

COMPUTER TASK GROUP INC

FORM 10-K405

(Annual Report (Regulation S-K, item 405))

Filed 3/22/2002 For Period Ending 12/31/2001

Address	800 DELAWARE AVE BUFFALO, New York 14209
Telephone	716-882-8000
CIK	0000023111
Industry	Software & Programming
Sector	Technology
Fiscal Year	12/31

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2001 OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the Transition period from _____ to _____

Commission File No. 1-9410

COMPUTER TASK GROUP, INCORPORATED

(Exact name of Registrant as specified in its charter)

State of New York	16-0912632
----- (State of incorporation)	----- (I.R.S. Employer Identification No.)
800 Delaware Avenue, Buffalo, New York	14209
----- (Address of principal executive offices)	----- (Zip Code)
	(716) 882-8000

Registrant's telephone number, including area code:

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

Title of each class	Name of each exchange on which registered
-----	-----
Common Stock, \$.01 par value	New York Stock Exchange
Rights to Purchase Series A	
Participating Preferred Stock	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

The aggregate market value of the Registrant's voting stock held by non-affiliates at March 15, 2002 was \$82,951,000. Solely for the purposes of this calculation, all persons who are or may be executive officers or directors of the Registrant and all persons who have filed a Schedule 13D or Schedule 13G with respect to the Registrant's stock have been deemed to be affiliates.

The total number of shares of Common Stock of the Registrant outstanding at March 15, 2002 was 20,868,834.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the following documents are incorporated by reference in the following parts of this report: Parts I, II and IV - the Registrant's 2001 Annual Report to Shareholders; Parts II and III - the Registrant's definitive Proxy Statement as filed with the Securities and Exchange Commission and as used in connection with the solicitation of proxies for the Registrant's annual meeting of shareholders to be held on May 1, 2002.

PART I

FORWARD-LOOKING STATEMENTS

Statements included in this document, or incorporated herein by reference, that do not relate to present or historical conditions are "forward looking statements" within the meaning of that term in Section 27A of the Securities Act of 1933, as amended, and Section 21F of the Securities Exchange Act of 1934, as amended. Additional oral or written forward looking statements may be made by the Company from time to time, and such statements may be included in documents that are filed with the Securities and Exchange Commission. Such forward looking statements involve risks and uncertainties which could cause results or outcomes to differ materially from those expressed in such forward looking statements. Forward-looking statements may include, without limitation, statements relating to the Company's plans, strategies, objectives, expectations and intentions and are intended to be made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Words such as "believes," "forecasts," "intends," "possible," "expects," "estimates," "anticipates," or "plans" and similar expressions are intended to identify forward-looking statements. Among the important factors on which such statements are based are assumptions concerning the anticipated growth of the information technology industry, the continued need of current and prospective customers for the Company's services, the availability of qualified professional staff, and price and wage inflation.

ITEM 1. BUSINESS

Computer Task Group, Incorporated (the Company, CTG, or the Registrant) was incorporated in Buffalo, New York on March 11, 1966, and its corporate headquarters are located at 800 Delaware Avenue, Buffalo, New York 14209 (716-882-8000). CTG provides information technology (IT) professional services. CTG employs approximately 3,200 people worldwide and serves customers through an international network of offices in North America and Europe. During 2001, the Company had eight operating subsidiaries: CTG Services, Inc., CTG HealthCare Solutions (Kansas), Inc., and Computer Task Group of Canada, Inc., providing services primarily in North America, Inc.; and Computer Task Group Belgium N.V., Computer Task Group France S.A., Computer Task Group Luxembourg S.A., Computer Task Group Nederland B.V., and Computer Task Group (U.K.) Ltd. providing services primarily in Europe.

BACKGROUND

The Company operates in one industry segment, providing IT professional services to its clients. The services provided typically encompass the IT business solution life cycle, including phases for planning, developing, implementing, managing, and maintaining the IT solution. A typical customer is an organization with large, complex information and data processing requirements. Approximately 85.1 percent of consolidated 2001 revenue of \$312.1 million was generated in North America and 14.9 percent in Europe. CTG provides three primary services. A brief discussion of these services is as follows:

- **IT STAFFING:** CTG recruits, retains, and manages IT talent for its clients. CTG services both large organizations with multiple locations and high-volume IT requirements, and companies that need to augment their own staff on a flexible basis. Our recruiting organization works with customers to define their requirements and develop the most competitive pricing to meet those requirements.

- **APPLICATION MANAGEMENT OUTSOURCING (AMO):** In an AMO project, a client outsources the management of some or all of its applications so that their internal management and staff can focus on projects that will help them in creating and fostering initiatives that will aid in delivering a competitive advantage to the company. CTG's services in this area include support of single or multiple applications, help desk, and facilities management through a full suite of cost-effective maintenance, enhancement, and systems development and integrated solutions.

- **IT SOLUTIONS:** CTG's services in this area range from helping clients assess their business needs and identifying the right IT solutions to meet them, to the delivery of services that include the selection and implementation of packaged software and the design, construction, testing, and integration of new systems.

International Business Machines Corporation (IBM) is CTG's largest customer. CTG provides services to various IBM divisions in approximately 50 locations. In November 2000, CTG signed a contract with IBM for three years as one of IBM's national technical service providers for the United States. This contract covered 93 percent of the total services provided to IBM by CTG in 2001. IBM accounted for a total of \$77.2 or 24.7 percent of 2001 consolidated revenue; \$95.3 million or 27.6 percent of 2000 consolidated revenue; and a total of \$128.9 million or 27.3 percent of CTG's 1999 consolidated revenue. Although revenues from IBM were constrained in 2001, the Company expects to continue to derive a significant portion of its business from IBM in 2002 and future years. While the decline in revenue from IBM has had a negative impact on the Company's revenue and profits, the Company believes the simultaneous loss of all IBM business is unlikely to occur due to the diversity of the projects performed for IBM, and the number of locations and divisions involved.

The Company has registered its symbol and logo with the U.S. Patent and Trademark Office. It has entered into agreements with various software and hardware vendors from time to time in the normal course of business, none of which are material to the business.

No employees are covered by a collective bargaining agreement or are represented by a labor union. CTG is an equal opportunity employer.

1999 ACQUISITION

On February 23, 1999, the Company acquired the stock of Elumen Solutions, Inc. (Elumen). The transaction was valued at \$89 million, of which \$86 million was paid in cash or through the assumption of debt, and the remainder was satisfied through the issuance of approximately 128,000 shares of CTG common stock. The acquisition was accounted for as a purchase, and the results of Elumen have been included in the Company's consolidated financial statements since the date of acquisition. CTG recorded approximately \$84.9 million of goodwill and other identifiable intangibles from the acquisition.

PRICING AND BACKLOG

The majority of CTG's IT professional services business is performed on a time-and-materials basis. Rates vary based on the type and level of skill required by the customer, as well as geographic location. Agreements for work performed on a time-and-materials basis generally do not specify any dollar amount as services are rendered on an "as required" basis.

The Company performs a portion of its business on a monthly fee basis, as well as a small portion of its project business on a fixed-price basis. These contracts generally have different terms and conditions regarding cancellation and warranties, and are usually negotiated based on the unique aspects of the project. Contract value for fixed-price contracts is generally a function of the type and level of skills required to complete the related project and the risk associated with the project. Risk is a function of the project deliverable, completion date and CTG's management and staff performance. Fixed-price contracts accounted for under the percentage of completion method represented approximately one percent of 2001, and two percent of the Company's 2000 and 1999 consolidated revenue, respectively. Revenue from all fixed-price contracts, including those accounted for under the percentage of completion method and on a monthly fee basis, represented 12 percent, 15 percent, 11 percent of consolidated revenue in 2001, 2000, and 1999, respectively. As of December 31, 2001 and 2000, the backlog for fixed-price and all managed-support contracts was approximately \$79 million and \$98 million, respectively. Approximately 59 percent of the December 31, 2001 backlog of \$79 million, or \$46.8 million, is expected to be earned in 2002. Of the \$98 million of backlog at December 31, 2000, approximately 48 percent, or \$47.2 million was earned in 2001. Revenue is subject to seasonal variations, with a minor downturn in months of high vacation and legal holidays (July, August, and December). Backlog does not tend to be seasonal, however, it does fluctuate based upon the timing of long-term contracts.

COMPETITION

The IT services market is highly competitive. The market is also highly fragmented with many providers with no single competitor maintaining a clear market leadership. The Company's competition varies by location, the type of service provided, and the customer to whom services are provided. Competition comes from four major channels: large national or international vendors, including major accounting and consulting firms; hardware vendors and suppliers of packaged software systems; small local firms or individuals specializing in specific programming services or applications; and, a customer's internal data processing staff. CTG competes against all four of these channels for its share of the market. The Company believes that to compete successfully it is necessary to have a local geographic presence, offer appropriate IT solutions, provide skilled professional resources, and price its services competitively.

CTG has implemented a Global Management System, with a goal to achieve continuous, measured improvements in services and deliverables. As part of this program, CTG has developed specific methodologies for providing high value services that result in unique solutions and specified deliverables for its clients. The Company believes these methodologies will enhance its ability to compete. CTG achieved worldwide ISO 9001 certification in June, 2000. The Company believes it is the only IT services company of its size to achieve worldwide certification.

FINANCIAL INFORMATION RELATING TO FOREIGN AND DOMESTIC OPERATIONS

	(amounts in thousands)		
	2001	2000	1999
	-----	-----	-----
Revenue from Unaffiliated Customers:			
North America	\$ 265,641	\$ 284,169	\$ 391,496
Europe	46,489	61,507	80,512
	-----	-----	-----
	\$ 312,130	\$ 345,676	\$ 472,008
	=====	=====	=====
Operating Income (Loss):			
North America	\$ 15,947	\$ 8,127	\$ 36,434
Europe	(2,728)	2,410	9,860
Corporate and other	(12,805)	(16,182)	(15,461)
	-----	-----	-----
	\$ 414	\$ (5,645)	\$ 30,833
	=====	=====	=====
Identifiable Assets:			
North America	\$ 127,537	\$ 133,841	\$ 154,951
Europe	10,958	15,947	22,736
Corporate and Other(1)	11,303	12,579	21,472
	-----	-----	-----
	\$ 149,798	\$ 162,367	\$ 199,159
	=====	=====	=====

(1) Corporate and other identifiable assets consist principally of cash and temporary cash investments and other assets.

EXECUTIVE OFFICERS OF THE COMPANY

Name ----	Age ---	Office -----	Period During Which Served as Executive Officer(1) -----	Other Positions and Offices with Registrant -----
As of December 31, 2001, the following individuals were executive officers of the Company:				
James R. Boldt	50	President and Chief Executive Officer	June 21, 2001 for President, and July 16, 2001 for Chief Executive Officer, both to date	Director
		Executive Vice President	February 2001 to June 2001	
		Vice President, Strategic Staffing	December 2000 to September 2001	
		Acting Chief Executive Officer	June 2000 to November 2000	
		Vice President and Chief Financial Officer	February 12, 1996 to October 1, 2001	
Alex P. Alexander	40	Vice President	January 2, 2001 to date	None
G. David Baer	66	Executive Vice President	October 1, 2001 to date	None
Arthur W. Crumlish	47	Vice President	September 24, 2001 to date	None
Gregory M. Dearlove	47	Vice President, Chief Financial Officer	October 1, 2001 to date	Treasurer
Paul F. Dimouro	59	Vice President	September 24, 2001 to date	None
Filip J.L. Gyde	41	Vice President	October 1, 2000 to date	None
Jonathan M. Harding	49	Vice President	September 24, 2001 to date	None
Thomas J. Niehaus	40	Vice President	July 22, 1999 to date	None
Peter P. Radetich	48	Vice President, General Counsel	April 28, 1999 to date	Secretary

(1) Business Experience

Mr. Boldt was appointed president and joined CTG's Board of Director's on June 21, 2001, and was appointed chief executive officer on July 16, 2001. Mr. Boldt joined the Company as a vice president, chief financial officer and treasurer in February 1996.

Mr. Alexander was promoted to vice president and chief information officer on January 2, 2001. Currently, Mr. Alexander is the vice president of CTG's Retail Solutions practice. Mr. Alexander joined the company in September 1997, and was a managing director in the Company's consulting practice. Prior to that, Mr. Alexander held various executive level positions with Electronic Data Systems.

Mr. Baer rejoined the Company as executive vice president in October 2001. Mr. Baer co-founded CTG in 1996 with Randolph A. Marks who the current non-executive chairman of the Company. From 1966 to 1995, Mr. Baer held a variety of executive level management positions within the Company, and was on its Board of Directors from 1966 to 1996. Prior to rejoining the Company, Mr. Baer was retired.

Mr. Crumlish was promoted to vice president in September 2001, and is currently responsible for the Company's Strategic Staffing Services organization. Prior to that, he was controller of the Strategic Staffing Services organization. Mr. Crumlish joined the Company in 1990.

Mr. Dearlove joined the Company as a vice president and its chief financial officer in October 2001. Prior to that, Mr. Dearlove was the office managing partner of Deloitte & Touche's (Deloitte) Upstate New York Offices from June 1997 to September 2001. Mr. Dearlove had been a partner with Deloitte since 1986.

Mr. Dimouro joined the Company full-time as a vice president in September 2001. Prior to that in 2000 and early 2001, Mr. Dimouro provided consultative services to the Company, and also worked full time for the Company from mid-1980 until the late 1990's. Previously, Mr. Dimouro was president of AOP Solutions, and held executive and management level positions with The Judge Group, Computer Sciences Corporation, and Logicon.

Mr. Gyde was promoted to vice president in October 2000, and is currently responsible for all of the Company's European operations. Prior to that, Mr. Gyde was managing director of the Company's Belgium operation. Mr. Gyde has been with the Company since May 1987.

Mr. Harding joined the Company as a vice president in September 2001, and is currently responsible for the Company's North American operations. Prior to that, Mr. Harding was president and chief executive officer of Viador, and was an executive for Brock Control Systems and KnowledgeWare. Mr. Harding also worked for the Company from the late-1980's to the early-1990's.

Mr. Niehaus joined the Company in February 1999, and was promoted to vice president of CTG HealthCare Solutions in July 1999. Previously, Mr. Niehaus was executive vice president of Elumen Solutions, Inc. from September 1997 to February 1999. Prior to that, Mr. Niehaus was vice president of Exemplar Systems.

Mr. Radetich joined the Company in June 1988 as associate general counsel, and was promoted to general counsel and secretary in April 1999.

ITEM 2. PROPERTIES

The Company occupies a headquarters building at 800 Delaware Avenue, and an office building at 700 Delaware Avenue, both located in Buffalo, New York. The corporate headquarters consists of approximately 40,000 square feet and is occupied by corporate administrative operations. The office building consists of approximately 39,000 square feet and is also occupied by corporate administrative operations. There are no mortgages on either of these buildings.

The Company also owns a 37,000 square foot building in Melbourne, Florida with a net book value of \$1.8 million, which it has leased to a third party under a one-year lease. Subsequent to December 31, 2001, the Company has accepted a purchase offer to sell this building, and expects to close the sale in the second quarter of 2002. Net proceeds from the sale are anticipated to be approximately \$2 million, and the Company does not expect to record a loss on the sale of the property.

The remainder of the Company's locations are leased facilities. Most of these facilities serve as sales and support offices and their size varies, generally in the range of 1,000 to 16,000 square feet, with the number of people employed at each office. The Company's lease terms generally vary from periods of less than a year to five years and generally have flexible renewal options. The Company believes that its present owned and leased facilities are adequate to support its current and anticipated future needs.

ITEM 3. LEGAL PROCEEDINGS

The Company is involved in various legal proceedings, including litigation arising in the normal course of business. In the opinion of management, an adverse outcome to any of these proceedings will not have a material effect on the financial condition of the Company.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON STOCK AND RELATED SHAREHOLDER MATTERS

Information relating to the market for, and market prices of, the Company's Common Stock, the approximate number of Company shareholders, and the Company's dividend history for the past two years is included under the caption "Stock Market Information" in the Company's Annual Report to Shareholders for the year ended December 31, 2001, submitted herewith as an exhibit, and incorporated herein by reference.

ITEM 6. SELECTED FINANCIAL DATA

A five-year summary of certain financial information relating to the financial condition and results of operations of the Company is included under the caption "Consolidated Summary - Five-Year Selected Financial Information" in the Company's Annual Report to Shareholders for the year ended December 31, 2001, submitted herewith as an exhibit, and incorporated herein by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND

RESULTS OF OPERATIONS

Management's discussion and analysis of financial condition and results of operations is included in the Company's Annual Report to Shareholders for the year ended December 31, 2001, under the heading "Management's Discussion and Analysis of Results of Operations and Financial Condition," submitted herewith as an exhibit, and incorporated herein by reference.

ITEM 7a. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

The Company does not have any off balance sheet market risk sensitive instruments for which disclosure is required, and historically the Company has not been subject to material effects from foreign currency exchange rate fluctuations. Information about the Company's long-term debt can be found in footnote No. 5. Debt in the footnotes to the consolidated financial statements in the Company's Annual Report to Shareholders for the year ended December 31, 2001, submitted herewith as an exhibit, and incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The consolidated financial statements of the Company and the required Supplementary Data Information are included in the Company's Annual Report to Shareholders for the year ended December 31, 2001, submitted herewith as an exhibit, and incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND

FINANCIAL DISCLOSURE

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information in response to this item is incorporated herein by reference to the information set forth under "Election of Directors" and under "Section 16(a) Beneficial Ownership Reporting" in the Company's definitive Proxy Statement filed or to be filed under Regulation 14A and used in connection with the Company's 2002 annual meeting of shareholders to be held on May 1, 2002, except insofar as information with respect to executive officers is presented in Part I, Item 1 hereof pursuant to General Instruction G(3) of Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION

The information in response to this item is incorporated herein by reference to the information under the caption "Executive Compensation and Other Information" presented in the Company's definitive Proxy Statement filed or to be filed under Regulation 14A and used in connection with the Company's 2002 annual meeting of shareholders to be held on May 1, 2002, excluding the Compensation Committee Report on Executive Compensation and the Company's Performance Graph.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information in response to this item is incorporated herein by reference to the information under the caption "Security Ownership of the Company's Common Shares by Certain Beneficial Owners and by Management" presented in the Company's definitive Proxy Statement filed or to be filed under Regulation 14A and used in connection with the Company's 2002 annual meeting of shareholders to be held on May 1, 2002.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information in response to this item is incorporated herein by reference to the information under the caption "Certain Relationships and Related Transactions" presented in the Company's definitive Proxy Statement filed or to be filed under Regulation 14A and used in connection with the Company's 2002 annual meeting of shareholders to be held on May 1, 2002.

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PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(A) Index to Financial Statements and Financial Statement Schedules

(1) The following Consolidated Financial Statements and related information are incorporated by reference from the 2001 Annual Report to Shareholders, submitted herewith as Exhibit 13:

	2001 Annual Report Page Reference -----
Independent Auditors' Report	20
Consolidated Statements of Operations	21
Consolidated Balance Sheets	22
Consolidated Statements of Cash Flows	23
Consolidated Statements of Changes in Shareholders' Equity	24
Notes to Consolidated Financial Statements	26

(2) Index to Consolidated Financial Statement Schedules

	2001 Form 10-K Page Reference -----
Independent Auditors' Report	IV-2
Financial statement schedule: Valuation and Qualifying Accounts (Schedule II)	 IV-3

(B) Reports on Form 8-K

During the quarter ended December 31, 2001, the Company filed Form 8-K reports on the following dates regarding the following matters:

October 9, 2001 - Press release entitled "CTG Announces 2001 Third Quarter Conference Call Information and Comments on Expected Results"

October 16, 2001 - Press release entitled "CTG Returns to Profitability in 2001 Third Quarter"

(C) Exhibits

The Exhibits to this Form 10-K Annual Report are listed on the attached Exhibit Index appearing on pages E-1 to E-3.

(D) Other Financial Statement Schedules

None

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of Computer Task Group, Incorporated
Buffalo, New York

We have audited the consolidated financial statements of Computer Task Group, Incorporated (the "Company") and subsidiaries as of December 31, 2001 and 2000, and for each of the three years in the period ended December 31, 2001, and have issued our report thereon dated February 6, 2002; such financial statements and report are included in your 2001 Annual Report to Shareholders and are incorporated herein by reference. Our audits also included the consolidated financial statement schedule of Computer Task Group, Incorporated and subsidiaries, listed in Item 14. This consolidated financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such consolidated financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

DELOITTE & TOUCHE LLP

Buffalo, New York

February 6, 2002

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COMPUTER TASK GROUP, INCORPORATED
SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
(amounts in thousands)

Description -----	Balance at January 1 -----	Additions -----	Deductions -----	Balance at December 31 -----
2001				
ACCOUNTS DEDUCTED FROM ASSETS				
Allowance for Doubtful Accounts	\$ 1,923	\$ 543	\$ (100) (A)	\$ 2,366
Reserve for Projects	\$ 531	\$ -	\$ (44)	\$ 487
2000				
ACCOUNTS DEDUCTED FROM ASSETS				
Allowance for Doubtful Accounts	\$ 2,310	\$ -	\$ (387) (A)	\$ 1,923
Reserve for Projects	\$ 891	\$ -	\$ (360)	\$ 531
1999				
ACCOUNTS DEDUCTED FROM ASSETS				
Allowance for Doubtful Accounts	\$ 1,105	\$ 1,520	\$ (315) (B)	\$ 2,310
Reserve for Projects	\$ 1,000	\$ -	\$ (109)	\$ 891

(A) Reflects additions charged to costs and expenses, less accounts written off and translation adjustments.

(B) Reflects additions charged to costs and expenses, additions as part of the acquisition of Elumen, less accounts written off and translation adjustments.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

COMPUTER TASK GROUP, INCORPORATED

By /s/ James R. Boldt

James R. Boldt,
President and Chief Executive Officer

Dated: March 22, 2002

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature -----	Title -----	Date -----
(i) Principal Executive Officer: /s/ James R. Boldt ----- (James R. Boldt)	President and Chief Executive Officer	March 22, 2002
(ii) Principal Accounting and Financial Officer /s/ Gregory M. Dearlove ----- (Gregory M. Dearlove)	Vice President and Chief Financial Officer	March 22, 2002
(iii) Directors /s/ George B. Beitzel ----- (George B. Beitzel)	Director	March 22, 2002
/s/ James R. Boldt ----- (James R. Boldt)	Director	March 22, 2002
/s/ R. Keith Elliott ----- (R. Keith Elliott)	Director	March 22, 2002
/s/ Randolph A. Marks ----- (Randolph A. Marks)	Director	March 22, 2002

EXHIBIT INDEX

Exhibit -----	Description -----	Page Number or (Reference) -----
2.	Plan of acquisition, reorganization, arrangement, liquidation or succession.	*
3.	(a) Restated Certificate of Incorporation of Registrant.	(1)
	(b) Restated By-laws of Registrant.	(2)
4.	(a) Specimen Common Stock Certificate.	(2)
	(b) Rights Agreement dated as of January 15, 1989, and amendment dated June 28, 1989, between Registrant and The First National Bank of Boston, as Rights Agent.	(1)
	(c) Form of Rights Certificate.	(2)
9.	Voting Trust Agreement.	*
10.	(a) Non-Compete Agreement, dated as of March 1, 1984, between Registrant and Randolph A. Marks.	(2)
	(b) Stock Employee Compensation Trust Agreement, dated May 3, 1994, between Registrant and Thomas R. Beecher, Jr., as trustee.	(2)
	(c) Demand Grid Note, dated October 29, 1997, between Registrant and Computer Task Group, Incorporated Stock Employee Compensation Trust.	(2)
	(d) Pledge Agreement, between the Registrant and Thomas R. Beecher, Jr., as Trustee of the Computer Task Group, Incorporated Stock Employee Compensation Trust.	(2)
	(e) Stock Purchase Agreement, dated as of February 25, 1981, between Registrant and Randolph A. Marks.	(3)

	* None or requirement not applicable.	
(1)	Filed as an Exhibit to the Registrant's Form 8-A/A filed on January 13, 1999, and incorporated herein by reference.	
(2)	Filed as an Exhibit to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2000, and incorporated herein by reference.	
(3)	Filed as an Exhibit to the Registrant's Registration Statement No. 2 - 71086 on Form S-7 filed on February 27, 1981, and incorporated herein by reference.	

EXHIBIT INDEX (Continued)

Exhibit -----	Description -----	Page number or (Reference) -----
10.	(f) Description of Disability Insurance and Health Arrangements for Executive Officers.	(4)
	(g) 2000 Key Employee Compensation Plans.	(5)
	(h) Management Stock Purchase Plan.	(2)
	(i) Computer Task Group, Incorporated Non-Qualified Key Employee Deferred Compensation Plan	(2)
	(j) 1991 Restricted Stock Plan	17
	(k) Computer Task Group, Incorporated 2000 Equity Award Plan	(6)
	(l) Executive Supplemental Benefit Plan 1997 Restatement	21
	(m) First Amendment to the Computer Task Group, Incorporated Executive Supplemental Benefit Plan 1997 Restatement	35
	(n) Executive Compensation Plans and Arrangements.	38
	(o) Change in Control Agreement, dated July 16, 2001, between the Registrant and James R. Boldt	39
	(p) Employment Agreement, dated July 16, 2001, between the Registrant and James R. Boldt	49
	(q) First Employee Stock Purchase Plan (Eighth Amendment and Restatement)	(7)

-
- (4) Filed as an Exhibit to Amendment No. 1 to Registration Statement No. 2-71086 on Form S-7 filed on March 24, 1981, and incorporated herein by reference.
 - (5) Included in the Registrant's definitive Proxy Statement dated March 22, 2002 on page 9 under the caption entitled "Annual Cash Incentive Compensation," and incorporated herein by reference.
 - (6) Included in the Registrant's definitive Proxy Statement dated March 22, 2002 as Exhibit A, and incorporated herein by reference.
 - (7) Filed as an Exhibit to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1996, and incorporated herein by reference.

