately recognize. Any of the above factors could have a material adverse effect on our net income or cash flows by affecting our operations and profitability, the availability of tax credits, the cost of the services we provide, and the availability of deductions for operating losses as we develop our international service delivery capabilities.

Credit risk with respect to accounts receivable

In order to sustain our cash flows and net earnings from operations, we must collect the amounts owed to us in an efficient and timely manner. Although we maintain provisions to account for anticipated shortfalls in amounts collected, the

provisions we take are based on management estimates and on our assessment of our clients' creditworthiness which may prove to be inadequate in the light of actual results. To the extent that we fail to perform our services in accordance with our contracts and our clients' reasonable expectations, and to the extent that we fail to invoice clients for our services correctly in a timely manner, our collections could suffer resulting in a direct and adverse effect to our revenue, net earnings and cash flows. In addition, a prolonged economic downturn may cause clients to curtail or defer projects, impair their ability to pay for services already provided, and ultimately cause them to default on existing contracts, in each case, causing a shortfall in revenue and impairing our future prospects.

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

Consolidation among our clients resulting from mergers and acquisitions may result in loss or reduction of business when the successor business' information technology needs are served by another service provider or are provided by the successor Company's own personnel. Growth in a client's information technology needs resulting from acquisitions or operations may mean that we no longer have a sufficient geographic scope or the critical mass to serve the client's needs efficiently, resulting in the loss of the client's business and impairing our future prospects. There can be no assurance that we will be able to achieve the objectives of our growth strategy in order to maintain and increase our geographic scope and critical mass in our targeted markets.

Early termination risk

If we should fail to deliver our services according to contractual agreements, some of our clients could elect to terminate contracts before their agreed expiry date, which would result in a reduction of our earnings and cash flow and may impact the value of our backlog. In addition, a number of our outsourcing contractual agreements have termination for convenience and change of control clauses according to which a change in the client's intentions or a change in control of CGI could lead to a termination of the said agreements. Early contract termination can also result from the exercise of a legal right or when circumstances that are beyond our control or beyond the control of our client prevent the contract from continuing. In cases of early termination, we may not be able to recover capitalized contract costs and we may not be able to eliminate ongoing costs incurred to support the contract.

Cost estimation risks

In order to generate acceptable margins, our pricing for services is dependent on our ability to accurately estimate the costs and timing for completing projects or long-term outsourcing contracts. In addition, a significant portion of our project-oriented contracts are performed on a fixed-price basis. Billing for fixed-price engagements is carried out in accordance with the contract terms agreed upon with our client, and revenue is recognized based on the percentage of effort incurred to date in relation to the total estimated costs to be incurred over the duration of the respective contract. These estimates reflect our best judgment regarding the efficiencies of our methodologies and professionals as we plan to apply them to the contracts in accordance with the CGI Client Partnership Management Framework ("CPMF"), a process framework which helps ensure that all contracts are managed according to the same high standards throughout the organization. If we fail to apply the CPMF correctly or if we are unsuccessful in accurately estimating the time or resources required to fulfil our obligations under a contract, or if unexpected factors, including those outside of our control, arise, there may be an impact on costs or the delivery schedule which could have an adverse effect on our expected profit margins.

Risks related to teaming agreements and subcontracts

We derive substantial revenues from contracts where we enter into teaming agreements with other providers. In some teaming agreements we are the prime contractor whereas in others we act as a subcontractor. In both cases, we rely on our relationships with other providers to generate business and we expect to do so in the foreseeable future. Where we

act as prime contractor, if we fail to maintain our relationships with other providers, we may have difficulty attracting suitable participants in our teaming agreements. Similarly, where we act as subcontractor, if our relationships are impaired, other providers might reduce the work they award to us, award that work to our competitors, or choose to offer the services directly to the client in order to compete with our business. In either case, our business, prospects, financial condition and operating results could be harmed.

Our partners' ability to deliver on their commitments

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

Guarantees risk

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

Risk related to human resources utilization rates

In order to maintain our profit margin, it is important that we maintain the appropriate availability of professional resources in each of our geographies by having a high utilization rate while still being able to assign additional resources to new work. Maintaining an efficient utilization rate requires us to forecast our need for professional resources accurately and to manage recruitment activities, professional training programs, attrition rates and restructuring programs appropriately. To the extent that we fail to do so, or to the extent that laws and regulations, particularly those in Europe, restrict our ability to do so, our utilization rates may be reduced; thereby having an impact on our revenue and profitability. Conversely, we may find that we do not have sufficient resources to deploy against new business opportunities in which case our ability to grow our revenue would suffer.

Client concentration risk

We derive a significant portion of our revenue from the services we provide to the U.S. federal government and its agencies, and we expect that this will continue for the foreseeable future. In the event that a major U.S. federal government agency were to limit, reduce, or eliminate the business it awards to us, we might be unable to recover the lost revenue with work from other agencies or other clients, and our business, prospects, financial condition and operating results could be materially and adversely affected. Although IFRS considers a national government and its agencies as a single client, our client base in the U.S. government economic sector is in fact diversified with contracts from many different departments and agencies.

Government business risk

Changes in government spending policies or budget priorities could directly affect our financial performance. Among the factors that could harm our government contracting business are the curtailment of governments' use of consulting and IT services firms; a significant decline in spending by governments in general, or by specific departments or agencies in

particular; the adoption of new legislation and/or actions affecting companies that provide services to governments; delays in the payment of our invoices by government payment offices; and general economic and political conditions. These or other factors could cause government agencies and departments to reduce their purchases under contracts, to exercise their right to terminate contracts, to issue temporary stop work orders, or not to exercise options to renew contracts, any of which would cause us to lose future revenue. Government spending reductions or budget cutbacks at these departments or agencies could materially harm our continued performance under these contracts, or limit the awarding of additional contracts from these agencies.

Regulatory risk

Our global operations require us to be compliant with laws in many jurisdictions on matters such as: anticorruption, trade restrictions, immigration, taxation, securities regulation, anti-competition, data privacy and labour relations, amongst others. Complying with these diverse requirements worldwide is a challenge and consumes significant resources. Some of these laws may impose conflicting requirements; we may face the absence in some jurisdictions of effective laws to protect our intellectual property rights; there may be restrictions on the movement of cash and other assets; or restrictions on the import and export of certain technologies; or restrictions on the repatriation of earnings and reduce our earnings, all of which may expose us to penalties for non-compliance and harm our reputation.

Our business with the U.S. federal government and its agencies requires that we comply with complex laws and regulations relating to government contracts. These laws relate to the integrity of the procurement process, impose disclosure requirements, and address national security concerns, among others matters. For instance, we are routinely subject to audits by U.S. government agencies with respect to compliance with these rules. If we fail to comply with these requirements we may incur penalties and sanctions, including contract termination, suspension of payments, suspension or debarment from doing business with the federal government, and fines.

Legal claims made against our work

We create, implement and maintain IT solutions that are often critical to the operations of our clients' business. Our ability to complete large projects as expected could be adversely affected by unanticipated delays, renegotiations, and changing client requirements or project delays. Also, our solutions may suffer from defects that adversely affect their performance; they may not meet our clients' requirements or may fail to perform in accordance with applicable service levels. Such problems could subject us to legal liability, which could adversely affect our business, operating results and financial condition, and may negatively affect our professional reputation. We typically use reasonable efforts to include provisions in our contracts which are designed to limit our exposure to legal claims relating to our services and the applications we develop. We may not always be able to include such provisions and, where we are successful, they may not protect us adequately or may not be enforceable under some circumstances or under the laws of some jurisdictions.

Information and infrastructure risks

Our business often requires that our clients' applications and information, which may include their proprietary information, be processed and stored on our networks and systems, and in data centres that we manage. Digital information and equipment is subject to loss, theft or destruction, and services that we provide may become temporarily unavailable as a result thereof or upon an equipment or system malfunction. Failures can arise from human error in the course of normal operations, maintenance and upgrading activities, or from hacking, vandalism (including denial of service attacks and computer viruses), theft and unauthorized access by third parties, as well as from power outages or surges, floods, fires, natural disasters or from any other causes. The measures that we take to protect information and software, including both physical and logical controls on access to premises and information and backup systems may prove in some circumstances to be inadequate to prevent the loss, theft or destruction of client information or service interruptions. Such events may expose the Company to financial loss or damages.

Risk of harm to our reputation

CGI's reputation as a capable and trustworthy service provider and long term business partner is key to our ability to compete effectively in the market for information technology services. The nature of our operations exposes us to the potential loss, unauthorized access to, or destruction of our clients' information, as well as temporary service interruptions. Depending on the nature of the information or services, such events may have a negative impact on how the Company is perceived in the marketplace. Under such circumstances, our ability to obtain new clients and retain existing clients could suffer with a resulting impact on our revenue and profit.

Risks associated with the integration of new operations

The successful integration of new operations arising from our acquisition strategy or from large outsourcing contracts requires that a substantial amount of management time and attention be focused on integration tasks. Management time that is devoted to integration activities may detract from management's normal operations focus with resulting pressure on the revenues and earnings from our existing operations. In addition, we may face complex and potentially time-consuming challenges in implementing the uniform standards, controls, procedures and policies across new operations to harmonize their activities with those of our existing business units. Integration activities can result in unanticipated operational problems, expenses and liabilities. If we are not successful in executing our integration strategies in a timely and cost-effective manner, we will have difficulty achieving our growth and profitability objectives.

Internal controls risks

Due to the inherent limitations of internal controls including the circumvention or overriding of controls, or fraud, there can only be reasonable assurance that the Company's internal controls will detect and prevent a misstatement. If the Company is unable to design, implement, monitor and maintain effective internal controls throughout its different business environments, the efficiency of our operations might suffer, resulting in a decline in revenue and profitability, and the accuracy of our financial reporting could be impaired.

Liquidity and funding risks

The Company's future growth is contingent on the execution of its business strategy, which, in turn, is dependent on its ability to grow the business organically as well as conclude business acquisitions. By its nature, our growth strategy requires us to fund the investments required to be made using a mix of cash generated from our existing operations, money borrowed under our existing or future credit agreements, and equity funding generated by the issuance of shares of our capital stock to counterparties in transactions, or to the general public. Our ability to raise the required funding depends on the capacity of the capital markets to meet our financing needs in a timely fashion and on the basis of interest

rates and share prices that are reasonable in the context of profitability objectives. Increasing interest rates, volatility in our share price, and the capacity of our current lenders to meet our liquidity requirements are all factors that may have an adverse effect on our access to the funding we require. If we are unable to obtain the necessary funding, we may be unable to achieve our growth objectives.

Foreign exchange risk

The majority of our revenue and costs are denominated in currencies other than the Canadian dollar. Foreign exchange fluctuations impact the results of our operations as they are reported in Canadian dollars. This risk is partially mitigated by a natural hedge in matching our costs with revenue denominated in the same currency and through the use of derivatives in our hedging strategy. As we continue our global expansion, natural hedges may begin to diminish and the use of hedging contracts exposes us to the risk that financial institutions will fail to perform their obligations under our hedging instruments. Other than the use of financial products to deliver on our hedging strategy, we do not trade derivative financial instruments.

With our expanded presence in Europe, if uncertainty regarding the ability of certain European countries to continue servicing their sovereign debt or if austerity measures persist, the euro may weaken against the Canadian dollar. Similarly, if other currencies of countries where we operate weaken against the Canadian dollar, our consolidated financial results could be materially adversely impaired.

10.2. LEGAL PROCEEDINGS

The Company is involved in legal proceedings, audits, claims and litigation arising in the ordinary course of its business. Certain of these matters seek damages in significant amounts. Although the outcome of such matters is not predictable with assurance, the Company has no reason to believe that the disposition of any such current matter could reasonably be expected to have a material adverse effect on the Company's financial position, results of operations or the ability to carry on any of its business activities. Please refer to Note 29 to the audited consolidated financial statements for more detailed information for legal proceedings.

Transfer Agent

Computershare Investor Services Inc.
(800) 564-6253

Investor Relations

Lorne Gorber
Senior Vice-President, Global Communications & Investor Relations
Telephone: (514) 841-3355
lorne.gorber@cgi.com

1350 René-Lévesque Boulevard West
15th Floor
Montreal, Quebec
H3G 1T4
Canada

SIGNATURES

Pursuant to the requirements of the Exchange Act, the registrant certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereto duly authorized.

Groupe CGI Inc./CGI Group Inc.

By: /s/ Benoit Dubé

Date: December 23, 2013

Name: Benoit Dubé

Title: Executive Vice-President and
Chief Legal Officer

EXHIBIT INDEX

- 23.1 Consent of Ernst & Young LLP
- 99.1 Certification of the Registrant's Chief Executive Officer required pursuant to Rule 13a-14(a).
- 99.2 Certification of the Registrant's Chief Financial Officer required pursuant to Rule 13a-14(a).
- 99.3 Certification of the Registrant's Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 99.4 Certification of the Registrant's Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

**CONSENT OF INDEPENDENT REGISTERED
PUBLIC ACCOUNTING FIRM**

We consent to the use in this Annual Report [Form 40-F] of **CGI Group Inc.** [the “Company”] of our report dated November 13, 2013 with respect to the consolidated financial statements of the Company as of and for the years ended September 30, 2013 and 2012 included herein and our report dated November 13, 2013 with respect to the effectiveness of internal control over financial reporting as of September 30, 2013.

We also consent to the incorporation by reference in Registration Statements [Form S-8 Nos. 333-112021, 333-13350, 333-66044, 333-74932, 333-146175 and 333-177013] pertaining to the Company’s stock option plans of our reports dated November 13, 2013 with respect to the consolidated financial statements of the Company as of and for the years ended September 30, 2013 and 2012 included herein and the effectiveness of internal control over financial reporting as of September 30, 2013.

/s/ Ernst & Young LLP¹
Montréal, Canada
December 23, 2013

1 CPA auditor, CA, public accountancy permit No. A112431

CERTIFICATION

I, Michael E. Roach, certify that:

1. I have reviewed this annual report on Form 40-F of CGI Group Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;
4. The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and
5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: December 23, 2013

/s/ Michael E. Roach
Michael E. Roach
President and Chief Executive Officer

CERTIFICATION

I, R. David Anderson, certify that:

1. I have reviewed this annual report on Form 40-F of CGI Group Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;
4. The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and
5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: December 23, 2013

/s/ R. David Anderson

R. David Anderson
Executive Vice-President and Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION. 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the filing of the Annual Report on Form 40-F for the fiscal year ended September 30, 2013 (the "Report") by CGI Group Inc. (the "Company"), the undersigned, as the Chief Executive Officer of the Company, hereby certifies pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- the Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: December 23, 2013

/s/ Michael E. Roach

Michael E. Roach

President and Chief Executive Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION. 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the filing of the Annual Report on Form 40-F for the fiscal year ended September 30, 2013 (the "Report") by CGI Group Inc. (the "Company"), the undersigned, as the Chief Financial Officer of the Company, hereby certifies pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- the Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: December 23, 2013

/s/ R. David Anderson

R. David Anderson
Executive Vice-President and Chief Financial Officer

SECTION 3: FORM 6-K

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 6-K

**REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 OF
THE SECURITIES EXCHANGE ACT OF 1934**

For the month of January 2014

Commission File Number 1-14858

CGI Group Inc.

(Translation of Registrant's Name Into English)

**1350 René-Lévesque Boulevard West
15th Floor
Montreal, Quebec
Canada H3G 1T4**
(Address of Principal Executive Offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F ☐ Form 40-F ☒

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ____

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ____

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's "home country"), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes ☐ No ☒

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-_____.

Enclosure: MD&A for the first quarter ended December 31, 2013 and consolidated unaudited financial statements for the three months ended December 31, 2013 and 2012.

This Form 6-K shall be deemed incorporated by reference in the Registrant's Registration Statement on Form S-8, Reg. Nos. 333-13350, 333-66044, 333-74932, 333-112021, 333-146175, and 333-177013.

The following are filed herewith and incorporated herein:

Exhibit Number	Description
99.1	Management's Discussion and Analysis of Financial Position and Results of Operations for the first quarter ended December 31, 2014.
99.2	Consolidated unaudited financial statements for the three months ended December 31, 2013 and 2012.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CGI GROUP INC.
(Registrant)

Date: January 29, 2014

By /s/ Benoit Dubé
Name: Benoit Dubé
Title: Executive Vice-President and Chief Legal Officer



MANAGEMENT'S DISCUSSION AND ANALYSIS
Q1 2014

January 29, 2014

Basis of Presentation

This Management's Discussion and Analysis of the Financial Position and Results of Operations ("MD&A") is the responsibility of management and has been reviewed and approved by the Board of Directors. This MD&A has been prepared in accordance with the requirements of the Canadian Securities Administrators. The Board of Directors is ultimately responsible for reviewing and approving the MD&A. The Board of Directors carries out this responsibility mainly through its Audit and Risk Management Committee, which is appointed by the Board of Directors and is comprised entirely of independent and financially literate directors.

Throughout this document, CGI Group Inc. is referred to as "CGI", "we", "our" or "Company". This MD&A provides information management believes is relevant to an assessment and understanding of the consolidated results of operations and financial condition of the Company. This document should be read in conjunction with the interim condensed consolidated financial statements and the notes thereto for the three months ended December 31, 2013 and 2012. CGI's accounting policies are in accordance with International Financials Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). All dollar amounts are in Canadian dollars unless otherwise indicated.

Materiality of Disclosures

This MD&A includes information we believe is material to investors. We consider something to be material if it results in, or would reasonably be expected to result in, a significant change in the market price or value of our shares, or if it is likely that a reasonable investor would consider the information to be important in making an investment decision.

Forward-Looking Statements

All statements in this MD&A that do not directly and exclusively relate to historical facts constitute "forward-looking statements" within the meaning of that term in Section 27A of the United States Securities Act of 1933, as amended, and Section 21E of the United States Securities Exchange Act of 1934, as amended, and are "forward-looking information" within the meaning of Canadian securities laws. These statements and this information represent CGI's intentions, plans, expectations and beliefs, and are subject to risks, uncertainties and other factors, of which many are beyond the control of the Company. These factors could cause actual results to differ materially from such forward-looking statements or forward-looking information. These factors include but are not restricted to: the timing and size of new contracts; acquisitions and other corporate developments; the ability to attract and retain qualified members; market competition in the rapidly evolving information technology industry; general economic and business conditions; foreign exchange and other risks identified in the MD&A, in CGI's Annual Report on Form 40-F filed with the U.S. Securities and Exchange Commission (filed on EDGAR at www.sec.gov), the Company's Annual Information Form filed with the Canadian securities authorities (filed on SEDAR at www.sedar.com), as well as assumptions regarding the foregoing. The words "believe," "estimate," "expect," "intend," "anticipate," "foresee," "plan," and similar expressions and variations thereof, identify certain of such forward-looking statements or forward-looking information, which speak only as of the date on which they are made. In particular, statements relating to future performance are forward-looking statements and forward-looking information. CGI disclaims any intention or obligation to publicly update or revise any forward-looking statements or forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable law. Readers are cautioned not to place undue reliance on these forward-looking statements or on this forward-looking information. You will find more information about the risks that could cause our actual results to differ significantly from our current expectations in Section 8 – Risk Environment.

