
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-Q

☒ **Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the quarterly period ended June 30, 2017

☐ **Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period from _____ to _____

Commission File Number 0-24429

COGNIZANT TECHNOLOGY SOLUTIONS CORPORATION

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

13-3728359
(I.R.S. Employer
Identification No.)

**Glenpointe Centre West
500 Frank W. Burr Blvd.
Teaneck, New Jersey**
(Address of Principal Executive Offices)

07666
(Zip Code)

Registrant's telephone number, including area code: (201) 801-0233

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No: ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No: ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐
No ☒

Indicate the number of shares outstanding of each of the issuer’s class of common stock, as of July 28, 2017:

Class	Number of Shares
Class A Common Stock, par value \$.01 per share	590,622,691

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PART I. FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements (Unaudited).

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

	June 30, 2017	December 31, 2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,157	\$ 2,034
Short-term investments	3,221	3,135
Trade accounts receivable, net of allowances of \$64 and \$48, respectively	2,680	2,556
Unbilled accounts receivable	409	349
Other current assets	632	526
Total current assets	8,099	8,600
Property and equipment, net	1,284	1,311
Goodwill	2,576	2,554
Intangible assets, net	894	951
Deferred income tax assets, net	457	425
Long-term investments	198	62
Other noncurrent assets	430	359
Total assets	<u>\$ 13,938</u>	<u>\$ 14,262</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 179	\$ 175
Deferred revenue	337	306
Short-term debt	244	81
Accrued expenses and other current liabilities	1,655	1,856
Total current liabilities	2,415	2,418
Deferred revenue, noncurrent	133	151
Deferred income tax liabilities, net	5	6
Long-term debt	747	797
Other noncurrent liabilities	155	162
Total liabilities	<u>3,455</u>	<u>3,534</u>
Commitments and contingencies (See Note 11)		
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, 590 and 608 shares issued and outstanding at June 30, 2017 and December 31, 2016, respectively	6	6
Additional paid-in capital	128	358
Retained earnings	10,316	10,478
Accumulated other comprehensive income (loss)	33	(114)
Total stockholders' equity	<u>10,483</u>	<u>10,728</u>
Total liabilities and stockholders' equity	<u>\$ 13,938</u>	<u>\$ 14,262</u>

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Revenues	\$ 3,670	\$ 3,370	\$ 7,216	\$ 6,572
Operating expenses:				
Cost of revenues (exclusive of depreciation and amortization expense shown separately below)	2,261	2,038	4,455	3,953
Selling, general and administrative expenses	709	654	1,395	1,300
Depreciation and amortization expense	94	87	190	174
Income from operations	606	591	1,176	1,145
Other income (expense), net:				
Interest income	31	28	63	59
Interest expense	(6)	(5)	(12)	(10)
Foreign currency exchange gains (losses), net	5	(20)	57	(11)
Other, net	(1)	1	—	1
Total other income (expense), net	29	4	108	39
Income before provision for income taxes	635	595	1,284	1,184
Provision for income taxes	(165)	(343)	(257)	(491)
Income from equity method investment	—	—	—	—
Net income	\$ 470	\$ 252	\$ 1,027	\$ 693
Basic earnings per share	\$ 0.80	\$ 0.42	\$ 1.72	\$ 1.14
Diluted earnings per share	\$ 0.80	\$ 0.41	\$ 1.71	\$ 1.14
Weighted average number of common shares outstanding - Basic	589	606	597	607
Dilutive effect of shares issuable under stock-based compensation plans	2	3	2	3
Weighted average number of common shares outstanding - Diluted	591	609	599	610
Dividends declared per common share	\$ 0.15	\$ —	\$ 0.15	\$ —

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

COGNIZANT TECHNOLOGY SOLUTIONS CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)
(in millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Net income	\$ 470	\$ 252	\$ 1,027	\$ 693
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	50	(29)	67	(9)
Change in unrealized gains and losses on cash flow hedges, net of taxes	(1)	(8)	78	12
Change in unrealized gains and losses on available-for-sale securities, net of taxes	1	3	2	8
Other comprehensive income (loss)	50	(34)	147	11
Comprehensive income	\$ 520	\$ 218	\$ 1,174	\$ 704

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

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

	For the Six Months Ended June 30,	
	2017	2016
Cash flows from operating activities:		
Net income	\$ 1,027	\$ 693
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	207	181
Provision for doubtful accounts	17	4
Deferred income taxes	8	26
Stock-based compensation expense	109	116
Other	(63)	10
Changes in assets and liabilities:		
Trade accounts receivable	(103)	(187)
Other current assets	(81)	(120)
Other noncurrent assets	(46)	(6)
Accounts payable	2	6
Deferred revenues, current and noncurrent	10	2
Other current and noncurrent liabilities	(289)	(287)
Net cash provided by operating activities	798	438
Cash flows from investing activities:		
Purchases of property and equipment	(126)	(139)
Purchases of available-for-sale investment securities	(1,622)	(2,578)
Proceeds from maturity or sale of available-for-sale investment securities	1,936	2,572
Purchases of held-to-maturity investment securities	(662)	—
Proceeds from maturity of held-to-maturity investment securities	50	—
Purchases of other investments	(213)	(355)
Proceeds from maturity or sale of other investments	345	391
Payments for business combinations, net of cash acquired and equity method investment	(6)	(151)
Net cash (used in) investing activities	(298)	(260)
Cash flows from financing activities:		
Issuance of common stock under stock-based compensation plans	104	91
Repurchases of common stock	(1,544)	(335)
Repayment of term loan borrowings and capital lease obligations	(42)	(27)
Net change in notes outstanding under the revolving credit facility	150	(350)
Dividends paid	(89)	—
Net cash (used in) financing activities	(1,421)	(621)
Effect of exchange rate changes on cash and cash equivalents	44	2
(Decrease) in cash and cash equivalents	(877)	(441)
Cash and cash equivalents, beginning of year	2,034	2,125
Cash and cash equivalents, end of period	\$ 1,157	\$ 1,684

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

COGNIZANT TECHNOLOGY SOLUTIONS CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1 — Interim Condensed Consolidated Financial Statements

The terms “Cognizant,” “we,” “our,” “us” and “the Company” refer to Cognizant Technology Solutions Corporation unless the context indicates otherwise. We have prepared the accompanying unaudited condensed consolidated financial statements included herein in accordance with generally accepted accounting principles in the United States of America, or U.S. GAAP, and Article 10 of Regulation S-X under the Securities Exchange Act of 1934, as amended, or the Exchange Act. The accompanying unaudited condensed consolidated financial statements should be read in conjunction with our audited consolidated financial statements (and notes thereto) included in our Annual Report on Form 10-K for the year ended December 31, 2016. In our opinion, all adjustments considered necessary for a fair statement of the accompanying unaudited condensed consolidated financial statements have been included, and all adjustments are of a normal and recurring nature. Operating results for the interim periods are not necessarily indicative of results that may be expected to occur for the entire year.

Recently Adopted Accounting Pronouncements.

In March 2016, the Financial Accounting Standards Board, or FASB, issued an update to the standard on derivatives and hedging, which clarifies the effect of derivative contract novations on existing hedge accounting relationships. As it relates to derivative instruments, novation refers to replacing one of the parties to a derivative instrument with a new party, which may occur for a variety of reasons such as: financial institution mergers, intercompany transactions, an entity exiting a particular derivatives business or relationship, or because of laws or regulatory requirements. The update clarifies that a change in the counterparty to a derivative instrument that has been designated as the hedging instrument does not, in and of itself, require dedesignation of that hedge accounting relationship provided that all other hedge accounting criteria continue to be met. The update is effective for fiscal years, and interim periods within those fiscal years, beginning on or after January 1, 2017. We adopted this update beginning January 1, 2017. The adoption of this update did not have any effect on our financial condition or results of operations.

In March 2016, the FASB issued an update to the standard on stock compensation, which simplifies several aspects of the accounting for employee share-based payment transactions including the accounting for excess tax benefits and deficiencies, forfeitures, and statutory tax withholding requirements, as well as classification in the statement of cash flows. The update is effective for fiscal years, and interim periods within those fiscal years, beginning on or after January 1, 2017. We adopted this update prospectively beginning January 1, 2017. For the three and six months ended June 30, 2017, we recognized net excess tax benefits on stock-based compensation awards in our income tax provision in the amount of \$5 million and \$11 million or approximately \$0.01 and \$0.02 per share, respectively. Additionally, the excess tax benefits and deficiencies have been presented in operating activities in the statement of cash flows in our consolidated financial statements and the prior period presentation has been adjusted to conform to the current period.

In January 2017, the FASB issued an update to the standard on business combinations, which clarifies the definition of a business. The update requires a business to include at least an input and a substantive process that together significantly contribute to the ability to create outputs. The update also states that the definition of a business is not met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets. The update is effective for fiscal years, and interim periods within those fiscal years, beginning after January 1, 2018 with early adoption permitted. We early adopted this update prospectively beginning January 1, 2017. The adoption of this update did not have a material effect on our financial condition or results of operations.

In January 2017, the FASB issued an update to the standard on goodwill, which eliminates the need to calculate the implied fair value of goodwill when an impairment is indicated. The update states that goodwill impairment is measured as the excess of a reporting unit's carrying value over its fair value, not to exceed the carrying amount of goodwill. The update is effective for fiscal years, and interim periods within those fiscal years, beginning after January 1, 2020 with early adoption permitted. We early adopted this update prospectively beginning January 1, 2017. The adoption of this update did not have any effect on our financial condition or results of operations.

New Accounting Pronouncements.

In May 2014, the FASB issued a standard on revenue from contracts with customers. In 2016, the FASB issued five amendments to the new standard. The new standard, as amended, sets forth a single comprehensive model for recognizing and reporting revenues. The standard also requires additional financial statement disclosures that will enable users to understand the nature, amount, timing and uncertainty of revenues and cash flows relating to customer contracts. The standard is effective for fiscal years, and interim periods within those years, beginning on or after January 1, 2018. The standard allows for two methods of adoption: the full retrospective adoption, which requires the standard to be applied to each prior period presented, or the modified retrospective adoption, which requires the cumulative effect of adoption to be recognized as an adjustment to opening retained earnings in the period of adoption. We intend to adopt the standard using the modified retrospective method effective January 1, 2018. While we are currently evaluating the effect the new standard will have on our consolidated financial statements and related disclosures, we believe the most significant impacts primarily relate to changes in the method used to measure progress on our application maintenance and business process services fixed-price contracts, capitalization and amortization of costs to acquire and fulfill a contract, as well as the timing of revenue recognition on our software license contracts. Due to the complexity of certain of our contracts, the actual revenue recognition treatment required under the standard will be dependent on each contract's specific terms. The final impact of adoption of the new standard will be based on active contracts as of December 31, 2017. Many of our contracts are short-term in nature and may be renewed, terminated or otherwise modified after June 30, 2017. Additionally, new contracts will be signed during the second half of 2017. Thus, we are unable to provide a quantification of the impact of adoption of the new standard at this time.

In January 2016, the FASB issued an update to the standard on financial instruments. The update significantly revises an entity's accounting related to (1) the classification and measurement of investments in equity securities and (2) the presentation of certain fair value changes for financial liabilities measured at fair value. It also amends certain disclosure requirements. The update is effective for fiscal years, and interim periods within those fiscal years, beginning on or after January 1, 2018. Upon adoption, entities will be required to make a cumulative-effect adjustment to the statement of financial position as of the beginning of the first reporting period in which the guidance is effective. However, the specific guidance on equity securities without readily determinable fair value will apply prospectively to all equity investments that exist as of the date of adoption. Early adoption of certain sections of this update is permitted. We are currently evaluating the effect the update will have on our consolidated financial statements and related disclosures.

In February 2016, the FASB issued a standard on lease accounting. The new standard replaces the existing guidance on leases and requires the lessee to recognize a right-of-use asset and a lease liability for all leases with lease terms equal to or greater than twelve months. For finance leases, the lessee would recognize interest expense and amortization of the right-of-use asset, and for operating leases, the lessee would recognize total lease expense on a straight-line basis. This standard is effective for fiscal years, and interim periods within those fiscal years, beginning on or after January 1, 2019. Upon adoption, entities will be required to use a modified retrospective transition which provides for certain practical expedients. Entities are required to apply the new standard at the beginning of the earliest comparative period presented. Early adoption of this new standard is permitted. We are currently evaluating the effect the new standard will have on our consolidated financial statements and related disclosures. We expect the requirement to recognize a right-of-use asset and a lease liability for operating leases to have a material impact on the presentation of our consolidated statements of financial position.

In August 2016, the FASB issued an update to the standard on the statement of cash flows, which clarifies the presentation and classification of certain cash receipts and cash payments. The update addresses specific cash flow issues, including debt prepayment or debt extinguishment costs, contingent consideration payments made after a business combination, proceeds from the settlement of insurance claims, and distributions received from equity method investees. The update is effective for fiscal years, and interim periods within those fiscal years, beginning on or after January 1, 2018. Early adoption is permitted, including adoption in an interim period, provided that all of the updates are adopted in the same period. Upon adoption, entities will be required to use a retrospective transition approach. We are currently evaluating the impact of the new guidance on our consolidated financial statements. The adoption of this guidance will affect financial statement presentation only and will have no effect on our financial position or results of operations.

In March 2017, the FASB issued an update to shorten the amortization period for certain callable debt securities held at a premium to the earliest call date. The amendments do not require an accounting change for securities held at a discount. The update is effective for fiscal years, and interim periods within those fiscal years, beginning on after January 1, 2019 with early adoption permitted. Upon adoption, entities will be required to use a modified retrospective transition with the cumulative effect adjustment recognized to retained earnings as of the beginning of the period of adoption. We are currently evaluating the effect the amendments will have on our consolidated financial statements and related disclosures.

In May 2017, the FASB issued an update to amend the scope of modification accounting for share-based payment arrangements. The amendment requires that an entity will not apply modification accounting to a share-based payment award if the award's fair value, vesting conditions and classification are the same immediately before and after the modification. The update is effective for fiscal years, and interim periods within those fiscal years, beginning on after January 1, 2018 with early adoption permitted. Upon adoption, entities will be required to apply this guidance prospectively to an award modified on or after the adoption date. We are currently evaluating the effect the amendments will have on our consolidated financial statements and related disclosures.

Note 2 — Internal Investigation and Related Matters

We are conducting an internal investigation focused on whether certain payments relating to Company-owned facilities in India were made improperly and in possible violation of the U.S. Foreign Corrupt Practices Act, or FCPA, and other applicable laws. In September 2016, we voluntarily notified the U.S. Department of Justice, or DOJ, and Securities and Exchange Commission, or SEC, and are cooperating fully with both agencies. The investigation is being conducted under the oversight of the Audit Committee, with the assistance of outside counsel. To date, the investigation has identified a total of approximately \$6 million in payments made between 2010 and 2015 that may have been improper. During the year ended December 31, 2016, we recorded out-of-period corrections related to \$4 million of such payments that had been previously capitalized that should have been expensed. These out-of-period corrections and the other \$2 million in potentially improper payments were not material to any previously issued financial statements. The investigation is also examining various other payments made in small amounts in India and elsewhere that may not have complied with Company policy or applicable law. There were no adjustments recorded during the six months ended June 30, 2017.

Note 3 — Realignment Charges

In 2017, we began a realignment of our business to accelerate the shift to digital services and solutions while improving the overall efficiency of our operations. As part of this realignment, for the three and six months ended June 30, 2017, we incurred \$39 million and \$50 million, respectively, in pre-tax realignment charges, reported in "Selling, general and administrative expenses" in our consolidated statements of operations. The realignment charges are comprised of severance costs primarily related to a voluntary separation program, or VSP, announced in May 2017, advisory fees related to non-routine shareholder matters and to the development of our realignment and return of capital programs, and lease termination costs.

Realignment charges for the three and six months ended June 30, 2017 were as follows:

	Three Months	Six Months
	(in millions)	
Employee separations	\$ 37	\$ 39
Advisory fees	1	10
Lease termination costs	1	1
Total realignment costs	<u>\$ 39</u>	<u>\$ 50</u>

There were no realignment charges incurred in 2016.

Note 4 — Investments

Our investments were as follows:

	June 30, 2017	December 31, 2016
	(in millions)	
Short-term investments:		
Trading investment securities	\$ 25	\$ 25
Available-for-sale investment securities	1,953	2,264
Held-to-maturity investment securities	543	40
Time deposits	700	806
Total short-term investments	<u>\$ 3,221</u>	<u>\$ 3,135</u>

Long-term investments:			
Equity and cost method investments	\$	69	\$ 62
Held-to-maturity investment securities		129	—
Total long-term investments	\$	198	\$ 62

Trading Investment Securities

Our trading investment securities consist of a U.S. dollar denominated investment in a fixed income mutual fund. Unrealized losses for the three and six months ended June 30, 2017 were immaterial. There were no realized gains or losses on trading securities during the three and six months ended June 30, 2017. During the six months ended June 30, 2016, there were no investment securities in our portfolio classified as trading.

Available-for-Sale Investment Securities

Our available-for-sale investment securities consist of U.S. dollar denominated investments primarily in U.S. Treasury notes, U.S. government agency debt securities, municipal debt securities, non-U.S. government debt securities, U.S. and international corporate bonds, certificates of deposit, commercial paper, debt securities issued by supranational institutions, and asset-backed securities, including securities backed by auto loans, credit card receivables, and other receivables. Our investment guidelines are to purchase securities which are investment grade at the time of acquisition. We monitor the credit ratings of the securities in our portfolio on an ongoing basis.

The amortized cost, gross unrealized gains and losses and fair value of available-for-sale investment securities at June 30, 2017 were as follows:

	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
(in millions)				
U.S. Treasury and agency debt securities	\$ 644	\$ —	\$ (2)	\$ 642
Corporate and other debt securities	442	—	(1)	441
Certificates of deposit and commercial paper	452	—	—	452
Asset-backed securities	294	1	(1)	294
Municipal debt securities	124	—	—	124
Total available-for-sale investment securities	\$ 1,956	\$ 1	\$ (4)	\$ 1,953

The amortized cost, gross unrealized gains and losses and fair value of available-for-sale investment securities at December 31, 2016 were as follows:

	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
(in millions)				
U.S. Treasury and agency debt securities	\$ 605	\$ —	\$ (3)	\$ 602
Corporate and other debt securities	407	—	(2)	405
Certificates of deposit and commercial paper	910	1	—	911
Asset-backed securities	232	—	(1)	231
Municipal debt securities	116	—	(1)	115
Total available-for-sale investment securities	\$ 2,270	\$ 1	\$ (7)	\$ 2,264

The fair value and related unrealized losses of available-for-sale investment securities in a continuous unrealized loss position for less than 12 months and for 12 months or longer were as follows as of June 30, 2017:

	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
(in millions)						
U.S. Treasury and agency debt securities	\$ 551	\$ (2)	\$ —	\$ —	\$ 551	\$ (2)
Corporate and other debt securities	298	(1)	—	—	298	(1)
Certificates of deposit and commercial paper	105	—	—	—	105	—
Asset-backed securities	222	(1)	3	—	225	(1)
Municipal debt securities	59	—	1	—	60	—
Total	<u>\$ 1,235</u>	<u>\$ (4)</u>	<u>\$ 4</u>	<u>\$ —</u>	<u>\$ 1,239</u>	<u>\$ (4)</u>

The fair value and related unrealized losses of available-for-sale investment securities in a continuous unrealized loss position for less than 12 months and for 12 months or longer were as follows as of December 31, 2016:

	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
(in millions)						
U.S. Treasury and agency debt securities	\$ 526	\$ (3)	\$ —	\$ —	\$ 526	\$ (3)
Corporate and other debt securities	342	(2)	1	—	343	(2)
Certificates of deposit and commercial paper	185	—	—	—	185	—
Asset-backed securities	206	(1)	1	—	207	(1)
Municipal debt securities	88	(1)	1	—	89	(1)
Total	<u>\$ 1,347</u>	<u>\$ (7)</u>	<u>\$ 3</u>	<u>\$ —</u>	<u>\$ 1,350</u>	<u>\$ (7)</u>

The unrealized losses for the above securities as of June 30, 2017 and December 31, 2016 were primarily attributable to changes in interest rates. At each reporting date, the Company performs an evaluation of impaired available-for-sale securities to determine if the unrealized losses are other-than-temporary. We do not consider any of the investments to be other-than-temporarily impaired as of June 30, 2017. The gross unrealized gains and losses in the above tables were recorded, net of tax, in "Accumulated other comprehensive income (loss)" in our consolidated statements of financial position.

The contractual maturities of our fixed income available-for-sale investment securities as of June 30, 2017 are set forth in the following table:

	Amortized Cost	Fair Value
(in millions)		
Due within one year	\$ 646	\$ 646
Due after one year up to two years	462	461
Due after two years up to three years	478	476
Due after three years	76	76
Asset-backed securities	294	294
Total available-for-sale investment securities	<u>\$ 1,956</u>	<u>\$ 1,953</u>

Asset-backed securities were excluded from the maturity categories because the actual maturities may differ from the contractual maturities since the underlying receivables may be prepaid without penalties. Further, actual maturities of debt securities may differ from those presented above since certain obligations provide the issuer the right to call or prepay the obligation prior to scheduled maturity without penalty.

Proceeds from sales of available-for-sale investment securities and the gross gains and losses that have been included in earnings as a result of those sales were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
	(in millions)			
Proceeds from sales of available-for-sale investment securities	\$ 397	\$ 1,816	\$ 1,645	\$ 2,378
Gross gains	\$ —	\$ 4	\$ 1	\$ 4
Gross losses	—	—	(1)	—
Net realized gains (losses) on sales of available-for-sale investment securities	\$ —	\$ 4	\$ —	\$ 4

Held-to-Maturity Investment Securities

Our held-to-maturity investment securities consist of Indian rupee denominated investments primarily in commercial paper, international corporate bonds and government debt securities. Our investment guidelines are to purchase securities that are investment grade at the time of acquisition. We monitor the credit ratings of the securities in our portfolio on an ongoing basis. We classify these securities with maturities beyond 90 days but less than one year at the reporting date as short-term investments and beyond one year as long-term investments.

The amortized cost, gross unrealized gains and losses and fair value of held-to-maturity investment securities at June 30, 2017 were as follows:

	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
	(in millions)			
Short-term investments:				
Corporate and other debt securities	\$ 186	\$ —	\$ —	\$ 186
Commercial paper	357	—	—	357
Total short-term held-to-maturity investments	543	—	—	543
Long-term investments:				
Corporate and other debt securities	129	—	—	129
Total held-to-maturity investment securities	\$ 672	\$ —	\$ —	\$ 672

The amortized cost, gross unrealized gains and losses and fair value of held-to-maturity investment securities at December 31, 2016 were as follows:

	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
	(in millions)			
Short-term investments:				
Certificates of deposit and commercial paper	\$ 40	\$ —	\$ —	\$ 40

There were no long-term held-to-maturity investment securities at December 31, 2016.

The fair value and related unrealized losses of held-to-maturity investment securities in a continuous unrealized loss position for less than 12 months and for 12 months or longer were as follows as of June 30, 2017:

	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
(in millions)						
Corporate and other debt securities	\$ 154	\$ —	\$ —	\$ —	\$ 154	\$ —
Commercial paper	63	—	—	—	63	—
Total	<u>\$ 217</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 217</u>	<u>\$ —</u>

As of December 31, 2016, held-to-maturity investment securities in an unrealized loss position were immaterial. At each reporting date, the Company performs an evaluation of held-to-maturity securities to determine if the unrealized losses are other-than-temporary. We do not consider any of the investments to be other-than-temporarily impaired as of June 30, 2017.

The contractual maturities of our fixed income held-to-maturity investment securities as of June 30, 2017 are set forth in the following table:

	Amortized Cost	Fair Value
(in millions)		
Due within one year	\$ 543	\$ 543
Due after one year up to two years	123	123
Due after two years	6	6
Total held-to-maturity investment securities	<u>\$ 672</u>	<u>\$ 672</u>

As of June 30, 2016, there were no investment securities in our portfolio classified as held-to-maturity.

During the six months ended June 30, 2017 and the year ended December 31, 2016, there were no transfers of investments between our trading, available-for-sale and held-to-maturity investment portfolios.

Note 5 — Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities were as follows:

	June 30, 2017	December 31, 2016
(in millions)		
Compensation and benefits	\$ 1,026	\$ 1,134
Income taxes	15	10
Professional fees	85	99
Travel and entertainment	38	36
Customer volume and other incentives	223	258
Derivative financial instruments	6	4
Other	262	315
Total accrued expenses and other current liabilities	<u>\$ 1,655</u>	<u>\$ 1,856</u>

Note 6 — Debt

In 2014, we entered into a credit agreement with a commercial bank syndicate, or, as amended, the Credit Agreement, providing for a \$1,000 million unsecured term loan and a \$750 million unsecured revolving credit facility. The term loan and the revolving credit facility both mature in November 2019. All notes drawn to date under the revolving credit facility have been less than 90 days in duration. We are required under the Credit Agreement to make scheduled quarterly principal payments on the term loan. We were in compliance with all debt covenants and representations as of June 30, 2017.

Short-term Debt

The following summarizes our short-term debt balances as of:

	June 30, 2017	December 31, 2016
	(in millions)	
Notes outstanding under revolving credit facility	\$ 150	\$ —
Term loan - current maturities	94	81
Total short-term debt	<u>\$ 244</u>	<u>\$ 81</u>

Long-term Debt

The following summarizes our long-term debt balances as of:

	June 30, 2017	December 31, 2016
	(in millions)	
Term loan, due 2019	\$ 844	\$ 881
Less:		
Current maturities	(94)	(81)
Deferred financing costs	(3)	(3)
Long-term debt, net of current maturities	<u>\$ 747</u>	<u>\$ 797</u>

Note 7 — Income Taxes

Our Indian subsidiaries, collectively referred to as Cognizant India, are primarily export-oriented and are eligible for certain income tax holiday benefits granted by the government of India for export activities conducted within Special Economic Zones, or SEZs, for periods of up to 15 years. Our Indian profits ineligible for SEZ benefits are subject to corporate income tax at the rate of 34.6%. In addition, all Indian profits, including those generated within SEZs, are subject to the Minimum Alternative Tax, or MAT, at the rate of 21.3%. Any MAT paid is creditable against future Indian corporate income tax, subject to limitations.

Our effective income tax rates were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Effective income tax rate	26.0%	57.6%	20.0%	41.4%

In the first quarter of 2017, we recognized income tax benefits previously unrecognized in our consolidated financial statements related to several uncertain tax positions totaling \$72 million. The recognition of these benefits in the first quarter of 2017 was based on management's reassessment regarding whether certain unrecognized tax benefits met the more-likely-than-not threshold in light of the lapse in the statute of limitations as to a portion of such benefits.

In May 2016, our principal operating subsidiary in India repurchased shares from its shareholders, which are non-Indian Cognizant entities, valued at \$2.8 billion ("India Cash Remittance"). This transaction was undertaken pursuant to a plan approved by the High Court of Madras and simplified the shareholding structure of our principal operating subsidiary in India. Pursuant to the transaction, our principal Indian operating subsidiary repurchased approximately \$1.2 billion of the total \$2.8 billion of shares from its U.S. shareholders, resulting in tax expense in the United States and India, while the remaining \$1.6 billion was repurchased from its shareholder outside the United States. Net of taxes, the transaction resulted in a remittance of

cash to the United States in the amount of \$1.0 billion. As a result of this transaction, we incurred an incremental 2016 income tax expense of \$238 million, including a discrete item recognized in the second quarter of 2016 of \$143 million relating to the distribution of historic undistributed accumulated foreign earnings. Total incremental tax expense of \$190 million was recognized in the quarter ended June 30, 2016. This transaction is primarily responsible for the decrease in our effective income tax rate in 2017 compared to 2016.

The decrease in our effective income tax rate for the six months ended 2017 as compared to the same period in 2016 is primarily due to the India Tax Remittance and the recognition of previously unrecognized income tax benefits, as described above. For the 2017 periods, the principal reason for the difference between our effective income tax rates and the U.S. federal statutory rate is the effect of the Indian tax holiday, earnings taxed in countries that have lower rates than the United States, and, for the six months ended June 30, 2017, the recognition in the first quarter of 2017 of previously unrecognized income tax benefits. For the 2016 periods, the principal reason for the difference between our effective income tax rates and the U.S. federal statutory rate is the effect of the India Cash Remittance transaction, partially offset by the effect of the Indian tax holiday and earnings taxed in countries that have lower rates than the United States.

Note 8 — Derivative Financial Instruments

In the normal course of business, we use foreign exchange forward contracts to manage foreign currency exchange rate risk. The estimated fair value of the foreign exchange forward contracts considers the following items: discount rate, timing and amount of cash flow and counterparty credit risk. Derivatives may give rise to credit risks from the possible non-performance by counterparties. Credit risk is generally limited to the fair value of those contracts that are favorable to us. We have limited our credit risk by entering into derivative transactions only with highly-rated financial institutions, limiting the amount of credit exposure with any one financial institution and conducting an ongoing evaluation of the creditworthiness of the financial institutions with which we do business. In addition, all the assets and liabilities related to our foreign exchange forward contracts set forth in the below table are subject to International Swaps and Derivatives Association, or ISDA, master netting arrangements or other similar agreements with each individual counterparty. These master netting arrangements generally provide for net settlement of all outstanding contracts with the counterparty in the case of an event of default or a termination event. We have presented all the assets and liabilities related to our foreign exchange forward contracts on a gross basis, with no offsets, in our accompanying unaudited consolidated statements of financial position. There is no financial collateral (including cash collateral) posted or received by us related to our foreign exchange forward contracts.

The following table provides information on the location and fair values of derivative financial instruments included in our unaudited consolidated statements of financial position as of:

Designation of Derivatives	Location on Statement of Financial Position	June 30, 2017		December 31, 2016	
		Assets	Liabilities	Assets	Liabilities
(in millions)					
Foreign exchange forward contracts – Designated as cash flow hedging instruments	Other current assets	\$ 112	\$ —	\$ 34	\$ —
	Other noncurrent assets	43	—	17	—
	Total	155	—	51	—
Foreign exchange forward contracts – Not designated as hedging instruments	Accrued expenses and other current liabilities	—	6	—	4
	Total	—	6	—	4
Total		\$ 155	\$ 6	\$ 51	\$ 4

Cash Flow Hedges

We have entered into a series of foreign exchange forward contracts that are designated as cash flow hedges of Indian rupee denominated payments in India. These contracts are intended to partially offset the impact of movement of exchange rates on future operating costs and are scheduled to mature each month during 2017, 2018 and 2019. Under these contracts, we purchase Indian rupees and sell U.S. dollars. The changes in fair value of these contracts are initially reported in the caption “Accumulated other comprehensive income (loss)” in our consolidated statements of financial position and are subsequently reclassified to earnings in the same period the forecasted Indian rupee denominated payments are recorded in earnings. As of June 30, 2017, we estimate that \$85 million, net of tax, of net gains related to derivatives designated as cash flow hedges recorded in accumulated other comprehensive income (loss) is expected to be reclassified into earnings within the next 12 months.

The notional value of our outstanding contracts by year of maturity and the net unrealized gains included in accumulated other comprehensive income (loss) for such contracts were as follows as of:

	June 30, 2017	December 31, 2016
	(in millions)	
2017	\$ 630	\$ 1,320
2018	1,050	1,020
2019	330	—
Total notional value of contracts outstanding	\$ 2,010	\$ 2,340
Net unrealized gains included in accumulated other comprehensive income (loss), net of taxes	\$ 117	\$ 39

Upon settlement or maturity of the cash flow hedge contracts, we record the gains or losses, based on our designation at the commencement of the contract, with the related hedged Indian rupee denominated expense reported within cost of revenues and selling, general and administrative expenses. Hedge ineffectiveness was immaterial for all periods presented.