EXHIBIT INDEX (Continued)

Exhibit -----	Description	Page number or (Reference) -----
11.	Statement re: computation of per share earnings	60
12.	Statement re: computation of ratios	*
13.	Annual Report to Shareholders	61
16.	Letter re: change in certifying accountant.	*
18.	Letter re: change in accounting principles.	*
21.	Subsidiaries of the Registrant.	95
22.	Published report regarding matters submitted to a vote of security holders.	*
23.	Consent of experts and counsel.	96
24.	Power of Attorney.	*
99.	Additional exhibits.	*

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EXHIBIT 10 (j)

**COMPUTER TASK GROUP, INCORPORATED
1991 RESTRICTED STOCK PLAN**

ARTICLE I

DEFINITIONS

1.1. For purposes of this Plan:

- (a) The term "AWARD" shall mean a grant of Restricted Shares of the Company's Common Stock to a Recipient.
- (b) The term "BOARD" shall mean the Board of Directors of the Company.
- (c) The term "CODE" shall mean the Internal Revenue Code of 1986, as amended.
- (d) The term "COMMITTEE" shall mean the Compensation Committee of the Board. When taking action with respect to the Plan or Awards granted under the Plan, the Committee shall composed solely of two or more Non-Employee Directors.
- (e) The term "COMMON STOCK" shall mean the common stock, par value \$.01 per share, of the Company and any shares of stock or other securities received as a result of the adjustments contemplated in this Plan.
- (f) The term "COMPANY" shall mean Computer Task Group, Incorporated.
- (g) The term "DISABILITY" shall mean permanent and total disability as defined in Section 22(e)(3) of the Code.
- (h) The term "NON-EMPLOYEE DIRECTOR" shall mean a director who:
 - (i) is not currently an officer (as defined in Rule 16a-(f) of the Securities and Exchange Commission (the "SEC") of the Company or parent or subsidiary of the Company, or otherwise currently employed by the Company or a parent or subsidiary of the Company;
 - (ii) does not receive compensation, either directly or indirectly, from the Company or a parent or subsidiary of the Company, for services rendered as a consultant or in a capacity other than as a director, except for an amount that does not exceed the dollar amount for which disclosures would be required pursuant to Item 404(a) of Regulation S-K of the SEC;
 - (iii) does not possess an interest in any other transaction for which disclosures would be required pursuant to Item 404(a) of Regulation S-K of the SEC; and
 - (iv) is not engaged in a business relationship for disclosures would be required pursuant to Item 404(b) of Regulation S-K of the SEC.
- (i) The term "PLAN" shall mean the Computer Task Group, Incorporated 1991 Restricted Stock Plan, as amended from time to time.
- (j) The term "RECIPIENT" shall mean an employee of the Company or its Subsidiaries who receives an Award pursuant to this Plan.
- (k) The term "RESTRICTED PERIOD" shall mean the period established by the Committee commencing on the date an Award is granted to a Recipient during which the restrictions set forth in this Plan or a Restricted Stock Agreement shall be applicable.

(l) The term "RESTRICTED SHARES" or "RESTRICTED STOCK" shall mean shares of Common Stock granted to a Recipient, subject to the restrictions set forth in Section 7.3 hereof and in each Award.

(m) The term "RESTRICTED STOCK AGREEMENT" shall mean an agreement entered into by the Recipient and the Company setting forth the terms of the Award as set forth in Article VII.

(n) The term "SUBSIDIARY" shall have the meaning as set forth in Section 424 of the Code or any successor provision and shall include any corporation which becomes a subsidiary after the date of adoption of the Plan.

ARTICLE II

PURPOSE

2.1. The purpose of the Computer Task Group, Incorporated 1991 Restricted Stock Plan is to promote the growth and profitability of the Company and its Subsidiaries by providing the incentive of long- term equity rewards consisting of Common Stock, subject to certain restrictions as provided herein, to key employees of the Company and its Subsidiaries who have had, and who are expected to continue to have a significant impact on the performance of the Company, to encourage such employees to remain with the Company and to further identify their interests with those of the Company's stockholders.

ARTICLE III

EFFECTIVE DATE AND EXPIRATION OF PLAN

3.1. This Plan has been adopted by the Board effective as of January 25, 1991. If this Plan is not approved within one year after the date of its adoption by the Board by the vote at a meeting of the stockholders of the Company of the holders of a majority of the shares of Common Stock present or represented at such meeting, this Plan and all Awards shall terminate at the time of such meeting or, if no such meeting is held, after the passage of one year from the date the Plan was adopted by the Board. Unless earlier terminated by the Board or the Committee, the Plan shall terminate when all Awards authorized under the Plan have been granted and all shares subject to such Awards have been issued and are no longer subject to forfeiture under the terms hereof.

ARTICLE IV

ELIGIBILITY

4.1. Participation in and Awards under the Plan shall be limited to key employees of the Company and its Subsidiaries. Key employees will, in general, be those employees of the Company and its Subsidiaries in positions of responsibility whose business decisions, in the sole judgment of the Committee, contribute to the overall success of the Company and its Subsidiaries.

ARTICLE V

SHARES SUBJECT TO THE PLAN

5.1. The total number of Restricted Shares of Common Stock of the Company for which Awards may be granted under this Plan shall not exceed 400,000 shares, subject to adjustment in accordance with Article VIII hereof. Such shares shall be treasury shares of the Company. Shares of Common Stock issued as Restricted Shares under the Plan that are subsequently forfeited pursuant to Article VII hereof shall be available for grants of future Awards.

ARTICLE VI

ADMINISTRATION

6.1. The Committee shall have full and exclusive authority to administer, construe and interpret the Plan, and to adopt such rules, regulations and guidelines and perform such other acts relating to the Plan, including the delegation of administrative responsibilities which it believes reasonable and proper.

6.2. The Committee shall have the exclusive right to grant Awards pursuant to the terms of this Plan and shall, in its sole discretion, determine which employees of the Company and its Subsidiaries shall be granted Awards, the number of Restricted Shares of Common Stock subject to any Award, the times at which Awards will be granted and subject to forfeiture, and any other terms and conditions of such Awards. All claims by Recipients arising under this Plan shall be presented to the Committee. The acts and decisions of the Committee with respect to any questions arising in connection with the administration and interpretation of this Plan, including the severability of any and all of the provisions hereof shall be conclusive, final and binding. Employees of the Company and its Subsidiaries shall not have any claim or right to be granted an Award and there shall be no obligation on the part of the Committee, in granting Awards, to treat eligible employees uniformly.

ARTICLE VII

TERMS AND CONDITIONS OF AWARDS

7.1 **AWARDS OF RESTRICTED SHARES.** The Committee shall have the exclusive right and power to grant Awards of Restricted Shares at any time either alone or in connection with options or securities granted pursuant to other Company plans. Subject to the terms and conditions of this Plan, an Award shall be effective for the Restricted Period and shall not be revoked. Once an Award has been granted to a Recipient, share certificates representing the number of Restricted Shares shall be registered in the name of the Recipient but shall be held by the Company for the account of the Recipient. Each certificate evidencing the Restricted Shares subject to an Award may bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Award.

7.2 **RESTRICTED STOCK AGREEMENT.** Awards granted pursuant to this Plan shall be evidenced by a written agreement executed by both the Company and the Recipient which shall state the number of Restricted Shares granted, the Restricted Period, and such other terms, conditions and restrictions as the Committee shall approve.

7.3 **RESTRICTED PERIOD.** The Committee shall establish the Restricted Period for each Award or portion thereof at the time an Award is granted and may establish a different Restricted Period for each Award or portion thereof. The Committee shall have the power, in its sole discretion, to accelerate the expiration of the Restricted Period with respect to any part or all of the Restricted Shares awarded to a Recipient, and may require, as a condition of any such Award, that the Recipient shall have delivered a stock power endorsed in blank relating to the shares covered by such Award. Stock powers delivered to the Company in connection with any Award shall be returned in accordance with the provisions of Section 7.6 hereof. A Recipient may be granted more than one Award.

7.4 **TERMINATION OF EMPLOYMENT.** Except as may otherwise be set forth in the grant of an Award, if a Recipient ceases to be an employee of the Company or its Subsidiaries prior to the expiration of the applicable Restricted Period by reason of death or Disability, all restrictions set forth in this Plan and Restricted Stock Agreement(s) shall terminate as to any Restricted Shares granted to such Recipient which are still subject to restriction, and certificates for the proper number of shares of Common Stock free of all restrictions described herein shall be delivered to a Recipient or his beneficiary or estate, as the case may be, in accordance with Section 7.6 hereof. If a Recipient ceases to be an employee prior to the end of the Restricted Period for any other reason, such Recipient shall immediately forfeit all Restricted Shares.

7.5 **SHAREHOLDER RIGHTS.** During the Restricted Period, the Recipient of an Award shall be entitled to receive all dividends and shall have the right to vote such Restricted Shares as the record owner thereof.

7.6 **DELIVERY OF SHARES.** Certificates for the proper number of shares of Common Stock free of the restrictions set forth in this Plan and any Restricted Stock Agreement, registered in the name of a Recipient, shall be delivered to a Recipient or his or her beneficiary or estate, as the case may be, upon termination of the Restricted Period or at such earlier time as provided for in accordance with Section 7.4 hereof.

7.7 **DESIGNATION OF BENEFICIARY.** Recipients shall have the right to designate one or more persons to receive, in the event of his or her death, any rights to which he or she would be entitled under this Plan. Designations shall be made in writing and filed with the Committee on a form to be provided by the Company. The designation of a beneficiary may

be changed or revoked by a Recipient at any time by filing a written statement of such change or revocation with the Committee. A Recipient's estate shall be deemed to be his or her beneficiary in the event a beneficiary is not otherwise designated.

7.8. TAXES. The Company may make such provisions and take such steps as it deems necessary or appropriate for the withholding of any taxes which the Company is required by law or regulation of any governmental authority to withhold in connection with any Award pursuant to this Plan.

7.9. RESTRICTIONS ON TRANSFERABILITY. The Restricted Shares granted pursuant to an Award shall not be sold, transferred, assigned, pledged or otherwise disposed of by a Recipient during the Restricted Period.

ARTICLE VIII

ADJUSTMENTS

8.1. In the event that at any time the Company shall enter into a transaction described in Section 424(a) of the Code, declare a stock dividend, stock split or otherwise enter into a transaction which in the sole judgment of the Committee requires action to adjust the terms of outstanding Awards, the Committee may take such action to preserve a Recipient's rights substantially proportionate to the rights existing prior to such event. To the extent that such action shall include an increase or decrease in the number of shares of Common Stock subject to outstanding Awards, the number of shares available under this Plan shall be proportionately increased or decreased. Any adjustment may provide for the elimination of any fractional share which might otherwise become subject to an Award.

ARTICLE IX

MISCELLANEOUS

9.1. CONTINUED EMPLOYMENT. Nothing in this Plan or any document describing or referring to this Plan shall be deemed to confer on any Recipient of an Award the right to continue in the employ of the Company or its Subsidiaries or affect the right of the Company or its Subsidiaries to terminate the employment of any such person with or without cause.

9.2. GOVERNING LAW. This Plan and all actions taken hereunder shall be governed by the laws of the State of New York and all Awards granted pursuant thereto shall be subject to all applicable federal and state laws, rules and regulations and to such approval by any regulatory or governmental agency as may be required.

ARTICLE X

AMENDMENT OR TERMINATION OF PLAN

The Committee may, from time to time, amend, suspend, or terminate this Plan or any provision thereof; provided, however, that no amendment to this Plan shall be made which would, without the prior approval of the Shareholders of the Company: (i) materially increase the benefits accruing to participants under the Plan, (ii) materially increase the number of securities which may be issued under the Plan, or (iii) materially modify the requirements as to eligibility for participation in the Plan.

EXHIBIT 10 (I)

COMPUTER TASK GROUP, INCORPORATED

EXECUTIVE SUPPLEMENTAL BENEFIT PLAN

1997 RESTATEMENT

COMPUTER TASK GROUP, INCORPORATED

EXECUTIVE SUPPLEMENTAL BENEFIT PLAN

PURPOSE

The purpose of the Executive Supplemental Benefit Plan of Computer Task Group, Incorporated is to provide specified benefits to a select group of management and highly-compensated Employees who contribute materially to the continued growth, development and future business success of the Company.

I TITLE AND EFFECTIVE DATE

.1 Title. This Plan shall be known as the Computer Task Group, Incorporated Executive Supplemental Benefit Plan, (hereinafter referred as the "Plan").

.2 Effective Date. The effective date of this Plan was March 3, 1984. The effective date of this Plan as restated by this instrument is January 31, 1997.

.3 Plan Year. The Plan Year of this Plan is the calendar year, except that the first Plan Year began March 3, 1984 and ended December 31, 1984.

II DEFINITIONS

For purposes hereof, unless otherwise clearly apparent from the context, the following phrases or terms shall have the indicated meanings:

.1 "Basic Compensation" shall mean the annual base salary of the Employee, exclusive of bonus, incentive payments or other extraordinary compensation, at the date of death, Total and Permanent Disability, Retirement or Voluntary Termination, divided by twelve (12).

.2 "Beneficiary" shall mean the person or entity entitled to receive any benefits under this Plan, as determined under Article XI.

.3 "Committee" shall mean the Compensation Committee of the Board, which Committee shall manage and administer the Plan in accordance with the provisions of Article XVII hereof.

.4 "Company" shall mean Computer Task Group, Incorporated.

.5 "Pre-retirement Death Benefit" shall mean a monthly benefit equal to 50% of a Member's Basic Compensation. This benefit shall be paid for a period of 180 months.

.6 "Disability Benefit" shall mean a monthly benefit equal to 50% of a Member's Basic Compensation, reduced by disability benefits paid under the Company-provided portion of the Company's basic and supplemental disability plans.

.7 "Employee" shall mean any person who is in the regular full-time employment of the Company, as determined by the personnel rules and practices of the Company.

.8 "Member" shall mean an Employee who is selected and elects to participate in the Plan as provided in Article III hereof.

.9 "Plan" shall mean the Computer Task Group, Incorporated Executive Supplemental Benefit Plan.

.10 "Plan Participation Agreement" shall mean the form of written acceptance which is executed by an Employee selected to become a Member as a condition to membership in the Plan.

.11 "Normal Retirement Age" shall mean the later of (a) the completion of five years of service from the date the Employee becomes a Member of the Plan, or, (b) (i) in the case of a Member whose benefits become nonforfeitable under Section 2.13 prior to December 1, 1994 and who does not participate in any plan that is a successor to this Plan, age 60, or, (ii) in the case of any other Member, age 65.

.12 "Retirement Benefit Percentage" shall mean that portion of the Basic Compensation expressed in the form of a percentage, that a Member is entitled to receive at Normal Retirement. The percentage shall be based upon the yearly percentage credits earned for past and future services indicated in each Member's Plan Participation Agreement. A Member shall not earn credits for services during the period the Member is Totally and Permanently Disabled. The maximum retirement benefit for any one Member shall not exceed 50% of Basic Compensation.

.13 "Level Classification" shall mean the classifications indicated by the following schedule designating the percentage credits earned by a Member for each year of Prior Service or Future Service and their forfeitability. The Level Classification assignments shall be determined on an individual basis by the Committee and are specified in Exhibit 1.

Level Prior Service Future Service Forfeitability

I 3%/yr. 3%/yr.

All retirement benefits shall be nonforfeitable at the later of the inception of the Plan, or the date an Employee becomes a Member of the Plan.

II 2-1/4%/yr. 3%/yr.

All retirement benefits representing prior service shall be nonforfeitable at the later of the inception of the Plan or the date an Employee becomes a Member of the Plan. Benefits attributable to future service become nonforfeitable after five years of service from the date an Employee becomes a Member of the Plan.

III 1%/yr. 2-1/2%/yr.

All retirement benefits, whether based upon past service or service rendered after admission to the Plan, shall become nonforfeitable after five years of service from the date an Employee becomes a Member of the Plan, or if earlier, the date the Member is Totally and Permanently Disabled. Notwithstanding the preceding, all retirement benefits of any Member who is actively employed by the Company on December 1, 1994 shall become nonforfeitable on December 1, 1994 if the Member has at least three years of service on such date.

Notwithstanding the preceding, all benefits in the Plan shall be frozen as of December 1, 1994; that is, no benefits that have not accrued as of close of business on November 30, 1994 shall accrue on or after that date and any compensation taken into account for any purpose under this Plan shall not be increased after November 30, 1994.

.14 "Normal Retirement" shall mean severance from employment with the Company at or after attaining Normal Retirement Age, or, in the case of a Member who is receiving Disability Benefits immediately prior to Normal Retirement Age, Normal Retirement Age.

.15 "Normal Retirement Benefit" shall mean a monthly benefit beginning at Normal Retirement and continuing for 180 months or the life of the Member, whichever is the greater. The monthly benefit is an amount calculated by multiplying the Retirement Benefit Percentage times the Member's Basic Compensation at the Member's date of retirement and is not offset by benefits in the Company's qualified thrift plan or Section 401(k) plan, nor by a Member's primary Social Security benefits. However, in the event a defined benefit pension plan is implemented by the Company, the monthly benefits payable under this Plan to those Members who are eligible for benefits under a defined benefit pension plan shall be reduced by the Member's monthly benefits under such pension plan.

.16 "Board" shall mean the Company's Board of Directors.

.17 "Total and Permanent Disability" or "Totally and Permanently Disabled" shall mean a physical or mental condition arising after the Effective Date that prevents the Member from engaging in any gainful occupation in which the Member might reasonably be expected to engage, with due regard for the Member's education, training, experience, and prior economic status. The determination shall be made on medical evidence by a licensed physician assigned by the Committee. Total and Permanent Disability shall exclude disabilities arising from: (a) intentionally self-inflicted injury or intentionally self-induced sickness, (b) a proven unlawful act or enterprise on the part of the Member, or (c) military service where the Member is eligible to receive a government military disability pension. In all cases, the Committee shall make the final determination whether a Member is Totally and Permanently Disabled for purposes of this Plan.

.18 "Prior Service" shall mean the actual years and fractions thereof (rounded up to the nearest year) for which the Member is employed by the Company prior to becoming a Member.

.19 "Future Service" shall mean the number of years (rounded up to the nearest year) an Employee is a Member, beginning with the date on which an Employee becomes a Member and ending no later than the Member's Normal Retirement Age.

.20 "Post-retirement Death Benefit" shall mean that benefit payable to a Member's Beneficiary if the Member dies prior to separation from service with the Company but after Normal Retirement Age, or if the Member dies after Normal Retirement and the Member has not received any or all of the Retirement Benefit payments provided for under this Plan.

.21 "Voluntary Termination" shall mean severance from employment with the Company before attaining the Normal Retirement Age for reasons other than cause, as defined in Section 9.3.

III ELIGIBILITY AND MEMBERSHIP

.1 To be eligible for membership in the Plan, an Employee must be recommended by the Chairman of the Board and the Chief Executive Officer, and approved by the Committee. The Committee, in its sole discretion, shall determine eligibility for membership in accordance with the purposes of the Plan.

.2 An Employee, after having been approved for membership by the Committee, shall, as a condition to membership, complete and return to the Committee a duly-executed Plan Participation Agreement.

IV PRE-RETIREMENT DEATH BENEFIT

.1 Except as provided in Article VII, in the event a Member dies before Normal Retirement while employed by the Company, the Company will pay or cause to be paid a Pre-retirement Death Benefit to such Member's Beneficiary, commencing within 60 days following the date of the death of the Member.

.2 If a Member is receiving a Disability Benefit at the date of death, the Member's Disability Benefit shall cease, the Member shall be considered employed by the Company at death for purposes of Section 4.1, and the Beneficiary shall receive the Pre-retirement Death Benefit based on the Member's Basic Compensation immediately preceding the date of disability. This monthly benefit shall continue until a total of 180 payments (including both Disability Benefits and Pre-retirement Death Benefits) have been made.

.3 Notwithstanding the foregoing, if a Member dies as a result of suicide during the first two years of the Member's membership in the Plan, the Member and the Beneficiary will forfeit all interest in the Plan.

.4 Any payments of the Pre-retirement Death Benefit shall be made in the form and manner such payments would have been paid to the Member had the Member survived.

.5 Notwithstanding the foregoing, a Pre-retirement Death Benefit payable to a Member's Beneficiary under this Article shall be subject to the cashout provisions of Article XIX.

V VOLUNTARY TERMINATION BENEFIT

.1 Subject to the forfeitability rules of Article IX and Section 2.13, for a Member whose benefits first become nonforfeitable under Section 2.13 prior to December 1, 1994, and who does not participate in any plan that is a successor to this Plan, if the Member separates from service before Normal Retirement Age, the Company will pay or cause to be paid to the Member the Member's Normal Retirement Benefit, commencing within 60 days after the Member's attainment of age 60.

.2 Subject to the forfeitability rules of Article IX and Section 2.13, for a Member whose benefits first become nonforfeitable under Section 2.13 after November 30, 1994 or a Member who participates in any plan that is a successor to this Plan, if the Member separates from service before age 65, the Company will pay or cause to be paid to the Member the Member's Normal Retirement Benefit, commencing within 60 days after the Member's attainment of age 65.

.3 Notwithstanding Sections 5.1 and 5.2, benefits accrued under the Plan for a Member who separates from service and is entitled to benefit payments under this Article shall be subject to the cashout provisions of Article XIX.

VI NORMAL RETIREMENT BENEFIT

.1 Subject to the forfeitability rules of Article IX and Section 2.13, the Company will pay or cause to be paid to the Member a Normal Retirement Benefit, commencing within 60 days after the date of the Member's separation from service at or after Normal Retirement Age. This benefit will not be increased as a result of continued employment beyond Normal Retirement Age.

.2 Notwithstanding Section 6.1, a Normal Retirement Benefit payable under this Article to a Member who is not presently in the employ of the Company shall be subject to the cashout provisions of Article XIX.

VII POST-RETIREMENT DEATH BENEFIT

.1 If a Member shall die after the commencement of Normal Retirement Benefit payments but before 180 payments have been made, the Normal Retirement Benefit payments then remaining unpaid to a Member shall continue to be paid to the Member's Beneficiary as a Post-retirement Death Benefit in the form and manner such payments would have continued to be paid to the Member.

.2 If a Member shall die prior to separation from service with the Company but after attaining Normal Retirement Age, 180 Retirement Benefit payments shall be paid to a Member's Beneficiary as a Post-retirement Death Benefit in the form and manner such payments would have been paid to the Member. The benefit shall commence within 60 days following the date of death of such Member and continue for 180 months.

.3 If a Member shall die under the circumstances set forth in Sections 7.1 and 7.2 above, a Member's Beneficiary shall not receive a Pre-retirement Death Benefit as provided for in Article IV.

.4 Notwithstanding the foregoing, a post-retirement Death Benefit payable to a Member's Beneficiary under this Article shall be subject to the cashout provisions of Article XIX.

VIII DISABILITY BENEFIT

.1 If a Member becomes Totally and Permanently Disabled while employed by the Company and before Normal Retirement, the Company shall pay, or cause to be paid, a Disability Benefit. This benefit shall commence on the later of (a) the date immediately following the expiration of the Member's Company-provided short-term disability benefit or (b) within 60 days following the date upon which the Committee determines a Member to be Totally and Permanently Disabled.

.2 The Disability Benefit shall be paid until the Member's Normal Retirement Age or, if earlier, until the Total and Permanent Disability shall cease to exist. If Total and Permanent Disability continues to the Member's Normal Retirement Age, a Normal Retirement Benefit shall commence as of the first day of the month following the month in which the Member attains Normal Retirement Age. This monthly benefit shall continue until a total of 180 payments (including both Disability Benefits and Normal Retirement Benefits) have been made, or for the life of the Member, if greater.

.3 If a Member is not an Employee and becomes Totally and Permanently Disabled, there shall be no Disability Benefit payable hereunder to any person.

.4 Notwithstanding the foregoing, a Disability Benefit payable to a Member under this Article shall be subject to the cashout provisions of Article XIX.

IX CONDITIONS PRECEDENT TO BENEFITS

.1 A Member's right to a Normal Retirement Benefit shall be forfeitable in accordance with the Level Classification assigned to the Member by the Committee. All forfeitable benefits will be forfeited upon Normal Retirement, Voluntary Termination or termination of employment for cause or for other reasons, as provided in this Article IX.

.2 A Member or Beneficiary shall not be entitled to any duplication of benefits under this Plan under any circumstances.

.3 Notwithstanding any other provisions of the Plan, a Member shall forfeit all benefits from the Plan if the Committee determines that the Member's employment with the Company is terminated for cause. Cause is defined as:

1. Embezzlement from the Company
2. Theft from the Company
3. Defrauding the Company
4. Drug addiction
5. Habitual intoxication
6. Use or disclosure of Company or client confidential or proprietary information
7. Engaging in activities or businesses which are substantially in competition with the Company
8. Any other action, activity or course of conduct which is substantially detrimental to the Company's business or business reputation
9. Violation of the provision of the terms of any nondisclosure and nonsolicitation, noncompetition, or other contractual agreement between the Member and the Company.

.4 Notwithstanding any other provision of the Plan, a Member shall forfeit all future benefits under the Plan if the Committee determines the Member to be engaged in any of the following activities:

1. Use or disclosure of Company or client confidential or proprietary information
2. Engaging in activities or businesses which are substantially in competition with the Company
3. Any other action, activity or course of conduct which is substantially detrimental to the Company's business or business reputation
4. Violation of the provision of the terms of any nondisclosure and nonsolicitation, noncompetition, or other contractual agreement between the Member and the Company.

X MODIFICATION OF PAYOUT PERIOD

.1 The Committee may shorten the time period over which any benefit provided for under this Plan is to be paid. However, any modification of the time period over which a benefit is to be paid must result in a benefit which is the actuarial equivalent of that benefit when paid over the time periods specifically detailed in the benefit provisions of this Plan.

.2 (a) Upon a Change of Control, as defined in Section 10.3, the benefit of a Member who is actively employed by the Company immediately prior to the Change of Control shall be increased by treating the Member as though he or she had earned the maximum Prior Service and Future Service credits under the Plan at his or her level, taking into account Basic Compensation immediately prior to the Change of Control. The benefit of a member who is actively employed by the Company immediately prior to the Change of Control shall be paid in cash on or immediately following the Change of Control in a single lump sum, actuarially equivalent to the benefit otherwise payable on the Change of Control. Such lump sum shall be determined based on (i) an interest rate equal to the lesser of (A) 5% or (B) the rate that would be used by the Pension Benefit Guaranty Corporation for purposes of valuing a lump sum distribution on a plan termination on the January 1 of the calendar year in which the single lump sum is paid and (ii) the mortality assumptions of the Unisex Pension 1984 Mortality Table.

(b) After a Change of Control, in the event any Member, whether active or inactive, and the Company shall disagree as to his, her or its respective rights and obligations under this Plan, and the Member is successful in establishing, privately or otherwise, that his or her position is substantially correct, or that the Company's position is substantially wrong or unreasonable, or in the event that the disagreement is resolved by settlement, the Company shall pay all costs and expenses, including counsel fees, which the Member may incur in connection therewith. The Company shall not delay or reduce the amount of any payment provided for hereunder or set off or counterclaim against any such amount for any reason whatever; it is the intention of the Company and the Member that the amounts payable to the Member hereunder shall continue to be paid in all events in the manner and at the times herein provided. All payments made by the Company hereunder shall be final and the Company shall not seek to recover all or any part of any such payments for any reason whatsoever.