Non-GAAP Measures

The reader should note that the Company reports its financial results in accordance with IFRS. However, in this MD&A, certain non-GAAP financial measures are used:

1. Earnings before integration-related costs, finance costs, finance income and income tax expense ("adjusted EBIT");
2. Constant currency growth;
3. Days sales outstanding ("DSO");
4. Return on invested capital ("ROIC");
5. Return on equity ("ROE");
6. Net debt; and
7. Net debt to capitalization ratio.

Management believes that these non-GAAP measures provide useful information to investors regarding the Company's financial condition and results of operations as they provide additional measures of its performance. These non-GAAP measures do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. These measures should be considered as supplemental in nature and not as a substitute for the related financial information prepared in accordance with IFRS.

A reconciliation of adjusted EBIT to its closest IFRS measure can be found on page 20. Definitions of constant currency growth, DSO, ROIC, ROE, net debt and net debt to capitalization are provided on page 8. A reconciliation of net debt to its closest IFRS measure and a discussion of DSO, ROIC, ROE and net debt to capitalization can be found on page 27.

Reporting Segments

The Company is managed through the following seven operating segments, namely: Canada; United States of America ("U.S."); Nordics, Southern Europe and South America ("NSES"); Central and Eastern Europe (including the Netherlands, Germany, and Belgium) ("CEE"); United Kingdom ("U.K."); Asia Pacific (including Australia, India, the Philippines and the Middle East); and France (including Luxembourg and Morocco). Please refer to section 3.4 and 3.6 of the present document and to Note 10 of our interim condensed consolidated financial statements for additional information on our segments.

MD&A Objectives and Contents

- Provide a narrative explanation of the interim condensed consolidated financial statements through the eyes of management;
- Provide the context within which the interim condensed consolidated financial statements should be analyzed, by giving enhanced disclosure about the dynamics and trends of the Company's business; and
- Provide information to assist the reader in ascertaining the likelihood that past performance is indicative of future performance.

In order to achieve these objectives, this MD&A is presented in the following main sections:

<u>Section</u>	<u>Contents</u>	<u>Pages</u>
1. Corporate Overview	This includes a description of our business and how we generate revenue as well as the markets in which we operate.	
	1.1. About CGI	5
	1.2. Vision and Strategy	6
	1.3. Competitive Environment	6
2. Highlights and Key Performance Measures	A summary of key achievements during the quarter, the past eight quarter's key performance measures, and CGI's share performance.	
	2.1. Q1 2014 Highlights	7
	2.2. Key Performance Measures Defined	8
	2.3. Selected Quarterly Information & Key Performance Measures	9
	2.4. Stock Performance	10
3. Financial Review	A discussion of year-over-year changes to operating results for the three months ended December 31, 2013 and 2012, describing the factors affecting revenue and adjusted EBIT on a consolidated and reportable segment basis, and also by describing the factors affecting changes in the major expense categories. Also discussed are bookings broken down by geography, by vertical market, by contract type and by service type.	
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	3.7. Earnings before Income Taxes	20
	3.8. Net Earnings and Earnings Per Share ("EPS")	21

<u>Section</u>	<u>Contents</u>	<u>Pages</u>
4. Liquidity	This includes a discussion of changes in cash flows from operating, investing and financing activities. This section also describes the Company's available capital resources, financial instruments, and off-balance sheet financing and guarantees. Measures of liquidity (days sales outstanding) and capital structure (return on equity, net debt to capitalization, and return on invested capital) are analyzed on a year-over-year basis.	
	4.1. Interim Condensed Consolidated Statements of Cash Flows	23
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	4.3. Contractual Obligations	26
	4.4. Financial Instruments and Hedging Transactions	26
	4.5. Selected Measures of Liquidity and Capital Resources	27
	4.6. Off-Balance Sheet Financing and Guarantees	27
	4.7. Capability to Deliver Results	28
5. Changes in Accounting Standards	A summary of the new and amended accounting standards adopted.	29
6. Critical Accounting Estimates	A discussion of the estimates and judgements made in the preparation of the interim condensed consolidated financial statements.	30
7. Integrity of Disclosure	A discussion of the existence of appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete and reliable.	35
8. Risk Environment	A discussion of the risks affecting our business activities and what may be the impact if these risks are realized.	
	8.1 Risks and Uncertainties	36
	8.2 Legal Proceedings	43
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1. Corporate Overview

1.1. ABOUT CGI

Founded in 1976 and headquartered in Montreal, Canada, CGI is the fifth largest independent information technology and business process services firm in the world. CGI has approximately 68,000 employees, whom we refer to as members, worldwide. The Company's client-proximity model provides for CGI services and solutions to be delivered in a number of ways and considering a number of factors: onsite at clients' premises; or from any combination of onsite, near-shore and/or offshore delivery centers. We also have a number of leading business solutions that support long-term client relationships. Our services are broken down as:

- Consulting – CGI provides a full range of IT and management consulting services, including business transformation, IT strategic planning, business process engineering and systems architecture.
- Systems integration – CGI integrates and customizes leading technologies and software applications to create IT systems that respond to clients' strategic needs.
- Management of IT and business functions ("outsourcing") – Clients delegate entire or partial responsibility for their IT or business functions to CGI to achieve significant savings and access the best suited technology, while retaining control over strategic IT and business functions. As part of such agreements, we implement our quality processes and practices to improve the efficiency of the clients' operations. We also integrate clients' operations into our technology network. Finally, we may take on specialized professionals from our clients, enabling our clients to focus on key operations. Services provided as part of an outsourcing contract may include development and integration of new projects and applications; applications maintenance and support; technology infrastructure management (enterprise and end-user computing and network services); transaction and business processing such as payroll, claims processing, and document management services. Outsourcing contracts typically have terms from five to ten years.

CGI offers its end-to-end services to a focused set of industry vertical markets where we have developed extensive and deep subject matter expertise. This allows us to fully understand our clients' business realities and to have the knowledge and solutions needed to advance their business goals. Our targeted vertical markets include the following:

- Financial services – Helping financial institutions, including most major banks and top insurers, to reduce costs, increase efficiency and improve customer service.
- Government – Supporting over 2,000 government organizations in reducing costs and improving the efficiency, quality and accountability of public service organizations, all while increasing citizen engagement.
- Health – Helping more than 1,000 healthcare facilities, hospitals and departments of health implement solutions for better care, better business and better outcomes.
- Telecommunications and utilities – Helping six of the top ten largest global telecommunications providers and eight of the top ten largest European utilities deliver new revenue streams and improve productivity and service.
- Manufacturing, retail and distribution ("MRD") – Enabling business transformation for more than 2,000 clients by improving efficiency and loyalty, lowering costs and boosting sustainable growth.

CGI has a wide range of proprietary business solutions which help shape opportunities and drive value for our clients and shareholders. Examples of these include Enterprise Resource Planning solutions, energy management, credit and debt collections, tax management, claims auditing and fraud detection.

We take great pride in delivering high quality services to our clients. To do so consistently, we have implemented and continue to maintain the International Organization for Standardization ("ISO") quality program. By designing and implementing rigorous service delivery and quality standards, followed by monitoring and measurement, we are better able to satisfy our clients' needs. As a measure of the scope of our ISO program, all of the legacy CGI's business units continue to be certified and the work on harmonizing Logica's processes to apply for the same certification is in progress.

1.2. VISION AND STRATEGY

Our strategy has always been based on long-term fundamentals as highlighted in the September 30, 2013 annual report. Please refer to our 2013 Annual Report or visit www.cgi.com for further details.

1.3. COMPETITIVE ENVIRONMENT

There have been no significant changes to the description outlined in our 2013 Annual Report.

2. Highlights and Key Performance Measures

2.1. Q1 2014 HIGHLIGHTS

Operational highlights for the quarter include:

- Revenue of \$2.6 billion, up 4.4%;
- Bookings of \$2.8 billion, or 106.5% of revenue;
- Backlog of \$19.3 billion, up \$972 million;
- Adjusted EBIT of \$302.9 million, up 44.6%;
- Adjusted EBIT margin of 11.5%, up 320 basis points;
- Net earnings of \$207.9 million or diluted EPS of \$0.65 excluding integration-related costs;
- Net earnings of \$189.8 million or diluted EPS of \$0.60 including integration-related costs;
- Cash provided by operating activities of \$66.3 million;
- Repurchased 2.5 million shares during the quarter; and
- Return on invested capital of 12.7%.

2.1.1. Acquisition of Logica plc

On August 20, 2012, CGI completed its acquisition of Logica for 105 pence (\$1.63) per ordinary share which is equivalent to a total purchase price of \$2.7 billion plus the assumption of Logica's net debt of \$0.9 billion. Subsequent to August 20, 2012, our results incorporated the operations of Logica.

As announced in Q2 2013, the Company decided to stretch its integration goals increasing the annual savings target from \$300 million to \$375 million per year to drive additional long-term savings and EPS accretion. The one-time cost to accomplish the expanded plan had been increased from \$400 million to \$525 million; and the Company expects to complete the integration of Logica by the end of fiscal 2014, a year earlier than planned.

The following table provides a summary of the integration-related figures:

For the year/quarter ended, (In millions of CAD)	Sept. 30, 2012	Sept. 30, 2013	Dec. 31, 2013	To complete the program
Integration-related payable at the beginning of the period	—	101.9	135.8	110.1
<i>Plus:</i>				
Integration-related expenses	109.7	338.4	22.6	54.3
<i>Minus:</i>				
Integration-related payments ¹	8.2	306.4	53.3	164.4
Non-cash integration-related costs	—	7.2	—	—
FX impact ²	0.4	9.1	5.0	—
Integration-related payable at the end of the period	101.9	135.8	110.1	—

¹ The total future cash disbursements will cover the remaining integration-related activities under the Logica integration program.

² These amounts were recorded in other comprehensive income.

2.2. KEY PERFORMANCE MEASURES DEFINED

We use a combination of financial measures, ratios, and non-GAAP measures to assess our Company's performance. The table below summarizes our most relevant key performance measures. The calculated results and the discussion of each indicator follow in the subsequent sections.

Profitability	- Adjusted EBIT – is a measure of earnings before items not directly related to the cost of operations, such as financing costs, integration-related costs, finance income and income tax expense (see definition on page 2). Management believes this best reflects the profitability of our operations. - Diluted earnings per share – is a measure of earnings generated for shareholders on a per share basis, assuming all dilutive elements are exercised.
Liquidity	- Cash provided by operating activities – is a measure of cash generated from managing our day-to-day business operations. We believe strong operating cash flow is indicative of financial flexibility, allowing us to execute our corporate strategy. - Days sales outstanding – is the average number of days to convert our trade receivables and work in progress into cash. Management tracks this metric closely to ensure timely collection, healthy liquidity, and is committed to a DSO target of 45 days.
Growth	- Constant currency growth – is a measure of revenue growth before foreign currency impacts. This growth is calculated by translating current period results in local currency using the conversion rates in the equivalent period from the prior year. We believe that it is helpful to adjust revenue to exclude the impact of currency fluctuations to facilitate period-to-period comparisons of business performance. - Backlog – represents management's best estimate of revenue to be realized in the future based on the terms of respective client agreements in effect at a point in time. - Book-to-bill ratio – is a measure of the proportion of the value of our contract wins to our revenue in the period. This metric allows management to monitor the Company's business development efforts to ensure we grow our backlog and our business over time. Management remains committed to maintaining a target ratio greater than 100% over a 12-month period. Management believes that the longer period is a more effective measure as the size and timing of bookings could cause this measurement to fluctuate significantly if taken for only a three-month period.
Capital Structure	- Net debt and net debt to capitalization ratio – is a measure of our level of financial leverage net of our cash and cash equivalents, short-term investments and marketable long-term investments. Management uses the net debt to capitalization metric to monitor the proportion of debt versus capital used to finance our operations and it provides insight into our financial strength. - Return on equity – is a measure of the rate of return on the ownership interest of our shareholders. Management looks at ROE to measure its efficiency at generating profits for the Company's shareholders and how well the Company uses the invested funds to generate earnings growth. - Return on invested capital – is a measure of the Company's efficiency at allocating the capital under its control to profitable investments. Management examines this ratio to assess how well it is using its money to generate returns.

2.3. SELECTED QUARTERLY INFORMATION & KEY PERFORMANCE MEASURES

As at and for the three months ended, In millions of CAD unless otherwise noted	Dec. 31, 2013	Sept. 30, 2013	June 30, 2013	Mar. 31, 2013	Dec. 31, 2012	Sept. 30, 2012	June 30, 2012	Mar. 31, 2012
Growth								
Backlog ¹	19,253	18,677	18,747	18,019	18,281	17,647	13,610	13,118
Bookings	2,818	2,501	2,754	2,210	2,845	1,523	1,478	787
Book-to-bill ratio	106.5%	101.7%	107.3%	87.5%	112.3%	94.6%	138.8%	73.8%
Revenue	2,644.7	2,458.2	2,567.3	2,526.2	2,532.9	1,609.7	1,064.9	1,065.8
Year-over-year growth	4.4%	52.7%	141.1%	137.0%	145.4%	60.1%	5.1%	(4.1%)
Constant currency growth ²	(1.9%)	48.2%	140.3%	137.1%	147.5%	59.6%	3.0%	(4.8%)
Profitability								
Adjusted EBIT ³	302.9	313.4	291.2	261.6	209.5	114.1	136.3	156.4
Adjusted EBIT margin	11.5%	12.7%	11.3%	10.4%	8.3%	7.1%	12.8%	14.7%
Net earnings	189.8	141.0	178.2	114.2	22.4	(168.0)	87.2	105.7
Net earnings margin	7.2%	5.7%	6.9%	4.5%	0.9%	(10.4%)	8.2%	9.9%
Basic EPS (in dollars)	0.62	0.46	0.58	0.37	0.07	(0.60)	0.34	0.41
Diluted EPS (in dollars)	0.60	0.44	0.56	0.36	0.07	(0.58)	0.33	0.40
Liquidity								
Cash provided by operating activities	66.3	166.4	133.2	147.2	224.5	109.3	251.0	104.2
As a % of revenue	2.5%	6.8%	5.2%	5.8%	8.9%	6.8%	23.6%	9.8%
Days sales outstanding ^{4, 9}	55	49	49	46	46	74	49	53
Capital structure								
Net debt ^{5, 9}	2,890.4	2,739.9	2,873.0	2,914.3	2,964.9	3,105.3	633.4	795.3
Net debt to capitalization ratio ^{6, 9}	38.9%	39.6%	41.1%	43.0%	44.7%	46.5%	19.4%	24.0%
Return on equity ⁷	16.0%	12.3%	4.3%	1.8%	1.7%	5.0%	15.4%	17.4%
Return on invested capital ⁸	12.7%	11.8%	12.3%	11.1%	10.9%	11.4%	11.8%	12.5%
Balance sheet								
Cash and cash equivalents, and short-term investments	206.5	106.3	165.3	167.7	161.6	127.6	82.3	70.2
Total assets ⁹	11,801.0	10,879.3	11,132.8	10,936.6	10,981.8	10,690.2	4,550.4	4,550.4
Long-term financial liabilities ^{9, 10}	3,487.8	3,186.2	3,452.5	3,890.2	4,002.3	4,097.4	854.9	969.8

¹ Backlog includes new contract wins, extensions and renewals ("bookings"), partially offset by the backlog consumed during the quarter as a result of client work performed and adjustments related to the volume, cancellation and/or the impact of foreign currencies to our existing contracts. Backlog incorporates estimates from management that are subject to change.

² Constant currency growth is adjusted to remove the impact of foreign currency exchange rate fluctuations. Please refer to page 15 for details.

³ Adjusted EBIT is a non-GAAP measure for which we provide the reconciliation to its closest IFRS measure on page 20.

⁴ Days sales outstanding are obtained by subtracting deferred revenue from trade accounts receivable and work in progress; the result is divided by the quarter's revenue over 90 days. Deferred revenue is net of the fair value adjustments on revenue-generating contracts assumed through the Logica acquisition.

⁵ Net debt represents the proportion of debt net of cash and cash equivalents, short-term and marketable long-term investments. It is a non-GAAP measure for which we provide the reconciliation to its closest IFRS measure on page 27.

⁶ The net debt to capitalization ratio represents the proportion of debt net of cash and cash equivalents, short-term and marketable long-term investments ("net debt") over the sum of shareholders' equity and debt.

⁷ The return on equity ratio is calculated as the proportion of earnings for the last 12 months over the last four quarters' average equity.

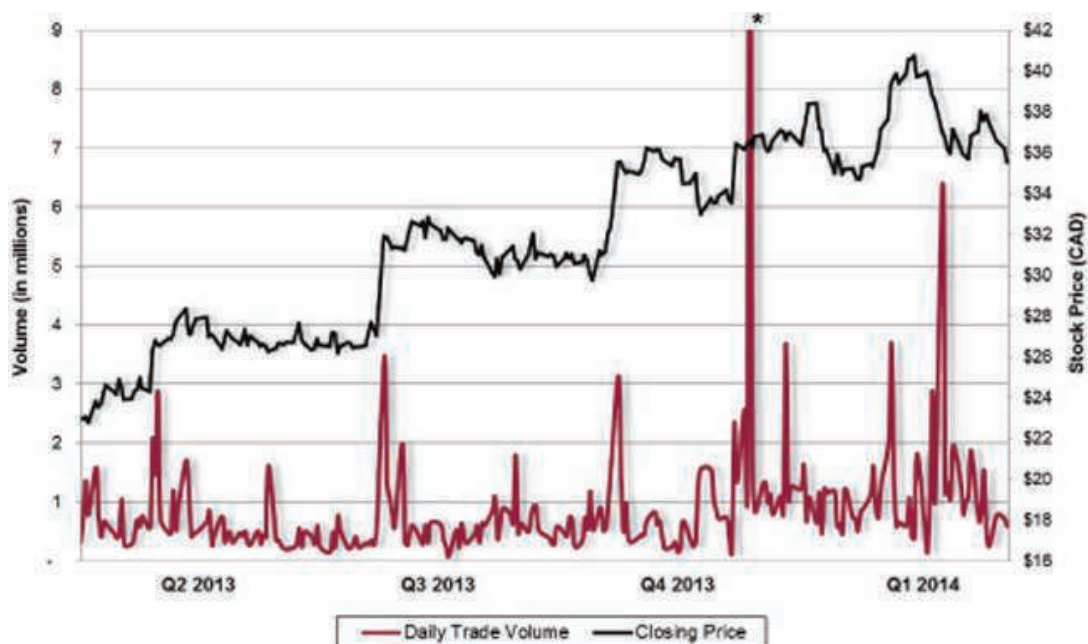
⁸ The return on invested capital ratio represents the proportion of the after-tax adjusted EBIT for the last 12 months, over the last four quarters' average invested capital, which is defined as the sum of equity and debt, less cash and cash equivalents, short-term and marketable long-term investments.