The following table provides information on the location and amounts of pre-tax gains (losses) on our cash flow hedges for the three months ended June 30:

	Change in Derivative Gains/Losses Recognized in Accumulated Other Comprehensive Income (Loss) (effective portion)		Location of Net Derivative Gains Reclassified from Accumulated Other Comprehensive Income (Loss) into Income (effective portion)	Net Gains Reclassified from Accumulated Other Comprehensive Income (Loss) into Income (effective portion)	
	2017	2016		2017	2016
	(in millions)				
Foreign exchange forward contracts					
– Designated as cash flow hedging instruments	\$ 35	\$ (7)	Cost of revenues	\$ 29	\$ 3
			Selling, general and administrative expenses	6	—
			Total	\$ 35	\$ 3

The following table provides information on the location and amounts of pre-tax gains (losses) on our cash flow hedges for the six months ended June 30:

	Change in Derivative Gains/Losses Recognized in Accumulated Other Comprehensive Income (Loss) (effective portion)		Location of Net Derivative Gains Reclassified from Accumulated Other Comprehensive Income (Loss) into Income (effective portion)	Net Gains Reclassified from Accumulated Other Comprehensive Income (Loss) into Income (effective portion)	
	2017	2016		2017	2016
(in millions)					
Foreign exchange forward contracts – Designated as cash flow hedging instruments	\$ 159	\$ 15	Cost of revenues	\$ 46	\$ 1
			Selling, general and administrative expenses	9	—
			Total	\$ 55	\$ 1

The activity related to the change in net unrealized gains (losses) on our cash flow hedges included in accumulated other comprehensive income (loss) is presented in [Note 10](#).

Other Derivatives

We use foreign exchange forward contracts, which have not been designated as hedges, to hedge balance sheet exposure to certain monetary assets and liabilities denominated in currencies, primarily the Indian rupee and the Euro, other than the functional currency of our foreign subsidiaries. These foreign exchange forward contracts are scheduled to mature in 2017 and 2018. Realized gains or losses and changes in the estimated fair value of these derivative financial instruments are recorded in the caption "Foreign currency exchange gains (losses), net" in our consolidated statements of operations.

Additional information related to our outstanding foreign exchange forward contracts not designated as hedging instruments is as follows:

	June 30, 2017		December 31, 2016	
	Notional	Fair Value	Notional	Fair Value
(in millions)				
Contracts outstanding	\$ 269	\$ (6)	\$ 213	\$ (4)

The following table provides information on the location and amounts of realized and unrealized pre-tax gains and losses on our other derivative financial instruments for the three and six months ended June 30:

	<u>Location of Net Gains (Losses) on Derivative Instruments</u>	<u>Amount of Net Gains (Losses) on Derivative Instruments</u>			
		<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
		<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
		(in millions)			
Foreign exchange forward contracts – Not designated as hedging instruments	Foreign currency exchange gains (losses), net	\$ (3)	\$ 3	\$ (13)	\$ —

The related cash flow impacts of all of our derivative activities are reflected as cash flows from operating activities.

Note 9 — Fair Value Measurements

We measure our cash equivalents, investments and foreign exchange forward contracts at fair value. The authoritative guidance defines fair value as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. The authoritative guidance also establishes a fair value hierarchy that is intended to increase consistency and comparability in fair value measurements and related disclosures. The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable. Observable inputs reflect assumptions market participants would use in pricing an asset or liability based on market data obtained from independent sources while unobservable inputs reflect a reporting entity's pricing based upon their own market assumptions.

The fair value hierarchy consists of the following three levels:

- Level 1 – Inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 – Inputs are quoted prices for similar assets or liabilities in an active market, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable and market-corroborated inputs which are derived principally from or corroborated by observable market data.
- Level 3 – Inputs are derived from valuation techniques in which one or more significant inputs or value drivers are unobservable.

The following table summarizes our financial assets and (liabilities) measured at fair value on a recurring basis as of June 30, 2017:

	Level 1	Level 2	Level 3	Total
	(in millions)			
Cash equivalents:				
Money market funds	\$ 217	\$ —	\$ —	\$ 217
Total cash equivalents	217	—	—	217
Short-term investments:				
Time deposits	—	700	—	700
Available-for-sale investment securities:				
U.S. Treasury and agency debt securities	550	92	—	642
Corporate and other debt securities	—	441	—	441
Certificates of deposit and commercial paper	—	452	—	452
Asset-backed securities	—	294	—	294
Municipal debt securities	—	124	—	124
Total available-for-sale investment securities	550	1,403	—	1,953
Held-to-maturity investment securities:				
Commercial paper	—	357	—	357
Corporate and other debt securities	—	186	—	186
Total short-term held-to-maturity investment securities	—	543	—	543
Total short-term investments ⁽¹⁾	550	2,646	—	3,196
Long-term investments:				
Held-to-maturity investment securities:				
Corporate and other debt securities	—	129	—	129
Total long-term held-to-maturity investment securities	—	129	—	129
Total long-term investments ⁽²⁾	—	129	—	129
Derivative financial instruments - foreign exchange forward contracts:				
Other current assets	—	112	—	112
Accrued expenses and other current liabilities	—	(6)	—	(6)
Other noncurrent assets	—	43	—	43
Total	\$ 767	\$ 2,924	\$ —	\$ 3,691

(1) Excludes trading securities in mutual funds valued at \$25 million based on the net asset value of the fund at June 30, 2017.

(2) Excludes equity and cost method investments of \$69 million at June 30, 2017, which are accounted for using the equity method of accounting and at cost, respectively.

The following table summarizes our financial assets and (liabilities) measured at fair value on a recurring basis as of December 31, 2016:

	Level 1	Level 2	Level 3	Total
	(in millions)			
Cash equivalents:				
Money market funds	\$ 624	\$ —	\$ —	\$ 624
Commercial paper	—	131	—	131
Total cash equivalents	624	131	—	755
Short-term investments:				
Time deposits	—	806	—	806
Available-for-sale investment securities:				
U.S. Treasury and agency debt securities	558	44	—	602
Corporate and other debt securities	—	405	—	405
Certificates of deposit and commercial paper	—	911	—	911
Asset-backed securities	—	231	—	231
Municipal debt securities	—	115	—	115
Total available-for-sale investment securities	558	1,706	—	2,264
Held-to-maturity investment securities:				
Certificates of deposit and commercial paper	—	40	—	40
Total held-to-maturity investment securities	—	40	—	40
Total short-term investments ⁽¹⁾	558	2,552	—	3,110
Derivative financial instruments - foreign exchange forward contracts:				
Other current assets	—	34	—	34
Accrued expenses and other current liabilities	—	(4)	—	(4)
Other noncurrent assets	—	17	—	17
Total	\$ 1,182	\$ 2,730	\$ —	\$ 3,912

(1) Excludes trading securities in mutual funds valued at \$25 million based on the net asset value, of the fund at December 31, 2016.

We measure the fair value of money market funds and U.S. Treasury securities based on quoted prices in active markets for identical assets and therefore classify these assets as Level 1. The fair value of commercial paper, certificates of deposit, U.S. government agency securities, municipal debt securities, debt securities issued by supranational institutions, U.S. and international corporate bonds and foreign government debt securities is measured based on relevant trade data, dealer quotes, or model-driven valuations using significant inputs derived from or corroborated by observable market data, such as yield curves and credit spreads. We measure the fair value of our asset-backed securities using model-driven valuations based on significant inputs derived from or corroborated by observable market data such as dealer quotes, available trade information, spread data, current market assumptions on prepayment speeds and defaults and historical data on deal collateral performance. The carrying value of the time deposits approximated fair value as of June 30, 2017 and December 31, 2016.

We estimate the fair value of each foreign exchange forward contract by using a present value of expected cash flows model. This model calculates the difference between the current market forward price and the contracted forward price for each foreign exchange contract and applies the difference in the rates to each outstanding contract. The market forward rates include a discount and credit risk factor. The amounts are aggregated by type of contract and maturity.

During the six months ended June 30, 2017 and the year ended December 31, 2016, there were no transfers among Level 1, Level 2, or Level 3 financial assets and liabilities.

Note 10 — Stockholder's Equity*Stock Repurchase Program*

Under the Board of Directors' authorized stock repurchase program, the Company is authorized to repurchase its Class A common stock through open market purchases, including under a trading plan adopted pursuant to Rule 10b5-1 of the Exchange Act, or in private transactions, in accordance with applicable federal securities laws. The timing of repurchases and the exact number of shares to be purchased are determined by the Company's management, in its discretion, or pursuant to a Rule 10b5-1 trading plan, and will depend upon market conditions and other factors.

In March 2017, we entered into accelerated share repurchase agreements, referred to collectively as the ASR, with certain financial institutions under our stock repurchase program. Under the terms of the ASR and in exchange for up-front payments of \$1,500 million, the financial institutions have delivered 21.5 million shares, a portion of the Company's total expected shares to be repurchased under the ASR. The total number of shares ultimately delivered is determined at the end of the applicable purchase periods under the ASR based on the volume-weighted average price of the Company's common stock during such periods. The ASR purchase periods are scheduled to end during the third quarter of 2017.

Under the ASR, the shares received are constructively retired and returned to the status of authorized and unissued shares in the periods they are delivered, and the up-front payments are accounted for as a reduction to stockholders' equity in our consolidated statement of financial position in the period the payments are made. The \$1,500 million up-front payments were accounted for as a \$400 million reduction in common stock and additional paid-in capital and a \$1,100 million reduction in retained earnings in our consolidated statements of financial position in March 2017. We reflected the ASR as a repurchase of common stock in the period delivered for purposes of calculating earnings per share and as forward contracts indexed to our common stock. The forward contracts met all of the applicable criteria for equity classification, and therefore were not accounted for as derivative instruments.

As of June 30, 2017, the remaining available balance under our stock repurchase program was \$2,000 million.

Stock repurchases were made in connection with our stock-based compensation plans, whereby Company shares were tendered by employees for payment of applicable statutory tax withholdings. We also repurchased a limited number of shares from employees at the repurchase date market price. Combined, for the six months ended June 30, 2017, such repurchases totaled 0.7 million shares at an aggregate cost of \$44 million.

Dividends

During the second quarter of 2017, we declared and paid cash dividends of \$0.15 per share, totaling \$89 million.

On August 3, 2017, our Board of Directors approved the Company's declaration of a \$0.15 per share dividend with a record date of August 22, 2017 and a payment date of August 31, 2017.

Accumulated Other Comprehensive Income (Loss)

Changes in accumulated other comprehensive income (loss) by component were as follows for the three and six months ended June 30, 2017:

	Three Months			Six Months		
	Before Tax Amount	Tax Effect	Net of Tax Amount	Before Tax Amount	Tax Effect	Net of Tax Amount
(in millions)						
Foreign currency translation adjustments:						
Beginning balance	\$ (132)	\$ —	\$ (132)	\$ (149)	\$ —	\$ (149)
Change in foreign currency translation adjustments	50	—	50	67	—	67
Ending balance	<u>\$ (82)</u>	<u>\$ —</u>	<u>\$ (82)</u>	<u>\$ (82)</u>	<u>\$ —</u>	<u>\$ (82)</u>
Unrealized gains (losses) on available-for-sale investment securities:						
Beginning balance	\$ (4)	\$ 1	\$ (3)	\$ (6)	\$ 2	\$ (4)
Net unrealized gains arising during the period	1	—	1	3	(1)	2
Reclassification of net (gains) to Other, net	—	—	—	—	—	—
Net change	1	—	1	3	(1)	2
Ending balance	<u>\$ (3)</u>	<u>\$ 1</u>	<u>\$ (2)</u>	<u>\$ (3)</u>	<u>\$ 1</u>	<u>\$ (2)</u>
Unrealized gains on cash flow hedges:						
Beginning balance	\$ 155	\$ (37)	\$ 118	\$ 51	\$ (12)	\$ 39
Unrealized gains arising during the period	35	(9)	26	159	(39)	120
Reclassifications of net (gains) to:						
Cost of revenues	(29)	7	(22)	(46)	11	(35)
Selling, general and administrative expenses	(6)	1	(5)	(9)	2	(7)
Net change	—	(1)	(1)	104	(26)	78
Ending balance	<u>\$ 155</u>	<u>\$ (38)</u>	<u>\$ 117</u>	<u>\$ 155</u>	<u>\$ (38)</u>	<u>\$ 117</u>
Accumulated other comprehensive income (loss):						
Beginning balance	\$ 19	\$ (36)	\$ (17)	\$ (104)	\$ (10)	\$ (114)
Other comprehensive income (loss)	51	(1)	50	174	(27)	147
Ending balance	<u>\$ 70</u>	<u>\$ (37)</u>	<u>\$ 33</u>	<u>\$ 70</u>	<u>\$ (37)</u>	<u>\$ 33</u>

Changes in accumulated other comprehensive income (loss) by component were as follows for the three and six months ended June 30, 2016:

	Three Months			Six Months		
	Before Tax Amount	Tax Effect	Net of Tax Amount	Before Tax Amount	Tax Effect	Net of Tax Amount
(in millions)						
Foreign currency translation adjustments:						
Beginning balance	\$ (70)	\$ —	\$ (70)	\$ (90)	\$ —	\$ (90)
Change in foreign currency translation adjustments	(29)	—	(29)	(9)	—	(9)
Ending balance	<u>\$ (99)</u>	<u>\$ —</u>	<u>\$ (99)</u>	<u>\$ (99)</u>	<u>\$ —</u>	<u>\$ (99)</u>
Unrealized gains (losses) on available-for-sale investment securities:						
Beginning balance	\$ 1	\$ (1)	\$ —	\$ (7)	\$ 2	\$ (5)
Net unrealized gains arising during the period	5	(1)	4	13	(4)	9
Reclassification of net (gains) to Other, net	(4)	1	(3)	(4)	1	(3)
Other-than-temporary impairment losses on investment securities recognized in earnings	3	(1)	2	3	(1)	2
Net change	4	(1)	3	12	(4)	8
Ending balance	<u>\$ 5</u>	<u>\$ (2)</u>	<u>\$ 3</u>	<u>\$ 5</u>	<u>\$ (2)</u>	<u>\$ 3</u>
Unrealized gains (losses) on cash flow hedges:						
Beginning balance	\$ 10	\$ (2)	\$ 8	\$ (14)	\$ 2	\$ (12)
Unrealized (losses) gains arising during the period	(7)	2	(5)	15	(2)	13
Reclassifications of gains to:						
Cost of revenues	(3)	—	(3)	(1)	—	(1)
Selling, general and administrative expenses	—	—	—	—	—	—
Net change	(10)	2	(8)	14	(2)	12
Ending balance	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Accumulated other comprehensive income (loss):						
Beginning balance	\$ (59)	\$ (3)	\$ (62)	\$ (111)	\$ 4	\$ (107)
Other comprehensive income (loss)	(35)	1	(34)	17	(6)	11
Ending balance	<u>\$ (94)</u>	<u>\$ (2)</u>	<u>\$ (96)</u>	<u>\$ (94)</u>	<u>\$ (2)</u>	<u>\$ (96)</u>

Note 11 — Commitments and Contingencies

We are involved in various claims and legal actions arising in the ordinary course of business. We accrue a liability when a loss is considered probable and the amount can be reasonably estimated. When a material loss contingency is reasonably possible but not probable, we do not record a liability, but instead disclose the nature and the amount of the claim, and an estimate of the loss or range of loss, if such an estimate can be made. Legal fees are expensed as incurred. In the opinion of management, the outcome of any existing claims and legal or regulatory proceedings, other than the specific matters described below, if decided adversely, is not expected to have a material adverse effect on our business, financial condition, results of operations and cash flows.

We are conducting an internal investigation focused on whether certain payments relating to Company-owned facilities in India were made improperly and in possible violation of the FCPA and other applicable laws. In September 2016, we voluntarily notified the DOJ and SEC and are cooperating fully with both agencies. The investigation is being conducted under the oversight of the Audit Committee, with the assistance of outside counsel. To date, the investigation has identified a total of approximately \$6 million in payments made between 2010 and 2015 that may have been improper. During the year ended December 31, 2016, we recorded out-of-period corrections related to \$4 million of such payments that were previously capitalized that should have been expensed. These out-of-period corrections and the other \$2 million in potentially improper payments were not material to any previously issued financial statements. The investigation is also examining various other

payments made in small amounts in India and elsewhere that may not have complied with Company policy or applicable law. There were no adjustments recorded during the six months ended June 30, 2017.

On October 5, 2016, October 27, 2016, and November 18, 2016, three putative securities class action complaints were filed in the United States District Court for the District of New Jersey, naming us and certain of our current and former officers as defendants. In an order dated February 3, 2017, the United States District Court for the District of New Jersey consolidated the three putative securities class actions into a single action and appointed lead plaintiffs and lead counsel. On April 7, 2017, the lead plaintiffs filed a consolidated amended complaint on behalf of a putative class of stockholders who purchased our common stock during the period between February 27, 2015 and September 29, 2016, naming us and certain of our current and former officers as defendants and alleging violations of the Exchange Act, based on allegedly false or misleading statements related to potential violations of the FCPA, our business, prospects and operations, and the effectiveness of our internal controls over financial reporting and our disclosure controls and procedures. The lead plaintiffs seek an award of compensatory damages, among other relief, and their reasonable costs and expenses, including attorneys' fees. Under a stipulation filed by the parties on February 23, 2017, defendants filed motions to dismiss the consolidated amended complaint on June 6, 2017, plaintiffs filed an opposition brief on July 21, 2017 responding to defendants' motions to dismiss, and defendants have until September 5, 2017 to file reply briefs in further support of their motions to dismiss.

On October 31, 2016, November 15, 2016, and November 18, 2016, three putative shareholder derivative complaints were filed in New Jersey Superior Court, Bergen County, naming us, all of our then current directors and certain of our current and former officers as defendants. On January 24, 2017, the New Jersey Superior Court, Bergen County, consolidated the three putative shareholder derivative actions filed in that court into a single action and appointed lead plaintiff and lead counsel. The complaints assert claims for breach of fiduciary duty, corporate waste, unjust enrichment, abuse of control, mismanagement, and/or insider selling by defendants. On March 16, 2017, the parties filed a stipulation deferring all further proceedings pending a final, non-appealable ruling on the then anticipated motion to dismiss the consolidated putative securities class action. On April 26, 2017, in lieu of ordering the stipulation filed by the parties, the New Jersey Superior Court deferred further proceedings by dismissing the consolidated putative shareholder derivative litigation without prejudice but permitting the parties to file a motion to vacate the dismissal in the future. On February 22, 2017, a fourth putative shareholder derivative complaint asserting similar claims was filed in the United States District Court for the District of New Jersey, naming us and certain of our directors as defendants. On April 5, 2017, the United States District Court for the District of New Jersey entered an order staying all proceedings pending a final, non-appealable ruling on the then anticipated motion to dismiss the consolidated putative securities class action. On April 7, 2017, a fifth putative shareholder derivative complaint was filed in the United States District Court for the District of New Jersey, naming us, certain of our directors, and certain of our current and former officers as defendants. The complaint in that action asserts claims similar to those in the previously-filed putative shareholder derivative actions, but also adds a claim for violations of Section 10(b) of the Exchange Act against the individual defendants. On May 10, 2017, a sixth putative shareholder derivative complaint was filed in the United States District Court for the District of New Jersey, naming us, certain of our directors, and certain of our current and former officers as defendants. The complaint in that action asserts claims similar to those in the previously-filed putative shareholder derivative actions, but also adds a claim for violations of Section 14(a) of the Exchange Act against the individual defendants. In an order dated June 20, 2017, the United States District Court for the District of New Jersey consolidated the three putative shareholder derivative actions filed in that court into a single action, appointed lead plaintiff and lead counsel, and stayed all further proceedings pending a final, non-appealable ruling on the motion to dismiss the consolidated putative securities class action. All of the putative shareholder derivative complaints allege among other things that certain of our public disclosures were false and misleading by failing to disclose that payments allegedly in violation of the FCPA had been made and by asserting that management had determined that our internal controls were effective. The plaintiffs seek awards of compensatory damages and restitution to us as a result of the alleged violations and their costs and attorneys' fees, experts' fees, and other litigation expenses, among other relief.

We are presently unable to predict the duration, scope or result of the internal investigation, the related consolidated putative securities class action, the putative shareholder derivative actions or any other related lawsuit, and any investigations by the DOJ or the SEC, including whether either agency will commence any legal action. As such, we are presently unable to develop a reasonable estimate of a possible loss or range of losses, if any, and thus have not recorded an accrual related to these matters. The DOJ and the SEC have a broad range of civil and criminal sanctions under the FCPA and other laws and regulations including injunctive relief, disgorgement, fines, penalties, modifications to business practices including the termination or modification of existing business relationships and the imposition of compliance programs and the retention of a monitor to oversee compliance with the FCPA. In addition, the DOJ and the SEC could bring enforcement actions against the Company or individuals, including former members of senior management. Such actions, if brought, could result in dispositions, judgments, settlements, fines, injunctions, cease and desist orders, debarment or other civil or criminal penalties against the Company or such individuals.

We expect to incur additional expenses related to remedial measures, and may incur additional expenses related to fines. The imposition of any sanctions or the implementation of remedial measures could have a material adverse effect on our business, annual and interim results of operations, cash flows and financial condition. Furthermore, while the Company intends to defend the lawsuits vigorously, these lawsuits and any other related lawsuits are subject to inherent uncertainties, the actual cost of such litigation will depend upon many unknown factors and the outcome of the litigation is necessarily uncertain.

Many of our engagements involve projects that are critical to the operations of our customers' business and provide benefits that are difficult to quantify. Any failure in a customer's systems or our failure to meet our contractual obligations to our customers, including any breach involving a customer's confidential information or sensitive data, or our obligations under applicable laws or regulations could result in a claim for substantial damages against us, regardless of our responsibility for such failure. Although we attempt to contractually limit our liability for damages arising from negligent acts, errors, mistakes, or omissions in rendering our services, there can be no assurance that the limitations of liability set forth in our contracts will be enforceable in all instances or will otherwise protect us from liability for damages. Although we have general liability insurance coverage, including coverage for errors or omissions, there can be no assurance that such coverage will cover all types of claims, continue to be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim. The successful assertion of one or more large claims against us that exceed or are not covered by our insurance coverage or changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could have a material adverse effect on our business, results of operations, financial condition and cash flows.

In the normal course of business and in conjunction with certain customer engagements, we have entered into contractual arrangements through which we may be obligated to indemnify customers or other parties with whom we conduct business with respect to certain matters. These arrangements can include provisions whereby we agree to hold the indemnified party and certain of their affiliated entities harmless with respect to third-party claims related to such matters as our breach of certain representations or covenants, our intellectual property infringement, our gross negligence or willful misconduct or certain other claims made against certain parties. Payments by us under any of these arrangements are generally conditioned on the customer making a claim and providing us with full control over the defense and settlement of such claim. It is not possible to determine the maximum potential liability under these indemnification agreements due to the unique facts and circumstances involved in each particular agreement. Historically, we have not made payments under these indemnification agreements and therefore they have not had any impact on our operating results, financial position, or cash flows. However, if events arise requiring us to make payment for indemnification claims under our indemnification obligations in contracts we have entered, such payments could have material impact on our business, results of operations, financial condition and cash flows.

The Company has indemnification and expense advancement obligations pursuant to its Bylaws and indemnification agreements with respect to certain current and former members of senior management and the Company's directors. In connection with the ongoing internal investigation, the Company has received requests under such indemnification agreements and its Bylaws to provide advances of funds for legal fees and other expenses, and expects additional requests in connection with the investigation and related litigation. The Company has not recorded any liability for these matters as of June 30, 2017 as it cannot estimate the ultimate outcome at this time but has expensed advances made through June 30, 2017. The Company has maintained directors and officers insurance, from which a portion of these expenses may be recoverable, though we have not recorded an insurance receivable as of June 30, 2017.

Note 12— Related Party Transactions

Brackett B. Denniston, III, was Interim General Counsel and an executive officer of the Company from December 2016 until May 15, 2017. Mr. Denniston is, and was during such period, also a Senior Counsel at the law firm of Goodwin Procter LLP, or Goodwin. During the three and six months ended June 30, 2017, Goodwin performed legal services for the Company for which it earned approximately \$1 million and \$3 million, respectively. Goodwin has continued to perform such legal services since June 30, 2017 through the date of this filing. Goodwin did not perform any services for the Company during the three and six months ended June 30, 2016. The provision of legal services by Goodwin was reviewed and approved by our Audit Committee.

Note 13 — Segment Information

Our reportable segments are:

- Financial Services, which consists of our banking and insurance operating segments;
- Healthcare, which consists of our healthcare and life sciences operating segments;
- Products and Resources (previously referred to as Manufacturing/Retail/Logistics), which consists of our retail and consumer goods, manufacturing and logistics, travel and hospitality, and energy and utilities operating segments; and
- Communications, Media and Technology (previously referred to as Other), which includes our communications and media operating segment and our technology operating segment.

Our sales managers, account executives, account managers and project teams are aligned in accordance with the specific industries they serve. Our chief operating decision maker evaluates the Company's performance and allocates resources based on segment revenues and operating profit. Segment operating profit is defined as income from operations before unallocated costs. Generally, operating expenses for each operating segment have similar characteristics and are subject to the same factors, pressures and challenges. However, the economic environment and its effects on industries served by our operating groups may affect revenues and operating expenses to differing degrees. Expenses included in segment operating profit consist principally of direct selling and delivery costs as well as a per seat charge for use of the global delivery centers. Certain selling, general and administrative expenses, excess or shortfall of incentive compensation for delivery personnel as compared to target, stock-based compensation expense, a portion of depreciation and amortization, costs related to our realignment program and the impact of the settlements of our cash flow hedges are not allocated to individual segments in internal management reports used by the chief operating decision maker. Accordingly, such expenses are excluded from segment operating profit and are separately disclosed as "unallocated costs" and adjusted only against our total income from operations. Additionally, management has determined that it is not practical to allocate identifiable assets by segment, since such assets are used interchangeably among the segments.

Revenues from external customers and segment operating profit, before unallocated expenses, by reportable segment were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
	(in millions)			
Revenues:				
Financial Services	\$ 1,406	\$ 1,351	\$ 2,782	\$ 2,637
Healthcare	1,050	959	2,053	1,873
Products and Resources	747	660	1,484	1,293
Communications, Media and Technology	467	400	897	769
Total revenues	<u>\$ 3,670</u>	<u>\$ 3,370</u>	<u>\$ 7,216</u>	<u>\$ 6,572</u>
Segment Operating Profit:				
Financial Services	\$ 411	\$ 459	\$ 802	\$ 882
Healthcare	343	270	616	565
Products and Resources	214	226	417	445
Communications, Media and Technology	146	134	267	256
Total segment operating profit	<u>1,114</u>	<u>1,089</u>	<u>2,102</u>	<u>2,148</u>
Less: unallocated costs	<u>508</u>	<u>498</u>	<u>926</u>	<u>1,003</u>
Income from operations	<u>\$ 606</u>	<u>\$ 591</u>	<u>\$ 1,176</u>	<u>\$ 1,145</u>

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
	(in millions)			
Revenues: ⁽¹⁾				
North America ⁽²⁾	\$ 2,851	\$ 2,624	\$ 5,612	\$ 5,121
United Kingdom	288	311	562	610
Rest of Europe	291	237	576	463
Europe - Total	579	548	1,138	1,073
Rest of World ⁽³⁾	240	198	466	378
Total	\$ 3,670	\$ 3,370	\$ 7,216	\$ 6,572
			As of	
			June 30, 2017	December 31, 2016
			(in millions)	
Long-lived Assets: ⁽⁴⁾				
North America ⁽²⁾		\$ 293	\$ 279	
Europe		49	52	
Rest of World ⁽³⁾⁽⁵⁾		942	980	
Total		\$ 1,284	\$ 1,311	

- (1) Revenues are attributed to regions based upon customer location.
- (2) Substantially all relates to operations in the United States.
- (3) Includes our operations in Asia Pacific, the Middle East and Latin America.
- (4) Long-lived assets include property and equipment, net of accumulated depreciation and amortization.
- (5) Substantially all of these long-lived assets relate to our operations in India.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Executive Summary

We are one of the world's leading professional services companies, transforming customers' business, operating and technology models for the digital era. Our unique industry-based, consultative approach helps customers envision, build and run more innovative and efficient businesses. Our core competencies include: business, process, operations and technology consulting, application development and systems integration, enterprise information management, application testing, application maintenance, information technology, or IT, infrastructure services, and business process services. We tailor our services to specific industries and utilize an integrated global delivery model with customer service teams typically based on-site at customer locations and delivery teams located at dedicated global delivery centers.

Our objective is to create value for both our customers and stockholders by enhancing our position as a leading professional services company in the digital era. Digital services is work we do to help our customers win in the digital economy by applying technology and analytics to change consumer experiences to drive sustainable growth, deploying systems of intelligence to automate and improve core business processes, and improving technology systems by deploying cloud and cyber security solutions and as-a-service models to make them simpler, more modern and secure. To accelerate our shift to digital services and solutions, we are deploying the following strategies:

- Aligning our digital services into three digital practice areas - Digital Business, Digital Operations and Digital Systems and Technology - to address the needs of our customers as they transform their business and technology models.
- Investing to scale these digital practice areas across our business segments and geographies, including through extensive training and re-skilling of our existing technical teams and expansion of our local workforces in the United States and other local markets around the world where we operate and pursuing select strategic acquisitions, joint ventures, investments and alliances that can expand our intellectual property, industry expertise, geographic reach, and platform and technology capabilities.
- Continuing development of our core business, which includes application services, IT infrastructure and business process services. Our customers often look for efficiencies in the running of their core operations to help them fund investments in new digital capabilities. We work with them to analyze and identify opportunities for advanced automation and delivery efficiencies. Additionally, we seek to expand the geographic reach of our core portfolio of services.
- Selectively targeting higher margin work within our core business and unifying our delivery capabilities to allow for more cost-conscious delivery, leveraging automation and scale, improving our utilization and optimizing our pyramid.

In 2017, we began a realignment of our business by executing on the above strategies and improving the overall efficiency of our operations, with the goal of achieving 22% non-GAAP operating margin¹ in 2019 while continuing to drive revenue growth. As part of this realignment, for the three and six months ended June 30, 2017, we incurred \$39 million and \$50 million, respectively, in pre-tax realignment charges, reported in "Selling, general and administrative expenses" in our consolidated statements of operations, which are comprised of severance costs, primarily related to a voluntary separation program, or VSP, announced in May 2017, advisory fees related to non-routine shareholder matters and to the development of our realignment and return of capital programs and lease termination costs. The VSP was offered to ensure that our workforce is appropriately aligned to deliver sustained, high-quality growth. We expect the decrease in our workforce resulting from the VSP to reduce our compensation expense, including incentive-based compensation, by approximately \$60 million on an annualized basis. We continue to recruit and hire across all of our practices and are expanding facilities globally, ensuring that we have the right expertise to help our customers.

The costs related to the realignment are excluded from non-GAAP operating margin¹ and non-GAAP diluted earnings per share¹. The total costs related to the realignment, which will consist primarily of severance costs under the VSP, advisory fees and lease termination costs, are expected to be incurred primarily in 2017 and will continue to be excluded from non-GAAP operating margin¹ and non-GAAP diluted earnings per share¹.