.3 A "Change of Control" shall be deemed to have occurred if:

(i) any Person, which shall mean a "person" as such term is used in Sections 13(d) and 24(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (other than the Company, any trustee or other fiduciary holding securities under an employee benefit plan of the Company, or any company owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company), is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 30% or more of the combined voting power of the Company's then outstanding voting securities;

(ii) during any period of 24 consecutive months, individuals who at the beginning of such period constitute the Board, and any new director whose election by the Board, or whose nomination for election by the Company's stockholders, was approved by a vote of at least two-thirds (2/3) of the directors (other than in connection with a contested election) before the beginning of the period cease, for any reason, to constitute at least a majority thereof;

(iii) the stockholders of the Company approve (1) a plan of complete liquidation of the Company or (2) the sale or disposition by the Company of all or substantially all of the Company's assets unless the acquirer of the assets or its directors shall meet the conditions for a merger or consolidation in subparagraphs (iv)(a) or (iv)(b); or

(iv) the stockholders of the Company approve a merger or consolidation of the Company with any other company other than:

(a) such a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 70% of the combined voting power of the Company's or such surviving entity's outstanding voting securities immediately after such merger or consolidation; or

(b) such a merger or consolidation which would result in the directors of the Company who were directors immediately prior thereto continuing to constitute more than 50% of the directors of the surviving entity immediately after such merger or consolidation.

In this paragraph (iv), "surviving entity" shall mean only an entity in which all of the Company's stockholders immediately before such merger or consolidation become stockholders by the terms of such merger or consolidation, and the phrase "directors of the Company who were directors immediately prior thereto" shall include only individuals who were directors of the Company at the beginning of the 24 consecutive month period preceding the date of such merger or consolidation, or who were new directors (other than any director nominated in connection with a contested election or designated by a Person who has entered into an agreement with the Company to effect a transaction described in paragraph (i), (iii)(2), (iv)(a) or (iv)(b) of this Section) whose election by the Board, or whose nomination for election by the Company's stockholders, was approved by a vote of at least two-thirds (2/3) of the directors before the beginning of such period.

.4 Except as otherwise provided in Section 10.2, for purposes of determining actuarial equivalents, factors published by the Pension Benefit Guaranty Corporation for determining sufficiency of defined benefit plans in effect on the date of such modification shall be used.

XI BENEFICIARY

.1 A Member may designate the beneficiary or beneficiaries ("Beneficiary") for the death benefits provided under this Plan. Such designation may be changed from time to time. All designations shall be filed with the Company on forms provided by it.

In the absence of an effective designation, death benefits shall be payable under this Plan in the following order or priority:

- (1) to the Member's surviving spouse, as hereinafter defined, if any; or
- (2) to the Member's estate.

For purposes of this Article XI, the term "surviving spouse" shall mean the spouse to whom the Member was married throughout the one-year period ending on the date of the Member's death.

.2 If the Company has any doubt as to the proper Beneficiary to receive payments hereunder, the Company shall have the right to withhold such payments until the matter is finally adjudicated.

.3 Any payment made by the Company, in good faith and in accordance with this Plan, shall fully discharge the Company from all further obligations with respect to that payment.

XII NATURE OF COMPANY'S OBLIGATION

.1 The Company's obligations under this Plan shall be an unfunded and unsecured promise to pay. The Company shall not be obligated under any circumstances to fund its financial obligations under this Plan.

.2 Any assets which the Company may acquire to help cover its financial liabilities are and remain general assets of the Company subject to the claims of its creditors. The Company does not give, and the Plan does

not give, any beneficial ownership interest in any asset of the Company to a Member or Beneficiary. All rights of ownership in any assets are and remain in the Company.

.3 The Company's liability for payment of benefits shall be determined only under the provisions of this Plan, as they may be amended from time to time, and each Plan Participation Agreement entered into between the Company and a Member.

XIII EMPLOYEE RIGHT TO ASSETS

.1 The rights of a Member, any Beneficiary of the Member, or any other person claiming through the Member under this Plan, shall be solely those of an unsecured general creditor of the Company. A Member, the Beneficiary of the Member, or any other person claiming through the Member, shall have the right to receive those payments specified under this Plan only from the Company. The parties have no right to look to any specific or special property separate from the Company to satisfy a claim for benefit payments.

.2 A Member agrees that the Member, the Member's Beneficiary, or any other person claiming through the Member shall have no right, claim, security interest, or any beneficial ownership interest whatsoever in any general asset that the Company may acquire or use to help support its financial obligations under this Plan. Any general asset used or acquired by the Company in connection with the liabilities it has assumed under this Plan shall not be deemed to be held under any trust for the benefit of the Member or the Member's Beneficiary. Nor shall any such general asset be considered security for the performance of the obligations of the Company. Any such asset shall remain a general, unpledged, and unrestricted asset of the Company.

.3 A Member also understands and agrees that the Member's participation in the acquisition of any general asset for the Company shall not constitute a representation to the Member, the Member's Beneficiary, or any person claiming through the Member that any of them has a special or beneficial interest in any general asset.

XIV EMPLOYMENT RIGHTS

.1 Neither the Plan nor the Plan Participation Agreement, either singly or collectively, obligate the Company in any way to continue the employment of a Member with the Company or prohibit the Company from terminating a Member's employment. Nor does this Plan or the Plan Participation Agreement prohibit or restrict the right of a Member to terminate employment with the Company. Termination of a Member's employment with the Company, whether by action of the Company or by the Member, shall immediately terminate the Member's future participation in the Plan. All further obligations of either party shall be determined under the provisions of this Plan according to the nature of the termination.

XV TERMINATION, AMENDMENT, MODIFICATION OR SUPPLEMENTATION OF PLAN

.1 The Committee retains the sole and unilateral right to terminate, amend, modify or supplement this Plan, in whole or in part, at any time. This right includes the right to make retroactive amendments. However, no Company action under this right shall reduce or diminish the benefits of any disabled, retired, or deceased Member or the Member's Beneficiary, or those benefits which are nonforfeitable under the provisions of the Plan.

XVI RESTRICTIONS ON ALIENATION OF BENEFITS

.1 No right or benefit under the Plan or a Plan Participation Agreement shall be subject to anticipation, alienation, sale, assignment, pledge, encumbrance or charge, and any attempt to anticipate, alienate, sell, assign, pledge, encumber or charge the same shall be void. No right or benefit hereunder shall in any manner be liable for or subject to the debts, contracts, liabilities, or torts of the person entitled to such benefit. If any Member or Beneficiary under the Plan should become bankrupt or attempt to anticipate, alienate, sell, assign, pledge, encumber or charge any right to a benefit under this Plan, then such right or benefit, in the discretion of the Committee, shall cease. In these circumstances, the Committee may hold or apply the benefit or any part thereof for the benefit of the Member or Beneficiary, the Member's spouse, children, or other dependents, or any of them, in such manner and in such portion as the Committee may deem proper.

XVII ADMINISTRATION OF THE PLAN

.1 The named fiduciary of the Plan is the Company.

.2 The general administration of this Plan, as well as construction and interpretation thereof, shall be vested in the Committee, the number and members of which shall be designated and appointed from time to time by, and shall serve at the pleasure of the Board. Any such member of the Committee may resign by notice in writing filed with the Secretary of the Board. Vacancies shall be filled promptly by the Board.

.3 The Board may designate one of the members of the Committee as Chairman and may appoint a Secretary who need not be a member of the Committee and may be a Member of the Plan. The Secretary shall keep minutes of the Committee's proceedings and all data, records and documents relating to the Committee's administration of the Plan. The Committee may appoint from its number such subcommittees with such powers as the Committee shall determine and may authorize one or more members of the Committee or any agent to execute or deliver any instrument or make any payment on behalf of the Committee.

.4 All resolutions or other actions taken by the Committee shall be by vote of a majority of those present at a meeting at which a majority of the members are present, or in writing by all the members at the time in office if they act without a meeting.

.5 Subject to the Plan, the Committee shall, from time to time, establish rules, forms and procedures for the administration of the Plan. Except as herein otherwise expressly provided, the Committee shall have the exclusive right to interpret the Plan and to decide any and all matters arising thereunder or in connection with the administration of the Plan, and it shall endeavor to act, whether by general rules or by particular decisions, so as not to discriminate in favor of or against any person. The decisions, actions and records of the Committee shall be conclusive and binding upon the Company and all persons having or claiming to have any right or interest in or under the Plan.

.6 The members of the Committee and the officers and directors of the Company shall be entitled to rely on all certificates and reports made by any duly appointed accountants, and on all opinions given by any duly appointed legal counsel, which legal counsel may be counsel for the Company.

.7 No member of the Committee shall be liable for any act or omission of any other member of the Committee, nor for any act or omission on his own part. The Company shall indemnify and save harmless each member of the Committee against any and all expenses and liabilities arising out of his membership on the Committee. Expenses against which a member of the Committee shall be indemnified hereunder shall include, without limitation, the amount of any settlement or judgment, costs, counsel fees, and related charges reasonably incurred in connection with a claim asserted, or a proceeding brought or settlement thereof. The foregoing right of indemnification shall be in addition to any other rights to which any such member on the Committee may be entitled as a matter of law.

.8 In addition to the powers specified above, the Committee shall have the power to compute and certify under the Plan the amount and kind of benefits from time to time payable to Members and their Beneficiaries and to authorize all disbursements for such purposes.

.9 To enable the Committee to perform its functions, the Company shall supply full and timely information to the Committee on all matters relating to the compensation of all Members, their retirement, death or other termination of employment, and such other pertinent facts as the Committee may require.

XVIII MISCELLANEOUS

.1 All notices, distributions and payments (to the extent feasible), and other communications under this Agreement shall be in writing and shall be deemed given when (a) delivered by hand, (b) transmitted by telex or telecopier (provided that a copy is sent at about the same time as in (c)), (c) received by the addressee, if sent by registered or certified mail, return receipt requested, or by Express Mail, Federal Express, or other express delivery service, to the addressee at the addresses, telex numbers or telecopier numbers as a party may specify by notice given to the other party pursuant to this provision. No communication shall be binding until received. If no address shall have been furnished, the Company shall make distribution to the Member or Beneficiary in care of the Company.

.2 Any party may, from time to time, change the address to which notices shall be mailed by giving written notice of such new address.

.3 In making any payments to or for the benefit of any minor or an incompetent Beneficiary or Member, the Committee, in its sole and absolute discretion, may make a distribution to a legal or natural guardian or other relative of a minor or court appointed committee of such incompetent. Or, it may make a payment to any adult with whom the minor or incompetent temporarily or permanently resides. The receipt by a guardian, committee, relative or other person shall be a complete discharge to the Employer. Neither the Committee nor the Company shall have any responsibility to see to the proper application of any payments so made.

.4 The Company may, in its sole discretion, permit the Member to take a leave of absence for a period not to exceed one year. During such leave, the Member will still be considered to be in the continuous employment of this Company for purposes of benefit service credits under this Plan.

.5 The Plan shall be binding upon the Company and any successor company through merger, acquisition or consolidation, and upon a Member, the Member's Beneficiary, assigns, heirs, executors and administrators.

.6 This Plan shall be governed by the laws of the State of New York without regard to principles of conflicts of law.

.7 Any controversy arising out of or relating to this Agreement shall be adjudicated in a court of competent jurisdiction located in the State of New York. A Member or Beneficiary hereby submits to the personal jurisdiction of any court of competent jurisdiction located in the State of New York.

.8 Any provision of this Plan prohibited by law shall be ineffective to the extent of any such prohibition without invalidating the remaining provisions hereof.

.9 Titles to the Sections of this of this Plan are included for convenience only and shall not control the meaning or interpretation of any provision of this Plan.

.10 Simultaneous Death. If the Member and the Member's Beneficiary shall die in a common accident or disaster or under such circumstances that it is difficult to determine who died first, then for all purposes of this Plan such Beneficiary shall be treated as having predeceased the Member.

XIX CASHOUT OF BENEFITS

.1 Benefits Eligible for Cashout. Benefits accrued under the Plan with respect to a Member not presently in the employ of the Company, in the sole discretion of the Committee, may be paid out to a Member or the Member's Beneficiary on a lump sum distribution basis.

.2 Present Value. The determination of the lump sum present value of a Member's or Beneficiary's remaining benefits under the Plan shall be made by the Committee in its sole discretion, using for all purposes interest rates and mortality factors as selected by the Committee in its sole discretion. Such factors may include, but are not limited to, the factors used by the accountants regularly employed by the Company to determine the balance sheet entries for such benefits.

.3 No Further Benefits. Upon receipt of the lump sum cashout described in this Article, neither the Member nor his Beneficiary shall have any further rights to benefits or obligations under this Plan.

.4 Withholding. The Company may withhold from any payment under the Plan any federal, state or local taxes required by laws to be withheld with respect to the payment and any sum the Company may reasonably estimate as necessary to cover any taxes for which the Company may be liable and that may be assessed with regard to the payment.

EXHIBIT 1

Level I: G. David Baer - Active

Randolph A. Marks - Inactive

Level II: David N. Campbell - Inactive

John P. Courtney - Inactive

Level III:

Benefits Nonforfeitable Prior to 12/1/94	Benefits Nonforfeitable After 11/30/94	Participating in Successor Plan
ACTIVE:		
Samuel Horgan	Gale Fitzgerald	
John Lozan	Stephen Hoffman	
Joseph Makowski	James Joyce	
Gerald Selzer	John Nale	
INACTIVE:		
Clifford Baer		
David Ehlke		

Paul Fjelsted

Paul Hessinger

Vincent Lamb

Craig Newbold

Philip Paul

Thomas Peca

Richard Trautman

Maureen Waindle

GUARANTY:189675_1

COMPUTER TASK GROUP, INCORPORATED

EXECUTIVE SUPPLEMENTAL BENEFIT PLAN

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EXHIBIT 10(m)

**FIRST AMENDMENT TO THE
COMPUTER TASK GROUP, INCORPORATED
EXECUTIVE SUPPLEMENTAL BENEFIT PLAN
1997 RESTATEMENT**

WHEREAS, pursuant to Article 15.1 of the Computer Task Group, Incorporated Executive Supplemental Benefit Plan 1997 Restatement (the "Plan"), the Compensation Committee of the Board of Directors reserved the right to amend the Plan.

NOW, THEREFORE, the Plan is hereby amended as follows:

1. The following provisions are added at the end of Article 2 of the Plan:

2.22 "Early Retirement Age" shall mean the later of (a) the completion of five years of service from the date the Employee becomes a Member of the Plan, or (b) (i) in the case of a Member whose benefits became nonforfeitable under Section 2.13 prior to December 1, 1994 and who does not participate in any plan that is a successor to this Plan, age 55, or (ii) in the case of any other Member, age 60.

2.23 "Early Retirement" shall mean severance from employment with the Company at or after attaining Early Retirement Age, but before attaining Normal Retirement Age.

2.24 "Early Retirement Benefit" shall mean a monthly benefit beginning earlier than Normal Retirement Age and for a Member whose benefit became nonforfeitable under Section 2.13 prior to December 1, 1994 and who does not participate in any plan that is a successor to this Plan, at age 55 or later, and, for any other Member, at age 60 or later, and continuing for 180 months or the life of the Member, whichever is the greater. The monthly benefit is an amount calculated in the same manner as the Normal Retirement Benefit and then actuarially reduced for commencement prior to a Member's Normal Retirement Age based on the following factors:

-----	-----
Mortality:	1994 Group Annuity Mortality
-----	-----
Pre and Post Retirement Interest:	The annual interest rate on 10-year Treasury securities for the month that is two months before the month in which the benefit commences
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2. Section 2.20, "Post-retirement Death Benefit", is amended and restated in its entirety to read as follows:

2.20 "Post-retirement Death Benefit" shall mean that benefit payable to a Member's Beneficiary if the Member dies prior to separation from service with the Company but after Normal Retirement Age, or if the Member dies after Normal or Early Retirement, and the Member has not received any or all of the Retirement Benefit payment provided for under this Plan.

3. Section 2.21, "Voluntary Termination", is amended and restated in its entirety to read as follows:

2.21 "Voluntary Termination" shall mean severance from employment with the Company before attaining the Normal or Early Retirement Age for reasons other than cause, as defined in Section 9.3.

4. The caption heading for Article V, "Voluntary Termination Benefit", is amended and restated in its entirety to read as follows:

**ARTICLE V
EARLY RETIREMENT - VOLUNTARY TERMINATION BENEFITS**

5. Section 5.3 is amended and restated in its entirety as follows:

5.3 Notwithstanding Section 5.1, a Member whose benefits first became nonforfeitable under Section 2.13 prior to December 1, 1994 and who does not participate in any plan that is a successor to this Plan can apply to the Committee for an earlier distribution of the Member's Early Retirement Benefit, if the Member has attained at least age 55 as of the date of the first payment. The application must be submitted to the Committee not less than six months before the first payment date, and first payment date will be available only on the Member's attainment of age 55, 56, 57, 58 or 59. The payment of a benefit before age 60 shall be permitted solely in the discretion of the Committee. The requirement of six months application may be waived by the Committee in its discretion.

6. The following provisions are added at the end of Article 5 of the Plan:

5.4 Notwithstanding Section 5.2, a Member whose benefits first became nonforfeitable under Section 2.13 after November 30, 1994, or a Member who participates in any plan that is a successor to this Plan can apply to the Committee for an earlier distribution of the Member's Early Retirement Benefit, if the Member has attained at least age 60 as of the date of first payment. The application must be submitted to the Committee not less than six months before the first payment date, and first payment date will be available only on the Member's attainment of age 60, 61, 62, 63 or 64. The payment of a benefit before age 65 shall be permitted solely in the discretion of the Committee. The requirement of six months application may be waived by the Committee in its sole discretion.

5.5 The amount of the nonforfeitable Early Retirement Benefit shall be determined based on the forfeitability provision of Section 2.13 and Article IX.

7. Section 7.1 is amended and restated in its entirety to read as follows:

7.1 If a Member shall die after the commencement of Normal or Early Retirement Benefit payments, but before 180 payments have been made, the Retirement Benefit payments then remaining unpaid to a Member shall continue to be paid to the Member's Beneficiary as a Post-retirement Death Benefit in the form and manner such payments would have continued to be paid to the Member.

8. Section 7.2 is amended and restated in its entirety to read as follows:

7.2 If a Member shall die after attaining Early Retirement Age and benefits have not commenced, 180 Retirement Benefit payments shall be paid to a Member's Beneficiary as a Post-retirement Death Benefit in the form and manner such payments would have been paid to the Member. The benefit shall commence within 60 days following the date of death of such Member and continue for 180 months.

9. The following provision is added at the end of Article 7 of the Plan:

7.5 If a Member shall die before Early Retirement Age, is not employed by the Company on the date of death, and is not otherwise entitled to a Death Benefit under Article IV, the Early Retirement Benefit to which the Member otherwise would have been entitled shall be paid to the Member's Beneficiary, commencing within 60 days of the date of the Member would have reached Early Retirement Age based on the Member's Basic Compensation immediately preceding the Member's separation from service with the Company, and reduced in accordance with Section 2.24 for early payment of such benefit.

10. Section 9.1 of Article IX, "Conditions Precedent to Benefits", is amended and restated in its entirety to read as follows:

9.1 A Member's right to a Retirement Benefit shall be forfeitable in accordance with the level Classification assigned to the Member by the Committee. All forfeitable benefits will be forfeited upon Early Retirement, Normal Retirement, Voluntary Termination or termination of employment for cause or for other reasons, as provided in this Article IX.

The effective date of this amendment is December 1, 2000. In all other respects, the Plan provisions remain in full force and effect.

IN WITNESS WHEREOF, the Company has caused this instrument to be executed by its duly authorized officer this 17th day of November, 2000.

Computer Task Group, Incorporated

By

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EXHIBIT 10(n)

COMPUTER TASK GROUP, INCORPORATED

EXECUTIVE COMPENSATION PLANS AND ARRANGEMENTS

The following is a list of all plans, management contracts and compensatory arrangements in which the executive officers of the Company participate and where they can be found:

Stock Purchase Agreement with Randolph A. Marks - Registration Statement No. 2-71086 on Form S-7 filed on February 27, 1981.

Disability Insurance and Health Arrangements - Amendment No. 1 to Registration Statement No. 2-71086 on Form S-7 filed on March 24, 1981.

First Employee Stock Purchase Plan (Eighth Amendment and Restatement) - Annual Report on Form 10-K for the year ended December 31, 1996, Exhibit 10(q).

Executive Supplemental Benefit Plan 1997 Restatement, - Annual Report on Form 10-K for the year ended December 31, 2001, Exhibit 10(l).

1991 Restricted Stock Plan - Annual Report on Form 10-K for the year ended December 31, 2001, Exhibit 10(j).

Management Stock Purchase Plan - Annual Report on Form 10-K for the year ended December 31, 2000, Exhibit 10(h).

Computer Task Group, Incorporated Non-Qualified Key Employee Deferred Compensation Plan - Annual Report on Form 10-K for the year ended December 31, 2000, Exhibit 10(i).

Computer Task Group, Incorporated 2000 Equity Award Plan - Definitive proxy statement dated March 22, 2002 as Exhibit A, Exhibit 10(k).

EXHIBIT 10 (a)

CHANGE IN CONTROL AGREEMENT

THIS AGREEMENT, effective as of July 16, 2001 (the "Effective Date"), is between Computer Task Group, Incorporated, a New York corporation with its executive offices at 800 Delaware Avenue, Buffalo, New York 14209 (the "Corporation"), and James R. Boldt, an individual residing at 142 Audubon Drive, Amherst, New York 14226 (the "Executive").

RECITALS:

WHEREAS, the Executive is employed as the President and Chief Executive Officer of the Corporation; and

WHEREAS, it is in the best interests of the Corporation to reinforce and encourage the Executive's continued disinterested full attention and undistracted dedication to the duties of the Executive currently and in the potentially disturbing circumstances of a possible change in control of the Corporation by providing some degree of personal financial security to the Executive; and

WHEREAS, it is in the best interests of the Corporation to enable the Executive, without being influenced by the uncertainties of the Executive's own situation, to assess and advise the Corporation whether proposals concerning any potential change in control are in the best interests of the Corporation and its shareholders and to take other action regarding these proposals as the Corporation might determine to be appropriate; and

WHEREAS, to induce the Executive to remain in the employ of the Corporation, the Board of Directors has determined it is desirable to pay the Executive the compensation set forth below if the Executive's employment with the Corporation terminates in one of the circumstances described below in connection with a change in control of the Corporation.

NOW, THEREFORE, in consideration of the promises and of the covenants contained in this Agreement, the Corporation and the Executive agree as follows:

1. DEFINITIONS. The following definitions apply for purposes of this Agreement.

(a) "Aggregate Exercise Price" means:

(i) in the case of options to acquire common stock of the Corporation owned by the Executive, the total amount of cash or immediately available funds the Executive would be required to pay to the Corporation to purchase all of the common stock of the Corporation that, on the date as of which the Aggregate Exercise Price is to be determined, the Executive is entitled to purchase under the terms of all issued, outstanding and unexercised options to purchase common stock of the Corporation that are outstanding and exercisable on the date as of which the Aggregate Exercise Price of those options is to be determined; and

(ii) in the case of options to acquire Successor Equity, the total amount of cash or immediately available funds the Executive would be required to pay to the Successor to purchase all the Successor Equity that, on the date as of which the Aggregate Exercise Price is to be determined, the Executive is entitled to purchase under the terms of all issued, outstanding and unexercised options to purchase Successor Equity that are outstanding and exercisable on the date as of which the Aggregate Exercise Price of those options is to be determined.

(b) "Built in Gain" means an amount equal to:

(i) the Highest Sale Price as of the date of a Change in Control multiplied by the total number of shares of common stock of the Corporation that the Executive could acquire by exercising all of the options to acquire common stock of the Corporation that, as of the date of the Change in Control, were issued to the Executive, outstanding and unexercised, minus

(ii) the Aggregate Exercise Price of those options.

(c) "Board of Directors" or "Board" means the Board of Directors of the Corporation.

(d) "Cause" means a finding by the Board of Directors, with notice in writing to the Executive setting forth in reasonable detail its reasons, that any of the following conditions exist:

(i) The Executive's willful and continued failure to substantially perform his duties as President and Chief Executive Officer (other than as a result of the Executive's Disability).

(ii) A willful act or omission by the Executive constituting fraud or other malfeasance, including without limitation acts of dishonesty constituting a felony offense under the laws of the United States or any state thereof, and any act or omission by the Executive constituting immoral conduct, which in any such case is injurious to the financial condition or business reputation of the Corporation.

(iii) A material breach by the Executive of the Employment Agreement dated as of July 16, 2001.

For purposes of this definition, an act or failure to act will be deemed "willful" only if it is effected by the Executive not in good faith and without a reasonable belief that his action or failure to act was in or not opposed to the Corporation's best interests.

(e) "Change in Control" means any one of the following occurrences:

(i) Approval by the stockholders of the Corporation of the dissolution or liquidation of the Corporation;

(ii) Approval by the stockholders of the Corporation of an agreement to merge or consolidate, or otherwise reorganize, with or into one or more entities that are not Subsidiaries or other affiliates, as a result of which less than 50% of the outstanding voting securities of the surviving or resulting entity immediately after the reorganization are, or will be, owned, directly or indirectly, by stockholders of the Corporation immediately before such reorganization (assuming for purposes of such determination that there is no change in the record ownership of the Corporation's securities from the record date for such approval until such reorganization and that such record owners hold no securities of the other parties to such reorganization, but including in such determination any securities of the other parties to such reorganization held by affiliates of the Corporation);

(iii) Approval by the stockholders of the Corporation of the sale of substantially all of the Corporation's business and/or assets to a person or entity that is not a Subsidiary or other affiliate; or

(iv) Any "Person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended from time to time, but excluding any person described in and satisfying the conditions of Rule

13d-1(b)(1) thereunder), other than the Corporation, any Subsidiary of the Corporation, any employee benefit plan of the Corporation or of any of its Subsidiaries or any Person holding common shares of the Corporation for or pursuant to the terms of any such employee benefit plan, becomes the beneficial owner (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Corporation representing more than 20% of the combined voting power of the Corporation's then outstanding securities entitled to then vote generally in the election of directors of the Corporation; or

(v) During any period not longer than two consecutive years, individuals who at the beginning of such period constituted the Board cease to constitute at least a majority thereof, unless the election, or the nomination for election by the Corporation's stockholders, of each new Board member was approved by a vote of at least three-quarters of the Board members then still in office who were Board members at the beginning of such period (including for these purposes, new members whose election or nomination was so approved).

(f) "Code" means the Internal Revenue Code of 1986, as amended.

(g) "Conversion Options" means an option or options to purchase Successor Equity, which option or options may be granted by the Successor to the Executive and are exercisable in full immediately following the Change in Control for an Aggregate Exercise Price that does not exceed the Aggregate Exercise Price of the options to purchase common stock of the Corporation owned by the Executive on the date of the Change in Control and which options, if exercised by the Executive in full immediately following that Change in Control, would provide for the ownership by the Executive of Successor Equity that, immediately following the acquisition of that Successor Equity by the Executive, may be sold by the Executive, free of any restrictions imposed on the sale of securities by the Securities Act of 1933, for a price that exceeds the Aggregate Exercise Price of those options by an amount not less than the Built in Gain. Under no circumstances is the Executive required to accept a grant of Conversion Options from the Successor.

