

CGI GROUP INC
Form 40-F
December 22, 2011
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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, 2011

Commission file number 1-14858

GROUPE CGI INC./CGI GROUP INC.

(Exact name of Registrant as Specified in Its Charter)

CGI Group Inc.

(Translation of Registrant's Name Into English)

Québec, Canada

(Province or Other Jurisdiction of Incorporation or Organization)

7374

(Primary Standard Industrial Classification Code Number)

[Not Applicable]

(I.R.S. Employer Identification Number)

1130 Sherbrooke Street West

7th Floor

Montréal, Québec

Canada H3A 2M8

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(514) 841-3200

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

CGI Technologies and Solutions Inc.

11325 Random Hills

Fairfax, VA22030

(703) 267-8679

(Name, Address and Telephone Number of Agent For Service in the United States)

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

Title Of Each Class

Name Of Each Exchange On Which Registered

Class A Subordinate Voting Shares

New York Stock Exchange

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

None

(Title of Class)

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

None

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

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: 227,055,040 Class A Subordinate Shares, 33,608,159 Class B Shares

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

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. Yes X No ___

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 ___

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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, 2011. 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, 2011 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 Mrs. Eileen A. Mercier, Chair of the committee, and Messrs. Claude Boivin, Richard B. Evans and Gilles Labbé.

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, and
Eileen A. Mercier

Principal Accountant Fees and Services

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

Performance of Services

Services are either acceptable services or prohibited services.

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

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

Governance Procedures

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

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

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

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

Fees Billed by the External Auditors

During the years ended September 30, 2011 and September 30, 2010, CGI's external auditors billed the following fees for their services:

	00000000000000000000000000000000 000000000000000000000000	
	Fees billed	
Service retained	2011	2010
Audit fees	\$3,269,836	\$2,594,000
Audit related fees ^(a)	\$1,471,952	\$482,061

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Tax fees ^(b)	\$245,006	\$108,380
All other fees ^(c)	\$6,736	\$4,989
Total fees billed	\$4,993,530	\$3,189,430

- (a) The audit related fees billed by the external auditors for the year ended September 30, 2011 were in relation to service organization control procedures audits and assistance, International Financial Reporting Standards transition assistance, assistance in mergers and acquisitions matters, information technology assistance and advisory services, and 401(k) and special audits. Those billed for the year ended September 30, 2010 were in relation to service organization control procedures audits and assistance and International Financial Reporting Standards transition assistance.
- (b) The tax fees billed by the external auditors for the year ended September 30, 2011 were in relation to tax compliance and advisory services, and those billed for the year ended September 30, 2010 were in relation to tax research and advisory services.
- (c) The other fees billed by the external auditors for the years ended September 30, 2011 and 2010 were in relation to government contract compliance services.

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Code of Ethics

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

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

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

The 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 Canadian GAAP, neither the lease liability nor the underlying asset is carried on the balance sheet as the terms of the leases do not meet the threshold for capitalization.

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

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As of September 30, 2011, the Registrant's known contractual obligations were as follows:

Contractual Obligations (in 000 of Canadian dollars)	Total	Payment due by period			
		Less than 1 year	2 nd and 3 rd years	4 th and 5 th years	After 5 years
Long-Term Debt Obligations	938,499	379,595	48,096	16,040	494,768
Capital (Finance) Lease Obligations	67,182	22,939	31,696	12,013	534
Operating Lease Obligations ⁽¹⁾	815,771	129,387	211,880	167,040	307,464
Purchase Obligations	98,391	48,547	44,644	5,200	-
Total	1,919,843	580,468	336,316	200,293	802,766

(1) Included in these obligations are \$25.3 million of office space leases from past acquisitions.

Information to be Filed on This Form

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

1. Annual Information Form for the fiscal year ended September 30, 2011
2. Audited Annual Financial Statements for the fiscal year ended September 30, 2011
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
- 23.2 Consent of Deloitte & Touche LLP
- 99.1 Certification of the Registrant's Chief Executive Officer required pursuant to Rule 13a-14(a).
- 99.2 Certification of the Registrant's Chief Financial Officer required pursuant to Rule 13a-14(a).
- 99.3 Certification of the Registrant's Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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

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ANNUAL INFORMATION FORM

For the fiscal year ended

September 30, 2011

December 13, 2011

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This *Annual Information Form* is dated December 13, 2011 and, unless specifically stated otherwise, all information disclosed in this form is provided as at September 30, 2011, 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 office of the Company is situated at 1130 Sherbrooke Street West, 7th floor, Montreal, Quebec, Canada, H3A 2M8. CGI became a public company on December 17, 1986, upon completing an initial public offering of its Class A subordinate voting shares (Class A subordinate voting shares).

The following is a list of the direct and indirect subsidiaries of CGI (i) whose total assets represent more than 10% of CGI's consolidated assets as at September 30, 2011, or (ii) whose sales and operating revenues represent more than 10% of CGI's consolidated sales and operating revenues for the year ended September 30, 2011. Each subsidiary is 100% owned by its immediate parent company.

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.

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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, 2011, 226,517,285 Class A subordinate voting shares and 33,608,159 Class B shares, were issued and outstanding. These shares represent respectively 40.26% and 59.74% of the aggregate voting rights attached to the outstanding Class A subordinate voting shares and Class B shares. Two classes of preferred shares also form part of CGI's authorized capital: an unlimited number of First Preferred Shares (First Preferred Shares), issuable in series, and an unlimited number of Second Preferred Shares (Second Preferred Shares), also issuable in series. As of December 13, 2011 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, 2011 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, 2011, the Company had proceeded with four subdivisions of its issued and outstanding Class A subordinate voting shares as follows:

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

Market for Securities, Trading Price and Volume

CGI's Class A subordinate voting shares are listed for trading on the *Toronto Stock Exchange* under the symbol GIB.A and on the *New York Stock Exchange*, under the symbol GIB. A total of 198,900,779 Class A subordinate voting shares were traded on the *Toronto Stock Exchange* during the year ended September 30, 2011 as follows:

Month	High ^(a)	Low ^(a)	Volume
	(\$)	(\$)	
October 2010	16.48	15.27	17,525,403
November 2010	17.20	15.35	22,472,221
December 2010	17.57	15.98	16,600,347
January 2011	19.95	16.77	16,473,931
February 2011	20.34	19.15	18,060,850
March 2011	20.60	18.54	15,329,293
April 2011	21.25	19.92	