COGNICASE INC.

ANNUAL INFORMATION FORM

For the fiscal year ended

September 30, 2001

February 17, 2002

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1. THE COMPANY

COGNICASE Inc. (“COGNICASE” or the “Company”) was incorporated in October 1991 under the *Canada Business Corporations Act*, and is an information technology (“IT”) products and services provider specializing in advanced transaction processing and Internet-based applications. Relying on its results-driven approach, its software and technology and its Application Service Technology Center, the Company offers secure and scalable solutions that seek to contribute to its customers’ economic success in the age of the new economy. COGNICASE’s offering includes the implementation of integrated e-business solutions, technology configuration management, application service provider (ASP) services and products, re-engineering of existing applications for e-business, as well as project management and business process improvement consulting services. The Company is active in Canada, the United States and Europe.

The registered office of the Company is located at 111 Duke Street, 9th Floor, Montreal, Quebec, H3C 2M1.

In this Annual Information Form “COGNICASE” or the “Company” refers to, as the context may require, either the Company or the Company together with its subsidiaries, and “$” or “dollars” refers to Canadian dollars.

1.1 Description of Share Capital

As a result of amendments to its share capital effected on October 1, 1997, the authorized share capital of COGNICASE consists of an unlimited number of common shares (the “Common Shares”) and preferred shares without par value issuable in series.

As of January 31, 2002, 51,865,759 Common Shares and no preferred shares were issued and outstanding.

Each Common Share entitles the holder thereof to dividends if, as and when declared by the directors, to one vote at all meetings of holders of Common Shares and to participate, *pro rata*, with the holders of Common Shares, in any distribution of the assets of the Company upon liquidation, dissolution or winding-up, subject to the prior rights of holders of shares ranking in priority to Common Shares.

In addition to the Employee Share Purchase Plan (Canada) (“ESPP”) and Senior Officers, Directors and Employees Amended and Restated Stock Option Plan (the “Stock Option Plan”) referred to in the Company’s Management Proxy Circular dated January 8, 2002, the Board of Directors of COGNICASE approved the creation of a U.S. Employees Share Purchase Plan (“USESPP”) at its meeting held on April 25, 2000. Under the terms of the USESPP, subject to certain restrictions and limitations, eligible employees may have up to 15% of eligible compensation deducted from their pay to purchase Common Shares. The per share purchase price is 85% of the closing price on the National Association of Securities Dealers Automated Quotation System on either the first day or the last day of a particular purchase period, whichever is lower. There are two six-month purchase periods per year, one beginning on January 1 and one beginning on July 1. No more than 150,000 Common Shares may be issued pursuant to the USESPP in the aggregate. The following number of Common Shares were acquired under the USESPP since its creation: for the period from July 1, 2000 to December 31, 2000, 8,964 Common Shares were acquired at a price of US $5.47 per Common Share, from January 1, 2001 to June 30, 2001, 1,242 Common Shares were acquired at a price of US $4.63 per Common Share, and from July 1, 2001 to December 31, 2001, 316 Common Shares were acquired at a price of US $4.97 per Common Share.

1.2 Subsidiaries

As of January 31, 2002, COGNICASE had ten (10) principal operating wholly-owned direct or indirect subsidiaries, namely: COGNICASE (Canada) Inc.; COGNICASE Electronic Business Solutions Inc.; COGNICASE (FPG) Inc., formerly Ezenet Corp., ("Ezenet"); M3i Systems Inc. ("M3i"); COGNICASE, U.S.A., Inc.; Unified Technologies, Inc.; COGNICASE (FSG) Inc.; Nat Systems N.V. (Benelux); COGNICASE S.A. (France); and Nat Systems, S.A. (Spain).

2. GENERAL DEVELOPMENT OF THE BUSINESS

At the time of the listing of the Common Shares on The Toronto Stock Exchange ("TSE") and the Nasdaq National Market in October 1997 and for the following year, the Company's products and services consisted primarily of Year 2000 solutions and conversions, migration and connectivity solutions, data warehousing and enterprise intelligence solutions, workflow simplification solutions and overall systems solutions.

The Company then diversified its operations in the following sectors: (i) consulting services and systems integration, including IT planning, strategy, architecture, systems analysis, design, development, maintenance, systems integration and business process improvement, (ii) the delivery of business solutions through specialty practices, including Internet/e-business applications, re-engineering of existing applications for e-business, technology configuration management, software conversion and platform migration solutions and Enterprise Resources Planning ("ERP") solutions, and (iii) IT outsourcing and networking services.

The Company's sectors of activity are characterized by frequent technological innovations. There is an increasing demand by customers for technological tools and infrastructure that ensure rapid network access and secure transactions. In 2001, the Company opened a state-of-the-art application services technology center in Montreal. This installation hosts the servers, Web sites, and data of its clients. The Company has expertise in the areas of enterprise resource and relationship management (including payroll, human resources, time and attendance, customer relationship management and business intelligence), transactional services and financial products, government processes, and IT consulting.

In that context, COGNICASE is continuing the development of integrated products and solutions to provide its customers with the means to compete in their particular marketplaces. These products and solutions are part of the Company's technology platform that takes into account the business objectives and performance requirements of businesses. Real-time transactional models are now required and the Company's technology platform seeks to ensure security and confidentiality of information while providing increased efficiency and productivity.

In 2001, COGNICASE developed an increased presence with large financial institutions and international insurance companies that are increasingly dependent on IT to satisfy their clients' new requirements and to remain competitive in an environment of globalization. This increased focus on financial processing products and services, which will drive the Company's expansion in the Ontario market, was the result of expertise stemming from a partnership with National Bank of Canada ("National Bank") concluded in 2000 and the Company's acquisition of Ezenet which specializes in the development of wealth management applications and financial processing. The acquisition of Uberoi International, Inc. and UNIFIED Technologies, Inc. in the United States is also expected to enable COGNICASE to build upon its systems integration and government processes management expertise to grow its business in the northeastern United States.