(h) "Corporation" means Computer Task Group, Incorporated.

(i) "Disability" means a disability that exists for a period of at least 12 months and because of which the Executive is physically or mentally unable to substantially perform his regular duties as President or Chief Executive Officer of the Corporation, as the case may be.

(j) "Good Reason" means any of the following occurrences, with notice to the Corporation from the Executive setting forth in reasonable detail his reasons:

(i) A material diminution in the Executive's responsibilities, duties, title, reporting responsibilities within the business organization, status, role or authority.

(ii) A reduction by the Corporation in the Executive's annual base salary as in effect on the date of a Change in Control or as in effect thereafter if that base salary has been increased.

(iii) A reduction by the Corporation in the aggregate value of benefits provided to the Executive, as in effect on the date of a Change in Control or as in effect after that date if those benefits have been increased. "Benefits" includes all profit sharing, 401(k), retirement, pension, health, medical, dental, disability, insurance, automobile, severance, vacation, leave, reimbursement, and similar benefits.

(iv) A failure to continue in effect any stock option or other equity-based or non-equity based incentive compensation plan in effect immediately prior to the Change in Control, or a reduction in the Executive's

participation in any such plan, unless the Executive is afforded the opportunity to participate in alternative incentive compensation plans or agreements of reasonably equivalent value.

(v) A material breach by the Corporation of any provision of this Agreement or of any stock option or other equity-based plan or agreement with the Executive.

(vi) Removal from, or failure to re-elect, the Executive to the position of President or Chief Executive Officer.

(vii) A requirement, in the Executive's reasonable judgment, that the services required to be performed by the Executive would necessitate the Executive moving his residence from the Buffalo, New York area.

The Corporation will have 20 business days from the date of notice from the Executive stating his claim of Good Reason to cure the circumstances stated that create the Good Reason cited by the Executive in the notice. If the Corporation does not, or cannot, cure the Good Reason to the Executive's reasonable satisfaction, the Good Reason will be deemed to have occurred at the end of the 20-day period.

(k) "Highest Sale Price" means:

(i) with respect to the common stock of the Corporation, the highest closing sale price at which common stock of the Corporation has been sold, in an established securities market, during the 12 consecutive month period ending on the date as of which the Highest Sale Price of the common stock of the Corporation is to be determined; and

(ii) with respect to Successor Equity, the highest closing sale price at which Successor Equity has been sold, in an established securities market, during the 12 consecutive month period ending on the date of which the Highest Sale Price of the Successor Equity is to be determined.

(l) "Subsidiary" means any corporation or other entity a majority of whose outstanding voting stock or voting power is beneficially owned directly or indirectly by the Corporation.

(m) "Successor" means, the person, firm, corporation or other entity that, as a result of a Change in Control, has succeeded, directly or indirectly, to all or substantially all the assets, rights, properties, liabilities and obligations of the Corporation.

(n) "Successor Equity" means capital stock or any other equity interest in the Successor.

2. **BENEFITS UPON CHANGE IN CONTROL.** The Corporation will provide the benefits listed below in subsections (a) through (c) on a Change in Control. All amounts payable on a Change in Control under all subsections of this Section will be made by bank check or wire transfer at the Change in Control, or, if that is not within the control of the Corporation, not later than the tenth business day following the Change in Control. For purposes of this Section, references to payments by the Corporation include payments from any entity related to the Corporation, such as the Corporation's Stock Employee Compensation Trusts.

(a) **STOCK RIGHTS.** As of the date of the Change in Control, the Executive will become fully vested in, and entitled to exercise immediately all stock-related awards he has been granted under any plans or agreements of the Corporation, including without limitation, awards under the 1991 Stock Option Plan and the 2000 Equity Award Plan. Unless otherwise required to be limited for an option to qualify as an Incentive Stock Option under the Code or unless otherwise terminated by the maximum limits of the applicable plan, the Executive will be entitled to exercise all these awards for a period of not less than 12 months following the Change in Control. The acceleration of vesting and exercisability under this Section will apply notwithstanding any provision in the 2000 Equity Award Plan or any other plan or agreement that would prevent the acceleration and vesting of the awards or cause them to be canceled, rescinded or otherwise impaired.

(b) DEFERRED COMPENSATION. All deferred or otherwise contingent compensation of the Executive will become (i) vested and (ii) immediately payable in cash. For purposes only of (ii) in the preceding sentence, a Change in Control under Section 1(e)(ii) will be determined only by substituting 70% for 50% in that Section 1(e)(ii).

(c) CONVERSION RIGHTS. If, following the Change in Control (or, in the case of a Change in Control event described in Section 1(e)(ii) or (iii), following the merger or sale transaction referred to in those paragraphs (the consummation of that merger or sale transaction is referred to as a "Merger or Sale Event")):

(i) the Corporation's legal existence continues but the number of shares of common stock of the Company the Executive is entitled to purchase pursuant to the exercise of all options to purchase the Corporation's common stock owned by the Executive immediately following the Change in Control for a price not more than the Aggregate Exercise Price of his unexercised options immediately prior to the Change in Control, is not, on a fully diluted basis, at least equal to the same proportion, on a fully diluted basis, of the issued and outstanding shares of common stock of the Corporation that could have been purchased by the Executive pursuant to the exercise of all of his options immediately prior to the Change in Control; OR

(ii) the common stock of the Corporation is no longer listed for trading on an established securities market and the Successor, effective as of the date of the Change in Control, has not offered to grant Conversion Options to the Executive in lieu of the options of the Executive to purchase common stock of the Corporation; OR

(iii) the common stock of the Corporation is no longer listed for trading on an established securities market and the Successor has offered to grant Conversion Options to the Executive, effective as of the date of the Change in Control (in lieu of the Executive's options to purchase common stock of the Corporation), but the Executive has elected not to accept that grant of Conversion Options; THEN

the Executive will be paid, in one lump sum payment not later than 20 business days following the Change in Control (or, in the case of a Change in Control event described in Section 1(e)(ii) or (iii), not later than 20 business days following the Merger or Sale Event), the Built in Gain on the options to purchase common stock of the Corporation that were issued to the Executive and outstanding and unexercised on the date of the Change in Control and, after that, all those options will be canceled and will be deemed and construed to be null and void for all purposes.

For purposes of this subsection, references to options include all equity-based compensation, including without limitation, restricted stock and stock appreciation rights. In the case of these types of equity-based compensation held by the Executive as of the Change in Control, the formulas and payouts under this subsection will be adjusted to reflect the equivalents under those types of equity-based compensation.

3. BENEFITS UPON TERMINATION. The Corporation will provide the benefits listed below in subsections (a) through (f) on the termination of the Executive's employment (i) by the Corporation without Cause or by the Executive with Good Reason in either case within 24 months following or in anticipation of or in connection with a Change in Control, or (ii) by the Executive for any reason within 6 months after a Change in Control. Payments under subsections (a), (b), (c), (e) and (f) of this Section will be made by the tenth business day following the termination of the Executive's employment. For purposes of this Section, references to payments by the Corporation include payments from any entity related to the Corporation, such as the Stock Employee Compensation Trusts. Also, references to payments by the Successor include payments from the Corporation's Stock Employee Compensation Trusts if those trusts are permitted to make the payments.

(a) SALARY. The Executive will receive 2.99 times his full rate of salary in effect, including directors' fees, if any, (whether or not deferred) on the date immediately prior to the Change in Control or, if greater, the amount in effect at any date after the Change in Control.

(b) BONUS. The Executive will receive a cash bonus equal to 2.99 times the highest annual bonus payable (whether or not deferred) to him in the 3 calendar years preceding the year in which the Change in Control occurs.

(c) FRINGE BENEFITS. The Executive will receive a lump sum payment equal to 25% of the sum of (i) one times his full rate of salary, as defined in (a), and (ii) highest annual bonus, as defined in (b). This payment represents the value to which the parties agree the Executive otherwise would be entitled with respect to fringe benefits (including without limitation profit sharing, 401(k), retirement, pension, health, medical, dental, disability, insurance, automobile, severance, vacation, leave, reimbursement, and similar benefits) for 36 months.

(d) INDEMNIFICATION. For a 60-month period following the date of the Executive's termination of employment, the Corporation will continue any indemnification agreement with the Executive and will provide directors' and officers' liability insurance insuring the Executive that coverage will have limits and scope of coverage not less than that in effect immediately prior to the Change in Control.

(e) CASH-OUT OF STOCK OPTIONS AND OTHER EQUITY-RELATED COMPENSATION.

(i) IN CORPORATION. If the options to purchase common stock of the Corporation have not been canceled as provided for in Section 2(c), to the extent that the Executive has any unexercised options to purchase common stock of the Corporation that are exercisable at the time of the termination of the Executive's employment under this Section, the Executive will receive an amount equal to:

(A) the Highest Sale Price of the common stock of the Corporation determined as of the date of the termination of the Executive's employment under this Section;

MULTIPLIED BY

(B) the aggregate number of shares of common stock of the Corporation the Executive is entitled to purchase pursuant to the terms of all options to purchase any common stock of the Corporation owned by the Executive and exercisable on the date of the termination of the Executive's employment under this Section; MINUS

(C) the Aggregate Exercise Price of the issued and outstanding unexercised options to purchase common stock of the Corporation owned by the Executive as of the date of the termination of the Executive's employment under this Section, to the extent that those options are exercisable as of that date.

(ii) IN SUCCESSOR. If the Executive has elected to accept a grant of Conversion Options from the Successor and, at the time of the termination of the Executive's employment under this Section, the Executive owns Conversion Options or any other options to acquire any Successor Equity that are exercisable at the time of the termination of the Executive's employment under this Section, and any of those Conversion Options and other options to purchase Successor Equity have not been exercised by the Executive, the Executive will receive an amount equal to:

(A) the Highest Sale Price, determined as of the date of the termination of the Executive's employment under this Section, of each unit of Successor Equity that could be acquired by the Executive on the exercise of all outstanding Conversion Options and other options to purchase Successor Equity on the date of the termination of the Executive's employment under this Section;

MULTIPLIED BY

(B) the aggregate number of units of Successor Equity the Executive is entitled to purchase pursuant to the terms of all options to purchase Successor Equity owned by the Executive and exercisable on the date of the termination of the Executive's employment under this Section; MINUS

(C) the Aggregate Exercise Price of the issued and outstanding unexercised Conversion Options and other options to purchase Successor Equity owned by the Executive and exercisable as of the date of the termination of the Executive's employment under this Section.

For purposes of this subsection, references to options and to Successor Equity include all equity-based compensation, including without limitation, restricted stock and stock appreciation rights. In the case of these types of equity-based compensation held by the Executive as of the Change in Control or as of the termination of the Executive's employment under this Section, the formulas and payouts under this subsection will be adjusted to reflect the equivalents under those types of equity-based compensation.

(f) DEFERRED COMPENSATION. The Executive will receive all deferred or otherwise contingent compensation not paid out as of the date of the termination of the Executive's employment.

4. WITHHOLDING. The Corporation will deduct or withhold from all salary and bonus payments, and from all other payments made to the Executive pursuant to this Agreement, all amounts that may be required to be deducted or withheld under any applicable Social Security contribution, income tax withholding or other similar law now in effect or that may become effective during the term of this Agreement.

5. OTHER TERMINATION. Upon termination of the Executive's employment for Cause or because of death or Disability, or not within the time related to a Change in Control as described in Section 3, no benefits will be payable under this Agreement.

6. ADDITIONAL PAYMENTS. Notwithstanding anything in this Agreement, the 2000 Equity Award Plan, or any other agreement or plan to the contrary, in the event it is determined that any payments or distributions by the Corporation or any affiliate (as defined under the Securities Act of 1933, as amended, and the regulations thereunder) thereof or any other person to or for the benefit of the Executive, whether paid or payable pursuant to the terms of this Agreement, or pursuant to any other agreement or arrangement with the Corporation or any such affiliate ("Payments"), would be subject to the excise tax imposed by Section 4999 of the Code, or any successor provision, or any interest or penalties with respect to the excise tax (the excise tax, together with any interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then the Executive will be entitled to receive an additional payment from the Corporation (a "Gross-Up Payment") in an amount that after payment by the Executive of all taxes (including, without limitation, any interest or penalties imposed with respect to such taxes and any Excise Tax) imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments. The amount of the Gross-Up Payment will be calculated by the Corporation's independent accounting firm, engaged immediately prior to the event that triggered the payment, in consultation with the Corporation's outside legal counsel. For purposes of making the calculations required by this Section, the accounting firm may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code, provided that the accounting firm's determinations must be made with substantial authority (within the meaning of Section 6662 of the Code). The Gross-Up Payment will be paid on the Executive's last day of employment or on the occurrence of the event that results in the imposition of the Excise Tax, if later. If the precise amount of the Gross-Up Payment cannot be determined on the date it is to be paid, an amount equal to the best estimate of the Gross-Up Payment will be made on that date and, within 10 days after the precise calculation is obtained, either the Corporation will pay any additional amount to the Executive or the Executive will pay any excess amount to the Corporation, as the case may be. If subsequently the Internal Revenue Service (the "IRS") claims that any additional Excise Tax is owing, an additional Gross-Up Payment will be paid to the Executive within 30 days of the Executive providing substantiation of the claim made by the IRS. After payment to the Executive of the Gross-Up Payment, the Executive will provide to the Corporation any information reasonably requested by

the Corporation relating to the Excise Tax, the Executive will take those actions as the Corporation reasonable requests to contest the Excise Tax, cooperate in good faith with the Corporation to effectively contest the Excise Tax and permit the Corporation to participate in any proceedings contesting the Excise Tax. The Corporation will bear and pay directly all costs and expenses (including any interest or penalties on the Excise Tax), and indemnify and hold the Executive harmless, on an after-tax basis, from all such costs and expenses related to such contest. Should it ultimately be determined that any amount of an Excise Tax is not properly owed, the Executive will refund to the Corporation the related amount of the Gross-Up Payment.

7. **NON-EXCLUSIVITY OF RIGHTS.** Except as otherwise specifically provided, nothing in this Agreement prevents or limits the Executive's continued or future participation in any benefit, incentive, or other plan, practice, or program provided by the Corporation and for which the Executive may qualify. Any amount of vested benefit or any amount to which the Executive is otherwise entitled under any plan, practice, or program of the Corporation will be payable in accordance with the plan, practice, or program, except as specifically modified by this Agreement. However, if the Executive receives the payments under Section 3, the Executive will not be entitled to any severance payments (which excludes for this purpose all types of equity-based compensation not cashed out under Section 2(c) or 3(e)) otherwise payable under any other agreement, plan, or practice providing for severance compensation.

8. **NO OBLIGATION TO SEEK OTHER EMPLOYMENT.** The Executive will not be obligated to seek other employment or to take other action to mitigate any amount payable to him under this Agreement.

9. **SUCCESSORS.** This Agreement is personal to the Executive and may not be assigned by the Executive other than by will or the laws of descent and distribution. This Agreement will inure to the benefit of and be enforceable by the Executive's legal representatives or successors in interest. Notwithstanding any other provision of this Agreement, the Executive may designate a successor or successors in interest to receive any amounts due under this Agreement after the Executive's death. A designation of a successor in interest must be made in writing, signed by the Executive, and delivered to the Corporation. Except as otherwise provided in this Agreement, if the Executive has not designated a successor in interest, payment of benefits under this Agreement will be made to the Executive's estate. This Section will not supersede any designation of beneficiary or successor in interest made by the Executive or provided for under any other plan, practice, or program of the Corporation.

This Agreement will inure to the benefit of and be binding upon the Corporation and its successors and assigns.

The Corporation will require any successor (whether direct or indirect, by acquisition of assets, merger, consolidation or otherwise) to all or substantially all of the operations or assets of the Corporation or any successor, and without regard to the form of transaction used to acquire the operations or assets of the Corporation, to assume and agree to perform this Agreement in the same manner and to the same extent that the Corporation would be required to perform it if no succession had taken place. As used in this Agreement, "Corporation" means the Corporation and any successor to its operations or assets as set forth in this Section that is required by this clause to assume and agree to perform this Agreement or that otherwise assumes and agrees to perform this Agreement.

10. **BENEFIT CLAIMS.** In the event the Executive, or his beneficiaries, as the case may be, and the Corporation disagree as to their respective rights and obligations under this Agreement, and the Executive or his beneficiaries are successful in establishing, privately or otherwise, that his or their position is substantially correct, or that the Corporation's position is substantially wrong or unreasonable, or in the event that the disagreement is resolved by settlement, the Corporation will pay all costs and expenses, including counsel fees, that the Executive or his beneficiaries may incur in connection therewith directly to the provider of the services or as may otherwise be directed by the Executive or his beneficiaries. The Corporation will not delay or reduce the amount of any payment provided for hereunder or setoff or counterclaim against any such amount for any reason whatsoever; it is the intention of the Corporation and the Executive that the amounts payable to the Executive or his beneficiaries hereunder will continue to be paid in all events in the manner and at the times herein provided. All payments made by the Corporation hereunder will be final and the Corporation will not seek to recover all or any part of any portion of any payments hereunder for any reason.

11. **FAILURE, DELAY OR WAIVER.** No course of action or failure to act by the Corporation or the Executive will constitute a waiver by the party of any right or remedy under this Agreement, and no waiver by either party of any right or remedy under this Agreement will be effective unless made in writing.

12. SEVERABILITY. Whenever possible, each provision of this Agreement will be interpreted in such a manner as to be enforceable under applicable law. However, if any provision of this Agreement is deemed unenforceable under applicable law by a court having jurisdiction, the provision will be unenforceable only to the extent necessary to make it enforceable without invalidating the remainder thereof or any of the remaining provisions of this Agreement.

13. NOTICE. All written communications to parties required hereunder must be in writing and (a) delivered in person, (b) mailed by registered or certified mail, return receipt requested, (such mailed notice to be effective 4 days after the date it is mailed) or (c) sent by facsimile transmission, with confirmation sent by way of one of the above methods, to the party at the address given below for the party (or to any other address as the party designates in a writing complying with this Section, delivered to the other party):

If to the Corporation:

Computer Task Group, Incorporated
800 Delaware Avenue
Buffalo, New York 14209

Attention: General Counsel
Telephone: 716-882-8000
Telecopier: 716-887-7370

with a copy to:

Hodgson, Russ, Andrews, Woods & Goodyear, LLP One M&T Plaza, Suite 2000 Buffalo, New York 14203

Attention: Dianne Bennett, Esq. and Ward B. Hinkle, Esq.
Telephone: 716-856-4000
Telecopier: 716-849-0349

If to the Executive:

James R. Boldt
142 Audubon Drive
Amherst, New York 14226
Telephone: 716-839-0907

14. MISCELLANEOUS. This Agreement (a) may not be amended, modified or terminated orally or by any course of conduct pursued by the Corporation or the Executive, but may be amended, modified or terminated only by a written agreement duly executed by the Corporation and the Executive, (b) is binding upon and inures to the benefit of the Corporation and the Executive and each of their respective heirs, representatives, successors and assignees, except that the Executive may not assign any of his rights or obligations pursuant to this Agreement, (c) except as otherwise specifically provided in this Agreement, constitutes the entire agreement between the Corporation and the Executive with respect to the subject matter of this Agreement, and supersedes all oral and written proposals, representations, understandings and agreements previously made or existing with respect to such subject matter, including that certain employment agreement dated October 17, 2000 and any similar agreements, and (d) will be governed by, and interpreted and construed in accordance with, the laws of the State of New York, without regard to principles of conflicts of law.

15 TERM.

(a) Except as provided in (b), this Agreement will not be terminated earlier than 36 months after its Effective Date. The Agreement will be extended automatically for additional 12-month periods unless one party notifies the other prior to the beginning of the successive 36 month period that it is terminating the Agreement. The intention of the preceding sentence is that if a party does not give notice, at least 36 months remain in the Agreement.

(b) This Agreement will terminate when the Corporation has made the last payment provided for under it, including without limitation, any payments payable at any time under Sections 9 and 10.

However, the obligations under Section 3(d) will survive any termination and will remain in full force and effect for the period specified.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first above written.

CORPORATION:

By

Name: Randolph A. Marks

Title: Chairman of the Board of Directors

EXECUTIVE:

James R. Boldt

EXHIBIT 10 (p)

EMPLOYMENT AGREEMENT

THIS AGREEMENT, effective as of July 16, 2001 is between Computer Task Group, Incorporated, a New York corporation with its executive offices at 800 Delaware Avenue, Buffalo, New York 14209 (the "Corporation"), and James R. Boldt, an individual residing at 142 Audubon Drive, Amherst, New York 14226 (the "Executive").

RECITALS:

WHEREAS, the Executive will be employed as the President and Chief Executive Officer of the Corporation; and

WHEREAS, the Corporation and the Executive desire to set forth the terms upon which the Executive will be employed by the Corporation.

NOW, THEREFORE, in consideration of the promises and of the covenants contained in this Agreement, the Corporation and the Executive agree as follows:

1. DEFINITIONS. The following definitions apply for purposes of this Agreement.

(a) "Board of Directors" or "Board" means the Board of Directors of the Corporation.

(b) "Cause" means a finding by the Board of Directors that any of following conditions exist:

(i) The Executive's willful and continued failure to substantially perform his material duties under this Agreement (other than as a result of his Disability) if such failure is not substantially cured within 15 days after written notice is provided to the Executive.

(ii) The Executive's willful breach in a substantive and material manner of his fiduciary duty or duty of loyalty to the Corporation which is injurious to the financial condition in more than a de minimus manner or the business reputation of the Corporation.

(iii) The Executive's indictment for a felony offense under the laws of the United States or any state thereof (other than for a violation of motor or vehicular laws).

(iv) Material breach by the Executive of any restrictive covenant contained in Sections 10 and 11 of this Agreement.

For purposes of this definition, no act or failure to act will be deemed "willful" unless effected by the Executive not in good faith and without a reasonable belief that his action or failure to act was in or not opposed to the Corporation's best interests.

(c) "Code" means the Internal Revenue Code of 1986, as amended.

(d) "Corporation" means Computer Task Group, Incorporated.

(e) "Disability" means a disability that has existed for a period of 6 consecutive months and because of which the Executive is physically or mentally unable to substantially perform his regular duties as President or Chief Executive Officer of the Corporation, as the case may be.

(f) "Effective Date" means July 16, 2001.

(g) "Good Reason" means:

(i) There has been a material diminution in the Executive's responsibilities, duties, title, reporting responsibilities within the business organization, status, role or authority which is not restored within 15 days after written notice is provided to the Corporation.

(ii) Removal from, or failure to re-elect, the Executive to the position of President or Chief Executive Officer.

(iii) A material breach by the Corporation of any of the material terms of this Agreement if such breach is not substantially cured within 15 days after written notice is provided to the Corporation.

2. **EMPLOYMENT; DUTIES.** Subject to the terms and conditions set forth in this Agreement, the Corporation hereby agrees to employ the Executive, and the Executive hereby will assume the positions of President and Chief Executive Officer of the Corporation, in full charge of the operation of its business and affairs, subject to the provisions of the by-laws of the Corporation in respect of the duties and responsibilities assigned from time to time by the Board of Directors to the President and Chief Executive Officer, and subject also at all times to the control of the Board of Directors. Subject to the yearly election by the Board of Directors in the exercise of its judgment, it is contemplated that the Executive will continue to be elected to the positions of President and Chief Executive Officer. The Executive will perform those duties and discharge those responsibilities as are commensurate with his position, and as the Board of Directors may from time to time reasonably direct, that are commensurate with his position. The Executive agrees to perform his duties and discharge his responsibilities in a faithful manner and to the best of his ability and to use all reasonable efforts to promote the interests of the Corporation. The Executive may not accept other gainful employment except with the prior consent of the Board of Directors of the Corporation. With the prior consent of the Board of Directors of the Corporation, the Executive may become a director, trustee or other fiduciary of other corporations, trusts or entities. Notwithstanding the foregoing, the Executive may manage his passive investments and be involved in charitable, civic and religious interests so long as they do not materially interfere with the performance of the Executive's duties hereunder.

3. **COMPENSATION.**

(a) During the term of the Executive's employment under this Agreement, the Executive will receive a base salary at the rate of Four Hundred Thousand (\$400,000.00) Dollars per year, payable in equal bi-weekly installments. On an annual basis, the Compensation Committee of the Board of Directors will, in good faith, review the base salary of the Executive to consider appropriate increases (but not decreases) in the base

salary. If the Executive dies during the period of time of his service under this Agreement, service for any part of the month of his death will be considered service for the entire month.

(b) During the term of the Executive's employment under this Agreement, the Executive will be eligible to receive an annual cash incentive from the Corporation as determined by the Board of Directors. The annual cash incentive plan for 2001 is attached hereto as Exhibit 3(b). Notwithstanding anything herein to the contrary, the Executive is hereby guaranteed to receive a minimum cash incentive of \$50,000 for the year 2001.

(c) As of the Effective Date, the Executive shall receive 400,000 stock options with respect to the Corporation's common stock. The price of the options will be the closing share price of the Corporation's common stock, as reported by the New York Stock Exchange, as of the Effective Date or if there is no closing price for that date, then on the next business day on which such closing price is reported. The options will vest in accordance with the vesting schedule set forth in Exhibit 3(c).

(d) The Corporation will deduct or withhold from all salary and incentive payments, and from all other payments made to the Executive pursuant to this Agreement, all amounts that may be required to be deducted or withheld under any applicable Social Security contribution, income tax withholding or other similar law now in effect or that may become effective during the term of this Agreement.

4. OTHER BENEFITS AND TERMS. During the term of the Executive's employment under this Agreement, the Executive will be entitled to the following additional benefits:

(a) The Executive will be entitled to participate in, the Corporation's health and medical benefit plans, any pension, profit sharing and retirement plans, and any insurance policies or programs from time to time generally offered to all or substantially all executive employees who are employed by the Corporation. These plans, policies and programs are subject to change at the sole discretion of the Corporation.

(b) The Executive will also receive the following:

(i) Life insurance benefits will be provided at an amount not less than three times base salary (subject to a physical examination);

(ii) Disability insurance in an amount equal to two-thirds anticipated total annual cash compensation;

(iii) Executive Supplemental Medical Plan which will provide up to \$10,000.00 per year in supplemental medical and dental coverage for items not covered under other CTG medical and dental plans or HMOs (but not including voluntary cosmetic surgery);

(iv) Travel insurance with aggregate coverage inclusive of the insurance provided under the Corporation's American Express card program, in an amount equal to four times base compensation;

(v) Reimbursement of up to \$4,000.00 per year for personal tax advice;

(vi) Participation in the Corporation's Deferred Compensation Plan subject to the contribution rates as determined by the Compensation Committee; and

(vii) Annual luncheon club dues.