⁹ The reader should note that the figures for Q1 2013 were restated to reflect the preliminary purchase price allocation adjustments made to the opening balance sheet of Logica.

¹⁰ Long-term financial liabilities include the long-term portion of debt, long-term provisions, retirement benefits obligations and other long-term liabilities.

2.4. STOCK PERFORMANCE

CGI Stock Prices (TSX) for the Last Twelve Months



* On September 20, 2013, 17.7 million CGI shares were traded on the TSX, the day CGI was included in the S&P/TSX 60 Index.

2.4.1. Q1 2014 Trading Summary

CGI's shares are listed on the Toronto Stock Exchange ("TSX") (stock quote – GIB.A) and the New York Stock Exchange ("NYSE") (stock quote – GIB) and are included in the S&P/TSX Composite Index, the S&P/TSX 60 Index, the S&P/TSX Capped Information Technology and Midcap Indices, and the Dow Jones Sustainability Index.

TSX	(CDN\$)	NYSE	(US\$)
Open:	35.84	Open:	34.83
High:	41.47	High:	39.47
Low:	34.36	Low:	32.91
Close:	35.54	Close:	33.46
CDN average daily trading volumes*:	1,893,756	U.S. average daily trading volumes:	265,751

* Includes the average daily volumes of both the TSX and alternative trading systems.

2.4.2. Share Repurchase Program

On January 30, 2013, the Company's Board of Directors authorized and subsequently received the approval from the TSX for the renewal of the Normal Course Issuer Bid ("NCIB") to purchase up to 20,685,976 Class A subordinate shares for cancellation, representing approximately 10% of the Company's public float as of the close of business on January 25, 2013. The Class A subordinate shares may be purchased under the NCIB commencing February 11, 2013 and ending on the earlier of February 10, 2014, or the date on which the Company has either acquired the maximum number of Class A subordinate shares allowable under the NCIB, or elects to terminate the NCIB.

During the first quarter of fiscal 2014, CGI repurchased 2,490,660 Class A subordinate shares from Caisse de dépôt et placement du Québec (“CDPQ”) for an aggregate price of approximately \$100 million. In accordance with Toronto Stock Exchange rules, the repurchase has been taken into account when calculating the annual aggregate limit that the Company is entitled to repurchase under its current NCIB. The Company repurchased 3,208,760 of its Class A subordinate shares for a total of \$122.8 million at an average price of \$38.26 since the beginning of the current NCIB program. This represents 15.5% of the total allowable buyback.

On January 29, 2014 the Company’s Board of Directors authorized the renewal of the NCIB and the purchase of up to 10%, or approximately 21.8 million of the public float of the Company’s Class A subordinate shares over the next 12 months, subject to regulatory approval.

2.4.3. Capital Stock and Options Outstanding

The following table provides a summary of the Capital Stock and Options Outstanding as at January 27, 2014:

<u>Capital Stock and Options Outstanding</u>	<u>As at January 27, 2014</u>
Class A subordinate shares	276,183,235
Class B shares	33,272,767
Options to purchase Class A subordinate shares	22,543,923

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3. Financial Review

3.1. BOOKINGS AND BOOK-TO-BILL RATIO

Bookings for the quarter were \$2.8 billion, representing a book-to-bill ratio of 106.5%. The breakdown of the new bookings signed during the quarter is as follow:

Contract Type		Service Type		Segment		Vertical Markets	
A. Extensions and renewals	55%	A. Management of IT and business functions (outsourcing)	54%	A. U.S.	26%	A. Government	33%
	45%						
B. New business	46%	B. Systems integration and consulting	46%	B. NSESA	22%	B. Manufacturing, retail & distribution	24%
				C. Canada	15%	C. Financial services	19%
				D. France	13%	D. Telecommunications & utilities	16%
				E. U.K.	10%	E. Health	8%
				F. CEE	1%		
				G. Asia Pacific			

Information regarding our bookings is a key indicator of the volume of our business over time. However, due to the timing and transition period associated with outsourcing contracts, the realization of revenue related to these bookings may fluctuate from period to period. The values initially booked may change over time due to their variable attributes, including demand-driven usage, modifications in the scope of work to be performed caused by changes in client requirements as well as termination clauses at the option of the client. As such, information regarding our bookings is not comparable to, nor should it be substituted for an analysis of our revenue; it is instead a key indicator of our future revenue used by the Company's management to measure growth.

3.2. FOREIGN EXCHANGE

The Company operates globally and is exposed to changes in foreign currency rates. We report all dollar amounts in Canadian dollars. Accordingly, we value assets, liabilities and transactions that are measured in foreign currencies using various exchange rates as prescribed by IFRS.

Closing foreign exchange rates

<u>As at December 31,</u>	<u>2013</u>	<u>2012</u>	<u>Change</u>
U.S. dollar	1.0638	0.9949	6.9%
Euro	1.4661	1.3118	11.8%
Indian rupee	0.0172	0.0181	(5.0%)
British pound	1.7635	1.6178	9.0%
Swedish krona	0.1655	0.1528	8.3%
Australian dollar	0.9500	1.0339	(8.1%)

Average foreign exchange rates

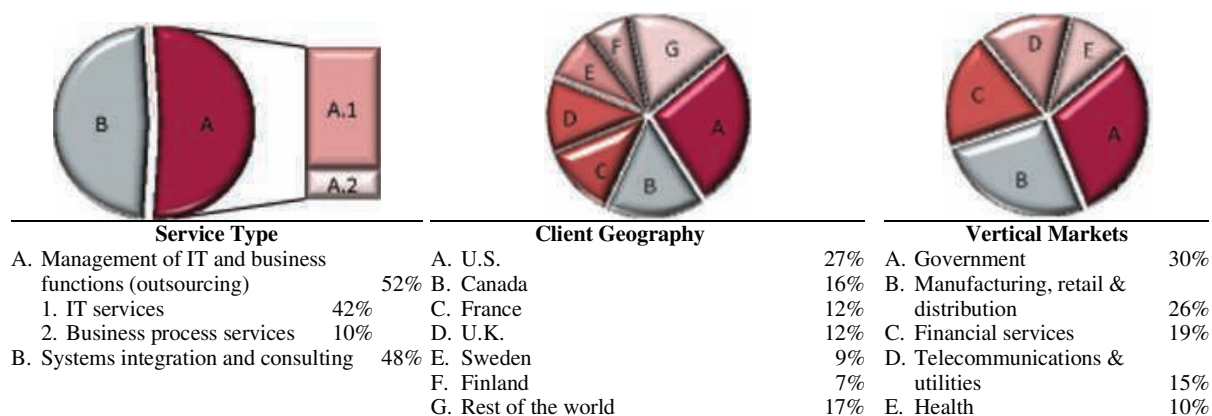
<u>For the three months ended December 31,</u>	<u>2013</u>	<u>2012</u>	<u>Change</u>
U.S. dollar	1.0495	0.9913	5.9%
Euro	1.4292	1.2857	11.2%
Indian rupee	0.0169	0.0183	(7.7%)
British pound	1.6996	1.5920	6.8%
Swedish krona	0.1613	0.1491	8.2%
Australian dollar	0.9736	1.0295	(5.4%)

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3.3. REVENUE DISTRIBUTION

The following charts provide additional information regarding our revenue mix for the quarter:



3.3.1. Client Concentration

IFRS guidance on Segment Disclosures defines a single customer as a group of entities that are known to the reporting enterprise to be under common control. The Company considers the federal, regional or local governments each to be a single customer. Our work for the U.S. federal government including its various agencies represented 14.1% of our revenue for the current quarter as compared to 13.4% in the same period for fiscal 2013.

3.4. REVENUE VARIATION AND REVENUE BY SEGMENT

Our seven segments are based on our geographic delivery model: U.S., NSESA, Canada, France, U.K., CEE and Asia Pacific.

The following table provides a summary of the year-over-year changes in our revenue, in total and by segment, separately showing the impacts of foreign currency exchange rate variations between Q1 2014 and Q1 2013. The Q1 2013 revenue by segment was recorded reflecting the actual foreign exchange rates for that period. The foreign exchange impact is the difference between the current period's actual results and the current period's results converted with the prior year's foreign exchange rates.

For the three months ended December 31,
In thousands of CAD except for percentages

	2013	2012	Change
Total CGI revenue	2,644,710	2,532,929	4.4%
Variation prior to foreign currency impact	(1.9%)		
Foreign currency impact	6.3%		
Variation over previous period	4.4%		
U.S.			
Revenue prior to foreign currency impact	646,474	577,328	12.0%
Foreign currency impact	39,118		
U.S. revenue	685,592	577,328	18.8%
NSESA			
Revenue prior to foreign currency impact	505,212	533,651	(5.3%)
Foreign currency impact	43,580		
NSESA revenue	548,792	533,651	2.8%
Canada			
Revenue prior to foreign currency impact	419,767	427,704	(1.9%)
Foreign currency impact	1,178		
Canada revenue	420,945	427,704	(1.6%)
France			
Revenue prior to foreign currency impact	298,142	321,440	(7.2%)
Foreign currency impact	33,333		
France revenue	331,475	321,440	3.1%
U.K.			
Revenue prior to foreign currency impact	267,418	292,909	(8.7%)
Foreign currency impact	19,818		
U.K. revenue	287,236	292,909	(1.9%)
CEE			
Revenue prior to foreign currency impact	244,178	262,696	(7.0%)
Foreign currency impact	25,260		
CEE revenue	269,438	262,696	2.6%
Asia Pacific			
Revenue prior to foreign currency impact	103,022	117,201	(12.1%)
Foreign currency impact	(1,790)		
Asia Pacific revenue	101,232	117,201	(13.6%)

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We ended the first quarter of fiscal 2014 with revenue of \$2,644.7 million, an increase of \$111.8 million or 4.4% over the same period of fiscal 2013. On a constant currency basis, revenue decreased by \$48.7 million or 1.9%, as foreign currency rate fluctuations favourably impacted our revenue by \$160.5 million or 6.3%.

On a constant currency basis, our North American revenue increased by \$61.2 million or 6.1% over the same period last year, mainly driven by the strong growth in our U.S. operations.

As part of the Company's strategic focus to continuously improve its revenue quality, and as previously disclosed, we have been exiting low margin business or loss making business as part of our integration activities over the last twelve months. As a result, revenue has been reduced year-over-year. Offsetting this, new higher quality revenue was booked or existing business expanded and extended across all geographies.

Year-over-year, our healthcare vertical market grew the most, followed by our financial services vertical market.

3.4.1. U.S.

Revenue in our U.S. segment was \$685.6 million in Q1 2014, an increase of \$108.3 million or 18.8% compared to the same period of fiscal 2013. On a constant currency basis, revenue increased by \$69.1 million or 12.0%. The increase in revenue reflects the strong performance in the healthcare vertical market and additional licence sales. For the current quarter, U.S.'s top two vertical markets were government and healthcare, which together accounted for approximately 78% of its revenue.

3.4.2. NSESA

Revenue from our NSESA segment was \$548.8 million in Q1 2014, an increase of \$15.1 million compared to the same period of fiscal 2013. On a constant currency basis, revenue decreased by \$28.4 million or 5.3%. The decrease was mainly due to the run-off of low margin business as previously described, partially offset by recent multi-year outsourcing wins that are coming on stream. For the current quarter, revenue coming from Sweden and Finland accounted for 75% of this segment. NSESA's top two vertical markets were MRD and government, which together accounted for approximately 61% of its revenue.

3.4.3. Canada

Revenue in our Canada segment for Q1 2014 was \$420.9 million, a decrease of \$6.8 million or 1.6% compared to the same period of fiscal 2013. The revenue change was due to lower SI&C work volumes due to the completion of projects, and a cautionary spending pattern deferring the start-up of new projects. For the current quarter, Canada's top two vertical markets were financial services and MRD, which together accounted for approximately 58% of its revenue.

3.4.4. France

Revenue from our France segment was \$331.5 million in Q1 2014, an increase of \$10.0 million compared to the same period of fiscal 2013. On a constant currency basis, revenue decreased by \$23.3 million or 7.2%. The decrease in revenue was due to the run-off of low margin business when compared to the same period of last year. For the current quarter, France's top two vertical markets were MRD and financial services, which together accounted for approximately 64% of its revenue.

3.4.5. U.K.

Revenue from our U.K. segment was \$287.2 million in Q1 2014, a decrease of \$5.7 million compared to the same period of fiscal 2013. On a constant currency basis, revenue decreased by \$25.5 million or 8.7%. The decrease in revenue was due to the run-off of low-margin business when compared to the same period of last year. For the current quarter, U.K.'s top two vertical markets were government and MRD, which together accounted for approximately 71% of its revenue.

3.4.6. CEE

Revenue from our CEE segment was \$269.4 million in Q1 2014, an increase of \$6.7 million compared to the same period of fiscal 2013. On a constant currency basis, revenue decreased by \$18.5 million or 7.0%. The decrease was mostly due to the run-off of low margin business when compared to the same period of last year. For the current quarter, revenue coming from the Netherlands and Germany accounted for 87% of this segment. CEE's top two vertical markets were MRD and government, which together accounted for approximately 56% of its revenue.

3.4.7. Asia Pacific

Revenue from our Asia Pacific segment was \$101.2 million in Q1 2014, a decrease of \$16.0 million compared to the same period of fiscal 2013. On a constant currency basis, revenue decreased by \$14.2 million or 12.1%. The decrease in revenue was mainly due to the planned run-off of projects within the Middle East market as well as the completion of projects within in the Australian MRD vertical markets. For the current quarter, Asia Pacific's top two vertical markets were telecommunications & utilities and MRD, which together accounted for approximately 80% of its revenue.

3.5. OPERATING EXPENSES

For the three months ended December 31,
In thousands of CAD except for percentages

	2013	% of Revenue	2012	% of Revenue	\$	Change %
Costs of services, selling and administrative	2,341,314	88.5%	2,320,922	91.6%	20,392	0.9%
Foreign exchange loss	468	0.0%	2,516	0.1%	(2,048)	(81.4%)

3.5.1. Costs of Services, Selling and Administrative

Costs of services, selling and administrative expenses amounted to \$2,341.3 million in Q1 2014, an increase of \$20.4 million or 0.9% compared to Q1 2013. The translation of the results of our foreign operations from their local currencies to the Canadian dollar unfavourably impacted costs by \$151.8 million, substantially offsetting the favourable translation impact of \$160.5 million on revenue. As a percentage of revenue, cost of services, selling and administrative expenses decreased from 91.6% in Q1 2013 to 88.5% in Q1 2014, mainly due to the business synergies achieved through the ongoing integration of Logica.

The majority of our costs are denominated in currencies other than the Canadian dollar. The risk of foreign exchange fluctuation impacting the results is substantially mitigated by a natural hedge in matching our costs with revenue denominated in the same currency. In particular cases where the costs related to specific contracts are denominated in a different currency than the functional currency of its subsidiaries, the Company enters into foreign exchange forward contracts to hedge cash flows.

3.5.2. Foreign Exchange Loss

This line item includes the realized and unrealized foreign exchange impact on our earnings. The Company, in addition to its natural hedges, has a strategy in place to manage its exposure, to the extent possible, to exchange rate fluctuations through the effective use of derivatives.

3.6. ADJUSTED EBIT BY SEGMENT

For the three months ended December 31,
In thousands of CAD except for percentages

	2013	2012	Change
U.S.	67,339	60,404	11.5%
As a percentage of U.S. revenue	9.8 %	10.5 %	
NSESA	49,146	17,245	185.0%
As a percentage of NSESA revenue	9.0 %	3.2 %	
Canada	90,114	83,626	7.8%
As a percentage of Canada revenue	21.4 %	19.6 %	
France	35,717	13,218	170.2%
As a percentage of France revenue	10.8 %	4.1 %	
U.K.	21,112	9,135	131.1%
As a percentage of U.K. revenue	7.4 %	3.1 %	
CEE	28,177	15,082	86.8%
As a percentage of CEE revenue	10.5 %	5.7 %	
Asia Pacific	11,323	10,781	5.0%
As a percentage of Asia Pacific revenue	11.2 %	9.2 %	
Adjusted EBIT	302,928	209,491	44.6%
Adjusted EBIT margin	11.5 %	8.3 %	

Adjusted EBIT for the quarter was \$302.9 million, an increase of \$93.4 million or 44.6% from the previous year, while the margin increased from 8.3% to 11.5% over the same period. The growth in adjusted EBIT and margin was due to the benefit of the Logica integration plan which focused on resource utilization and profitable revenue.

Adjusted EBIT for the NSESA, France, U.K., CEE, and Asia Pacific segments was \$145.5 million or an adjusted EBIT margin of 9.5%, up from \$65.5 million or 4.3% from the same period of fiscal 2013. We are executing our integration plan to implement CGI's business model to continue to improve the margins in these segments in the future periods.

Our Canada and U.S. segments contributed \$157.5 million in Q1 2014 compared to \$144.0 million in Q1 2013, or a margin of 14.2% compared to the 14.3% margin last year.

3.6.1. U.S.

Adjusted EBIT in the U.S. segment was \$67.3 million for Q1 2014, an increase of 11.5% or \$6.9 million year-over-year, while the margin decreased from 10.5% to 9.8%. The decrease in adjusted EBIT margin mainly came from the additional resources needed for some state-related projects.

3.6.2. NSESA

Adjusted EBIT in the NSESA segment was \$49.1 million for Q1 2014, an increase of \$31.9 million year-over-year, while the margin increased from 3.2% to 9.0%. This increase in adjusted EBIT and margin was the result of the cost synergies implemented as part of the integration plan, the implementation of the CGI management foundation as well as the benefits of running-off business that was not meeting our profitability standards. We are currently executing our integration plan and expect the margins to improve further as additional cost synergies are realized.