¹ Non-GAAP income from operations and Non-GAAP diluted earnings per share are not measurements of financial performance prepared in accordance with GAAP. See "Non-GAAP Financial Measures" for more information and a reconciliation to the most directly comparable GAAP financial measure.

We have a capital return plan that includes a combination of stock repurchases and cash dividends. As part of this plan, we entered into accelerated stock repurchase agreements, referred to collectively as the ASR, of \$1.5 billion in March 2017 and paid a cash dividend of \$0.15 per share in May 2017. Additionally, we have declared another cash dividend of \$0.15 per share with a record date of August 22, 2017 and a payment date of August 31, 2017.

There can be no assurances that we will be successful in achieving the objectives of these plans or that other factors beyond our control, including the various risks set forth in "Part I, Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2016, will not cause us to fail to achieve the targeted improvements.

The following table sets forth summarized operating results for the three months ended June 30, 2017 and 2016:

					Increase			
					\$	%		
	2017		2016					
(Dollars in millions, except per share data)								
Revenues	\$	3,670		\$	3,370	\$	300	8.9
Income from operations and operating margin		606	16.5%		591	17.5%	15	2.5
Net income		470			252		218	86.5
Diluted earnings per share		0.80			0.41		0.39	
Other Financial Information ²								
Non-GAAP income from operations and Non-GAAP operating margin		735	20.0%		683	20.3%	52	7.6
Non-GAAP diluted earnings per share		0.93			0.87		0.06	

The key drivers of our revenue growth during the three months ended June 30, 2017 as compared to June 30, 2016 were as follows:

- Solid performance in our Communications, Media and Technology (previously referred to as Other), Products and Resources (previously referred to as Manufacturing/Retail/Logistics) and Healthcare business segments with revenue growth of 16.8%, 13.2% and 9.5%, respectively;
- Revenues in our Financial Services business segment grew 4.1% as our banking customers continue to focus on optimizing their cost structure and managing their discretionary spending;
- Sustained strength in the North American market where revenues grew 8.7%;
- Continued penetration of the European and Rest of World (primarily the Asia Pacific) markets:
 - In Europe, we experienced revenue growth of 5.7%, after a negative currency impact of 6.1%. Our revenues from customers in the United Kingdom declined 7.4%, after a negative currency impact of 8.7%. Revenues from our Rest of Europe customers, which included revenues from new strategic customers acquired in the fourth quarter of 2016, increased 22.8%, after a negative currency impact of 2.7%;
 - Revenues from our Rest of World customers increased 21.2%, after an immaterial currency impact;
- Increased customer spending on discretionary projects;
- Expansion of our service offerings, including consulting and digital services, next-generation IT solutions and platform-based solutions;
- Continued expansion of the market for global delivery of technology and business process services; and
- Increased penetration at existing customers, including strategic customers.

² Non-GAAP income from operations and Non-GAAP diluted earnings per share are not measurements of financial performance prepared in accordance with GAAP. See “Non-GAAP Financial Measures” for more information and a reconciliation to the most directly comparable GAAP financial measure.

Our customers seek to meet a dual mandate of achieving more efficient and effective operations, while investing in digital technologies that are reshaping their business models. Increasingly, the relative emphasis among our customers is shifting towards investment and innovation, as reflected in accelerated demand for our digital services. We continue to see demand for larger, more complex projects that are transformational for our customers, including managed services contracts. Such contracts may have longer sales cycles and ramp-up periods and could lead to greater period-to-period variability in our operating results. We increased the number of strategic customers by 7 during the quarter, bringing the total number of our strategic customers to 343. We define a strategic customer as one offering the potential to generate at least \$5 million to \$50 million or more in annual revenues at maturity.

Our operating margin decreased to 16.5% for the quarter ended June 30, 2017 from 17.5% for the quarter ended June 30, 2016, while our non-GAAP operating margin for the same period decreased to 20.0%³ from 20.3%³. The decreases in both our GAAP and non-GAAP operating margins were due to an increase in compensation and benefits costs, the negative impact of the appreciation of the Indian rupee against the U.S. dollar and increases in certain operating and professional costs, partially offset by greater realized gains on settlements of cash flow hedges. Our GAAP operating margin was further negatively affected by the realignment charges incurred in 2017. Additionally, the GAAP and non-GAAP operating margins for the three months ended June 30, 2016 reflected the loss recognized on a fixed-price customer contract of \$27 million.

As previously disclosed, the Company is conducting an internal investigation focused on whether certain payments relating to Company-owned facilities in India were made improperly and in possible violation of the U.S. Foreign Corrupt Practices Act, or FCPA, and other applicable laws. In September 2016, we voluntarily notified the Department of Justice, or DOJ, and the Securities and Exchange Commission, or SEC, and are cooperating fully with both agencies. The investigation is being conducted under the oversight of the Audit Committee, with the assistance of outside counsel. To date, the investigation has identified a total of approximately \$6 million in payments made between 2010 and 2015 that may have been improper. In the second half of 2016, we recorded an out-of-period correction related to \$4 million of such payments that had been previously capitalized that should have been expensed. The investigation is also examining various other payments made in small amounts in India and elsewhere that may not have complied with Company policy or applicable law. There were no adjustments recorded during the six months ended June 30, 2017 related to the amounts under investigation.

In 2016, there were putative securities class action complaints filed, naming us and certain of our current and former officers as defendants and alleging violations of the Securities Exchange Act of 1934, as amended, or the Exchange Act, based on allegedly false or misleading statements related to potential violations of the FCPA, our business, prospects and operations, and the effectiveness of our internal control over financial reporting and our disclosure controls and procedures. Additionally, in 2016 and 2017, putative shareholder derivative complaints were filed, naming us, certain of our directors and certain of our current and former officers as defendants. See the section titled "[Part II, Item 1. Legal Proceedings.](#)"

During the quarter ended June 30, 2017, we incurred \$8 million in costs related to the FCPA investigation and related lawsuits. We expect to continue to incur expenses related to these matters for the remainder of 2017 and future periods, including with respect to remediating the material weakness in our internal control over financial reporting.

We finished the second quarter of 2017 with approximately 256,800 employees, which is an increase of approximately 12,500 as compared to June 30, 2016. The increase in the number of our service delivery staff and the related infrastructure costs to meet the demand for our services are the primary drivers of the increase in our operating expenses in 2017. Annualized turnover, including both voluntary and involuntary, was approximately 23.6% for the three months ended June 30, 2017. The annualized turnover rate was impacted by the reduction in headcount as a result of performance evaluations and the VSP. The majority of our turnover occurs in India. As a result, annualized attrition rates on-site at customers are below our global attrition rate. In addition, attrition is weighted towards the more junior members of our staff.

During the remainder of 2017, barring any unforeseen events, we expect the following factors to affect our business and our operating results:

- Demand from our customers for digital services;
- Our customers' dual mandate of simultaneously achieving cost savings while investing in transformation and innovation;
- Continued focus by customers on directing technology spending towards cost containment projects, such as application maintenance, infrastructure services and business process services;

³ Non-GAAP operating margin is not a measurement of financial performance prepared in accordance with GAAP. See "Non-GAAP Financial Measures" for more information and a reconciliation to the most directly comparable GAAP financial measure.

- Secular changes driven by evolving digital technologies and regulatory changes, including potential regulatory changes with respect to immigration and taxes;
- Demand from our healthcare customers could be affected by the uncertainty in the regulatory environment;
- Demand from our banking customers may continue to be negatively affected by their continued focus on optimizing their cost structure and managing their discretionary spending;
- Discretionary spending by our retail customers may continue to be negatively affected by weakness in the retail sector;
- Legal fees and other expenses related to the internal investigation and related matters as described above;
- Volatility in foreign currency rates; and
- Continued uncertainty in the U.S. and world economies, including as a result of recent changes in the government administrations in the United States and elsewhere.

In response to this environment, we plan to:

- Continue to invest in our digital practice areas of focus across industries and geographies;
- Continue to invest in our talent base, including through local hiring and re-skilling, and new service offerings, including digital technologies and new delivery models;
- Partner with our existing customers to garner an increased portion of our customers' overall technology spend by providing innovative solutions;
- Focus on growing our business in Europe, the Middle East, the Asia Pacific region and Latin America, where we believe there are opportunities to gain market share;
- Increase our strategic customer base across all of our business segments;
- Pursue strategic acquisition opportunities that we believe add new technologies, including digital technologies, or platforms that complement our existing services, improve our overall service delivery capabilities, and/or expand our geographic presence;
- Focus on operating discipline in order to appropriately manage our cost structure; and
- Locate most of our new development center facilities in tax incentivized areas.

Business Segments

Our reportable segments are:

- Financial Services, which consists of our banking and insurance operating segments;
- Healthcare, which consists of our healthcare and life sciences operating segments;
- Products and Resources (previously referred to as Manufacturing/Retail/Logistics), which consists of our retail and consumer goods, manufacturing and logistics, travel and hospitality, and energy and utilities operating segments; and
- Communications, Media and Technology (previously referred to as Other), which includes our communications and media operating segment and our technology operating segment.

Our chief operating decision maker evaluates Cognizant's performance and allocates resources based on segment revenues and operating profit. Segment operating profit is defined as income from operations before unallocated costs. Generally, operating expenses for each business segment have similar characteristics and are subject to the same factors, pressures and challenges.

However, the economic environment and its effects on industries served by our operating groups may affect revenues and operating expenses to differing degrees. Expenses included in segment operating profit consist principally of direct selling and delivery costs as well as a per seat charge for use of the global delivery centers. Certain selling, general and administrative expenses, excess or shortfall of incentive compensation for delivery personnel as compared to target, stock-based compensation expense, costs related to our realignment program, a portion of depreciation and amortization and the impact of the settlements of our cash flow hedges are not allocated to individual segments in internal management reports used by the chief operating decision maker. Accordingly, such expenses are excluded from segment operating profit.

We provide a significant volume of services to many customers in each of our business segments. Therefore, a loss of a significant customer or a few significant customers in a particular segment could materially reduce revenues for that segment. However, no individual customer accounted for sales in excess of 10% of our consolidated revenues for the periods ended June 30, 2017 and 2016. In addition, the services we provide to our larger customers are often critical to the operations of such customers. As such, we believe that a termination of our services would in many instances require an extended transition period with gradually declining revenues.

Results of Operations

Three Months Ended June 30, 2017 Compared to Three Months Ended June 30, 2016

The following table sets forth, for the periods indicated, certain financial data for the three months ended June 30:

		% of		% of	Increase / Decrease	
	2017	Revenues	2016	Revenues	\$	%
(Dollars in millions, except per share data)						
Revenues	\$ 3,670	100.0	\$ 3,370	100.0	\$ 300	8.9
Cost of revenues ⁽¹⁾	2,261	61.6	2,038	60.5	223	10.9
Selling, general and administrative expenses ⁽¹⁾	709	19.3	654	19.4	55	8.4
Depreciation and amortization expense	94	2.6	87	2.6	7	8.0
Income from operations	606	16.5	591	17.5	15	2.5
Other income (expense), net	29		4		25	625.0
Income before provision for income taxes	635	17.3	595	17.6	40	6.7
Provision for income taxes	(165)		(343)		178	(51.9)
Net income	\$ 470	12.8	\$ 252	7.5	\$ 218	86.5
Diluted earnings per share	\$ 0.80		\$ 0.41		\$ 0.39	

Other Financial Information ⁽²⁾

Non-GAAP income from operations and non-GAAP operating margin	\$ 735	20.0	\$ 683	20.3	\$ 52	7.6
Non-GAAP diluted earnings per share	\$ 0.93		\$ 0.87		\$ 0.06	

(1) Exclusive of depreciation and amortization expense.

(2) Non-GAAP income from operations, non-GAAP operating margin and non-GAAP diluted earnings per share are not measurements of financial performance prepared in accordance with GAAP. See “Non-GAAP Financial Measures” for more information and a reconciliation to the most directly comparable GAAP financial measure.

Revenues - Overall. The increase in revenues was primarily attributed to services related to integration of digital technologies that are reshaping our customers' business, operating and technology models, increased customer spending on discretionary projects, continued interest in using our global delivery model as a means to reduce overall technology and operations costs and continued penetration in all our geographic markets. Revenues from customers added since June 30, 2016 were \$132 million and represented 44.0% of the period-over-period revenue increase. Foreign currency exchange movements negatively impacted year-over-year revenue growth by \$35 million, or 1.0%, primarily due to the weakening of the British pound.

Our consulting and technology services revenues for the three months ended June 30, 2017 increased by 11.4% compared to the three months ended June 30, 2016 and represented 58.7% of total revenues for the three months ended June 30, 2017. Our outsourcing services revenues for the three months ended June 30, 2017 increased by 5.6% and constituted 41.3% of total revenues for the three months ended June 30, 2017.

Revenues from our top customers were as follows:

	Three Months Ended June 30,	
	2017	2016
Revenues from top five customers as a percentage of total revenues	9.0%	10.5%
Revenues from top ten customers as a percentage of total revenues	15.1%	17.5%

As we continue to add new customers and increase our penetration at existing customers, we expect the percentage of revenues from our top five and top ten customers to continue to decline over time.

Revenues - Reportable Segments. Revenues by reportable business segment were as follows for the three months ended June 30:

	2017	2016	Increase		
			\$	%	
(Dollars in millions)					
Financial Services	\$ 1,406	\$ 1,351	\$ 55	4.1	
Healthcare	1,050	959	91	9.5	
Products and Resources	747	660	87	13.2	
Communications, Media and Technology	467	400	67	16.8	
Total revenues	\$ 3,670	\$ 3,370	\$ 300	8.9	

Revenues from our Financial Services segment grew 4.1% for the three months ended June 30, 2017, as compared to the three months ended June 30, 2016. Growth was stronger among our insurance customers where revenues increased by \$40 million as compared to an increase of \$15 million for our banking customers. In this segment, revenues from customers added since June 30, 2016 were \$23 million and represented 41.8% of the period-over-period revenue increase in this segment. Key areas of focus for our Financial Services customers included the adoption and integration of digital technologies that are reshaping our customers' business and operating models, cost optimization, robotic process automation, cyber security and vendor consolidation. Demand from our banking customers may continue to be negatively affected by their continued focus on optimizing their cost structure and managing their discretionary spending.

Revenues from our Healthcare segment grew 9.5% for the three months ended June 30, 2017, as compared to the three months ended June 30, 2016. Revenues from our healthcare customers increased by \$58 million while revenue growth among our life sciences customers was \$33 million. Revenues from customers added since June 30, 2016 were \$22 million and represented 24.2% of the period-over-period revenue increase in this segment. The increase in revenues from our life sciences customers was driven by a growing demand for a broader range of services, including business process services, advanced data analytics and solutions that span multiple service lines while leveraging cloud technologies and platforms. The demand for our services among healthcare customers could be affected by uncertainty in the regulatory environment. We believe that in the long term the healthcare industry continues to present a significant growth opportunity due to factors that are transforming the industry, including the changing regulatory environment, increasing focus on medical costs, and the consumerization of healthcare.

Revenues from our Products and Resources segment (previously referred to as Manufacturing/Retail/Logistics) grew 13.2% for the three months ended June 30, 2017, as compared to the three months ended June 30, 2016. Revenue growth in this segment was strongest among our energy and utilities customers and manufacturing and logistics customers, where revenues increased by a combined \$79 million, including revenues from new strategic customers acquired in the second half of 2016. Revenues from our retail and consumer goods customers and travel and hospitality customers increased by a combined \$8 million. Revenues from customers added since June 30, 2016 were \$68 million, representing 78.2% of the period-over-period revenue increase in this segment. Demand within this segment continues to be driven by increased adoption of digital technologies that are reshaping our customers' business and operating models, as well as growing demand for analytics, supply chain consulting, implementation initiatives, product transformation, internet of things and omni channel commerce implementation and integration services. Discretionary spending by our retail customers has been and may continue to be affected by weakness in the retail sector.

Revenues from our Communications, Media and Technology segment (previously referred to as Other) grew 16.8% for the three months ended June 30, 2017, as compared to the three months ended June 30, 2016. In the second quarter of 2017, growth within this segment was driven by the increased adoption of digital technologies, digital content operations and an expanded range of services, such as business process services. Revenue growth was \$43 million among our communications and media customers and \$24 million among our technology customers. Revenues from customers added since June 30, 2016 were \$19 million and represented 28.4% of the period-over-period revenue increase in this segment.

Revenues - Geographic Markets. Revenues by geographic market were as follows for the three months ended June 30:

			Increase (Decrease)	
	2017	2016	\$	%
	(Dollars in millions)			
North America	\$ 2,851	\$ 2,624	\$ 227	8.7
United Kingdom	288	311	(23)	(7.4)
Rest of Europe	291	237	54	22.8
Europe - Total	579	548	31	5.7
Rest of World	240	198	42	21.2
Total revenues	\$ 3,670	\$ 3,370	\$ 300	8.9

North America continues to be our largest market, representing 77.7% of total revenues for the second quarter of 2017, and accounting for \$227 million of the \$300 million total revenue increase from the second quarter of 2016. Revenue growth in Europe and Rest of World markets was driven by an increase in demand for an expanded range of services, such as business process services, customer adoption and integration of digital technologies that are reshaping our customers' business and operating models. Revenues from our customers in Europe grew 5.7%, after a negative currency impact of 6.1%. Specifically, within the United Kingdom we experienced a decrease in revenues of 7.4%, after a negative currency impact of 8.7% while revenues from our Rest of Europe customers, including revenues from new strategic customers acquired in the fourth quarter of 2016, increased 22.8% after a negative currency impact of 2.7%. Revenue growth from our United Kingdom customers has been negatively affected by the current macroeconomic conditions, including the weakening of the British pound and uncertainty in the markets due to the result of the June 2016 United Kingdom referendum to exit the European Union, or Brexit Referendum. Revenues from our Rest of World customers grew 21.2%, after an immaterial currency impact in the second quarter of 2017, primarily driven by the Australia and India markets. We believe that Europe, the Middle East, the Asia Pacific and Latin America regions will continue to be areas of significant investment for us as we see these regions as long term growth opportunities.

Cost of Revenues (Exclusive of Depreciation and Amortization Expense). Our cost of revenues consists primarily of salaries, incentive-based compensation, stock-based compensation expense, payroll taxes, employee benefits, immigration and project-related travel for technical personnel and subcontracting expense. Our cost of revenues increased by 10.9% during the second quarter of 2017 as compared to the second quarter of 2016. The increase was due primarily to higher compensation and benefits costs and the negative impact of the appreciation of the Indian rupee against the U.S. dollar, partially offset by greater realized gains on settlements of cash flow hedges. Additionally, cost of revenues for the three months ended June 30, 2016 reflected the loss recognized on a fixed-price customer contract. For the three months ended June 30, 2017, compensation and benefit costs, including incentive-based compensation, increased primarily as a result of the increase in the number of our service delivery personnel.

Selling, General and Administrative Expenses. Selling, general and administrative expenses consist primarily of salaries, incentive-based compensation, stock-based compensation expense, payroll taxes, employee benefits, immigration, travel, marketing, communications, management, finance, administrative and occupancy costs. Selling, general and administrative expenses, including depreciation and amortization, increased by 8.4% during the second quarter of 2017 as compared to the second quarter of 2016, decreasing as a percentage of revenues to 21.9% in the second quarter of 2017 as compared to 22.0% in the second quarter of 2016. The decrease as a percentage of revenues was due primarily to a decrease in certain operating and professional service costs, partially offset by higher compensation and benefits costs, realignment charges incurred in the second quarter of 2017 and the negative impact of the appreciation of the Indian rupee against the U.S. dollar.

Income from Operations and Operating Margin - Overall. Income from operations increased 2.5% in the second quarter of 2017 as compared to the second quarter of 2016. Our operating margin decreased to 16.5% for the quarter ended June 30, 2017 from 17.5% for the quarter ended June 30, 2016, primarily due to an increase in compensation and benefits costs, increases in certain operating and professional costs, realignment charges in 2017 and the negative impact of the appreciation of the Indian rupee against the U.S. dollar, partially offset by greater realized gains on settlements of cash flow hedges. Additionally, the operating margin for the three months ended June 30, 2016 reflected the loss recognized on a fixed-price customer contract of \$27 million. Excluding the impact of applicable designated cash flow hedges, the appreciation of the Indian rupee against the U.S. dollar negatively impacted our operating margin by approximately 69 basis points or 0.69 percentage points in the three months ended June 30, 2017. Each additional 1.0% change in the exchange rate between the Indian rupee and the U.S. dollar will have the effect of moving our operating margin by approximately 19 basis points or 0.19 percentage points.

We entered into foreign exchange forward contracts to hedge certain Indian rupee denominated payments in India. These hedges are intended to mitigate the volatility of the changes in the exchange rate between the U.S. dollar and the Indian rupee. During the three months ended June 30, 2017, the settlement of our cash flow hedges positively impacted our operating margin by approximately 95 basis points or 0.95 percentage points as compared to a positive impact of approximately 9 basis points or 0.09 percentage points during the three months ended June 30, 2016.

For the three months ended June 30, 2017 and 2016, our non-GAAP operating margins were 20.0%⁴ and 20.3%⁴, respectively. As set forth in the “Non-GAAP Financial Measures” section below, our non-GAAP operating margin excludes stock based compensation expense, acquisition-related charges and, for 2017, realignment charges.

Segment Operating Profit. Segment operating profits were as follows for the three months ended June 30:

			Increase (Decrease)	
	2017	2016	\$	%
(Dollars in millions)				
Financial Services	\$ 411	\$ 459	\$ (48)	(10.5)
Healthcare	343	270	73	27.0
Products and Resources	214	226	(12)	(5.3)
Communications, Media and Technology	146	134	12	9.0
Total segment operating profit	1,114	1,089	25	2.3
Less: unallocated costs	508	498	10	2.0
Income from operations	\$ 606	\$ 591	\$ 15	2.5

In our Financial Services, Products and Resources, and Communications, Media and Technology business segments, operating profits decreased as a percentage of revenues due to increases in compensation and benefit costs, investments to accelerate our shift to digital, including re-skilling of service delivery personnel, and the negative impact of the appreciation of various currencies, including the Indian rupee, against the U.S. dollar. In our Healthcare segment, operating profits increased as a percentage of revenues due to revenue growth outpacing headcount growth and the \$27 million loss on a fixed-price customer contract recognized in the second quarter of 2016, partially offset by the negative impact of the appreciation of the Indian rupee against the U.S. dollar and investments to grow our business.

Other Income (Expense), Net. Total other income (expense), net consists primarily of foreign currency exchange gains and (losses), interest income and interest expense. The following table sets forth total other income (expense), net for the three months ended June 30:

	2017	2016	Increase/ Decrease
	(in millions)		
Foreign currency exchange gains (losses)	\$ 8	\$ (23)	\$ 31
(Losses) gains on foreign exchange forward contracts not designated as hedging instruments	(3)	3	(6)
Net foreign currency exchange gains (losses)	5	(20)	25
Interest income	31	28	3
Interest expense	(6)	(5)	(1)
Other, net	(1)	1	(2)
Total other income (expense), net	\$ 29	\$ 4	\$ 25

The foreign currency exchange gains were primarily attributed to the remeasurement of the Indian rupee denominated net monetary assets in our U.S. dollar functional currency India subsidiaries as well as the remeasurement of other net monetary assets denominated in currencies other than the functional currencies of our subsidiaries. The losses on our foreign exchange forward contracts not designated as hedging instruments relate to the realized and unrealized gains and losses on foreign exchange forward contracts entered into primarily to offset foreign currency exposure to the Indian rupee and other non-U.S. dollar denominated net monetary assets and liabilities. As of June 30, 2017, the notional value of our undesignated hedges was \$269 million.

⁴ Non-GAAP operating margin is not a measurement of financial performance prepared in accordance with GAAP. See “Non-GAAP Financial Measures” for more information and a reconciliation to the most directly comparable GAAP financial measure.

Provision for Income Taxes. The provision for income taxes decreased to \$165 million during the three months ended June 30, 2017 from \$343 million during the three months ended June 30, 2016. The effective income tax rate decreased to 26.0% for the three months ended June 30, 2017 from 57.6% for the three months ended June 30, 2016.

In May 2016, our principal operating subsidiary in India repurchased shares from its shareholders, which are non-Indian Cognizant entities, valued at \$2.8 billion ("India Cash Remittance"). This transaction was undertaken pursuant to a plan approved by the High Court of Madras and simplified the shareholding structure of our principal operating subsidiary in India. Pursuant to the transaction, our principal Indian operating subsidiary repurchased approximately \$1.2 billion of the total \$2.8 billion of shares from its U.S. shareholders, resulting in tax expense in the United States and India, while the remaining \$1.6 billion was repurchased from its shareholder outside the United States. Net of taxes, the transaction resulted in a remittance of cash to the United States in the amount of \$1.0 billion. As a result of this transaction, we incurred an incremental 2016 income tax expense of \$238 million, including a discrete item recognized in the second quarter of 2016 of \$143 million relating to the distribution of historic undistributed accumulated foreign earnings. Total incremental tax expense of \$190 million was recognized in the quarter ended June 30, 2016. This transaction is primarily responsible for the decrease in our effective income tax rate in 2017 as compared to 2016.

Net Income. Net income increased to \$470 million for the three months ended June 30, 2017 from \$252 million for the three months ended June 30, 2016, representing 12.8% and 7.5% of revenues, respectively. The increase in net income as a percentage of revenues is primarily due to the decrease in the income tax provision, partially offset by a decrease in operating margin.

Non-GAAP Financial Measures

Portions of our disclosure, including the following table, include non-GAAP income from operations, non-GAAP operating margin, and non-GAAP diluted earnings per share. These non-GAAP financial measures are not based on any comprehensive set of accounting rules or principles and should not be considered a substitute for, or superior to, financial measures calculated in accordance with GAAP, and may be different from non-GAAP measures used by other companies. In addition, these non-GAAP measures should be read in conjunction with our financial statements prepared in accordance with GAAP. The reconciliations of Cognizant's non-GAAP financial measures to the corresponding GAAP measures should be carefully evaluated.

Our non-GAAP income from operations and non-GAAP operating margin exclude stock-based compensation expense, acquisition-related charges and, in 2017, realignment charges. Our definition of non-GAAP diluted earnings per share excludes net non-operating foreign currency exchange gains or losses, the effect of recognition in the first quarter of 2017 of an income tax benefit previously unrecognized in our consolidated financial statements related to a specific uncertain tax position, and the impact of a one-time incremental income tax expense related to the India Cash Remittance in the second quarter of 2016, in addition to excluding stock-based compensation expense, acquisition-related charges and, in 2017, realignment charges. Our non-GAAP diluted earnings per share is additionally adjusted for the income tax impact of the above items, as applicable. The income tax impact of each item is calculated by applying the statutory rate and local tax regulations in the jurisdiction in which the item was incurred.

We believe providing investors with an operating view consistent with how we manage the Company provides enhanced transparency into the operating results of the Company. For our internal management reporting and budgeting purposes, we use non-GAAP financial measures for financial and operational decision making, to evaluate period-to-period comparisons, to determine portions of the compensation for our executive officers and for making comparisons of our operating results to those of our competitors. Therefore, it is our belief that the use of non-GAAP financial measures excluding these costs provides a meaningful supplemental measure for investors to evaluate our financial performance. Accordingly, we believe that the presentation of non-GAAP income from operations, non-GAAP operating margin and non-GAAP diluted earnings per share, when read in conjunction with our reported GAAP results, can provide useful supplemental information to our management and investors regarding financial and business trends relating to our financial condition and results of operations.

A limitation of using non-GAAP financial measures versus financial measures calculated in accordance with GAAP is that non-GAAP measures do not reflect all of the amounts associated with our operating results as determined in accordance with GAAP and exclude costs that are recurring, namely stock-based compensation expense, certain acquisition-related charges, and net non-operating foreign currency exchange gains or losses. In addition, other companies may calculate non-GAAP financial measures differently than us, thereby limiting the usefulness of these non-GAAP financial measures as a comparative tool. We compensate for these limitations by providing specific information regarding the GAAP amounts excluded from non-GAAP income from operations, non-GAAP operating margin and non-GAAP diluted earnings per share to allow investors to evaluate such non-GAAP financial measures.

The following table presents a reconciliation of each non-GAAP financial measure to the most comparable GAAP measure for the three months ended June 30:

	2017	% of Revenues	2016	% of Revenues
(Dollars in millions, except per share amounts)				
GAAP income from operations and operating margin	\$ 606	16.5	\$ 591	17.5
Add: Stock-based compensation expense ⁽¹⁾	55	1.5	62	1.9
Add: Acquisition-related charges ⁽²⁾	35	1.0	30	0.9
Add: Realignment charges ⁽³⁾	39	1.0	—	—
Non-GAAP income from operations and non-GAAP operating margin	<u>\$ 735</u>	<u>20.0</u>	<u>\$ 683</u>	<u>20.3</u>
GAAP diluted earnings per share	\$ 0.80		\$ 0.41	
Effect of above operating adjustments, pre-tax	0.22		0.15	
Effect of non-operating foreign currency exchange (losses) gains, pre-tax ⁽⁴⁾	(0.01)		0.04	
Tax effect of non-GAAP adjustments to pre-tax income ⁽⁵⁾	(0.08)		(0.04)	
Effect of incremental income tax expense related to the India Cash Remittance ⁽⁶⁾	—		0.31	
Non-GAAP diluted earnings per share	<u>\$ 0.93</u>		<u>\$ 0.87</u>	

- (1) Stock-based compensation expense reported in:

	Three Months Ended June 30,	
	2017	2016
Cost of revenues	\$ 13	\$ 13
Selling, general and administrative expenses	42	49

- (2) Acquisition-related charges include, when applicable, amortization of purchased intangible assets included in the depreciation and amortization expense line on our consolidated statements of operations, external deal costs, acquisition-related retention bonuses, integration costs, changes in the fair value of contingent consideration liabilities, charges for impairment of acquired intangible assets and other acquisition-related costs.
- (3) Realignment charges include severance costs, primarily associated with the VSP, lease termination costs, and advisory fees related to non-routine shareholder matters and to the development of our realignment and return of capital programs, as applicable. The total costs related to the realignment are reported in "Selling, general and administrative expenses" in our consolidated statements of operations and are expected to be incurred primarily in 2017.
- (4) Non-operating foreign currency exchange gains are inclusive of gains and losses on related foreign exchange forward contracts not designated as hedging instruments for accounting purposes, reported in "Foreign currency exchange gains (losses), net" in our consolidated statements of operations.
- (5) Presented below are the tax impacts of each of our non-GAAP adjustments to pre-tax income:

	Three Months Ended June 30,	
	2017	2016
Non-GAAP income tax benefit (expense) related to:		
Stock-based compensation expense	\$ 20	\$ 15
Acquisition-related charges	12	11
Realignment charges	14	—
Foreign currency exchange gains (losses)	—	—

The effective tax rate related to each of our non-GAAP adjustments varies depending on the jurisdictions in which such income and expenses are generated and the statutory rates applicable in those jurisdictions.

- (6) In May 2016, our principal operating subsidiary in India repurchased shares from its shareholders, which are non-Indian

Cognizant entities, valued at \$2.8 billion. As a result of this transaction, we incurred an incremental income tax expense of \$190 million in the three months ended June 30, 2016.