5. VACATIONS. The Executive will be entitled to five weeks of paid vacation and nine paid holidays each year. Unused vacation in any year may not be carried over to subsequent years.

6. REIMBURSEMENT FOR EXPENSES. The Corporation will reimburse the Executive in accordance with its expense reimbursement policy for expenses that the Executive may from time to time reasonably incur on behalf of the Corporation in the performance of his responsibilities and duties.

7. PERIOD OF EMPLOYMENT . Subject to the provisions of this Section, the period of employment of the Executive under this Agreement will begin on the Effective Date and shall continue until either party provides 60 days prior written notice to the other party that it desires to terminate the Executive's employment.

Notwithstanding the foregoing:

(a) The Executive's employment will automatically terminate if the Corporation believes it has Cause, the Executive believes he has Good Reason or upon the death or Disability of the Executive.

(b) In the event the Executive's employment is terminated for any reason, the Executive shall resign on the date of such termination of employment from any and all positions he may have as a director of the Corporation and its subsidiary corporations. The Executive understands and agrees that the Corporation shall be entitled to have such equitable relief, including the right to specific performance, to enforce the provisions of this paragraph. Any notice of termination of employment given by a party must specify the particular termination provision of this Agreement relied upon by the party and must set forth in reasonable detail the facts and circumstances that provide a basis for the termination.

8. INDEMNIFICATION. The Corporation agrees that if the Executive is made a party, or is threatened to be made a party, to any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "Proceeding"), by reason of the fact that he is or was a director, officer or employee of the

Corporation or is or was serving at the request of the Corporation as a director, officer, member, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether or not the basis of such Proceeding is the Executive's alleged action in an official capacity while serving as a director, officer, member, employee or agent, the Executive shall be indemnified and held harmless by the Corporation to the fullest extent legally permitted or authorized by the Corporation's certificate of incorporation or bylaws or resolutions of the Corporation's Board of Directors or, if greater, by the laws of the State of New York, against all cost, expense, liability and loss (including, without limitation, attorney's fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by the Executive in connection therewith, and such indemnification shall continue as to the Executive's heirs, executors and administrators. The Corporation also agrees that if the Executive is made a party, or is threatened to be made a party, to any action, suit or proceeding by reason of the termination of his employment with his prior employer or his accepting employment with the Corporation, he shall be indemnified and held harmless by the Corporation against all cost, expense, liability and loss (including attorney's fees) reasonably incurred or suffered by the Executive in connection therewith.

9. **BENEFITS UPON TERMINATION.** The Corporation will provide the following benefits upon the termination of the Executive's employment with the Corporation.

(a) **UPON TERMINATION BY THE CORPORATION OTHER THAN FOR CAUSE OR BY THE EXECUTIVE WITH GOOD REASON.** Upon the Executive's termination of his employment for Good Reason or the Corporation's termination of the Executive's employment for other than Cause, the Corporation will provide, in exchange for the Executive signing a mutually acceptable release agreement, the following:

(i) **SALARY AND MEDICAL BENEFITS.** The Executive will receive his full salary and fringe benefits through the effective date of termination together with any unpaid incentive for a prior period that is then due and owing to the Executive. Commencing with the day after the effective date of termination and for one year thereafter (the "Post-Termination Period"), the Executive will receive an amount equal to the average of the "annual total compensation" paid to the Executive in the prior three years (which shall include the current year) or lesser period of time if applicable. Such amount shall be paid in 26 consecutive bi-weekly installments in accordance with the Corporation's payroll period. For purposes of this paragraph 9, the term "annual total compensation" shall mean only the base cash compensation paid to the Executive only in his capacity as President and Chief Executive Officer in bi-weekly amounts plus any cash incentive compensation actually paid to the Executive during such three year period. Such term shall not include any other form of compensation or benefit paid or provided to the Executive. During the Post-Termination Period, the Executive shall continue to receive medical and dental benefits pursuant to such plans as are in effect on the date of termination of employment.

(ii) **ACCRUED VACATION.** The Executive will receive payment for accrued but unused vacation, which payment will be equitably prorated based on the period of active employment for that portion of the fiscal year in which the Executive's termination of employment becomes effective. Payment for accrued but unused vacation will be payable in one lump sum in the next payroll period following the date of termination of employment.

(b) **UPON TERMINATION BY THE EXECUTIVE ABSENT GOOD REASON OR BY THE CORPORATION FOR CAUSE.** Upon the Executive's termination of employment absent Good Reason or by the Corporation for Cause, the Corporation will provide the following:

(i) SALARY. The Executive will receive only his bi-weekly salary and fringe benefits through the effective date of termination together with any unpaid incentive for a prior period that is then due and owing to the Executive.

(ii) ACCRUED VACATION. The Executive will receive payment for accrued but unused vacation, which payment will be equitably prorated based on the period of active employment for that portion of the fiscal year in which the Executive's termination of employment becomes effective. Payment for accrued but unused vacation will be payable in one lump sum in the next payroll period following the date of termination of employment.

(c) UPON TERMINATION FOR DEATH OR DISABILITY. Upon termination of the Executive's employment because of Disability, the Corporation will provide the amounts provided for in paragraph 9(a) above.

(d) UPON TERMINATION FOLLOWING A CHANGE IN CONTROL. Upon the Executive's termination of employment by the Corporation without cause or the Employee's termination with good reason which, in either case, occurs in contemplation of or following a change in control, the Corporation will provide the Executive compensation and benefits under any change in control agreement entered into with the Executive.

(e) DETERMINATION OF DISABILITY. Any question as to the existence of a physical or mental condition which would give rise to the Disability of the Executive upon which the Executive and the Corporation cannot agree will be determined by a qualified independent physician selected by the Executive and reasonably acceptable to the Corporation (or, if the Executive is unable to make a selection, the selection of the physician will be made by any adult member of his immediate family). The physician's written determination to the Corporation and to the Executive will be final and conclusive for all purposes of this Agreement.

(f) CONTINUATION OF HEALTHCARE COVERAGE. For purposes of COBRA continuation healthcare coverage, the "qualifying event" will be deemed to have occurred on the effective date of termination of the Executive's employment.

10. CONFIDENTIALITY\ASSIGNMENT OF RIGHTS. During the course of his employment, the Executive will have access to confidential information relating to the lines of business of the Corporation, its trade secrets, marketing techniques, technical and cost data, information concerning customers and suppliers, information relating to product lines, and other valuable and confidential information relating to the business operations of the Corporation not generally available to the public (the "Confidential Information"). The parties hereby acknowledge that any unauthorized disclosure or misuse of the Confidential Information could cause irreparable damage to the Corporation. The parties also agree that covenants by the Executive not to make unauthorized use or disclosures of the Confidential Information are essential to the growth and stability of the business of the Corporation. Accordingly, the Executive agrees to the confidentiality covenants set forth in this Section.

The Executive agrees that, except as required by his duties with the Corporation or as authorized by the Corporation in writing, he will not use or disclose to anyone at any time, regardless of whether before or after the Executive ceases to be employed by the Corporation, any of the Confidential Information obtained by him in the course of his employment with the Corporation. The Executive shall not be deemed to have violated this Section 10 by disclosure of Confidential Information that at the time of disclosure (a) is publicly available or becomes publicly available through no act or omission of the Executive, or (b) is disclosed as required by court order or as otherwise

required by law, on the condition that notice of the requirement for such disclosure is given to the Corporation prior to make any disclosure.

The Executive agrees that since irreparable damage could result from his breach of the covenants in this Section, in addition to any and all other remedies available to the Corporation, the Corporation will have the remedies of a restraining order, injunction or other equitable relief to enforce the provisions thereof. The Executive consents to jurisdiction in Erie County, New York on the date of the commencement of any action for purposes of any claims under this Section. In addition, the Executive agrees that the issues in any action brought under this Section will be limited to claims under this Section, and all other claims or counterclaims under other provisions of this Agreement will be excluded.

The Executive hereby sells, assigns and transfers to the Corporation all of his right, title and interest in and to all inventions, discoveries, improvements and copyrightable subject matter (the "rights") which during the term of the Executive's employment are made or conceived by him, alone or with others and which are within or arise out of any general field of the Corporation's business or arise out of any work he performs or information he receives regarding the business of the Corporation while employed by the Corporation. The Executive shall fully disclose to the Corporation as promptly as available all information known or possessed by him concerning the rights referred to in the preceding sentence, and upon request by the Corporation and without any further remuneration in any form to him by the Corporation, but at the expense of the Corporation, execute all applications for patents and for copyright registration, assignments thereof and other instruments and do all things which the Corporation may deem necessary to vest and maintain in it the entire right, title and interest in and to all such rights.

11. NON-COMPETITION. In consideration of the compensation and other benefits to be paid to the Executive under and in connection with this Agreement, the Executive agrees that, beginning on the Effective Date of this Agreement and continuing until the Covenant Expiration Date (as defined in Subsection (b) below), he will not, directly or indirectly, for his own account or as agent, employee, officer, director, trustee, consultant, partner, stockholder or equity owner of any corporation or any other entity (except that he may passively own securities constituting less than 1% of any class of securities of a public company), or member of any firm or otherwise, (i) engage or attempt to engage, in the Restricted Territory (as defined in Subsection (d) below), in any business activity which is directly or indirectly competitive with the business conducted by the Corporation or any Affiliate at the Reference Date (as defined in Subsection (c) below), (ii) employ or solicit the employment of any person who is employed by the Corporation or any Affiliate at the Reference Date or at any time during the six-month period preceding the Reference Date, except that the Executive will be free to employ or solicit the employment of any such person whose employment with the Corporation or any Affiliate has terminated for any reason (without any interference from the Executive) and who has not been employed by the Corporation or any Affiliate for at least 6 months, (iii) canvass or solicit business in competition with any business conducted by the Corporation or any Affiliate at the Reference Date from any person or entity who during the six-month period preceding the Reference Date was a customer of the Corporation or any Affiliate or from any person or entity which the Executive has reason to believe might in the future become a customer of the Corporation or any Affiliate as a result of marketing efforts, contacts or other facts and circumstances of which the Executive is aware, (iv) willfully dissuade or discourage any person or entity from using, employing or conducting business with the Corporation or any Affiliate or (v) intentionally disrupt or interfere with, or seek to disrupt or interfere with, the business or contractual relationship between the Corporation or any Affiliate and any supplier who during the six-month period preceding the Reference Date shall have supplied components, materials or services to the Corporation or any Affiliate.

Notwithstanding the foregoing, the restrictions imposed by this Section shall not in any manner be construed to prohibit, directly or indirectly, the Executive from serving as an employee or consultant of the Corporation or any Affiliate.

For purposes of this Agreement, the following terms have the meanings given to them below:

- a. "AFFILIATE" means any joint venture, partnership or subsidiary now or hereafter directly or indirectly owned or controlled by the Corporation. For purposes of clarification, an entity shall not be deemed to be indirectly or directly owned or controlled by the Corporation solely by reason of the ownership or control of such entity by shareholders of the Corporation.
- b. "COVENANT EXPIRATION DATE" means the date which is one (1) year after the Termination Date (as defined in this Section).
- c. "REFERENCE DATE" means (A) for purposes of applying the covenants set forth in this Section at any time prior to the Termination Date, the then current date, or (B) for purposes of applying the covenants set forth in this Section at any time on or after the Termination Date, the Termination Date.
- d. "RESTRICTED TERRITORY" means anywhere in the world where the Corporation or any Affiliate conducts or plans to conduct the Business or any other business activity, as the case may be, at the Reference Date.
- e. "TERMINATION DATE" means the date of termination of the Executive's employment with the Corporation; PROVIDED, HOWEVER, that the Executive's employment will not be deemed to have terminated so long as the Executive continues to be employed or engaged as an employee or consultant of the Corporation or any Affiliate, even if such employment or engagement continues after the expiration of the term of this Agreement, whether pursuant to this Agreement or otherwise.

12. SUCCESSORS. This Agreement is personal to the Executive and may not be assigned by the Executive other than by will or the laws of descent and distribution. This Agreement will inure to the benefit of and be enforceable by the Executive's legal representatives or successors in interest. Notwithstanding any other provision of this Agreement, the Executive may designate a successor or successors in interest to receive any amounts due under this Agreement after the Executive's death. If he has not designated a successor in interest, payment of benefits under this Agreement will be made to his wife, if surviving, and if not surviving, to his estate. A designation of a successor in interest must be made in writing, signed by the Executive, and delivered to the Employer pursuant to Section 16. Except as otherwise provided in this Agreement, if the Executive has not designated a successor in interest, payment of benefits under this Agreement will be made to the Executive's estate. This Section will not supersede any designation of beneficiary or successor in interest made by the Executive or provided for under any other plan, practice, or program of the Employer.

This Agreement will inure to the benefit of and be binding upon the Corporation and its successors and assigns. The Corporation will require any successor (whether direct or indirect, by acquisition

of assets, merger, consolidation or otherwise) to all or substantially all of the operations or assets of the Corporation or any successor and without regard to the form of transaction used to acquire the operations or assets of the Corporation, to assume and agree to perform this Agreement in the same manner and to the same extent that the Corporation would be required to perform it if no succession had taken place. As used in this Agreement, "Corporation" means the Corporation and any successor to its operations or assets as set forth in this Section that is required by this clause to assume and agree to perform this Agreement or that otherwise assumes and agrees to perform this Agreement.

13. **FAILURE, DELAY OR WAIVER.** No course of action or failure to act by the Corporation or the Executive will constitute a waiver by the party of any right or remedy under this Agreement, and no waiver by either party of any right or remedy under this Agreement will be effective unless made in writing.

14. **SEVERABILITY.** Whenever possible, each provision of this Agreement will be interpreted in such a manner as to be enforceable under applicable law. However, if any provision of this Agreement is deemed unenforceable under applicable law by a court having jurisdiction, the provision will be unenforceable only to the extent necessary to make it enforceable without invalidating the remainder thereof or any of the remaining provisions of this Agreement.

15. **NOTICE.** All written communications to parties required hereunder must be in writing and (a) delivered in person, (b) mailed by registered or certified mail, return receipt requested, (such mailed notice to be effective 4 days after the date it is mailed) or (c) sent by facsimile transmission, with confirmation sent by way of one of the above methods, to the party at the address given below for the party (or to any other address as the party designates in a writing complying with this Section, delivered to the other party):

If to the Corporation:

Computer Task Group, Incorporated
800 Delaware Avenue
Buffalo, New York 14209
Attention: General Counsel
Telephone: 716-882-8000
Telecopier: 716-887-7370

If to the Executive:

James R. Boldt
142 Audubon Drive
Amherst, New York 14226
Telephone: 716-839-0907

16. **MISCELLANEOUS.** This Agreement may not be amended, modified or terminated orally or by any course of conduct pursued by the Corporation or the Executive, but may be amended, modified or terminated only by a written agreement duly executed by the Corporation and the Executive and is binding upon and inures to the benefit of the Corporation and the Executive and each of their respective heirs, representatives, successors and assignees, except that the Executive may not assign any of his rights or obligations pursuant to this

Agreement. Except as otherwise provided in this Agreement, this Agreement constitutes the entire agreement between the Corporation and the Executive with respect to the subject matter of this Agreement, and supersedes all oral and written proposals, representations, understandings and agreements previously made or existing with respect to such subject matter.

17. **TERMINATION OF THIS AGREEMENT.** This Agreement will terminate when the Corporation has made the last payment provided for hereunder; provided, however, that the obligations set forth under Sections 8, 9, 10 and 11 of this Agreement will survive any termination and will remain in full force and effect.

18. **MULTIPLE COUNTERPARTS.** This Agreement may be executed in one or more counter parts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Any party may execute this Agreement by facsimile signature and the other party shall be entitled to rely on such facsimile signature as evidence that this Agreement has been duly executed by such party. Any party executing this Agreement by facsimile signature shall immediately forward to the other party an original page by overnight mail.

19. **GOVERNING LAW.** This Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of New York without reference to principles of conflict of laws.

20. **REPRESENTATION BY EXECUTIVE.** The Executive represents to the Corporation that he is not subject to any agreement between him and any other person, firm or organization that prevents or restricts in any way his ability to provide services to the Corporation pursuant to this Agreement or that would otherwise be violated by the performance of his obligations under this Agreement. The Executive understands and agrees that a breach of this representation shall be considered to be a material breach of this Agreement and shall be grounds for immediate termination of employment and shall be treated in the same manner as termination for Cause.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first above written.

Computer Task Group, Incorporated

Executive

By:

By:

 Randolph A. Marks
 Chairman

 James R. Boldt

EXHIBIT 3(b)

INCENTIVE

Incentive: Targeted incentive @100% of plan = \$300,000

BASE	TARGET % OF PLAN	% OF BASE	TOTAL INCENTIVE	TOTAL COMPENSATION
\$400,000	@75%	50%	\$200,000	\$600,000
\$400,000	@100%	75%	\$300,000	\$700,000
\$400,000	@125%	100%	\$400,000	\$800,000

 Guaranteed Total Incentive Compensation of \$50,000 for year 2001

 Incentive target will be based on a combination of revenue and EPS, or other business critical values the Compensation Committee may determine

EXHIBIT 3(c)

STOCK OPTIONS

200,000 shares	@ market at Effective Date - vesting 25% per year
100,000 shares	@ market at Effective Date - effective when stock is above \$12 for 30 days; minimum time from date of employment one year - vesting 25%/year over four years
100,000 shares	@ market at Effective Date - effective when stock is above \$18 for 30 days; minimum time from date of employment two years - vesting 25%/year over four years
Above will cover 2001's options. Subsequent grants may be made at the discretion of Compensation Committee	

EXHIBIT 11

COMPUTER TASK GROUP, INCORPORATED

**COMPUTATION OF DILUTED EARNINGS PER SHARE
UNDER TREASURY STOCK METHOD SET FORTH IN
STATEMENT OF FINANCIAL ACCOUNTING STANDARDS NO. 128 "EARNINGS PER SHARE"**

(amounts in thousands, except per share data)

YEAR ENDED DECEMBER 31:

	2001 ----	2000 ----	1999 ----	1998 ----	1997* -----
Weighted-average number of shares outstanding during year	16,435	16,187	16,401	16,216	16,758
Common Stock equivalents - incremental shares under stock option plans ...	-	-	279	697	857
	-----	-----	-----	-----	-----
Number of shares on which diluted earnings per share is based	16,435	16,187	16,680	16,913	17,615
Net income (loss) for the year	\$ (2,202)	\$ (5,661)	\$ 16,701	\$ 24,045	\$ 17,862
Diluted earnings (loss) per share	\$ (0.13)	\$ (0.35)	\$ 1.00	\$ 1.42	\$ 1.01
Basic earnings (loss) per share	\$ (0.13)	\$ (0.35)	\$ 1.02	\$ 1.48	\$ 1.07

* Restated to reflect a 2-for-1 stock split effective June 2, 1997.

EXHIBIT 13

COMPANY PROFILE

In 2002, CTG began our 37th year of delivering information technology (IT) services that provide real business value to our customers. Our fully integrated array of staffing, application management outsourcing, and industry-focused IT solutions is backed by a time-tested suite of formal methodologies, a proprietary database of best practices, and an international network of strategic alliances and partnerships. Our 3,200 business and IT experts, based in nearly 50 offices throughout North America and Europe, help our clients use IT to achieve their business objectives.

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Mission

CTG's mission is to provide IT services and solutions that add real business value to our customers while creating professional opportunities for our employees and value for our shareholders.

Vision

CTG's vision is to be recognized as a leading provider of value-added IT services and solutions in our selected markets.

Statements included in this document that do not relate to present or historical conditions are "forward-looking statements" within the meaning of that term in

Section 27A of the Securities Act of 1933, as amended, and Section 21F of the Securities Exchange Act of 1934, as amended. Additional oral or written forward-looking statements may be made by the Company from time to time, and such statements may be included in documents that are filed with the Securities and Exchange Commission. Such forward-looking statements involve risks and uncertainties that could cause results or outcomes to differ materially from those expressed in such forward-looking statements. Forward-looking statements may include, without limitation, statements relating to the Company's plans, strategies, objectives, expectations, and intentions and are intended to be made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Words such as "believes," "forecasts," "intends," "possible," "expects," "estimates," "anticipates," or "plans" and similar expressions are intended to identify forward-looking statements. Among the important factors on which such statements are based are assumptions concerning the anticipated growth of the information technology industry, the continued need of current and prospective customers for the Company's services, the availability of qualified professional staff, and price and wage inflation.

Dear Fellow Shareholder:

There is no doubt that 2001 was one of the most challenging times in CTG's 36-year history. Since I was appointed president and CEO in mid-2001, our priority has been to implement a business strategy that capitalizes on CTG's greatest strengths. Our efforts also included realigning costs with current revenues, tightening our control of expenses, and solidifying our management team. With the support of CTG's capable and dedicated team, we have made real progress in this effort.

During 2001, we refined CTG's strategic direction to further emphasize our core competencies. We are focusing on those areas of the business that have been most successful for CTG, concentrating on markets where we already have a sizable position. While we are prepared to respond to market opportunities, we are not inclined to chase trends or to try to be all things to all people. Our business focus for the foreseeable future will be on CTG's current core service offerings: IT staffing, application management outsourcing, and IT solutions. We will also explore expanding our support of selected vertical markets.

Looking first at staffing, we have a renewed focus on this offering. Staffing is CTG's historic strength and our largest revenue contributor, an indicator of our strength in supplying clients with IT talent. CTG excels in staffing because of our recruiting engine and methodology, client relationships, and strong record and reputation for delivering to customer requirements.

While aggregate demand for external staffing did decline in 2001 in both North America and Europe as a result of the global economic downturn, staffing is still a solid business that is not going away. Staffing is a very large market--\$25 billion annually in the U.S. alone--and it is projected to grow, not at the 30% rate of the late '90s, but by up to 11% by 2004 (source: Gartner). The aggregate market for external staffing in western Europe will depend largely on how quickly the U.S. recovers economically. It is expected that the European growth rates will be similar or slightly lower than the U.S. rates. In markets of this size, staffing still represents a significant growth opportunity for CTG in both the U.S. and Europe. Additionally, staffing historically has been among the first industry groups to recover in an economic upturn, as companies are typically reluctant to increase permanent payroll coming out of a recession.

For CTG, a major benefit of our staffing offering is that it is a proven door-opener to expanding business and relationships. Of CTG's 50 largest customers, 37 began with a staffing relationship. As we shift to a more growth-focused approach to staffing than CTG has taken in recent years, our strategy is to reconnect with a broader range of clients of all sizes, while also looking to develop additional large procurement clients similar to our IBM staffing model. In the longer term, developing more IBM-type relationships has the potential to significantly accelerate CTG's revenue growth.

Application management outsourcing (AMO) is another offering where CTG has a very solid base and there is significant market opportunity. Market demand for AMO services is expected to have a compound annual growth rate (CAGR) of 12% from 2001 to 2005 (source: Gartner) as companies seek ways to reduce costs and as applications such as SAP evolve as legacy systems, which are prime candidates for outsourcing. CTG is an excellent outsourcing partner because of our depth of experience as well as our proprietary AMO process and tools, which formalize knowledge transfer and provider effectiveness. We have a continuous focus on quality, evidenced by our company-wide certification to ISO 9001.

From a financial perspective, an advantage of AMO is that it typically involves large, multi-year contracts that provide a strong, recurring revenue stream. The bulk of staff supporting AMO engagements comes directly from clients that are outsourcing applications, enabling us to expand our consulting organization on a certain stream of revenues, which is significantly less costly than building staff to support pursuit of a market opportunity.

Beginning in the second half of 2001, we shifted more sales and marketing resources to the AMO business and now have an expanding proposal pipeline. AMO projects, however, typically have a longer sales cycle than the rest of the work we pursue, with the time from discovering the initial opportunity to contract sometimes taking up to a year.

Currently the majority of CTG's IT solutions or development and integration work performed by the IT solutions group in North America and Europe occurs on a regional basis, supported by CTG consultants serving existing clients in various geographic markets. In both North America and Europe, existing client relationships have provided opportunities for development and integration work, because over time, we gain deep knowledge of a client's business and organization, and these projects are typically tied to the inner workings of the client's business and systems.

In 2002, we will continue to focus our development and integration efforts on providing IT solutions for customers we already serve where we can bring the highest added value. This approach to IT solutions is consistent with the current market environment and our strategy of concentrating our investments in areas where we will see positive results.

We have been successful in developing long-time relationships with customers across a variety of industries, including retail, oil and gas, process manufacturing, consumer packaged goods, financial services, and, most notably, healthcare. Our ability to develop vertical market expertise provided the foundation for our healthcare IT offering and also reflects our approach to solutions work in several European markets.

We support the healthcare industry on a company-wide basis, offering our full line of staffing, AMO, and solutions services primarily through our CTG HealthCare Solutions™ practice. The market for healthcare IT is gaining strength after several difficult years, as reflected in a double-digit percentage increase in CTG's 2001 healthcare practice revenues. In the healthcare sector, demand in 2001 increased for both project work and AMO work. In 2002, we expect to see an increase in healthcare organizations preparing for compliance with the Health Insurance Portability and Accountability Act (HIPAA), which sets stringent standardization for healthcare EDI and mandates strict guidelines for security of healthcare data and patient privacy.

Compliance with these federal mandates will transform many core processes and systems within the healthcare industry. Timeframes for compliance with the initial requirements are within the next two to three years and, as refinements to the regulations are promulgated, will span the next 10 years. As such, HIPAA represents a significant, long-term opportunity for CTG, and we will aggressively accelerate our HIPAA offerings in both the provider and payer markets.

We are positioned to capitalize on increasing market opportunity for healthcare IT because:

- IT expertise specific to healthcare is an important competitive differentiator given that healthcare is a unique business model.
- Strong, proven methodologies and capabilities and significant references further enhance the competitive position of CTG.
- With over 200 consultants dedicated exclusively to healthcare IT, CTG has the consulting power to serve a significant volume of work, and our focus on healthcare IT increases our ability to attract new healthcare IT consultants.

Healthcare has proven to be an excellent vertical market for CTG. Over the next few years, we plan to selectively explore taking a similar approach to additional vertical markets where we have significant expertise and experience and can build a strong service offering through internal growth. We began our vertical initiatives for 2002 with the fourth quarter 2001 launch of CTG Retail Solutions™, followed by the group's first win in early 2002, a sales/promotion portal website development project for WineISIT.com. WineISIT is a national marketing and information company for wine, spirit, and beer brand owners and retailers in the U.S. CTG Retail Solutions will work with WineISIT to develop a system that will help it to enhance and grow store traffic and store loyalty, and increase market share, while building brand awareness for its customers.

