



Sapient Corporation
Consolidated Unaudited Condensed Statements of Operations

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2007	2006	2007	2006
	(in thousands, except per share amounts)			
Revenues:				
Service revenues	\$ 154,959	\$ 113,561	\$ 546,438	\$ 405,582
Reimbursable expenses	5,701	5,521	19,551	16,061
Total gross revenues	160,660	119,082	565,989	421,643
Operating expenses:				
Project personnel expenses	104,682	73,228	372,363	270,213
Reimbursable expenses	5,701	5,521	19,551	16,061
Total project personnel expenses and reimbursable expenses	110,383	78,749	391,914	286,274
Selling and marketing expenses	8,700	6,933	33,113	24,025
General and administrative expenses	30,449	31,471	120,617	109,022
Restructuring and other related charges	236	577	32	1,912
Amortization of purchased intangible assets	486	841	2,038	3,564
Total operating expenses	150,254	118,571	547,714	424,797
Income (loss) from operations	10,406	511	18,275	(3,154)
Interest and other income, net	1,785	1,447	5,900	6,167
Income from continuing operations before income taxes, discontinued operations and cumulative effect of accounting change	12,191	1,958	24,175	3,013
Provision for income taxes	3,018	3,062	8,959	4,432
Income (loss) from continuing operations before discontinued operations and cumulative effect of accounting change	9,173	(1,104)	15,216	(1,419)
Loss from discontinued operations	-	-	-	(433)
Gain on disposal of discontinued operations	-	-	-	4,834
Income (loss) before cumulative effect of accounting change	9,173	(1,104)	15,216	2,982
Cumulative effect of accounting change	-	-	-	154
Net income (loss)	\$ 9,173	\$ (1,104)	\$ 15,216	\$ 3,136
Basic income (loss) per share from continuing operations	\$ 0.07	\$ (0.01)	\$ 0.12	\$ (0.01)
Diluted income (loss) per share from continuing operations	\$ 0.07	\$ (0.01)	\$ 0.12	\$ (0.01)
Basic net income (loss) per share	\$ 0.07	\$ (0.01)	\$ 0.12	\$ 0.03
Diluted net income (loss) per share	\$ 0.07	\$ (0.01)	\$ 0.12	\$ 0.03
Weighted average common shares	125,025	123,190	124,180	123,692
Weighted average dilutive common share equivalents	3,658	-	3,711	-
Weighted average common shares and dilutive common share equivalents	128,683	123,190	127,891	123,692



Sapient Corporation
Consolidated Unaudited Condensed Balance Sheets

	December 31, 2007	December 31, 2006
	(in thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 118,697	\$ 75,022
Marketable securities, current portion	57,667	51,859
Restricted cash, current portion	458	551
Accounts receivable, less allowance for doubtful accounts	82,413	75,402
Unbilled revenues	33,403	34,201
Prepaid expenses and other current assets	22,720	20,565
Total current assets	315,358	257,600
Restricted cash, net of current portion	1,294	1,338
Property and equipment, net	34,914	27,623
Purchased intangible assets, net	5,512	7,550
Goodwill	40,544	38,929
Other assets	9,982	9,024
Total assets	\$ 407,604	\$ 342,064
LIABILITIES, REDEEMABLE COMMON STOCK AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 7,264	\$ 9,818
Accrued compensation	54,203	33,077
Accrued restructuring costs, current portion	3,584	3,867
Deferred revenues, current portion	13,701	14,871
Other current liabilities	47,405	47,068
Total current liabilities	126,157	108,701
Accrued restructuring costs, net of current portion	7,689	11,741
Deferred revenues, net of current portion	577	865
Other long-term liabilities	12,332	5,780
Total liabilities	146,755	127,087
Redeemable common stock	290	480
Stockholders' equity	260,559	214,497
Total liabilities, redeemable common stock and stockholders' equity	\$ 407,604	\$ 342,064



