



"We grow relationships."



For the three months ended December 31, 2000

Stock Exchanges

Toronto Stock Exchange: GIB.A
New York Stock Exchange: GIB

Shares outstanding (as at December 31, 2000)

240,971,508 Class A subordinate shares
34,846,526 Class B shares

First Quarter Fiscal 2001 Trading History

TSE (CDN\$)		NYSE (US\$)	
High:	\$12.10	High:	\$8.00
Low:	\$5.45	Low:	\$3.44
Close:	\$6.00	Close:	\$4.06
Volume:	24,227,915	Volume:	1,107,700

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Financial Communications

The Barnes Organization Inc., Toronto

Corporate Profile

Founded in 1976, CGI is the largest independent Canadian information technology consulting firm and the fifth largest in North America, based on its headcount of 10,000 professionals. CGI's order backlog totals approximately CDN\$70 billion and its revenue stands at CDN \$1.4 billion. CGI provides end-to-end IT services and business solutions to 2,500 clients in Canada, United States and more than 20 countries around the world.

www.cgi.ca

Message to Shareholders

For the three-month period ended December 31, 2000
(All dollar amounts in Canadian dollars unless otherwise indicated.)

Results for CGI for the first quarter ended December 31, 2000 were below the first quarter of fiscal 2000 when the demand for IT services was exceptionally strong, as organizations invested to make their IT systems Y2K compliant or to replace their existing systems altogether prior to the millennium. Sequential performance is representative of the Company's progress, as the industry resumes growth after the slowdown in 2000. On a sequential basis, revenue in the latest quarter increased 4.4% from the fourth quarter of fiscal 2000, reflecting acquisitions. Profitability improved significantly reflecting business strengthening and cost reductions.

During the quarter, CGI won a \$1 billion-plus, 10-year IT partnership agreement with Desjardins, which was one of the first major IT agreements in 2000. Since October 1, 2000, the Company has completed four acquisitions in Canada and the U.S. and two equity investments.

Beginning with this quarterly report, we will be providing Management's Discussion and Analysis of Financial Position and Results of Operations for the latest reported quarter, as required by the Ontario Securities Commission for quarters beginning after January 1, 2001.

Outlook

We are pleased with CGI's strong improvement in performance in the first quarter of this year compared with the fourth quarter last year. The Y2K slowdown is behind us, and we are now seeing a gradual business strengthening in our markets in North America and Europe. Industry analysts generally expect the IT services sector to grow in the range of 7% to 10% in 2001, increasing to 12% to 14% in 2002.

Based on the business CGI has won to date, we expect to achieve revenue of between \$1.5 billion and \$1.6 billion this fiscal year, and a gradual improvement in earnings margins as the year progresses. This forecast includes the Desjardins partnership agreement we announced in October, which is expected to contribute to revenue in May 2001. Any further acquisitions and large contracts we win this year would be additional. Bell Canada has indicated to us that revenue to CGI from our IT outsourcing contract

with it in calendar 2001 will be the same as or higher than in calendar 2000.

Growth Strategy

This past year, we refined our growth strategy, which now has four components: organic growth; large outsourcing contracts; acquisitions and equity investments in mid-sized companies and niche players; and large acquisitions.

Regarding organic growth, our business units achieved a number of new contracts and renewals in recent months. In January, our U.K.-based subsidiary, CGI Group (Europe) won a \$119 million, seven-year outsourcing contract with Sun Life Financial in the United Kingdom. Infrastructure acquired as part of this contract positions CGI also to propose on other full IT outsourcing contracts in Europe.

Regarding large outsourcing contracts, our pipeline of proposals on large outsourcing contracts stands at \$4 billion, adjusted conservatively for a success factor.

We have increased our emphasis on acquisitions of mid-sized and niche players within CGI's three business units - Canada, the U.S. and International. We have set an objective of frequent, smaller acquisitions and, through detailed research, have identified niche players that are complementary to our various geographic and industry markets.