3.6.3. Canada

Adjusted EBIT in the Canada segment was \$90.1 million for Q1 2014, an increase of \$6.5 million year-over-year, while the margin increased from 19.6% to 21.4%. The improvement in adjusted EBIT and margin reflects the focus on the management of resource utilization as well as cost reductions from additional real estate optimization initiatives.

3.6.4. France

Adjusted EBIT in the France segment was \$35.7 million for Q1 2014, an increase of \$22.5 million year-over-year, while the margin increased from 4.1% to 10.8%. This increase in adjusted EBIT and margin was the result of the cost synergies implemented as part of the integration plan, the implementation of the CGI management foundation as well as the benefits of running-off business that was not meeting our profitability standards. We are currently executing our integration plan and expect the margins to improve further as additional cost synergies are realized.

3.6.5. U.K.

The U.K. segment adjusted EBIT was \$21.1 million for Q1 2014, an increase of \$12.0 million year-over-year, while the margin increased from 3.1% to 7.4%. This increase in adjusted EBIT and margin was the result of the cost synergies implemented as part of the integration plan, the implementation of the CGI management foundation as well as the benefits of running-off business that was not meeting our profitability standards. We are currently executing our integration plan and expect the margins to improve further as additional cost synergies are realized.

3.6.6. CEE

The CEE segment adjusted EBIT was \$28.2 million for Q1 2014, an increase of \$13.1 million year-over-year, while the margin increased from 5.7% to 10.5%. This increase in adjusted EBIT and margin was the result of the cost synergies implemented as part of the integration plan, the implementation of the CGI management foundation as well as the benefits of running-off business that was not meeting our profitability standards. We are currently executing our integration plan and expect the margins to improve further as additional cost synergies are realized.

3.6.7. Asia Pacific

The Asia Pacific segment adjusted EBIT was \$11.3 million for Q1 2014, an increase of \$0.5 million year-over-year, while the margin increased from 9.2% to 11.2%. This increase in adjusted EBIT and margin was the result of the cost synergies implemented as part of the integration plan and the implementation of the CGI management foundation. We are currently executing our integration plan and expect the margins to improve further as additional cost synergies are realized.

3.7. EARNINGS BEFORE INCOME TAXES

The following table provides, for the periods indicated, a reconciliation between our adjusted EBIT and earnings before income taxes, which is reported in accordance with IFRS.

For the three months ended December 31, In thousands of CAD except for percentages				
	2013	% of Revenue	2012	% of Revenue
Adjusted EBIT	302,928	11.5%	209,491	8.3%
Minus the following items:				
Integration-related costs	22,615	0.9%	153,419	6.1%
Finance costs	28,438	1.1%	27,197	1.1%
Finance income	(1,080)	(0.0%)	(1,661)	(0.1%)
Earnings before income taxes	252,955	9.6%	30,536	1.2%

3.7.1. Integration-related Costs

The \$22.6 million incurred during the current quarter and the \$153.4 million from Q1 2013 pertain to the transformation of Logica's operations to the CGI operating model.

3.7.2. Finance Costs

Finance costs mainly includes the interest on our long-term debt used to finance the Logica acquisition.

3.7.3. Finance Income

Finance income includes interest and other investment income related to cash balances, investments, and tax assessments.

3.8. NET EARNINGS AND EARNINGS PER SHARE

The following table sets out the information supporting the earnings per share calculations:

For the three months ended December 31,			
<i>In thousands of CAD except for percentages</i>			
	2013	2012	Change
Earnings before income taxes	252,955	30,536	728.4%
Income tax expense	63,165	8,091	680.7%
Effective tax rate	25.0 %	26.5 %	
Net earnings	189,790	22,445	745.6%
Net earnings margin	7.2 %	0.9 %	
Weighted average number of shares			
Class A subordinate shares and Class B shares (basic)	308,482,085	306,637,866	0.6%
Class A subordinate shares and Class B shares (diluted)	318,679,293	315,061,479	1.1%
Earnings per share (in dollars)			
Basic EPS	0.62	0.07	785.7%
Diluted EPS	0.60	0.07	757.1%

3.8.1. Income Tax Expense

For Q1 2014, the income tax expense was \$63.2 million, an increase of \$55.1 million compared to \$8.1 million in Q1 2013, while our effective income tax rate decreased from 26.5% to 25.0%. The increase in the income tax expense was mainly due to higher earnings before income taxes. The decrease in income tax rate was due to a different profit distribution mainly coming from our various operations that were taxable at varying rates.

The table on page 22 shows the year-over-year comparison of the tax rate with the impact of integration-related costs removed.

Based on the enacted rates at the end of Q1 2014 and our current business mix, we expect our effective tax rate before any significant adjustments to be in the range of 24% to 26% in subsequent periods.

3.8.2. Weighted Average Number of Shares

CGI's basic and diluted weighted average number of shares for Q1 2014 increased compared to Q1 2013 due to the issuance of Class A subordinate shares upon the exercise of stock options, partly offset by the repurchase and subsequent cancellation of the shares from CDPQ. During the quarter, 2,490,660 shares were repurchased, while 1,453,634 options were exercised.

3.8.3. Net Earnings and Earnings per Share Excluding Certain Items

Below is a table showing the year-over-year comparison excluding the integration-related costs:

For the three months ended December 31,

In thousands of CAD except for percentages

	2013	2012	Change
Earnings before income taxes	252,955	30,536	728.4%
Add back:			
Integration-related costs ¹	22,615	153,419	(85.3%)
Earnings before income taxes prior to adjustments	275,570	183,955	49.8%
Margin	10.4 %	7.3 %	
Income tax expense	63,165	8,091	680.7%
Add back:			
Tax deduction on integration-related costs	4,509	38,017	(88.1%)
Income tax expense prior to adjustments	67,674	46,108	46.8%
Effective tax rate prior to adjustments	24.6 %	25.1 %	
Net earnings prior to adjustments	207,896	137,847	50.8%
Net earnings margin	7.9 %	5.4 %	
Weighted average number of shares			
Class A subordinate shares and Class B shares (basic)	308,482,085	306,637,866	0.6%
Class A subordinate shares and Class B shares (diluted)	318,679,293	315,061,479	1.1%
Earnings per share prior to adjustments (in dollars)			
Basic EPS	0.67	0.45	48.9%
Diluted EPS	0.65	0.44	47.7%

¹ Costs related to the integration of Logica.

4. Liquidity

4.1. INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

CGI's growth is financed through a combination of our cash flow from operations, borrowing under our existing credit facilities, the issuance of long-term debt, and the issuance of equity. One of our primary financial goals is to maintain an optimal level of liquidity through the active management of our assets and liabilities as well as our cash flows.

As at December 31, 2013, cash and cash equivalents were \$206.1 million. The following table provides a summary of the generation and utilization of cash for the quarter ended December 31, 2013 and 2012.

For the three months ended December 31,
In thousands of CAD

	2013	2012	Change
Cash provided by operating activities	66,304	224,530	(158,226)
Cash used in investing activities	(85,229)	(59,679)	(25,550)
Cash provided by (used in) financing activities	124,633	(131,293)	255,926
Effect of foreign exchange rate changes on cash and cash equivalents	(5,763)	363	(6,126)
Net increase in cash and cash equivalents	99,945	33,921	66,024

4.1.1. Cash Provided by Operating Activities

Cash provided by operating activities was \$66.3 million for Q1 2014 compared to \$224.5 million for Q1 2013. The following table provides a summary of the generation and utilization of cash from operating activities.

For the three months ended December 31,
In thousands of CAD

	2013	2012	Change
Net earnings	189,790	224,445	167,345
Amortization and depreciation	110,464	114,008	(3,544)
Other adjustments ¹	10,588	(10,015)	20,603
Cash flow from operating activities before changes in non-cash working capital items	310,842	126,438	184,404
<i>Net change in non-cash working capital items:</i>			
Accounts receivable, work in progress and deferred revenue	(222,238)	7,271	(229,509)
Accounts payable and accrued liabilities, accrued compensation, other long-term liabilities and provisions	(52,528)	98,473	(151,001)
Other ²	30,228	(7,652)	37,880
Net change in non-cash working capital items	(244,538)	98,092	(342,630)
Cash provided by operating activities	66,304	224,530	(158,226)

¹ Other adjustments are comprised of deferred incomes taxes, foreign exchange loss and share-based payment costs.

² Comprised of prepaid expenses and other assets and income taxes.

The increase in net earnings was primarily due to the result of the cost synergies implemented as part of the Logica integration plan and the implementation of the CGI management foundation while the amortization and depreciation remained relatively stable when compared to last year.

The \$222.2 million decrease in Q1 2014 in accounts receivable, work in progress and deferred revenue was due to an increase in our DSO to 55 days. The increase in the DSO was primarily the result of the timing of the completion of billing milestones on certain large U.S. contracts, the timing of billings in France and Finland due to the system conversion required to fully implement our management foundation and to a lesser extent the impact of the fluctuation in the currency rates in the quarter. The referenced billing milestones are in the process of being completed and the cash flow impact is expected to reverse in the next quarter. We remain committed to our 45 day target for DSO.

The \$52.5 million decrease in Q1 2014 in accounts payable and accrued liabilities, accrued compensation, other long-term liabilities and provisions for the quarter was mostly due to the payment of \$53.3 million in integration-related costs and the payment of approximately \$70 million of performance-based compensation to our members. These were partly offset by the \$22.6 million of integration-related costs incurred for the quarter and the \$67.2 million net increase in our accounts payable, accrued liabilities and accrued compensation.

The \$98.5 million increase in Q1 2013 in accounts payable and accrued liabilities, accrued compensation, other long-term liabilities and provisions was mainly driven by the net increase of approximately \$70 million in integration-related accruals.

Cash provided by operating activities represented 2.5% of revenue in Q1 2014 compared to 8.9% of revenue for Q1 2013. The decrease was mainly due to the above-mentioned items. The timing of our working capital inflows and outflows will always have an impact on the cash flow from operations. Over the last twelve months, excluding the integration-related cash disbursements, CGI has generated approximately \$819 million or \$2.58 in diluted cash per share.

4.1.2. Cash Used in Investing Activities

In Q1 2014, \$85.2 million was used in investing activities while \$59.7 million was used in Q1 2013. The following table provides a summary of the generation and utilization of cash from investing activities.

For the three months ended December 31,
In thousands of CAD

	2013	2012	Change
Purchase of property, plant and equipment	(50,327)	(39,857)	(10,470)
Additions to intangible assets	(15,378)	(9,907)	(5,471)
Additions to contract costs	(12,764)	(9,167)	(3,597)
Additions to other long-term assets	—	(1,322)	1,322
Net change in short-term investments and (purchase) proceeds from sale of long-term investments	(8,602)	574	(9,176)
Payments received from long-term receivable	1,842	—	1,842
Cash used in investing activities	(85,229)	(59,679)	(25,550)

For Q1 2014, we invested \$78.5 million in the purchase of property, plant and equipment, the additions of intangible assets and contract costs compared to \$58.9 million in Q1 2013 or an increase of \$19.5 million which was mainly driven by the purchase of property, plant and equipment.

4.1.3. Cash Used in Financing Activities

During the quarter, \$124.6 million was provided by financing activities while \$131.3 million was used in Q1 2013. The following table provides a summary of the generation and utilization of cash from financing activities.

For the three months ended December 31,
In thousands of CAD

	2013	2012	Change
Net change in credit facility	214,274	(119,095)	333,369
Net change in long-term debt	11,883	(11,017)	(22,900)
Purchase of Class A subordinate shares held in trust	(23,016)	(7,663)	(15,353)
Resale of shares held in a trust	1,390	—	1,390
Repurchase of Class A subordinate shares	(100,000)	(112)	(99,888)
Issuance of Class A subordinate shares, net of transaction costs	20,102	6,594	13,508
Cash provided by (used in) financing activities	124,633	(131,293)	255,926

During the current quarter, we drew \$214.3 million on our credit facilities and the Company increased its outstanding long-term debt by \$11.9 million. CGI repurchased 2.5 million Class A subordinate shares for \$100.0 million on the open market under the current NCIB while a net of \$21.6 million was used to purchase CGI shares under the Performance Share Unit (“PSU”) Plan which is part of the compensation package of various executive officers. Finally, we received \$20.1 million in proceeds from the exercise of stock options.

In Q1 2013 the Company made net repayments of \$119.1 million on its credit facilities and \$11.0 million on its outstanding long-term debt. The Company also repurchased 5,000 Class A subordinate shares for \$112.5 thousand on the open market under the previous NCIB while \$7.7 million was used to purchase CGI shares under the PSU. Finally, we received \$6.6 million in proceeds from the exercise of stock options.

4.1.4. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents

For Q1 2014 and Q1 2013, the effect of foreign exchange rate changes on cash and cash equivalents was negligible. These amounts had no effect on net earnings as they were recorded in other comprehensive income.

4.2. CAPITAL RESOURCES

In thousands of CAD	Total commitment	Available at December 31, 2013	Outstanding at December 31, 2013
Cash and cash equivalents	—	206,144	—
Short-term investments	—	364	—
Long-term marketable investments	—	29,337	—
Unsecured committed revolving facilities ¹	1,500,000	979,810	520,190
Total	1,500,000	1,215,655	520,190

¹ Consists of drawn portion of \$483.4 million and Letters of Credit for \$36.8 million outstanding on December 31, 2013.

Our cash position and bank lines are sufficient to support our growth strategy. At December 31, 2013, cash and cash equivalents, short-term and long-term marketable investments represented \$235.8 million.

Cash equivalents typically include term deposits, all with maturities of 90 days or less. Short-term investments include fixed deposits with initial maturities ranging from 91 days to 1 year. Long-term marketable investments include corporate and government bonds with maturities ranging from one to five years, rated “A+” or higher.

The amount of capital available was \$1,215.7 million. The long-term debt agreements contain covenants, which require us to maintain certain financial ratios. At December 31, 2013, CGI was in compliance with these covenants.

Total debt increased by \$259.6 million to \$3,126.2 million at December 31, 2013, compared to \$2,866.6 million at September 30, 2013. The variation was mainly due to the net drawdown of \$214.3 million under the credit facilities and an unrealized loss of \$34.1 million on foreign exchange translation.

During the quarter, the \$1,500.0 million unsecured revolving credit facility was extended by one year to December 2017 and can be further extended annually. All other terms and conditions including interest rates and banking covenants remain unchanged.

The Company expects that the funds generated from its operations will be adequate to meet our business needs in the foreseeable future while maintaining adequate levels of liquidity.

4.3. CONTRACTUAL OBLIGATIONS

We are committed under the terms of contractual obligations with various expiration dates, primarily for the rental of premises, computer equipment used in outsourcing contracts and long-term service agreements. There have been no material changes to these obligations since our year ended September 30, 2013.

4.4. FINANCIAL INSTRUMENTS AND HEDGING TRANSACTIONS

We use various financial instruments to manage our exposure to fluctuations of foreign currency exchange rates and interest rates. We do not hold or use any derivative instruments for trading purposes. Foreign exchange translation gains or losses on the net investments and the effective portions of gains or losses on instruments hedging the net investments are recorded in the consolidated statement of comprehensive income. Any realized or unrealized gains or losses on instruments covering the U.S. denominated debt are also recognized in the audited consolidated statement of comprehensive income.

The company has the following new financial instrument since our year ended September 30, 2013:

Cash flow hedges on future revenue

- €163,000 foreign currency forward contracts to hedge the variability in the expected foreign currency exchange rate between the euro and the British pound (nil as at September 30, 2013).

Please refer to Note 11 of the interim condensed consolidated financial statements as at and for the three months ended December 31, 2013 for a list of our outstanding hedging instruments.

4.5. SELECTED MEASURES OF LIQUIDITY AND CAPITAL RESOURCES

As at December 31,	2013	2012
Reconciliation between net debt and long-term debt including the current portion:		
Net debt	2,890,401	2,964,850
<i>Add back:</i>		
Cash and cash equivalents	206,144	147,024
Short-term investments	364	14,554
Long-term investments	29,337	14,978
Long-term debt including the current portion	3,126,246	3,141,406
Net debt to capitalization ratio	38.9%	44.7%
Return on equity	16.0%	1.7%
Return on invested capital	12.7%	10.9%
Days sales outstanding (in days)	55	46

We use the net debt to capitalization ratio as an indication of our financial leverage in order to pursue any large outsourcing contracts, expand global delivery centres, or make acquisitions. On August 20, 2012, we acquired Logica using a combination of debt and stock, causing our net debt to capitalization ratio to increase significantly. The net debt to capitalization ratio decreased compared to Q1 2013 due to the increase in equity mainly driven by the net earnings and the net repayments made on the outstanding long-term debt.

Return on equity is a measure of the return we are generating for our shareholders. ROE increased from 1.7% in Q1 2013 to 16.0% at the end of Q1 2014. The increase was mainly due to the higher net earnings over the last four quarters as the benefits of the integration of Logica with CGI were being realized.

ROIC is a measure of the Company's efficiency in allocating the capital under our control to profitable investments. The return on invested capital was 12.7% as at December 31, 2013, compared to 10.9% a year ago. The improvement in the ROIC was mainly the result of our higher after-tax adjusted EBIT for the last twelve months compared to last year as the benefits of the integration of Logica with CGI were being realized.

DSO increased from 46 days as at Q1 2013 to 55 days at the end of Q1 2014. In calculating the DSO, we subtract the deferred revenue balance from trade accounts receivable and work in progress; for that reason, the timing of payments received from outsourcing clients in advance of the work to be performed and the timing of payments related to project milestones can affect the DSO fluctuations. We remain committed to manage our DSO within our 45-day target.

4.6. OFF-BALANCE SHEET FINANCING AND GUARANTEES

CGI engages in the practice of off-balance sheet financing in the normal course of operations for a variety of transactions such as operating leases for office space, computer equipment and vehicles. In accordance with IFRS, neither the lease liability nor the underlying asset is carried on the balance sheet as the terms of the leases do not meet the criteria for capitalization. From time to time, we also enter into agreements to provide financial or performance assurances to third parties on the sale of assets, business divestitures, guarantees and U.S. Government contracts.

In connection with sales of assets and business divestitures, we may be required to pay counterparties for costs and losses incurred as the result of breaches in representations and warranties, intellectual property right infringement and litigation against counterparties. While some of the agreements specify a maximum potential exposure totalling \$10.1 million, others do not specify a maximum amount or limited period. It is impossible to reasonably estimate the maximum amount that may have to be paid under such guarantees. The amounts are dependent upon the outcome of future contingent events, the nature and likelihood of which cannot be determined at this time. The Company does not expect to incur any potential payment in connection with these guarantees that could have a materially adverse effect on its consolidated financial statements.