Sapient Corporation
Consolidated Unaudited Statements of Cash Flows

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2007	2006	2007	2006
	(in thousands)			
Cash flows from operating activities:				
Net income (loss)	\$ 9,173	\$ (1,104)	\$ 15,216	\$ 3,136
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
(Gain) loss recognized on disposition of fixed assets	(13)	44	72	128
Unrealized (gain) loss on financial instruments	(11)	-	(11)	-
Depreciation and amortization expense	4,934	3,642	17,338	13,580
Deferred income taxes	(925)	80	782	508
(Recovery of) provision for allowance for doubtful accounts, net	(1,244)	225	(1,426)	1,776
Stock-based compensation expense (non-cash portion)	4,693	3,983	17,996	12,410
Gain on disposal of discontinued operations	-	-	-	(4,834)
Cumulative effect of accounting change	-	-	-	(154)
Changes in operating assets and liabilities, net of acquisition and disposition:				
Accounts receivable	2,609	10,735	(3,676)	(6,993)
Unbilled revenues	3,858	(2,683)	1,726	(16,075)
Prepaid expenses and other current assets	2,783	(2,860)	(1,047)	(7,362)
Other assets	(559)	(14)	(499)	(3,172)
Accounts payable	2,168	(1,120)	(3,342)	122
Accrued compensation	9,540	4,134	18,180	5,896
Accrued restructuring costs	(1,105)	(439)	(4,572)	(5,724)
Deferred revenues	(4,419)	1,381	(1,922)	2,680
Other accrued liabilities	(1,056)	7,662	(1,738)	21,379
Other long-term liabilities	1,238	136	5,124	899
Net cash provided by operating activities	31,664	23,802	58,201	18,200
Cash flows from investing activities:				
Cash paid for acquisition, including transaction costs, net of cash received	-	-	(883)	(27,655)
Cash received for sale of discontinued operations, net, and payment to minority stockholders	-	134	436	5,276
Purchases of property and equipment and cost of internally developed software	(5,390)	(5,273)	(20,361)	(14,333)
Sales and maturities of marketable securities	24,895	37,100	103,637	151,511
Purchases of marketable securities	(50,605)	(34,294)	(109,423)	(116,451)
Change in restricted cash	7	506	360	(223)
Net cash used in investing activities	(31,093)	(1,827)	(26,234)	(1,875)
Cash flows from financing activities:				
Principal payments under capital lease obligation	(21)	(33)	(106)	(135)
Proceeds from stock option and purchase plans	5,060	625	11,068	5,506
Widfall tax benefit from exercise and release of stock-based awards	182	-	182	-
Repurchases of common stock	(619)	-	(4,395)	(18,109)
Net cash provided by (used in) financing activities	4,602	592	6,749	(12,738)
Effect of exchange rate changes on cash and cash equivalents	(270)	1,501	4,959	1,487
Increase in cash and cash equivalents	4,903	24,068	43,675	5,074
Cash and cash equivalents, at beginning of period	113,794	50,954	75,022	69,948
Cash and cash equivalents, at end of period	\$ 118,697	\$ 75,022	\$ 118,697	\$ 75,022



Sapient Corporation
Unaudited Reconciliation of Non-GAAP Financial Measures

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2007	2006	2007	2006
	(in thousands, except per share amounts)			
Service revenues	\$ 154,959	\$ 113,561	\$ 546,438	\$ 405,582
GAAP income (loss) from operations	\$ 10,406	\$ 511	\$ 18,275	\$ (3,154)
Stock-based compensation review and restatement expenses	420	3,663	7,483	8,058
Stock-based compensation expense	4,726	3,983	18,554	12,410
Restructuring and other related charges	236	577	32	1,912
Amortization of purchased intangible assets	486	841	2,038	3,564
Non-GAAP income from operations	\$ 16,274	\$ 9,575	\$ 46,382	\$ 22,790
GAAP operating margin	6.7%	0.4%	3.3%	(0.8%)
Effect of adjustments detailed above	3.8%	8.0%	5.2%	6.4%
Non-GAAP operating margin	10.5%	8.4%	8.5%	5.6%
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GAAP income (loss) from continuing operations before discontinued operations and cumulative effect of accounting change	\$ 9,173	\$ (1,104)	\$ 15,216	\$ (1,419)
Stock-based compensation review and restatement expenses	420	3,663	7,529	8,058
Stock-based compensation expense	4,726	3,983	18,554	12,410
Restructuring and other related charges	236	577	32	1,912
Amortization of purchased intangible assets	486	841	2,038	3,564
Non-GAAP income from continuing operations before discontinued operations and cumulative effect of accounting change	\$ 15,041	\$ 7,960	\$ 43,369	\$ 24,525
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GAAP basic income (loss) per share from continuing operations	\$ 0.07	\$ (0.01)	\$ 0.12	\$ (0.01)
Effect of adjustments detailed above	0.05	0.07	0.23	0.21
Non-GAAP basic income per share from continuing operations	\$ 0.12	\$ 0.06	\$ 0.35	\$ 0.20
GAAP weighted average common shares	125,025	123,190	124,180	123,692
Non-GAAP weighted average common shares	125,025	123,190	124,180	123,692
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GAAP diluted income (loss) per share from continuing operations	\$ 0.07	\$ (0.01)	\$ 0.12	\$ (0.01)
Effect of adjustments noted above and change in dilution noted below	0.05	0.07	0.22	0.21
Non-GAAP diluted income per share from continuing operations	\$ 0.12	\$ 0.06	\$ 0.34	\$ 0.20
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GAAP weighted average common shares and dilutive common share equivalents	128,683	123,190	127,891	123,692
Non-GAAP weighted average common shares and dilutive common share equivalents	128,683	123,190	127,891	123,692