The acquisition of M3i, a leading supplier of energy and telecommunications solutions, in December 2001 is expected to provide COGNICASE with significant development opportunities in the United States and in Europe with large energy, gas, and telecommunications producers and distributors. The acquisition of Applied Terravision Systems Inc., which specializes in serving the oil & gas and trust management verticals via the business process outsourcing (BPO) and application service provider (ASP) delivery models, is also expected to be completed in March 2002.

Finally, it should also be noted that, effective with the publication of its second quarter 2001 results, the Company changed its reporting currency from US dollars to Canadian dollars. The functional currency of the Company and each of its subsidiaries continues to be the local currency. The financial statements for all periods prior to January 1, 2001, have been presented in Canadian dollars in accordance with a translation of convenience method using the representative exchange rate at December 31, 2000, of CA$1.00 = US$0.6676. The translated amount for non-monetary items at December 31, 2000, became the historical basis for subsequent periods.

2.1 Acquisitions and Mergers

In its last three fiscal years, the Company continued its strategy of rapid growth through a series of acquisitions as described below:

<u>1999</u>

On February 5, 1999, the Company acquired a 100% interest in Prosilog Ingénierie S.A. ("Prosilog"), which provided computer engineering, systems integration and information technology consulting services, in exchange for a cash consideration of FF27,514,704 ($7,075,000) and the issuance of 102,452 Common Shares valued at $3,085,000. Prosilog changed its name to COGNICASE Ingénierie SA. which merged with COGNICASE S.A. on April 30, 2001.

On April 1, 1999, the Company acquired a 100% interest in Groupe de Consultation en Management et Systèmes Informatiques MSI Inc. ("MSI"), which provided computer engineering and information technology consulting services, in exchange for a cash consideration of $9,257,000 and the issuance of 53,658 Common Shares valued at $1,392,000. On October 1, 1999, MSI merged with Informatique Dica Inc. (one of its subsidiaries), Gestion SCTI Inc. (a subsidiary of RBA), and Gestion MSI Inc. (the parent company of MSI). Gestion

MSI Inc. was the surviving corporation and has since transferred all of its assets and liabilities to COGNICASE (Canada) Inc.

On June 1, 1999, the Company acquired a 100% interest in Roy, Bourrassa & Associés Inc. ("RBA"), which provided services related to Web/e-commerce architecture, mainframe and client/server operations and support, as well as network implementation and management, in exchange for a cash consideration of $16,761,000 and the issuance of 211,538 Common Shares valued at $4,913,000. On October 1, 1999, RBA was amalgamated with COGNICASE Consulting Services Inc. ("COGNICASE Consulting"), 2763508 Canada Inc. (two affiliated companies) and COGNICASE. The surviving corporation was COGNICASE. COGNICASE Consulting had previously merged with COGNICASE Consulting Services (Quebec) Inc. (its wholly-owned subsidiary) and 170247 Canada Inc. (an affiliated company).

On June 7, 1999, the Company acquired a 100% interest in Groupe Logispace S.A. ("Logispace"), which provided project and information management control and software package editing services, in exchange for a cash consideration of FF56,936,235 ($13,385,000) and the issuance of 58,267 Common Shares valued at $1,363,000. On April 30, 2001, Logispace merged with COGNICASE S.A.

On August 18, 1999, the Company acquired a 100% interest in each of Prism Consulting Services, Inc. ("Prism U.S.A."), a U.S. company, and Prism Consulting Services Inc. ("PRISM Canada"), a Canadian company, (collectively, "Prism"), which provided enterprise resource planning solutions, systems architecture, network management and maintenance and project management services, in exchange for a total cash consideration of US$24,095,750 ($36,093,000). On October 1, 1999, PRISM Canada merged with COGNICASE Toronto Inc. (an affiliated company). COGNICASE Toronto Inc., the surviving corporation, has since been amalgamated with other subsidiaries of the Company to form COGNICASE (Canada) Inc. Prism U.S.A. subsequently changed its name to COGNICASE U.S.A., Inc.

During 1999, the Company acquired a 100% interests in three other companies, which provide systems integration and information technology consulting services and recruitment of technology specialists services, in exchange for a total cash consideration of $8,241,000 and the issuance of 167,079 Common Shares valued at $3,032,000.

<u>2000</u>

On May 31, 2000, the Company acquired a 100% interest in SIBN Inc. ("SIBN"), now COGNICASE Electronic Business Solutions Inc. ("CEBS"), a provider of electronic business solutions and services and consulting services, from National Bank in exchange for a cash consideration of $3,654,000, a balance of purchase price of $1,300,000 and the issuance of 8,491,008 Common Shares valued at $220,766,000. The Company, CEBS and National Bank also entered into an Information Services and Revenue Guarantee Agreement (the "Outsourcing Agreement") as part of the transaction.

Under the Outsourcing Agreement, which has a term of ten years, CEBS and COGNICASE undertook to provide services to National Bank substantially similar to those that were provided by SIBN, as it was then known, to the National Bank prior to its acquisition by the Company.

Furthermore, under the Outsourcing Agreement, CEBS/COGNICASE became the preferred IT supplier of the National Bank and its affiliates. National Bank further guaranteed that minimum annual revenues to be derived by CEBS or the Company under the Outsourcing Agreement, in each of the five (5) years following the closing of the transaction, would not be less than $56 million.

As part of the transaction, the Company acquired large-scale electronic transaction processing capabilities, valuable e-banking expertise and intellectual property rights related to e-commerce software. The Company is also positioned favorably to obtain additional IT related contract from National Bank and its affiliates.