We are also engaged to provide services under contracts with the U.S. Government. The contracts are subject to extensive legal and regulatory requirements and, from time to time, agencies of the U.S. Government investigate whether our operations are being conducted in accordance with these requirements. Generally, the Government has the right to change the scope of, or terminate, these projects at its convenience. The termination or a reduction in the scope of a major government project could have a material adverse effect on our results of operations and financial condition.

In the normal course of business, we may provide certain clients, principally governmental entities, with bid and performance bonds. In general, we would only be liable for the amount of the bid bonds if we refuse to perform the project once the bid is awarded. We would also be liable for the performance bonds in the event of default in the performance of our obligations. As at December 31, 2013, we had committed for a total of \$54.0 million for these bonds. To the best of our knowledge, we complied with our performance obligations under all service contracts for which there was a performance or bid bond, and the ultimate liability, if any, incurred in connection with these guarantees would not have a material adverse effect on our consolidated results of operations or financial condition.

4.7. CAPABILITY TO DELIVER RESULTS

Sufficient capital resources and liquidity are required for supporting ongoing business operations and to execute our build and buy growth strategy. The Company has sufficient capital resources coming from the cash generated from operations, credit facilities, long-term debt agreements and invested capital from shareholders. Our principal uses of cash are for procuring new large outsourcing and managed services contracts; investing in our business solutions; pursuing accretive acquisitions; buying back CGI shares and paying down debt. Funds were also used to expand our global delivery network as more and more of our clients demand lower cost alternatives. In terms of financing, we are well positioned to continue executing our four-pillar growth strategy in fiscal 2014.

Strong and experienced leadership is essential to successfully implement our corporate strategy. CGI has a strong leadership team with members who are highly knowledgeable and have gained a significant amount of experience within the IT industry via various career paths and leadership roles. CGI fosters leadership development to ensure a continuous flow of knowledge and strength is maintained throughout the organization. As part of our succession planning in key positions, we established the Leadership Institute, our own corporate university, to develop leadership, technical and managerial skills inspired by CGI's roots and traditions.

As a Company built on human capital, our professionals and their knowledge are critical to delivering quality service to our clients. Our human resources program provides competitive compensation and benefits, a favourable working environment, and our training and career development programs combine to allow us to attract and retain the best talent. Employee satisfaction is monitored regularly through a Company-wide survey and issues are addressed immediately. Among the countries in which we currently offer the program, approximately 44,000 of our members or 66% were also owners of CGI through our Share Purchase Plan. Since October 1, 2013, major countries such as Germany, the Netherlands and France were added to our Share Purchase Plan and we continue to deploy this Plan across our business units. The Share Purchase Plan, along with the Profit Participation Program, allows members to share in the success of the Company and aligns member objectives with our strategic goals.

In addition to our capital resources and the talent of our human capital, CGI has established a Management Foundation encompassing governance policies, sophisticated management frameworks and an organizational model for its business unit and corporate processes. This foundation, along with our appropriate internal systems, helps in providing for a consistent high standard of quality service to our clients. CGI's operations maintain appropriate certifications in accordance with service requirements such as the ISO and Capability Maturity Model Integration quality programs.

5. Changes in Accounting Standards

The interim condensed consolidated financial statements for the three months ended December 31, 2013 and 2012 include all adjustments that CGI's management considers necessary for the fair presentation of its financial position, results of operations, and cash flows.

The following new and amended standards have been adopted by the Company effective October 1, 2013:

IFRS 10 – Consolidated Financial Statements

In May 2011, the IASB issued IFRS 10, "Consolidated Financial Statements", which builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included in a company's consolidated financial statements. The adoption of IFRS 10 did not result in any significant impact on the Company's interim condensed consolidated financial statements.

IFRS 12 – Disclosure of Interests in Other Entities

In May 2011, the IASB issued IFRS 12, "Disclosure of Interests in Other Entities", which provides guidance on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and structured entities. The standard requires disclosure of the nature and risks associated with the Company's interests in other entities and the effects of those interests in its financial position, financial performance and cash flows. These disclosures are required in the Company's annual consolidated financial statements.

IFRS 13 – Fair Value Measurement

In May 2011, the IASB issued IFRS 13, "Fair Value Measurement", which provides guidance for fair value measurements by providing a definition of fair value and a single source of fair value measurement and disclosure requirements. IFRS 13 applies when other IFRS standards require or permit fair value measurements. The adoption of IFRS 13 did not result in any significant impact on the Company's interim condensed consolidated financial statements other than to give rise to additional disclosures (Note 11 to the interim condensed consolidated financial statements).

IAS 1 – Presentation of Financial Statements

In June 2011, the IASB amended IAS 1, "Presentation of Financial Statements", to require grouping together items within the statement of comprehensive income that may be reclassified to the statement of earnings. As a result, the Company has grouped items within its interim condensed consolidated statements of comprehensive income and accumulated other comprehensive income by items that will and will not be reclassified subsequently to interim condensed consolidated statements of earnings.

IAS 19 – Employee Benefits

In June 2011, the IASB amended IAS 19, "Employee Benefits", to adjust the calculation of the financing cost component of defined benefit plans and to enhance disclosure requirements. As a result, the Company calculated a net interest expense/income on the net defined benefit liability/asset. The net interest on the defined benefit liability or asset replaces the interest cost on the defined benefit obligation and the expected return on plan assets. The adoption of IAS 19 did not result in any significant impact on the Company's interim condensed consolidated financial statements. The additional disclosures will be included in the Company's annual consolidated financial statements.

IAS 19 – Employee Benefits (Amendment)

In November 2013, the IASB amended IAS 19, "Employee Benefits", to permit the recognition of certain contributions from employees as a reduction of the service cost in the period in which the related service is rendered. The amendment applies to contributions from employees set out in the formal terms of the plan, linked to service and independent of the number of years of service. The Company has early adopted the amendment of IAS 19 which is effective on or after July 1, 2014. The amendment did not result in any significant impact on the Company's interim condensed consolidated financial statements.

6. Critical Accounting Estimates

The Company's significant accounting policies, other than the new and amended accounting policies described in section 5 of the present document, are described in Note 3 of the audited consolidated financial statements for the year ended September 30, 2013. The preparation of the consolidated financial statements requires management to make estimates and judgements that affect the reported amounts of assets, liabilities and equity and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Because of the use of estimates and judgements inherent in the financial reporting process, actual results could differ.

An accounting estimate is considered critical if the estimate requires management to make assumptions about matters that were highly uncertain at the time the estimate was made, if different estimates could reasonably have been used in the period, or changes in the accounting estimates that are reasonably likely to occur, could have a material impact on the presentation of our financial condition, changes in financial condition or results of operations.

Areas impacted by estimates	Consolidated balance sheets	Consolidated statements of earnings		
		Revenue	Cost of services, selling and administrative	Income taxes
Business combinations	✓	✓	✓	✓
Income taxes	✓			✓
Contingencies and provisions	✓		✓	
Revenue recognition ¹	✓	✓	✓	
Share-based payments	✓		✓	
Investment tax credits and other government programs	✓		✓	
Impairment of property, plant and equipment ("PP&E"), intangible assets and goodwill	✓		✓	
Employee benefits	✓			

¹ Affects the balance sheet through accounts receivable, work in progress and deferred revenue.

Business combinations

The Company accounts for its business combinations using the acquisition method. Under this method the consideration transferred is measured at fair value. Acquisition-related and integration costs associated with the business combination are expensed as incurred. The Company recognizes goodwill as the excess of the cost of the acquisition over the net identifiable tangible and intangible assets acquired and liabilities assumed at their acquisition-date fair values. The fair value allocated to tangible and intangible assets acquired and liabilities assumed are based on assumptions of management. These assumptions include the future expected cash flows arising from the intangible assets identified as client relationships, business solutions, and trademarks. The preliminary goodwill recognized is composed of the future economic value associated to acquired work force and synergies with the Company's operations which are primarily due to reduction of costs and new business opportunities. The determination of fair value involves making estimates relating to acquired intangible assets, PP&E, litigation, provision for estimated losses on revenue-generating contracts, onerous contracts and other contingency reserves. Estimates include the forecasting of future cash flows and discount rates. Subsequent changes in fair values are adjusted against the cost of acquisition if they qualify as measurement period adjustments. The measurement period is the period between the date of acquisition and the date where all significant

information necessary to determine the fair values is available, not to exceed 12 months. All other subsequent changes are recognized in the consolidated statements of earnings. For all business acquisitions, the Company records the results of operations of the acquired entities as of their respective effective acquisition dates.

Income taxes

Income taxes are accounted for using the liability method of accounting.

Current income taxes are recognized with respect to the amounts expected to be paid or recovered under the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax assets and liabilities are determined based on deductible or taxable temporary differences between the amounts reported for financial statements purposes and tax values of the assets and liabilities using enacted or substantively enacted tax rates that will be in effect for the year in which the differences are expected to be recovered or settled. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred income tax assets and liabilities are recognized directly in earnings, other comprehensive income or in equity based on the classification of the item to which they relate.

In the course of the Company's operations, uncertainties exist with respect to interpretation of complex tax regulations and the amount and timing of future taxable income. When a tax position is uncertain, the Company recognizes an income tax benefit or reduces an income tax liability only when it is probable that the tax benefit will be realized in the future or that the income tax liability is no longer probable.

Contingencies and provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The Company's provisions consist of liabilities for leases of premises that the Company has vacated, litigation and claim provisions arising in the ordinary course of business and decommissioning liabilities for operating leases of office buildings where certain arrangements require premises to be returned to their original state at the end of the lease term. The Company also records restructuring provisions related to business acquisitions.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Provisions are discounted using a current pre-tax rate when the impact of the time value of money is material. The increase in the provision due to the passage of time is recognized as finance cost.

The Company accrues provision for onerous leases which consists of estimated costs associated with vacated premises. The provisions reflect the present value of lease payments in excess of the expected sublease proceeds on the remaining term of the lease using the risk-free interest rates. Estimates include potential revenues from the subleasing of vacated premises.

The accrued litigation and legal claim provisions are based on historical experience, current trends and other assumptions that are believed to be reasonable under the circumstances. Estimates include the period in which the underlying cause of the claim occurred and the degree of probability of an unfavourable outcome.

Decommissioning liabilities pertain to operating leases of office buildings where certain arrangements require premises to be returned to their original state at the end of the lease term. The provision is determined using the present value of the estimated future cash outflows using the risk-free interest rates.

Restructuring provisions are recognized when a detailed formal plan identifies the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs and an appropriate timeline. The restructuring provisions are comprised of reduction in headcount.

Revenue recognition

The Company generates revenue principally through the provision of IT services and BPS.

The Company provides services and products under arrangements that contain various pricing mechanisms. The Company recognizes revenue when the following criteria are met: there is clear evidence that an arrangement exists, the amount of revenue and related costs can be measured reliably, it is probable that future economic benefits will flow to the Company, the stage of completion can be measured reliably where services are delivered and the significant risks and rewards of ownership, including effective control, are transferred to clients where products are sold. Revenue is measured at the fair value of the consideration received or receivable net of discounts, volume rebates and sales related taxes.

Some of the Company's arrangements may include client acceptance clauses. Each clause is analyzed to determine whether the earnings process is complete when the service is performed. Formal client sign-off is not always necessary to recognize revenue provided that the Company objectively demonstrates that the criteria specified in the acceptance provisions are satisfied. Some of the criteria reviewed include historical experience with similar types of arrangements, whether the acceptance provisions are specific to the client or are included in all arrangements, the length of the acceptance term and historical experience with the specific client.

Revenue from benefits-funded arrangements is recognized only to the extent that it is probable that the benefit stream associated with the transaction will generate amounts sufficient to fund the value on which revenue recognition is based.

Revenue from sales of third party vendor products, such as software licenses and hardware, or services is recorded gross when the Company is a principal to the transaction and is recorded net of costs when the Company is acting as an agent between the client and vendor. Factors generally considered to determine whether the Company is a principal or an agent are if the Company is the primary obligor to the client, if it adds meaningful value to the vendor's product or service or if it assumes delivery and credit risks.

Estimated losses on revenue-generating contracts may occur due to additional contract costs which were not foreseen at inception of the contract. Contract losses are measured at the amount by which the estimated total costs exceed the estimated total revenue from the contract. The estimated losses on revenue-generating contracts are recognized in the period when it is determined that a loss is probable. They are presented in accounts payable and accrued liabilities and in other long-term liabilities. Management regularly reviews arrangement profitability and the underlying estimates.

Share-based payments

The Company operates equity-settled stock option and PSU plans under which the Company receives services from employees and others as consideration for equity instruments.

The fair value of those share-based payments is established on the grant date using the Black-Scholes option pricing model for the stock options and the closing price of Class A subordinate shares of the Company on the Toronto Stock Exchange ("TSX") for the PSUs. The number of stock options and PSUs expected to vest are estimated on the grant date and subsequently revised on a periodic basis. For stock options, the estimation of fair value requires making assumptions for the most appropriate inputs to the valuation model including the expected life of the option, expected stock price volatility and expected forfeitures. The fair values, adjusted for expectations related to performance conditions, are recognized as share-based payment costs in earnings with a corresponding credit to contributed surplus on a graded-vesting basis over the vesting period.

When stock options are exercised, any consideration paid is credited to capital stock and the recorded fair value of the stock option is removed from contributed surplus and credited to capital stock. When PSUs are exercised, the recorded fair value of PSUs is removed from contributed surplus and credited to capital stock.

Investment tax credits and other government programs

The Company follows the income approach to account for tax credits, whereby investment tax credits are recorded when there is a reasonable assurance that the assistance will be received and that the Company will comply with all relevant conditions. Under this method, tax credits related to operating expenditures are recorded as a reduction of the related expense and recognized in the period in which the related expenditures are charged to operations. Tax credits related to capital expenditures are recorded as a reduction of the cost of the related asset. The tax credits recorded are based on management's best estimates of amounts expected to be received and are subject to audit by the taxation authorities.

Impairment of PP&E, intangible assets and goodwill

The carrying values of PP&E, intangible assets and goodwill are reviewed for impairment when events or changes in circumstances indicate that the carrying value may be impaired. The Company assesses at each reporting date whether any such events or changes in circumstances exist. The carrying values of PP&E and intangible assets not available for use and goodwill are tested for impairment annually as at September 30.

If any indication of impairment exists or when annual impairment testing for an asset is required, the Company estimates the recoverable amount of the asset or cash-generating unit ("CGU") to which the asset relates to determine the extent of any impairment loss. The recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use ("VIU") to the Company. The Company generally uses the VIU. In assessing VIU, estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If the recoverable amount of an asset or a CGU is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated statements of earnings.

For goodwill impairment testing purposes, the CGU that represents the lowest level within the Company at which management monitors goodwill is the operating segment level. Goodwill acquired through business combinations is allocated to the CGU that is expected to benefit from synergies of the related business combination.

The VIU calculation for the recoverable amount of the CGUs to which goodwill has been allocated includes estimates about their future financial performance based on cash flows approved by management covering a period of five years as the Company generates revenue mainly through long-term contracts. Key assumptions used in the VIU calculations are the discount rate applied and the long-term growth rate of net operating cash flows. In determining these assumptions, management has taken into consideration the current economic climate and its resulting impact on expected growth and discount rates. In determining the discount rate applied to a CGU, management uses the Company's weighted average cost of capital as a starting point and applies adjustments to take into account specific tax rates, geographical risk and any additional risks specific to the CGU. The cash flow projections reflect management's expectations of the operating performance of the CGU and growth prospects in the CGU's market.

For impaired assets, excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statements of earnings. Impairment losses relating to goodwill cannot be reversed in future periods.

Employee benefits

The Company operates retirement benefit plans of both a defined contribution and defined benefit nature.

The cost of defined contribution plans is charged to the consolidated statements of earnings on the basis of contributions payable by the Company during the year.

For defined benefits plans, the defined benefit obligations are calculated annually by independent actuaries using the projected unit credit method. The retirement benefit obligations in the consolidated balance sheets represent the present value of the defined benefit obligation as reduced by the fair value of plan assets. The retirement benefits assets are recognized to the extent that the Company can benefit from refunds or a reduction in future contributions. Retirement benefit plans that are funded by the payment of insurance premiums are treated as defined contribution plans unless the Company has an obligation either to pay the benefits directly when they fall due or to pay further amounts if assets accumulated with the insurer do not cover all future employee benefits. In such circumstances, the plan is treated as a defined benefit plan.

Insurance policies are treated as plan assets of a defined benefit plan if the proceeds of the policy:

- Can only be used to fund employee benefits;
- Are not available to the Company's creditors; and
- Either cannot be paid to the Company unless the proceeds represent surplus assets not needed to meet all the benefit obligations or are a reimbursement for benefits already paid by the Company.

Insurance policies that do not meet the above criteria are treated as non-current investments and are held at fair value as a non-current financial asset in the consolidated balance sheets.

The actuarial valuations used to determine the cost of defined benefit pension plans and their present value involve making assumptions about discount rates, expected rates of return on assets, future salary and pension increases, inflation rates and mortality rates. Any changes in these assumptions will impact the carrying amount of pension obligations. In determining the appropriate discount rate management considers the interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. Other assumptions are based in part on current market conditions.

The current service cost is recognized in the consolidated statements of earnings as an employee benefit expense. The interest cost resulting from the increase in the present value of the defined benefit obligations over time and the expected return on plan assets, is recognized as net finance cost or income. A curtailment arises when a defined benefit pension plan is amended or restructured and results in a significant reduction in plan benefits. Actuarial gains and losses arising from experience adjustments or changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise. Additional information is disclosed in note 16 to the fiscal 2013 audited consolidated financial statements.

7. Integrity of Disclosure

Our management assumes the responsibility for the existence of appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete and reliable. The Board of Directors carries out this responsibility mainly through its Audit and Risk Management Committee.

CGI has a formal Corporate Disclosure Policy as a part of its Fundamental Texts whose goal is to raise awareness of the Company's approach to disclosure among the Board of Directors, senior management and employees. The Board of Directors has established a Disclosure Policy Committee responsible for all regulatory disclosure requirements and overseeing the Company's disclosure practices.