Regarding large acquisitions, we seek to make at least one large acquisition in the U.S. This will strengthen CGI's position to provide end-to-end IT services and will increase our critical mass in this huge market. We are continually in discussions with a number of potential candidates. An acquisition must provide the right fit and the terms need to be accretive on a cash basis. CGI currently has 1,500 professionals in the U.S. who provide systems integration and business processing services to a solid client base.

Serge Godin

Chairman, president and chief executive officer
January 23, 2001

Operating Highlights since Fiscal 2000

New Contracts

- A \$1 billion, 10-year partnership agreement with Desjardins, a major Canadian financial services company, to manage its data processing operations. This agreement is expected to be finalized in May 2001;
- A three-year contract by Health Canada to provide strategic consulting on secure electronic service delivery;
- A \$3 million, five-year outsourcing contract with AXA Canada, one of the country's leading property and casualty insurers, for AXA's PeopleSoft general ledger and accounts payable functions;
- Subsequent to quarter-end, in January, a \$119 million, seven-year outsourcing contract with Sun Life Financial to manage and support the Canadian insurer's IT infrastructure and voice/data telecommunications for its U.K. branch network of more than 50 offices;
- Also in January 2001, a letter of intent for a \$25 million, five-year applications maintenance outsourcing contract with the Alberta Ministry of Health and Wellness;
- In January, a 10-year contract with Interac Association to provide a new network, supporting infrastructure and a customer support service.

Acquisitions and Equity Investments

- C.U. Processing Inc., a U.S.-based information management systems provider, serving U.S. credit unions, with annual revenues of approximately \$35 million;
- RSI Realtime Consulting Inc., a Canadian SAP implementation specialist;
- Groupe-conseil CDL Inc., a Canadian IT consulting firm specializing in ERP solution implementation;
- Star Data Systems Inc., a Canadian financial services information provider with annual revenues of approximately \$80 million;
- CGI acquired a 49% interest in AGTI Consulting Services Inc., a mid-size Canadian strategic IT consulting firm, and increased its equity position in Conseillers en informatique d'affaires (CIA) from 35% to 49%.

Management's Discussion and Analysis of Financial Position and Results of Operations

First quarter ended December 31, 2000

The following discussion and analysis should be read in conjunction with financial statements for the first quarter of fiscal 2001 and 2000; with the MD&A in the fiscal 2000 annual report, including the section on risks and uncertainties; and with the notes to the financial statements for the first quarter of fiscal 2001 and in the fiscal 2000 annual report. (All dollar amounts are in Canadian dollars unless otherwise indicated.)

Revenue

Revenue in the first quarter of fiscal 2001 declined 17.4% to \$334.2 million, from \$404.7 million in the quarter ended December 31, 1999. The reduction reflected lower revenue from CGI's outsourcing contract with Bell Canada, as CGI supported Bell's cost reduction program. Acquisitions made at the end of the 2000 fiscal year and during the latest quarter - mostly APG Solutions & Technologies inc. (September 1, 2000) and C.U. Processing Inc. (October 4, 2000) - and new business, notably CGI's joint venture with Loto-Québec, contributed to revenue. The first quarter of fiscal 2000 was a strong quarter, reflecting spending by clients to ensure their IT systems were Y2K compliant, and also reflecting a large international contract completed later in the year. The geographic revenue mix in the first quarter of fiscal 2001 was 74% from Canada (Q1 2000 - 71%), 17% from the U.S. (Q1 2000 - 13%) and 9% from international (Q1 2000 - 16%).

On a sequential basis, revenue increased by 4.4% from the fourth quarter of fiscal 2000, reflecting mostly recent acquisitions.

Operating Expenses

The costs of services, selling and administrative expenses were 15.2% lower than the prior year, at \$289.8 million compared with \$341.8 million. Total operating expenses were 87.5% of revenue, an increase from 85.1% in the first quarter of fiscal 2000 but an improvement from the fourth quarter of fiscal 2000 when the expense ratio was 92.2%. The year-over-year increase in the expense ratio reflects the revenue decline and the Company's strategy to retain its professionals in readiness for an upturn in industry demand. First quarter fiscal 2001 expenses were reduced

by \$4.8 million, relating to provincial refundable tax credits on Quebec employees' salaries, from CGI's participation in the government's program to establish E-Commerce Place. Tax credits amount to a total of \$10,000 per eligible employee.

