

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

	Year Ended December 31,		
	2016	2015	2014
Revenues	\$ 13,487	\$ 12,416	\$ 10,263
Operating expenses:			
Cost of revenues (exclusive of depreciation and amortization expense shown separately below)	8,108	7,440	6,141
Selling, general and administrative expenses	2,731	2,509	2,037
Depreciation and amortization expense	359	325	200
Income from operations	2,289	2,142	1,885
Other income (expense), net:			
Interest income	115	84	62
Interest expense	(19)	(18)	(3)
Foreign currency exchange gains (losses), net	(30)	(43)	(20)
Other, net	2	(1)	—
Total other income (expense), net	68	22	39
Income before provision for income taxes	2,357	2,164	1,924
Provision for income taxes	(805)	(540)	(485)
Income from equity method investment	1	—	—
Net income	\$ 1,553	\$ 1,624	\$ 1,439
Basic earnings per share	\$ 2.56	\$ 2.67	\$ 2.37
Diluted earnings per share	\$ 2.55	\$ 2.65	\$ 2.35
Weighted average number of common shares outstanding—Basic	607	609	608
Dilutive effect of shares issuable under stock-based compensation plans	3	4	5
Weighted average number of common shares outstanding—Diluted	610	613	613

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

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

	Year Ended December 31,		
	2016	2015	2014
Cash flows from operating activities:			
Net income	\$ 1,553	\$ 1,624	\$ 1,439
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	379	330	208
Provision for doubtful accounts	12	10	5
Deferred income taxes	(91)	(126)	(100)
Stock-based compensation expense	217	192	135
Excess tax benefits on stock-based compensation plans	(24)	(34)	(24)
Other	46	49	31
Changes in assets and liabilities:			
Trade accounts receivable	(330)	(322)	(259)
Other current assets	(104)	(33)	(119)
Other noncurrent assets	(59)	(39)	19
Accounts payable	6	19	26
Deferred revenue, current and noncurrent	(38)	50	71
Other current and noncurrent liabilities	54	433	41
Net cash provided by operating activities	1,621	2,153	1,473
Cash flows from investing activities:			
Purchases of property and equipment	(300)	(273)	(212)
Purchases of investments	(5,169)	(3,004)	(2,498)
Proceeds from maturity or sale of investments	4,840	1,908	2,240
Payments for business combinations, net of cash acquired, and equity and cost method investments	(334)	(2)	(2,691)
Net cash (used in) investing activities	(963)	(1,371)	(3,161)
Cash flows from financing activities:			
Issuance of common stock under stock-based compensation plans	176	131	101
Excess tax benefits on stock-based compensation plans	24	34	24
Repurchases of common stock	(512)	(460)	(248)
Proceeds from term loan borrowings	—	—	1,000
Debt issuance costs	—	—	(9)
Repayment of term loan borrowings and capital lease obligations	(57)	(53)	(15)
Net change in notes outstanding under the revolving credit facility	(350)	(300)	650
Net cash (used in) provided by financing activities	(719)	(648)	1,503
Effect of exchange rate changes on cash and cash equivalents	(30)	(19)	(18)
(Decrease) increase in cash and cash equivalents	(91)	115	(203)
Cash and cash equivalents, beginning of year	2,125	2,010	2,213
Cash and cash equivalents, end of period	\$ 2,034	\$ 2,125	\$ 2,010
Supplemental information:			
Cash paid for income taxes during the year	\$ 845	\$ 579	\$ 559
Cash interest paid during the year	\$ 16	\$ 14	\$ —

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