In addition to the acquisition of SIBN, the Company acquired, during fiscal year 2000, a 100% interest in six companies and a 70% interest in another company, which provide consulting services and recruitment and electronic business and Web integration solutions, in exchange for total cash consideration of $5,318,000 and the issuance of 282,494 Common Shares valued at $6,603,000.

2001

On September 24, 2001, the Company acquired a 100% interest in Ezenet, a software development company which provides next generation wealth management, transaction processing and web based utilities for financial institutions, in exchange for total consideration amounting to $61,668,000, consisting of cash of $22,500,000 and the issuance of 5,758,831 Common Shares valued at $39,168,000.

Ezenet, which has changed its name to COGNICASE (FPG) Inc., develops customer-centric technologies for financial institutions to expand their wealth management business. Ezenet's software is the first to manage and aggregate customer account information, provide personal financial planning tools and enable straight-through transaction processing. Accessible through any medium – Web, wireless, branch or agent – Ezenet technology enables financial institution customers to access current and comprehensive information about their finances and be proactive in managing their financial affairs. Ezenet technologies and industry expertise have helped major financial institutions brand their image in a Web-based environment, increasing sales and building long-term customer loyalty.

The Company also acquired, during fiscal year 2001, a 100% interest in 19 other companies, which provide software and Web site consultation and development, affinity programs and development and sales and marketing of Internet, wireless, human resources software, customer relationship applications and integration of information technology solutions in the financial sector, in exchange for total consideration amounting to $83,503,000, consisting of cash consideration of $5,417,000, a balance of purchase price of $27,507,000 and the issuance of 6,045,043 Common Shares valued at $50,579,000.

On December 31, 2001, the Company acquired all of the issued and outstanding shares of M3i from Hydro-Québec Valtech Inc. ("HQ Valtech"), a wholly-owned subsidiary Hydro-Québec ("Hydro-Québec"), Benvest Capital, Sisyphus Quebec Limited, a wholly-owned subsidiary of Midlands Electricity Plc, and certain other minority shareholders. M3i is involved in the design and development of mission critical Real-time Operation Management Systems (ROMS) for energy, telecommunications, and public safety organizations. M3i also helps service providers improve customer satisfaction, enhance corporate image to shareholders and the media, control costs, and advance regulatory relationships. As part of the transaction, COGNICASE also acquired a license from Hydro-Québec for its CED (Centre d'Exploitation de la Distribution) software.

The consideration paid to HQ Valtech for its portion of M3i's shares and to Hydro-Québec for the license is payable in cash in respect of one-half and, in respect of the other half, in securities exchangeable for shares of the Company, in each case during the course of the five years following closing of the acquisition. The consideration paid to the other shareholders of M3i consisted of cash and Common Shares or a combination of cash and Common Shares.

This acquisition is expected to enable the Company to extend its products and expertise to the energy and public service sectors. As part of its contractual agreement with Hydro-Québec, the Company is also responsible for developing and marketing Hydro's CED software which is designed to manage distribution operations centres. The CED software and M3i's solutions are designed to enable companies in these sectors to better serve their clients by optimizing their distribution management systems, communicate with their service crews, and utilize distribution installations. The CED software licensed to the Company completes M3i's product line of computerized solutions (ROMS), which already serves several energy, telecommunications, and public security companies world-wide.

The agreement also makes provision for the Company to provide maintenance and upgrade services for the CED software. The $20 million contract is for a five-year term, renewable for five additional years at the option of Hydro-Québec.

2002

On January 7, 2002, the Company announced that it had entered into a letter agreement respecting the acquisition of all the issued and outstanding shares of Applied Terravision Systems Inc. ("ATS"), a company whose shares are listed on the Canadian Venture Exchange. An Information Circular and Proxy Statement relating to the proposed amalgamation of ATS with a wholly-owned subsidiary of the Company was mailed to all ATS' shareholders on February 8, 2002 and, if approved by the shareholders of ATS and if the other conditions precedent to closing set out in the pre-merger agreement dated February 8, 2002 between the Company, ATS and certain principal shareholders of ATS are satisfied, the transaction is expected to be effective on March 14, 2002. Under the proposed transaction, each common share of ATS would be exchanged for (i) $0.43 in cash, up to an aggregate maximum of $20 million, plus 0.105 Common Share, or (ii) 0.147574 Common Share, as elected by each ATS shareholder.

On that same day, the Company also announced that it had entered into a letter agreement respecting the acquisition of all the issued and outstanding shares of AVI Software Inc. ("AVI"), a company whose shares are listed on the Canadian Venture Exchange. Under the proposed transaction, each AVI share would be exchanged for $0.675 in cash plus 0.1336633 Common Share. Each AVI shareholder could also elect to receive all of his or her consideration in

Common Shares only, provided however that if the weighted average trading price of the Common Shares on the TSE for the five trading days ending two calendar days prior to the closing of the proposed transaction is less than $10.00, all shares of AVI would be purchased by the Company in cash at a price of $1.35 per AVI share.

3. DESCRIPTION OF THE BUSINESS

3.1 Products and Services

For the fiscal year ended September 30, 2001, 86% of the Company's revenues were derived from offices in North America, with the remainder derived mostly from European offices.

During such period, COGNICASE operated under three reportable segments. Revenues for the IT Outsourcing and Integration segment increased 13.1% to $257.1 million in fiscal 2001, compared to $227.2 million in fiscal 2000 and $192.1 million in fiscal 1999. The higher revenues are due mainly to acquisitions completed in 2001 and the impact of businesses acquired during 2000 and 1999, for which the Company benefited from a 12-month contribution in the following fiscal years. Earnings from operations increased to $18.9 million in 2001 from $16.8 million in 2000, representing 7.3% of revenue in fiscal 2001 and 7.4% in fiscal 2000. In fiscal 1999, earnings from operations amounted to $41.5 million, or 21.6% of revenues, due to stronger IT market conditions for consulting and systems integration.