Depreciation and Amortization

The year-over-year decrease in depreciation and amortization expenses is mostly due to fully amortized assets and contract costs. The marginal increase on a sequential basis results from acquisitions.

Income Taxes

The effective income tax rate was 44.8% in the first quarter of fiscal 2001 compared with 41.6% for the first quarter of fiscal 2000 and 48.0% for the fourth quarter of fiscal 2000. The increase is mostly due to the geographic distribution of earnings.

Earnings before Amortization of Goodwill

Earnings before amortization of goodwill (also referred to as cash net earnings) were \$16.1 million (\$0.06 per share) compared with \$27.4 million (\$0.10 per share) in the first quarter of fiscal 2000. The Company considers this to be the most accurate measurement of its profitability, as goodwill amortization has no impact on cash resources. The year-over-year decline in cash net earnings primarily reflected lower revenue and the higher expense ratio as the Company retained professionals in readiness for a business upturn which began on a gradual basis during the quarter. On a sequential basis, cash net earnings were 128% higher than in the fourth quarter of fiscal 2000, reflecting increased revenue and an improved expense ratio due to business strengthening and results of a cost reduction program.

Amortization of Goodwill, net of Income Taxes

Goodwill related to C.U. Processing Inc., AGTI Consulting Services Inc. (AGTI) and RSI Realtime Inc. (RSI) is reflected in these numbers. (see Note 3 of the Consolidated Financial Statements)

Net Earnings

Net earnings were \$10.4 million (\$0.04 per share) in the first quarter of fiscal 2001, compared with \$23.0 million (\$0.09 per share) in the same quarter the previous year. Factors affecting net earnings are outlined above. On a sequential basis, net earnings in the first quarter of fiscal 2001 increased 331% from the fourth quarter of fiscal 2000, reflecting increased revenue and an improved

expense ratio due to business strengthening and the results of a cost reduction program.

Liquidity and Financial Resources

CGI maintains a strong balance sheet and cash position, which, together with bank lines, are sufficient to support the Company's growth strategy. The Company has a \$250 million credit facility with four Canadian chartered banks available for acquisitions and general working capital purposes. At December 31, 2000, the total credit facility available amounted to \$198.7 million.

Operating cash flow amounted to \$30.9 million, compared with \$43.7 million in the first quarter a year ago. The variation in operating cash flow reflects the variation in net earnings. Cash provided by operating activities amounted to \$40.4 million, compared with a \$40.2 million reduction in the first quarter of fiscal 2000, which was reflective of the increase in accounts receivable and work in progress related to increased business volumes and major systems integration contracts.

Long-term debt increased by \$20 million, reflecting the financing of CGI's 49% interest taken in AGTI. Business acquisition investments amounting to \$54.5 million include C.U. Processing, AGTI and RSI.

The cash position at the end of the quarter amounted to \$51.5 million, compared with a bank indebtedness of \$2.3 million in the first quarter of fiscal 2000.

Accounting Changes

Effective the first quarter of fiscal 2001, the Company adopted recommendations of the CICA Handbook sections 1751, regarding interim financial statements, and 3500, regarding earnings per share.

Section 1751 establishes standards for interim financial statements. In accordance with this section, CGI has provided disclosure on new or changed accounting policies or methods (ie: the adoption of section 3500); disclosed events subsequent to the end of the quarterly period that have not been reflected in the accompanying interim financial statements (ie: the acquisition of Star Data Systems Inc); included disclosure required in annual financial statements concerning business combinations (ie: C.U. Processing Inc., RSI and AGTI), and provided a comparative balance sheet as of the end of the immediately preceding fiscal year instead of the same period of the previous year.

Section 3500 brings Canadian requirements in line with U.S. and international standards, FASB Statement 128 and IAS 33 respectively. Presentation and disclosure requirements are aligned with those of FASB Statement 128. Under the revised standard, the treasury stock method is used instead of the current imputed earnings approach for determining the dilutive effect of options issued. Reconciliation of the numerator and denominator of both basic and diluted per share data is disclosed.