Six Months Ended June 30, 2017 Compared to Six Months Ended June 30, 2016

The following table sets forth, for the periods indicated, certain financial data for the six months ended June 30:

		% of		% of	Increase / Decrease	
	2017	Revenues	2016	Revenues	\$	%
(Dollars in millions, except per share data)						
Revenues	\$ 7,216	100.0	\$ 6,572	100.0	\$ 644	9.8
Cost of revenues ⁽¹⁾	4,455	61.7	3,953	60.2	502	12.7
Selling, general and administrative expenses ⁽¹⁾	1,395	19.3	1,300	19.8	95	7.3
Depreciation and amortization expense	190	2.6	174	2.6	16	9.2
Income from operations	1,176	16.3	1,145	17.4	31	2.7
Other income (expense), net	108		39		69	176.9
Income before provision for income taxes	1,284	17.8	1,184	18.0	100	8.4
Provision for income taxes	(257)		(491)		234	(47.7)
Net income	\$ 1,027	14.2	\$ 693	10.6	\$ 334	48.2
Diluted earnings per share	\$ 1.71		\$ 1.14		\$ 0.57	
<i>Other Financial Information</i> ⁽²⁾						
Non-GAAP income from operations and non-GAAP operating margin	\$ 1,404	19.5	\$ 1,320	20.1	\$ 84	6.4
Non-GAAP diluted earnings per share	\$ 1.76		\$ 1.67		\$ 0.09	

(1) Exclusive of depreciation and amortization expense.

(2) Non-GAAP income from operations, non-GAAP operating margin and non-GAAP diluted earnings per share are not measurements of financial performance prepared in accordance with GAAP. See “Non-GAAP Financial Measures” for more information and a reconciliation to the most directly comparable GAAP financial measure.

Revenues - Overall. The increase in revenues was primarily attributed to services related to integration of digital technologies to align with shifts in consumer preferences, increased customer spending on discretionary projects, continued interest in using our global delivery model as a means to reduce overall IT and operations costs and continued penetration in all our geographic markets. Revenues from customers added since June 30, 2016 were \$239 million and represented 37.1% of the period-over-period revenue increase. Foreign currency exchange movements negatively impacted year-over-year revenue growth by \$70 million, or 1.1%, primarily due to the weakening of the British pound.

Our consulting and technology services revenues for the six months ended June 30, 2017 increased by 11.0% compared to the six months ended June 30, 2016 and represented 58.3% of total revenues for the six months ended June 30, 2017. Our outsourcing services revenues for the six months ended June 30, 2017 increased by 8.2% and constituted 41.7% of total revenues for the six months ended June 30, 2017.

Revenues from our top customers were as follows:

	Six Months Ended June 30,	
	2017	2016
Revenues from top five customers as a percentage of total revenues	8.9%	10.4%
Revenues from top ten customers as a percentage of total revenues	15.0%	17.5%

As we continue to add new customers and increase our penetration at existing customers, we expect the percentage of revenues from our top five and top ten customers to continue to decline over time.

Revenues - Reportable Segments. Revenues by reportable business segment were as follows for the six months ended June 30:

			Increase	
	2017	2016	\$	%
(Dollars in millions)				
Financial Services	\$ 2,782	\$ 2,637	\$ 145	5.5
Healthcare	2,053	1,873	180	9.6
Products and Resources	1,484	1,293	191	14.8
Communication, Media and Technology	897	769	128	16.6
Total revenues	\$ 7,216	\$ 6,572	\$ 644	9.8

Revenues from our Financial Services segment grew 5.5% for the six months ended June 30, 2017, as compared to the six months ended June 30, 2016. Growth was stronger among our insurance customers where revenues increased by \$92 million as compared to an increase of \$53 for our banking customers. In this segment, revenues from customers added since June 30, 2016 were \$37 million and represented 25.5% of the period-over-period revenue increase in this segment. Key areas of focus for our Financial Services customers included the adoption and integration of digital technologies that are reshaping our customers' business and operating models, cost optimization, robotic process automation, cyber security and vendor consolidation. Demand from our banking customers may continue to be negatively affected by their continued focus on optimizing their cost structure and managing their discretionary spending.

Revenues from our Healthcare segment grew 9.6% for the six months ended June 30, 2017, as compared to the six months ended June 30, 2016. Revenues from our healthcare customers increased by \$106 million while revenue growth among our life sciences customers was \$74 million. Revenues from customers added since June 30, 2016 were \$38 million and represented 21.1% of the period-over-period revenue increase in this segment. The increase in revenues from our life sciences customers was driven by a growing demand for a broader range of services, including business process services, advanced data analytics and solutions that span multiple service lines while leveraging cloud technologies and platforms. The demand for our services among healthcare customers could be affected by uncertainty in the regulatory environment. We believe that in the long term the healthcare industry continues to present a significant growth opportunity due to factors that are transforming the industry, including the changing regulatory environment, increasing focus on medical costs, and the consumerization of healthcare.

Revenues from our Products and Resources segment (previously referred to as Manufacturing/Retail/Logistics) grew 14.8% for the six months ended June 30, 2017, as compared to the six months ended June 30, 2016. Revenue growth in this segment was strongest among our energy and utilities customers and manufacturing and logistics customers, where revenues increased by a combined \$171 million, including revenues from new strategic customers acquired in the fourth quarter of 2016. Revenues from our retail and consumer goods customers and travel and hospitality customers increased by a combined \$20 million. Revenues from customers added since June 30, 2016 were \$138 million, representing 72.3% of the period-over-period revenue increase in this segment. Demand within this segment continues to be driven by increased adoption of digital technologies that are reshaping our customers' business and operating models, as well as growing demand for analytics, supply chain consulting, implementation initiatives, product transformation, internet of things and omni channel commerce implementation and integration services. Discretionary spending by our retail customers has been and may continue to be affected by weakness in the retail sector.

Revenues from our Communications, Media and Technology segment (previously referred to as Other) grew 16.6% for the six months ended June 30, 2017, as compared to the six months ended June 30, 2016. Growth within this segment was driven by the increased adoption of digital technologies, digital content operations and an expanded range of services, such as business process services. Revenue growth was \$81 million among our communications and media customers and \$47 million among our technology customers. Revenues from customers added since June 30, 2016 were \$26 million and represented 20.3% of the period-over-period revenue increase in this segment.

Revenues - Geographic Markets. Revenues by geographic market were as follows for the six months ended June 30:

			Increase	
	2017	2016	\$	%
(Dollars in millions)				
North America	\$ 5,612	\$ 5,121	\$ 491	9.6
United Kingdom	562	610	(48)	(7.9)
Rest of Europe	576	463	113	24.4
Europe - Total	1,138	1,073	65	6.1
Rest of World	466	378	88	23.3
Total revenues	\$ 7,216	\$ 6,572	\$ 644	9.8

North America continues to be our largest market representing 77.8% of total revenues for the six months ended June 30, 2017 and accounted for \$491 million of the \$644 million total revenue increase over the six months ended June 30, 2016. Revenue growth in Europe and Rest of World markets was driven by an increase in demand for an expanded range of services, such as business process services, customer adoption and integration of digital technologies that are reshaping our customers' business and operating models. Revenues from our customers in Europe grew 6.1%, after a negative currency impact of 6.8%. Specifically, within the United Kingdom we experienced a decrease in revenues of 7.9%, after a negative currency impact of 9.9% while revenues from our Rest of Europe customers, including revenues from new strategic customers acquired in the fourth quarter of 2016, increased 24.4% after a negative currency impact of 2.6%. Revenue growth from our United Kingdom customers has been negatively affected by the current macroeconomic conditions, including the weakening of the British pound and uncertainty in the markets due to the results of the Brexit Referendum. Revenues from our Rest of World customers grew 23.3%, after an immaterial currency impact in the first half of 2017, primarily driven by the Australia and India markets. We believe that Europe, the Middle East, the Asia Pacific and Latin America regions will continue to be areas of significant investment for us as we see these regions as long term growth opportunities.

Cost of Revenues (Exclusive of Depreciation and Amortization Expense). Our cost of revenues consists primarily of salaries, incentive-based compensation, stock-based compensation expense, payroll taxes, employee benefits, immigration and project-related travel for technical personnel and subcontracting related to revenues. Our cost of revenues increased by 12.7% during the six months ended June 30, 2017 as compared to the six months ended June 30, 2016. The increase was due primarily to an increase in compensation and benefits costs (partially offset by the impact of lower incentive-based compensation accrual rates), the increase in certain operating and professional service costs and the negative impact of the appreciation of the Indian rupee against the U.S. dollar, partially offset by greater realized gains on settlements of cash flow hedges. Additionally, cost of revenues for the six months ended June 30, 2016 reflected the loss recognized on a fixed-price customer contract. For the six months ended June 30, 2017, compensation and benefit costs increased primarily as a result of the increase in the number of our service delivery personnel as compared to 2016.

Selling, General and Administrative Expenses. Selling, general and administrative expenses consist primarily of salaries, incentive-based compensation, stock-based compensation expense, payroll taxes, employee benefits, immigration, travel, marketing, communications, management, finance, administrative and occupancy costs. Selling, general and administrative expenses, including depreciation and amortization, increased by 7.5% during the six months ended June 30, 2017 as compared to the six months ended June 30, 2016, decreasing as a percentage of revenues to 22.0% for the six months ended June 30, 2017 as compared to 22.4% for the six months ended June 30, 2016. The decrease as a percentage of revenues was due primarily to a decrease in immigration expense and gains on settlements of cash flow hedges, partially offset by an increase in professional service costs, primarily related to the FCPA investigation and related lawsuits, and the negative impact of the appreciation of the Indian rupee against the U.S. dollar.

Income from Operations and Operating Margin - Overall. Income from operations increased 2.7% for the six months ended June 30, 2017 as compared to the same period in 2016. Our operating margin decreased to 16.3% for the six months ended June 30, 2017 from 17.4% for the six months ended June 30, 2016, due to an increase in compensation and benefits costs (partially offset by the impact of lower incentive-based compensation accrual rates), increases in professional service and other operating costs and the negative impact of the appreciation of the Indian rupee against the U.S. dollar, partially offset by greater gains on settlements of cash flow hedges and a decrease in immigration expenses. Additionally, the operating margin for the six months ended June 30, 2016 reflected the loss recognized on a fixed-price customer contract. Excluding the impact of applicable designated cash flow hedges, the appreciation of the Indian rupee against the U.S. dollar negatively impacted our operating margin by approximately 41 basis points or 0.41% percentage points during the six months ended June 30, 2017.

Each additional 1.0% change in exchange rate between the Indian rupee and the U.S. dollar will have the effect of moving our operating margin by approximately 19 basis points or 0.19 percentage points.

We entered into foreign exchange forward contracts to hedge certain Indian rupee denominated payments in India. These hedges are intended to mitigate the volatility of the changes in the exchange rate between the U.S. dollar and the Indian rupee. During the six months ended June 30, 2017, the settlement of cash flow hedges positively impacted our operating margin by approximately 76 basis points or 0.76 percentage points, as compared to a minimal effect in 2016.

For the six months ended June 30, 2017 and 2016, our non-GAAP operating margins were 19.5%⁵ and 20.1%⁵, respectively. As set forth in the “Non-GAAP Financial Measures” section below, our non-GAAP operating margin excludes stock based compensation expense, acquisition-related charges and, for 2017, realignment charges.

Segment Operating Profit. Segment operating profits were as follows for the six months ended June 30:

			Increase (Decrease)	
	2017	2016	\$	%
(Dollars in millions)				
Financial Services	\$ 802	\$ 882	\$ (80)	(9.1)
Healthcare	616	565	51	9.0
Products and Resources	417	445	(28)	(6.3)
Communications, Media and Technology	267	256	11	4.3
Total segment operating profit	2,102	2,148	(46)	(2.1)
Less: unallocated costs	926	1,003	(77)	(7.7)
Income from operations	\$ 1,176	\$ 1,145	\$ 31	2.7

In all our business segments, operating profits decreased as a percentage of revenues due to increases in compensation and benefit costs, investments to accelerate our shift to digital, including re-skilling of service delivery personnel, and the negative impact of the appreciation of various currencies, including the Indian rupee, against the U.S. dollar.

Other Income (Expense), Net. Total other income (expense), net consists primarily of foreign currency exchange gains and (losses) and interest income. The following table sets forth total other income (expense), net for the six months ended June 30:

	2017	2016	Increase/ Decrease
(in millions)			
Foreign currency exchange gains (losses)	\$ 70	\$ (11)	\$ 81
(Losses) on foreign exchange forward contracts not designated as hedging instruments	(13)	—	(13)
Foreign currency exchange gains (losses), net	57	(11)	68
Interest income	63	59	4
Interest expense	(12)	(10)	(2)
Other, net	—	1	(1)
Total other income (expense), net	\$ 108	\$ 39	\$ 69

The foreign currency exchange gains were primarily attributed to the remeasurement of the Indian rupee denominated net monetary assets in our U.S. dollar functional currency India subsidiaries as well as the remeasurement of other net monetary assets denominated in currencies other than the functional currencies of our subsidiaries. The losses on our foreign exchange forward contracts not designated as hedging instruments relate to the realized and unrealized gains and losses on foreign exchange forward contracts entered into primarily to offset foreign currency exposure to the Indian rupee and other non-U.S. dollar denominated net monetary assets. As of June 30, 2017, the notional value of our undesignated hedges was \$269 million. The increase in interest income of \$4 million was primarily attributable to an increase in average invested balances in 2017.

⁵ Non-GAAP operating margin is not a measurement of financial performance prepared in accordance with GAAP. See “Non-GAAP Financial Measures” for more information and a reconciliation to the most directly comparable GAAP financial measure.

Provision for Income Taxes. The provision for income taxes decreased to \$257 million during the six months ended June 30, 2017 from \$491 million during the six months ended June 30, 2016. The effective income tax rate decreased to 20.0% for the six months ended June 30, 2017 from 41.4% for the six months ended June 30, 2016. The decrease in our effective income tax rate was primarily attributed to the effect of the incremental income tax expense of \$190 million related to the India Cash Remittance in 2016 and the recognition in the first quarter of 2017 of income tax benefits previously unrecognized in our consolidated financial statements related to several uncertain tax positions totaling \$72 million.

Net Income. Net income increased to \$1,027 million for the six months ended June 30, 2017 from \$693 million for the six months ended June 30, 2016, representing 14.2% and 10.6% of revenues, respectively. The increase in net income as a percentage of revenues is primarily due to the 2017 foreign currency exchange gains and a decrease in the provision for income taxes, partially offset by the decrease in operating margin during the six months ended June 30, 2017 as compared to the six months ended June 30, 2016.

Non-GAAP Financial Measures

The following table presents a reconciliation of each non-GAAP financial measure to the most comparable GAAP measure for the six months ended June 30:

	2017	% of Revenues	2016	% of Revenues
(Dollars in millions, except per share amounts)				
GAAP income from operations and operating margin	\$ 1,176	16.3	\$ 1,145	17.4
Add: Stock-based compensation expense ⁽¹⁾	109	1.5	116	1.8
Add: Acquisition-related charges ⁽²⁾	69	1.0	59	0.9
Add: Realignment charges ⁽³⁾	50	0.7	—	—
Non-GAAP income from operations and non-GAAP operating margin	<u>\$ 1,404</u>	<u>19.5</u>	<u>\$ 1,320</u>	<u>20.1</u>
GAAP diluted earnings per share	\$ 1.71		\$ 1.14	
Effect of above operating adjustments, pre-tax	0.38		0.29	
Effect of non-operating foreign currency exchange (losses) gains, pre-tax ⁽⁴⁾	(0.10)		0.01	
Tax effect of non-GAAP adjustments to pre-tax income ⁽⁵⁾	(0.14)		(0.08)	
Effect of recognition of income tax benefit related to an uncertain tax position ⁽⁶⁾	(0.09)		—	
Effect of incremental income tax expense related to the India Cash Remittance ⁽⁷⁾	—		0.31	
Non-GAAP diluted earnings per share	<u>\$ 1.76</u>		<u>\$ 1.67</u>	

- (1) Stock-based compensation expense reported in:

	Six Months Ended June 30,	
	2017	2016
Cost of revenues	\$ 28	\$ 26
Selling, general and administrative expenses	81	90

- (2) Acquisition-related charges include, when applicable, amortization of purchased intangible assets included in the depreciation and amortization expense line on our consolidated statements of operations, external deal costs, acquisition-related retention bonuses, integration costs, changes in the fair value of contingent consideration liabilities, charges for impairment of acquired intangible assets and other acquisition-related costs.
- (3) Realignment charges include severance costs, primarily associated with the VSP, lease termination costs, and advisory fees related to non-routine shareholder matters and to the development of our realignment and return of capital programs, as applicable. The total costs related to the realignment are reported in "Selling, general and administrative expenses" in our consolidated statements of operations and are expected to be incurred primarily in 2017.
- (4) Non-operating foreign currency exchange gains are inclusive of gains and losses on related foreign exchange forward contracts not designated as hedging instruments for accounting purposes, reported in "Foreign currency exchange gains (losses), net" in our consolidated statements of operations.

- (5) Presented below are the tax impacts of each of our non-GAAP adjustments to pre-tax income:

	Six Months Ended June 30,	
	2017	2016
Non-GAAP income tax benefit (expense) related to:		
Stock-based compensation expense	\$ 41	\$ 27
Acquisition-related charges	24	22
Realignment charges	18	—
Foreign currency exchange gains (losses)	5	1

The effective tax rate related to each of our non-GAAP adjustments varies depending on the jurisdictions in which such income and expenses are generated and the statutory rates applicable in those jurisdictions.

- (6) During the three months ended March 31, 2017, we recognized an income tax benefit previously unrecognized in our consolidated financial statements related to a specific uncertain tax position of \$55 million. The recognition of the benefit in the first quarter of 2017 was based on management's reassessment regarding whether this unrecognized tax benefit met the more-likely-than-not threshold in light of the lapse in the statute of limitations as to a portion of such benefit.
- (7) In May 2016, our principal operating subsidiary in India repurchased shares from its shareholders, which are non-Indian Cognizant entities, valued at \$2.8 billion. As a result of this transaction, we incurred an incremental income tax expense of \$190 million in the six months ended June 30, 2016.

Liquidity and Capital Resources

Cash generated from operations has historically been our primary source of liquidity to fund operations and investments to grow our business. In addition, as of June 30, 2017, we had cash, cash equivalents and short-term investments of \$4,378 million and additional available capacity under our revolving credit facility of approximately \$600 million. The following table provides a summary of our cash flows for the six months ended June 30:

	2017	2016	Increase / Decrease
	(in millions)		
Net cash from operating activities	\$ 798	\$ 438	\$ 360
Net cash (used in) investing activities	(298)	(260)	(38)
Net cash (used in) financing activities	(1,421)	(621)	(800)

Operating activities. The increase in cash generated from operating activities was primarily attributable to higher net income in the first half of 2017 as compared to the same period in 2016. Trade accounts receivable increased to \$2,680 million at June 30, 2017 from \$2,556 million at December 31, 2016. Unbilled accounts receivable increased to \$409 million at June 30, 2017 from \$349 million at December 31, 2016. The increase in trade accounts receivable and unbilled receivables as of June 30, 2017 as compared to December 31, 2016 was primarily due to increased revenues.

We monitor turnover, aging and the collection of accounts receivable by customer. Our days sales outstanding calculation includes billed and unbilled accounts receivable, net of allowance for doubtful accounts, reduced by the uncollected portion of our deferred revenue. Our days sales outstanding as of June 30, 2017 was 73 days, higher as compared to 72 days as of December 31, 2016, and lower as compared to 74 days as of June 30, 2016.

Investing activities. The increase in cash used in investing activities in the 2017 period is primarily related to net investment purchases in the 2017 period as compared to net investment sales in the same period in 2016, partially offset by lower payments for acquisitions in the 2017 period.

Financing activities. The increase in cash used in financing activities in the 2017 period is primarily attributable to repurchases of common stock under the ASR and payment of dividends, partially offset by net borrowings under the revolving credit facility in 2017 as compared to net repayments of notes under our revolving credit facility in the same period in 2016.

In 2014, we entered into a credit agreement with a commercial bank syndicate, or, as amended, the Credit Agreement, providing for a \$1,000 million unsecured term loan and a \$750 million revolving credit facility. The term loan was used to pay a portion of the cash consideration in connection with our acquisition of TZ US Parent, Inc., or TriZetto. The revolving credit

facility is available for general corporate purposes. The term loan and the revolving credit facility both mature in November 2019. As of June 30, 2017, we had \$844 million outstanding under the term loan and \$150 million outstanding notes under the revolving credit facility.

The Credit Agreement contains certain negative covenants, including limitations on liens, mergers, consolidations and acquisitions, subsidiary indebtedness and affiliate transactions, as well as certain affirmative covenants. In addition, the Credit Agreement requires us to maintain a debt to total stockholders' equity ratio not in excess of 0.40 to 1.00. As of June 30, 2017, we were in compliance with our debt covenants and have provided a quarterly certification to our lenders to that effect. We believe that we currently meet all conditions set forth in the Credit Agreement to borrow thereunder, and we are not aware of any conditions that would prevent us from borrowing part or all of the remaining available capacity under the revolving credit facility as of June 30, 2017 and through the date of this filing.

We have initiated a plan to return \$3.4 billion to stockholders over the next two years through a combination of stock repurchases and cash dividends. As part of this plan, we entered into a \$1.5 billion ASR in March 2017 and paid a cash dividend of \$0.15 per share, totaling \$89 million in May 2017. We subsequently declared another cash dividend of \$0.15 per share with a record date of August 22, 2017 and a payment date of August 31, 2017. The up-front payments related to the ASR were funded with cash on hand in the U.S. and borrowings under the revolving credit facility. We intend to repurchase an additional \$1.2 billion of shares during the second half of 2017 and 2018. Stock repurchases may be made from time to time through open-market purchases and through the use of Rule 10b5-1 plans and/or by other means.

Our Board of Directors intends to continue to review the capital return plan, considering our financial performance, economic outlook, regulatory changes and any other relevant factors. The Board of Directors' determinations regarding dividends and share repurchases will depend on a variety of factors, including our net income, cash flow generated from operations or other sources, liquidity position and potential alternative uses of cash, such as acquisitions, as well as economic conditions and expected future financial results. As these factors may change over the course of the year, the amount of stock repurchase activity and actual amount of dividends declared by our Board of Directors, if any, during any particular period cannot be predicted and may fluctuate from time to time. There can be no guarantee that we will achieve the objective of our announced capital return plan in the amounts or on the expected time frame that we have indicated, or at all.

We believe the combination of our U.S. cash on hand, U.S. cash flows and ability to borrow under both existing and future debt arrangements continues to be sufficient to fund our current domestic operations and obligations, including debt service, future share repurchases and quarterly cash dividends. The amount of funds held in U.S. tax jurisdictions can fluctuate due to the timing of receipts and payments in the ordinary course of business, including debt repayments, and due to other reasons, such as acquisition-related activities. The Company's U.S. operations historically have generated and are expected to continue to generate substantial cash flows. In circumstances where the Company has additional cash requirements in the United States, we have several additional liquidity options available to meet those requirements. These options may include borrowing additional funds, including borrowings under our committed revolving credit facility or a new syndicated lending facility should we seek one, temporarily utilizing intercompany loans with certain foreign subsidiaries on a limited basis and repatriating certain of our foreign earnings. Additionally, we believe we have access to the credit and equity markets and could borrow additional funds under acceptable terms and conditions or raise additional capital through an equity transaction.

Many of our operations are conducted outside the United States and significant portions of our cash, cash equivalents and short-term investments are held internationally. As of June 30, 2017, \$3,987 million of our cash, cash equivalents and short-term investments were held outside the United States. As part of our ongoing liquidity assessments, we regularly monitor the mix of domestic and international cash flows and cash balances. We utilize certain strategies in an effort to ensure that our worldwide cash is available in the locations in which it is needed. Most of the amounts held outside of the United States could be repatriated to the United States but, under current law, would be subject to income taxes in the United States, less applicable foreign tax credits. We intend to indefinitely reinvest these funds outside the United States and our current plans do not demonstrate a need to repatriate these amounts to fund our liquidity needs in the United States. In reaching this conclusion, we considered our capital needs in the United States, the available sources of liquidity in the United States and our growth plans outside the United States. However, future events may occur, such as material changes in cash estimates, discretionary transactions, including corporate restructurings, and changes in applicable laws, which may lead us to repatriate foreign earnings. This may result in an additional provision for income taxes, which could materially affect our future effective income tax rate. Due to the various methods by which such earnings could be repatriated in the future, it is not currently practicable to determine the amount of applicable taxes that would result from such repatriation.

We expect our operating cash flow, cash and investment balances, and available capacity under our revolving credit facility to be sufficient to meet our operating requirements, including costs related to realignment, for the next twelve months. Our ability to expand and grow our business in accordance with current plans, to make acquisitions and form joint ventures, to meet our long term capital requirements and to execute our announced capital return plan beyond a twelve month period will

depend on many factors, including the rate, if any, at which our cash flow increases, our ability and willingness to accomplish acquisitions and joint ventures with capital stock, our continued intent not to repatriate foreign earnings, and the availability of public and private debt and equity financing. We cannot be certain that additional financing, if required, will be available on terms and conditions acceptable to us, if at all.

Commitments and Contingencies

We are involved in various claims and legal actions arising in the ordinary course of business. We accrue a liability when a loss is considered probable and the amount can be reasonably estimated. When a material loss contingency is reasonably possible but not probable, we do not record a liability, but instead disclose the nature and the amount of the claim, and an estimate of the loss or range of loss, if such an estimate can be made. Legal fees are expensed as incurred. In the opinion of management, the outcome of any existing claims and legal or regulatory proceedings, other than the specific matters described below, if decided adversely, is not expected to have a material adverse effect on our business, financial condition, results of operations and cash flows.

We are conducting an internal investigation focused on whether certain payments relating to Company-owned facilities in India were made improperly and in possible violation of the FCPA and other applicable laws. In September 2016, we voluntarily notified the DOJ and SEC and are cooperating fully with both agencies. The investigation is being conducted under the oversight of the Audit Committee, with the assistance of outside counsel. To date, the investigation has identified a total of approximately \$6 million in payments made between 2010 and 2015 that may have been improper. The investigation is also examining various other payments made in small amounts in India and elsewhere that may not have complied with Company policy or applicable law. There were no adjustments recorded during the six months ended June 30, 2017. See [Note 11](#) to our unaudited condensed consolidated financial statements.

On October 5, 2016, October 27, 2016, and November 18, 2016, three putative securities class action complaints were filed in the United States District Court for the District of New Jersey, naming us and certain of our current and former officers as defendants. In an order dated February 3, 2017, the United States District Court for the District of New Jersey consolidated the three putative securities class actions into a single action and appointed lead plaintiffs and lead counsel. On April 7, 2017, the lead plaintiffs filed a consolidated amended complaint on behalf of a putative class of stockholders who purchased our common stock during the period between February 27, 2015 and September 29, 2016, naming us and certain of our current and former officers as defendants and alleging violations of the Exchange Act, based on allegedly false or misleading statements related to potential violations of the FCPA, our business, prospects and operations, and the effectiveness of our internal controls over financial reporting and our disclosure controls and procedures. The lead plaintiffs seek an award of compensatory damages, among other relief, and their reasonable costs and expenses, including attorneys' fees. Under a stipulation filed by the parties on February 23, 2017, defendants filed motions to dismiss the consolidated amended complaint on June 6, 2017, plaintiffs filed an opposition brief on July 21, 2017 responding to defendants' motions to dismiss, and defendants have until September 5, 2017 to file reply briefs in further support of their motions to dismiss.

On October 31, 2016, November 15, 2016, and November 18, 2016, three putative shareholder derivative complaints were filed in New Jersey Superior Court, Bergen County, naming us, all of our then current directors and certain of our current and former officers as defendants. On January 24, 2017, the New Jersey Superior Court, Bergen County, consolidated the three putative shareholder derivative actions filed in that court into a single action and appointed lead plaintiff and lead counsel. The complaints assert claims for breach of fiduciary duty, corporate waste, unjust enrichment, abuse of control, mismanagement, and/or insider selling by defendants. On March 16, 2017, the parties filed a stipulation deferring all further proceedings pending a final, non-appealable ruling on the then anticipated motion to dismiss the consolidated putative securities class action. On April 26, 2017, in lieu of ordering the stipulation filed by the parties, the New Jersey Superior Court deferred further proceedings by dismissing the consolidated putative shareholder derivative litigation without prejudice but permitting the parties to file a motion to vacate the dismissal in the future. On February 22, 2017, a fourth putative shareholder derivative complaint asserting similar claims was filed in the United States District Court for the District of New Jersey, naming us and certain of our directors as defendants. On April 5, 2017, the United States District Court for the District of New Jersey entered an order staying all proceedings pending a final, non-appealable ruling on the then anticipated motion to dismiss the consolidated putative securities class action. On April 7, 2017, a fifth putative shareholder derivative complaint was filed in the United States District Court for the District of New Jersey, naming us, certain of our directors, and certain of our current and former officers as defendants. The complaint in that action asserts claims similar to those in the previously-filed putative shareholder derivative actions, but also adds a claim for violations of Section 10(b) of the Exchange Act against the individual defendants. On May 10, 2017, a sixth putative shareholder derivative complaint was filed in the United States District Court for the District of New Jersey, naming us, certain of our directors, and certain of our current and former officers as defendants. The complaint in that action asserts claims similar to those in the previously-filed putative shareholder derivative actions, but also adds a claim for violations of Section 14(a) of the Exchange Act against the individual defendants. In an order dated June 20,

2017, the United States District Court for the District of New Jersey consolidated the three putative shareholder derivative actions filed in that court into a single action, appointed lead plaintiff and lead counsel, and stayed all further proceedings pending a final, non-appealable ruling on the motion to dismiss the consolidated putative securities class action. All of the putative shareholder derivative complaints allege among other things that certain of our public disclosures were false and misleading by failing to disclose that payments allegedly in violation of the FCPA had been made and by asserting that management had determined that our internal controls were effective. The plaintiffs seek awards of compensatory damages and restitution to us as a result of the alleged violations and their costs and attorneys' fees, experts' fees, and other litigation expenses, among other relief.

We are presently unable to predict the duration, scope or result of the internal investigation, any investigations by the DOJ or the SEC, the consolidated putative securities class action, the putative shareholder derivative actions or any other lawsuits. As such, we are presently unable to develop a reasonable estimate of a possible loss or range of losses, if any, and thus have not recorded any accruals related to these matters. The DOJ and the SEC have a broad range of civil and criminal sanctions under the FCPA and other laws and regulations including injunctive relief, disgorgement, fines, penalties, modifications to business practices, including the termination or modification of existing business relationships, the imposition of compliance programs and the retention of a monitor to oversee compliance with the FCPA. In addition, the DOJ and the SEC could bring enforcement actions against the Company or individuals, including former members of senior management. Such actions, if brought, could result in dispositions, judgments, settlements, fines, injunctions, cease and desist orders, debarment or other civil or criminal penalties against the Company or such individuals.

We expect to incur additional expenses related to remedial measures, and may incur additional expenses related to fines. The imposition of any sanctions or the implementation of remedial measures could have a material adverse effect on our business, annual and interim results of operations, cash flows and financial condition. Furthermore, while the Company intends to defend the lawsuits vigorously, these lawsuits and any other related lawsuits are subject to inherent uncertainties, the actual cost of such litigation will depend upon many unknown factors and the outcome of the litigation is necessarily uncertain.

Many of our engagements involve projects that are critical to the operations of our customers' business and provide benefits that are difficult to quantify. Any failure in a customer's systems or our failure to meet our contractual obligations to our customers, including any breach involving a customer's confidential information or sensitive data, or our obligations under applicable laws or regulations could result in a claim for substantial damages against us, regardless of our responsibility for such failure. Although we attempt to contractually limit our liability for damages arising from negligent acts, errors, mistakes, or omissions in rendering our services, there can be no assurance that the limitations of liability set forth in our contracts will be enforceable in all instances or will otherwise protect us from liability for damages. Although we have general liability insurance coverage, including coverage for errors or omissions, there can be no assurance that such coverage will cover all types of claims, continue to be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim. The successful assertion of one or more large claims against us that exceed or are not covered by our insurance coverage or changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could have a material adverse effect on our business, results of operations, financial condition and cash flows.