The Audit and Risk Management Committee of CGI is composed entirely of independent directors who meet the independence and experience requirements of the New York Stock Exchange as well as those that apply under Canadian securities regulation. The responsibilities of our Audit and Risk Management Committee include: a) reviewing of all our public disclosure documents containing audited or unaudited financial information; b) identifying and examining the financial and operating risks to which we are exposed and reviewing the various policies and practices that are intended to manage those risks; c) reviewing and assessing of the effectiveness of our accounting policies and practices concerning financial reporting; d) reviewing and monitoring our internal control procedures, programs and policies and assessing of the adequacy and effectiveness thereof; e) reviewing the adequacy of our internal audit resources including the mandate and objectives of the internal auditor; f) recommending to the Board of Directors of CGI on the appointment of external auditors, the assertion of the external auditors' independence, the review of the terms of their engagement as well as pursuing ongoing discussions with them; g) reviewing of the audit procedures; h) reviewing of related party transactions; and i) carrying out such other responsibilities usually attributed to audit and risk committees or as directed by our Board of Directors.

As reported in our 2013 Annual Report, the Company evaluated the effectiveness of its disclosure controls and procedures and internal controls over financial reporting, supervised by and with the participation of the Chief Executive Officer and the Chief Financial Officer as of September 30, 2013. The Chief Executive Officer and Chief Financial Officer concluded that, based on this evaluation, the Company's disclosure controls and procedures and internal controls over financial reporting were adequate and effective, at a reasonable level of assurance, to ensure that material information related to the Company and its consolidated subsidiaries would be made known to them by others within those entities.

For the quarter ended December 31, 2013, there was no change in our internal control over financial reporting that materially affected, or is reasonably likely to materially affect the Company's internal controls over financial reporting.

8. Risk Environment

8.1. RISKS AND UNCERTAINTIES

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

8.1.1. Risks Related to the Market

Economic risk

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

8.1.2. Risks Related to our Industry

The competition for contracts

CGI operates in a global marketplace in which competition among providers of IT services is vigorous. Some of our competitors possess greater financial, marketing, sales resources, and larger geographic scope in certain parts of the world than we do, which, in turn, provides them with additional leverage in the competition for contracts. In certain niche, regional or metropolitan markets, we face smaller competitors with specialized capabilities who may be able to provide competing services with greater economic efficiency. Some of our competitors have more significant operations than we do in lower cost countries that can serve as a platform from which to provide services worldwide on terms that may be more favourable. Increased competition among IT services firms often results in corresponding pressure on prices. There can be no assurance that we will succeed in providing competitively priced services at levels of service and quality that will enable us to maintain and grow our market share.

The availability and retention of qualified IT professionals

There is strong demand for qualified individuals in the IT industry. Hiring and retaining a sufficient amount of individuals with the desired knowledge and skill set may be difficult. Therefore, it is important that we remain able to successfully attract and retain highly qualified professionals and establish an effective succession plan. If our comprehensive programs aimed at attracting and retaining qualified and dedicated professionals do not ensure that we have staff in sufficient numbers and with the appropriate training, expertise and suitable government security clearances required to serve the needs of our clients, we may have to rely on subcontractors or transfers of staff to fill resulting gaps. If our succession plan fails to identify those with potential or to develop these key individuals, we may lose key members and be required to recruit and train these new resources. This might result in lost revenue or increased costs, thereby putting pressure on our earnings.

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

The rapid pace of change in all aspects of information technology and the continually declining costs of acquiring and maintaining information technology infrastructure mean that we must anticipate changes in our clients' needs. To do so, we must adapt our services and our solutions so that we maintain and improve our competitive advantage and remain able to provide cost effective services. The market for the services and solutions we offer is extremely competitive and there can be no assurance that we will succeed in developing and adapting our business in a timely manner. If we do not keep pace, our ability to retain existing clients and gain new business may be adversely affected. This may result in pressure on our revenue, profit margin and resulting cash flows from operations.

Infringing on the intellectual property rights of others

Despite our efforts, the steps we take to ensure that our services and offerings do not infringe on the intellectual property rights of third parties may not be adequate to prevent infringement and, as a result, claims may be asserted against us or our clients. We enter into licensing agreements for the right to use intellectual property and may otherwise offer indemnities against liability and damages arising from third-party claims of patent, copyright, trademark or trade secret infringement in respect of our own intellectual property or software or other solutions developed for our clients. In some instances, the amount of these indemnity claims could be greater than the revenue we receive from the client. Intellectual property claims or litigation could be time-consuming and costly, harm our reputation, require us to enter into additional royalty or licensing arrangements, or prevent us from providing some solutions or services. Any limitation on our ability to sell or use solutions or services that incorporate software or technologies that are the subject of a claim could cause us to lose revenue-generating opportunities or require us to incur additional expenses to modify solutions for future projects.

Benchmarking provisions within certain contracts

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

Protecting our intellectual property rights

Our success depends, in part, on our ability to protect our proprietary methodologies, processes, know-how, tools, techniques and other intellectual property that we use to provide our services. CGI's business solutions will generally benefit from available copyright protection and, in some cases, patent protection. Although CGI takes reasonable steps to protect and enforce its intellectual property rights, there is no assurance that such measures will be enforceable or adequate. The cost of enforcing our rights can be substantial and, in certain cases, may prove to be uneconomic. In addition, the laws of some countries in which we conduct business may offer only limited intellectual property rights protection. Despite our efforts, the steps taken to protect our intellectual property may not be adequate to prevent or deter infringement or other misappropriation of intellectual property, and we may not be able to detect unauthorized use of our intellectual property, or take appropriate steps to enforce our intellectual property rights.

8.1.3. Risks Related to our Business

Risks associated with our growth strategy

CGI's Build and Buy strategy is founded on four pillars of growth: first, organic growth through contract wins, renewals and extensions in the areas of outsourcing and system integration; second, the pursuit of new large outsourcing contracts; third, acquisitions of smaller firms or niche players; and fourth, transformational acquisitions.

Our ability to grow through organic growth and new large outsourcing transactions is affected by a number of factors outside of our control, including a lengthening of our sales cycle for major outsourcing contracts.

Our ability to grow through niche and transformational acquisitions requires that we identify suitable acquisition targets and that we correctly evaluate their potential as transactions that will meet our financial and operational objectives. There can be no assurance that we will be able to identify suitable acquisition candidates and consummate additional acquisitions that meet our economic thresholds, or that future acquisitions will be successfully integrated into our operations and yield the tangible accretive value that had been expected.

If we are unable to implement our Build and Buy strategy, we will likely be unable to maintain our historic or expected growth rates.

The variability of financial results

Our ability to maintain and increase our revenues is affected not only by our success in implementing our Build and Buy strategy, but also by a number of other factors, including: our ability to introduce and deliver new services and products; a lengthened sales cycle; the cyclical nature of purchases of technology services and products; the nature of a customer's business; and the structure of agreements with customers. These, and other factors, make it difficult to predict financial results for any given period.

Business mix variations

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

The financial and operational risks inherent in worldwide operations

We manage operations in numerous countries around the world. The scope of our operations subjects us to various issues that can negatively impact our operations: the fluctuations of currency (see foreign exchange risk); the burden of complying with a wide variety of national and local laws (see regulatory risk); the differences in and uncertainties arising from local business culture and practices; political, social and economic instability including the threats of terrorism, civil unrest, war, natural disasters and pandemic illnesses. Any or all of these risks could impact our global business operations and cause our profitability to decline.

Organizational challenges associated with our size

With the acquisition of Logica, our organization has more than doubled in size with expanded operations in both Europe and Asia. Our culture, standards, core values, internal controls and our policies need to be instilled across the newly acquired businesses as well as maintained within our existing operations. To effectively communicate and manage these standards throughout a large global organization is both challenging and time consuming. Newly acquired businesses may be resistant to change and may remain attached to past methods, standards and practices which may compromise our business agility in pursuing opportunities. Cultural differences in various countries may also present barriers to introducing new ideas or aligning our vision and strategy with the rest of the organization. If we cannot overcome these obstacles in maintaining a strategic bond throughout the Company worldwide, we may not be able to achieve our growth and profitability objectives.

Taxes

In estimating our income tax payable, management uses accounting principles to determine income tax positions that are likely to be sustained by applicable tax authorities. However, there is no assurance that our tax benefits or tax liability will not materially differ from our estimates or expectations. The tax legislation, regulation and interpretation that apply to our operations are continually changing. In addition, future tax benefits and liabilities are dependent on factors that are inherently uncertain and subject to change, including future earnings, future tax rates, and anticipated business mix in the various jurisdictions in which we operate. Moreover, our tax returns are continually subject to review by applicable tax authorities; it is these tax authorities that will make the final determination of the actual amounts of taxes payable or receivable, of any future tax benefits or liabilities and of income tax expense that we may ultimately recognize. Any of the above factors could have a material adverse effect on our net income or cash flows by affecting our operations and profitability, the availability of tax credits, the cost of the services we provide, and the availability of deductions for operating losses as we develop our international service delivery capabilities.

Credit risk with respect to accounts receivable and work in progress

In order to sustain our cash flows and net earnings from operations, we must collect the amounts owed to us in an efficient and timely manner. Although we maintain provisions to account for anticipated shortfalls in amounts collected, the provisions we take are based on management estimates and on our assessment of our clients' creditworthiness which may prove to be inadequate in the light of actual results. To the extent that we fail to perform our services in accordance with our contracts and our clients' reasonable expectations, and to the extent that we fail to invoice clients for our services correctly in a timely manner, our collections could suffer resulting in a direct and adverse effect to our revenue, net earnings and cash flows. In addition, a prolonged economic downturn may cause clients to curtail or defer projects, impair their ability to pay for services already provided, and ultimately cause them to default on existing contracts, in each case, causing a shortfall in revenue and impairing our future prospects.

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

Consolidation among our clients resulting from mergers and acquisitions may result in loss or reduction of business when the successor business' information technology needs are served by another service provider or are provided by the successor Company's own personnel. Growth in a client's information technology needs resulting from acquisitions or operations may mean that we no longer have a sufficient geographic scope or the critical mass to serve the client's needs efficiently, resulting in the loss of the client's business and impairing our future prospects. There can be no assurance that we will be able to achieve the objectives of our growth strategy in order to maintain and increase our geographic scope and critical mass in our targeted markets.

Early termination risk

If we should fail to deliver our services according to contractual agreements, some of our clients could elect to terminate contracts before their agreed expiry date, which would result in a reduction of our earnings and cash flow and may impact the value of our backlog. In addition, a number of our outsourcing contractual agreements have termination for convenience and change of control clauses according to which a change in the client's intentions or a change in control of CGI could lead to a termination of the said agreements. Early contract termination can also result from the exercise of a legal right or when circumstances that are beyond our control or beyond the control of our client prevent the contract from continuing. In cases of early termination, we may not be able to recover capitalized contract costs and we may not be able to eliminate ongoing costs incurred to support the contract.

Cost estimation risks

In order to generate acceptable margins, our pricing for services is dependent on our ability to accurately estimate the costs and timing for completing projects or long-term outsourcing contracts. In addition, a significant portion of our project-oriented contracts are performed on a fixed-price basis. Billing for fixed-price engagements is carried out in accordance with the contract terms agreed upon with our client, and revenue is recognized based on the percentage of effort incurred to date in relation to the total estimated costs to be incurred over the duration of the respective contract. These estimates reflect our best judgment regarding the efficiencies of our methodologies and professionals as we plan to apply them to the contracts in accordance with the CGI Client Partnership Management Framework (“CPMF”), a process framework which helps ensure that all contracts are managed according to the same high standards throughout the organization. If we fail to apply the CPMF correctly or if we are unsuccessful in accurately estimating the time or resources required to fulfil our obligations under a contract, or if unexpected factors, including those outside of our control, arise, there may be an impact on costs or the delivery schedule which could have an adverse effect on our expected profit margins.

Risks related to teaming agreements and subcontracts

We derive substantial revenues from contracts where we enter into teaming agreements with other providers. In some teaming agreements we are the prime contractor whereas in others we act as a subcontractor. In both cases, we rely on our relationships with other providers to generate business and we expect to do so in the foreseeable future. Where we act as prime contractor, if we fail to maintain our relationships with other providers, we may have difficulty attracting suitable participants in our teaming agreements. Similarly, where we act as subcontractor, if our relationships are impaired, other providers might reduce the work they award to us, award that work to our competitors, or choose to offer the services directly to the client in order to compete with our business. In either case, our business, prospects, financial condition and operating results could be harmed.

Our partners' ability to deliver on their commitments

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

Guarantees risk

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

Risk related to human resources utilization rates

In order to maintain our profit margin, it is important that we maintain the appropriate availability of professional resources in each of our geographies by having a high utilization rate while still being able to assign additional resources to new work. Maintaining an efficient utilization rate requires us to forecast our need for professional resources accurately and to manage recruitment activities, professional training programs, attrition rates and restructuring programs appropriately. To the extent that we fail to do so, or to the extent that laws and regulations, particularly those in Europe, restrict our ability to do so, our utilization rates may be reduced; thereby having an impact on our revenue and profitability. Conversely, we may find that we do not have sufficient resources to deploy against new business opportunities in which case our ability to grow our revenue would suffer.

Client concentration risk

We derive a significant portion of our revenue from the services we provide to the U.S. federal government and its agencies, and we expect that this will continue for the foreseeable future. In the event that a major U.S. federal government agency were to limit, reduce, or eliminate the business it awards to us, we might be unable to recover the lost revenue with work from other agencies or other clients, and our business, prospects, financial condition and operating results could be materially and adversely affected. Although IFRS considers a national government and its agencies as a single client, our client base in the U.S. government economic sector is in fact diversified with contracts from many different departments and agencies.

Government business risk

Changes in government spending policies or budget priorities could directly affect our financial performance. Among the factors that could harm our government contracting business are the curtailment of governments' use of consulting and IT services firms; a significant decline in spending by governments in general, or by specific departments or agencies in particular; the adoption of new legislation and/or actions affecting companies that provide services to governments; delays in the payment of our invoices by government payment offices; and general economic and political conditions. These or other factors could cause government agencies and departments to reduce their purchases under contracts, to exercise their right to terminate contracts, to issue temporary stop work orders, or not to exercise options to renew contracts, any of which would cause us to lose future revenue. Government spending reductions or budget cutbacks at these departments or agencies could materially harm our continued performance under these contracts, or limit the awarding of additional contracts from these agencies.

Regulatory risk

Our global operations require us to be compliant with laws in many jurisdictions on matters such as: anticorruption, trade restrictions, immigration, taxation, securities regulation, anti-competition, data privacy and labour relations, amongst others. Complying with these diverse requirements worldwide is a challenge and consumes significant resources. Some of these laws may impose conflicting requirements; we may face the absence in some jurisdictions of effective laws to protect our intellectual property rights; there may be restrictions on the movement of cash and other assets; or restrictions on the import and export of certain technologies; or restrictions on the repatriation of earnings and reduce our earnings, all of which may expose us to penalties for non-compliance and harm our reputation.

Our business with the U.S. federal government and its agencies requires that we comply with complex laws and regulations relating to government contracts. These laws relate to the integrity of the procurement process, impose disclosure requirements, and address national security concerns, among others matters. For instance, we are routinely subject to audits by U.S. government agencies with respect to compliance with these rules. If we fail to comply with these requirements we may incur penalties and sanctions, including contract termination, suspension of payments, suspension or debarment from doing business with the federal government, and fines.

Legal claims made against our work

We create, implement and maintain IT solutions that are often critical to the operations of our clients' business. Our ability to complete large projects as expected could be adversely affected by unanticipated delays, renegotiations, and changing client requirements or project delays. Also, our solutions may suffer from defects that adversely affect their performance; they may not meet our clients' requirements or may fail to perform in accordance with applicable service levels. Such

problems could subject us to legal liability, which could adversely affect our business, operating results and financial condition, and may negatively affect our professional reputation. We typically use reasonable efforts to include provisions in our contracts which are designed to limit our exposure to legal claims relating to our services and the applications we develop. We may not always be able to include such provisions and, where we are successful, they may not protect us adequately or may not be enforceable under some circumstances or under the laws of some jurisdictions.

Information and infrastructure risks

Our business often requires that our clients' applications and information, which may include their proprietary information, be processed and stored on our networks and systems, and in data centres that we manage. Digital information and equipment is subject to loss, theft or destruction, and services that we provide may become temporarily unavailable as a result thereof or upon an equipment or system malfunction. Failures can arise from human error in the course of normal operations, maintenance and upgrading activities, or from hacking, vandalism (including denial of service attacks and computer viruses), theft and unauthorized access by third parties, as well as from power outages or surges, floods, fires, natural disasters or from any other causes. The measures that we take to protect information and software, including both physical and logical controls on access to premises and information and backup systems may prove in some circumstances to be inadequate to prevent the loss, theft or destruction of client information or service interruptions. Such events may expose the Company to financial loss or damages.

Risk of harm to our reputation

CGI's reputation as a capable and trustworthy service provider and long term business partner is key to our ability to compete effectively in the market for information technology services. The nature of our operations exposes us to the potential loss, unauthorized access to, or destruction of our clients' information, as well as temporary service interruptions. Depending on the nature of the information or services, such events may have a negative impact on how the Company is perceived in the marketplace. Under such circumstances, our ability to obtain new clients and retain existing clients could suffer with a resulting impact on our revenue and profit.

Risks associated with the integration of new operations

The successful integration of new operations arising from our acquisition strategy or from large outsourcing contracts requires that a substantial amount of management time and attention be focused on integration tasks. Management time that is devoted to integration activities may detract from management's normal operations focus with resulting pressure on the revenues and earnings from our existing operations. In addition, we may face complex and potentially time-consuming challenges in implementing the uniform standards, controls, procedures and policies across new operations to harmonize their activities with those of our existing business units. Integration activities can result in unanticipated operational problems, expenses and liabilities. If we are not successful in executing our integration strategies in a timely and cost-effective manner, we will have difficulty achieving our growth and profitability objectives.

Internal controls risks

Due to the inherent limitations of internal controls including the circumvention or overriding of controls, or fraud, there can only be reasonable assurance that the Company's internal controls will detect and prevent a misstatement. If the Company is unable to design, implement, monitor and maintain effective internal controls throughout its different business environments, the efficiency of our operations might suffer, resulting in a decline in revenue and profitability, and the accuracy of our financial reporting could be impaired.

Liquidity and funding risks

The Company's future growth is contingent on the execution of its business strategy, which, in turn, is dependent on its ability to grow the business organically as well as conclude business acquisitions. By its nature, our growth strategy requires us to fund the investments required to be made using a mix of cash generated from our existing operations, money borrowed under our existing or future credit agreements, and equity funding generated by the issuance of shares of our capital stock to counterparties in transactions, or to the general public. Our ability to raise the required funding depends on the capacity of the capital markets to meet our financing needs in a timely fashion and on the basis of interest rates and share prices that are reasonable in the context of profitability objectives. Increasing interest rates, volatility in our share price, and the capacity of our current lenders to meet our liquidity requirements are all factors that may have an adverse effect on our access to the funding we require. If we are unable to obtain the necessary funding, we may be unable to achieve our growth objectives.