Forward-Looking Statements

All statements in this quarterly report that do not directly and exclusively relate to historical facts constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements represent CGI Group Inc.'s intentions, plans, expectations, and beliefs, and are subject to risks, uncertainties, and other factors, of which many are beyond the control of the Company. These factors could cause actual results to differ materially from such forward-looking statements.

These factors include and are not restricted to the timing and size of contracts, acquisitions and other corporate developments; the ability to attract and retain qualified employees; market competition in the rapidly-evolving information technology industry; general economic and business conditions; and other risks identified in Management's Discussion and Analysis (MD&A) in CGI Group Inc.'s annual report or Form 40F filed with the U.S. Securities & Exchange Commission and the Company's Annual Information Form filed with Canadian securities commissions. All of the risk factors included in these filed documents are included here by reference. CGI disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Consolidated Financial Statements of CGI Group Inc.

Consolidated statements of earnings for the three-month periods ended December 31

(in thousands of dollars, except earnings per share) (unaudited)

	2000	1999
	\$	\$
Revenue	334,179	404,673
Operating expenses		
Costs of services, selling and administrative expenses	289,821	341,810
Research and development	2,490	2,760
	292,311	344,570
Operating earnings (EBITDA) before:	41,868	60,103
Depreciation and amortization of fixed assets	6,837	7,067
Amortization of contract costs	5,467	6,341
	12,304	13,408
Earnings before the following items	29,564	46,695
Interest		
Long-term debt	(862)	(935)
Other	(38)	(182)
Income	545	1,216
	(355)	99
Earnings before income taxes, entity subject to significant influence and amortization of goodwill	29,209	46,794
Income taxes	13,074	19,479
Earnings before entity subject to significant influence and amortization of goodwill	16,135	27,315
Entity subject to significant influence	7	36
Earnings before amortization of goodwill	16,142	27,351
Amortization of goodwill, net of income taxes	5,720	4,392
Net earnings	10,422	22,959
Weighted average number of outstanding Class A subordinate shares and Class B shares	275,663,540	269,268,622
Earnings before amortization of goodwill per share	0.06	0.10
Basic earnings per share	0.04	0.09
Fully diluted earnings per share (Note 1)	0.04	0.08

Consolidated statements of retained earnings for the three-month periods ended December 31

(in thousands of dollars) (unaudited)

	2000	1999
	\$	\$
Retained earnings, beginning of year, as previously reported	183,156	139,080
Adjustment for change in accounting policy	-	(11,590)
Retained earnings, beginning of year, as restated	183,156	127,490
Net earnings	10,422	22,959
Retained earnings, end of period	193,578	150,449

CGI GROUP INC.
Consolidated balance sheets
(in thousands of dollars) (unaudited)

	As at December 31, 2000	As at September 30, 2000
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	51,453	49,341
Accounts receivable	209,464	211,188
Income taxes	21,717	10,483
Work in progress	25,911	49,117
Prepaid expenses and other current assets	23,276	19,442
Future income taxes	6,566	7,052
	338,387	346,623
Investment in an entity subject to significant influence	1,461	1,261
Fixed assets	59,359	58,900
Contract costs	88,903	93,716
Future income taxes	23,147	24,470
Goodwill	446,155	395,903
	957,412	920,873
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	147,791	142,754
Deferred revenue	28,616	25,512
Future income taxes	4,730	7,963
Current portion of long-term debt	5,835	5,770
	186,972	181,999
Future income taxes	22,467	23,929
Long-term debt	57,745	37,644
	267,184	243,572
Shareholders' equity		
Capital stock (Note 2)	492,981	491,807
Contributed surplus	211	211
Retained earnings	193,578	183,156
Foreign currency translation adjustment	3,458	2,127
	690,228	677,301
	957,412	920,873

CGI GROUP INC.**Consolidated statements of cash flows for the three-month periods ended December 31**

(in thousands of dollars) (unaudited)