The Company's e-Solutions units—Web and Wireless Integration and e-Commerce—reported combined revenues of $148.4 million in fiscal 2001, compared to $60.5 million in fiscal 2000 and $25.0 million in 1999. Revenue growth represented 145.4% in 2001 and 141.8% in 2000, reflecting internal growth as well as contribution from business acquisitions. These two segments recorded earnings from operations of $6.3 million in 2001 compared to a loss from operations of $3.0 million in 2000 and earnings from operations of $6.4 million in 1999. This improvement was due mainly to the increase in the revenue base and effective management of resources in fiscal 2001, following business integration expenses in 2000.

Effective October 1, 2001, the Company has reorganized into two operating units: Processing Services and Outsourcing and Systems Integration. The objective of this reorganization is to fully align the operating structure with its current business model and evolving market trends.

The Processing Services and Outsourcing unit includes business process outsourcing, IT solutions outsourcing, and financial processing services and solutions. The business process outsourcing services focuses on providing enterprise resource and relationship management, including payroll, human resources and time management solutions, as well as on customer relationship management and electronic bill presentment and payment solutions. The IT solutions outsourcing services draws on the complementary nature of its project delivery and sales force expertise to provide application outsourcing, e-commerce applications and business intelligence solutions. The financial processing services and solutions include financial software products, as well as secure hosting and network and telecommunications infrastructure.

The Systems Integration unit provides project-oriented consulting and systems integration and services.

3.2 Application Development Products

The Company owns application development products designed for Web-based and client/server environments. Applications developed with these products provide users with information technology tools that can be easily modified as business requirements or the technical infrastructure evolve, and can provide a high level of reliability, performance and manageability. Application development products are offered to customers on a licensing basis or as part of integrated business solutions.

NatStar™ is a client/server application development tool. It is an adaptable, multi-tier application development environment, designed to support an evolutionary approach. NatStar™ integrates with leading tools for application design, testing, tuning and distribution.

NatWeb™ consolidates COGNICASE tools for the creation of Internet, information and transaction sites. It allows for the rapid development of robust, high-performance Internet sites using leading edge technologies such as XML, JAVA 2 and SGBDR. NatWeb™ employs Object Orientation (OO) on technology platforms that support NT, Unix and Linux, among others.

CogniAnalyzer is a management tool for companies that operate active e-commerce sites. It collects static and dynamic information on site utilization by virtual customers. Data is analyzed for the production of reports and graphics on the behavior of Web surfers as well as the performance and robustness of e-commerce sites.

The Company also offers a comprehensive configuration tool that is specifically designed to manage large development environments. *NSA-Config*™ facilitates project management and resource management throughout the application life cycle from project beginning to production, ensuring successful team application development.

Enterprise Relationship Management – COGNICASE's payroll, human resources, and time and attendance products are designed to meet the needs of both small and large companies. Express Payroll (telephone) has been developed for the specific needs of small businesses, Progressive Payroll adapts to the requirements of small and mid-sized companies, and Total Payroll meets the needs of large businesses. *HRIS Expert* is the human resources management module for medium-sized and large companies. The company also supplies time and attendance management hardware and software.

Internet Hosting – COGNICASE Hosting Services offers 24/7 availability for Web sites, databases, portals, e-commerce applications and payment solutions. The various optional services offered include multimedia, WAP servers, network supervision and webcasting.

Internet Access – Through its ADSL technology, the Company offers businesses high speed Internet access. Such technology allows for transmission speed more than 20 times greater than access through traditional means, does not require cable access and permits telephone access even when Internet is accessed.

Entrust.Net Web Server Certificates – Using SSL encryption and a unique system of identification certificates, the Company offers solutions that guarantee the identity of companies that own Web servers and the confidentiality and security of exchanges over the Internet.

Internet Payment – The Company also offers a turnkey solution for credit card payment over the Internet in real time and in Canadian or U.S. dollars.

Management Distribution Systems – As part of its acquisition of M3i, the Company acquired solutions designed to enable companies in the energy and public service sectors to better serve their customers by optimizing their distribution management systems, communication with their service crews, and utilization of distribution installations. Under contractual arrangements entered into concurrently with the acquisition of M3i, COGNICASE/M3i is also responsible for developing and marketing Hydro-Quebec's CED (Centre d'Exploitation de la Distribution) software, which is designed to manage companies' distribution operations centres.

3.3 Research and Development

The Company had research and development costs, net of tax credits, of \$13.2 million, \$13.1 million, \$5.0 million, \$1.7 million and \$1.5 million for the 2001, 2000, 1999, 1998 and 1997 fiscal years respectively. COGNICASE intends to focus its development efforts on the above-mentioned products and solutions. A significant portion of the Company's R&D funding is allocated to the development of the Company's key products in accordance with changing market demands.

3.4 Intellectual Property

The Company relies on a combination of copyright and trade secret laws and contractual provisions to establish and protect its rights in its software and proprietary technology. The Company generally enters into non-disclosure agreements with employees and customers, and historically has restricted access to its software products' source codes. The Company regards its source codes as proprietary information, and attempts to protect the source code versions of its products as trade secrets and unpublished copyrighted works. In a few cases, the Company has provided copies of source codes for certain products to customers and strategic partners, solely for the purpose of special customization for identified projects. In these cases, the Company relies on non-disclosure and other contractual provisions to protect its proprietary rights. Despite the Company's precautions, it may be possible for unauthorized parties to copy or otherwise reverse engineer portions of the Company's products or otherwise obtain and use information that the Company regards as proprietary.

Copyright registrations have been made in the principal jurisdictions where such trademarks are used or are expected to be used in the near future. COGNICASE also relies on proprietary trade secrets to conduct its business.