In the normal course of business and in conjunction with certain customer engagements, we have entered into contractual arrangements through which we may be obligated to indemnify customers or other parties with whom we conduct business with respect to certain matters. These arrangements can include provisions whereby we agree to hold the indemnified party and certain of their affiliated entities harmless with respect to third-party claims related to such matters as our breach of certain representations or covenants, our intellectual property infringement, our gross negligence or willful misconduct or certain other claims made against certain parties. Payments by us under any of these arrangements are generally conditioned on the customer making a claim and providing us with full control over the defense and settlement of such claim. It is not possible to determine the maximum potential liability under these indemnification agreements due to the unique facts and circumstances involved in each particular agreement. Historically, we have not made payments under these indemnification agreements and therefore they have not had any impact on our operating results, financial position, or cash flows. However, if events arise requiring us to make payment for indemnification claims under our indemnification obligations in contracts we have entered, such payments could have material impact on our business, results of operations, financial condition and cash flows.

The Company has indemnification and expense advancement obligations pursuant to its Bylaws and indemnification agreements with respect to certain current and former members of senior management and the Company's directors. In connection with the ongoing internal investigation, the Company has received requests under such indemnification agreements and its Bylaws to provide advances of funds for legal fees and other expenses, and expects additional requests in connection with the investigation and related litigation. The Company has not recorded any liability for these matters as of June 30, 2017 as it cannot estimate the ultimate outcome at this time but has expensed advances made through June 30, 2017. The Company

has maintained directors and officers insurance, from which a portion of these expenses may be recoverable, though we have not recorded an insurance receivable as of June 30, 2017. We are unable to make a reliable estimate of the eventual cash flows by period related to the indemnification agreements described here.

Foreign Currency Risk

Overall, we believe that we have limited revenue risk resulting from movement in foreign currency exchange rates as 77.8% of our revenues for the six months ended June 30, 2017 were generated from customers located in North America. Revenues from our customers in the United Kingdom, Rest of Europe and Rest of World represented 7.8%, 8.0% and 6.5%, respectively, of our 2017 revenues. Accordingly, our operating results outside the United States may be affected by fluctuations in the exchange rates, primarily the British pound and the Euro, as compared to the U.S. dollar. In particular, the results of the Brexit Referendum and its effect on the British pound may subject us to increased volatility in foreign currency exchange rate movements.

A portion of our costs in India, representing approximately 22.7% of our global operating costs for the six months ended June 30, 2017, are denominated in the Indian rupee and are subject to foreign exchange rate fluctuations. These foreign currency exchange rate fluctuations have an impact on our results of operations. In addition, a portion of our balance sheet is exposed to foreign currency exchange rate fluctuations, which may result in non-operating foreign currency exchange gains or losses upon remeasurement. For the six months ended June 30, 2017, we reported foreign currency exchange gains, exclusive of hedging gains or losses, of \$70 million, which were primarily attributed to the remeasurement of the Indian rupee denominated net monetary assets in our U.S. dollar functional currency India subsidiaries as well as the remeasurement of other net monetary assets denominated in currencies other than the functional currencies of our subsidiaries. On an ongoing basis, we manage a portion of this risk by limiting our net monetary asset exposure to certain currencies, primarily the Indian rupee and the Euro, in our foreign subsidiaries.

We entered into a series of foreign exchange forward contracts that are designated as cash flow hedges of certain Indian rupee denominated payments in India. Our Indian subsidiaries, collectively referred to as Cognizant India, convert U.S. dollar receipts from intercompany billings to Indian rupees to fund local expenses. These foreign exchange forward contracts to buy Indian rupees and sell U.S. dollars are intended to partially offset the impact of movement of exchange rates on future operating costs. For the six months ended June 30, 2017, we reported gains of \$55 million on contracts that settled during this period. As of June 30, 2017, the notional value and weighted average contract rates of these contracts were as follows:

	Notional Value (in millions)	Weighted Average Contract Rate (Indian rupee to U.S. dollar)
2017	\$ 630	72.0
2018	1,050	73.6
2019	330	69.7
Total	<u>\$ 2,010</u>	<u>72.4</u>

Our foreign subsidiaries are exposed to foreign currency exchange rate risk for transactions denominated in currencies other than the functional currency of the respective subsidiary. We also use foreign exchange forward contracts to hedge balance sheet exposure to certain monetary assets and liabilities denominated in currencies other than the functional currency of the subsidiary. These contracts are not designated as hedges and are intended to offset the foreign currency exchange gains or losses upon remeasurement of these net monetary assets and liabilities. We entered into a series of foreign exchange forward contracts scheduled to mature in 2017 and 2018 which are used to hedge our foreign currency denominated net monetary assets and liabilities. At June 30, 2017, the notional value of the outstanding contracts was \$269 million and the related fair value was a liability of \$6 million. During the six months ended June 30, 2017, inclusive of \$13 million of losses on these undesignated balance sheet hedges, we reported net foreign currency exchange gains of \$57 million.

Off-Balance Sheet Arrangements

Other than our foreign exchange forward contracts, there were no off-balance sheet transactions, arrangements or other relationships with unconsolidated entities or other persons in the six months ended June 30, 2017 that have, or are reasonably likely to have, a current or future effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Critical Accounting Estimates

Management's discussion and analysis of our financial condition and results of operations is based on our unaudited condensed consolidated financial statements that have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities, including the recoverability of tangible and intangible assets, disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. On an on-going basis, we evaluate our estimates. The most significant estimates relate to the recognition of revenue and profits based on the percentage of completion method of accounting for certain fixed price contracts, the allowance for doubtful accounts, income taxes, valuation of goodwill and other long-lived assets, valuation of investments and derivative financial instruments, assumptions used in valuing stock-based compensation arrangements, business combinations and contingencies. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. The actual amounts may differ from the estimates used in the preparation of the accompanying unaudited condensed consolidated financial statements. For a discussion of our critical accounting estimates, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2016 Annual Report on Form 10-K. Our significant accounting policies are described in Note 1 to the audited consolidated financial statements included in our 2016 Annual Report on Form 10-K. There have been no material changes to the aforementioned critical accounting estimates and policies during the quarter.

Recently Adopted and New Accounting Pronouncements

See [Note 1](#) to our unaudited condensed consolidated financial statements for additional information.

Effects of Inflation

Our most significant costs are the salaries and related benefits for our programming staff and other professionals. In certain regions, competition for professionals with advanced technical skills necessary to perform our services has caused wages to increase at a rate greater than the general rate of inflation. As with other service providers in our industry, we must adequately anticipate wage increases, particularly on our fixed-price contracts. Historically, we have experienced increases in compensation and benefit costs in India; however, this has not had a material impact on our results of operations as we have been able to absorb such cost increases through cost management strategies such as managing discretionary costs, mix of professional staff and utilization levels and achieving other operating efficiencies. There can be no assurance that we will be able to offset such cost increases in the future.

Forward Looking Statements

The statements contained in this Quarterly Report on Form 10-Q that are not historical facts are forward-looking statements (within the meaning of Section 21E of the Exchange Act) that involve risks and uncertainties. Such forward-looking statements may be identified by, among other things, the use of forward-looking terminology such as "believe," "expect," "may," "could," "would," "plan," "intend," "estimate," "predict," "potential," "continue," "should" or "anticipate" or the negative thereof or other variations thereon or comparable terminology, or by discussions of strategy that involve risks and uncertainties. From time to time, we or our representatives have made or may make forward-looking statements, orally or in writing.

Such forward-looking statements may be included in various filings made by us with the Securities and Exchange Commission, or press releases or oral statements made by or with the approval of one of our authorized executive officers. These forward-looking statements, such as statements regarding anticipated future revenues or operating margins, contract percentage completions, earnings, capital expenditures, liquidity, access to capital, capital return plan, investment strategies, cost management, realignment program, plans and objectives, including those related to our digital practice areas, investment in our business and potential acquisitions, industry trends, customer behaviors and trends, and the ongoing internal investigation and other statements regarding matters that are not historical facts, are based on our current expectations, estimates and projections, management's beliefs and certain assumptions made by management, many of which, by their nature, are inherently uncertain and beyond our control. Actual results, performance, achievements and outcomes could differ materially from the results expressed in, or implied by, these forward-looking statements. There are a number of important factors that could cause our results to differ materially from those indicated by such forward-looking statements, including:

- Competition from other service providers;
- The risk that we may not be able to achieve targeted improvements in our operating margin and level of profitability, or that our operating margin and profitability may decline;
- The risk of liability or damage to our reputation resulting from security breaches;
- Any possible failure to comply with or adapt to changes in data protection and privacy laws;
- The loss of customers, especially as a few customers account for a large portion of our revenues;
- The risk that we may not be able to keep pace with the rapidly evolving technological environment;
- The rate of growth in the use of technology in business and the type and level of technology spending by our customers;
- Mispricing of our services, especially on our fixed-price contracts;
- Risks associated with our ongoing internal investigation into possible violations of the FCPA and similar laws, including the cost of such investigation and any sanctions, fines or remedial measures that may be imposed by the DOJ or SEC, additional expenses related to remedial measures, the costs of defending and/or settling and possible judgments against us that may result from associated lawsuits against us and any possible impact on our ability to timely file the required reports with the SEC;
- Risks associated with our identified material weakness in internal control over financial reporting and any other failure to maintain effective internal controls, including any potential future findings of control deficiencies through the internal investigation, in connection with any company we acquire, or otherwise;
- Our inability to successfully acquire or integrate target companies;
- System failure or disruptions in our communications or information technology;
- The risk that we may lose key executives and not be able to enforce non-competition agreements with them;
- Competition for hiring highly-skilled technical personnel;
- Possible failure to provide business solutions and deliver complex and large projects for our customers;
- The risk of reputational harm to us;
- Our revenues being highly dependent on customers concentrated in certain industries, including financial services and healthcare, and located primarily in the United States and Europe;
- The risk that we may not be able to pay dividends or repurchase shares in accordance with our announced capital return plan, or at all;

- The risks associated with the incurrence of indebtedness as we anticipate incurring additional indebtedness to help fund our announced capital return plan;
- Risks relating to our global operations, including our operations in India;
- The effects of fluctuations in the Indian rupee and other currency exchange rates;
- The effect of our use of derivative instruments;
- The possibility that we may be required, as a result of our indebtedness, or otherwise choose to repatriate foreign earnings or that our foreign earnings or profits may become subject to U.S. taxes;
- The possibility that we may lose certain tax benefits provided to companies in our industry by the Indian government;
- The risk that we may not be able to enforce or protect our intellectual property rights, or that we may infringe upon the intellectual property rights of others;
- Changes in domestic and international regulations and legislation relating to immigration and anti-outsourcing;

- Increased regulation of the financial services and healthcare industries, as well as other industries in which our customers operate;
- The Brexit Referendum and any negative effects on global economic conditions, financial markets and our business;
- The recent U.S. presidential election and related regulatory uncertainties, including in the areas of outsourcing, immigration and taxes;
- The risk of war, terrorist activities, pandemics and natural disasters; and
- The factors set forth in "Part I, Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2016.

You are advised to consult any further disclosures we make on related subjects in the reports we file with the Securities and Exchange Commission, including this report in the section titled "Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Part I, Item 1. Business" in our Annual Report on Form 10-K for the year ended December 31, 2016. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

We are exposed to foreign currency exchange rate risk in the ordinary course of doing business as we transact or hold a portion of our funds in foreign currencies, particularly the Indian rupee. Additionally, the Brexit Referendum and its effect on the British pound may subject us to increased volatility in foreign currency exchange rate movements. Accordingly, we periodically evaluate the need for hedging strategies, including the use of derivative financial instruments, to mitigate the effect of foreign currency exchange rate fluctuations and expect to continue to use such instruments in the future to reduce foreign currency exposure to appreciation or depreciation in the value of certain foreign currencies. All hedging transactions are authorized and executed pursuant to regularly reviewed policies and procedures.

We have entered into a series of foreign exchange forward contracts that are designated as cash flow hedges of certain Indian rupee denominated payments in India. Cognizant India converts U.S. dollar receipts from intercompany billings to Indian rupees to fund local expenses. These U.S. dollar / Indian rupee hedges are intended to partially offset the impact of movement of exchange rates on future operating costs. As of June 30, 2017, the notional value and weighted average contract rates of these contracts were as follows:

	Notional Value (in millions)	Weighted Average Contract Rate (Indian rupee to U.S. dollar)
2017	\$ 630	72.0
2018	1,050	73.6
2019	330	69.7
Total	\$ 2,010	72.4

As of June 30, 2017, the net unrealized gain on our outstanding foreign exchange forward contracts designated as cash flow hedges was \$155 million. Based upon a sensitivity analysis of our foreign exchange forward contracts at June 30, 2017, which estimates the fair value of the contracts based upon market exchange rate fluctuations, a 10.0% change in the foreign currency exchange rate against the U.S. dollar with all other variables held constant would have resulted in a change in the fair value of approximately \$208 million.

Our foreign subsidiaries are exposed to foreign currency exchange rate risk for transactions denominated in currencies other than the functional currency of the respective subsidiary. We also use foreign exchange forward contracts to hedge balance sheet exposure to certain monetary assets and liabilities denominated in currencies other than the functional currency of the subsidiary. These contracts are not designated as hedges and are intended to offset the foreign currency exchange gains or losses upon remeasurement of these net monetary assets and liabilities. We entered into a series of foreign exchange forward contracts scheduled to mature in 2017 and 2018 which are used to hedge our foreign currency denominated net monetary assets and liabilities. At June 30, 2017, the notional value of the outstanding contracts was \$269 million and the related fair value was a liability of \$6 million. Based upon a sensitivity analysis of our foreign exchange forward contracts at June 30, 2017, which estimates the fair value of the contracts based upon market exchange rate fluctuations, a 10.0% change in the foreign currency exchange rate against the U.S. dollar with all other variables held constant would have resulted in a change in the fair value of approximately \$25 million.

Our Credit Agreement provides for a \$1,000 million unsecured term loan and a \$750 million unsecured revolving credit facility. The term loan and the revolving credit facility both mature on November 20, 2019. As of June 30, 2017, we had \$844 million outstanding under the term loan and \$150 million outstanding loans under the revolving credit facility. The Credit Agreement requires interest to be paid at either the base rate or the Eurocurrency rate, plus a margin. The margin over the base rate is 0.00%, and the margin over the Eurocurrency rate ranges from 0.75% to 1.125%, depending on our debt ratings (or, if we have not received debt ratings, from 0.875% to 1.00%, depending on our debt to total stockholders' equity ratio). Thus, our debt exposes us to market risk from changes in interest rates. We performed a sensitivity analysis to determine the effect of interest rate fluctuations on our interest expense. A 10% change in interest rates, with all other variables held constant, would have resulted in a 4.4% change to our reported interest expense for the six months ended June 30, 2017.

We typically invest in highly-rated securities and our policy generally limits the amount of credit exposure to any one issuer. Our investment policy requires investments to be investment grade with the objective of minimizing the potential risk of principal loss. We may sell our trading and available-for-sale investments prior to their stated maturities for strategic purposes, in anticipation of credit deterioration, or for duration management. As of June 30, 2017, our short-term and long-term investments were \$3,221 million and \$198 million, respectively. Our investment portfolio is comprised primarily of time deposits, mutual funds invested in fixed income securities, Indian rupee denominated commercial paper, Indian rupee denominated international corporate bonds and government debt securities, U.S. dollar denominated corporate bonds, municipal bonds, certificates of deposit, commercial paper, debt issuances by the U.S. government, U.S. government agencies, foreign governments and supranational entities and asset-backed securities. The asset-backed securities included securities backed by auto loans, credit card receivables, and other receivables. Our long-term investments are comprised of held-to-maturity corporate and other debt securities as well as equity and cost method investments.

In addition, our cash, cash equivalents and short-term investments are subject to market risk from changes in interest rates. As of June 30, 2017, a 10% change in interest rates, with all other variables held constant, would result in a change in the fair value of our available-for-sale investment securities of approximately \$4 million.

Information provided by the sensitivity analysis does not necessarily represent the actual changes that would occur under normal market conditions.

Item 4. Controls and Procedures.

Internal Investigation

Background

As previously disclosed, the Company is conducting an internal investigation focused on whether certain payments relating to Company-owned facilities in India were made improperly and in possible violation of the FCPA and other applicable laws. The investigation is also examining various other payments made in small amounts in India and elsewhere that may not have complied with Company policy or applicable law. In 2016, through the internal investigation, we discovered that certain members of senior management may have participated in or been aware of the making of potentially improper payments and failed to take action to prevent the making of potentially improper payments by either overriding or failing to enforce the controls established by the Company relating to real estate and procurement principally in connection with permits for certain facilities in India. Such actions would be inconsistent with the standards and tone at the top to which our Board of Directors and senior management are committed and would be in violation of the Company's written code of conduct and procedures established in part to detect and prevent improper payments.

Material Weakness

Based on the results of the internal investigation to date and remedial actions taken through June 30, 2017, we concluded a material weakness that existed at December 31, 2016 continued to exist as of June 30, 2017 as we did not maintain an effective internal control environment. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. Specifically, we did not maintain an effective tone at the top as certain members of senior management may have participated in or failed to take action to prevent the making of potentially improper payments by either overriding or failing to enforce the controls established by the Company relating to real estate and procurement principally in connection with permits for certain facilities in India.

This control deficiency did not result in a material misstatement of our current or prior period consolidated annual or interim financial statements. However, this control deficiency could have resulted in material misstatements to the annual or interim consolidated financial statements that would not have been prevented or detected. Accordingly, management has concluded that this control deficiency constitutes a material weakness.

Remediation

We have undertaken a number of measures designed to directly address, or that may contribute to, the remediation of our material weakness or the enhancement of our internal controls over financial reporting. While the internal investigation is ongoing, based on the results of the investigation to date, the members of senior management who may have participated in or been aware of the making of the identified potentially improper payments and failed to take action to prevent the making of the identified potentially improper payments are no longer with the Company or in a senior management position. Additional personnel actions have been taken with respect to other employees and further actions may be required.

Further, among other things, we have made certain new management appointments, including a new President and a new General Counsel, added resources and personnel to our compliance function and programs, enhanced our oversight controls in the areas of procurement and accounts payable as they relate to real estate transactions in India, and enhanced our compliance program and control environment through a number of actions, including additional and improved anti-corruption and ethical conduct training programs and a distribution of a revised code of ethics to all employees.

Changes to internal controls over financial reporting need to operate for a period of time in order for management to evaluate and test whether the internal control changes are effective. We have commenced our evaluation of the effectiveness of certain changes to our internal controls over financial reporting implemented to directly address the material weakness.

Evaluation of Disclosure Controls and Procedures

Our management, under the supervision and with the participation of our chief executive officer and our chief financial officer, evaluated the design and operating effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act) as of June 30, 2017.

Based on the evaluation of the design and effectiveness of our disclosure controls and procedures, and as a result of the material weakness described above, our chief executive officer and chief financial officer have concluded that, as of June 30, 2017, the Company's disclosure controls and procedures were not effective.

Changes in Internal Control over Financial Reporting

Other than described in "Remediation" above, there were no changes in the Company's internal control over financial reporting that occurred during the second quarter of 2017 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

We are conducting an internal investigation focused on whether certain payments relating to Company-owned facilities in India were made improperly and in possible violation of the FCPA and other applicable laws. In September 2016, we voluntarily notified the DOJ and SEC, and are cooperating fully with both agencies. The investigation is being conducted under the oversight of the Audit Committee, with the assistance of outside counsel. To date, the investigation has identified a total of approximately \$6 million in payments made between 2010 and 2015 that may have been improper. The investigation is also examining various other payments made in small amounts in India and elsewhere that may not have complied with Company policy or applicable law. Based on the results of the investigation to date, no material adjustments, restatements or other revisions to our previously issued financial statements are required.

On October 5, 2016, October 27, 2016, and November 18, 2016, three putative securities class action complaints were filed in the United States District Court for the District of New Jersey, naming us and certain of our current and former officers as defendants. In an order dated February 3, 2017, the United States District Court for the District of New Jersey consolidated the three putative securities class actions into a single action and appointed lead plaintiffs and lead counsel. On April 7, 2017, the lead plaintiffs filed a consolidated amended complaint on behalf of a putative class of stockholders who purchased our common stock during the period between February 27, 2015 and September 29, 2016, naming us and certain of our current and former officers as defendants and alleging violations of the Exchange Act, based on allegedly false or misleading statements related to potential violations of the FCPA, our business, prospects and operations, and the effectiveness of our internal controls over financial reporting and our disclosure controls and procedures. The lead plaintiffs seek an award of compensatory damages, among other relief, and their reasonable costs and expenses, including attorneys' fees. Under a stipulation filed by the parties on February 23, 2017, defendants filed motions to dismiss the consolidated amended complaint on June 6, 2017, plaintiffs filed an opposition brief on July 21, 2017 responding to defendants' motions to dismiss, and defendants have until September 5, 2017 to file reply briefs in further support of their motions to dismiss.

On October 31, 2016, November 15, 2016, and November 18, 2016, three putative shareholder derivative complaints were filed in New Jersey Superior Court, Bergen County, naming us, all of our then current directors and certain of our current and former officers as defendants. On January 24, 2017, the New Jersey Superior Court, Bergen County, consolidated the three putative shareholder derivative actions filed in that court into a single action and appointed lead plaintiff and lead counsel. The complaints assert claims for breach of fiduciary duty, corporate waste, unjust enrichment, abuse of control, mismanagement, and/or insider selling by defendants. On March 16, 2017, the parties filed a stipulation deferring all further proceedings pending a final, non-appealable ruling on the then anticipated motion to dismiss the consolidated putative securities class action. On April 26, 2017, in lieu of ordering the stipulation filed by the parties, the New Jersey Superior Court deferred further proceedings by dismissing the consolidated putative shareholder derivative litigation without prejudice but permitting the parties to file a motion to vacate the dismissal in the future. On February 22, 2017, a fourth putative shareholder derivative complaint asserting similar claims was filed in the United States District Court for the District of New Jersey, naming us and certain of our directors as defendants. On April 5, 2017, the United States District Court for the District of New Jersey entered an order staying all proceedings pending a final, non-appealable ruling on the then anticipated motion to dismiss the consolidated putative securities class action. On April 7, 2017, a fifth putative shareholder derivative complaint was filed in the United States District Court for the District of New Jersey, naming us, certain of our directors, and certain of our current and former officers as defendants. The complaint in that action asserts claims similar to those in the previously-filed putative shareholder derivative actions, but also adds a claim for violations of Section 10(b) of the Exchange Act against the individual defendants. On May 10, 2017, a sixth putative shareholder derivative complaint was filed in the United States District Court for the District of New Jersey, naming us, certain of our directors, and certain of our current and former officers as defendants. The complaint in that action asserts claims similar to those in the previously-filed putative shareholder derivative actions, but also adds a claim for violations of Section 14(a) of the Exchange Act against the individual defendants. In an order dated June 20, 2017, the United States District Court for the District of New Jersey consolidated the three putative shareholder derivative actions filed in that court into a single action, appointed lead plaintiff and lead counsel, and stayed all further proceedings pending a final, non-appealable ruling on the motion to dismiss the consolidated putative securities class action. All of the putative shareholder derivative complaints allege among other things that certain of our public disclosures were false and misleading by failing to disclose that payments allegedly in violation of the FCPA had been made and by asserting that management had determined that our internal controls were effective. The plaintiffs seek awards of compensatory damages and restitution to us as a result of the alleged violations and their costs and attorneys' fees, experts' fees, and other litigation expenses, among other relief.

We are presently unable to predict the duration, scope or result of the Audit Committee's investigation, any investigations by the DOJ or the SEC, the consolidated putative securities class action, the putative shareholder derivative actions or any other lawsuits. The DOJ and the SEC have a broad range of civil and criminal sanctions under the FCPA and other laws and

regulations including injunctive relief, disgorgement, fines, penalties, modifications to business practices, including the termination or modification of existing business relationships, the imposition of compliance programs and the retention of a monitor to oversee compliance with the FCPA. In addition, the DOJ and the SEC could bring enforcement actions against the Company or individuals, including former members of senior management. Such actions, if brought, could result in dispositions, judgments, settlements, fines, injunctions, cease and desist orders, debarment or other civil or criminal penalties against the Company or such individuals.

We expect to incur additional expenses related to remedial measures, and may incur additional expenses related to fines. The imposition of any sanctions or the implementation of remedial measures could have a material adverse effect on our business, annual and interim results of operations, cash flows and financial condition. Furthermore, while the Company intends to defend the lawsuits vigorously, these lawsuits and any other related lawsuits are subject to inherent uncertainties, the actual cost of such litigation will depend upon many unknown factors and the outcome of the litigation is necessarily uncertain.

We are also involved in various claims and legal actions arising in the ordinary course of business. In the opinion of our management, the outcome of such claims and legal actions, if decided adversely, is not expected to have a material adverse effect on our quarterly or annual operating results, cash flows or consolidated financial position.

Item 1A. Risk Factors

The risk factors disclosed in Part I, Item 1A, Risk Factors, in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016 filed with the Securities and Exchange Commission on March 1, 2017 continue to apply to our business.

The information presented below amends the risk factor of the same heading in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016 and should be read in conjunction with the other risk factors disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016.

The outcome of the internal investigation being conducted under the oversight of our Audit Committee of possible violations of the Foreign Corrupt Practices Act, or FCPA, and similar laws and related litigation could have a material adverse effect on our business, annual and interim results of operations, cash flows and financial condition.

We are conducting an internal investigation focused on whether certain payments relating to Company-owned facilities in India were made improperly and in possible violation of the FCPA and other applicable laws. In September 2016, we voluntarily notified the DOJ and the SEC, and are cooperating fully with both agencies. The investigation is being conducted under the oversight of the Audit Committee, with the assistance of outside counsel. The investigation is also examining various other payments made in small amounts in India and elsewhere that may not have complied with Company policy or applicable law. We expect to incur additional expenses in connection with conducting the internal investigation.

On October 5, 2016, October 27, 2016, and November 18, 2016, three putative securities class action complaints were filed in the United States District Court for the District of New Jersey, naming us and certain of our current and former officers as defendants. In an order dated February 3, 2017, the United States District Court for the District of New Jersey consolidated the three putative securities class actions into a single action and appointed lead plaintiffs and lead counsel. On April 7, 2017, the lead plaintiffs filed a consolidated amended complaint on behalf of a putative class of stockholders who purchased our common stock during the period between February 27, 2015 and September 29, 2016, naming us and certain of our current and former officers as defendants and alleging violations of the Exchange Act, based on allegedly false or misleading statements related to potential violations of the FCPA, our business, prospects and operations, and the effectiveness of our internal controls over financial reporting and our disclosure controls and procedures. The lead plaintiffs seek an award of compensatory damages, among other relief, and their reasonable costs and expenses, including attorneys' fees. Under a stipulation filed by the parties on February 23, 2017, defendants filed motions to dismiss the consolidated amended complaint on June 6, 2017, plaintiffs filed an opposition brief on July 21, 2017 responding to defendants' motions to dismiss, and defendants have until September 5, 2017 to file reply briefs in further support of their motions to dismiss.

On October 31, 2016, November 15, 2016, and November 18, 2016, three putative shareholder derivative complaints were filed in New Jersey Superior Court, Bergen County, naming us, all of our then current directors and certain of our current and former officers as defendants. On January 24, 2017, the New Jersey Superior Court, Bergen County, consolidated the three putative shareholder derivative actions filed in that court into a single action and appointed lead plaintiff and lead counsel. The complaints assert claims for breach of fiduciary duty, corporate waste, unjust enrichment, abuse of control, mismanagement, and/or insider selling by defendants. On March 16, 2017, the parties filed a stipulation deferring all further proceedings pending a final, non-appealable ruling on the then anticipated motion to dismiss the consolidated putative securities class action. On April 26, 2017, in lieu of ordering the stipulation filed by the parties, the New Jersey Superior Court deferred further

proceedings by dismissing the consolidated putative shareholder derivative litigation without prejudice but permitting the parties to file a motion to vacate the dismissal in the future. On February 22, 2017, a fourth putative shareholder derivative complaint asserting similar claims was filed in the United States District Court for the District of New Jersey, naming us and certain of our directors as defendants. On April 5, 2017, the United States District Court for the District of New Jersey entered an order staying all proceedings pending a final, non-appealable ruling on the then anticipated motion to dismiss the consolidated putative securities class action. On April 7, 2017, a fifth putative shareholder derivative complaint was filed in the United States District Court for the District of New Jersey, naming us, certain of our directors, and certain of our current and former officers as defendants. The complaint in that action asserts claims similar to those in the previously-filed putative shareholder derivative actions, but also adds a claim for violations of Section 10(b) of the Exchange Act against the individual defendants. On May 10, 2017, a sixth putative shareholder derivative complaint was filed in the United States District Court for the District of New Jersey, naming us, certain of our directors, and certain of our current and former officers as defendants. The complaint in that action asserts claims similar to those in the previously-filed putative shareholder derivative actions, but also adds a claim for violations of Section 14(a) of the Exchange Act against the individual defendants. In an order dated June 20, 2017, the United States District Court for the District of New Jersey consolidated the three putative shareholder derivative actions filed in that court into a single action, appointed lead plaintiff and lead counsel, and stayed all further proceedings pending a final, non-appealable ruling on the motion to dismiss the consolidated putative securities class action. All of the putative shareholder derivative complaints allege among other things that certain of our public disclosures were false and misleading by failing to disclose that payments allegedly in violation of the FCPA had been made and by asserting that management had determined that our internal controls were effective. The plaintiffs seek awards of compensatory damages and restitution to us as a result of the alleged violations and their costs and attorneys' fees, experts' fees, and other litigation expenses, among other relief.

We are presently unable to predict the duration, scope or result of the internal investigation, the related consolidated putative securities class action, the consolidated putative shareholder derivative action or any other related lawsuit, and any investigations by the DOJ or the SEC, including whether either agency will commence any legal action.

The DOJ and the SEC have a broad range of civil and criminal sanctions under the FCPA and other laws and regulations including injunctive relief, disgorgement, fines, penalties, the imposition of revised compliance programs and the retention of a monitor to oversee compliance with the FCPA. In addition, the DOJ and the SEC could bring enforcement actions against the Company or individuals, including former members of senior management. Such actions, if brought, could result in dispositions, judgments, settlements, fines, injunctions, cease and desist orders, debarment or other civil or criminal penalties against the Company or such individuals. The imposition of any sanctions, fines or the implementation of remedial measures could have a material adverse effect on our business, annual and interim results of operations, cash flows and financial condition. We could also incur additional expenses related to remedial measures, including those that we are implementing in response to our conclusion that our internal control over financial reporting and our disclosure controls and procedures are not effective.

The outcome of the putative class action litigation, derivative lawsuit, or any other litigation is necessarily uncertain. We could be forced to expend significant resources in the defense of these lawsuits or future ones, and we may not prevail. The imposition of any sanctions, remedial measures or judgments against us could have a material adverse effect on our business, results of operations and financial condition.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Repurchases of Equity Securities

Effective March 1, 2017, the Board of Directors approved the termination of the stock repurchase program then in effect and approved a new stock repurchase program. The stock repurchase program allows for the repurchase of \$3.5 billion of our outstanding shares of Class A common stock, excluding fees and expenses, through December 31, 2019.