	2000	1999
	\$	\$
Operating activities		
Net earnings	10,422	22,959
Adjustments for:		
Depreciation and amortization of fixed assets	6,837	7,067
Loss on disposal of fixed assets	-	114
Amortization of contract costs	5,467	6,341
Amortization of goodwill	6,086	4,725
Future income taxes	942	2,491
Foreign exchange loss	1,129	67
Entity subject to significant influence	(7)	(36)
Operating cash flow	30,876	43,728
Changes in non-cash operating working capital items:		
Accounts receivable	9,356	(50,098)
Work in progress	16,751	(15,796)
Prepaid expenses and other current assets	(3,380)	(4,830)
Accounts payable and accrued liabilities	(3,941)	(19,357)
Income taxes	(11,306)	1,591
Deferred revenue	2,017	4,528
	9,497	(83,962)
Cash provided by (used for) operating activities	40,373	(40,234)
Financing activities		
Addition of long-term debt	20,000	193
Reduction of long-term debt	(1,173)	(2,094)
Issuance of shares	174	7,014
Cash provided by financing activities	19,001	5,113
Investing activities		
Business acquisitions (net of cash) (Note 3)	(54,471)	(2,892)
Purchase of fixed assets	(2,987)	(4,267)
Proceeds from sale of fixed assets	-	153
Contract costs	(134)	(1,980)
Cash used for investing activities	(57,592)	(8,986)
Foreign exchange gain (loss) on cash held in foreign currencies	330	(419)
Net increase (decrease) in cash and cash equivalents	2,112	(44,526)
Cash and cash equivalents at beginning of year	49,341	42,229
Cash and cash equivalents at end of period	51,453	(2,297)
Interest paid	900	1,117
Income taxes paid	18,596	14,918

CGI GROUP INC.**Notes to the consolidated financial statements**

(tabular amounts only are in thousands of dollars)(unaudited)

Note 1 – Summary of significant accounting policies

These interim financial statements should be read in conjunction with the consolidated financial statements of the Company and notes thereto for the year ended September 30, 2000.

On October 1, 2000, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants Handbook section 3500 - Earnings per share.

Under the revised section 3500, the treasury stock method is used instead of the current imputed earnings approach for determining the dilutive effect of options issued. In addition, the section requires that a reconciliation of the numerator and denominator be disclosed.

	December 31, 2000			December 31, 1999		
	Net earnings (numerator)	Number of shares (denominator)	Per share amount	Net earnings (numerator)	Number of shares (denominator)	Per share amount
	\$		\$	\$		\$
Income available to common shareholders	10,422	275,663,540	0.04	22,959	269,268,622	0.09
Dilutive options		919,344			2,633,784	
Income available to common shareholders and assumed conversions	10,422	276,582,884	0.04	22,959	271,902,406	0.08

Note 2 – Capital stock**Capital stock**

Class A subordinate shares carrying one vote per share, participating equally with Class B shares with respect to the payment of dividends and convertible into Class B shares under certain conditions in the event of certain takeover bids on Class B shares.

Class B shares, carrying ten votes per share, participating equally with Class A subordinate shares with respect to the payment of dividends and convertible at any time at the option of the holder into Class A subordinate shares.

Options

Under a stock option plan for certain employees and directors of the Company and its subsidiaries, the Board of Directors may grant, at its discretion, options to purchase company stock to certain employees and directors of the Company and of its subsidiaries. The exercise price is established by the Board of Directors but may not be lower than the average closing price for Class A shares over the five business days preceeding the date of grant. Each option must be exercised within a ten-year period, except in the event of retirement, termination of employment or death.

The following table presents information concerning capital stock issued and paid and all stock options as of February 15, 2001:

Shares issued and paid	Number
Class A subordinate shares	255,162,941
Class B shares	34,846,526
Total capital stock	290,009,467
Number of stock options (convertible into Class A shares)	8,506,275
Number of shares reflecting the potential exercise of stock options	298,515,742

CGI GROUP INC.