Foreign exchange risk

The majority of our revenue and costs are denominated in currencies other than the Canadian dollar. Foreign exchange fluctuations impact the results of our operations as they are reported in Canadian dollars. This risk is partially mitigated by a natural hedge in matching our costs with revenue denominated in the same currency and through the use of derivatives in our hedging strategy. As we continue our global expansion, natural hedges may begin to diminish and the use of hedging contracts exposes us to the risk that financial institutions will fail to perform their obligations under our hedging instruments. Other than the use of financial products to deliver on our hedging strategy, we do not trade derivative financial instruments.

With our expanded presence in Europe, if uncertainty regarding the ability of certain European countries to continue servicing their sovereign debt or if austerity measures persist, the euro may weaken against the Canadian dollar. Similarly, if other currencies of countries where we operate weaken against the Canadian dollar, our consolidated financial results could be materially adversely impaired.

8.2. LEGAL PROCEEDINGS

The Company is involved in legal proceedings, audits, claims and litigation arising in the ordinary course of its business. Certain of these matters seek damages in significant amounts. Although the outcome of such matters is not predictable with assurance, the Company has no reason to believe that the disposition of any such current matter could reasonably be expected to have a material adverse effect on the Company's financial position, results of operations or the ability to carry on any of its business activities. Please refer to Note 5 to the interim condensed consolidated financial statements for more detailed information for legal proceedings.

Transfer Agent

Computershare Investor Services Inc.
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Investor Relations

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CGI Group Inc. – Management's Discussion and Analysis for the three months ended December 31, 2013

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Interim Condensed Consolidated Financial Statements of

CGI GROUP INC.

For the three months ended December 31, 2013 and 2012
(unaudited)

Interim Condensed Consolidated Statements of Earnings

For the three months ended December 31

(in thousands of Canadian dollars, except share data) (unaudited)

	2013	2012
	\$	\$
Revenue	<u>2,644,710</u>	<u>2,532,929</u>
Operating expenses		
Costs of services, selling and administrative	2,341,314	2,320,922
Integration-related costs (Note 5)	22,615	153,419
Finance costs	28,438	27,197
Finance income	(1,080)	(1,661)
Foreign exchange loss	468	2,516
	<u>2,391,755</u>	<u>2,502,393</u>
Earnings before income taxes	252,955	30,536
Income tax expense	63,165	8,091
Net earnings	<u>189,790</u>	<u>22,445</u>
Earnings per share (Note 8c)		
Basic earnings per share	0.62	0.07
Diluted earnings per share	<u>0.60</u>	<u>0.07</u>

CGI Group Inc. – Interim Condensed Consolidated Financial Statements for the three months ended December 31, 2013 and 2012 1

Interim Condensed Consolidated Statements of Comprehensive Income

For the three months ended December 31

(in thousands of Canadian dollars) (unaudited)

	<u>2013</u>	<u>2012</u>
	<u>\$</u>	<u>\$</u>
Net earnings	<u>189,790</u>	<u>22,445</u>
Items that will be reclassified subsequently to net earnings:		
Net unrealized gains on translating financial statements of foreign operations (net of income taxes) ¹	221,643	114,619
Net unrealized losses on derivative financial instruments and on translating long-term debt designated as hedges of net investments in foreign operations (net of income taxes)	(84,389)	(52,213)
Net unrealized gains (losses) on cash flow hedges (net of income taxes)	2,070	(267)
Net unrealized gains (losses) on investments available for sale (net of income taxes)	30	(122)
Items that will not be reclassified subsequently to net earnings:		
Net unrealized actuarial gains (losses) (net of income taxes)	2,573	(10,535)
Other comprehensive income	<u>141,927</u>	<u>51,482</u>
Comprehensive income	<u>331,717</u>	<u>73,927</u>

¹ During the year ended September 30, 2013, the Company finalized the purchase price allocation and has retrospectively revised the impact of changes to the preliminary purchase price allocation. As a result, net unrealized gains on translating financial statements of foreign operations were revised from \$112,156,000 to \$114,619,000.

Interim Condensed Consolidated Balance Sheets
(in thousands of Canadian dollars) (unaudited)

	As at December 31, 2013 \$	As at September 30, 2013 \$
Assets		
Current assets		
Cash and cash equivalents (Note 4)	206,144	106,199
Short-term investments	364	69
Accounts receivable	1,464,963	1,205,625
Work in progress	1,011,134	911,848
Prepaid expenses and other current assets	229,126	219,721
Income taxes	12,190	17,233
Total current assets before funds held for clients	2,923,921	2,460,695
Funds held for clients	416,204	222,469
Total current assets	3,340,125	2,683,164
Property, plant and equipment	486,512	475,143
Contract costs	138,918	140,472
Intangible assets	700,176	708,165
Other long-term assets	129,428	110,321
Deferred tax assets	381,649	368,217
Goodwill	6,624,164	6,393,790
	<u>11,800,972</u>	<u>10,879,272</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	1,210,654	1,125,916
Accrued compensation	705,543	713,933
Deferred revenue	601,334	508,267
Income taxes	191,606	156,358
Provisions (Note 5)	177,777	223,074
Current portion of long-term debt (Note 6)	558,879	534,173
Total current liabilities before clients' funds obligations	3,445,793	3,261,721
Clients' funds obligations	413,933	220,279
Total current liabilities	3,859,726	3,482,000
Long-term provisions (Note 5)	104,829	109,011
Long-term debt (Note 6)	2,567,367	2,332,377
Other long-term liabilities	661,520	591,763
Deferred tax liabilities	154,538	155,329
Retirement benefits obligations	154,065	153,095
	<u>7,502,045</u>	<u>6,823,575</u>
Equity		
Retained earnings	1,695,071	1,551,956
Accumulated other comprehensive income (Note 7)	263,782	121,855
Capital stock (Note 8a)	2,191,593	2,240,494
Contributed surplus	148,481	141,392
	<u>4,298,927</u>	<u>4,055,697</u>
	<u>11,800,972</u>	<u>10,879,272</u>

CGI Group Inc. – Interim Condensed Consolidated Financial Statements for the three months ended December 31, 2013 and 2012 3

Interim Condensed Consolidated Statements of Changes in Equity

For the three months ended December 31

(in thousands of Canadian dollars) (unaudited)

	Retained earnings	Accumulated other comprehensive income	Capital stock	Contributed surplus	Total equity
	\$	\$	\$	\$	\$
Balance as at September 30, 2013	1,551,956	121,855	2,240,494	141,392	4,055,697
Net earnings for the period	189,790	—	—	—	189,790
Other comprehensive income for the period	—	141,927	—	—	141,927
	1,741,746	263,782	2,240,494	141,392	4,387,414
Share-based payment costs	—	—	—	10,012	10,012
Income tax impact associated with stock options	—	—	—	2,130	2,130
Exercise of stock options (Note 8a)	—	—	26,532	(5,535)	20,997
Repurchase of Class A subordinate shares (Note 8a)	(46,675)	—	(53,325)	—	(100,000)
Purchase of Class A subordinate shares held in trust (Note 8a)	—	—	(23,016)	—	(23,016)
Resale of shares held in trust (Note 8a)	—	—	908	482	1,390
Balance as at December 31, 2013	1,695,071	263,782	2,191,593	148,481	4,298,927

	Retained earnings	Accumulated other comprehensive income	Capital stock	Contributed surplus	Total equity
	\$	\$	\$	\$	\$
Balance as at September 30, 2012 as retrospectively revised ¹	1,113,225	294	2,201,694	107,690	3,422,903
Net earnings for the period	22,445	—	—	—	22,445
Other comprehensive income for the period ¹	—	51,482	—	—	51,482
	1,135,670	51,776	2,201,694	107,690	3,496,830
Share-based payment costs	—	—	—	6,960	6,960
Income tax impact associated with stock options	—	—	—	(5,811)	(5,811)
Exercise of stock options (Note 8a)	—	—	9,115	(2,075)	7,040
Repurchase of Class A subordinate shares (Note 8a)	(77)	—	(35)	—	(112)
Purchase of Class A subordinate shares held in trust (Note 8a)	—	—	(7,663)	—	(7,663)
Balance as at December 31, 2012	1,135,593	51,776	2,203,111	106,764	3,497,244

¹ During the year ended September 30, 2013, the Company finalized the purchase price allocation and has retrospectively revised the impact of changes to the preliminary purchase price allocation. As a result, accumulated other comprehensive income was revised from \$48,744,000 to \$51,776,000.

Interim Condensed Consolidated Statements of Cash Flows

For the three months ended December 31

(tabular amounts only are in thousands of Canadian dollars) (unaudited)

	2013 \$	2012 \$
Operating activities		
Net earnings	189,790	22,445
Adjustments for:		
Amortization and depreciation	110,464	114,008
Deferred income taxes	(527)	(17,682)
Foreign exchange loss	1,103	707
Share-based payment costs	10,012	6,960
Net change in non-cash working capital items (Note 9)	(244,538)	98,092
Cash provided by operating activities	66,304	224,530
Investing activities		
Net change in short-term investments	(295)	(109)
Purchase of property, plant and equipment	(50,327)	(39,857)
Additions to contract costs	(12,764)	(9,167)
Additions to intangible assets	(15,378)	(9,907)
Additions to other long-term assets	—	(1,322)
(Purchase) proceeds from sale of long-term investments	(8,307)	683
Payments received from long-term receivable	1,842	—
Cash used in investing activities	(85,229)	(59,679)
Financing activities		
Net change in credit facility	214,274	(119,095)
Increase of long-term debt	27,731	881
Repayment of long-term debt	(15,848)	(11,898)
Purchase of Class A subordinate shares held in trust (Note 8a)	(23,016)	(7,663)
Resale of shares held in trust	1,390	—
Repurchase of Class A subordinate shares (Note 8a)	(100,000)	(112)
Issuance of Class A subordinate shares, net of transaction costs	20,102	6,594
Cash provided by (used in) financing activities	124,633	(131,293)
Effect of foreign exchange rate changes on cash and cash equivalents	(5,763)	363
Net increase in cash and cash equivalents	99,945	33,921
Cash and cash equivalents, beginning of period	106,199	113,103
Cash and cash equivalents, end of period (Note 4)	206,144	147,024

Supplementary cash flow information (Note 9).

Notes to the Interim Condensed Consolidated Financial Statements

For the three months ended December 31, 2013 and 2012

(tabular amounts only are in thousands of Canadian dollars, except share data) (unaudited)

1. Description of business

CGI Group Inc. (the “Company”), directly or through its subsidiaries, manages information technology services (“IT services”) as well as business process services (“BPS”) to help clients effectively realize their strategies and create added value. The Company’s services include the management of IT and business processes (“outsourcing”), systems integration and consulting including the sale of business solutions. The Company was incorporated under Part IA of the Companies Act (Québec) predecessor to the Business Corporations Act (Québec) which came into force on February 14, 2011 and its shares are publicly traded. The executive and registered office of the Company is situated at 1350, René-Lévesque Blvd. West, Montréal, Québec, Canada, H3G 1T4.

2. Basis of preparation

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, “Interim Financial Reporting” as issued by the International Accounting Standards Board (“IASB”). In addition, the interim condensed consolidated financial statements have been prepared in accordance with the accounting policies set out in Note 3, “Summary of significant accounting policies” of the Company’s consolidated financial statements for the year ended September 30, 2013, which are based on International Financial Reporting Standards (“IFRS”) and International Financial Reporting Interpretations Committee (“IFRIC”) interpretations. The accounting policies were consistently applied to all periods presented except for the new accounting policies adopted effective October 1, 2013 (Note 3).

These interim condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements of the Company for the year ended September 30, 2013.

The Company’s interim condensed consolidated financial statements for the three months ended December 31, 2013 and 2012 were authorized for issue by the Board of Directors on January 29, 2014.

3. Change in accounting policies

The following new and amended standards have been adopted by the Company effective October 1, 2013:

IFRS 10 – Consolidated Financial Statements

In May 2011, the IASB issued IFRS 10, “Consolidated Financial Statements”, which builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included in a company’s consolidated financial statements. The adoption of IFRS 10 did not result in any significant impact on the Company’s interim condensed consolidated financial statements.

IFRS 12 – Disclosure of Interests in Other Entities

In May 2011, the IASB issued IFRS 12, “Disclosure of Interests in Other Entities”, which provides guidance on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and structured entities. The standard requires disclosure of the nature and risks associated with the Company’s interests in other entities and the effects of those interests in its financial position, financial performance and cash flows. These disclosures are required in the Company’s annual consolidated financial statements.

CGI Group Inc. – Interim Condensed Consolidated Financial Statements for the three months ended December 31, 2013 and 2012 6

Notes to the Interim Condensed Consolidated Financial Statements

For the three months ended December 31, 2013 and 2012

(tabular amounts only are in thousands of Canadian dollars, except share data) (unaudited)

3. Change in accounting policies (continued)

IFRS 13 – Fair Value Measurement

In May 2011, the IASB issued IFRS 13, “Fair Value Measurement”, which provides guidance for fair value measurements by providing a definition of fair value and a single source of fair value measurement and disclosure requirements. IFRS 13 applies when other IFRS standards require or permit fair value measurements. The adoption of IFRS 13 did not result in any significant impact on the Company’s interim condensed consolidated financial statements other than to give rise to additional disclosures (Note 11).

IAS 1 – Presentation of Financial Statements

In June 2011, the IASB amended IAS 1, “Presentation of Financial Statements”, to require grouping together items within the statement of comprehensive income that may be reclassified to the statement of earnings. As a result, the Company has grouped items within its interim condensed consolidated statements of comprehensive income and accumulated other comprehensive income by items that will and will not be reclassified subsequently to interim condensed consolidated statements of earnings.

IAS 19 – Employee Benefits

In June 2011, the IASB amended IAS 19, “Employee Benefits”, to adjust the calculation of the financing cost component of defined benefit plans and to enhance disclosure requirements. As a result, the Company calculated a net interest expense/income on the net defined benefit liability/asset. The net interest on the defined benefit liability or asset replaces the interest cost on the defined benefit obligation and the expected return on plan assets. The adoption of IAS 19 did not result in any significant impact on the Company’s interim condensed consolidated financial statements. The additional disclosures will be included in the Company’s annual consolidated financial statements.

IAS 19 – Employee Benefits (Amendment)

In November 2013, the IASB amended IASB 19, “Employee Benefits”, to permit the recognition of certain contributions from employees as a reduction of the service cost in the period in which the related service is rendered. The amendment applies to contributions from employees set out in the formal terms of the plan, linked to service and independent of the number of years of service. The Company has early adopted the amendment of IAS 19 which is effective on or after July 1, 2014. The amendment did not result in any significant impact on the Company’s interim condensed consolidated financial statements.

4. Cash and cash equivalents

	As at December 31, 2013 \$	As at September 30, 2013 \$
Cash	205,500	105,677
Cash equivalents	644	522
	<u>206,144</u>	<u>106,199</u>

CGI Group Inc. – Interim Condensed Consolidated Financial Statements for the three months ended December 31, 2013 and 2012 7

Notes to the Interim Condensed Consolidated Financial Statements

For the three months ended December 31, 2013 and 2012

(tabular amounts only are in thousands of Canadian dollars, except share data) (unaudited)

5. Provisions

The Company's provisions consist of liabilities for leases of premises that the Company has vacated, litigation and claim provisions arising in the ordinary course of business and decommissioning liabilities for operating leases of office buildings where certain arrangements require premises to be returned to their original state at the end of the lease term. The Company also records restructuring provisions related to business acquisitions.

During the three months ended December 31, 2013, the Company expensed \$22,615,000 of the announced integration program of \$525,000,000. This amount includes integration costs for the termination of employees to transform the operations of Logica plc ("Logica") to the Company's operating model of \$11,222,000 and other integration costs of \$11,393,000. During the three months ended December 31, 2012, the integration costs of \$153,419,000 included integration costs for the termination of employees to transform the operations of Logica to the Company's operating model of \$135,581,000 and other integration costs of \$17,838,000.

During the three months ended December 31, 2013, the Company paid \$53,325,000 (\$57,305,000 during the three months ended December 31, 2012) related to the integration program and \$2,696,000 (\$13,420,000 during the three months ended December 31, 2012) related to the restructuring program of Logica announced on December 14, 2011 before the Company's acquisition of Logica.

6. Long-term debt

During the three months ended December 31, 2013, the unsecured revolving credit facility of \$1,500,000,000 was extended by one year to December 2017. All other terms and conditions including interest rates and banking covenants remain unchanged.

CGI Group Inc. – Interim Condensed Consolidated Financial Statements for the three months ended December 31, 2013 and 2012 8

Notes to the Interim Condensed Consolidated Financial Statements

For the three months ended December 31, 2013 and 2012

(tabular amounts only are in thousands of Canadian dollars, except share data) (unaudited)

7. Accumulated other comprehensive income

	As at December 31, 2013 \$	As at September 30, 2013 \$
Items that will be reclassified subsequently to net earnings:		
Net unrealized gains on translating financial statements of foreign operations, net of accumulated income tax expense of \$30,489 as at December 31, 2013 (\$18,818 as at September 30, 2013)	512,053	290,410
Net unrealized losses on derivative financial instruments and on translating long-term debt designated as hedges of net investments in foreign operations, net of accumulated income tax recovery of \$34,463 as at December 31, 2013 (\$21,349 as at September 30, 2013)	(222,103)	(137,714)
Net unrealized losses on cash flow hedges, net of accumulated income tax recovery of \$1,727 as at December 31, 2013 (\$3,085 as at September 30, 2013)	(4,139)	(6,209)
Net unrealized gains on investments available for sale, net of accumulated income tax expense of \$656 as at December 31, 2013 (\$617 as at September 30, 2013)	1,665	1,635
Items that will not be reclassified subsequently to net earnings:		
Net unrealized actuarial losses, net of accumulated income tax recovery of \$5,812 as at December 31, 2013 (\$5,788 as at September 30, 2013)	(23,694)	(26,267)
	<u>263,782</u>	<u>121,855</u>

For the three months ended December 31, 2013, \$1,522,000 of the net unrealized losses previously recognized in other comprehensive income, net of income tax recovery of \$781,000, were reclassified to net earnings for derivatives designated as cash flow hedges.