Existing copyright and trade secret laws offer only limited protection, and the laws of certain countries in which the Company's products are used do not protect the Company's products and intellectual property rights to the same extent as the laws of Canada and the United States. Certain provisions of the license and strategic alliance agreements entered into by the Company, including provisions protecting against unauthorized use, transfer and disclosure, may be unenforceable under the laws of certain jurisdictions, and the Company is required to negotiate limits on these provisions from time to time.

The Company’s competitive position may be affected by its ability to protect its proprietary information. However, because the software industry is characterized by rapid technological change, the Company believes that patent, trademark, copyright and other legal protections are less significant to the Company’s success than other factors such as the knowledge, ability and experience of the Company’s personnel, new product and service development, frequent product enhancements, customer service and ongoing product support.

There can be no assurance that the steps taken by the Company to protect its proprietary rights will be adequate to deter misappropriation of its technology or independent development by others of technologies that are substantially equivalent or superior to the Company’s technology. Any misappropriation of the Company’s technology or development of competitive technologies could have a material adverse effect on the Company’s business, operating results and financial condition. The Company could incur substantial costs in protecting and enforcing its intellectual property rights. Moreover, from time to time, third parties may assert patent, trademark, copyright and other intellectual property rights to technologies that are important to the Company. There can be no assurance that the assertion of such claims will not result in litigation or that the Company would prevail in such litigation or be able to obtain a license for the use of any infringed intellectual property from a third party or, if such a license is required, that it would be available on terms acceptable to the Company. Furthermore, litigation, regardless of its outcome, could result in substantial cost to the Company and divert management’s attention and resources from the Company’s operations. Any infringement claim or litigation against the Company could, therefore, materially adversely affect the Company’s business, operating results and financial condition.

3.5 Sales, Marketing and Distribution

The Company focuses its marketing efforts on large businesses, primarily Fortune 1000 companies, as well as small and medium sized companies and government agencies and departments with recurring software development and maintenance needs. The Company markets its software and its services and solutions through its direct sales force and through strategic partnerships with IT systems integrators or solutions providers.

The Company’s recent acquisitions have added new sales channels and have provided for increased cross-selling opportunities.

All marketing and sales employees are assigned to specific accounts to understand their business requirements and needs in order to propose leading edge and pragmatic business solutions. Emphasis is put on to establishing long term relationship with clients and partners.

3.6 Competition

The IT services industry is highly competitive and served by numerous international, national, regional and local firms, all of which are either existing or potential competitors of the Company.

Primary competitors of COGNICASE include the “Big Five” accounting firms, software consulting and implementation firms, applications software firms, service sectors of computer equipment companies, management consulting firms, programming companies and temporary staffing firms as well as clients’ internal IT staff.

The Company believes that the principal competitive factors in the IT services industry include the range of services offered, cost, technical expertise, responsiveness to client needs, speed in delivering IT solutions, quality of service and perceived value. Based on the Company's experience in competitive situations, the Company believes that it competes favorably with respect to these factors.

In its Processing Services & Outsourcing Group, the Company is competing with a number of firms of varying sizes, including large software development and solutions companies. In transactional solutions, the Company's main competitors include BCE Emergis Inc. and, in the payment sector, they include ADP Canada and Ceridian Canada.

The main competitors of the Company in its Energy & Telecommunications division include: in the workforce management system sector, Imedeon, Inc. and Utility Partners, Inc. in the United States, and Mobile Data Solutions Inc. and Emobile Data Inc. in Canada; and in the network and outage management system sector, CES International (U.S.), GE Smallworld (U.S.) and ABB (Sweden); as well as Intergraph Corporation (U.S.) in both these sectors.

3.7 Human Resources

COGNICASE currently has approximately 4,500 employees, in addition to numerous independent consultants. None of the Company's employees is represented by a collective bargaining agreement.

In order to encourage the high degree of commitment necessary to ensure the quality and continuity of customer service, COGNICASE has implemented the Stock Option Plan in April 1997, the ESPP in 1998 and the USESPP in 2000. Under the ESPP and the USESPP, employees may purchase Common Shares at favorable conditions. Pursuant to recent amendments to the Stock Options Plan and to the ESPP, approved at the Annual Meeting of the Shareholders of the Company held in Montreal on February 12, 2002, 6,000,000 Common Shares are currently reserved for issuance under the Stock Options Plan and 2,000,000 under the ESPP.

In April 2000, the Board of Directors of the Company adopted the USESPP, which was approved by the shareholders of the Company on May 26, 2000. Under the USESPP, 150,000 Common Shares are reserved for issuance.

3.8 Principal Office Locations

The major properties leased by the Company, are listed in the table below:

Location	*Title*
Canada	
Montreal, Quebec	
111 Duke Street	Property leased to December 2010
600 de La Gauchetière St. W.	Property leased to March 2003 and May 2004
20 Place du Commerce	Property leased to August 2008
Longueuil, Quebec	Property leased to March 2006
Laval, Quebec	
3200 Highway 440	Property leased to September 2006
1800 Berlier	Property leased to December 2003
Quebec City, Quebec	
330 St-Vallier E.	Property leased to October 2009
Sherbrooke, Quebec	Property leased to October 2002, June 2003 and February 2005
Ottawa, Ontario	
220 Laurier Avenue W.	Property leased to June 2002 and August 2004
150 Metcalfe Street	Property leased to May 2002 and June 2005
Toronto, Ontario	
20 Adelaide Street E.	Property leased to October 2002 and October 2004
36 Lombard Street	Property leased to December 2004, January 2004 and January 2005
5160 Younge Street	Property leased to June 2005
207 Queen’s Quay W.	Property leased to February 2009

Location	*Title*
United-States	
Troy, New York	Property leased to June 2002
Warren, New Jersey	Property leased to May 2005
France	
Paris	Property leased to April 2005
Toulouse	Property leased to August 2010
Belgium	
Brussels	Property leased to March 2005
Netherlands	
Breda	Property leased to December 2004
Spain	
Madrid	Property leased to December 2004
Barcelone	Property leased to February 2002

3.9 Trends, Risks and Risk Management

The information technology services and products industry is highly competitive and is characterized by rapid technological change, shifting client preferences and new product development. The Company's strategy is to develop emerging specialty practices to fuel its growth and compensate for the maturity of certain activities. The business of the Company is subject to certain risks including the following:

Competition/Rapid Technological Change

The success of the Company's business will depend upon its ability to compete in this environment and successfully develop additional products and services and new applications for its existing products and services and otherwise respond to rapid changes in technology. The Company's strategy to mitigate against risks relating to the competitive environment include the development of emerging speciality practices to fuel its growth and compensate for the maturity of certain activities.

