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Gert Van Damme
Account Executive, CTG, Brussels

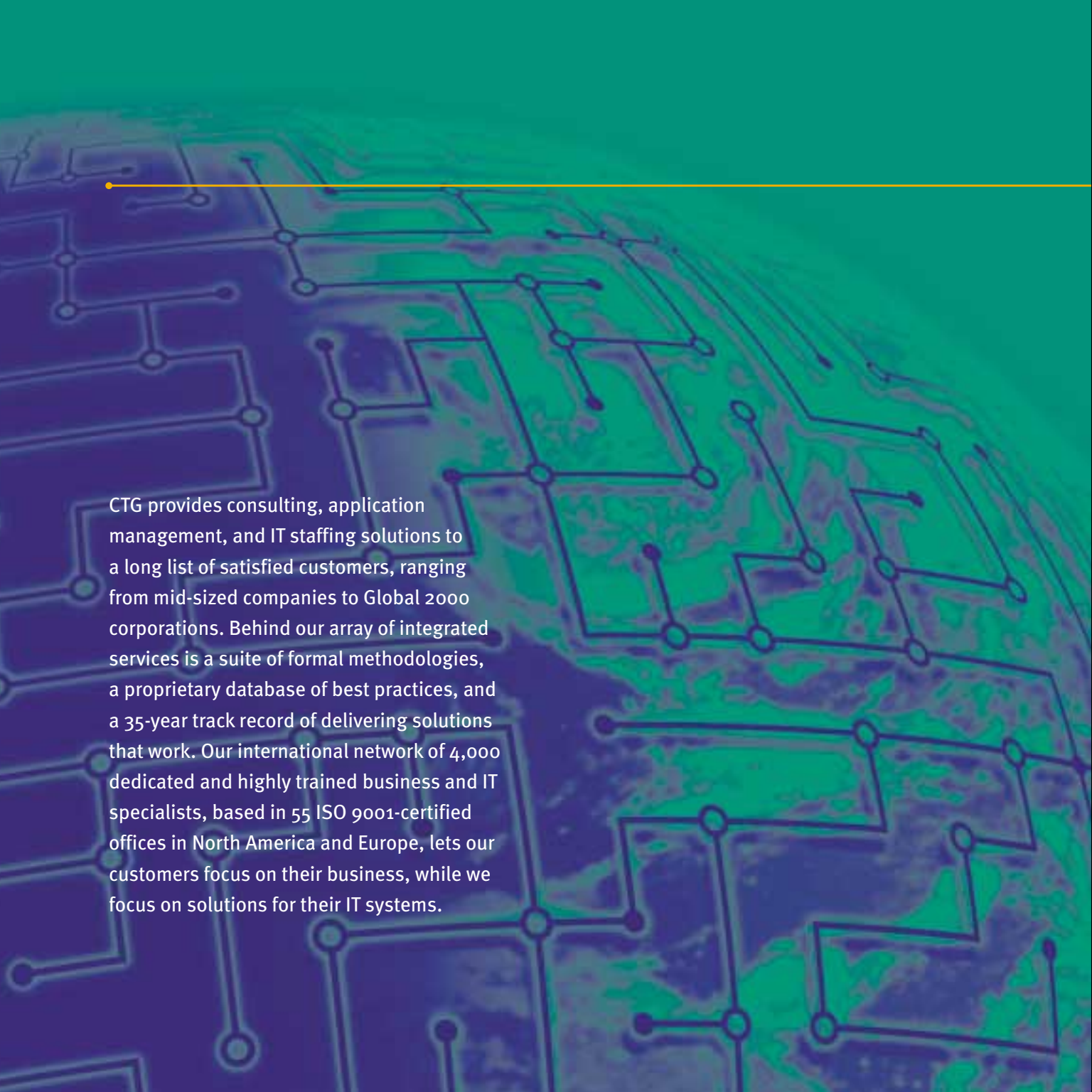
CTG starts with people. People who know that success in the information technology (IT) services industry means keeping a tight focus on their first priority—helping our customers achieve competitive advantage by maximizing their IT investments.



Vincent VanLear
Account Executive, CTG, Washington, D.C.