Under the stock repurchase program, the Company is authorized to repurchase its Class A common stock through open market purchases, including under a trading plan adopted pursuant to Rule 10b5-1 of the Exchange Act, or in private transactions, in accordance with applicable federal securities laws. The timing of repurchases and the exact number of shares to be purchased are determined by the Company's management, in its discretion, or pursuant to a Rule 10b5-1 trading plan, and will depend upon market conditions and other factors.

We did not repurchase any shares of our Class A common stock under our stock repurchase program during the three months ended June 30, 2017. As of June 30, 2017, the remaining available balance under the Board of Directors' authorized stock repurchase program was \$2.0 billion.

During the three months ended June 30, 2017, we purchased shares in connection with our stock-based compensation plans, whereby shares of our common stock were tendered by employees for payment of applicable statutory tax withholdings. We also repurchased a limited number of shares from employees at the repurchase date market price. Combined, for the three months ended June 30, 2017, such repurchases totaled 446,346 shares at an aggregate cost of \$30 million.

Item 6. Exhibits.
EXHIBIT INDEX

Number	Exhibit Description	Incorporated by Reference				Filed or Furnished Herewith
		Form	File No.	Exhibit	Date	
3.1	Restated Certificate of Incorporation	8-K	000-24429	3.2	9/17/2013	
3.2	Amended and Restated Bylaws, as adopted on March 27, 2017	8-K	000-24429	3.1	3/31/2017	
10.1	Cognizant Technology Solutions Corporation 2017 Incentive Award Plan	8-K	000-24429	10.1	6/7/2017	
10.2	Restricted Stock Unit Award Agreement and Grant Notice (with foreign appendix)					Filed
10.3	Performance-Based Restricted Stock Unit Award Agreement and Grant Notice					Filed
10.4	Restricted Stock Unit Award Agreement and Grant Notice					Filed
10.5	Stock Option Grant Notice and Stock Option Agreement					Filed
31.1	Certification of principal executive officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					Filed
31.2	Certification of principal financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					Filed
32.1	Certification of principal executive officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. 1350					Furnished
32.2	Certification of principal financial officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. 1350					Furnished
101.INS	XBRL Instance Document					Filed
101.SCH	XBRL Taxonomy Extension Schema Document					Filed
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document					Filed
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document					Filed
101.LAB	XBRL Taxonomy Extension Label Linkbase Document					Filed
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document					Filed

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Cognizant Technology Solutions Corporation

Date: August 3, 2017

By: /s/ Francisco D'Souza

Francisco D'Souza,
Chief Executive Officer
(Principal Executive Officer)

Date: August 3, 2017

By: /s/ Karen McLoughlin

Karen McLoughlin,
Chief Financial Officer
(Principal Financial Officer)

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101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document					Filed

**COGNIZANT TECHNOLOGY SOLUTIONS CORPORATION
2017 INCENTIVE AWARD PLAN**

RESTRICTED STOCK UNIT AWARD GRANT NOTICE

Cognizant Technology Solutions Corporation, a Delaware corporation (the “Company”), pursuant to its 2017 Incentive Award Plan, as amended from time to time (the “Plan”), hereby grants to the holder listed below (“Participant”) the number of Restricted Stock Units (the “RSUs”) set forth below. The RSUs are subject to the terms and conditions set forth in this Restricted Stock Unit Award Grant Notice (the “Grant Notice”), the Restricted Stock Unit Award Agreement attached hereto as Exhibit A (the “Agreement”) the Plan and the special provisions for Participant’s country of residence, if any, attached hereto as Exhibit B (the “Foreign Appendix”), each of which is incorporated herein by reference. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Grant Notice and the Agreement.

Participant:

Grant Date:

Number of RSUs:

Type of Shares Issuable:

Vesting Schedule:

To accept the award of RSUs, Participant shall log into Participant’s online brokerage account established at the Company-designated brokerage firm for Participant’s awards under the Plan and follow the procedure set forth on the brokerage firm’s website to accept the terms of this award. In addition, Participant shall cause his or her spouse, civil union partner or registered domestic partner, if any, to execute the spousal consent on such website. Currently, the Company-designated brokerage firm is **E*TRADE** and the applicable website is www.etrade.com.

If Participant fails to follow the procedure set forth in the preceding paragraph, and does not notify the Company within thirty (30) days following the Grant Date that Participant does not wish to accept the award of RSUs, then Participant will be deemed to have accepted the award of RSUs, and agreed to be bound by the terms of the Plan, the Grant Notice, the Agreement and the Foreign Appendix.

By Participant’s acceptance of this award of RSUs, Participant agrees to be bound by the terms and conditions of the Plan, the Agreement, the Grant Notice and the Foreign Appendix. Participant has reviewed the Agreement, the Plan, the Grant Notice and the Foreign Appendix in their entirety, has had an opportunity to obtain the advice of counsel prior to executing the Grant Notice and fully understands all provisions of the Grant Notice, the Agreement, the Foreign Appendix and the Plan. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, the Grant Notice, the Agreement or the Foreign Appendix.

**COGNIZANT TECHNOLOGY SOLUTIONS
CORPORATION**

By: _____
Print Name:
Title:

EXHIBIT A
TO RESTRICTED STOCK UNIT AWARD GRANT NOTICE

RESTRICTED STOCK UNIT AWARD AGREEMENT

Pursuant to the Grant Notice to which this Agreement is attached, the Company has granted to Participant the number of RSUs set forth in the Grant Notice.

ARTICLE I.

GENERAL

1.1 Incorporation of Terms of Plan and the Foreign Appendix. The RSUs are subject to the terms and conditions set forth in this Agreement, the Plan and the Foreign Appendix, if applicable, each of which is incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan shall control.

ARTICLE II.

AWARD OF RESTRICTED STOCK UNITS AND DIVIDEND EQUIVALENTS

2.1 Award of RSUs and Dividend Equivalents.

(a) In consideration of Participant's past and/or continued employment with or service to any member of the Company and its Subsidiaries (the "Company Group") (each such member, a "Company Group Member") and for other good and valuable consideration, effective as of the grant date set forth in the Grant Notice (the "Grant Date"), the Company has granted to Participant the number of RSUs set forth in the Grant Notice, upon the terms and conditions set forth in the Grant Notice, the Plan, this Agreement and the Foreign Appendix, if applicable, subject to adjustment as provided in Section 13.2 of the Plan. Each RSU represents the right to receive one Share. However, unless and until the RSUs have vested, Participant will have no right to the payment of any Shares subject thereto. Prior to the actual delivery of any Shares, the RSUs will represent an unsecured obligation of the Company, payable only from the general assets of the Company.

(b) The Company hereby grants to Participant an Award of Dividend Equivalents with respect to each RSU granted pursuant to the Grant Notice for all ordinary and extraordinary cash dividends that are paid to all or substantially all holders of the outstanding Shares with a record date that occurs between the Grant Date and the date when the applicable RSU is distributed or paid to Participant or is forfeited or expires. The Dividend Equivalents for each RSU shall have a value equal to the amount of cash that is paid as a dividend on one Share. The Dividend Equivalents shall be credited to a book account for Participant in the form of cash unless the Administrator determines to cause the Dividend Equivalents to be reinvested in additional RSUs as of the date of payment of any such dividend based on the Fair Market Value of a Share on such date. The Dividend Equivalents and any amounts that may become payable in respect thereof shall be treated separately from the RSUs and the rights arising in connection therewith for purposes of Section 409A.

2.2 Vesting of RSUs and Dividend Equivalents.

(a) Subject to Participant's continued employment with or service to a Company Group Member on each applicable vesting date and subject to Section 3.8 and Section 3.15, the RSUs shall vest in such amounts and at such times as are set forth in the Grant Notice. Any Dividend Equivalents provided pursuant to Section 2.1(b) hereof shall vest whenever the underlying RSU to which such Dividend Equivalents relate vests.

(b) Unless otherwise determined by the Administrator or as set forth in a written agreement between Participant and the Company, any RSUs and Dividend Equivalents that have not become vested on or prior to the date of Participant's Termination of Service (including, without limitation, pursuant to any employment or similar agreement by and between Participant and the Company) shall be forfeited on the date of Participant's Termination of Service and shall not thereafter become vested.

2.3 Distribution or Payment of RSUs and Dividend Equivalents.

(a) Participant's RSUs (including any Dividend Equivalents reinvested in RSUs) shall be distributed in Shares (either in book-entry form or otherwise) and any Dividend Equivalents credited in the form of cash shall be distributed in cash, in each case as soon as administratively practicable following the vesting of the applicable RSU and Dividend Equivalent pursuant to Section 2.2, but in no event later than the close of the calendar year in which such vesting date occurs or (if later) the fifteenth day of the third calendar month following such vesting date (for the avoidance of doubt, this deadline is intended to comply with the "short-term deferral" exemption from Section 409A). Notwithstanding the foregoing, the Company may delay a distribution or payment in settlement of RSUs and Dividend Equivalents if it reasonably determines that such payment or distribution will violate Federal securities laws or any other Applicable Law, *provided* that such distribution or payment shall be made at the earliest date at which the Company reasonably determines that the making of such distribution or payment will not cause such violation, as required by Proposed Treasury Regulation Section 1.409A-1(b)(4)(ii), and *provided further* that no payment or distribution shall be delayed under this Section 2.3(a) if such delay will result in a violation of Section 409A.

(b) All distributions of Shares shall be made by the Company in the form of whole Shares, and to the extent that the total number of Shares to be issued in connection with any distribution would otherwise result in a fractional Share, such total number of Shares shall be rounded down to the next whole Share and the number of Shares to be issued in connection with the final vesting date set forth in the Grant Notice (if any of the RSUs vest on such date) shall equal, subject to the rounding convention described in this Section 2.3(b), the excess of (i) the total number of Shares underlying Participant's RSUs over (ii) the whole number of Shares issued in connection with prior vesting dates.

2.4 Conditions to Issuance of Certificates. The Company shall not be required to issue or deliver any certificate or certificates for any Shares or to cause any Shares to be held in book-entry form prior to the fulfillment of all of the following conditions: (a) the admission of the Shares to listing on all stock exchanges on which such Shares are then listed, (b) the completion of any registration or other qualification of the Shares under any state or federal law or under rulings or regulations of the Securities and Exchange Commission or other governmental regulatory body, that the Administrator shall, in its absolute discretion, deem necessary or advisable, and (c) the obtaining of any approval or other clearance from any state or federal governmental agency that the Administrator shall, in its absolute discretion, determine to be necessary or advisable.

2.5 Tax Withholding. Notwithstanding any other provision of this Agreement:

(a) The Company Group has the authority to deduct or withhold, or require Participant to remit to the applicable Company Group Member, an amount sufficient to satisfy any applicable federal, state, local and foreign taxes required by Applicable Law to be withheld with respect to any taxable event arising pursuant to this Agreement. The Company Group may withhold or Participant may make such payment in one or more of the forms specified below:

(i) by cash or check made payable to the Company Group Member with respect to which the withholding obligation arises;

(ii) by the deduction of such amount from any cash payments payable pursuant to the Dividend Equivalents or any other compensation payable to Participant;

(iii) with respect to any withholding taxes arising in connection with the distribution of the RSUs, until such time as the Company provides Participant with written or electronic notice that such method of withholding taxes is not permitted, by withholding a net number of Shares otherwise issuable pursuant to the RSUs having a then current Fair Market Value not exceeding the amount necessary to satisfy the withholding obligation of the Company Group based on the maximum statutory withholding rates in Participant's applicable jurisdictions for federal, state, local and foreign income tax and payroll tax purposes that are applicable to such taxable income;

(iv) with respect to any withholding taxes arising in connection with the distribution of the RSUs, with the consent of the Administrator, by tendering to the Company vested Shares held for such period of time as may be required by the Administrator in order to avoid adverse accounting consequences and having a then current Fair Market Value not exceeding the amount necessary to satisfy the withholding obligation of the Company Group based on the maximum statutory withholding rates in Participant's applicable jurisdictions for federal, state, local and foreign income tax and payroll tax purposes that are applicable to such taxable income;

(v) with respect to any withholding taxes arising in connection with the distribution of the RSUs, through the delivery of a notice that Participant has placed a market sell order with a broker acceptable to the Company with respect to Shares then issuable to Participant pursuant to the RSUs, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company Group Member with respect to which the withholding obligation arises in satisfaction of such withholding taxes; *provided* that payment of such proceeds is then made to the applicable Company Group Member at such time as may be required by the Administrator, but in any event not later than the settlement of such sale; or

(vi) in any combination of the foregoing.

(b) With respect to any withholding taxes arising in connection with the RSUs or the Dividend Equivalents, in the event Participant fails to provide timely payment of all sums required pursuant to Section 2.5(a), the Company shall have the right and option, but not the obligation, to treat such failure as an election by Participant to satisfy all or any portion of Participant's required payment obligation pursuant to Section 2.5(a)(ii) or Section 2.5(a)(iii) above, or any combination of the foregoing as the Company may determine to be appropriate. The Company shall not be obligated to deliver any certificate representing Shares issuable with respect to the RSUs to, or to cause any such Shares to be held in book-entry form by, Participant or his or her legal representative, or to pay to Participant any cash with respect to any Dividend Equivalents, unless and until Participant or his or her legal representative shall have paid or otherwise satisfied in full the amount of all federal, state, local and foreign taxes applicable with respect to the taxable income of Participant resulting from the vesting or settlement of the RSUs, the payment of any cash with respect to the Dividend Equivalents or any other taxable event related to the RSUs or the Dividend Equivalents.

(c) In the event any tax withholding obligation arising in connection with the RSUs will be satisfied under Section 2.5(a)(iii), then the Company may elect to instruct any brokerage firm determined acceptable to the Company for such purpose to sell on Participant's behalf a whole number of Shares from those Shares then issuable to Participant pursuant to the RSUs as the Company determines to be appropriate to generate cash proceeds sufficient to satisfy the tax withholding obligation and to remit the proceeds of such sale to the Company Group Member with respect to which the withholding obligation arises. Participant's acceptance of this Award constitutes Participant's instruction and authorization to the Company and such brokerage firm to complete the transactions described in this Section 2.5(c), including the transactions described in the previous sentence, as applicable. The Company may refuse to issue any Shares in settlement of the RSUs to Participant until the foregoing tax withholding obligations are satisfied, *provided* that no payment shall be delayed under this Section 2.5(c) if such delay will result in a violation of Section 409A.

(d) Participant is ultimately liable and responsible for, and, to the extent permitted by Applicable Law, agrees to indemnify and keep indemnified the Company Group from, all taxes and social security or national insurance contributions owed in connection with the RSUs and any Dividend Equivalents (including the grant or vesting of the RSUs or Dividend Equivalents or the acquisition or disposal of any Shares), regardless of any action any Company Group Member takes with respect to any tax withholding obligations that arise in connection with the RSUs or the Dividend Equivalents. Participant shall pay any taxes or other amounts that are required by the laws of a jurisdiction in which Participant is subject to taxation to be paid by the Company Group with respect to the grant, vesting or settlement of the RSUs or Dividend Equivalents or the issuance of Shares or cash thereunder, to the extent those taxes or other amounts are permitted to be passed through to the Participant under Applicable Law. No Company Group Member makes any representation or undertaking regarding the treatment of any tax withholding in connection with the awarding, vesting or payment of the RSUs or Dividend Equivalents or the subsequent sale of Shares. The Company Group does not commit and is under no obligation to structure the RSUs or Dividend Equivalents to reduce or eliminate Participant's tax liability.

2.6 Rights as Stockholder. Neither Participant nor any person claiming under or through Participant will have any of the rights or privileges of a stockholder of the Company in respect of any Shares deliverable hereunder unless and until certificates representing such Shares (which may be in book-entry form) will have been issued and recorded on the records of the Company or its transfer agents or registrars and delivered to Participant (including through electronic delivery to a brokerage account). Except as otherwise provided herein, after such issuance, recordation and delivery, Participant will have all the rights of a stockholder of the Company with respect to such Shares, including, without limitation, the right to receipt of dividends and distributions on such Shares.

ARTICLE III.

OTHER PROVISIONS

3.1 Administration. The Administrator shall have the power to interpret the Plan, the Grant Notice, this Agreement and the Foreign Appendix, if applicable, and to adopt such rules for the administration, interpretation and application of the Plan, the Grant Notice, this Agreement and the Foreign Appendix, as applicable, as are consistent therewith and to interpret, amend or revoke any such rules. All actions taken and all interpretations and determinations made by the Administrator will be final and binding upon Participant, the Company and all other interested persons. To the extent allowable pursuant to Applicable Law, no member of the Committee or the Board will be personally liable for any action, determination or interpretation made with respect to the Plan, the Grant Notice, this Agreement or the Foreign Appendix, as applicable.

3.2 RSUs and Dividend Equivalents Not Transferable. The RSUs and the Dividend Equivalents may not be sold, pledged, assigned or transferred in any manner other than by will or the laws of descent and distribution, unless and until the Shares underlying the RSUs have been issued, and all restrictions applicable to such Shares have lapsed. The RSUs may not be hedged, including (without limitation) any short sale or any acquisition or disposition of any put or call option or other instrument tied to the value of the RSUs or the underlying Shares. None of the RSUs, the Dividend Equivalents or any interest or right therein or part thereof shall be liable for the debts, contracts or engagements of Participant or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect, except to the extent that such disposition is permitted by the preceding sentence. Notwithstanding the foregoing, with the consent of the Administrator, the RSUs and the Dividend Equivalents may be transferred to Permitted Transferees pursuant to any conditions and procedures the Administrator may require; *provided* that the RSUs and the Dividend Equivalents may not be transferred for value or consideration. Participant may direct the Company to record the ownership of any Shares underlying the RSUs that vest and become issuable hereunder in the name of a revocable living trust established for the exclusive benefit of Participant or Participant and his or her spouse. Participant may make such a beneficiary designation or ownership directive at any time by filing the appropriate form with the Administrator.

3.3 Adjustments. The Administrator may accelerate the vesting of all or a portion of the RSUs or Dividend Equivalents in such circumstances as it, in its sole discretion, may determine. Participant acknowledges that the RSUs and the Shares subject to the RSUs are subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan, including Section 13.2 of the Plan.

3.4 Notices. Any notice required to be given or delivered to the Company under the terms of this Agreement shall be delivered electronically through the procedure set forth on the website maintained by the Company-designated brokerage firm for Awards under the Plan or in writing and addressed to the Company at its principal corporate offices. Any notice required to be given or delivered to Participant shall be delivered electronically or in writing addressed to Participant at the most recent address on file with the Company for Participant. All notices shall be deemed effective upon personal or electronic delivery or upon deposit in the U.S. mail, postage prepaid and properly addressed to the party to be notified.

3.5 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

3.6 Governing Law. The laws of the State of Delaware shall govern the interpretation, validity, administration, enforcement and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws.

3.7 Conformity to Securities Laws. Participant acknowledges that the Plan, the Grant Notice, this Agreement and the Foreign Appendix, as applicable, are intended to conform to the extent necessary with all Applicable Laws, including, without limitation, the provisions of the Securities Act and the Exchange Act, and any and all regulations and rules promulgated thereunder by the Securities and Exchange Commission and state securities laws and regulations. Notwithstanding anything herein to the contrary, the Plan shall be administered, and the RSUs and Dividend Equivalents are granted and may be settled, only in such a manner as to conform to Applicable Law. To the extent permitted by Applicable Law, the Plan, the Grant Notice, this Agreement and the Foreign Appendix, if applicable, shall be deemed amended to the extent necessary to conform to Applicable Law.

3.8 Amendment, Suspension and Termination. To the extent permitted by the Plan, this Agreement may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Administrator or the Board, *provided* that, except as may otherwise be provided by the Plan, no amendment, modification, suspension or termination of this Agreement shall adversely affect the RSUs or the Dividend Equivalents in any material way without the prior written consent of Participant.

3.9 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in Section 3.2 and the Plan, this Agreement shall be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

3.10 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the RSUs, the Grant Notice, this Agreement and the Foreign Appendix, if applicable, shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by Applicable Law, this Agreement shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

3.11 Not a Contract of Employment. Nothing in this Agreement or in the Plan shall confer upon Participant any right to continue to serve as an employee or other service provider of any Company Group Member or shall interfere with or restrict in any way the rights of the Company Group, which rights are hereby expressly reserved, to discharge or terminate the services of Participant at any time for any reason whatsoever, with or without cause, except to the extent expressly provided otherwise in a written agreement between a Company Group Member and Participant.

3.12 Acknowledgment of Nature of Plan and RSUs. In accepting the RSUs, Participant acknowledges that:

(a) the award of the RSUs (and the Shares subject to the RSUs) and the Dividend Equivalents (and any cash subject to the Dividend Equivalents) the Company is making under the Plan is unilateral and discretionary and will not give rise to any future obligation on the Company to make further Awards under the Plan to the Participant;

(b) for labor law purposes, subject to Applicable Law, the RSUs (and the Shares subject to the RSUs) and the Dividend Equivalents (and any cash subject to the Dividend Equivalents) are not part of normal or expected wages or salary for any purposes, including, but not limited to, calculation of any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, holiday pay, long-service awards, pension or retirement benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for any Company Group Member or any affiliate thereof;

(c) Participant is voluntarily participating in the Plan;

(d) the RSUs (and the Shares subject to the RSUs) and the Dividend Equivalents (and any cash subject to the Dividend Equivalents) are not intended to replace any pension rights or compensation;

(e) none of the RSUs, the Dividend Equivalents or any provision of this Agreement, the Plan or the policies adopted pursuant to the Plan confer upon Participant any right with respect to employment or continuation of current employment and shall not be interpreted to form an employment contract or relationship with any Company Group Member or any affiliate thereof, and any modification of the Plan or the Agreement or its termination shall not constitute a change or impairment of the terms and conditions of employment;

(f) the future value of the underlying Shares is unknown and cannot be predicted with certainty. If the RSUs vest and Participant obtains Shares, the value of the Shares acquired may increase or decrease in value; and

(g) in consideration of the grant of the RSUs hereunder, no claim or entitlement to compensation or damages arises from termination of the RSUs, and no claim or entitlement to compensation or damages shall arise from forfeiture of the RSUs resulting from termination of Participant's employment by any Company Group Member or any affiliate thereof (for any reason whatsoever and whether or not in breach of local labor laws) and Participant irrevocably releases each Company Group Member from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, Participant shall be deemed irrevocably to have waived Participant's entitlement to pursue such claim.

3.13 Consent to Personal Data Processing and Transfer. By acceptance of the RSUs, Participant acknowledges and consents to the collection, use, processing and transfer of personal data as described below. The Company Group holds certain personal information, including Participant's name, home address and telephone number, date of birth, social security number or other employee tax identification number, employment history and status, salary, nationality, job title, and any equity compensation grants or Shares awarded, cancelled, purchased, vested, unvested or outstanding in Participant's favor, for the purpose of managing and administering the Plan ("Data"). Participant is aware that providing the Company with Participant's Data is necessary for the performance of this Agreement and that Participant's refusal to provide such Data would make it impossible for the Company to perform its contractual obligations and may affect Participant's ability to participate in the Plan. The Company Group will transfer Data to third parties in the course of its or their business, including for the purpose of assisting the Company in the implementation, administration and management of the Plan. However, from time to time and without notice, the Company Group may retain additional or different third parties for any of the purposes mentioned. The Company Group may also make Data available to public authorities where required under Applicable Law. Such recipients may be located in the jurisdiction which Participant is based or elsewhere in the world, which Participant separately and expressly consents to, accepting that outside the jurisdiction which Participant is based, data protection laws may not be as protective as within. Participant hereby authorizes the Company Group and all such third parties to receive, possess, use, retain, process and transfer Data, in electronic or other form, in the course of the Company Group's business, including for the purposes of implementing, administering and managing participation in the Plan, and including any requisite transfer of such Data as may be required for the administration of the Plan on behalf of Participant to a third party to whom Participant may have elected to have payment made pursuant to the Plan. Participant understands that he or she may request a list with the names and addresses of any potential recipients of Data by contacting Participant's local human resources representative. Participant may, at any time, review Data, require any necessary amendments to it or withdraw the consent herein in writing by contacting the Company through its local human resources representative; however, withdrawing the consent may affect Participant's ability to participate in the Plan and receive the benefits intended by these RSUs. Data will only be held as long as necessary to implement, administer and manage Participant's participation in the Plan and any subsequent claims or rights.

3.14 Entire Agreement. The Plan, the Grant Notice, this Agreement and the Foreign Appendix, if applicable, constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof.

3.15 Section 409A. This Award is not intended to constitute "nonqualified deferred compensation" within the meaning of Section 409A. However, notwithstanding any other provision of the Plan, the Grant Notice or this Agreement, if at any time the Administrator determines that this Award (or any portion thereof) may be subject to Section 409A, the Administrator shall have the right in its sole discretion (without any obligation to do so or to indemnify

Participant or any other person for failure to do so) to adopt such amendments to the Plan, the Grant Notice, this Agreement or the Foreign Appendix, or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, as the Administrator determines are necessary or appropriate for this Award either to be exempt from the application of Section 409A or to comply with the requirements of Section 409A.

3.16 Agreement Severable. In the event that any provision of the Grant Notice, this Agreement or the Foreign Appendix, if applicable, is held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of the Grant Notice or this Agreement.

3.17 Limitation on Participant's Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and shall not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant shall have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the RSUs and Dividend Equivalents.

3.18 Broker-Assisted Sales. In the event of any broker-assisted sale of Shares in connection with the payment of withholding taxes as provided in Section 2.5(a)(v) or Section 2.5(c): (a) any Shares to be sold through a broker-assisted sale will be sold on the day the tax withholding obligation arises or as soon thereafter as practicable; (b) such Shares may be sold as part of a block trade with other participants in the Plan in which all participants receive an average price; (c) Participant will be responsible for all broker's fees and other costs of sale, and Participant agrees to indemnify and hold the Company harmless from any losses, costs, damages, or expenses relating to any such sale; (d) to the extent the proceeds of such sale exceed the applicable tax withholding obligation, the Company agrees to pay such excess in cash to Participant as soon as reasonably practicable; (e) Participant acknowledges that the Company or its designee is under no obligation to arrange for such sale at any particular price, and that the proceeds of any such sale may not be sufficient to satisfy the applicable tax withholding obligation; and (f) in the event the proceeds of such sale are insufficient to satisfy the applicable tax withholding obligation, Participant agrees to pay immediately upon demand to the Company Group Member with respect to which the withholding obligation arises an amount in cash sufficient to satisfy any remaining portion of the applicable Company Group Member's withholding obligation.

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EXHIBIT B
TO RESTRICTED STOCK UNIT AWARD GRANT NOTICE

SPECIAL PROVISIONS FOR RESTRICTED STOCK UNITS FOR PARTICIPANTS OUTSIDE THE U.S.

This Exhibit B (this “**Appendix**”) includes special terms and conditions applicable to Participants in the countries below. These terms and conditions are in addition to those set forth in the Restricted Stock Unit Award Agreement (the “**Agreement**”) and the Plan and to the extent there are any inconsistencies between these terms and conditions and those set forth in the Agreement, these terms and conditions shall prevail.

This Appendix also includes information relating to exchange control and other issues of which Participant should be aware with respect to his or her participation in the Plan. The information is based on the exchange control, securities and other laws in effect in the respective countries as of August 2016. Such laws are often complex and change frequently. As a result, the Company strongly recommends that Participant not rely on the information herein as the only source of information relating to the consequences of participation in the Plan because the information may be out of date at the time the RSU vests or Shares acquired under the Plan are sold.

In addition, the information is general in nature and may not apply to the particular situation of Participant, and the Company is not in a position to assure Participant of any particular result. Accordingly, Participant is advised to seek appropriate professional advice as to how the relevant laws in his or her country may apply to his or her situation. If Participant is a citizen or resident of a country other than the one in which he or she is currently working, the information contained herein may not be applicable to Participant.

The Participant should be aware that the tax consequences in connection with the grant of the RSU, the vesting of the RSU and the disposal of the resulting Shares vary from country to country and are subject to change from time to time and understand that the Participant may suffer adverse tax consequences as a result of the RSU and the Participant’s disposal of the Shares. By signing the Agreement the Participant acknowledges that he or she is not relying on the Company for tax advice and will seek his or her own tax advice as required.

AUSTRALIA

1. **Tax:** In accepting the RSU, Participant acknowledges that any taxable gain at the date of grant or cessation, as appropriate, may result in an income and Medicare tax charge arising. Participant acknowledges and confirms that Participant is responsible for reporting and paying all taxes to the local tax authorities and that this will be undertaken by Participant on a timely basis.
2. **Securities Law Information:** If Participant acquires Shares pursuant to the RSU and Participant offers the Shares for sale to a person or entity resident in Australia, the offer may be subject to disclosure requirements under Australian law. Participant should obtain legal advice on disclosure obligations prior to making any such offer.
3. **Exchange Control Information:** Exchange control reporting is required for cash transactions exceeding AUD\$10,000 and international fund transfers. The Australian bank assisting with the transaction will file the report. If there is no Australian bank involved in the transfer, Participant will be required to file the report.

BRAZIL

1. **Acknowledgment of Nature of Plan and RSU:** In accepting this Agreement, Participant acknowledges that in the event of termination of Participant's employment (whether or not in breach of local labor laws), Participant's rights to unvested RSUs under the Plan, if any, will terminate effective as of the date that Participant is no longer actively employed and will not be extended by any notice period mandated under applicable local laws (*e.g.*, active employment would not include a period of "garden leave" or notice period); the Committee shall have the exclusive discretion to determine when Participant is no longer actively employed for purposes of Participant's RSUs.
2. **Exchange Control Information:** If Participant is a resident or domiciled in Brazil, Participant will be required to submit an annual declaration of assets and rights held outside of Brazil to the Central Bank of Brazil if the aggregate value of such assets and rights is equal to or greater than the applicable statutory threshold from time to time. Please note that the threshold may be changed annually.

CANADA

1. **Termination of Service:** For the purposes of this Agreement, Participant will be deemed to have experienced a Termination of Service when Participant is no longer providing active services to the Company and its Subsidiaries and affiliates; such date shall not be extended by any notice of termination period required to be provided under applicable local law.
2. **Special Provisions for Participants in Canada:**

(a) *French Language Provision.* The following provisions will apply if Participant is a resident of Quebec:

The parties acknowledge that it is their express wish that this Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Les parties reconnaissent avoir exigé la rédaction en anglais de cette convention ("Agreement"), ainsi que de tous documents exécutés, avis donnés et procédures judiciaires intentées, directement ou indirectement, relativement à la présente convention.

(b) The Company reserves the right to impose other requirements on this RSU and the Shares purchased upon vesting of this RSU, to the extent the Company determines it is necessary or advisable in order to comply with local laws or facilitate the administration of the Plan, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

CHINA

1. **Payment after Vesting:** A Participant paying for all withholdings after vesting of the RSUs may be required to provide evidence that any currency used to pay the withholdings of any RSU was acquired and taken out of the jurisdiction in which such Participant resides in accordance with all applicable laws, including foreign exchange control laws and regulations.
2. **Settlement of RSUs and Sale of Shares:** The Participant acknowledges and agrees that the Company shall, on behalf of the Participant, sell all Shares issuable to the Participant upon vesting of the RSUs. The Participant further agrees that the Company is authorized to instruct its designated broker to assist with the mandatory sale of such Shares (on the Participant's behalf pursuant to this authorization) and the Participant expressly authorize the Company's designated broker to complete the sale of such Shares. The Participant acknowledges

that the Company's designated broker is under no obligation to arrange for the sale of the Shares at any particular price. Upon the sale of the Shares, the Company agrees to pay the Participant the cash proceeds from the sale of the Shares, less any brokerage fees or commissions and subject to any or all income tax, social insurance, payroll tax, payment on account or other tax-related items related to the Participant's participation in the Plan and legally applicable to the Participant. The Participant acknowledges that the Participant is not aware of any material nonpublic information with respect to the Company or any securities of the Company as of the date of this Agreement.