Notes to the Interim Condensed Consolidated Financial Statements

For the three months ended December 31, 2013 and 2012

(tabular amounts only are in thousands of Canadian dollars, except share data) (unaudited)

8. Capital stock, share-based payments and earnings per share

a) CAPITAL STOCK

	Class A subordinate shares		Class B shares		Total	
	Number	Carrying value	Number	Carrying value	Number	Carrying value
			\$		\$	\$
As at September 30, 2013	277,149,380	2,194,075	33,272,767	46,419	310,422,147	2,240,494
Issued upon exercise of stock options ¹	1,453,634	26,532	—	—	1,453,634	26,532
Repurchased and cancelled ²	(2,490,660)	(53,325)	—	—	(2,490,660)	(53,325)
Purchased and held in trust ³	—	(23,016)	—	—	—	(23,016)
Resale of shares held in trust ⁴	—	908	—	—	—	908
As at December 31, 2013	<u>276,112,354</u>	<u>2,145,174</u>	<u>33,272,767</u>	<u>46,419</u>	<u>309,385,121</u>	<u>2,191,593</u>

¹ The carrying value of Class A subordinate shares includes \$5,535,000 (\$2,075,000 as at December 31, 2012) which corresponds to a reduction in contributed surplus representing the value of accumulated compensation costs associated with the stock options exercised during the period.

² On January 30, 2013, the Company's Board of Directors authorized the renewal of a Normal Course Issuer Bid ("NCIB") for the purchase of up to 20,685,976 Class A subordinate shares for cancellation on the open market through the Toronto Stock Exchange ("TSX"). The Class A subordinate shares were available for purchase commencing February 11, 2013, until no later than February 10, 2014, or on such earlier date when the Company completes its purchases or elects to terminate the bid.

During the three months ended December 31, 2013, the Company repurchased 2,490,660 Class A subordinate shares from the Caisse de dépôt et placement du Québec for a cash consideration of \$100,000,000. The excess of the purchase price over the carrying value in the amount of \$46,675,000 was charged to retained earnings. In accordance with the requirements of TSX, the repurchased shares have been taken into account in calculating the annual aggregate limit that the Company is entitled to repurchase under its current NCIB.

During the three months ended December 31, 2012, the Company repurchased 5,000 Class A subordinate shares for a cash consideration of \$112,000 and the excess of the purchase price over the carrying value in the amount of \$77,000 was charged to retained earnings.

³ The trustee, in accordance with the terms of the performance share units ("PSU") plan and a Trust Agreement, purchased 619,888 Class A subordinate shares of the Company on the open market for \$23,016,000 during the three months ended December 31, 2013. During the three months ended December 31, 2012, the trustee purchased 336,849 Class A subordinate shares for \$7,663,000. As at December 31, 2013, 1,771,007 Class A subordinate shares were held in trust under the PSU plan (1,200,715 Class A subordinate shares as at December 31, 2012) (Note 8b).

⁴ During the three months ended December 31, 2013, the trustee sold 35,576 Class A subordinate shares that were held in trust on the open market in accordance with the terms of the PSU plan. The excess of proceeds over the carrying value of the Class A subordinate shares, in the amount of \$482,000, resulted in an increase of contributed surplus. During the three months ended December 31, 2012, the trustee did not sell any Class A subordinate shares.

Notes to the Interim Condensed Consolidated Financial Statements

For the three months ended December 31, 2013 and 2012

(tabular amounts only are in thousands of Canadian dollars, except share data) (unaudited)

8. Capital stock, share-based payments and earnings per share (continued)**b) SHARE-BASED PAYMENTS****i) Stock options**

Under the Company's stock option plan, the Board of Directors may grant, at its discretion, stock options to purchase Class A subordinate shares to certain employees, officers, directors and consultants of the Company and its subsidiaries. The exercise price is established by the Board of Directors and is equal to the closing price of the Class A subordinate shares on the TSX on the day preceding the date of the grant. Stock options generally vest over four years from the date of grant conditionally upon achievement of objectives and must be exercised within a ten-year period, except in the event of retirement, termination of employment or death.

The following table presents information concerning the number of outstanding stock options granted by the Company:

Outstanding as at September 30, 2013	20,209,569
Granted	4,846,382
Exercised	(1,453,634)
Forfeited	(818,330)
Outstanding as at December 31, 2013	<u>22,783,987</u>

The fair value of stock options granted in the period and the weighted average assumptions used in the calculation of their fair value on the date of grant using the Black-Scholes option pricing model were as follows:

	For the three months ended December 31	
	2013	2012
Grant date fair value (\$)	7.92	4.94
Dividend yield (%)	0.00	0.00
Expected volatility (%) ¹	23.77	23.79
Risk-free interest rate (%)	1.56	1.25
Expected life (years)	4.00	4.00
Exercise price (\$)	37.01	23.65
Share price (\$)	37.01	23.65

¹ Expected volatility was determined using statistical formulas and based on the weekly historical average of closing daily share prices over the period of the expected life of stock option.

Notes to the Interim Condensed Consolidated Financial Statements

For the three months ended December 31, 2013 and 2012

(tabular amounts only are in thousands of Canadian dollars, except share data) (unaudited)

8. Capital stock, share-based payments and earnings per share (continued)**b) SHARE-BASED PAYMENTS (CONTINUED)****ii) Performance share units**

Under the PSU plan, the Board of Directors may grant PSUs to senior executives and other key employees ("participants") which entitle them to receive one Class A subordinate share for each PSU. The vesting performance conditions are determined by the Board of Directors at the time of each grant. PSUs expire on December 31 of the third calendar year following the end of the fiscal year during which the PSU award is made, except in the event of retirement, termination of employment or death. Granted PSUs vest annually over a period of four years from the date of grant conditionally upon achievement of objectives.

Class A subordinate shares purchased in connection with the PSU plan are held in trust for the benefit of the participants. The trust, considered as a special purpose entity, is consolidated in the Company's consolidated financial statements with the cost of the purchased shares recorded as a reduction of capital stock (Note 8a).

The following table presents information concerning the number of outstanding PSUs granted by the Company:

Outstanding as at September 30, 2013	1,186,695
Granted ¹	619,888
Forfeited	(35,576)
Outstanding as at December 31, 2013	<u>1,771,007</u>

¹ The PSUs granted in the period had a grant date fair value of \$36.15 per unit.

c) EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share for the three months ended December 31:

	2013			2012		
	Net earnings	Weighted average number of shares outstanding ¹	Earnings per share	Net earnings	Weighted average number of shares outstanding ¹	Earnings per share
	\$		\$	\$		\$
Basic	189,790	308,482,085	0.62	22,445	306,637,866	0.07
Net effect of dilutive stock options and PSUs ²		10,197,208			8,423,613	
	<u>189,790</u>	<u>318,679,293</u>	<u>0.60</u>	<u>22,445</u>	<u>315,061,479</u>	<u>0.07</u>

¹ The 2,490,660 Class A subordinate shares repurchased and 1,711,007 Class A subordinate shares held in trust during the three months ended December 31, 2013 (5,000 and 1,200,715, respectively, during the three months ended December 31, 2012), were excluded from the calculation of weighted average number of shares outstanding as of the date of transaction.

² The calculation of the diluted earnings per share excluded 4,841,382 stock options for the three months ended December 31, 2013 (4,809,947 for the three months ended December 31, 2012), as they were anti-dilutive.

CGI Group Inc. – Interim Condensed Consolidated Financial Statements for the three months ended December 31, 2013 and 2012

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Notes to the Interim Condensed Consolidated Financial Statements

For the three months ended December 31, 2013 and 2012

(tabular amounts only are in thousands of Canadian dollars, except share data) (unaudited)

9. Supplementary cash flow information

- a) Net change in non-cash working capital items is as follows for the three months ended December 31:

	<u>2013</u>	<u>2012</u>
	\$	\$
Accounts receivable	(217,288)	(107,602)
Work in progress	(56,540)	142,149
Prepaid expenses and other assets	(3,949)	(11,809)
Accounts payable and accrued liabilities	38,976	122,688
Accrued compensation	(35,758)	(59,860)
Provisions	(62,550)	73,942
Deferred revenue	51,590	(27,276)
Other long-term liabilities	6,804	(38,297)
Income taxes	34,177	4,157
	<u>(244,538)</u>	<u>98,092</u>

- b) Interest paid and received and income taxes paid are classified within operating activities and are as follows for the three months ended December 31:

	<u>2013</u>	<u>2012</u>
	\$	\$
Interest paid	35,359	34,246
Interest received	371	740
Income taxes paid	24,117	21,757

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Notes to the Interim Condensed Consolidated Financial Statements

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10. Segmented information

The Company is managed through seven operating segments, namely: United States of America ("U.S."); Nordics, Southern Europe and South America ("NSES"); Canada; France (including Luxembourg and Morocco); United Kingdom ("U.K."); Central and Eastern Europe (including Netherlands, Germany and Belgium) ("CEE"); and Asia Pacific (including Australia, India, Philippines and the Middle East) which are based on its geographic delivery model.

The following presents information on the Company's operations based on its current management structure.

For the three months ended December 31, 2013	U.S. \$	NSES \$	Canada \$	France \$	U.K. \$	CEE \$	Asia Pacific \$	Total \$
Segment revenue	685,592	548,792	420,945	331,475	287,236	269,438	101,232	2,644,710
Earnings before integration-related costs, finance costs, finance income and income tax expense ¹	67,339	49,146	90,114	35,717	21,112	28,177	11,323	302,928
Integration-related costs								(22,615)
Finance costs								(28,438)
Finance income								1,080
Earnings before income taxes								252,955

¹ Total amortization and depreciation of \$110,169,000 included in the U.S., NSES, Canada, France, U.K., CEE and Asia Pacific operating segments is \$27,845,000, \$21,755,000, \$22,265,000, \$8,250,000, \$16,602,000, \$7,863,000 and \$5,589,000 respectively, for the three months ended December 31, 2013.

For the three months ended December 31, 2012	U.S. \$	NSES \$	Canada \$	France \$	U.K. \$	CEE \$	Asia Pacific \$	Total \$
Segment revenue	577,328	533,651	427,704	321,440	292,909	262,696	117,201	2,532,929
Earnings before integration-related costs, finance costs, finance income and income tax expense ¹	60,404	17,245	83,626	13,218	9,135	15,082	10,781	209,491
Integration-related costs								(153,419)
Finance costs								(27,197)
Finance income								1,661
Earnings before income taxes								30,536

¹ Total amortization and depreciation of \$113,710,000 included in the U.S., NSES, Canada, France, U.K., CEE and Asia Pacific operating segments is \$23,022,000, \$24,115,000, \$25,733,000, \$10,313,000, \$18,005,000, \$6,092,000 and \$6,430,000 respectively, for the three months ended December 31, 2012.

The accounting policies of each operating segment are the same as those described in the summary of significant accounting policies (Note 3) of the Company's consolidated financial statements for the year ended September 30, 2013. Intersegment revenue is priced as if the revenue was from third parties.

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11. Financial instruments

FAIR VALUE

All financial instruments are initially measured at their fair values. Subsequently, the financial assets designated as held-to-maturity and loans and receivables, as well as financial liabilities designated as other liabilities are measured at their amortized cost using the effective interest rate method. The financial assets and liabilities designated as fair value through earnings ("FVTE") and designated as available for sale are measured subsequently at their fair values. The Company has made the following classifications:

FVTE

Cash and cash equivalents, short-term investments (other than those included in funds held for clients) and derivatives (unless they qualify for hedge accounting). In addition, deferred compensation plan assets consisting of units in investment funds within other long-term assets were designated by management as FVTE upon initial recognition as this reflected management's investment strategy.

Loan and receivables

Trade accounts receivable and cash included in funds held for clients.

Available for sale

Long-term bonds included in funds held for clients and long-term investments.

Other liabilities

Accounts payable and accrued liabilities, accrued compensation, long-term debt excluding obligations under finance leases and clients' funds obligations.

At December 31, 2013, the estimated fair values of trade accounts receivable, cash included in funds held for clients, accounts payable and accrued liabilities, accrued compensation and clients' funds obligations approximate their respective carrying values.

The fair values of long-term bonds included in funds held for clients and long-term investments are determined by discounting the future cash flows using the observable input data, such as interest rate yield curves or credit spreads, or according to similar transactions on an arm's-length basis.

The fair values of Senior U.S. unsecured notes, the unsecured committed revolving facility and the unsecured committed term loan credit facility are estimated by discounting expected cash flows at rates currently offered to the Company for debts of the same remaining maturities and conditions. The estimated fair values of other long-term debt obligations approximate their carrying values.

The fair values of the derivatives are valued using the following valuation techniques:

- The fair value of foreign currency forward contracts is determined using forward exchange rates at the end of the reporting period;
- The fair value of cross-currency swaps and interest rate swaps is determined based on market data (primarily yield curves, exchange rates and interest rates) to calculate the present value of all estimated cash flows.

As at December 31, 2013, there were no changes in valuation techniques.

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11. Financial instruments (continued)

The following table summarizes the fair value of financial instruments except for those whose carrying value approximates fair value:

	Recorded in	As at December 31, 2013 \$	As at September 30, 2013 \$
FINANCIAL INSTRUMENTS OTHER THAN DERIVATIVES			
Cash and cash equivalents	Cash and cash equivalents	206,144	106,199
Short-term investments	Short-term investments	364	69
Long-term bonds	Funds held for clients	195,265	187,816
Deferred compensation plan assets	Other long-term assets	29,024	24,752
Long-term investments	Other long-term assets	29,337	20,333
Long-term debts	Long-term debt	2,986,491	2,749,602
DERIVATIVES			
Hedges on net investments in foreign operations			
\$1,153,700 cross-currency swaps in euro designated as a hedging instrument of the Company's net investment in European operations (\$1,153,700 as at September 30, 2013)	Other long-term liabilities	204,350	137,795
Cash flow hedges on future revenue			
US\$49,400 foreign currency forward contracts to hedge the variability in the expected foreign currency exchange rate between the U.S. dollar and the Canadian dollar (US\$56,800 as at September 30, 2013)	Other current assets	355	1,078
	Other long-term assets	—	300
	Accrued liabilities	458	—
	Other long-term liabilities	586	—
US\$85,356 foreign currency forward contracts to hedge the variability in the expected foreign currency exchange rate between the U.S. dollar and the Indian rupee (US\$94,436 as at September 30, 2013)	Other current assets	297	—
	Other long-term assets	310	—
	Accrued liabilities	2,812	3,707
	Other long-term liabilities	3,019	4,079
\$124,600 foreign currency forward contracts to hedge the variability in the expected foreign currency exchange rate between the Canadian dollar and the Indian rupee (\$142,528 as at September 30, 2013)	Other current assets	1,003	267
	Other long-term assets	1,643	838
	Accrued liabilities	407	2,605
	Other long-term liabilities	1,105	1,549
€27,000 foreign currency forward contracts to hedge the variability in the expected foreign currency exchange rate between the euro and the Swedish krona (€31,000 as at September 30, 2013)	Accrued liabilities	322	11
	Other long-term liabilities	232	52
€14,500 foreign currency forward contracts to hedge the variability in the expected foreign currency exchange rate between the euro and the Moroccan Dirham (€17,000 as at September 30, 2013)	Other current assets	26	—
	Other long-term assets	—	26
	Accrued liabilities	4	149
	Other long-term liabilities	93	54
€163,000 foreign currency forward contracts to hedge the variability in the expected foreign currency exchange rate between the euro and the British pound (€nil as at September 30, 2013)	Other current assets	392	—
	Other long-term assets	774	—
	Other long-term liabilities	4	—
Cash flow hedges on unsecured committed term loan credit facility			
\$1,234,400 interest rate swaps floating-to-fixed (\$1,234,400 as at September 30, 2013)	Other long-term assets	—	1,354
	Accrued liabilities	291	412
	Other long-term liabilities	1,331	537
Fair value hedges on Senior U.S. unsecured notes			
US\$250,000 interest rate swaps fixed-to-floating (US\$250,000 as at September 30, 2013)	Other long-term liabilities	18,533	13,044

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Notes to the Interim Condensed Consolidated Financial Statements

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(tabular amounts only are in thousands of Canadian dollars, except share data) (unaudited)

11. Financial instruments (continued)**FAIR VALUE HIERARCHY**

Fair value measurements recognized in the balance sheet are categorized in accordance with the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included in Level 1, but that are observable for the asset or liability, either directly or indirectly; and

Level 3: inputs for the asset or liability that are not based on observable market data.

All financial assets and liabilities measured at fair value are categorized in Level 1, except for derivatives, long-term bonds included in funds held for clients and long-term investments, which are categorized in Level 2.

As at December 31, 2013, there were no transfers between levels of fair value hierarchy used in measuring the fair value of derivatives.

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SECTION 4: REVIEW REPORT

INTERIM REVIEW REPORT

To the Audit and Risk Management Committee of
CGI Group Inc.

In accordance with our engagement letter dated January 23, 2014, we have reviewed the interim condensed consolidated balance sheets of **CGI Group Inc.** as at December 31, 2013, and the interim condensed consolidated statements of earnings, comprehensive income, changes in equity and cash flows for the three month period then ended. These interim condensed consolidated financial statements are the responsibility of CGI Group Inc. management.

We performed our review in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States) for a review of interim financial statements by an entity's auditor (an "interim review"). Such an interim review consists principally of applying analytical procedures to financial data, and making inquiries of and having discussions with persons responsible for financial and accounting matters. An interim review is substantially less in scope than an audit, whose objective is the expression of an opinion regarding the financial statements; accordingly, we do not express such an opinion. An interim review does not provide assurance that we would become aware of any or all significant matters that might be identified in an audit.

We have previously audited, in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States), the balance sheet of CGI Group Inc. as at September 30, 2013, and the related statements of comprehensive income, equity and cash flows for the year then ended (not presented herein). In our report dated November 13, 2013, we expressed an unmodified audit opinion on those financial statements. In our opinion, the information set forth in the accompanying balance sheet as at September 30, 2013, is fairly stated, in all material respects, in relation to the financial statements from which it has been derived.

Based on our review, we are not aware of any material modification that needs to be made for these interim condensed consolidated financial statements to be in accordance with IAS 34 *Interim Financial Reporting*. This report is solely for the use of the Audit and Risk Management Committee of CGI Group Inc. to assist it in discharging its regulatory obligation to review these interim condensed consolidated financial statements, and should not be used for any other purpose. Any use that a third party makes of this report, or any reliance or decisions made based on it, are the responsibility of such third party. We accept no responsibility for loss or damages, if any, suffered by any third party as a result of decisions made or actions taken based on this report.

*Ernst & Young LLP*¹

Montréal, Canada
January 29, 2014

¹CPA auditor, CA, public accountancy permit no. A112431



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