Angela Rivera
Account Director, CTG HealthCare Solutions,
San Diego, California



CTG provides consulting, application management, and IT staffing solutions to a long list of satisfied customers, ranging from mid-sized companies to Global 2000 corporations. Behind our array of integrated services is a suite of formal methodologies, a proprietary database of best practices, and a 35-year track record of delivering solutions that work. Our international network of 4,000 dedicated and highly trained business and IT specialists, based in 55 ISO 9001-certified offices in North America and Europe, lets our customers focus on their business, while we focus on solutions for their IT systems.



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A man in a dark suit and tie is walking towards the camera on a cobblestone street. In the background, there is a large, ornate building with many windows and a statue on top. The scene is outdoors and appears to be in a European city.

Dear Fellow Shareholder:

I joined CTG as chairman, president, and chief executive officer in November 2000 and since then have been immersed in analyzing the potential for CTG's services, customers, and people. It has been an intense few months that has reaffirmed both my decision to join CTG and my confidence in our future.

As a 20-year technology industry veteran, two things immediately impressed me about CTG. The quality and energy of CTG's people truly are the bedrock of our company. This is reflected in our long track record of delivering quality solutions and services. CTG's customer base also is clearly a tremendous asset. We enjoy several significant long-term relationships with very large, established Global 2000 companies who anchor a solid revenue base.

Darrell L. Jennings
Chairman, President, and Chief Executive Officer

strategy

I want to share my perspective on CTG and review our strategy to reestablish growth, restore earnings consistency, and rebuild value. Last year was certainly a very difficult one for our industry and for CTG. This is reflected in our financial results and those of our competitors. In 2000, CTG reported a net loss of \$5.7 million, or \$0.04 cash loss per diluted share and \$0.35 loss per diluted share, on revenues of \$345.7 million, compared to 1999 net income of \$16.7 million, or \$1.21 cash earnings per diluted share and \$1.00 per diluted share, on revenues of \$472.0 million.

The continued industry-wide reduction in demand for IT services during the first half of 2000 required CTG to make some difficult decisions. We adjusted our cost structure to reflect lower revenues, while still continuing to make investments in our business and people. This balanced response enabled us to mitigate much of the impact of significantly lower revenues on earnings.

In considering why CTG's financial performance did not meet our plan in 2000, it is fair to look outside the company at the overall IT business environment. According to Hoover's, companies in CTG's sector have seen an average revenue loss of 25 percent in the past year. However, we also need to look objectively inside the company to determine what we must do better to establish CTG's near-term strategic direction. That has been my major focus during these first months on the job, and we have already begun to implement our new strategic plan.

There are five major elements of CTG's strategic plan for 2001. These are listed below, and I have included a discussion of each initiative:

- *Develop a more vigorous sales culture*
- *Establish a new Global Practices organization*
- *Focus our efforts on the businesses best positioned for immediate growth*
- *Build an organizational structure that optimizes our opportunities*
- *Evaluate and enhance colleague development and recognition programs*

opportunity

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Develop a more vigorous sales culture

We need to do a better job of rewarding, recognizing, and developing our sales colleagues in ways that are win-win for both colleagues and CTG. Along these lines, we are implementing a new incentive-based sales compensation program with much greater weight on pay for performance.

The sales culture at CTG also needs to be more vigorous and accountability-focused. To accomplish this goal, Filip Gydé was announced as the new vice president and general manager of Europe in 2000, and Tony Connor was recently named as vice president and general manager of North America. Our Global Marketing organization, established in 2000, will also continue to support the sales efforts of all our businesses to ensure a focused marketing effort and advancement of the CTG brand identity.

Establish a new Global Practices organization

In 2001, we will implement a Global Practices organization under the leadership of Larry Cody, a newly named corporate vice president. The Global Practices team will manage CTG's portfolio of solutions and services company-wide. We believe this new initiative will greatly enhance our ability to successfully compete in the IT consulting business worldwide. The Global Practices organization will inventory and rationalize our current IT services and skills, research market opportunities, establish strategic third-party partnerships, and decide what portfolio of solutions CTG should market to maximize our revenues and profitability.