3. **Exchange Control Requirements:** The Participant understands and agrees that, pursuant to local exchange control requirements, the Participant will be required to repatriate the cash proceeds from the sale of the Shares issued upon the settlement of the RSUs to China. The Participant further understands that, under applicable laws, such repatriation of the Participant's cash proceeds may need to be effectuated through a special exchange control account established by the Company or the Participant's employer, and the Participant hereby consents and agrees that any proceeds from the sale of any Shares the Participant acquires may be transferred to such special account prior to being delivered to the Participant. The Participant also understands that the Company will deliver the proceeds to the Participant as soon as possible, but there may be delays in distributing the funds to the Participant due to exchange control requirements in China. Proceeds may be paid to the Participant in U.S. dollars or local currency at the Company's discretion. If the proceeds are paid to the Participant in U.S. dollars, the Participant will be required to set up a U.S. dollar bank account in China so that the proceeds may be deposited into this account. If the proceeds are paid to the Participant in local currency, the Company is under no obligation to secure any particular exchange conversion rate and the Company may face delays in converting the proceeds to local currency due to exchange control restrictions. The Participant further agrees to comply with any other requirements that may be imposed by the Company in the future in order to facilitate compliance with exchange control requirements in China.

The Participant fully understands that the offer of the RSUs has not been and will not be registered with or approved by the Financial Supervisory Commission of the Republic of China pursuant to relevant securities laws and regulations and the RSUs may not be offered or sold within the Republic of China through a public offering or in circumstances which constitute an offer within the meaning of the Securities and Exchange Law of the Republic of China that requires a registration or approval of the Financial Supervisory Commission of the Republic of China.

The Participant acknowledges and agrees that he or she may be required to do certain acts and/or execute certain documents in connection with the award of the RSUs, the settlement of the RSUs and the disposition of the Shares, including but not limited to obtaining foreign exchange approval for remittance of funds and other governmental approvals within the Republic of China. The Participant shall pay his/her own costs and expenses with respect to any event concerning a holder of the RSUs, or Shares settled thereby, arising as a result of the Plan.

CZECH REPUBLIC

1. **Public Offering.** The Plan and Agreement have not been reviewed or approved by the Czech National Bank or any other Czech public authority and the Company relies on the exemption to publish a Prospectus under Act no. 256/2004 Coll., on Undertaking on Capital Markets, as amended.

2. **Exchange Control Information.** Participant may be required to file a report with the Czech National Bank on acquisition of the Shares upon vesting of the RSU and the opening and maintenance of a foreign account. However, because exchange control regulations change frequently and without notice, Participant should consult his or her personal advisor before vesting of the RSU and before opening any foreign accounts in connection with the Plan to ensure compliance with current regulations. Participant is solely responsible for complying with applicable Czech exchange control laws.

DENMARK

1. **Forfeiture, Termination and Cancellation upon Termination of Services:** Notwithstanding any contrary provision of this Agreement, upon the thirtieth (30th) day following Participant's Termination of Services for any or no reason Agreement (except if the Participant is a Good Leaver as provided in Section 2 below), the then-unvested RSUs subject to this Agreement will be automatically forfeited, terminated and cancelled as of such date without payment of any consideration by the Company, and Participant, or Participant's beneficiary or personal representative, as the case may be, shall have no further rights hereunder. Notwithstanding the foregoing and except as provided in Section 2 below, the Administrator may, in its sole discretion, terminate the then-unvested RSUs subject to this Agreement at any time during the period of time commencing upon Participant's Termination of Services and the thirtieth (30th) day following such Termination of Services and such RSUs shall be forfeited, terminated and cancelled as of such date without payment of any consideration by the Company. For the avoidance of doubt, except as otherwise provided by the Administrator, no RSUs shall vest following Participant's Termination of Services except as provided in Section 2 below.
2. **Danish Act on Exercise of Options or Subscription Rights for Shares etc. in Employment Relationship:** If the Participant is an Employee but not a managing director of a Danish Subsidiary of the Company, then this Agreement shall be subject to the provisions of the Danish Act on Exercise of Options or Subscription Rights for Shares etc. in Employment Relationship (the "Act"). For the avoidance of doubt, this Section 2 shall not apply if the Participant is not an Employee or not covered by the Act for any reason. Specifically:
 - (a) Termination of Service. Pursuant to the Act, in the event the Participant experiences a Termination of Services for any reason other than if the Participant is a Good Leaver (as defined below) prior to the vesting of all of the RSUs, any Shares that have not been settled will terminate automatically and be forfeited without further notice and at no cost to the Company. Pursuant to the Act, in the event the Participant experiences a Termination of Services and if the Participant is a Good Leaver prior to the vesting of all of the RSUs, the Participant retains the right to the Shares that have not been settled irrespective of vesting. Provided, further, the Participant retains the right, in proportion the Participant's employment period with the Company, to a pro-rata share of granted RSUs to which the Participant would have been entitled according to agreement or custom if the Participant had still been employed at the time of expiration of the financial year or at the time of such granting.
 - (b) Good Leaver. Pursuant to the Act, for purposes of this Agreement, the Participant, who is an Employee but not a managing director, is considered a "Good Leaver" in the following situations:
 - (i) if the Participant's employer terminates the Participant's employment and such termination is not due to the Participant's being in breach of contract or due to the Participant having been summarily dismissed in a legitimate way;
 - (ii) if the Participant resigns because of reaching the age applicable to retirement or because the Participant will be entitled to state pension or retirement pension; or

(iii) if the Participant terminates the Participant's employment due to gross negligence on the part of the Danish employer company.

(c) Employer Statement. The Participant and the Company acknowledge that the Participant is entitled to receive an "employer statement", as such term is used in the Act, including the following information, if applicable:

- (i) the time of grant of the right to subscribe for or purchase shares at a later date;
- (ii) criteria or conditions for granting the right to subscribe for or purchase shares at a later date;
- (iii) time of settlement or the rules for the determination thereof;
- (iv) the price, if any, or the rules for fixing of the price at which the shares may be subscribed for or purchased at the time of settlement;
- (v) the legal status of the Participant in connection with termination of employment; and
- (vi) the financial aspects of participating in the Agreement.

The employer statement shall be provided in Danish. The employer statement shall be provided to the Participant, at the latest, within one month after the conclusion of the Agreement.

3. **Acknowledgment of Nature of Plan and RSUs:** In accepting this Agreement, the Participant acknowledges that, except as provided in Section 2 hereof, in the event of termination of the Participant's employment (whether or not in breach of local labor laws), the Participant's rights to vest the RSUs under the Plan, if any, will terminate effective as of the date that the Participant is no longer actively employed and will not be extended by any notice period mandated under applicable local laws (*e.g.*, active employment would not include a period of "garden leave" or similar period pursuant to applicable local laws); the Administrator shall have the exclusive discretion to determine when the Participant is no longer actively employed for purposes of Participant's RSUs.
4. **Exchange Control Information:** If the Participant establishes an account holding Shares or an account holding cash outside Denmark, the Participant must report the account to the Danish Tax Administration. The form which should be used in this respect can be obtained from a local bank. (These obligations are separate from and in addition to the obligations described in Section 5 below.)
5. **Securities/Tax Reporting Information:** If the Participant holds Shares acquired under the Plan in a brokerage account with a broker or bank outside Denmark, the Participant is required to inform the Danish Tax Administration about the account. For this purpose, the Participant must file a Form V (*Erklæring V*) with the Danish Tax Administration. The Form V must be signed both by the Participant and by the applicable broker or bank where the account is held. By signing the Form V, the broker or bank undertakes to forward information to the Danish Tax Administration concerning the shares in the account without further request each year. By signing the Form V, the Participant authorizes the Danish Tax Administration to examine the account.

In addition, if the Participant opens a brokerage account (or a deposit account with a U.S. bank) for the purpose of holding cash outside Denmark, the Participant is also required to inform the Danish Tax Administration

about this account. To do so, the Participant must file a Form K (*Erklaering K*) with the Danish Tax Administration. The Form K must be signed both by the Participant and by the applicable broker or bank where the account is held. By signing the Form K, the broker/bank undertakes an obligation, without further request each year, to forward information to the Danish Tax Administration concerning the content of the account. By signing the Form K, the Participant authorizes the Danish Tax Administration to examine the account.

FRANCE

1. **Securities law:** This offer does not require a prospectus to be submitted for approval to the Autorité des Marchés Financiers (“AMF”). Participant may take part in the offer solely for his or her own account and any financial instruments thus acquired cannot be distributed directly or indirectly to the public otherwise than in accordance with Articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 to L. 621-8-3 of the Monetary and Financial Code. The information provided to Participant in this Agreement, the Plan or other documents supplied to Participant in connection with the offer to Participant of the RSU is provided as factual information only and as such is not intended to induce Participant to accept to enter into this Agreement. Any such information does not give or purport to give any indication of the likely future financial success or performance of the Company and historical financial information gives no indication of future financial performance. This RSU is not intended to qualify for any favorable tax and social security treatment in France. Should Participant be in any doubt as to the contents of the offer of this RSU or what course of action to take in relation to the offer, Participant is recommended to immediately seek his or her own personal financial advice from his or her stockbroker, bank manager, solicitor, accountant or other independent financial advisor duly authorized by the competent authorities or bodies.
2. **Exchange Control Information.** The Participant must declare to the customs and excise authorities any cash and securities the Participant imports or exports without the use of a financial institution when the value of such cash or securities exceeds a certain amount. The Participant should consult with the Participant’s professional advisor. In addition, if the Participant is a French resident, the Participant may hold stock outside France provided the Participant declares all foreign bank and brokerage accounts on an annual basis (including the accounts that were open and those that were closed during the tax year) on a specific form in the Participant’s income tax return.
3. **French Language Provision.** By signing and returning this Agreement, the Participant confirms having read and understood the documents relating to the Plan which were provided to the Participant in English language. The Participant accepts the terms of those documents accordingly.

En signant et renvoyant ce Contrat vous confirmez ainsi avoir lu et compris les documents relatifs au Plan qui vous ont été communiqués en langue anglaise. Vous en acceptez les termes en connaissance de cause.

GERMANY

1. **Definition of Employee.** The definition of Employee shall, for the avoidance of doubt, include the legal representatives of the German group members.
2. **Eligible Individuals, Holders or Persons.** The Company’s discretion to award rights under the Plan to shall be exercised in compliance with German law, in particular with the labor law principle of equal treatment

(*arbeitsrechtlicher Gleichbehandlungsgrundsatz*) and with the prohibition of discrimination (*Diskriminierungsverbot*).

3. **Administrator's Discretion.** The Administrator's discretion under the Plan, the Agreement, the Grant Notice and this Appendix, including their interpretation, shall always be exercised reasonably (*nach billigem Ermessen*) as defined under German law.
4. **Taxes.** For the avoidance of doubt, taxes always include German social security contributions, and in this regard, Participant's portion.
5. **Securities Law.** This offer does not require a securities prospectus (*Wertpapierprospekt*) to be submitted for approval to the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht* or *BaFin*).
6. **Exchange Control Information.** Cross-border payments in excess of €12,500 must be reported monthly to the German Central Bank (*Deutsche Bundesbank*). If Participant uses a German bank to transfer a cross-border payment in excess of €12,500 in connection with the sale of Shares acquired under the Plan, the bank will file the report for Participant. In addition, Participant must report any receivables, payables, or debts in foreign currency exceeding an amount of €5,000,000 on a monthly basis. Finally, Participant must report on an annual basis if Participant holds Shares that exceed 10% of the total voting capital of the Company.
7. **Consent to Personal Data Processing and Transfer.** By acceptance of this RSU, the Participant acknowledges and consents to the collection, use, processing and transfer of personal data as described below and in accordance with the Company privacy policy. The Company Group Members hold certain personal information, including the Participant's name, home address and telephone number, date of birth, social security number or other employee tax identification number, employment history and status, salary, nationality, job title, and any equity compensation grants or Shares awarded, cancelled, purchased, vested, unvested or outstanding in the Participant's favor, for the purpose of managing and administering the Plan ("Data"). The Company Group Members will transfer Data to any third parties assisting the Company in the implementation, administration and management of the Plan. The Company Group Members may also make the Data available to public authorities where required under locally applicable law. These recipients may be located in the United States, the European Economic Area, or elsewhere, which the Participant separately and expressly consents to, accepting that outside the European Economic Area, data protection laws may not be as protective as within. The Participant hereby authorizes the Company Group Members to possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing participation in the Plan, including any requisite transfer of such Data as may be required for the administration of the Plan on behalf of the Participant to a third party with whom the Participant may have elected to have payment made pursuant to the Plan. The Participant may, at any time, review Data, require any necessary amendments to it or withdraw the consent herein in writing by contacting the Company through Participant's local human resources representative. However, withdrawing the consent may affect the Participant's ability to participate in the Plan and receive the benefits intended by this RSU. Data will only be held as long as necessary to implement, administer and manage the Participant's participation in the Plan and any subsequent claims or rights.

HONG KONG

1. **Warning:** *The RSUs and Ordinary Shares issued at settlement do not constitute a public offering of securities under Hong Kong law and are available only to Employees, Consultants and Non-Employee Directors of the Company, its parent, Subsidiary or affiliate. The Agreement, including this Exhibit B, the Plan and other incidental award documentation have not been prepared in accordance with and are not intended to constitute a “prospectus” for a public offering of securities under the applicable securities legislation in Hong Kong, nor has the award documentation been reviewed by any regulatory authority in Hong Kong. The RSUs are intended only for the personal use of the recipient Participant and may not be distributed to any other person. If you are in any doubt about any of the contents of the Agreement, including this Exhibit B, or the Plan, you should obtain independent professional advice.*
2. **Sale of Ordinary Shares:** In the event the RSUs vest and are settled within six months of the Grant Date, you agree that you will not dispose of any Shares acquired prior to the six-month anniversary of the Grant Date.
3. **Nature of Scheme:** The Company specifically intends that the Plan will not be an occupational retirement scheme for purposes of the Occupational Retirement Schemes Ordinance.

HUNGARY

1. **Securities Law Information.** The RSU does not qualify as an offer of securities under Hungarian capital market regulations. The Agreement does not have to be approved by the National Bank of Hungary. Neither the grant nor vesting of the RSU requires a prospectus to be submitted for approval by the National Bank of Hungary.
2. **Tax reporting.** As the Company providing the RSU is not a Hungarian incorporated entity, in accordance with the Hungarian tax legislation, the Participant’s employer is not required to withhold any Hungarian taxes that may arise in connection with the vesting of the RSU. Participants must directly pay these taxes with respect to the income realized in accordance with applicable payment requirements. This also applies to any taxes arising on capital gains realized due to the subsequent sale of any Shares.

INDIA

1. **Consent to Personal Data Processing and Transfer:** If the Indian affiliate of the Company has 100 or more employees, then the Indian Industrial Employment (Standing Order) Act of 1946 applies, which requires that employees, including Participant, have rights of access to Data.
2. **Foreign Assets Reporting Information:** Participant is required to declare foreign bank accounts and any foreign financial assets (including Shares subject to the RSU held outside India) in his or her annual tax return. It is Participant’s responsibility to comply with this reporting obligation and Participant should consult with his or her personal tax advisor in this regard.
3. **Exchange Control Information:** If Participant remits funds out of India in connection with any award under the Plan, it is Participant’s responsibility to comply with applicable exchange control requirements of the Reserve Bank of India. Participant understands that Participant must repatriate any proceeds from the sale of Shares acquired under the Plan or the receipt of any dividends to India within 90 days of receipt. Participant must obtain a foreign inward remittance certificate (“FIRC”) from the bank where Participant deposits the

foreign currency and maintain the FIRC as evidence of the repatriation of funds in the event the Reserve Bank of India or Participant's employer requests proof of repatriation.

4. **Acknowledgment of Nature of Plan and RSU:** In accepting this Agreement, Participant acknowledges that in the event of termination of Participant's employment (whether or not in breach of local labor laws), Participant's rights to vest the RSUs under the Plan, if any, will terminate effective as of the date that Participant is no longer actively employed and will not be extended by any notice period mandated under applicable local laws (e.g., active employment would not include a period of "garden leave" or similar period pursuant to applicable local laws); the Administrator shall have the exclusive discretion to determine when Participant is no longer actively employed for purposes of Participant's RSUs.

IRELAND

Director Reporting Obligation: If you are a director, shadow director or secretary of a parent or subsidiary in Ireland, you must notify the Irish parent or subsidiary in writing within five business days of receiving or disposing of an interest in the Company (e.g., RSUs or Shares), or within five business days of becoming aware of the event giving rise to the notification requirement or within five days of becoming a director or secretary if such an interest exists at the time. This notification requirement also applies with respect to the interests of your spouse or children under the age of 18 (whose interests will be attributed to you if you are a director, shadow director or secretary).

A shadow director is an individual who is not on the board of directors of an Irish parent or subsidiary but who has sufficient control so that the board of directors of the Irish parent or subsidiary, as applicable, acts in accordance with the directions and instructions of the individual.

MALAYSIA

1. **Malaysian Insider Trading Notification:** You should be aware of the Malaysian insider-trading rules, which may impact your acquisition or disposal of Shares or rights to Shares under the Plan. Under the Malaysian insider-trading rules, you are prohibited from acquiring or selling Shares or rights to Shares (e.g., an Award under the Plan) when you are in possession of information which is not generally available and which you know or should know will have a material effect on the price of Shares once such information is generally available.
2. **Director Notification Obligation:** If you are a director of a Malaysian Subsidiary or affiliate of the Company, you are subject to certain notification requirements under the Malaysian Companies Act. Among these requirements is an obligation to notify the relevant Malaysian Subsidiary or affiliate in writing when you receive or dispose of an interest (e.g., an Award under the Plan or Shares) in the Company or any related company. Such notifications must be made within 14 days of receiving or disposing of any interest in the Company or any related company.

MEXICO

Acknowledgment of Nature of Plan and Option: In accepting this Agreement, Participant acknowledges that:

(a) Participant has received copies of the Plan, has reviewed the Plan and the Agreement in their entirety and fully understands and accepts all provisions of the Plan and the Agreement;

(b) in the event of a Termination of Service (whether or not in breach of local labor laws), Participant's rights to vest the RSUs under the Plan, if any, will terminate effective as of the date that Participant is no longer actively providing services to the Company or its Subsidiaries and will not be extended by any notice period mandated under applicable local laws (e.g., active employment would not include a period of "garden leave" or similar period pursuant to applicable local laws); the Administrator shall have the exclusive discretion to determine when Participant is no longer actively providing services for purposes of Participant's RSUs; and

(c) the RSU and the benefits under the Plan, if any, will not automatically transfer to another company in the case of a merger, take-over or transfer of liability.

By signing this Agreement, Participant further acknowledges that Participant has read and specifically and expressly approves the terms and conditions described in the paragraph immediately above, in which the following is clearly described and established: (i) participation in the Plan does not constitute an acquired right; (ii) the Plan and participation in the Plan is offered by the Company on a wholly discretionary basis; (iii) participation in the Plan is voluntary; and (iv) the Company and any parent, Subsidiary or affiliate are not responsible for any decrease in the value of the Shares underlying the RSUs.

NETHERLANDS

Securities Law Notification: Participant should be aware of Dutch insider-trading rules, which may impact the ability to sell Shares acquired under the Plan. In particular, Participant may be prohibited from effectuating certain transactions if Participant has insider information regarding the Company.

By accepting any RSUs granted hereunder and participating in the Plan, Participant acknowledges having read and understood this Securities Law Notification and further acknowledge that it is Participant's responsibility to comply with the following Dutch insider trading rules:

Under Article 5:56 of the Dutch Financial Supervision Act, anyone who has "inside information" related to the issuing company is prohibited from effectuating a transaction in securities in or from the Netherlands. "Inside information" is defined as knowledge of specific information concerning the issuing company to which the securities relate or the trade in securities issued by such company, which has not been made public, and which, if published, would reasonably be expected to affect the stock price, regardless of the development of the price. The insider could be any employee of an Affiliate in the Netherlands who has inside information as described herein.

Given the broad scope of the definition of inside information, certain employees of the Company working at an affiliate in the Netherlands (including persons eligible to participate in the Plan) may have inside information and, thus, would be prohibited from effectuating a transaction in securities in the Netherlands at a time when in possession of such inside information.

NORWAY

Acknowledgment of Nature of Plan and RSUs: In accepting this Agreement, the Participant acknowledges that, in the event of termination of the Participant's employment (whether or not in breach of local labor laws), the Participant's rights to vest the RSUs under the Plan, if any, will terminate effective as of the date that the Participant is no longer actively employed and will not be extended by any notice period mandated under

applicable local laws (e.g., active employment would not include a period of “garden leave” or similar period pursuant to applicable local laws); the Administrator shall have the exclusive discretion to determine when the Participant is no longer actively employed for purposes of Participant’s RSUs.

PHILIPPINES

1. **Securities Law Notification.** This offering is subject to an exemption from the requirements of securities registration with the Philippines Securities and Exchange Commission under Section 10.1(k) of the Philippine Securities Regulation Code.

THE SHARES SUBJECT TO THE RSU BEING OFFERED OR SOLD HAVE NOT BEEN REGISTERED WITH THE PHILIPPINES SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES REGULATION CODE. ANY FURTHER OFFER OR SALE THEREOF IS SUBJECT TO REGISTRATION REQUIREMENTS IN THE PHILIPPINES UNDER THE CODE UNLESS SUCH OFFER OR SALE QUALIFIES AS AN EXEMPT TRANSACTION.

For further information on risk factors impacting the Company’s business that may affect the value of the Shares, Participant may refer to the risk factors discussion in the Company’s Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, which are filed with the U.S. Securities and Exchange Commission and are available online at www.sec.gov, as well as on the Corporation’s website at <http://investors.cognizant.com/filings>. In addition, Participant may receive, free of charge, a copy of the Company’s Annual Report, Quarterly Reports or any other reports, proxy statements or communications distributed to the Company’s stockholders by contacting General Counsel, Cognizant Technology Solutions Corporation, Glenpointe Centre West, 500 Frank W. Burr Blvd., Teaneck, NJ 07666.

Participant may sell or dispose of Shares acquired under the Plan, if any, through E*TRADE (or any other broker designated by the Company or to which the Shares have been transferred by Participant), provided that such sale takes place outside of the Philippines through the facilities of the stock exchange on which the Shares are listed (i.e., the Nasdaq Global Select Market).

2. **Acknowledgment of Nature of Plan and RSUs:** In the event of termination of Participant’s employment (for any reason whatsoever), Participant’s rights to vest the RSUs under the Plan, if any, will terminate effective as of the date that Participant is no longer actively employed and will not be extended by any notice period mandated under applicable local laws (e.g., active employment would not include a period of “garden leave” or similar period pursuant to applicable local laws); the Administrator shall have the exclusive discretion to determine when Participant is no longer actively employed for purposes of Participant’s RSUs.

POLAND

1. **Withdrawal Right.** Participant acknowledges and agrees that Participant shall have fourteen (14) days from when Participant receives this Agreement to withdraw from the Agreement and not accept this RSU. To decline this RSU and withdraw Participant’s acceptance to the Agreement, Participant must submit a written notice within fourteen (14) days from Participant’s receipt of the Agreement, which shall be addressed to the Company at: Glenpointe Centre West, 500 Frank W. Burr Blvd., Teaneck, NJ 07666. Receipt of the Agreement by Participant or submission of Participant’s request to withdraw from the Agreement to the Company shall be

deemed effective upon personal delivery, electronic delivery or by registered or certified mail, with postage and fees prepaid.

2. **Exchange Control Information.** Participant should consult with a personal legal advisor regarding any exchange control obligations to the National Bank of Poland that Participant may have prior to the vesting of the RSU.
3. **Polish language data privacy consent.** *Wyrażam zgodę na przetwarzanie moich danych osobowych dla potrzeb niezbędnych do realizacji celów planu opcyjnego (zgodnie z Ustawą z dnia 29.08.1997 roku o Ochronie Danych Osobowych).*
4. **Acceptance.** By accepting this RSU, Participant confirms having read and understood the documents relating to the Agreement and the Plan that were provided to Participant in the English language and in the Polish language. Participant accepts the terms of those documents accordingly.

Akceptując tę opcję, potwierdzasz, po przeczytaniu i zrozumieniu dokumentów odnoszących się do umowy i planu które zostały dostarczone do Ciebie w języku angielskim oraz w języku polskim.

QATAR

Acknowledgment of Nature of Plan and RSUs. In the event of termination of Participant's employment (for any reason whatsoever), Participant's rights to vest the RSUs under the Plan, if any, will terminate effective as of the date that Participant is no longer actively employed and will not be extended by any notice period mandated under applicable local laws (e.g., active employment would not include a period of "garden leave" or similar period pursuant to applicable local laws); the Administrator shall have the exclusive discretion to determine when Participant is no longer actively employed for purposes of Participant's RSUs.

SAUDI ARABIA

1. **Securities Law Information.** This Agreement may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations issued by the Capital Market Authority.

The Capital Market Authority does not make any representation as to the accuracy or completeness of this document, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Agreement. Prospective purchasers of securities hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If Participant does not understand the contents of this Agreement, Participant should consult his or her own advisor or an authorized financial advisor.

2. **Acknowledgment of Nature of Plan and RSUs.** In the event of termination of Participant's employment (for any reason whatsoever), Participant's rights to vest the RSUs under the Plan, if any, will terminate effective as of the date that Participant is no longer actively employed and will not be extended by any notice period mandated under applicable local laws (e.g., active employment would not include a period of "garden leave")

or similar period pursuant to applicable local laws); the Administrator shall have the exclusive discretion to determine when Participant is no longer actively employed for purposes of Participant's RSUs.

SINGAPORE

1. **Securities Law Information.** The award of the RSU is being made in reliance of section 273(1)(f) of the Securities and Futures Act (Cap. 289) ("**SFA**") for which it is exempt from the prospectus and registration requirements under the SFA.
2. **Director/CEO Notification Obligation.** If Participant is a director or chief executive officer (as applicable) of a company incorporated in Singapore which is related to the Company ("**Singapore Company**"), Participant is subject to certain disclosure / notification requirements under the Companies Act (Cap. 50 of Singapore). Among these requirements is an obligation to notify the Singapore Company in writing when Participant acquires an interest (such as shares, debentures, participatory interests, rights, options and contracts) in the Company (e.g., the RSU, the Shares or any other Award). In addition, Participant must notify the Singapore Company when Participant disposes of such interest in the Company (including when Participant sells Shares issued upon vesting and maturity of the RSU). These notifications must be made within two days of acquiring or disposing of any such interest in the Company. In addition, a notification of Participant's interests in the Company must be made within two business days of becoming a director or chief executive officer (as applicable).
3. **Taxation Information.** In the event that Participant should be granted an award of the RSU in connection with Participant's employment in Singapore, any gains or profits enjoyed by Participant arising from the vesting of such RSU will be taxable in Singapore as part of Participant's employment remuneration regardless of when the RSU vests or where Participant is at the time the RSU vests. Participant may, however, be eligible to enjoy deferment of such taxes under incentive schemes operated by the Inland Revenue Authority of Singapore if the qualifying criteria relating thereto are met. Participant is advised to seek professional tax advice as to Participant's tax liabilities including, to the extent Participant is a foreigner, how such gains or profits aforesaid will be taxed at the time Participant ceases to work in Singapore.

All taxes (including income tax) arising from the award of any RSU or the vesting of any RSU thereon shall be borne by Participant.

Where Participant is a non-citizen of Singapore and about to leave employment with the Employer (as defined below), the Employer may be required under the Income Tax Act (Cap. 134) of Singapore to deduct or withhold taxes arising from the vesting of the RSU from Participant's emoluments. An amount equal to the tax amount required to be deducted or withheld will have to be so deducted or withheld by the Employer and paid to the Singapore tax authorities. Emoluments include income from gains or profits from any employment, which includes any wages, salary, leave pay, fee, commission, bonus, gratuity, perquisite or allowance (other than certain types of allowance) paid or granted in respect of the employment whether in money or otherwise, and any gains or profits, directly or indirectly, derived by any person from a right or benefit to acquire shares in any company where such right or benefit is obtained by reason of any office or employment held by him or her. "**Employer**" shall mean the Company, a Singapore subsidiary of the Company, other affiliated company or any other person paying such emoluments, whether on his or her account or on behalf of another person.

SPAIN

1. **Grant Notice:** The following paragraphs are inserted immediately after the first paragraph of the Grant Notice:

No Entitlement for Claims or Compensation. The vesting of the RSU is expressly conditional upon Participant's continued and active rendering of services, such that the Participant's Termination of Service for any reason whatsoever may result in the RSU ceasing to vest immediately, in whole or in part, effective on the date of Participant's Termination of Service (unless otherwise specifically provided in the Agreement). This will be the case, for example, even if (1) Participant is considered to be unfairly dismissed without good cause; (2) Participant is dismissed for disciplinary or objective reasons or due to a collective dismissal; (3) the Termination of Service is due to a change of work location, duties or any other employment or contractual condition; (4) Participant experiences a Termination of Service due to a unilateral breach of contract by the Company or a Subsidiary; or (5) Participant experiences a Termination of Service for any other reason whatsoever. Consequently, upon Participant's Termination of Service for any of the above reasons, Participant may automatically lose any rights to the Shares subject to the RSU that were not vested on the date of Participant's Termination of Service, as described in the Plan and the Agreement.

2. **Exchange Control Information:** Participant must declare the acquisition, ownership and sale of Shares to the *Dirección General de Política Comercial e Inversiones Exteriores* ("DGPCIE") of the *Ministerio de Economía* for statistical purposes. Participant must also declare the ownership of any Shares with the Directorate of Foreign Transactions each January while the Shares are owned. If Participant acquires the Shares through the use of a Spanish financial institution, that institution will automatically make the declaration to the DGPCIE for Participant; otherwise, Participant will be required make the declaration by filing the appropriate form with the DGPCIE. Generally, the declaration must be made in January for Shares acquired or sold during (or owned as of December 31 of) the prior year; however, if the value of Shares acquired or sold exceeds €1,502,530 (or Participant holds 10% or more of the shares capital of the Company or such other amount that would entitle Participant to join the Company's board of directors), the declaration must be filed within one month of the acquisition or sale, as applicable. In addition, if Participant wishes to import the share certificates into Spain, Participant must declare the importation of such securities to the DGPCIE.

When receiving foreign currency payments exceeding €50,000 derived from the ownership of Shares (e.g., dividends or sale proceeds), Participant must inform the financial institution receiving the payment of the basis upon which such payment is made. Upon prior request, Participant will need to provide the institution with the following information; Participant's name; address; and fiscal identification number; the name and corporate domicile of the Company; the amount of payment; the currency used; the country of origin; the reasons for the payment; and required information.

Further, to the extent that Participant holds assets (e.g., the RSU) outside of Spain with a value in excess of €20,000 (on a per-asset basis) as of December 31 each year, Participant will be required to report information on such rights and assets on Participant's tax return for such year.

Participant is solely responsible for complying with any exchange control or other reporting requirement that may apply to Participant as a result of participation in the Plan, the acquisition and/or sale of the Shares and/or the transfer of funds in connection with the RSU. Participant should consult Participant's legal advisor to confirm the current reporting requirements when Participant acquires Shares, sells Shares and/or transfers any funds related to the Plan to Spain.

