

CGI GROUP INC
Form 6-K
July 24, 2003

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 July 2003

Commission File Number 1-14858

CGI Group Inc.

(Translation of Registrant's Name Into English)

1130 Sherbrooke Street West
5th Floor
Montréal, Québec
Canada H3A 2M8

(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: Press release dated July 24, 2003.

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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 and 333-74932.

For immediate release

BCE AND CGI SOLIDIFY PARTNERSHIP

- *Bell Canada and CGI extend IS/IT outsourcing contracts*
- *CGI and Bell Canada clarify their roles in expanded commercial alliance*
- *Control of CGI will remain with the current CGI management team*

Montréal (Québec), July 24, 2003 BCE Inc. (BCE) (TSX; NYSE: BCE) and CGI Group Inc. (CGI) (TSX: GIB.A; NYSE: GIB) today announced that Bell Canada and CGI have extended their current IS/IT outsourcing agreements. The companies have also renewed and expanded their commercial alliance which designates Bell Canada as CGI's preferred telecom services provider and includes a new network management agreement.

Additionally, BCE and CGI signed a new shareholders' agreement with respect to BCE's ownership in CGI. Among other details, the put and call options with the majority shareholders have been cancelled.

The companies have been engaged in discussions with the objectives of enhancing the value of CGI by ensuring the continuity of CGI's management and CGI's ability to deliver high quality services to its customers, and allowing BCE to realize the maximum value of its investment in CGI.

CGI - Bell Canada IS/IT Outsourcing Services Agreements Extended: The two, 10-year Outsourcing Agreements between Bell Canada and CGI dated May 1998 and June 2001, and the 10-year Outsourcing Agreement between Bell Mobility and CGI dated May 1999, have been amended and extended to June 30, 2012. These agreements will provide significant savings to Bell Canada during the period of the contract thus contributing to its goal of increased productivity.

Renewed Commercial Alliance and Network Management Outsourcing Arrangement: Bell Canada and CGI have renewed and extended the existing Alliance Agreement under which Bell and CGI collaborate to provide customers with integrated solutions offerings. In addition, the parties have agreed to enter into a new Network Services Outsourcing Agreement, under which CGI will outsource to Bell the management of the telecommunications network used by CGI to provide services to its customers. Both agreements extend to June 30, 2012.

These new agreements demonstrate the broadening of the interests of CGI and Bell in working together in Canada, enabling both companies to more effectively offer their current and prospective clients value-added IS/IT services from CGI and telecommunications services from Bell Canada in a systems integration and an outsourcing mode.

BCE's Ownership in CGI

BCE and CGI have entered into a new shareholders' agreement regarding BCE's investment in CGI. Control of CGI remains with the founders, namely Serge Godin, André Imbeau and Jean Brassard.

The details of the new agreement are as follows:

- The Options Agreement signed in 1998 between CGI, BCE and CGI's Majority Shareholders has been terminated. Consequently, the put rights of CGI's Majority Shareholders and BCE's call rights with regards to the CGI shares held by the Majority Shareholders have been cancelled;
- BCE will immediately convert all of its 7,027,606 CGI Class B multiple voting shares into CGI Class A single voting shares on a one-for-one basis. BCE will then own 120,028,400 CGI Class A shares⁽¹⁾ and hold 29.87% of the total equity in CGI;
- BCE has agreed to maintain its equity interest (as a percentage of the total of all outstanding Class A shares and Class B shares) below 30% on January 5, 2004. As a result, under the terms of CGI's charter, CGI's Class B multiple voting shares will not be automatically converted to Class A shares;

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- In recognition of BCE's significant position in CGI, appropriate shareholder rights have been provided to BCE. This includes pre-emptive rights, CGI Board of Directors representation, and certain rights over certain significant transactions (see background information for more details); and,
- There are no restrictions on any future sale by BCE of its shares in CGI.

While BCE has no current intention to dispose of its investment in CGI, if BCE were to decide to sell any or all of its investment at any future date, the sale would be done in an orderly manner.

BCE will continue to proportionately consolidate CGI's results.

The agreements we announced today not only meet all of the objectives that we originally sought, they further solidify the partnership between the two companies, said Michael Sabia, President and Chief Executive Officer of Bell Canada Enterprises. We have achieved greater clarity regarding both companies' future intentions and their on-going relationship. This will allow CGI's current management to continue to focus on delivering high quality services to its customers and for BCE to maximize the value of our investment in CGI.

The advancements announced today strengthen our relationship with BCE as a partner and as a client, said Serge Godin, Chairman and CEO of CGI. Our renewed alliance will provide our clients and future large enterprise clients and government markets with a more integrated, end-to-end IT services and telecom offering. The new Shareholders Agreement removes any uncertainty with regard to the ownership and future direction of CGI. On behalf of CGI's management team, we look forward to pursuing our mission of becoming a world champion IT services provider, creating benefits and value for our clients, members and shareholders for many years to come.

About BCE

BCE is Canada's largest communications company. It has 25 million customer connections through the wireline, wireless, data/Internet and satellite services it provides, largely under the Bell brand. BCE's media interests are held by Bell Globemedia, including CTV and The Globe and Mail. As well, BCE has e-commerce capabilities provided under the BCE Emergis brand. BCE shares are listed in Canada, the United States and Europe.