Focus our efforts on the businesses best positioned for immediate growth

To renew growth in 2001, we also need to focus our energies and resources on areas of our business where CTG has had the greatest success and where there is the greatest opportunity for near-term growth. In the coming year, we will strongly support high-growth practices and reinvigorate the Staff Augmentation business, a historic strength of CTG over many decades, which declined in 2000.

Our Application Management business will be another key growth focus for CTG in 2001. CTG has had significant success in building this business in 1999 and 2000. In the fourth quarter of 2000, we started our largest-ever outsourcing contract, initially valued at \$44.5 million over three years. The depth of CTG's application management experience positions us to capitalize on higher market demand as more companies consider outsourcing IT to focus on core competencies, reduce costs, and avoid dealing directly with IT skills shortages.

Build an organizational structure that optimizes our opportunities

CTG's organization must have tighter focus structurally and operationally. We need an organizational structure that enables us to optimize our opportunities. In 2001, we will consolidate and rationalize our service offerings to include Application Management, IT Solutions, Health Care, and Staff Augmentation.

In January 2001, we consolidated our sales and delivery organizations around business models directed at similar customers to match our portfolio. Our organization now includes three business models:

- *IT Solutions, Application Management, and Staff Augmentation (flexible staffing) for Global 2000 companies*
- *Staff Augmentation (strategic staffing) for large corporations*
- *CTG HealthCare Solutions for the health care provider and payor*

This structure streamlines our sales and delivery functions and enables us to approach and serve customers in a more cohesive, focused way than we have previously. It also supports our recent decision to market all services under the CTG brand, enabling us to secure maximum value from our investments in business development and marketing.

Evaluate and enhance colleague development and recognition programs

As a professional services consulting organization, we are a people business that relies on the expertise and talent of our colleagues — they are truly the backbone of our business. In 2001, we will be taking a close look at the effectiveness of our current programs and dedicating the resources to ensure that we are optimally rewarding and developing performers at every level of the organization. A major component of this initiative will be enhancing colleague recognition and development programs so we continue to attract, retain, and develop a very high caliber of IT and business consulting professionals.

energy

Why I am confident in CTG's future

As I look forward, my confidence in CTG's ability to execute our business plan is grounded in several important considerations:

- *According to Gartner/Dataquest, the top three growth industries for professional services in 1998-2003 are communication, services, and health care. CTG's solutions and application management experience in these industries positions us very well for increased growth.*
- *We are an IT services and solutions provider that is highly focused on quality. In 2000, we achieved ISO 9001 certification for all our offices worldwide, making CTG one of the largest IT services organizations to be completely ISO 9001-certified. Our ISO 9001 certification and the Software Engineering Institute's Capability Maturity Model-certified evaluation ensure processes and methodologies that produce deliverables consistent with client expectations.*
- *CTG has a 35-year history of delivering results to our customers. CTG is not a dot-com company, nor are any of our major customers dot-com companies. We are a well-established and funded company with a long track record of success serving our clients, predominantly Global 2000 companies.*
- *The strength of CTG's intellectual capital, made up of several thousand experienced and knowledgeable business and IT consultants, combined with proven proprietary methodologies, positions us to continue delivering solutions that contribute to the success of our customers.*



Over the last five months, we have made significant progress in repositioning CTG as a more focused, tightly managed company. Although our business environment is likely to remain a challenging one in 2001, I believe that we will enjoy renewed growth because CTG excels at helping our customers succeed. The energy of our people and their proven ability to deliver solutions that truly contribute to the success of our customers are key to our future. When all is said and done, that ability is what is critical to the growth of any professional services enterprise and why I have great confidence in CTG's future.

Darrell L. Jennings

Chairman, President, and Chief Executive Officer



confidence

Officers

Henri R. Bersoux Vice President, E-Staffing

Thomas J. Niehaus Vice President and General Manager,
CTG HealthCare Solutions

Alex P. Alexander Vice President; Chief Information Officer

James R. Boldt Executive Vice President; Chief Financial Officer;
Vice President, Strategic Staffing Services

Filip J.L. Gydé Vice President and General Manager, CTG Europe


Joel I. Ivers Chief Marketing Officer

Valerie J. DeBerry Vice President, Human Resources

J. Lawrence Cody Vice President, Global Practices

Please see page 52 for a complete list of CTG Officers and Directors.