Note 2 – Capital stock (cont'd)

As of December 31, 2000, and September 30, 2000, (after giving retroactive effect of the subdivision of the Company's shares that occurred on August 12, 1997, December 15, 1997, May 21, 1998 and January 7, 2000), the Class A subordinate shares and the Class B shares changed as follows:

	December 31, 2000				September 30, 2000			
	Class A subordinate shares		Class B shares		Class A subordinate shares		Class B shares	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
		\$		\$		\$		\$
Balance at beginning of year	240,755,667	490,645	34,846,526	1,162	233,887,974	423,616	34,773,652	148
Issued for cash	-	-	-	-	287,914	4,003	-	-
Issued as consideration for business acquisitions	132,758	1,000	-	-	5,626,369	57,112	-	-
Options exercised	83,083	174	-	-	953,410	5,914	72,874	1,014
Balance at the end of the period	240,971,508	491,819	34,846,526	1,162	240,755,667	490,645	34,846,526	1,162

The following table presents information concerning all stock options granted to certain employees and directors by the Company at December 31, 2000, and September 30, 2000:

	December 31, 2000	September 30, 2000
Number of options		
Outstanding at fiscal beginning	6,413,181	4,996,414
Granted	2,506,564	2,565,594
Exercised, forfeited and expired	(360,016)	(1,148,827)
Outstanding at the end of the period	8,559,729	6,413,181

Note 3 – Business acquisitions

During the first quarter of 2001, the Company acquired all the outstanding shares of C.U. Processing Inc. and of RSI Realtime Inc. ("RSI") on October 4, 2000, and on December 12, 2000, respectively. Furthermore, the Company acquired 49% of the outstanding shares of AGTI Consulting Services Inc. ("AGTI") on November 27, 2000. These acquisitions were accounted for using the purchase method, as follows:

	RSI	AGTI	C.U. Processing	Total
	\$	\$	\$	\$
Non-cash working capital items	613	2,023	(9,811)	(7,175)
Fixed assets	339	448	3,296	4,083
Contract costs	-	-	447	447
Future income taxes	(410)	10	4,228	3,828
Goodwill	3,121	12,962	39,351	55,434
Investments	-	193	-	193
Assumption of long-term debt	(527)	-	(812)	(1,339)
	3,136	15,636	36,699	55,471
Cash position at acquisition	(109)	7,639	1,837	9,367
	3,027	23,275	38,536	64,838
Consideration				
Cash	2,027	23,275	38,536	63,838
Issuance of 132,758 Class A subordinate shares	1,000	-	-	1,000
	3,027	23,275	38,536	64,838

CGI GROUP INC.**Note 4 – Segmented information**

The Company provides information technology services. The following presents information on the Company's operations based on its organizational structure.

As of and for the three-month period ended December 31, 2000	Canada	US	International	Corporate	Intersegment elimination	Total
	\$	\$	\$	\$	\$	\$
Revenue	277,789	51,303	22,566	–	(17,479)	334,179
Operating expenses	228,529	51,338	22,697	7,226	(17,479)	292,311
Operating earnings (EBITDA) before:	49,260	(35)	(131)	(7,226)	–	41,868
Depreciation and amortization	10,840	849	340	275	–	12,304
Earnings before interest, income taxes, entity subject to significant influence and amortization of goodwill	38,420	(884)	(471)	(7,501)	–	29,564
Total assets	649,648	171,452	72,677	63,635	–	957,412
As of and for the three-month period ended December 31, 1999						
Revenue	312,220	52,917	66,208	–	(26,672)	404,673
Operating expenses	261,776	48,420	59,862	1,184	(26,672)	344,570
Operating earnings (EBITDA) before:	50,444	4,497	6,346	(1,184)	–	60,103
Depreciation and amortization	11,476	1,121	484	327	–	13,408
Earnings before interest, income taxes, entity subject to significant influence and amortization of goodwill	38,968	3,376	5,862	(1,511)	–	46,695
Total assets	513,529	176,280	200,470	11,844	–	902,123

Note 5 – Subsequent event

On January 23, 2001, CGI Group Inc. announced that its offer, dated December 11, 2000, to purchase all of the outstanding Star Data Systems Inc. ("Star Data") common shares on the basis of 0.737 Class A subordinate share of the Company for each Star Data common share, was successful with 17,533,778 common shares having been tendered, which represents approximately 94.8% of the outstanding common shares of Star Data.