Exchange Rate Fluctuations

Sales to customers outside Canada represented 26.3% of the Company's revenues for the fiscal year ended September 30, 2000 and 38.5% for the fiscal year ended September 30, 2001. The Company expects that its international activities will continue to account for a significant portion of its business, mainly through its foreign subsidiaries. However, since most of the Company's subsidiaries and business units transact mainly in their respective local currencies, fluctuations in the value of the Canadian dollar relative to foreign currencies are not expected to have a material adverse effect on operating results. The Company also intends to hedge currency risks in the future.

Contract with National Bank

The Company generates a significant portion of its revenues from its contractual arrangements with the National Bank. Although the Outsourcing Agreement is expected to generate in excess of $1 billion over its ten year duration, there is no guarantee that such agreement will not be terminated prior to its term or that all of the expected revenue will actually be earned by the Company. Any termination of this agreement would have a material adverse effect on the Company.

Acquisition Strategy/Management of Growth

In the past four years, the Company has grown significantly through acquisitions and intends to continue to expand by acquiring businesses in attractive markets or with desirable client relationships, as well as businesses with complementary information technology consulting and system integration activities. The Company continuously evaluates potential business combinations and aggressively pursues attractive transactions. COGNICASE's future growth may be based in part on selected acquisitions of businesses, products and technologies that are complementary to those of its existing business. The success of this strategy depends not only upon the Company's ability to identify and acquire businesses on a cost-effective basis, but also upon its ability to integrate acquired operations, including technologies, into the organization effectively, to retain and motivate key personnel and to retain clients of acquired businesses. The Company may not be able to identify desirable acquisition targets and may not be successful in completing an acquisition of any particular target. Moreover, the management of rapid growth requires, among other things, increased marketing activities, the hiring of personnel, and stringent management and financial controls.

Ability to recruit and retain qualified personnel

The future success of the Company's growth strategy will depend to a significant extent on its ability to attract, train, motivate and retain highly skilled professionals. In particular, competition is intense for the limited number of qualified project managers and other senior technical personnel. The Company's on-going personnel needs arise from increased demand for its services, turnover, which is generally high in the industry, and client requests for consultants trained in the newest software and hardware technologies. COGNICASE believes that there is a shortage of, and significant competition for, software development professionals with the skills and experience necessary to perform the services the Company offers. COGNICASE's ability to obtain new business depends, in large part, on its ability to hire and retain technical personnel with the skills that keep pace with continuing changes in software evolution, industry standards and technologies and customer preferences. Also, as the number of companies providing information technology services increases and such companies are required to expand their employee base, the competition and compensation for highly skilled employees may escalate.

Accordingly, the Company may incur higher recruiting expenses and inflated compensation levels. The Company may not be able to successfully retain current employees or recruit future employees required to allow it to continue to grow. These events would have an adverse effect on the Company's business.

Fixed-price, fixed-time frame contracts

The Company has historically offered and will continue to offer a portion of its business solutions on fixed-price, fixed-time frame contracts, rather than contracts in which payment is determined solely on a time-and-materials basis. The Company generally may not terminate these contracts unilaterally. Although the Company often relies on proprietary tools and methodologies and past project experience to reduce the risks associated with estimating, planning and performing the fixed-price projects, the Company generally bears the risks of cost overruns and inflation on such projects. The Company's failure to estimate accurately the resources, costs and time required for a project or its failure to complete its contractual obligations within the time frame committed could adversely affect business, financial condition and results of operations.

Other Risk Factors

Other risk factors which may have an adverse impact on the Company include: the potential fluctuations in operating results and general industry, economic and market conditions; the adverse resolution of litigation in which the Company is or may become involved; and the termination of government programs that procure certain tax benefits to the Company or the reduction of the benefits provided under such programs.

4. SELECTED CONSOLIDATED FINANCIAL INFORMATION

Set forth is selected consolidated financial data for the fiscal years ended September 30, 1999, 2000 and 2001, which have been derived from consolidated financial statements that have been audited by PricewaterhouseCoopers L.L.P. for the fiscal years ended September 30, 1999, 2000 and 2001.

	Years Ended September 30;		
	1999	2000	2001
	(In thousand of Canadian dollars, except per share data)		
Consolidated Statement of Earnings Data			
Revenues	$ 217,071	$ 287,705	$ 405,512
Operating expenses:			
Cost of revenues	130,960	213,325	280,986
Selling and administrative expenses	37,441	49,190	85,536
Research and development, net of tax credits	4,973	13,132	13,231
Earnings from operations before the undernoted	43,697	12,058	25,759
Financial expenses (income)	(1,459)	108	791
Loss (gain) on foreign exchange	1,790	1,712	(572)
Other expenses (income)	193	(78)	34
Amortization of capital and other assets	3,756	5,183	11,226
Write-off of investments and other assets	-	-	18,406
Earnings (loss) before income taxes and amortization of goodwill	39,417	5,133	(4,126)
Provision for (recovery of) income taxes	14,369	1,809	(2,072)
Earnings (loss) before amortization of goodwill	25,048	3,324	(2,054)
Amortization of goodwill (net of future income taxes of $668; $719 in 2000; nil in 1999)	5,127	14,990	29,257
Net earnings (loss)	19,921	(11,666)	(31,311)
Earnings (loss) per share (in Canadian dollars)			
Earnings (loss) before amortization of goodwill – Canadian GAAP			
Basic	$ 1.74	$ 0.17	$ (0.07)
Diluted	$ 1.69	$ 0.17	$ (0.07)
Net earnings (loss) - Canadian GAAP:			
Basic	$ 1.39	$ (0.61)	$ (1.03)
Diluted	$ 1.35	$ (0.61)	$ (1.03)
Net earnings (loss) – US GAAP			
Diluted	$ 1.33	$ (0.67)	$ (1.13)