focus
on the
customer

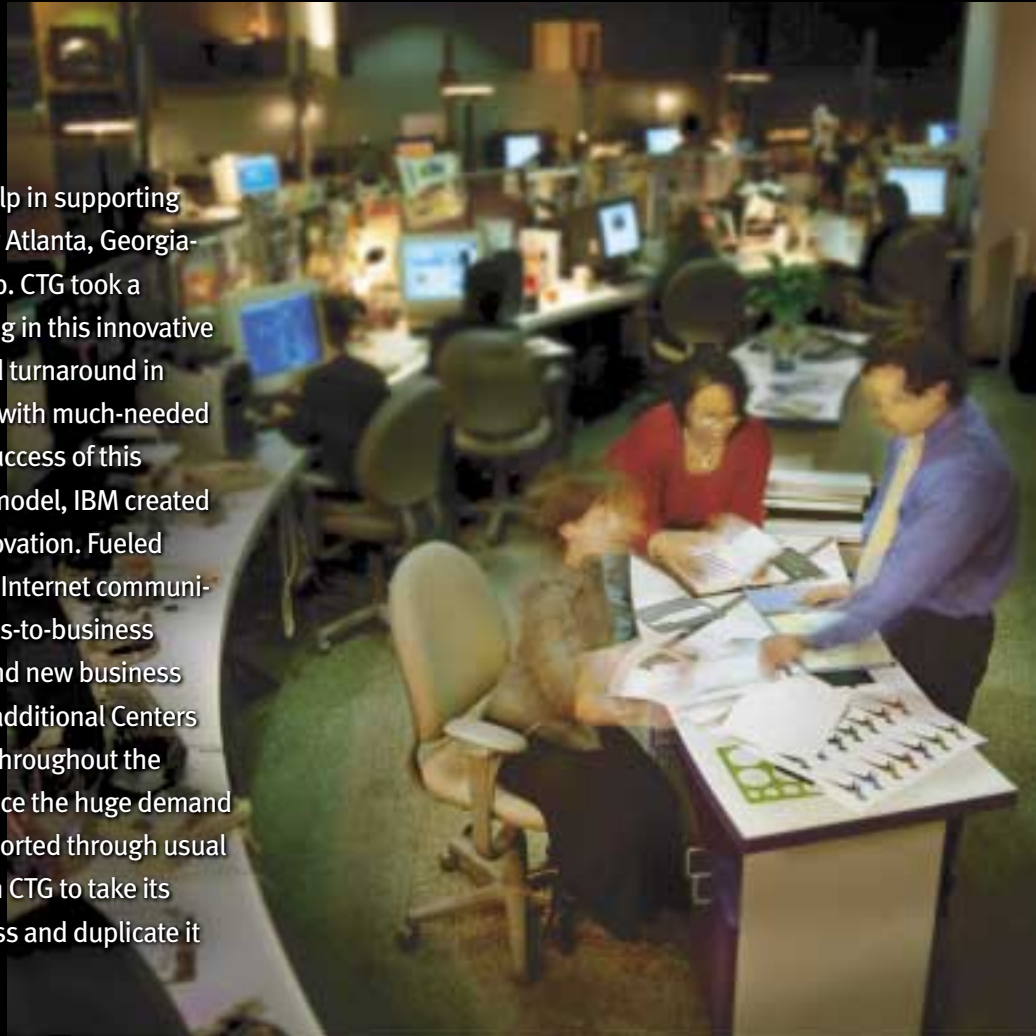
A photograph of three business professionals in a grand, ornate hall with a high, vaulted ceiling made of glass and metal. The ceiling has a grid pattern and is illuminated from within, creating a warm, golden glow. The woman on the left is wearing a dark purple suit and holding a blue folder. The woman in the center is wearing a black dress with a patterned scarf and is smiling. The man on the right is wearing a dark suit and is gesturing with his hands as if in conversation. The background shows architectural details like columns and a stucco wall.

