

**COGNIZANT TECHNOLOGY SOLUTIONS CORPORATION**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(in millions, except par values)

	At December 31,	
	2017	2016
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 1,925	\$ 2,034
Short-term investments	3,131	3,135
Trade accounts receivable, net of allowances of \$65 and \$48, respectively	2,865	2,556
Unbilled accounts receivable	357	349
Other current assets	833	526
Total current assets	9,111	8,600
Property and equipment, net	1,324	1,311
Goodwill	2,704	2,554
Intangible assets, net	981	951
Deferred income tax assets, net	418	425
Long-term investments	235	62
Other noncurrent assets	448	359
Total assets	\$ 15,221	\$ 14,262
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 210	\$ 175
Deferred revenue	383	306
Short-term debt	175	81
Accrued expenses and other current liabilities	2,071	1,856
Total current liabilities	2,839	2,418
Deferred revenue, noncurrent	104	151
Deferred income tax liabilities, net	146	6
Long-term debt	698	797
Long-term income taxes payable	584	—
Other noncurrent liabilities	181	162
Total liabilities	4,552	3,534
Commitments and contingencies (See <a href="#">Note 14</a> )		
Stockholders' equity:		
Preferred stock, \$0.10 par value, 15.0 shares authorized, none issued	—	—
Class A common stock, \$0.01 par value, 1,000 shares authorized, 588 and 608 shares issued and outstanding at December 31, 2017 and 2016, respectively	6	6
Additional paid-in capital	49	358
Retained earnings	10,544	10,478
Accumulated other comprehensive income (loss)	70	(114)
Total stockholders' equity	10,669	10,728
Total liabilities and stockholders' equity	\$ 15,221	\$ 14,262

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

**COGNIZANT TECHNOLOGY SOLUTIONS CORPORATION**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(in millions, except per share data)

	Year Ended December 31,		
	2017	2016	2015
Revenues	\$ 14,810	\$ 13,487	\$ 12,416
Operating expenses:			
Cost of revenues (exclusive of depreciation and amortization expense shown separately below)	9,152	8,108	7,440
Selling, general and administrative expenses	2,769	2,731	2,509
Depreciation and amortization expense	408	359	325
Income from operations	2,481	2,289	2,142
Other income (expense), net:			
Interest income	133	115	84
Interest expense	(23)	(19)	(18)
Foreign currency exchange gains (losses), net	67	(30)	(43)
Other, net	(3)	2	(1)
Total other income (expense), net	174	68	22
Income before provision for income taxes	2,655	2,357	2,164
Provision for income taxes	(1,153)	(805)	(540)
Income from equity method investments	2	1	—
Net income	\$ 1,504	\$ 1,553	\$ 1,624
Basic earnings per share	\$ 2.54	\$ 2.56	\$ 2.67
Diluted earnings per share	\$ 2.53	\$ 2.55	\$ 2.65
Weighted average number of common shares outstanding—Basic	593	607	609
Dilutive effect of shares issuable under stock-based compensation plans	2	3	4
Weighted average number of common shares outstanding—Diluted	595	610	613
Dividends declared per common share	\$ 0.45	\$ —	\$ —

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**COGNIZANT TECHNOLOGY SOLUTIONS CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in millions)

	Year Ended December 31,		
	2017	2016	2015
Cash flows from operating activities:			
Net income	\$ 1,504	\$ 1,553	\$ 1,624
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	443	379	330
Provision for doubtful accounts	15	12	10
Deferred income taxes	124	(91)	(126)
Stock-based compensation expense	221	217	192
Other	(86)	46	49
Changes in assets and liabilities:			
Trade accounts receivable	(249)	(330)	(322)
Other current assets	(181)	(104)	(33)
Other noncurrent assets	(89)	(59)	(39)
Accounts payable	16	6	19
Deferred revenue, current and noncurrent	18	(38)	50
Other current and noncurrent liabilities	671	54	433
Net cash provided by operating activities	2,407	1,645	2,187
Cash flows from investing activities:			
Purchases of property and equipment	(284)	(300)	(273)
Purchases of available-for-sale investment securities	(3,120)	(4,231)	(2,050)
Proceeds from maturity or sale of available-for-sale investment securities	3,404	3,982	1,290
Purchases of held-to-maturity investment securities	(1,221)	(54)	—
Proceeds from maturity of held-to-maturity investment securities	404	15	—
Purchases of other investments	(385)	(884)	(954)
Proceeds from maturity or sale of other investments	836	843	618
Payments for business combinations, net of cash acquired, and equity and cost method investments	(216)	(334)	(2)
Net cash (used in) investing activities	(582)	(963)	(1,371)
Cash flows from financing activities:			
Issuance of common stock under stock-based compensation plans	189	176	131
Repurchases of common stock	(1,889)	(512)	(460)
Repayment of term loan borrowings and capital lease obligations	(95)	(57)	(53)
Net change in notes outstanding under the revolving credit facility	75	(350)	(300)
Dividends paid	(265)	—	—
Net cash (used in) financing activities	(1,985)	(743)	(682)
Effect of exchange rate changes on cash and cash equivalents	51	(30)	(19)
(Decrease) increase in cash and cash equivalents	(109)	(91)	115
Cash and cash equivalents, beginning of year	2,034	2,125	2,010
Cash and cash equivalents, end of period	<u>\$ 1,925</u>	<u>\$ 2,034</u>	<u>\$ 2,125</u>
Supplemental information:			
Cash paid for income taxes during the year	<u>\$ 587</u>	<u>\$ 845</u>	<u>\$ 579</u>
Cash interest paid during the year	<u>\$ 21</u>	<u>\$ 16</u>	<u>\$ 14</u>

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