	As at September 30;		
	1999	**2000**	**2001**
	(In thousand of Canadian dollars)		
Consolidated Balance Sheet Data			
Cash, cash equivalent and temporary investments	$ 12,418	$ 17,286	$ 48,320
Working capital	43,017	62,096	96,805
Total assets	262,391	519,783	684,288
Total indebtedness	2,821	4,751	13,221
Shareholders' equity	212,155	451,103	581,768

4.1 Dividends

The Company has never declared or paid dividends and currently intends to continue to reinvest its earnings in business development and growth. Any future determination to pay dividends will be at the discretion of the Board of Directors and will depend on the Company's financial position, results of operations, capital requirements and such other factors, as the Board of Directors deems relevant.

5. MANAGEMENT'S DISCUSSION AND ANALYSIS

Reference is made to "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 16 through 20 of the Company's 2001 Annual Report to Shareholders, which is incorporated herein by reference.

6. MARKET FOR SECURITIES

The Common Shares are currently traded on the TSE, under the symbol "COG", and on the Nasdaq National Market, under the symbol "COGI". National Bank Trust Inc. (formerly General Trust of Canada) is the transfer agent of the Company.

7. DIRECTORS AND OFFICERS

As at December 17, 2001, directors and officers of the Company, as a group, owned beneficially, directly or indirectly, 2,586,810 Common Shares representing approximately 5.52% of the issued and outstanding Common Shares.

7.1 Directors

The Board of Directors of the Company currently consists of eight directors. Each director remains in office until the following annual shareholders meeting or until the election of his successor, unless he resigns or his office becomes vacant as a result of his death, removal or other cause. The names of the directors of the Company, their municipality of residence, the position held by them within the Company, their principal occupations, the period during which each director has served as such, as well as the number of shares of the Company beneficially owned by them or over which they exercise control or direction, are indicated below:

Name and Municipality of Residence	Principal Occupation	Current Position in the Company	Served as Director Since	Number of Common Shares beneficially owned or over which control or direction is exercised as at December 17, 2001[1]
CLAUDE BOIVIN Montreal, Quebec	President and Chief Executive Officer Quebec Blue Cross and Ontario Blue Cross (provider of individual and group healthcare insurance, travel insurance and assistance)	Director	1999	—
RONALD BRISEBOIS Longueuil, Quebec	President, Chief Executive Officer and Chairman of the Board COGNICASE Inc.	President, Chief Executive Officer and Chairman of the Board	1991	2,146,833
J.V. RAYMOND CYR, O.C., LL.D.[2][3] Montreal, Quebec	Chairman of the Board Polyvalor Inc. (telecommunications company)	Director	1997	2,000
PIERRE DES MARAIS II[2][3] Saint-Faustin, Quebec	President Gestion PDM Inc. (management company)	Director	1998	600
ANDRÉ DUQUENNE[2][3] Montreal, Quebec	Senior Vice-President T2C2 Info (venture capital fund company)	Director	1994	500
MONIQUE LEFEBVRE Montreal, Quebec	Chair of the Transition Committee (term expired Dec. 31, 2001) Montreal Transition Committee	Director	2000	—
The Right Honorable BRIAN MULRONEY, P.C., C.C., LL.D. Montreal, Quebec	Senior Partner Ogilvy Renault (law firm)	Director	1999	500
RÉAL RAYMOND Montreal, Quebec	President, Personal and Commercial Bank National Bank of Canada (Canadian chartered bank)	Director	2000	—

(1) The information as to Common Shares beneficially owned, not being within the knowledge of management, has been furnished by the respective directors individually.

(2) Member of the Audit Committee.

(3) Member of the Corporate Governance and Compensation Committee.

7.2 Officers

The following table and accompanying notes state the names of the Company's board appointed officers, place of residence and principal occupations within the five preceding years:

Office	Name
Chairman of the Board, President and Chief Executive Officer	Ronald Brisebois (Longueuil, Quebec)
Executive Vice-President, Government Solutions Unit	Gérald Bourassa (Sillery, Quebec)
Executive Vice-President, Financial Processing Unit	Jay Cashmore (North York, Ontario)
Executive Vice-President, Human Resources and Communications	Michelle Courchesne (Laval, Quebec)
Executive Vice-President, Chief Legal Officer and Corporate Secretary	Benoit Dubé (Longueuil, Quebec)
Executive Vice-President, Systems Integration, USA	Thomas Gordon (Warren, New Jersey, USA)
Executive Vice-President, IT Solutions & Outsourcing Unit	Danielle Ouellet (Montreal, Quebec)
Executive Vice-President, Systems Integration, Canada	David Poulson (Toronto, Ontario)
Executive Vice-President, Government Solutions Unit, USA	Joao Raquel (New York, NY, USA)
Executive Vice-President, IT Solutions & Outsourcing Unit	Claude Rivard (Lacadie, Quebec)
Executive Vice-President, Financial Processing Unit	Carl Simard (Longueuil, Quebec)
Executive Vice-President, Systems Integration, Canada	John Thomson (Toronto, Ontario)
Executive Vice-President, Enterprise Relationship Management	André Trudeau (Blainville, Quebec)
Executive Vice-President and Chief Financial Officer	John Valentini (Montreal, Quebec)

During the past five years, each of the above officers has occupied the position indicated opposite his or her name or another position in the same firm or corporation or an affiliate thereof, except for:

Gérald Bourassa was a founder and held various senior positions with Roy, Bourassa & Associés Inc. (“RBA”) until RBA was acquired by the Company in June 1999.