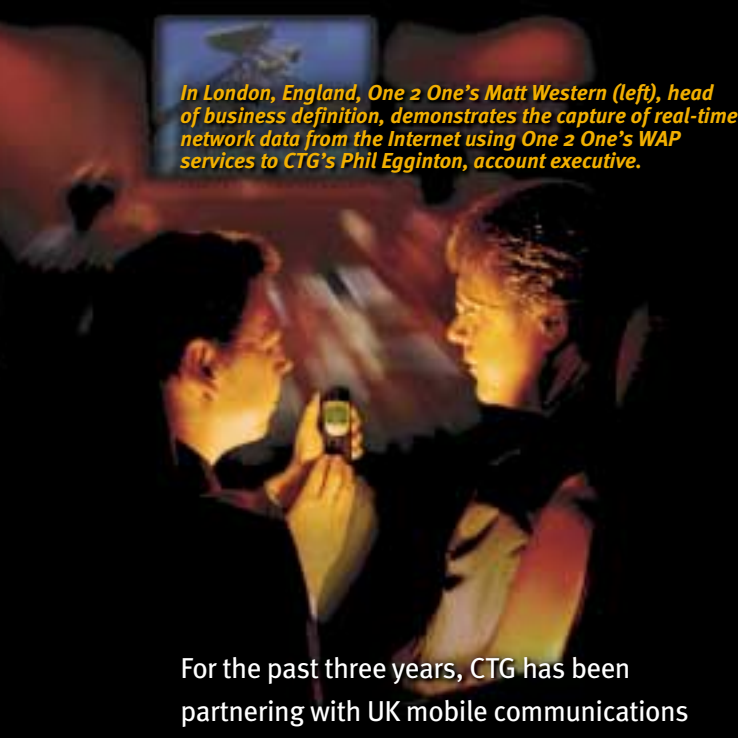
CTG's Paula Thompson (left), account executive, and Mark Matthews (right), engagement manager, discuss upcoming projects with KeyCorp's Cynthia Sue Burke, vice president and outsource relationship division manager, at the KeyCenter in Cleveland, Ohio.

CTG has a 20-year relationship with KeyCorp, one of the U.S.'s largest multi-line financial services companies. CTG's services include preferred vendor IT staffing and management of a portfolio of 32 mission-critical applications in Key's Banking Systems Group. These applications include loan origination, compliance, collections, fraud, statement technology, mortgage, and small business applications. CTG brings substantial technical expertise and management capability to this crucial responsibility, allowing KeyCorp to concentrate on its core business of providing financial services while maintaining a high level of IT support.

From left to right: At the IBM Artz Café in Atlanta, Georgia, CTG colleagues Dawn Smith, graphic designer, and Juanita Clayton-Evans, associate producer, collaborate with Kenneth Lancaster, senior solutions architect, on an IBM Center for Innovation client's last-minute Web site design changes.


In 1994, IBM asked CTG for help in supporting its e-business goals at its new Atlanta, Georgia-based Interactive Media group. CTG took a partnering approach to staffing in this innovative area, providing IBM with rapid turnaround in locating and hiring resources with much-needed e-business skills. Using the success of this Interactive Media group as a model, IBM created its e-business Centers for Innovation. Fueled by the phenomenal growth of Internet communications, e-commerce, business-to-business applications, online media, and new business models, in 1999 IBM created additional Centers for Innovation in major cities throughout the United States and Europe. Since the huge demand for services could not be supported through usual channels, IBM has counted on CTG to take its Atlanta IBM e-business success and duplicate it for other IBM Centers.





In London, England, One 2 One's Matt Western (left), head of business definition, demonstrates the capture of real-time network data from the Internet using One 2 One's WAP services to CTG's Phil Egginton, account executive.

For the past three years, CTG has been partnering with UK mobile communications network One 2 One, a wholly owned subsidiary of Deutsche Telekom AG, providing a variety of IT and business consulting services. CTG's expertise in business and IT project management, systems and business analysis, e-strategy planning, and m-commerce product development has helped One 2 One introduce a range of innovative mobile telephony services that has led to substantial growth in customer volumes. In addition, CTG provides application management services for One 2 One's dealer commission payment system and assists them in introducing new support systems such as their customer care and billing system and customer self-service via the Internet.



CTG's Patrick Rodijk (right), business unit manager of telecommunications, compares notes with KPN's Emma Zambeek, service manager, at KPN's Network Management Center in Amsterdam, the Netherlands.