Concurrent with the refocusing of our business on CTG's core competencies, we made the difficult, but necessary, decision to further adjust CTG's cost structure to reflect recent revenues and the realities of the current business and economic environment. By not delaying this action and by implementing greater controls over CTG's selling, general, and administrative (SG&A) spending, we significantly enhanced our ability to manage through the further downturn in the economy later in the year while better positioning CTG for the long term.

We stabilized CTG's financial results in the 2001 second half to achieve a bottom line slightly above break-even, and from the first quarter to the fourth quarter of the year, we reduced SG&A expenses by 25%, exceeding the nearly 15% decline in sales during that period. These results reflect our focus in the present economic environment to manage the company to a modest profit based on current revenue levels while maintaining the flexibility to grow once the economy rebounds. This balanced and conservative response will help us maintain market position and enable us to respond to market opportunity in 2002.

Overall, 2001 was the second of two very difficult years for the economy, the information technology services sector, and CTG, and that is again reflected in our annual financial results. CTG reported a net loss for 2001 of \$2.2 million, or \$0.11 cash income per diluted share and a \$0.13 net loss per diluted share, on revenues of \$312.1 million, compared to a net loss for 2000 of \$5.7 million, or a \$0.04 cash loss per diluted share and a \$0.35 net loss per diluted share, on revenues of \$345.7 million in 2000.

While CTG's financial performance in 2001 was disappointing, we narrowed our loss from last year and reported modest profitability in the second half of 2001. Our 2001 financial results should also be considered in the context of the rest of our industry. Throughout 2001, we compared favorably to many competitors who delayed aligning costs to revenues and who lack CTG's broad base of business and clients.

There were also important developments in 2001 that will have a positive effect on CTG's future business and results. We began a significant development and integration relationship with Kaiser Permanente, the nation's largest non-profit HMO, valued at approximately \$15.7 million over two years, and expanded that later in the year with another significant engagement, a \$2 million system upgrade. We also began working with NISH, a national non-profit organization providing employment and training opportunities for people with severe disabilities, who hired us for a three-year, \$4 million AMO contract. And we continued our more than 30-year relationship as a technical services provider to IBM, our largest customer; as well as our nearly 10-year relationship with Frito-Lay, another major CTG client.

In looking ahead to next year, we are implementing our strategy from a solid foundation anchored by:

- A broad base of business and clients supported by significant client relationships with major companies (In 2001, CTG performed work for nearly 570 clients, including more than 100 Fortune 500 companies.)

-- A cost structure in line with recent revenues -- A realistic business plan aligned with our core competencies and current market opportunities
-- A continued focus on quality based on formalized, proprietary methodologies that ensure standardized, repeatable approaches to delivering IT solutions

-- A strong management team with solid business experience and a track record of success at CTG and in the IT services business -- A significant track record of delivering solutions that contribute to our clients' success Despite the current difficult economic and business environment, management and the Board remain confident in CTG's long-term prospects. The strength of CTG's customer relationships and the ability of our delivery organization to consistently deliver IT solutions that meet customer needs will help us protect CTG's current business and capitalize on new opportunities for growth. We continue to have a very strong consulting organization in North America and Europe that is completely committed to helping our clients succeed. The turnaround strategy we are executing for CTG is conservative and opportunistic. We believe this is the right approach in the current market and one that will produce a recovery for CTG as IT services spending and the economy improve.

As president and CEO, I have a strong personal commitment to delivering renewed growth for the benefit of our shareholders. Your continued confidence and support are greatly appreciated as everyone at CTG works to make that happen.

James R. Boldt
President and Chief Executive Officer

Service Offering IT Staffing

CTG recruits, retains, and manages IT talent for our clients. We serve both large organizations with multiple locations and high-volume IT requirements, and companies that need to augment their own staff on a flexible basis. Our recruiters work with customers to define their requirements and develop the most competitive pricing to meet them. Our recruiting engine's pool of 210,000 employees and candidates lets us fill those requirements with the right professionals within 12 to 48 hours. CTG recruiters follow ISO 9001 standards to ensure that the selected specialists not only match technical specifications, but represent a good fit with our clients' corporate cultures.

IBM: A Long and Successful Partnership

A CTG Client Since 1969

For over three decades, CTG and IBM have enjoyed a mutually beneficial relationship. CTG provides technical services ranging from legacy systems support to help desk to e-business development. In the U.S., we're a supplier to all six of IBM's regions. We also provide support to IBM in locations across Canada, as well as in the Netherlands, Belgium, and the UK. Through our global relationship with our customers, CTG has become expert at building pipelines to a qualified pool of candidates, enabling us to respond quickly to high-volume requirements.

Market Update: IT Staffing

The accelerating trend to employ contractors to meet fluctuating IT support needs and align IT talent with current projects is reflected in a recent Gartner study, which found that by 2003, 60% of large companies will use external support for 50% of their IT activities. Fortune 1000 respondents to Gartner's annual "Users Wants and Needs" survey also said they expected to depend more on IT staff augmentation for load leveling and specialized skills in 2002 and 2003, a direction Gartner predicts will continue through 2004 and beyond. The overall IT staff augmentation market--\$25 billion in 2001 and \$27 billion in 2002--is projected to grow to \$38 billion by 2005 at a compound annual growth rate of 10.5% (source: Gartner).

Application Management Outsourcing

CTG has earned national recognition as a top provider of application management and IT outsourcing services. Our capabilities range from the support of single or multiple applications, facilities management, and help desk through a full suite of cost-effective maintenance, enhancement, and systems development and integration solutions. CTG's application management expertise is supported by our proprietary Application Advantage methodology and AssureWare(TM) suite of CTG-developed tools. Our methodologies comply with international ISO 9001 standards to deliver application management excellence through clearly defined processes and procedures and a tight focus on management activities.

Lone Star Steel: The Power of Teamwork

A CTG Client Since 1994

The partnership between CTG and Lone Star Steel is a true success story. Eight years ago, Lone Star, a leading manufacturer of tubular steel products based in Lone Star, Texas, outsourced all its IT functions to CTG, including application maintenance and development, strategic planning, telephony, PC repair, help desk, database administration, and network management. Since 1994, CTG has delivered significant value by helping Lone Star stabilize its IT environment, improve performance to system users, and align IT spending with market fluctuations. The CTG team has become solidly integrated into Lone Star's business and remains committed to strengthening our partnership value. In turn, Lone Star counts on CTG to provide high-quality services so Lone Star management and key staff can focus on initiatives that deliver competitive advantage.

Market Update: Application Management Outsourcing

An ever-increasing number of businesses are discovering that outsourcing helps them achieve their strategic and financial goals by enhancing their ability to keep pace with the latest technology, minimize risk, build partnerships, and broaden their infrastructure and operations reach. Gartner estimates the North American outsourcing market at \$101.6 billion in 2001--an 8% increase over 2000--and predicts that it will grow to \$159.6 billion by 2005 at a compound annual growth rate (CAGR) of 12%. Applications support and maintenance alone is expected to represent 23.2% of North American IT budgets in the upcoming year, while the European market (estimated at \$6 billion in 2002) is projected to expand at a CAGR of 16.7% over the next two years (source: Gartner).

IT Solutions

CTG delivers industry-focused IT solutions in areas such as retail, consumer packaged goods, and process manufacturing. They range from helping clients assess their business needs and identify the right IT solutions to meet them, to the delivery of services that include selection and implementation of packaged software and the design, construction, testing, and integration of new systems. Our state-of-the-art solutions are delivered by skilled technicians supported by a knowledge base regularly updated by our international network of IT specialists.

BP Solar:
Energizing Creativity

A CTG Client Since 1999

CTG and BP Solar, a subsidiary of BP, P.L.C., have been successfully collaborating on global initiatives since 1999. Twenty IT professionals--working remotely out of one of CTG's five Solution Centers--have provided a wide array of services to this international provider of solar electric power solutions. Our projects include an enterprise-wide infrastructure assessment, as well as development, maintenance, and support services that have helped BP Solar to operate more efficiently. CTG has also delivered a variety of e-business services to BP Solar, including development of a global engineering website that streamlines and accelerates the company's design efforts by enabling BP Solar engineers to effectively share specifications, drawings, and other engineering-related information around the globe.

Market Update: IT Solutions

The IT services market is expected to continue recovering from its post-Y2K slowdown during 2002, as enterprises expand the search for cost savings through optimization and extension of IT technology and solution investments. Gartner predicts that new applications development alone will represent approximately 25.1% of companies' overall IT budgets in the upcoming year, and that worldwide development and integration spending will reach \$179 billion. The entire North American IT services market is expected to grow from \$271 billion in 2001 to \$423 billion in 2005 at a compound annual growth rate (CAGR) of 10.4%, with projected aggregate growth rates for IT services from 2002 to 2003 estimated at 9.4% for application development, 13.3% for application integration, and 11.3% for consulting (source: Gartner). The Western European IT services market is forecast to grow from \$149.8 billion in 2001 to \$229.2 billion in 2005 at a CAGR of 11.2% (source: Gartner).

Vertical Market Focus

Healthcare

CTG is further developing its vertical market approach, which combines its core services with in-depth industry expertise. Today, healthcare is CTG's most significant vertical market focus and the business model for expanding into other vertical markets. Our nationally recognized CTG HealthCare Solutions™ group is dedicated to helping healthcare and related organizations achieve their financial and clinical objectives by more effectively using their information systems. Clients rely on us for support in delivering high-quality healthcare in the face of ever-decreasing reimbursements, steadily escalating costs, and the impact of new legislation such as the Health Insurance Portability and Accountability Act (HIPAA). CTG HealthCare Solutions' services are backed by in-depth consulting expertise and proprietary methodologies and processes. They include focused practices in Cerner, McKesson, IDX, Siemens, and MEDITECH products, as well as management consulting, e-security, physician practice management

systems, and systems integration.

State University of New York (SUNY) at Stony Brook: United for Excellence

A CTG Client Since 1997

CTG HealthCare Solutions' longstanding relationship with the hospitals of the State University of New York (SUNY) includes a five-year collaboration with Stony Brook University Hospital (SBUH). Our successful installation of a new SMS INVISION(R) Patient Accounting application--which integrates patient data and accounting functions into one comprehensive system--has resulted in more consistent, accurate, and effective information management throughout SBUH. Currently, CTG HealthCare Solutions is working with the hospital to implement a pilot of Cerner's HNAMTM electronic medical record solution that will give SBUH physicians immediate access to vital clinical information, enhancing patient care and outcomes and supporting clinical research activities.

Market Update: Healthcare

The healthcare industry will increase external IT spending over the next several years owing to a combination of factors that includes the need to comply with provisions of HIPAA, which require standardization of administrative and financial transactions. Compliance deadlines in 2002 and 2003 will affect IT processes and systems of both healthcare payers and providers, and a recent Gartner survey estimates the average cost of compliance at \$13.6 million per payer and \$3 million per provider organization. North American healthcare organizations spent \$44 billion on IT products and services in 2001, a number Gartner projects will grow to \$49 billion in 2002 and \$61 billion by 2004, a compound annual growth rate of 10.5%.

Consolidated Summary - Five-Year Selected Financial Information

Consolidated Summary (amounts in millions, except per share data)	2001	2000	1999	1998	1997
Operating Data					
Revenue	\$ 312.1	\$ 345.7	\$ 472.0	\$ 467.8	\$ 407.6
Operating income (loss)	\$ 0.4	\$ (5.6)*	\$ 30.8**	\$ 39.9	\$ 29.0
Income (loss) before income taxes	\$ (3.3)	\$ (8.7)*	\$ 29.9**	\$ 40.8	\$ 30.3
Net income (loss)	\$ (2.2)	\$ (5.7)*	\$ 16.7**	\$ 24.0	\$ 17.9
Basic net income (loss) per share	\$ (0.13)	\$ (0.35)*	\$ 1.02**	\$ 1.48	\$ 1.07
Diluted net income (loss) per share	\$ (0.13)	\$ (0.35)*	\$ 1.00**	\$ 1.42	\$ 1.01
Cash dividend per share	\$ -	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.05
Financial Position					
Working capital	\$ 20.3	\$ 12.5	\$ 35.2	\$ 74.9	\$ 47.1
Total assets	\$ 149.8	\$ 162.4	\$ 199.2	\$ 156.8	\$ 107.7
Long-term debt	\$ 15.5	\$ 9.7	\$ 31.4	\$ -	\$ -
Shareholders' equity	\$ 86.6	\$ 88.8	\$ 94.9	\$ 83.4	\$ 55.3

* Includes the net expense of a restructuring charge, which increased operating loss and loss before income taxes by \$4.2 million, net loss by \$3.0 million, and basic and diluted net loss per share by \$0.18

** Includes the expense of a non-recurring arbitration award, which lowered operating income and income before income taxes by approximately \$2.5 million, net income by approximately \$1.5 million, and basic and diluted net income per share by \$0.09

Forward-Looking Statements

Statements included in this Management's Discussion and Analysis of Results of Operations and Financial Condition and elsewhere in this document that do not relate to present or historical conditions are "forward-looking statements" within the meaning of that term in Section 27A of the Securities Act of 1933, as amended, and Section 21F of the Securities Exchange Act of 1934, as amended. Additional oral or written forward-looking statements may be made by the Company from time to time, and such statements may be included in documents that are filed with the Securities and Exchange Commission. Such forward-looking statements involve risks and uncertainties that could cause results or outcomes to differ materially from those expressed in such forward-looking statements. Forward-looking statements may include, without limitation, statements relating to the Company's plans, strategies, objectives, expectations, and intentions and are intended to be made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Words such as "believes," "forecasts," "intends," "possible," "expects," "estimates," "anticipates," or "plans" and similar expressions are intended to identify forward-looking statements. Among the important factors on which such statements are based are assumptions concerning the anticipated growth of the information technology (IT) industry, the continued need of current and prospective customers for the Company's services, the availability of qualified professional staff, and price and wage inflation.

Results of Operations

To better understand the financial trends of the Company, the following table sets forth data as contained on the consolidated statements of operations, with the percentage information calculated as a percentage of consolidated revenues.

Year ended December 31, (percentage of revenue)	2001	2000	1999
Revenue	100.0%	100.0%	100.0%
Direct costs	70.6%	70.7%	67.0%
Selling, general, and administrative expenses, less restructuring charge in 2000 and non-recurring charge in 1999	29.3%	29.7%	26.0%
Restructuring/ Non-recurring charge	0.0%	1.2%	0.5%

Operating income (loss)	0.1%	(1.6)%	6.5%
Interest and other expense, net	(1.2)%	(0.9)%	(0.2)%

Income (loss) before income taxes	(1.1)%	(2.5)%	6.3%
Provision (benefit) for income taxes	(0.4)%	(0.9)%	2.8%

Net income (loss)	(0.7)%	(1.6)%	3.5%

2001 as compared to 2000

In 2001, CTG recorded revenue of \$312.1 million, a decrease of 9.7 percent when compared to 2000 revenue of \$345.7 million. North American revenue decreased by \$18.6 million or 6.5 percent during the year, while revenue from European operations decreased by \$15.0 million or 24.4 percent. In 2001, European revenues were 14.9 percent of total Company revenues.

The companywide decrease in revenue in 2001 from 2000 is primarily due to the continued economic slowdown throughout 2001, which negatively affected the purchase of IT services by companies worldwide. Additionally, the year-over-year decline is due to a helpdesk contract in Europe that ended in the second quarter of 2000.

The 2000-to-2001 year-to-year revenue decline rate was slightly impacted by the strengthening of the U.S. dollar as compared to the currencies of the Netherlands, Belgium, the United Kingdom, and Luxembourg, the countries in which the Company's European subsidiaries operate. If there had been no change in these foreign currency exchange rates from 2000 to 2001, total consolidated revenues would have been \$1.8 million higher in 2001, resulting in a year-to-year consolidated revenue decline of 9.2 percent. This additional \$1.8 million increase in

European revenue would have decreased the European revenue decline to 21.5 percent.

In November 2000, the Company signed a contract with IBM for three years as one of IBM's national technical service providers for the United States. This contract covered 93 percent of the total services provided to IBM by the Company in 2001. In 2001, IBM continued to be the Company's largest customer, accounting for \$77.2 million or 24.7 percent of total revenue as compared to \$95.3 million or 27.6 percent of 2000 revenue. Although revenues from IBM have been constrained in 2001, CTG expects to continue to derive a significant portion of its revenue from IBM in 2002 and future years. While the decline in revenue from IBM has had a negative effect on the Company's revenues and profits, the Company believes a simultaneous loss of all IBM business is unlikely to occur due to the diversity of the projects performed for IBM and the number of locations and divisions involved.

Direct costs, defined as costs for billable staff, were 70.6 percent of revenue in 2001 compared to 70.7 percent of revenue in 2000. Although revenue declined during 2001, the Company was able to maintain its direct costs to revenue percentage from 2000 primarily due to maintaining the utilization of its billable employees.

Selling, general, and administrative expenses were 29.3 percent of revenue in 2001 compared to 29.7 percent of revenue in 2000. While actual selling, general, and administrative expenses decreased year over year by \$11.5 million or 11.2 percent, the decrease as a percentage of revenue from 2000 to 2001 was nominal due to the revenue decline discussed above. The Company was able to reduce expenses in 2001 by implementing reductions to better align the Company's cost structure with current revenue levels.

During 2000, the Company recorded a net pre-tax restructuring charge of \$4.2 million. On an after-tax basis, the charge totaled \$3.0 million or \$0.18 per diluted share. The restructuring plan was completed by the end of March 2001. There was no restructuring charge in 2001.

Operating income (loss) was 0.1 percent of revenue in 2001 compared to (1.6) percent of revenue in 2000. Without the restructuring charge in 2000, the operating loss would have been (0.4) percent of revenue. The year-over-year increase in operating income as a percentage of revenue is primarily due to implementing the expense reductions noted above. Operating income from North American and Corporate operations increased by \$11.2 million from 2000 to 2001. European operations recorded an operating loss of \$(2.7) million in 2001 as compared to operating income of \$2.4 million in 2000.

Interest and other expense, net was (1.2) percent of revenue for 2001 and (0.9) percent in 2000. The increase as a percentage of revenue is due to an increase in interest expense related to outstanding long-term debt and the revenue decline discussed above.

The loss before income taxes was (1.1) percent of revenue in 2001 compared to (2.5) percent of revenue in 2000. Without the restructuring charge in 2000, the loss before income taxes would have been (1.3) percent of revenue. The benefit for income taxes calculated as a percentage of loss before income taxes was (32.9) percent in 2001 and (34.8) percent in 2000.

Net loss for 2001 was (0.7) percent of revenue, or \$(0.13) basic and diluted loss per share, compared to (1.6) percent of revenue or \$(0.35) basic and diluted loss per share in 2000. Earnings per share was calculated using 16.4 million (basic and diluted earnings per share) and 16.2 million (basic and diluted earnings per share) equivalent shares outstanding in 2001 and 2000, respectively.

The Company has reviewed the guidance provided under Staff Accounting Bulletin 101, "Revenue Recognition in Financial Statements," and has determined its existing revenue recognition policies are consistent with the guidance provided in the Bulletin.

In July 2001, the Financial Accounting Standards Board (FASB) issued Financial Accounting Standard (FAS) No. 141, "Business Combinations," and FAS No. 142, "Goodwill and Other Intangible Assets." These standards make significant changes to the accounting for business combinations, goodwill, and intangible assets. FAS No. 141 eliminates the pooling-of-interests method of accounting for business combinations with limited exceptions for combinations initiated prior to July 1, 2001. In addition, it clarifies the criteria for recognition of intangible assets apart from goodwill. This standard is effective for business combinations completed after June 30, 2001.

FAS No. 142 discontinues the practice of amortizing goodwill and indefinite-lived intangible assets and initiates a review, at least annually, for impairment. Intangible assets with a determinable useful life will continue to be amortized over their useful lives. FAS No. 142 applies to existing goodwill and intangible assets, and such assets acquired after June 30, 2001.

FAS No. 142 is effective for fiscal years beginning after December 15, 2001. Accordingly, the Company adopted this standard effective January 1, 2002, and will no longer amortize its existing goodwill and indefinite-lived intangible assets after that date. The Company is currently in the process of evaluating the impact of the adoption of FAS No. 142 on its existing goodwill and indefinite-lived intangible asset balances, and has not yet determined the effect of adoption of the standard relative to those balances on its financial position and results of operations.

In August 2001, the FASB issued FAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," which addresses the accounting and reporting for the impairment or disposal of long-lived assets. The provisions of the standard are effective for the Company beginning on January 1, 2002. The Company is currently in the process of evaluating the impact, if any, that the adoption of this standard will have on its financial position and results of operations.

2000 as compared to 1999

In 2000, CTG recorded revenue of \$345.7 million, a decrease of 26.8 percent when compared to 1999 revenue of \$472.0 million. North American revenue decreased by \$107.3 million or 27.4 percent during the year, while revenue from European operations decreased by \$19.0 million or 23.6 percent. In 2000, European revenues were 17.8 percent of total Company revenues. The decrease in revenue in 2000 was primarily due to the completion of year 2000-related services in 1999 and continued softness in the Euro currency throughout 2000.

The 1999-to-2000 year-to-year revenue decline rate was impacted by the strengthening of the U.S. dollar as compared to the currencies of the Netherlands, Belgium, the United Kingdom, and Luxembourg. If there had been no change in these foreign currency exchange rates from 1999 to 2000, total consolidated revenues would have been \$8.6 million higher in 2000, resulting in a year-to-year consolidated revenue decline of 24.9 percent. This additional \$8.6 million increase in European revenue would have decreased the European revenue decline to 13.0 percent.

In November 2000, the Company signed a new contract with IBM for three years as one of IBM's national technical service providers for the United States. This contract, and its predecessor, covered 89 percent of the total services provided to IBM by the Company in 2000. In 2000, IBM continued to be the Company's largest customer, accounting for \$95.3 million or 27.6 percent of total revenue as compared to \$128.9 million or 27.3 percent of 1999 revenue. Revenues from IBM were constrained in 2000 and continued to be constrained in 2001.

Direct costs, defined as costs for billable staff, were 70.7 percent of revenue in 2000 compared to 67.0 percent of revenue in 1999. The increase in direct costs as a percentage of revenue in 2000 as compared to 1999 was primarily due to the IT services industry spending slowdown mentioned above and the retention of a higher percentage of unutilized billable staff in the first half of 2000 in anticipation of the IT services market recovering.

Selling, general, and administrative expenses were 29.7 percent of revenue in 2000 compared to 26.0 percent of revenue in 1999. While actual selling, general, and administrative expenses decreased year over year, the increase as a percentage of revenue from 1999 to 2000 is primarily due to the significant revenue decline discussed above, and continuing strategic investments in e-business and enterprise-wide solutions.

In the first quarter of 2000, the Company recorded a pre-tax restructuring charge of \$5.7 million. The charge primarily consisted of severance and related costs of \$4.2 million for approximately 400 employees, costs associated with the consolidation of facilities of \$0.7 million, and \$0.8 million for other exit costs related to the restructuring plan. On an after-tax basis, the restructuring charge equaled \$3.8 million or \$0.23 per diluted share. During the third quarter of 2000, the Company recorded, on a pre-tax basis, a restructuring credit of \$1.5 million primarily consisting of a reduction in the estimated amount of severance and related costs to be paid in Europe. On an after-tax basis, the restructuring charge equaled \$3.0 million or \$0.18 per diluted share. At December 31, 2000, approximately \$0.3 million of the total charge of \$4.2 million was included in other current liabilities on the consolidated balance sheet. The Company completed its restructuring plan by the end of March 2001.

Operating income (loss) was (1.6) percent of revenue in 2000 compared to 6.5 percent of revenue in 1999. Without the restructuring charge, the operating loss would have been (0.4) percent of revenue in 2000. The year-over-year decrease in operating income as a percentage of revenue was primarily due to the restructuring charge, the decline in the direct margin, and the investments discussed above. Operating income from North American and Corporate operations decreased \$29.0 million from 1999 to 2000. European operations recorded operating income of \$2.4 million in 2000 as compared to \$9.9 million in 1999.

Interest and other expense, net was (0.9) percent of revenue for 2000 and (0.2) percent in 1999. In 2000, interest expense on indebtedness related to the acquisition of Elumen Solutions, Inc. (Elumen) was partially offset by interest income on available cash and temporary cash investments. In 1999, as the acquisition of Elumen was completed in late February, the Company did not have outstanding indebtedness for the entire year-to-date period.

Income (loss) before income taxes was (2.5) percent of revenue in 2000 compared to 6.3 percent of revenue in 1999. Without the restructuring charge, the loss before income taxes would have been (1.3) percent of revenue in 2000. The provision (benefit) for income taxes calculated as a percentage of income (loss) before income taxes was (34.8) percent in 2000 and 44.1 percent in 1999.

Net income (loss) for 2000 was (1.6) percent of revenue, or \$(0.35) basic and diluted loss per share, compared to 3.5 percent of revenue, or \$1.02 basic earnings per share (EPS) and \$1.00 diluted EPS in 1999. Earnings per share was calculated using 16.2 million (basic and diluted EPS), and 16.4 million (basic EPS) and 16.7 million (diluted EPS) equivalent shares outstanding in 2000 and 1999, respectively. The decrease in equivalent shares outstanding for diluted earnings per share from 1999 to 2000 was primarily due to a reduction in the dilutive effect of outstanding stock options.

Financial Condition and Liquidity

Cash used in operating activities was \$(1.0) million in 2001. Net loss totaled \$(2.2) million, and non-cash adjustments, primarily consisting of depreciation expense, amortization expense, deferred taxes, and deferred compensation credits, totaled \$10.3 million. Accounts receivable decreased \$5.8 million or 10 percent due to the year-over-year decrease in revenue, offset by slower accounts receivable turnover. Accounts payable decreased \$4.1 million due to the timing of payments at year-end 2001 as compared to year-end 2000. Accrued compensation decreased \$1.8 million due to a decrease in the total number of employees year over year. Other current liabilities decreased \$4.8 million due to timing of payments during 2001 as compared to 2000. At December 31, 2001, the Company's current ratio was 1.5 to 1.

Net property and equipment decreased \$0.7 million. Additions to property and equipment were \$4.2 million, offset by depreciation of \$4.6 million and foreign currency translation adjustments of \$0.3 million. The Company had no material commitments for capital expenditures at December 31, 2001.

During 2001, the Company entered into a new revolving credit agreement with its bank group, due in 2003, having an initial aggregate borrowing limit of \$50 million. The new agreement's aggregate borrowing limit was increased to approximately \$65 million during 2001 as the Company achieved certain financial conditions. At December 31, 2001, there was \$15.2 million outstanding under this agreement and a total of \$15.5 million in long-term indebtedness.

During 2000, the Company received \$0.5 million from employees for 142,000 shares of stock purchased under the Employee Stock Purchase Plan, and the Company also received \$0.1 million for the exercise of 28,000 stock options.

