



Sapient Corporation
Consolidated Unaudited Condensed Statements of Operations

	Three Months Ended March 31,	
	2008	2007
	(in thousands, except per share amounts)	
Revenues:		
Service revenues	\$ 154,231	\$ 121,295
Reimbursable expenses	6,303	4,494
Total gross revenues	160,534	125,789
Operating expenses:		
Project personnel expenses	106,907	83,830
Reimbursable expenses	6,303	4,494
Total project personnel expenses and reimbursable expenses	113,210	88,324
Selling and marketing expenses	10,853	7,608
General and administrative expenses	30,041	29,504
Restructuring and other related charges	143	(112)
Amortization of purchased intangible assets	487	542
Total operating expenses	154,734	125,866
Income (loss) from operations	5,800	(77)
Interest and other income, net	2,770	1,303
Income before income taxes	8,570	1,226
Provision for income taxes	1,454	451
Net income	\$ 7,116	\$ 775
Basic net income per share	\$ 0.06	\$ 0.01
Diluted net income per share	\$ 0.06	\$ 0.01
Weighted average common shares	126,031	123,301
Weighted average dilutive common share equivalents	2,925	3,593
Weighted average common shares and dilutive common share equivalents	128,956	126,894



Sapient Corporation
Consolidated Unaudited Condensed Balance Sheets

	March 31, 2008	December 31, 2007
	(in thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 133,318	\$ 118,697
Marketable securities, current portion	8,362	57,667
Restricted cash, current portion	450	458
Accounts receivable, less allowance for doubtful accounts	85,798	82,413
Unbilled revenues	37,811	33,403
Prepaid expenses and other current assets	18,943	22,720
Total current assets	284,682	315,358
Marketable securities, net of current portion	21,317	-
Restricted cash, net of current portion	1,388	1,294
Property and equipment, net	35,345	34,914
Purchased intangible assets, net	5,025	5,512
Goodwill	40,544	40,544
Other assets	10,841	9,982
Total assets	\$ 399,142	\$ 407,604
LIABILITIES, REDEEMABLE COMMON STOCK AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 10,609	\$ 7,264
Accrued compensation	40,304	54,203
Accrued restructuring costs, current portion	3,564	3,584
Deferred revenues, current portion	9,787	13,701
Other current liabilities	46,671	47,405
Total current liabilities	110,935	126,157
Accrued restructuring costs, net of current portion	6,932	7,689
Deferred revenues, net of current portion	506	577
Other long-term liabilities	12,484	12,332
Total liabilities	130,857	146,755
Redeemable common stock	290	290
Stockholders' equity	267,995	260,559
Total liabilities, redeemable common stock and stockholders' equity	\$ 399,142	\$ 407,604



Sapient Corporation
Consolidated Unaudited Statements of Cash Flows

Three Months Ended March 31,

2008

2007

(in thousands)

Cash flows from operating activities:

Net income	\$ 7,116	\$ 775
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Loss recognized on disposition of fixed assets	30	8
Unrealized loss on financial instruments	59	-
Depreciation and amortization expense	4,998	3,449
Deferred income taxes	(464)	216
(Recovery of) provision for allowance for doubtful accounts, net	(293)	156
Stock-based compensation expense (non-cash portion)	4,485	4,167
Changes in operating assets and liabilities, net of acquisition and disposition:		
Accounts receivable	(2,785)	(14,166)
Unbilled revenues	(4,318)	1,167
Prepaid expenses and other current assets	3,314	(2,676)
Other assets	(53)	767
Accounts payable	3,082	(1,300)
Accrued compensation	(15,548)	(5,439)
Accrued restructuring costs	(702)	(1,172)
Deferred revenues	(3,873)	(4,155)
Other accrued liabilities	(1,768)	(2,552)
Other long-term liabilities	(100)	2,791

Net cash used in operating activities

(6,820) (17,964)

Cash flows from investing activities:

Cash paid for acquisition, including transaction costs, net of cash received	(225)	-
Cash received for sale of discontinued operations, net, and payment to minority stockholders	720	436
Purchases of property and equipment and cost of internally developed software	(4,071)	(1,725)
Sales and maturities of marketable securities	35,250	33,000
Purchases of marketable securities	(8,339)	(36,345)
Change in restricted cash	(4)	220

Net cash provided by (used in) investing activities

23,331 (4,414)

Cash flows from financing activities:

Principal payments under capital lease obligation	(19)	(37)
Proceeds from stock option and purchase plans	947	-
Repurchases of common stock	(1,997)	-

Net cash used in financing activities

(1,069) (37)

Effect of exchange rate changes on cash and cash equivalents

(821) 451

Increase (decrease) in cash and cash equivalents

14,621 (21,964)

Cash and cash equivalents, at beginning of period

118,697 75,022

Cash and cash equivalents, at end of period

\$ 133,318 \$ 53,058



Sapient Corporation
Unaudited Reconciliation of Non-GAAP Financial Measures

	Three Months Ended March 31,	
	2008	2007
	(in thousands, except per share amounts)	
Service revenues	\$ 154,231	\$ 121,295
GAAP income (loss) from operations	\$ 5,800	\$ (77)
Stock-based compensation review and restatement expenses	449	3,195
Stock-based compensation expense	4,523	4,167
Restructuring and other related charges	143	(112)
Amortization of purchased intangible assets	487	542
Non-GAAP income from operations	\$ 11,402	\$ 7,715
GAAP operating margin	4%	0%
Effect of adjustments detailed above	3%	6%
Non-GAAP operating margin	7%	6%
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GAAP net income	\$ 7,116	\$ 775
Stock-based compensation review and restatement expenses	449	3,241
Stock-based compensation expense	4,523	4,167
Restructuring and other related charges	143	(112)
Amortization of purchased intangible assets	487	542
Non-GAAP net income	\$ 12,718	\$ 8,613
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GAAP basic income per share	\$ 0.06	\$ 0.01
Effect of adjustments detailed above	0.04	0.06
Non-GAAP basic income per share	\$ 0.10	\$ 0.07
GAAP weighted average common shares	126,031	123,301
Non-GAAP weighted average common shares	126,031	123,301
GAAP diluted income per share	\$ 0.06	\$ 0.01
Effect of adjustments noted above and change in dilution noted below	0.04	0.06
Non-GAAP diluted income per share	\$ 0.10	\$ 0.07
GAAP weighted average common shares and dilutive common share equivalents	128,956	126,894
Non-GAAP weighted average common shares and dilutive common share equivalents	128,956	126,894