CTG's partnership with KPN Royal Dutch Telecom has continually evolved since our business relationship began six years ago. CTG initially provided staffing services to KPN and later became a preferred vendor. We have provided several types of services to KPN, including project management, information communication technology (ICT) consulting, and coordination of several change management processes. KPN's continuing relationship with CTG is based on our commitment to delivering solutions that work and our dedication to quality.

Fortis' Pierre Etienne (left), e-banking general manager, and Rénaud Wauthier, managing director of CTG Luxembourg, meet for a strategy session in Luxembourg City, Luxembourg.



CTG has been involved in a critical project during the four years we have been partnered with Fortis Bank in Luxembourg. CTG successfully developed a communication module between the Web sites of Fortis and TheScreener.com, a Swiss financial analysis company, to increase Fortis' business functionalities. In addition, CTG's experienced consultants have helped Fortis upgrade its e-banking platform, develop a search engine, and handle several Java development tasks. With CTG as its business partner, Fortis can provide its clients with the most technologically advanced systems available in e-banking today.

At a New Castle, Delaware, location of Wawa Food Markets, a convenience store chain in the Eastern U.S., CTG and Longview review a successful rollout of Longview's Khalix financial management software. From left to right: CTG's Timothy Fries, senior information analyst; Longview's Jack Stover, director of account management; Wawa's Christine Wells, programmer analyst; CTG's Karen Roughton, account manager; and Wawa's Tina Rasmussen, senior supply chain business advisor.



For the past three years, CTG has partnered with Longview Solutions, Inc. to implement the company's Khalix software in more than 40 corporations throughout North America. Through this integrated financial management software solution, companies have access to the planning, forecasting, and budgeting information they need. The successful combination of Longview's Khalix and CTG's information technology know-how has aided clients in improving their approach to financial analysis while significantly reducing processing time. CTG helps clients use the software to its maximum potential so they can focus their time and attention on analyzing data to compete more effectively in today's marketplace.



Dr. Mike Waldrum (right), CIO of UAB Health System, shows John Nichols, managing director of CTG HealthCare Solutions, images from one of UAB's state-of-the-art diagnostic systems.

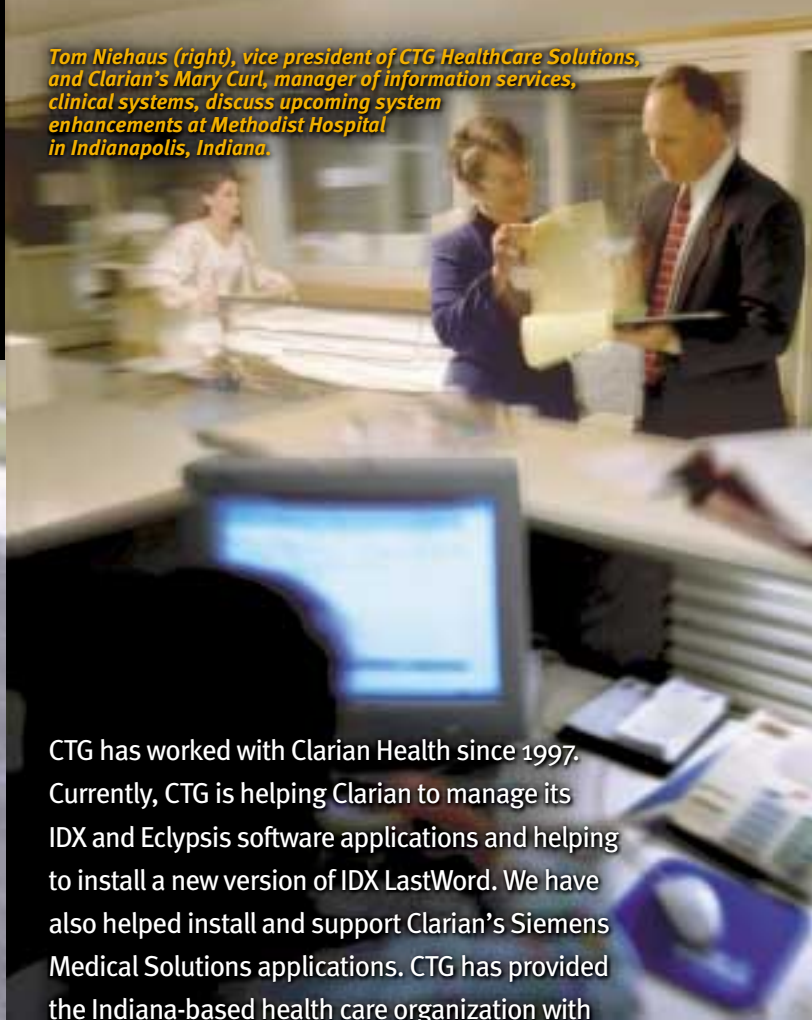
CTG and the University of Alabama at Birmingham (UAB) Health System have been working together for more than two years, primarily focusing on McKessonHBOC mainframe software support, but also providing Cerner software and integration solutions. We have provided UAB Health System with expertise in the areas of project management, application solutions, and business process redesign. By outsourcing selected applications to CTG, this nationally recognized medical center is able to concentrate on providing top-notch medical care to its patients and state-of-the-art training to nearly 4,000 health science students.