ABOUT BELL CANADA

Bell Canada, Canada's national leader in communications, provides connectivity to residential and business customers through wired and wireless voice and data communications, local and long distance phone services, high speed and wireless Internet access, IP-broadband services, e-business solutions and direct-to-home satellite service. Bell Canada is wholly owned by BCE Inc. For more information please visit www.bell.ca

ABOUT CGI

Founded in 1976, CGI is the fourth largest independent information technology services firm in North America, based on its headcount. CGI and its affiliated companies employ 20,000 professionals. CGI's annualized revenue run-rate is currently CDN \$2.9 billion (US\$1.9 billion) and at March 31, 2003, CGI's order backlog was \$11.2 billion (US\$7.6 billion). CGI provides end-to-end IT and business process services to clients worldwide from offices in Canada, United States and Europe. CGI's shares are listed on the TSX (GIB.A) and the NYSE (GIB) and are included in the TSX 100 Composite Index as well as the S&P/TSX Canadian Information Technology and Canadian MidCap Indices. Website: www.cgi.com.

CGI Conference Call:

CGI will hold a conference call today, Thursday, July 24, 2003 at 12:00 PM (Eastern) to answer questions from the investment community.

Participants may access the call by dialing 888 575-8232 or through the Internet at ww.cgi.com. For those unable to participate on the live call, a Webcast will be held at www.cgi.com.

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CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

Certain statements made in this press release, including, but not limited to, BCE's intentions concerning its investment in CGI, are forward-looking and are subject to important risks, uncertainties and assumptions. The results or events predicted in these forward-looking

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statements may differ materially from actual results or events. Factors that could cause actual results or events to differ materially from current expectations include, among other things: the state of capital markets; general economic conditions; business conditions and competition in the information technology industry. The forward-looking statements contained in this press release represent BCE's and CGI's expectations as of July 24, 2003 and, accordingly, are subject to change after such date. However, BCE and CGI disclaim any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

For further information:

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BACKGROUND INFORMATION

SUMMARY OF NEW SHAREHOLDERS AGREEMENT BETWEEN BCE AND CGI

The following is a summary of additional material terms contained in the new Shareholders Agreement.

- BCE continues to have representation on the Board of Directors of CGI as follows:
 - one nominee, so long as the outsourcing agreement between Bell Canada and CGI is in effect;
 - two nominees, so long as such outsourcing contract is in effect and BCE holds at least a 10% equity position in CGI; or
 - that number of nominees equal to 25% of the total number of directors on the Board of Directors of CGI, so long as BCE holds at least a 20% equity position in CGI. BCE is also entitled to one nominee to the Human Resources Committee of CGI's Board of Directors so long as BCE holds at least a 10% equity position in CGI, or one nominee to the Human Resources Committee and one nominee to the Corporate Governance Committee of CGI's Board of Directors, so long as BCE holds at least a 20% equity position in CGI.
- BCE continues to have veto rights over certain significant transactions. So long as BCE holds at least a 20% equity position in CGI, the following matters are subject to the prior consent of BCE:
 - Any arrangement, amalgamation or merger of CGI with any other person, except for amalgamations of CGI with any of its wholly-owned subsidiaries or with other public corporations the market capitalization of which is less than 15% of the market capitalization of CGI.
 - The making by CGI or any of its consolidated subsidiaries of any acquisition or disposition of assets or securities in an amount in excess of 15% of the market capitalization of CGI.
 - Any transaction or operation involving CGI or any of its consolidated subsidiaries as a result of which certain specified financial ratios would not be met.
 - The appointment, from time to time, of a Chief Executive Officer of CGI other than Serge Godin.

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- Amendments or proposals to amend the articles or by-laws of CGI, but only if such amendment affects any class of equity shares then held by BCE or any of its wholly-owned subsidiaries.
- The acquisition of, or agreement to acquire (by amalgamation, merger, take-over bid, plan of arrangement, reorganization, recapitalization, liquidation or winding-up of, reverse take-over bid or other business combination or similar transaction involving CGI or any of its consolidated subsidiaries), any person or business primarily engaged in an activity other than information systems and information technology services.

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- The launching of any new lines of business or any other material change in CGI's corporate strategy not forming part of information systems and information technology services.
 - The adoption of any annual business plan or budget or the making of any amendment thereto showing a pre-tax margin of less than 6%.
 - Any material alliance or joint venture that BCE concludes, acting reasonably, is or would likely be inconsistent in a significant respect with the commercial interests of the BCE group of companies.

- BCE continues to have pre-emptive rights to acquire Class A Shares and other equity securities of CGI (other than Class B Shares) to enable it to maintain its equity position in CGI in the event of the issue by CGI of any equity shares or securities convertible into equity shares. Such pre-emptive rights remain in effect so long as BCE holds at least a 20% equity position and the outsourcing agreement with Bell Canada is in force.
- BCE continues to have registration rights with respect to the CGI shares held by it or its wholly owned subsidiaries pursuant to the terms of the Registration Rights Agreement entered into between BCE and CGI in 1998

Furthermore, the Majority Shareholders have undertaken not to transfer the Class B Shares held by them to any person other than (a) between or among themselves and/or senior executives of CGI or of affiliates thereof or (b) pursuant to a take-over bid made to all holders of Class B Shares and Class A Shares at the same time, at the same price and on the same conditions. They also have agreed that, prior to any other transfers of their Class B Shares, they will convert such Class B Shares into Class A Shares.

⁽¹⁾ BCE's ownership in CGI's outstanding Class A shares, which stood at 31.3% as at June 30, 2003, will increase to 32.6% after the conversion.

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: July 24, 2003

By /s/ Paule Doré
Name: Paule Doré
Title: Executive Vice-President
and Chief Corporate Officer
and Secretary