The Company is authorized to repurchase a total of 3.4 million shares of its common stock for treasury and by the Company's Stock Trusts. At December 31, 2001, approximately 3.2 million shares have been repurchased under the authorizations, leaving 0.2 million shares remaining authorized for future purchases. No share purchases under these authorizations were made in 2001.

At December 31, 2001, consolidated shareholders' equity totaled \$86.6 million, which is a decrease of \$2.2 million or 2.5 percent from December 31, 2000. The decrease is primarily due to the 2001 net loss of \$(2.2) million.

The Company believes existing internally available funds, cash potentially generated by operations, and available borrowings under the Company's revolving credit agreement totaling \$49.7 million at December 31, 2001 will be sufficient to meet foreseeable working capital, capital expenditure, and possible stock repurchase requirements, and will allow for future internal growth and expansion.

The Company is nominally exposed to market risk in the normal course of its business operations. The Company has \$15.2 million of borrowings at December 31, 2001 under its revolving credit agreement, which exposes the Company to risk of earnings or cash flow loss due to changes in market interest rates. Based upon average bank borrowings of \$29.7 million during 2001, a one percentage point increase or decrease in market interest rates would increase or decrease the Company's interest expense by \$297,000. Additionally, as the Company sells its services in North America and Europe, financial results could be negatively affected by weak economic conditions in those markets.

The Company did not have any related party transactions during either 2001 or 2000.

Independent
Auditors' Report
To the Board of Directors and Shareholders of Computer Task Group, Incorporated
Buffalo, New York

We have audited the accompanying consolidated balance sheets of Computer Task Group, Incorporated and subsidiaries ("the Company") as of December 31, 2001 and 2000, and the related consolidated statements of operations, changes in shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2001. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Computer Task Group, Incorporated and subsidiaries as of December 31, 2001 and 2000, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2001, in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP
Buffalo, New York
February 6, 2002

Consolidated Statements of Operations Year ended December 31, (amounts in thousands, except per share data)	2001	2000	1999
Revenue	\$ 312,130	\$345,676	\$472,008
Direct costs	220,378	244,328	316,304
Selling, general, and administrative expenses	91,338	102,836	124,871
Restructuring charge	-	4,157	-

Operating income (loss)	414	(5,645)	30,833
Interest and other income	638	288	1,369
Interest and other expense	(4,335)	(3,322)	(2,338)

Income (loss) before income taxes	(3,283)	(8,679)	29,864
Provision (benefit) for income taxes	(1,081)	(3,018)	13,163

Net income (loss)	\$ (2,202)	\$ (5,661)	\$16,701
Net income (loss) per share:			
Basic	\$ (0.13)	\$ (0.35)	\$1.02
Diluted	\$ (0.13)	\$ (0.35)	\$1.00

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Balance Sheets December 31, (amounts in thousands, except share balances)	2001	2000
Assets		
Current Assets:		
Cash and temporary cash investments	\$ 3,362	\$ 2,562
Accounts receivable, net of allowances and reserves	51,230	57,968
Prepays and other	2,958	2,736
Deferred income taxes	1,089	2,799

Total current assets	58,639	66,065
Property and equipment, net of accumulated depreciation and amortization	13,082	13,784
Acquired intangibles, net of accumulated amortization of \$17,952 and \$14,130, respectively	74,735	78,771
Deferred income taxes	2,660	3,095
Other assets	682	652

Total assets	\$ 149,798	\$ 162,367
Liabilities And Shareholders' Equity		
Current Liabilities:		
Accounts payable	\$ 8,193	\$ 12,563
Accrued compensation	24,133	26,121
Income taxes payable	-	3,806
Advance billings on contracts	471	642
Other current liabilities	5,531	10,389

Total current liabilities	38,328	53,521
Long-term debt	15,512	9,700
Deferred compensation benefits	8,794	9,642
Other long-term liabilities	537	711

Total liabilities	63,171	73,574
Shareholders' Equity:		
Common stock, par value \$.01 per share, 150,000,000 shares authorized; 27,017,824 shares issued	270	270
Capital in excess of par value	111,500	111,564
Retained earnings	73,373	75,575
Less: Treasury stock of 6,147,810 and 6,146,759 shares at cost, respectively	(31,410)	(31,404)
Stock Trusts of 4,338,000 and 4,507,903 shares at cost, respectively	(59,239)	(59,964)
Accumulated other comprehensive income:		
Foreign currency adjustment	(7,284)	(6,406)
Minimum pension liability adjustment	(583)	(842)
Accumulated other comprehensive income	(7,867)	(7,248)
Total shareholders' equity	86,627	88,793

Total liabilities and shareholders' equity	\$ 149,798	\$ 162,367

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows Year ended December 31, (amounts in thousands)	2001	2000	1999
Cash flows from operating activities:			
Net income (loss)	\$ (2,202)	\$ (5,661)	\$ 16,701
Adjustments:			
Depreciation expense	4,638	4,607	5,009
Amortization expense	3,975	5,089	3,471
Tax benefit on stock option exercises	27	68	174
Deferred income taxes	2,145	832	(1,988)
Loss on sales or disposals of assets	80	43	23
Deferred compensation expense (forfeitures)	(589)	(280)	797
Changes in assets and liabilities, net of assets acquired and liabilities assumed:			
Decrease in accounts receivable	5,841	21,226	837
(Increase) decrease in prepaids and other	(104)	(44)	984
(Increase) decrease in other assets	(30)	12	319
Increase (decrease) in accounts payable	(4,147)	3,171	(4,356)
Decrease in accrued compensation	(1,778)	(2,529)	(3,647)
Increase (decrease) in income taxes payable	(3,769)	(6,545)	1,638
Increase (decrease) in advance billings on contracts	(171)	(119)	377
Increase (decrease) in other current liabilities	(4,752)	(1,650)	1,681
Decrease in other long-term liabilities	(174)	(74)	(39)

Net cash provided by (used in) operating activities	(1,010)	18,146	21,981

Cash flows from investing activities:			
Acquisition, net of cash acquired	-	-	(86,775)
Additions to property and equipment	(4,204)	(5,052)	(4,509)
Proceeds from sales or disposals of property and equipment	88	30	39

Net cash used in investing activities	(4,116)	(5,022)	(91,245)

Cash flows from financing activities:			
Proceeds from (payments on) long-term revolving debt, net	5,812	(21,680)	31,380
Proceeds from Employee Stock Purchase Plan	510	714	1,094
Purchase of stock for treasury	(6)	(125)	(13)
Purchase of stock by Stock Trusts	-	-	(9,940)
Proceeds from other stock plans	124	1,272	2,124
Dividends paid	-	(810)	(827)

Net cash provided by (used in) financing activities	6,440	(20,629)	23,818

Effect of exchange rate changes on cash and temporary cash investments	(514)	(617)	(1,618)

Net increase (decrease) in cash and temporary cash investments	800	(8,122)	(47,064)
Cash and temporary cash investments at beginning of year	2,562	10,684	57,748

Cash and temporary cash investments at end of year	\$ 3,362	\$ 2,562	\$ 10,684

The accompanying notes are an integral part of these consolidated financial statements

Consolidated
Statements of Changes in Shareholders' Equity

(amounts in thousands, except per share data)	Common Shares	Stock Amount	Capital in Excess of Par Value	Retained Earnings	Treasury Shares	Stock Amount
Balance as of December 31, 1998	27,018	\$ 270	\$ 106,010	\$ 66,172	6,270	\$ (31,850)
Acquisition	-	-	2,616	-	(129)	584
Employee Stock Purchase Plan share issuance	-	-	824	-	-	-
Stock Option Plan share issuance	-	-	564	-	-	-
Other share issuance	-	-	881	-	-	-
Purchase of stock	-	-	-	-	1	(13)
Restricted Stock Plan - amortization	-	-	-	-	-	-
Cash dividends - \$.05 per share	-	-	-	(827)	-	-
Comprehensive income:						
Net income	-	-	-	16,701	-	-
Foreign currency adjustment	-	-	-	-	-	-
Minimum pension liability adjustment	-	-	-	-	-	-
Total comprehensive income	-	-	-	16,701	-	-

Balance as of December 31, 1999	27,018	270	110,895	82,046	6,142	(31,279)
Employee Stock Purchase Plan share issuance	-	-	229	-	-	-
Stock Option Plan share issuance	-	-	134	-	-	-
Other share issuance	-	-	306	-	-	-
Purchase of stock	-	-	-	-	5	(125)
Restricted Stock Plan - share cancellation	-	-	-	-	-	-
Cash dividends - \$.05 per share	-	-	-	(810)	-	-
Comprehensive income (loss):						
Net loss	-	-	-	(5,661)	-	-
Foreign currency adjustment	-	-	-	-	-	-
Minimum pension liability adjustment	-	-	-	-	-	-
Total comprehensive income (loss)	-	-	-	(5,661)	-	-

Balance as of December 31, 2000	27,018	270	111,564	75,575	6,147	(31,404)
Employee Stock Purchase Plan share issuance	-	-	(96)	-	-	-
Stock Option Plan share issuance	-	-	32	-	-	-
Purchase of stock	-	-	-	-	1	(6)
Comprehensive income (loss):						
Net loss	-	-	-	(2,202)	-	-
Foreign currency adjustment	-	-	-	-	-	-
Minimum pension liability adjustment	-	-	-	-	-	-
Total comprehensive income (loss)	-	-	-	(2,202)	-	-

Balance as of December 31, 2001	27,018	\$ 270	\$ 111,500	\$ 73,373	6,148	\$ (31,410)

	Stock Shares	Trusts Amount	Unearned Portion of Restricted Stock	Foreign Currency Adjustment	Minimum Pension Liability Adjustment	Total Shareholders' Equity
Balance as of December 31, 1998	4,423	\$ (52,463)	\$ (69)	\$ (2,374)	\$ (2,247)	\$ 83,449
Acquisition	-	-	-	-	-	3,200
Employee Stock Purchase Plan share issuance	(64)	270	-	-	-	1,094
Stock Option Plan share issuance	(129)	550	-	-	-	1,114
Other share issuance	(65)	277	-	-	-	1,158
Purchase of stock	658	(9,940)	-	-	-	(9,953)
Restricted Stock Plan - amortization	-	-	26	-	-	26
Cash dividends - \$.05 per share	-	-	-	-	-	(827)
Comprehensive income:						
Net income	-	-	-	-	16,701	-
Foreign currency adjustment	-	-	-	(2,412)	-	(2,412)
Minimum pension liability adjustment	-	-	-	-	1,374	1,374
Total comprehensive income	-	-	-	(2,412)	1,374	15,663

Balance as of December 31, 1999	4,823	(61,306)	(43)	(4,786)	(873)	94,924
Employee Stock Purchase Plan share issuance	(113)	485	-	-	-	714
Stock Option Plan share issuance	(71)	302	-	-	-	436
Other share issuance	(131)	555	-	-	-	861
Purchase of stock	-	-	-	-	(125)	-
Restricted Stock Plan - share cancellation	-	-	43	-	-	43
Cash dividends - \$.05 per share	-	-	-	-	-	(810)
Comprehensive income (loss):						
Net loss	-	-	-	-	-	(5,661)
Foreign currency adjustment	-	-	-	(1,620)	-	(1,620)
Minimum pension liability adjustment	-	-	-	-	31	31

Total comprehensive income (loss)	-	-	-	(1,620)	31	(7,250)

Balance as of December 31, 2000	4,508	(59,964)	-	(6,406)	(842)	88,793
Employee Stock Purchase Plan share issuance	(142)	606	-	-	-	510
Stock Option Plan share issuance	(28)	119	-	-	-	151
Purchase of stock	-	-	-	-	-	(6)
Comprehensive income (loss):						
Net loss	-	-	-	-	-	(2,202)
Foreign currency adjustment	-	-	-	(878)	-	(878)
Minimum pension liability adjustment	-	-	-	-	259	259
Total comprehensive income (loss)	-	-	-	(878)	259	(2,821)

Balance as of December 31, 2001	4,338	\$ (59,239)	\$ -	\$ (7,284)	\$ (583)	\$ 86,627

The accompanying notes are an integral part of these consolidated financial statements.

1. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements include the accounts of Computer Task Group, Incorporated, and its subsidiaries (the Company or CTG), located primarily in North America and Europe. All intercompany accounts and transactions have been eliminated. Certain amounts in the prior years' consolidated financial statements and notes have been reclassified to conform to the current year presentation. Management of the Company has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these consolidated financial statements in conformity with accounting principles generally accepted in the United States of America. Such estimates primarily relate to allowances for doubtful accounts and deferred tax assets, a reserve for projects, and estimates of progress toward completion and direct profit or loss on fixed-price contracts. Actual results could differ from those estimates.

CTG operates in one industry segment, providing information technology (IT) professional services to its clients. The services provided typically encompass the IT business solution life cycle, including phases for planning, developing, implementing, managing, and maintaining the IT solution. Additionally, the Company believes its business units have similar economic characteristics and meet the aggregation criteria of the Financial Accounting Standards Board (FASB) Financial Accounting Standard (FAS) No. 131, "Disclosures About Segments of an Enterprise and Related Information."

Revenue and Cost Recognition

The Company primarily recognizes revenue on monthly fee and time-and-materials contracts as hours are expended and costs are incurred. Fixed-price contracts accounted for under the percentage-of-completion method represented 1 percent of 2001, 2 percent of 2000, and 2 percent of 1999 revenue, respectively. The amount of revenue recorded is a factor of the percentage of labor and overhead costs incurred to date to total estimated labor and overhead costs for each contract. Fixed-price contract costs include all direct labor and material costs and those indirect costs related to contract performance. Selling, general, and administrative costs are charged to expense as incurred.

Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined. In addition to an allowance for doubtful accounts of approximately \$2.4 million and \$1.9 million at December 31, 2001 and 2000, respectively, accounts receivable is further reduced by a reserve for projects of \$0.5 million at both December 31, 2001 and 2000.

Fair Value of Financial Instruments

The fair value of a financial instrument is defined as the amount at which the instrument could be exchanged in a current transaction between willing parties. At December 31, 2001 and 2000, the carrying amounts of the Company's financial instruments, which include cash and temporary cash investments, accounts receivable, accounts payable, and long-term debt, approximate fair value.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method based on estimated useful lives of two years to 30 years, and begins after an asset has been put into service. The cost of property or equipment sold or otherwise disposed of, along with related accumulated depreciation, is eliminated from the accounts, and the resulting gain or loss is reflected in current earnings. Maintenance and repairs are charged to expense when incurred, while significant betterments to existing assets are capitalized.

Acquired Intangibles

Acquired intangibles consist of goodwill and other identifiable intangibles. Amortization expense is computed using the straight-line method based on estimated useful lives of 10 years to 25 years.

Impairment of Long-Lived Assets and Long-Lived Assets to Be Disposed Of

Long-lived assets and certain identifiable intangibles are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of, if any, are reported at the lower of the carrying amount or fair value less costs to sell.

In 2000, as part of a restructuring charge (see Note 2. Restructuring), the Company re-evaluated its amortization of certain of its identifiable intangibles for impairment. The asset was reduced by approximately \$0.8 million. There were no adjustments to long-lived assets or identifiable intangibles in 2001.

Income Taxes

The Company provides deferred income taxes for the temporary differences between the financial reporting basis and the tax basis of the Company's assets and liabilities. Deferred income taxes relate principally to deferred compensation, loss carryforwards, non-deductible accrued expenses, and accelerated depreciation and amortization methods.

Tax credits are accounted for as a reduction of the income tax provision in the year in which they are realized (flow-through method).

For the years ended December 31, 2001, 2000, and 1999, the tax expense (benefit) associated with the minimum pension liability adjustment was \$(0.2) million, \$0, and \$(0.3) million, respectively.

Stock-Based Compensation

The Company accounts for its Stock-Based Compensation Plans in accordance with the provisions of FAS No. 123, "Accounting for Stock-Based Compensation," which permits entities to recognize as expense, over the vesting period, the fair value of all stock-based awards on the date of grant. Alternatively, FAS No. 123 also allows entities to continue to apply the provisions of Accounting Principles Board (APB) Opinion No. 25 and provide pro forma net income and pro forma earnings per share disclosures for employee stock option grants as if the fair-value-based method defined in FAS No. 123 had been applied. The Company has elected to continue to apply the provisions of APB Opinion No. 25 and provide the pro forma disclosure provisions of FAS No. 123.

Derivatives

On January 1, 2001, the Company adopted the provisions of FAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," and those of FAS No. 137 and FAS No. 138, which deferred the effective date and amended FAS No. 133, respectively. These standards provide accounting and reporting guidelines for derivative investments, included those embedded in other contracts, and for hedging activities. The Company evaluated each of these standards and compared the guidance provided to its current accounting practices, and determined that the adoption of the standards had no effect on the consolidated financial condition and required minimal disclosure by the Company.

Net Income (Loss) Per Share

Basic and diluted earnings per share (EPS) for the years ended December 31, 2001, 2000, and 1999 are as follows:

(amounts in thousands, except per share data)	Net Income (Loss)	Weighted Average Shares	Earnings (Loss) per Share
For the Year Ended December 31, 2001			
Basic EPS	\$ (2,202)	16,435	\$ (0.13)
Dilutive effect of outstanding stock options	-	-	-

Diluted EPS	\$ (2,202)	16,435	\$ (0.13)
For the Year Ended December 31, 2000			
Basic EPS	\$ (5,661)	16,187	\$ (0.35)
Dilutive effect of outstanding stock options	-	-	-

Diluted EPS	\$ (5,661)	16,187	\$ (0.35)
For the Year Ended December 31, 1999			
Basic EPS	\$ 16,701	16,401	\$ 1.02
Dilutive effect of outstanding stock options	-	279	-

Diluted EPS	\$ 16,701	16,680	\$ 1.00

Weighted average shares represent the average of issued shares less treasury shares and less the shares held in the Stock Trusts. As the Company had a net loss in 2001 and 2000, the dilutive effect of outstanding stock options, totaling 125,000 and 85,000 weighted average shares at December 31, 2001 and 2000, respectively, was not included in the diluted EPS calculations.

Foreign Currency Translation

The functional currency of the Company's foreign subsidiaries is the applicable local currency. The translation of the applicable foreign currencies into U.S. dollars is performed for assets and liabilities using current exchange rates in effect at the balance sheet date, for equity accounts using historical exchange rates, and for revenue and expense activity using the applicable month's average exchange rates.

Statement of Cash Flows

For purposes of the statement of cash flows, cash and temporary cash investments are defined as cash on hand, demand deposits, and short-term, highly liquid investments with a maturity of three months or less.

Interest paid during 2001, 2000, and 1999 amounted to \$3.9 million, \$2.3 million, and \$2.0 million, respectively, while net income tax payments totaled \$0.7 million, \$1.6 million, and \$12.9 million for the respective years.

Accounting Standards Pronouncements

In July 2001, the FASB issued FAS No. 141, "Business Combinations," and FAS No. 142, "Goodwill and Other Intangible Assets." These standards make significant changes to the accounting for business combinations, goodwill, and intangible assets. FAS No. 141 eliminates the pooling-of-interests method of accounting for business combinations with limited exceptions for combinations initiated prior to July 1, 2001. In addition, it clarifies the criteria for recognition of intangible assets apart from goodwill. This statement is effective for business combinations completed after June 30, 2001.

FAS No. 142 discontinues the practice of amortizing goodwill and indefinite-lived intangible assets and initiates a review, at least annually, for impairment. Intangible assets with a determinable useful life will continue to be amortized over their useful lives. FAS No. 142 applies to existing goodwill and intangible assets, and such assets acquired after June 30, 2001.

FAS No. 142 is effective for fiscal years beginning after December 15, 2001. Accordingly, the Company adopted this standard effective January 1, 2002, and no longer amortizes its existing goodwill and indefinite-lived intangible assets beginning on that date. The Company is currently evaluating the impact of the adoption of FAS No. 142 on its existing goodwill and indefinite-lived intangible asset balances, and has not yet determined the effect of adoption on its financial position and results of operations.

In August 2001, the FASB issued FAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," which addresses the accounting and reporting for the impairment or disposal of long-lived assets. The provisions of the standard are effective for the Company beginning on January 1, 2002. The Company is currently in the process of evaluating the impact, if any, the adoption of this standard will have on its financial position and results of operations.

2. Restructuring

In the first quarter of 2000, the Company recorded a pre-tax restructuring charge of \$5.7 million. The charge primarily consisted of severance and related costs of \$4.2 million for approximately 400 employees, costs associated with the consolidation of facilities of \$0.7 million, and \$0.8 million for other exit costs related to the restructuring plan. During the third quarter of 2000, the Company recorded, on a pre-tax basis, a restructuring credit of \$1.5 million primarily consisting of a reduction in the estimated amount of severance and related costs to be paid in Europe. On an after-tax basis, the restructuring charge equaled \$3.0 million or \$0.18 per diluted share. At December 31, 2000, approximately \$0.3 million of the total charge of \$4.2 million was included in other current liabilities on the consolidated balance sheet. The Company completed its restructuring plan by the end of March 2001.

3. Acquisition

On February 23, 1999, the Company acquired the stock of Elumen Solutions, Inc. (Elumen). The transaction was valued at \$89 million, of which \$86 million was paid in cash or through the assumption of debt, and the remainder was satisfied through the issuance of approximately 128,000 shares of CTG common stock. The fair value of the assets acquired totaled \$11.2 million, while liabilities assumed totaled \$7.1 million. The acquisition was accounted for as a purchase, and the results of Elumen have been included in the accompanying consolidated financial statements since the date of acquisition. CTG recorded approximately \$84.9 million of goodwill and other identifiable intangibles from the acquisition.

4. Property and Equipment Property and equipment at December 31, 2001 and 2000 are summarized as follows:

December 31, (amounts in thousands)	2001	2000
Land	\$ 886	\$ 886
Buildings	6,515	6,515
Equipment	18,747	20,340
Furniture	5,506	5,909
Software	6,995	4,388
Leasehold improvements	2,848	2,530
	-----	-----
	41,497	40,568
Less accumulated depreciation	(28,415)	(26,784)
	-----	-----
	\$ 13,082	\$ 13,784

At December 31, 2001, the Company owned three buildings, two of which are in use by the Company. The third building, with a net book value of \$1.8 million, is leased to a third party under a one-year lease, which ends in 2002. Receipts under this lease were approximately \$0.3 million in 2001. Subsequent to December 31, 2001, the Company has accepted a purchase offer to sell this building and expects to close the sale in the second quarter of 2002. The Company does not anticipate recording a loss from this sale.

5. Debt

During 2000 and again in early 2001, the revolving line of credit agreement the Company originally entered into in 1999 with a bank group was amended. After the amendments, the resulting agreement reduced the amount of available borrowings to \$44.6 million, modified the interest paid under the agreement, adjusted the commitment fee due on the unused portion of the revolving line of credit to 50 basis points, and modified the financial ratios the Company was required to maintain under the agreement.

Subsequently, during the second quarter of 2001, the Company entered into a new revolving credit agreement with the same bank group, due in 2003, having an initial aggregate borrowing limit of \$50 million. The borrowing limit increased to approximately \$65 million during the 2001 year as the Company achieved certain financial conditions prescribed by the agreement. At December 31, 2001, the aggregate borrowing limit under this agreement was \$64.9 million.

The new agreement has interest rates ranging from 75 to 200 basis points over the prime rate and 175 to 300 basis points over Libor, and provides certain of the Company's assets as security for outstanding borrowings. At December 31, 2001 and 2000, there were \$15.2 million and \$9.7 million outstanding, respectively, under the revolving credit agreements mentioned above. Additionally, at December 31, 2001 and 2000, there were \$0.2 million and \$4.5 million of outstanding letters of credit, respectively, under these agreements.

At December 31, 2000, the Company also had lines of credit outside of the revolving credit agreement mentioned above, totaling \$32.0 million, renewable annually at various times throughout the year, with interest at or below the equivalent of the prime rate. All borrowings under these agreements were unsecured and payable upon demand. There were no borrowings under these agreements at December 31, 2000. The Company did not have any lines of credit outside of the revolving credit agreement at December 31, 2001.

The maximum amounts outstanding under the revolving credit agreements during 2001, 2000, and 1999 were \$40.0 million, \$44.9 million, and \$59.0 million, respectively. Average bank borrowings outstanding for the years 2001, 2000, and 1999 were \$29.7 million, \$32.8 million, and \$40.9 million, respectively, and carried weighted average interest rates of 7.54 percent, 7.56 percent, and 5.75 percent, respectively.

The Company owed \$0.3 million and \$0 at December 31, 2001 and 2000, respectively, under capital lease agreements. The 2001 amount is included in the Company's long-term debt balance at December 31, 2001.

The carrying amount of long-term debt, as determined by a comparison to similar instruments, approximates fair value at December 31, 2001.

6. Income Taxes

The provision (benefit) for income taxes for 2001, 2000, and 1999 consists of the following:

(amounts in thousands)	2001	2000	1999
Domestic and foreign components of income (loss) before income taxes are as follows:			
Domestic	\$ 162	\$ (8,766)	\$ 21,168
Foreign	(3,445)	87	8,696
-----	\$ (3,283)	\$ (8,679)	\$ 29,864
 The provision (benefit) for income taxes consists of:			
Current Tax:			
U.S. Federal	\$ (1,388)	\$ (4,131)	\$ 8,359
Foreign	(2,657)	14	3,631
U.S. State and Local	819	290	2,194
-----	(3,226)	(3,827)	14,184
Deferred Tax:			
U.S. Federal	1,837	763	(836)
U.S. State and Local	308	46	(185)
-----	2,145	809	(1,021)
-----	\$ (1,081)	\$ (3,018)	\$ 13,163
 The effective and statutory income tax rate can be reconciled as follows:			
Tax at statutory rate of 34%	\$ (1,116)	\$ (2,951)	\$ 10,153
Rate differential	-	(86)	299
State tax, net of federal benefits	541	161	1,224
Expenses for which no tax benefit is available	1,097	2,095	1,579
Change in estimate of non-deductible expenses	(1,642)	(2,187)	-
Other, net	39	(50)	(92)
-----	\$ (1,081)	\$ (3,018)	\$ 13,163
Effective income tax rate	(32.9%)	(34.8%)	44.1%

The change in estimate of non-deductible expenses in 2001 and 2000 includes adjustments to the Company's tax accruals due to the favorable resolution of both domestic and foreign tax audits that had previously been in process.

The Company's deferred tax assets and liabilities at December 31, 2001 and 2000 consist of the following:

December 31, (amounts in thousands)	2001	2000
Assets		
Deferred compensation	\$3,161	\$3,461
Loss carryforwards	721	88
Accruals deductible for tax purposes when paid	537	2,443
Allowance for doubtful accounts	694	565
Other, net	-	138

Gross deferred tax assets	5,113	6,695
Liabilities		
Depreciation	524	568
Amortization	241	233
Other, net	599	-

Gross deferred tax liabilities	1,364	801
Deferred tax assets valuation allowance	-	-

Net deferred tax assets	\$3,749	\$5,894
Net deferred assets and liabilities are recorded at December 31, 2001 and 2000 as follows:		
Net current assets	\$1,089	\$2,799
Net non-current assets	2,660	3,095

Net deferred tax assets	\$3,749	\$5,894

In assessing the realizability of deferred tax assets, management considers, within each taxing jurisdiction, whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the years in which the deferred tax assets are deductible, management believes it is more likely than not the Company will realize the benefits of these deductible differences at December 31, 2001. Accordingly, no valuation allowance is required.