CTG's Patrick Leahy (lower right), account executive, joins CTG's Jan Owczarczak (left), managing director of sales, and Menasha's Rim Gulbinas, director of operations, at Menasha's consolidation center in Alsip, Illinois, as they report on the performance of Menasha's SmartTrak system.



CTG's alliance with Menasha Services, a North American logistics and material handling services company, has resulted in the selection and design of a best-of-breed logistics solution to handle returnable-reusable container management. CTG's work consisted of several major projects, including selection of Warehouse Management System (WMS) software and Transportation Management System (TMS) software, and designing the integration of the selected software with Menasha's Web-based SmartTrak system. Over the next three years, CTG will assist Menasha in rolling out this technology to support its customer operations.

Tom Niehaus (right), vice president of CTG HealthCare Solutions, and Clarian's Mary Curl, manager of information services, clinical systems, discuss upcoming system enhancements at Methodist Hospital in Indianapolis, Indiana.




CTG has worked with Clarian Health since 1997. Currently, CTG is helping Clarian to manage its IDX and Eclypsis software applications and helping to install a new version of IDX LastWord. We have also helped install and support Clarian's Siemens Medical Solutions applications. CTG has provided the Indiana-based health care organization with technical expertise in the areas of application management outsourcing, project management, and business process redesign. Our IT know-how, combined with our proven methodologies and extensive management experience, is enabling Clarian to focus on upgrading and rolling out new systems so it can provide its patients with the highest quality health care.



C&W's Nigel Parnell (left), vice president of network operations, describes his B2B Web site requirements to CTG's Alastair Wade, programme manager, at C&W's offices in London, England.



For nearly a decade, CTG has provided consultancy and development services to Cable & Wireless (C&W), a leading global telecommunications company. C&W engaged CTG to manage the development, implementation, and rollout of a new pan-European Ordering System as part of a strategic information systems initiative. In addition, we assisted in the preparation and management of an Internet start-up initiative. With these and other projects, CTG's knowledge of the telecommunications business processes was key to resolving the change management issues encountered.



CTG's Steve Slesinger (left), business development consultant, receives updated system automation specifications from Unilever's Mark Farrell, logistics manager, at Unilever Cosmetics International's facility in Mt. Olive, New Jersey.

CTG partnered with Calvin Klein Cosmetics Company (CKCC), a division of Unilever Cosmetics International, to re-engineer the warehouse and manufacturing operations of its cosmetics and fragrance lines of business. CTG helped the company achieve its customer-oriented “order today; ship tomorrow” goal and develop the award-winning system in place today. As system integrator, CTG designed and delivered a system that exceeded the customer’s throughput and service goals. CTG redesigned the building’s layout, incorporated high-speed sortation equipment, and designed and implemented interfaces from the execution system to the order entry, accounting, and planning systems. CKCC’s end result is enhanced efficiency in a paperless system that boasts inventory reduction, better product flow, and a reduction in time to market — all key components of our client’s improved customer service and satisfaction.

Our success is predicated on a simple notion:

*Provide solutions that
meet customer challenges.*

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