Jay Cashmore was President of Footprint Software, a division of IBM Canada Ltd until April, 1998. At that time he founded Wealth Management Solutions (WMSI), a software and services provider to the Canadian financial sector. WMSI was acquired by Ezenet Inc. in September of 2000 and Mr. Cashmore became President and CEO of Ezenet. Ezenet was subsequently acquired by Cognicase in September 2001.

Michelle Courchesne joined the Company in February 2001. Prior to joining COGNICASE, Mrs. Courchesne was Vice-President and General Manager, Tactic Group, Marketel (2000-2001) and General Manager of the Orchestre Symphonique de Montréal from 1995 until 2000.

Benoit Dubé joined the Company in April 1998. Before joining the Company, Mr. Dubé was Legal Counsel at BCE Inc. (1997-1998) after having completed a Master in Business Administration from the Richard Ivey School of Business (London, Ontario) (1995-1997).

Thomas A. Gordon joined the Company in 1999 as Vice President of Operations. In December 2000, Mr. Gordon became Chief Operating Officer of Cognicase U.S.A., Inc., a wholly-owned subsidiary of the Company. Prior to joining the Company, Mr. Gordon served as President of Independent Dental Review of America from 1997.

Danielle Ouellet joined COGNICASE following the acquisition of SIBN Inc. (now COGNICASE Electronic Business Solutions Inc.) in May 2000 where she acted as Vice-President of IT (1999), Vice-President Architecture and Planning of Technology (1998) and Vice-President Research & Development E-Commerce Solution (1997).

David Poulson co-founded United System Solutions Inc. (“USS”) in 1987 and acted as a senior manager of that company until its acquisition by Cognicase in April of 2001.

Joao Raquel joined COGNICASE following the acquisition by the Company of Unified Technologies, Inc. in September 2001. Mr. Raquel was the founder of Unified Technologies and served as its Chief Executive Officer since 1995.

John Thomson joined Cognicase following the acquisition of USS in April of 2001. Mr. Thomson joined USS in 1994 where he held the positions of Executive Vice-President and President, Consulting and Education Services.

André Trudeau joined COGNICASE following the acquisition by the Company of SIBN Inc. (now COGNICASE Electronic Business Solutions Inc.) in May 2000. Previously, he was Vice President, Payroll and Electronic Services (1999-2000) and Vice-President Corporate Electronic Services for the National Bank of Canada (1997-1998).

John Valentini joined COGNICASE in March 2000. He was previously Senior Vice-President, Corporate Finance at PricewaterhouseCoopers Securities (1997-2000) and worked in the Private Investment Group of Capital CDPQ Inc. (Caisse de dépôt et placement du Québec) from 1996 until 1997.

8. ADDITIONAL INFORMATION

Additional information, including remuneration of directors and officers, principal holders of the Company's securities, as well as stock options, where applicable, is contained in the Company's management proxy circular for its most recent annual and special meeting of shareholders that involved the election of directors. Additional financial information, including comparative audited financial statements, is available from the Company's for the financial year ended September 30, 2001.

In addition, the following documents may also be obtained upon request from the Secretary of the Company:

i) one copy of this Annual Information Form, together with one copy of any document or portion thereof incorporated by reference therein;

ii) one copy of the comparative financial statements of the Company for its most recently completed fiscal year together with the accompanying report of the auditors thereon and one copy of any interim financial statements of the Company subsequent to the financial statements for its most recently completed financial year;

iii) one copy of the Company's Management Proxy Circular for its most recent annual and special meeting of shareholders; and

iv) one copy of the 2001 Annual Report of the Company.

The Company reserves the right to request a fee for the transmission of the information set forth above, except if the request is made by a shareholder of the Company or during the course of a distribution of the Company's securities by means of a short form prospectus, in which case the transmission of such information will be made free of charge.

The documents mentioned above are available at the Company's head office:

111 Duke Street
9th Floor
Montreal, Quebec
H3C 2M1

Tel: (514) 228-8888
Fax: (514) 228-8955

9. FORWARD-LOOKING STATEMENTS

All statements contained in this Annual Information Form of the Company or in any document filed by the Company with the U.S. Securities and Exchange Commission and Canadian regulatory authorities, or in any other written or oral communication by or on behalf of the Company, that do not directly and exclusively relate to historical facts, constitute "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by terminology such as "believe", "expect", "anticipate", "estimate", "intend", "will", "should", "may", or the negative of such terms or comparable terminology, which predict or indicate future events and trends and which do not relate to historical matters. While these statements reflect the Company's good faith expectations and beliefs, no assurance can be given that the results described in such statements will be achieved.

Undue reliance should not be placed on forward-looking statements as they involve a number of risks and uncertainties and other factors which are, in some cases, beyond the Company's control and could materially affect the Company's actual results, performance or achievements. Many of these statements appear in the Description of Business at pages 9 to 16 hereof and in the Management's Discussion and Analysis at pages 16 to 21 of the Company's 2001 Annual Report. There are a number of factors that could cause actual results to differ materially from those indicated. Such factors include, without limitation, the ability to procure, properly price, retain, and successfully complete projects, competition, availability of skilled personnel, management retention and development, general conditions in the computer industry and its various sectors, and general economic conditions. See "Trends, Risks and Risk Management" above.