Undistributed earnings of the Company's foreign subsidiaries were minimal at December 31, 2001, and are considered to be indefinitely reinvested. Accordingly, no provision for U.S. federal and state income taxes has been provided thereon. Upon distribution of these earnings in the form of dividends or otherwise, the Company would be subject to both U.S. income taxes (subject to an adjustment for foreign tax credits) and withholding taxes payable to the various foreign countries. In the event that the other foreign entities' earnings were distributed, it is estimated that U.S. federal and state income taxes, net of foreign credits, would be immaterial.

In 2001, 2000, and 1999, 26,000, 62,000, and 264,900 shares of common stock, respectively, were issued through the exercise of non-qualified stock options or through the disqualifying disposition of incentive stock options. The total tax benefit to the Company from these transactions, which is credited to capital in excess of par value rather than recognized as a reduction of income tax expense, was \$27,000, \$68,000, and \$1.4 million in 2001, 2000, and 1999, respectively. These tax benefits have also been recognized in the consolidated balance sheets as a reduction of current taxes payable.

7. Lease Commitments

At December 31, 2001, the Company was obligated under a number of long-term operating leases. Minimum future obligations under such leases are summarized as follows:

Year Ending December 31, (amounts in thousands)	
2002	\$7,550
2003	6,504
2004	4,409
2005	1,016
2006	479
Later years	808

Minimum future obligations	\$20,766

The operating lease obligations relate to the rental of office space, office equipment, and automobiles. Total rental expense under such operating leases for 2001, 2000, and 1999 was approximately \$9.6 million, \$10.7 million, and \$11.0 million, respectively.

8. Deferred Compensation Benefits

The Company maintains a non-qualified defined-benefit Executive Supplemental Benefit Plan (ESBP) that provides certain former key executives with deferred compensation benefits, based on years of service and base compensation, payable during retirement. The plan was amended as of November 30, 1994, to freeze benefits for participants at that time.

Net periodic pension cost for 2001, 2000, and 1999 for the ESBP is as follows:

Net Periodic Pension Cost - ESBP (amounts in thousands)	2001	2000	1999
Interest cost	\$692	\$675	\$641
Amortization of unrecognized net loss	30	35	85

Net periodic pension cost	\$722	\$710	\$726

The Company also maintains a defined benefit plan for its employees located in the Netherlands (NDBP). Benefits paid are a function of a percentage of career average pay.

Net periodic pension cost for 2001 and 2000 for the NDBP is as follows:

Net Periodic Pension Cost - NDBP (amounts in thousands)	2001	2000
Service cost	\$ 228	\$ 466
Interest cost	160	224
Expected return on plan assets	(189)	(220)
Amortization of actuarial loss	-	117

Net periodic pension cost	199	587
Employee contributions	149	364

Net retirement cost	\$ 50	\$ 223

The change in benefit obligation and reconciliation of fair value of plan assets for 2001 and 2000 for the ESBP and for the NDBP is as follows:

	ESBP		NDBP	
	2001	2000	2001	2000
Change in Benefit Obligation (amounts in thousands)				
Benefit obligation at beginning of year	\$ 9,443	\$ 9,220	\$ 3,995	\$ 4,421
Service cost, net	-	-	79	102
Interest cost	692	675	160	224
Amortization of unrecognized net loss	30	35	-	-
Employee contributions	-	-	149	364
Curtailement	-	-	-	(110)
Benefits paid	(1,073)	(435)	(6)	(9)
Adjustment to minimum liability	(432)	(52)	-	-
Actuarial (gain) loss	-	-	128	(876)
Effect of exchange rate changes	-	-	-	(121)

Benefit obligation at end of period	8,660	9,443	4,505	3,995

Reconciliation of fair value of plan assets				
Fair value of plan assets at beginning of year	-	-	3,646	2,972
Expected return on plan assets	-	-	189	220
Employer contributions	-	-	(149)	188
Employee contributions	-	-	149	364
Benefits paid	-	-	(6)	(9)
Unrecognized net gain (loss)	-	-	(186)	22
Effect of exchange rate changes	-	-	-	(111)

Fair value of plan assets at end of year	-	-	3,643	3,646

Funded status	8,660	9,443	862	349
Unrecognized net actuarial loss	(971)	(1,403)	(558)	(252)

Accrued benefit cost	\$ 7,689	\$ 8,040	\$ 304	\$ 97

Weighted average discount rate	7.00%	7.50%	5.00%	5.34%
Salary increase rate	-	-	4.00%	4.00%
Expected return on plan assets	-	-	5.50%	6.50%

For the ESBP, benefits paid to participants are funded by the Company as needed. The plan is deemed unfunded as the Company has not specifically identified Company assets to be used to discharge the deferred compensation benefit liabilities. The Company has purchased insurance on the lives of certain plan participants in amounts considered sufficient to reimburse the Company for the costs associated with the plan for those participants.

The Company also maintains a non-qualified defined-contribution deferred compensation plan for certain key executives. The Company contributions to this plan, \$0 in both 2001 and 2000, and \$71,000 in 1999, are based on annually defined financial performance objectives.

9. Employee Benefits

401(k) Profit-Sharing Retirement Plan

The Company maintains a contributory 401(k) profit-sharing retirement plan covering substantially all U.S. employees. Company contributions, which are discretionary, may consist of cash and the Company's stock, and were funded and charged to operations in the amounts of \$1.9 million, \$2.6 million, and \$3.5 million for 2001, 2000, and 1999, respectively.

Other Retirement Plans

The Company maintains various retirement plans other than the NDBP discussed in Note 8. above, covering substantially all of the remaining European employees. Company contributions charged to operations were \$0.2 million in 2001, and \$0.1 million in both 2000 and 1999.

Other Postretirement Benefits

The Company provides limited healthcare and life insurance benefits to nine retired employees and their spouses, totaling 14 participants, pursuant to contractual agreements.

Net periodic postretirement benefit cost for 2001, 2000, and 1999 is as follows:

Net Periodic Postretirement Benefit Cost (amounts in thousands)	2001	2000	1999
Interest cost	\$ 17	\$ 35	\$ 35
Amortization of transition amount	29	29	29
Amortization of gain	(33)	(10)	(6)
Net periodic postretirement benefit cost	\$ 13	\$ 54	\$ 58

The change in postretirement benefit obligation at December 31, 2001 and 2000 is as follows:

Change in Postretirement Benefit Obligation (amounts in thousands)	2001	2000
Postretirement benefit obligation at beginning of year	\$ 237	\$ 500
Interest cost	17	35
Amortization of transition amount	29	29
Benefits paid	(42)	(28)
Amortization of gain	(33)	(10)
Adjustment to unrecognized transition obligation	(29)	(29)
Adjustment to unrecognized gain	239	(260)
Postretirement benefit obligation at end of year	418	237
Fair value of plan assets at end of year	-	-
Funded status	418	237
Unrecognized transition obligation	(322)	(351)
Unrecognized gain	213	452
Accrued postretirement benefit cost	\$ 309	\$ 338
Weighted average discount rate	7.00%	7.50%
Salary increase rate	-	-

Benefits paid to participants are funded by the Company as needed.

The rate of increase in healthcare costs is assumed to be 10 percent for medical and 8 percent for dental in 2002, gradually declining to 5 percent by the year 2007 and remaining at that level thereafter. Increasing the assumed healthcare cost trend rate by one percentage point would increase the accumulated postretirement benefit obligation by \$29,000 at December 31, 2001, and the net periodic cost by \$1,000 for the year. A one-percentage-point decrease in the healthcare cost trend would decrease the accumulated postretirement benefit obligation by \$26,000 at December 31, 2001, and the net periodic pension by \$1,000 for the year.

10. Shareholders' Equity

Employee Stock Purchase Plan

Under the Company's First Employee Stock Purchase Plan (Plan), employees may apply up to 10 percent of their compensation to purchase the Company's common stock. Shares are purchased at the market price on the business day preceding the date of purchase. During 2001, an additional 0.5 million shares were authorized under the Plan. As of December 31, 2001, 422,000 shares remain unissued under the Plan, of the total of 11.5 million shares that had been authorized under the Plan. During 2001, 2000, and 1999, 142,000, 113,000, and 64,000 shares, respectively, were purchased under the plan at an average price of \$3.59, \$6.29, and \$17.30 per share, respectively.

Management Stock Purchase Plan

Under the Company's Management Stock Purchase Plan approved in 1992, 800,000 common shares have been designated (up to 400,000 shares from treasury) for purchase by certain key employees using loans from the Company. During 2001 and 2000, no loans were made to employees.

Shareholder Rights Plan

The Board of Directors adopted a Shareholder Rights Plan in January 1989. Under the plan, one right was distributed for each share of common stock outstanding on January 27, 1989, and on each additional share of common stock issued after that date and prior to the date the rights become exercisable. The rights become exercisable when 20 percent or more of the Company's outstanding common stock is acquired by a person or group, other than Company-provided employee benefit plans, and when an offer to acquire is made. Each right entitles the holder to purchase Series A preferred stock (which is essentially equivalent to common stock) at a 50-percent discount from the then-market price of the common stock or, in the event of a merger, consolidation, or sale of a major part of the Company's assets, to purchase common stock of the acquiring company at a 50-percent discount from its then-market price. The Shareholder Rights Plan was amended in 1999 to provide that the rights expire in November 2008. The rights may be redeemed by the Company at a price of \$.01 per right.

Stock Trusts

The Company maintains a Stock Employee Compensation Trust (SECT) to provide funding for existing employee stock plans and benefit programs. Shares are purchased by and released from the SECT by the trustee of the SECT at the request of the compensation committee of the Board of Directors. As of December 31, 2001, all shares remaining in the SECT were unallocated and, therefore, are not considered outstanding for purposes of calculating earnings per share.

SECT activity for 2001, 2000, and 1999 is as follows:

(amounts in thousands)	2001	2000	1999
Share balance at beginning of year	4,449	4,764	4,423
Shares purchased	-	-	599
Shares released:			
Stock option plans	(28)	(71)	(129)
Employee Stock Purchase Plan	(142)	(113)	(64)
Other stock plans	-	(131)	(65)
Share balance at end of year	4,279	4,449	4,764

During 1999, shares were purchased by the SECT at an average price of \$14.92. No shares were purchased during 2001 or 2000.

During 1999, the Company created an Omnibus Stock Trust (OST) to provide funding for various employee benefit programs. During 1999, the OST purchased 59,000 shares for \$1 million. Shares are released from the OST by the trustee at the request of the compensation committee of the Board of Directors. During 2001 and 2000, no shares were purchased by the trust, and no shares were released from the trust in 2001, 2000, or 1999.

Restricted Stock Plan

Under the Company's Restricted Stock Plan, 800,000 shares of restricted stock may be granted to certain key employees. During 2000, all outstanding restricted stock grants were canceled.

11. Stock Option Plans

On April 24, 1991, the shareholders approved the Company's 1991 Employee Stock Option Plan (1991 Plan), which came into effect after the Company's 1981 Employee Stock Option Plan (1981 Plan) terminated on April 21, 1991. Under the provisions of the plan, options may be granted to employees and directors of the Company. The option price for options granted under each plan is equal to or greater than the fair market value of the Company's common stock on the date the option is granted. Incentive stock options generally become exercisable in four annual installments of 25 percent of the shares covered by the grant, beginning one year from the date of grant, and expire six years after becoming exercisable. Nonqualified stock options generally become exercisable in either four or five annual installments of 20 or 25 percent of the shares covered by the grant, beginning one year from the date of grant, and expire up to 15 years from the date of grant. All options remain in effect until the earlier of the expiration, exercise, or surrender date.

On April 26, 2000, the shareholders approved the Company's Equity Award Plan (Equity Plan). Under the provisions of the plan, stock options, stock appreciation rights, and other awards may be granted or awarded to employees and directors of the Company. The compensation committee of the Board of Directors determines the nature, amount, pricing, and vesting of the grant or award. All options and awards remain in effect until the earlier of the expiration, exercise, or surrender date.

The per-option weighted-average fair value on the date of grant of stock options granted in 2001, 2000, and 1999, using the Black-Scholes option pricing model, was \$2.17, \$3.72, and \$10.77, respectively. The fair value of the options at the date of grant was estimated with the following weighted-average assumptions:

Expected life (years)	2001	2000	1999
Dividend yield	4.0	4.0	5.4
Risk-free interest rate	0.0%	1.0%	0.2%
Expected volatility	4.4%	6.1%	5.0%
	70.9%	58.5%	47.8%

The Company applies APB Opinion No. 25 in accounting for its stock option plans. Accordingly, no compensation cost has been recognized for its stock options in the consolidated financial statements. Had the Company determined compensation cost based on the fair value at the grant date for its stock options under FAS No. 123, the Company's net income (loss) and basic and diluted earnings (loss) per share would have been reduced to the pro forma amounts indicated in the chart below:

(amounts in thousands, except per share data)		2001	2000	1999
Net income (loss)	As reported	\$(2,202)	\$(5,661)	\$16,701
	Pro forma	\$(4,551)	\$(8,725)	\$14,525
Basic earnings (loss) per share	As reported	\$(0.13)	\$(0.35)	\$1.02
	Pro forma	\$(0.28)	\$(0.54)	\$0.89
Diluted earnings (loss) per share	As reported	\$(0.13)	\$(0.35)	\$1.00
	Pro forma	\$(0.28)	\$(0.54)	\$0.87

Pro forma amounts for compensation cost may not be indicative of the effects on earnings for future years.

A summary of stock option activity under these plans is as follows:

(amounts in thousands, except per share data)	Equity Plan Options	Weighted-Average Exercise Price	1991 Plan Options	Weighted-Average Exercise Price
Outstanding at December 31, 1998	-	-	1,946,326	\$17.54
Granted	-	-	132,750	\$23.13
Exercised	-	-	(127,025)	\$7.33
Canceled, expired, and forfeited	-	-	(94,500)	\$22.24

Outstanding at December 31, 1999	-	-	1,857,551	\$18.48
Granted	265,000	\$4.10	1,222,500	\$8.62
Exercised	-	-	(70,576)	\$5.19
Canceled, expired, and forfeited	-	-	(867,350)	\$17.73

Outstanding at December 31, 2000	265,000	\$4.10	2,142,125	\$13.59
Granted	1,298,000	\$3.53	226,000	\$5.94
Exercised	-	-	(27,450)	\$4.43
Canceled, expired, and forfeited	(266,000)	\$4.87	(676,250)	\$10.09

Outstanding at December 31, 2001	1,297,000	\$3.38	1,664,425	\$14.13

At December 31, 2001 and 2000, the number of options exercisable under the Equity Plan was 64,000 and 0, respectively, and the weighted average exercise price of those options was \$3.16 and \$0, respectively. At December 31, 2001 and 2000,

the number of options exercisable under the 1991 Plan was 933,988 and 873,535, respectively, and the weighted average exercise price of those options was \$18.14 and \$18.44, respectively.

The Company previously had a 1981 Stock Option Plan. At December 31, 2001 and 2000, the number of options exercisable under the 1981 Plan was 0 and 500, respectively, and the weighted average exercise price of those options was \$0 and \$5.31, respectively. The 500 options exercisable at December 31, 2000 were exercised during 2001.

A summary of the range of exercise prices and the weighted average remaining contractual life of outstanding options at December 31, 2001 for the Equity and 1991 Plans is as follows:

	Range of Exercise Prices	Options Outstanding at December 31, 2001	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)
Equity Plan	\$1.40 to \$1.96	280,000	\$ 1.60	9.2
	\$2.35 to \$3.08	680,000	\$ 2.83	11.3
	\$5.70 to \$7.49	337,000	\$ 5.96	9.9
1991 Plan	\$2.88 to \$3.75	249,875	\$ 2.88	7.3
	\$4.38 to \$6.13	351,750	\$ 5.88	10.3
	\$8.00 to \$9.44	43,200	\$ 9.17	3.8
	\$12.50 to \$18.44	524,250	\$15.75	5.6
	\$21.81 to \$30.31	480,350	\$23.98	5.9
	\$37.19	15,000	\$37.19	8.0

At December 31, 2001, there were 703,000 and 0 shares available for grant under the Equity Plan and 1991 Plan, respectively.

During 2001 and 2000, the Company received stock for treasury valued at \$6,000 and \$125,000, respectively, from employees through stock option exercise transactions and the cancellation of outstanding restricted stock grants.

12. Significant Customer

International Business Machines (IBM) is the Company's largest customer. IBM accounted for \$77.2 million or 24.7 percent, \$95.3 million or 27.6 percent, and \$128.9 million or 27.3 percent of consolidated 2001, 2000, and 1999 revenue, respectively. The Company's accounts receivable from IBM at December 31, 2001 and 2000 amounted to \$17.7 million and \$15.9 million, respectively. No other customer accounted for more than 10 percent of revenue in 2001, 2000, or 1999.

13. Litigation

The Company is involved in litigation arising in the normal course of business. In the opinion of management, an adverse outcome to any of this litigation would not have a material effect on the financial condition of the Company.

14. Segment Information

The Company operates in one industry segment, providing IT professional services to its clients. The services provided typically encompass the IT business solution life cycle, including phases for planning, developing, implementing, managing, and maintaining the IT solution. All of the Company's revenues are generated from these services. Additionally, the Company believes its business units have similar economic characteristics and meet the aggregation criteria of FAS No. 131, "Disclosures About Segments of an Enterprise and Related Information." CTG's two reportable segments are based on geographical areas, which is consistent with prior years and prior to the adoption of FAS No. 131.

The accounting policies of the individual segments are the same as those described in Note 1. "Summary of Significant Accounting Policies." CTG evaluates the performance of its segments at the operating income level.

Corporate and other identifiable assets consist principally of cash and temporary cash investments and other assets.

Financial Information Relating to Domestic and Foreign Operations (amounts in thousands)	2001	2000	1999
Revenue			
North America	\$265,641	\$284,169	\$391,496
Europe	46,489	61,507	80,512

Total Revenue	\$312,130	\$345,676	\$472,008
Depreciation and Amortization			
North America	\$6,052	\$7,300	\$5,801
Europe	1,076	834	1,004
Corporate and Other	1,485	1,562	1,675

Total Depreciation and Amortization	\$8,613	\$9,696	\$8,480
Operating Income (loss)			
North America	\$15,947	\$8,127	\$36,434
Europe	(2,728)	2,410	9,860
Corporate and Other	(12,805)	(16,182)	(15,461)

Total Operating Income (loss)	\$414	\$(5,645)	\$30,833
Identifiable Assets			
North America	\$127,537	\$133,841	\$154,951
Europe	10,958	15,947	22,736
Corporate and Other	11,303	12,579	21,472

Total Identifiable Assets	\$149,798	\$162,367	\$199,159
Capital Expenditures			
North America	\$2,065	\$2,914	\$2,295
Europe	710	693	1,038
Corporate and Other	1,429	1,445	1,176

Total Capital Expenditures	\$4,204	\$5,052	\$4,509

15. Quarterly Financial Data (Unaudited)

Quarters (amounts in thousands, except per share data)	First	Second	Third	Fourth	Total
2001					
Revenue	\$82,768	\$83,756	\$75,065	\$70,541	\$312,130
Direct costs	59,188	59,092	52,723	49,375	220,378

Gross profit	23,580	24,664	22,342	21,166	91,752
Selling, general, and administrative expenses	26,802	23,225	21,275	20,036	91,338

Operating income (loss)	(3,222)	1,439	1,067	1,130	414
Interest and other expense, net	(727)	(1,406)	(808)	(756)	(3,697)

Income (loss) before income taxes	(3,949)	33	259	374	(3,283)
Net income (loss)	\$(1,380)	\$(1,357)	\$182	\$353	\$(2,202)
Basic net income (loss) per share	\$(0.08)	\$(0.08)	\$0.01	\$0.02	\$(0.13)
Diluted net income (loss) per share	\$(0.08)	\$(0.08)	\$0.01	\$0.02	\$(0.13)
2000					
Revenue	\$95,995	\$86,468	\$79,842	\$83,371	\$345,676
Direct costs	69,516	61,501	55,190	58,121	244,328

Gross profit	26,479	24,967	24,652	25,250	101,348
Selling, general, and administrative expenses	33,572*	27,169	22,092*	24,160	106,993*

Operating income (loss)	(7,093)	(2,202)	2,560	1,090	(5,645)*
Net interest and other expense	(782)	(674)	(766)	(812)	(3,034)

Income (loss) before income taxes	(7,875)	(2,876)	1,794	278	(8,679)*
Net income (loss)	\$(4,771)	\$(852)	\$(209)	\$171	\$(5,661)*
Basic net income (loss) per share	\$(0.30)	\$(0.05)	\$(0.01)	\$0.01	\$(0.35)*
Diluted net income (loss) per share	\$(0.29)	\$(0.05)	\$(0.01)	\$0.01	\$(0.35)*

* Includes the net expense of a restructuring charge which increased selling, general, and administrative expenses (including a charge of \$5.7 million in the first quarter and a credit of \$1.5 million in the third quarter), operating loss, and loss before income taxes by \$4.2 million; net loss by \$3.0 million; and basic and diluted net loss per share by \$0.18

Corporate Information

Stock Market Information	High	Low
Year ended December 31, 2001		
First Quarter	\$7.13	\$3.88
Second Quarter	\$6.40	\$3.45
Third Quarter	\$3.85	\$2.00
Fourth Quarter	\$3.98	\$1.30
Year ended December 31, 2000		
First Quarter	\$20.00	\$10.00
Second Quarter	\$11.00	\$4.75
Third Quarter	\$7.75	\$3.00
Fourth Quarter	\$6.38	\$2.69

The Company's common shares are traded on the New York Stock Exchange under the symbol CTG, commonly abbreviated Cptr Task.

On February 13, 2002, there were 3,276 record holders of the Company's common shares. The Company did not pay a dividend in 2001. The Company paid an annual cash dividend of \$.05 per share from 1993 to 2000 and, prior to that, paid \$.025 per share annually since 1976 plus a 10 percent share dividend in 1980.

Annual Meeting

The annual meeting of shareholders has been scheduled for May 1, 2002 in Buffalo, New York, for shareholders of record on March 15, 2002.

Form 10-K Available

Copies of the Company's Form 10-K Annual Report, which is filed with the Securities and Exchange Commission, may be obtained without charge upon written or verbal request to:

Computer Task Group, Incorporated
Investor Relations Department
800 Delaware Avenue
Buffalo, NY 14209-2094
(716)887-7400

Transfer Agent and Registrar

EquiServe

Our Transfer Agent is responsible for our shareholder records, issuance of stock certificates, and distribution of our dividends and the IRS Form 1099. Your requests, as shareholders, concerning these matters are most efficiently answered by corresponding directly with EquiServe:

EquiServe Trust Company, N.A.
P.O. Box 43010
Providence, RI 02940-3010

(781)575-3170 (MA residents) (800)730-4001
(781)828-8813 (fax) www.equiserve.com

Independent Certified Public Accountants Deloitte & Touche LLP
Key Bank Tower, Suite 250
50 Fountain Plaza
Buffalo, NY 14202

CTG Board of Directors

George B. Beitzel
Retired Senior Vice President and Director of IBM

James R. Boldt
President and Chief Executive Officer of CTG

R. Keith Elliott
Retired Chairman and Chief Executive Officer of Hercules Incorporated

Randolph A. Marks
Chairman and Co-founder of CTG;
Retired Chairman of American Brass Company

CTG Officers

Alex P. Alexander
Vice President, CTG Retail SolutionsTM

G. David Baer
Executive Vice President and Co-founder of CTG

James R. Boldt
President and Chief Executive Officer

Arthur W. Crumlish
Vice President, Strategic Staffing Services

Stephen D'Anna
Vice President, Operations, North America

Gregory M. Dearlove
Vice President and Chief Financial Officer

Paul F. Dimouro
Vice President, Operations

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

Jonathan M. Harding
Vice President and General Manager,
North America

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

Peter P. Radetich
Vice President, Secretary, and General Counsel

Rick N. Sullivan
Vice President, Western Region,
Strategic Staffing Services

EXHIBIT 21

COMPUTER TASK GROUP, INCORPORATED

SUBSIDIARIES OF COMPUTER TASK GROUP, INCORPORATED

The following is a list of all of the subsidiaries of the Registrant as of December 31, 2001. All financial statements of such subsidiaries are included in the consolidated financial statements of the Registrant, and all of the voting securities of each subsidiary are wholly-owned by the Registrant:

	State/Country or Jurisdiction of Incorporation -----
- Computer Task Group of Delaware, Inc.	Delaware
- CTG Services, Inc.	New York
- Computer Task Group (Holdings) Ltd.	United Kingdom
- Computer Task Group of Kansas, Inc. (a subsidiary of Computer Task Group (Holdings) Ltd.)	Missouri
- Computer Task Group of Canada, Inc.	Canada
- Computer Task Group International, Inc.	Delaware
- Computer Task Group Europe B.V. (a subsidiary of Computer Task Group International, Inc.)	The Netherlands
- Computer Task Group (U.K.) Ltd. (a subsidiary of Computer Task Group Europe B.V.)	United Kingdom
- Computer Task Group Nederland B.V. (a subsidiary of Computer Task Group Europe B.V.)	The Netherlands
- Computer Task Group Belgium N.V. (a subsidiary of Computer Task Group Europe B.V.)	Belgium
- Rendeck Macro-4 Software B.V. (a subsidiary of Computer Task Group Europe B.V.)	The Netherlands
- Computer Task Group of Luxembourg S.A. (a subsidiary of Computer Task Group Europe B.V.)	Luxembourg
- Computer Task Group of France S.A. (a subsidiary of Computer Task Group Europe B.V.)	France
- CTG HealthCare Solutions, Inc.	Delaware
- CTG HealthCare Solutions (Kansas), Inc.	Kansas

EXHIBIT 23

COMPUTER TASK GROUP, INCORPORATED

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in the Registration Statements No. 33-41995, No. 33-61493, No. 33-50160, No. 333-12237, No. 333-39936, No. 333-51162, and No. 333-66766 on Form S-8, and No. 333-43263 on Form S-3 of Computer Task Group, Incorporated and Subsidiaries of our report dated February 6, 2002 appearing in and incorporated by reference in the Annual Report on Form 10-K of Computer Task Group, Incorporated and subsidiaries for the year ended December 31, 2001.

DELOITTE & TOUCHE LLP
Buffalo, New York
March 22, 2002

End of Filing

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