3. **Securities Law Information:** The RSU described in the Agreement does not qualify under Spanish regulations as securities. No "offer of securities to the public," as defined under Spanish law, has taken place or will take place in the Spanish territory. The Agreement (including the Appendix) has not been nor will it be registered with the *Comisión Nacional del Mercado de Valores*, and it does not constitute a public offering prospectus.

SWEDEN

Acknowledgment of Nature of Plan and RSUs: In accepting these RSUs, Participant acknowledges that, in the event of termination of Participant's employment (whether or not in breach of local labor laws) and except as otherwise provided in the Agreement, Participant's rights to vest the RSUs under the Plan, if any, will terminate effective as of the date that Participant is no longer actively employed and will not be extended by any notice period mandated under applicable local laws (e.g., active employment would not include a period of "garden leave" or similar period pursuant to applicable local laws); the Administrator shall have the exclusive discretion to determine when Participant is no longer actively employed for purposes of Participant's RSUs.

SWITZERLAND

1. **Securities Law Information.** The grant of a RSU under the Plan is not considered a public offering in Switzerland and is, therefore, not subject to a prospectus requirement in Switzerland.
2. **Tax Withholding.** References to any "tax withholding" in the Agreement shall include federal, cantonal and communal individual income tax as well as the employee portion of Swiss social security contributions. For Swiss social security purposes, references to "taxable income" shall mean "income subject to Swiss social security contributions" which may not have the same assessment base as income taxes.

UAE

1. **Securities Law Information.** Participation in the Plan is being offered only to selected Participants and is in the nature of providing equity incentives to Participants in the United Arab Emirates. The Plan and the Agreement are intended for distribution only to such Participants and must not be delivered to, or relied on by, any other person. Prospective purchasers of the securities offered should conduct their own due diligence on the securities.

If the Participant does not understand the contents of the Plan and the Agreement, the Participant should consult an authorized financial adviser. The Emirates Securities and Commodities Authority has no responsibility for reviewing or verifying any documents in connection with the Plan. Neither the Ministry of Economy nor the Dubai Department of Economic Development have approved the Plan or the Agreement nor taken steps to verify the information set out therein, and have no responsibility for such documents.

Understood and agreed:

Print Name: _____

Place / Date: _____

(Participant's signature)

**COGNIZANT TECHNOLOGY SOLUTIONS CORPORATION
2017 INCENTIVE AWARD PLAN**

PERFORMANCE-BASED RESTRICTED STOCK UNIT AWARD GRANT NOTICE

Cognizant Technology Solutions Corporation, a Delaware corporation (the “Company”), pursuant to its 2017 Incentive Award Plan, as amended from time to time (the “Plan”), hereby grants to the holder listed below (“Participant”) an award of performance-based restricted stock units (the “PSUs”) subject to performance- and service-vesting requirements. The PSUs are subject to the terms and conditions set forth in this Performance-Based Restricted Stock Unit Award Grant Notice (the “Grant Notice”), the Performance-Based Restricted Stock Unit Award Agreement attached hereto as Exhibit A (the “Agreement”) the Plan and the special provisions for Participant’s country of residence, if any, attached hereto as Exhibit B (the “Foreign Appendix”), each of which is incorporated herein by reference. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Grant Notice and the Agreement.

Participant:

Grant Date:

Target Number of PSUs:

Type of Shares Issuable:

Vesting Schedule:

Performance Period:

Performance Milestones:

Performance-Vesting Schedule:

Performance-Vesting Procedures:

Service-Vesting:

To accept the award of PSUs, Participant shall log into Participant’s online brokerage account established at the Company-designated brokerage firm for Participant’s awards under the Plan and follow the procedure set forth on the brokerage firm’s website to accept the terms of this award. In addition, Participant shall cause his or her spouse, civil union partner or registered domestic partner, if any, to execute the spousal consent on such website. Currently, the Company-designated brokerage firm is **E*TRADE** and the applicable website is www.etrade.com.

If Participant fails to follow the procedure set forth in the preceding paragraph, and does not notify the Company within thirty (30) days following the Grant Date that Participant does not wish to accept the award of PSUs, then Participant will be deemed to have accepted the award of PSUs, and agreed to be bound by the terms of the Plan, the Grant Notice, the Agreement and the Foreign Appendix.

By Participant’s acceptance of this award of PSUs, Participant agrees to be bound by the terms and conditions of the Plan, the Agreement, the Grant Notice and the Foreign Appendix. Participant has reviewed the Agreement, the Plan, the Grant Notice and the Foreign Appendix in their entirety, has had an opportunity to obtain the advice of counsel prior to executing the Grant Notice and fully understands all provisions of the Grant Notice, the Agreement, the Foreign Appendix and the Plan. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, the Grant Notice, the Agreement or the Foreign Appendix.

**COGNIZANT TECHNOLOGY SOLUTIONS
CORPORATION**

By: _____

Print Name: _____

Title:

EXHIBIT A
TO PERFORMANCE-BASED RESTRICTED STOCK UNIT AWARD GRANT NOTICE

PERFORMANCE-BASED RESTRICTED STOCK UNIT AWARD AGREEMENT

Pursuant to the Grant Notice to which this Agreement is attached, the Company has granted to Participant the number of PSUs set forth in the Grant Notice.

ARTICLE I.

GENERAL

1.1 Incorporation of Terms of Plan and the Foreign Appendix. The PSUs are subject to the terms and conditions set forth in this Agreement, the Plan and the Foreign Appendix, if applicable, each of which is incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan shall control.

ARTICLE II.

AWARD OF PERFORMANCE-BASED RESTRICTED STOCK UNITS AND DIVIDEND EQUIVALENTS

2.1 Award of PSUs and Dividend Equivalents.

(a) In consideration of Participant's past and/or continued employment with or service to any member of the Company and its Subsidiaries (the "Company Group") (each such member, a "Company Group Member") and for other good and valuable consideration, effective as of the grant date set forth in the Grant Notice (the "Grant Date"), the Company has granted to Participant the Target Number of PSUs set forth in the Grant Notice, upon the terms and conditions set forth in the Grant Notice, the Plan, this Agreement and the Foreign Appendix, if applicable, subject to adjustment as provided in Section 13.2 of the Plan. Each PSU represents the right to receive one Share. However, unless and until the PSUs have vested, Participant will have no right to the payment of any Shares subject thereto. Prior to the actual delivery of any Shares, the PSUs will represent an unsecured obligation of the Company, payable only from the general assets of the Company.

(b) The Company hereby grants to Participant an Award of Dividend Equivalents with respect to each PSU granted pursuant to the Grant Notice for all ordinary and extraordinary cash dividends that are paid to all or substantially all holders of the outstanding Shares with a record date that occurs between the Grant Date and the date when the applicable PSU is distributed or paid to Participant or is forfeited or expires. The Dividend Equivalents for each PSU shall have a value equal to the amount of cash that is paid as a dividend on one Share. The Dividend Equivalents shall be credited to a book account for Participant in the form of cash unless the Administrator determines to cause the Dividend Equivalents to be reinvested in additional PSUs as of the date of payment of any such dividend based on the Fair Market Value of a Share on such date. The Dividend Equivalents and any amounts that may become payable in respect thereof shall be treated separately from the PSUs and the rights arising in connection therewith for purposes of Section 409A.

2.2 Vesting of PSUs and Dividend Equivalents.

(a) Subject to Participant's continued employment with or service to a Company Group Member on each applicable vesting date and subject to Section 3.8 and Section 3.15, the PSUs shall vest in such amounts and

at such times as are set forth in the Grant Notice. Any Dividend Equivalents provided pursuant to Section 2.1(b) hereof shall vest whenever the underlying PSU to which such Dividend Equivalents relate vests.

(b) Unless otherwise determined by the Administrator or as set forth in a written agreement between Participant and the Company, (i) any PSUs and Dividend Equivalents that do not performance-vest pursuant to the Performance-Vesting Schedule set forth in the Grant Notice shall be forfeited as of the date it is determined that such PSUs and Dividend Equivalents will not performance-vest and shall not thereafter become vested and (ii) any PSUs and Dividend Equivalents that have not become vested on or prior to the date of Participant's Termination of Service (including, without limitation, pursuant to any employment or similar agreement by and between Participant and the Company) shall be forfeited on the date of Participant's Termination of Service and shall not thereafter become vested.

2.3 Distribution or Payment of PSUs and Dividend Equivalents.

(a) Participant's PSUs (including any Dividend Equivalents reinvested in PSUs) shall be distributed in Shares (either in book-entry form or otherwise) and any Dividend Equivalents credited in the form of cash shall be distributed in cash, in each case as soon as administratively practicable following the vesting of the applicable PSU and Dividend Equivalent pursuant to Section 2.2, but in no event later than the close of the calendar year in which such vesting date occurs or (if later) the fifteenth day of the third calendar month following such vesting date (for the avoidance of doubt, this deadline is intended to comply with the "short-term deferral" exemption from Section 409A). Notwithstanding the foregoing, the Company may delay a distribution or payment in settlement of PSUs and Dividend Equivalents if it reasonably determines that such payment or distribution will violate Federal securities laws or any other Applicable Law, *provided* that such distribution or payment shall be made at the earliest date at which the Company reasonably determines that the making of such distribution or payment will not cause such violation, as required by Proposed Treasury Regulation Section 1.409A-1(b)(4)(ii), and *provided further* that no payment or distribution shall be delayed under this Section 2.3(a) if such delay will result in a violation of Section 409A.

(b) All distributions of Shares shall be made by the Company in the form of whole Shares, and to the extent that the total number of Shares to be issued in connection with any distribution would otherwise result in a fractional Share, such total number of Shares shall be rounded down to the next whole Share and the number of Shares to be issued in connection with the final service-vesting date set forth in the Grant Notice (if any of the PSUs vest on such date) shall equal, subject to the rounding convention described in this Section 2.3(b), the excess of (i) the total number of Shares underlying Participant's PSUs, over (ii) the whole number of Shares issued in connection with prior service-vesting dates.

2.4 Conditions to Issuance of Certificates. The Company shall not be required to issue or deliver any certificate or certificates for any Shares or to cause any Shares to be held in book-entry form prior to the fulfillment of all of the following conditions: (a) the admission of the Shares to listing on all stock exchanges on which such Shares are then listed, (b) the completion of any registration or other qualification of the Shares under any state or federal law or under rulings or regulations of the Securities and Exchange Commission or other governmental regulatory body, that the Administrator shall, in its absolute discretion, deem necessary or advisable, and (c) the obtaining of any approval or other clearance from any state or federal governmental agency that the Administrator shall, in its absolute discretion, determine to be necessary or advisable.

2.5 Tax Withholding. Notwithstanding any other provision of this Agreement:

(a) The Company Group has the authority to deduct or withhold, or require Participant to remit to the applicable Company Group Member, an amount sufficient to satisfy any applicable federal, state, local and

foreign taxes required by Applicable Law to be withheld with respect to any taxable event arising pursuant to this Agreement. The Company Group may withhold or Participant may make such payment in one or more of the forms specified below:

(i) by cash or check made payable to the Company Group Member with respect to which the withholding obligation arises;

(ii) by the deduction of such amount from any cash payments payable pursuant to the Dividend Equivalents or any other compensation payable to Participant;

(iii) with respect to any withholding taxes arising in connection with the distribution of the PSUs, until such time as the Company provides Participant with written or electronic notice that such method of withholding taxes is not permitted, by withholding a net number of Shares otherwise issuable pursuant to the PSUs having a then current Fair Market Value not exceeding the amount necessary to satisfy the withholding obligation of the Company Group based on the maximum statutory withholding rates in Participant's applicable jurisdictions for federal, state, local and foreign income tax and payroll tax purposes that are applicable to such taxable income;

(iv) with respect to any withholding taxes arising in connection with the distribution of the PSUs, with the consent of the Administrator, by tendering to the Company vested Shares held for such period of time as may be required by the Administrator in order to avoid adverse accounting consequences and having a then current Fair Market Value not exceeding the amount necessary to satisfy the withholding obligation of the Company Group based on the maximum statutory withholding rates in Participant's applicable jurisdictions for federal, state, local and foreign income tax and payroll tax purposes that are applicable to such taxable income;

(v) with respect to any withholding taxes arising in connection with the distribution of the PSUs, through the delivery of a notice that Participant has placed a market sell order with a broker acceptable to the Company with respect to Shares then issuable to Participant pursuant to the PSUs, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company Group Member with respect to which the withholding obligation arises in satisfaction of such withholding taxes; *provided* that payment of such proceeds is then made to the applicable Company Group Member at such time as may be required by the Administrator, but in any event not later than the settlement of such sale; or

(vi) in any combination of the foregoing.

(b) With respect to any withholding taxes arising in connection with the PSUs or the Dividend Equivalents, in the event Participant fails to provide timely payment of all sums required pursuant to Section 2.5(a), the Company shall have the right and option, but not the obligation, to treat such failure as an election by Participant to satisfy all or any portion of Participant's required payment obligation pursuant to Section 2.5(a)(ii) or Section 2.5(a)(iii) above, or any combination of the foregoing as the Company may determine to be appropriate. The Company shall not be obligated to deliver any certificate representing Shares issuable with respect to the PSUs to, or to cause any such Shares to be held in book-entry form by, Participant or his or her legal representative, or to pay to Participant any cash with respect to any Dividend Equivalents, unless and until Participant or his or her legal representative shall have paid or otherwise satisfied in full the amount of all federal, state, local and foreign taxes applicable with respect to the taxable income of Participant resulting from the vesting or settlement of the PSUs, the payment of any cash with respect to the Dividend Equivalents or any other taxable event related to the PSUs or the Dividend Equivalents.

(c) In the event any tax withholding obligation arising in connection with the PSUs will be satisfied under Section 2.5(a)(iii), then the Company may elect to instruct any brokerage firm determined acceptable

to the Company for such purpose to sell on Participant's behalf a whole number of Shares from those Shares then issuable to Participant pursuant to the PSUs as the Company determines to be appropriate to generate cash proceeds sufficient to satisfy the tax withholding obligation and to remit the proceeds of such sale to the Company Group Member with respect to which the withholding obligation arises. Participant's acceptance of this Award constitutes Participant's instruction and authorization to the Company and such brokerage firm to complete the transactions described in this Section 2.5(c), including the transactions described in the previous sentence, as applicable. The Company may refuse to issue any Shares in settlement of the PSUs to Participant until the foregoing tax withholding obligations are satisfied, *provided* that no payment shall be delayed under this Section 2.5(c) if such delay will result in a violation of Section 409A.

(d) Participant is ultimately liable and responsible for, and, to the extent permitted by Applicable Law, agrees to indemnify and keep indemnified the Company Group from, all taxes and social security or national insurance contributions owed in connection with the PSUs and any Dividend Equivalents (including the grant or vesting of the PSUs or Dividend Equivalents or the acquisition or disposal of any Shares), regardless of any action any Company Group Member takes with respect to any tax withholding obligations that arise in connection with the PSUs or the Dividend Equivalents. Participant shall pay any taxes or other amounts that are required by the laws of a jurisdiction in which Participant is subject to taxation to be paid by the Company Group with respect to the grant, vesting or settlement of the RSUs or Dividend Equivalents or the issuance of Shares or cash thereunder, to the extent those taxes or other amounts are permitted to be passed through to the Participant under Applicable Law. No Company Group Member makes any representation or undertaking regarding the treatment of any tax withholding in connection with the awarding, vesting or payment of the PSUs or Dividend Equivalents or the subsequent sale of Shares. The Company Group does not commit and is under no obligation to structure the PSUs or Dividend Equivalents to reduce or eliminate Participant's tax liability.

2.6 Rights as Stockholder. Neither Participant nor any person claiming under or through Participant will have any of the rights or privileges of a stockholder of the Company in respect of any Shares deliverable hereunder unless and until certificates representing such Shares (which may be in book-entry form) will have been issued and recorded on the records of the Company or its transfer agents or registrars and delivered to Participant (including through electronic delivery to a brokerage account). Except as otherwise provided herein, after such issuance, recordation and delivery, Participant will have all the rights of a stockholder of the Company with respect to such Shares, including, without limitation, the right to receipt of dividends and distributions on such Shares.

ARTICLE III.

OTHER PROVISIONS

3.1 Administration. The Administrator shall have the power to interpret the Plan, the Grant Notice, this Agreement and the Foreign Appendix, if applicable, and to adopt such rules for the administration, interpretation and application of the Plan, the Grant Notice, this Agreement and the Foreign Appendix, as applicable, as are consistent therewith and to interpret, amend or revoke any such rules. All actions taken and all interpretations and determinations made by the Administrator will be final and binding upon Participant, the Company and all other interested persons. To the extent allowable pursuant to Applicable Law, no member of the Committee or the Board will be personally liable for any action, determination or interpretation made with respect to the Plan, the Grant Notice, this Agreement or the Foreign Appendix, as applicable.

3.2 PSUs and Dividend Equivalents Not Transferable. The PSUs and the Dividend Equivalents may not be sold, pledged, assigned or transferred in any manner other than by will or the laws of descent and distribution, unless and until the Shares underlying the RSUs have been issued, and all restrictions applicable to such Shares have lapsed.

The PSUs may not be hedged, including (without limitation) any short sale or any acquisition or disposition of any put or call option or other instrument tied to the value of the PSUs or the underlying Shares. None of the RSUs, the Dividend Equivalents or any interest or right therein or part thereof shall be liable for the debts, contracts or engagements of Participant or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect, except to the extent that such disposition is permitted by the preceding sentence. Notwithstanding the foregoing, with the consent of the Administrator, the PSUs and the Dividend Equivalents may be transferred to Permitted Transferees pursuant to any conditions and procedures the Administrator may require; *provided* that the PSUs and the Dividend Equivalents may not be transferred for value or consideration. Participant may direct the Company to record the ownership of any Shares underlying the PSUs that vest and become issuable hereunder in the name of a revocable living trust established for the exclusive benefit of Participant or Participant and his or her spouse. Participant may make such a beneficiary designation or ownership directive at any time by filing the appropriate form with the Administrator.

3.3 Adjustments. The Administrator may accelerate the vesting of all or a portion of the PSUs or Dividend Equivalents in such circumstances as it, in its sole discretion, may determine. Participant acknowledges that the PSUs and the Shares subject to the PSUs are subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan, including Section 13.2 of the Plan.

3.4 Notices. Any notice required to be given or delivered to the Company under the terms of this Agreement shall be delivered electronically through the procedure set forth on the website maintained by the Company-designated brokerage firm for Awards under the Plan or in writing and addressed to the Company at its principal corporate offices. Any notice required to be given or delivered to Participant shall be delivered electronically or in writing addressed to Participant at the most recent address on file with the Company for Participant. All notices shall be deemed effective upon personal or electronic delivery or upon deposit in the U.S. mail, postage prepaid and properly addressed to the party to be notified.

3.5 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

3.6 Governing Law. The laws of the State of Delaware shall govern the interpretation, validity, administration, enforcement and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws.

3.7 Conformity to Securities Laws. Participant acknowledges that the Plan, the Grant Notice, this Agreement and the Foreign Appendix, as applicable, are intended to conform to the extent necessary with all Applicable Laws, including, without limitation, the provisions of the Securities Act and the Exchange Act, and any and all regulations and rules promulgated thereunder by the Securities and Exchange Commission and state securities laws and regulations. Notwithstanding anything herein to the contrary, the Plan shall be administered, and the PSUs and Dividend Equivalents are granted and may be settled, only in such a manner as to conform to Applicable Law. To the extent permitted by Applicable Law, the Plan, the Grant Notice, this Agreement and the Foreign Appendix, if applicable, shall be deemed amended to the extent necessary to conform to Applicable Law.

3.8 Amendment, Suspension and Termination. To the extent permitted by the Plan, this Agreement may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Administrator or the Board, *provided* that, except as may otherwise be provided by the Plan, no amendment,

modification, suspension or termination of this Agreement shall adversely affect the PSUs or the Dividend Equivalents in any material way without the prior written consent of Participant.

3.9 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in Section 3.2 and the Plan, this Agreement shall be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

3.10 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the PSUs, the Grant Notice, this Agreement and the Foreign Appendix, if applicable, shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by Applicable Law, this Agreement shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

3.11 Not a Contract of Employment. Nothing in this Agreement or in the Plan shall confer upon Participant any right to continue to serve as an employee or other service provider of any Company Group Member or shall interfere with or restrict in any way the rights of the Company Group, which rights are hereby expressly reserved, to discharge or terminate the services of Participant at any time for any reason whatsoever, with or without cause, except to the extent expressly provided otherwise in a written agreement between a Company Group Member and Participant.

3.12 Acknowledgment of Nature of Plan and PSUs. In accepting the PSUs, Participant acknowledges that:

(a) the award of the PSUs (and the Shares subject to the PSUs) and the Dividend Equivalents (and any cash subject to the Dividend Equivalents) the Company is making under the Plan is unilateral and discretionary and will not give rise to any future obligation on the Company to make further Awards under the Plan to the Participant;

(b) for labor law purposes, subject to Applicable Law, the PSUs (and the Shares subject to the PSUs) and the Dividend Equivalents (and any cash subject to the Dividend Equivalents) are not part of normal or expected wages or salary for any purposes, including, but not limited to, calculation of any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, holiday pay, long-service awards, pension or retirement benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for any Company Group Member or any affiliate thereof;

(c) Participant is voluntarily participating in the Plan;

(d) the PSUs (and the Shares subject to the PSUs) and the Dividend Equivalents (and any cash subject to the Dividend Equivalents) are not intended to replace any pension rights or compensation;

(e) none of the PSUs, the Dividend Equivalents or any provision of this Agreement, the Plan or the policies adopted pursuant to the Plan confer upon Participant any right with respect to employment or continuation of current employment and shall not be interpreted to form an employment contract or relationship with any Company Group Member or any affiliate thereof, and any modification of the Plan or the Agreement or its termination shall not constitute a change or impairment of the terms and conditions of employment;

(f) the future value of the underlying Shares is unknown and cannot be predicted with certainty. If the PSUs vest and Participant obtains Shares, the value of the Shares acquired may increase or decrease in value; and

(g) in consideration of the grant of the PSUs hereunder, no claim or entitlement to compensation or damages arises from termination of the PSUs, and no claim or entitlement to compensation or damages shall arise from forfeiture of the PSUs resulting from termination of Participant's employment by any Company Group Member or any affiliate thereof (for any reason whatsoever and whether or not in breach of local labor laws) and Participant irrevocably releases each Company Group Member from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, Participant shall be deemed irrevocably to have waived Participant's entitlement to pursue such claim.

3.13 Consent to Personal Data Processing and Transfer. By acceptance of the PSUs, Participant acknowledges and consents to the collection, use, processing and transfer of personal data as described below. The Company Group holds certain personal information, including Participant's name, home address and telephone number, date of birth, social security number or other employee tax identification number, employment history and status, salary, nationality, job title, and any equity compensation grants or Shares awarded, cancelled, purchased, vested, unvested or outstanding in Participant's favor, for the purpose of managing and administering the Plan ("Data"). Participant is aware that providing the Company with Participant's Data is necessary for the performance of this Agreement and that Participant's refusal to provide such Data would make it impossible for the Company to perform its contractual obligations and may affect Participant's ability to participate in the Plan. The Company Group will transfer Data to third parties in the course of its or their business, including for the purpose of assisting the Company in the implementation, administration and management of the Plan. However, from time to time and without notice, the Company Group may retain additional or different third parties for any of the purposes mentioned. The Company Group may also make Data available to public authorities where required under Applicable Law. Such recipients may be located in the jurisdiction which Participant is based or elsewhere in the world, which Participant separately and expressly consents to, accepting that outside the jurisdiction which Participant is based, data protection laws may not be as protective as within. Participant hereby authorizes the Company Group and all such third parties to receive, possess, use, retain, process and transfer Data, in electronic or other form, in the course of the Company Group's business, including for the purposes of implementing, administering and managing participation in the Plan, and including any requisite transfer of such Data as may be required for the administration of the Plan on behalf of Participant to a third party to whom Participant may have elected to have payment made pursuant to the Plan. Participant understands that he or she may request a list with the names and addresses of any potential recipients of Data by contacting Participant's local human resources representative. Participant may, at any time, review Data, require any necessary amendments to it or withdraw the consent herein in writing by contacting the Company through its local human resources representative; however, withdrawing the consent may affect Participant's ability to participate in the Plan and receive the benefits intended by these PSUs. Data will only be held as long as necessary to implement, administer and manage Participant's participation in the Plan and any subsequent claims or rights.

3.14 Entire Agreement. The Plan, the Grant Notice, this Agreement and the Foreign Appendix, if applicable, constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof.

3.15 Section 409A. This Award is not intended to constitute "nonqualified deferred compensation" within the meaning of Section 409A. However, notwithstanding any other provision of the Plan, the Grant Notice or this Agreement, if at any time the Administrator determines that this Award (or any portion thereof) may be subject to Section 409A, the Administrator shall have the right in its sole discretion (without any obligation to do so or to indemnify

Participant or any other person for failure to do so) to adopt such amendments to the Plan, the Grant Notice, this Agreement or the Foreign Appendix, or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, as the Administrator determines are necessary or appropriate for this Award either to be exempt from the application of Section 409A or to comply with the requirements of Section 409A.

3.16 Agreement Severable. In the event that any provision of the Grant Notice, this Agreement or the Foreign Appendix, if applicable, is held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of the Grant Notice or this Agreement.

3.17 Limitation on Participant's Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and shall not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant shall have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the PSUs and Dividend Equivalents.

3.18 Broker-Assisted Sales. In the event of any broker-assisted sale of Shares in connection with the payment of withholding taxes as provided in Section 2.5(a)(v) or Section 2.5(c): (a) any Shares to be sold through a broker-assisted sale will be sold on the day the tax withholding obligation arises or as soon thereafter as practicable; (b) such Shares may be sold as part of a block trade with other participants in the Plan in which all participants receive an average price; (c) Participant will be responsible for all broker's fees and other costs of sale, and Participant agrees to indemnify and hold the Company harmless from any losses, costs, damages, or expenses relating to any such sale; (d) to the extent the proceeds of such sale exceed the applicable tax withholding obligation, the Company agrees to pay such excess in cash to Participant as soon as reasonably practicable; (e) Participant acknowledges that the Company or its designee is under no obligation to arrange for such sale at any particular price, and that the proceeds of any such sale may not be sufficient to satisfy the applicable tax withholding obligation; and (f) in the event the proceeds of such sale are insufficient to satisfy the applicable tax withholding obligation, Participant agrees to pay immediately upon demand to the Company Group Member with respect to which the withholding obligation arises an amount in cash sufficient to satisfy any remaining portion of the applicable Company Group Member's withholding obligation.

* * * * *

EXHIBIT B
TO PERFORMANCE-BASED RESTRICTED STOCK UNIT AWARD GRANT NOTICE

SPECIAL PROVISIONS FOR PERFORMANCE-BASED RESTRICTED STOCK UNITS FOR PARTICIPANTS
OUTSIDE THE U.S.

This Exhibit B (this “**Appendix**”) includes special terms and conditions applicable to Participants in the countries below. These terms and conditions are in addition to those set forth in the Restricted Stock Unit Agreement (the “**Agreement**”) and the Plan and to the extent there are any inconsistencies between these terms and conditions and those set forth in the Agreement, these terms and conditions shall prevail.

This Appendix also includes information relating to exchange control and other issues of which Participant should be aware with respect to his or her participation in the Plan. The information is based on the exchange control, securities and other laws in effect in the respective countries as of August 2016. Such laws are often complex and change frequently. As a result, the Company strongly recommends that Participant not rely on the information herein as the only source of information relating to the consequences of participation in the Plan because the information may be out of date at the time the PSU vests or Shares acquired under the Plan are sold.

In addition, the information is general in nature and may not apply to the particular situation of Participant, and the Company is not in a position to assure Participant of any particular result. Accordingly, Participant is advised to seek appropriate professional advice as to how the relevant laws in his or her country may apply to his or her situation. If Participant is a citizen or resident of a country other than the one in which he or she is currently working, the information contained herein may not be applicable to Participant.

The Participant should be aware that the tax consequences in connection with the grant of the PSU, the vesting of the PSU and the disposal of the resulting Shares vary from country to country and are subject to change from time to time and understand that the Participant may suffer adverse tax consequences as a result of the PSU and the Participant’s disposal of the Shares. By signing the Agreement the Participant acknowledges that he or she is not relying on the Company for tax advice and will seek his or her own tax advice as required.

AUSTRALIA

1. **Tax:** In accepting the PSU, Participant acknowledges that any taxable gain at the date of grant or cessation, as appropriate, may result in an income and Medicare tax charge arising. Participant acknowledges and confirms that Participant is responsible for reporting and paying all taxes to the local tax authorities and that this will be undertaken by Participant on a timely basis.
2. **Securities Law Information:** If Participant acquires Shares pursuant to the PSU and Participant offers the Shares for sale to a person or entity resident in Australia, the offer may be subject to disclosure requirements under Australian law. Participant should obtain legal advice on disclosure obligations prior to making any such offer.
3. **Exchange Control Information:** Exchange control reporting is required for cash transactions exceeding AUD\$10,000 and international fund transfers. The Australian bank assisting with the transaction will file the report. If there is no Australian bank involved in the transfer, Participant will be required to file the report.

BRAZIL

1. **Acknowledgment of Nature of Plan and PSU:** In accepting this Agreement, Participant acknowledges that in the event of termination of Participant's employment (whether or not in breach of local labor laws), Participant's rights to unvested PSUs under the Plan, if any, will terminate effective as of the date that Participant is no longer actively employed and will not be extended by any notice period mandated under applicable local laws (*e.g.*, active employment would not include a period of "garden leave" or notice period); the Committee shall have the exclusive discretion to determine when Participant is no longer actively employed for purposes of Participant's PSUs.
2. **Exchange Control Information:** If Participant is a resident or domiciled in Brazil, Participant will be required to submit an annual declaration of assets and rights held outside of Brazil to the Central Bank of Brazil if the aggregate value of such assets and rights is equal to or greater than the applicable statutory threshold from time to time. Please note that the threshold may be changed annually.

CANADA

1. **Termination of Service:** For the purposes of this Agreement, Participant will be deemed to have experienced a Termination of Service when Participant is no longer providing active services to the Company and its Subsidiaries and affiliates; such date shall not be extended by any notice of termination period required to be provided under applicable local law.
2. **Special Provisions for Participants in Canada:**

(a) *French Language Provision.* The following provisions will apply if Participant is a resident of Quebec:

The parties acknowledge that it is their express wish that this Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Les parties reconnaissent avoir exigé la rédaction en anglais de cette convention ("Agreement"), ainsi que de tous documents exécutés, avis donnés et procédures judiciaires intentées, directement ou indirectement, relativement à la présente convention.

(b) The Company reserves the right to impose other requirements on this PSU and the Shares purchased upon vesting of this PSU, to the extent the Company determines it is necessary or advisable in order to comply with local laws or facilitate the administration of the Plan, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

CHINA

1. **Payment after Vesting:** A Participant paying for all withholdings after vesting of the PSUs may be required to provide evidence that any currency used to pay the withholdings of any PSU was acquired and taken out of the jurisdiction in which such Participant resides in accordance with all applicable laws, including foreign exchange control laws and regulations.
2. **Settlement of PSUs and Sale of Shares:** The Participant acknowledges and agrees that the Company shall, on behalf of the Participant, sell all Shares issuable to the Participant upon vesting of the PSUs. The Participant further agrees that the Company is authorized to instruct its designated broker to assist with the mandatory

sale of such Shares (on the Participant's behalf pursuant to this authorization) and the Participant expressly authorize the Company's designated broker to complete the sale of such Shares. The Participant acknowledges that the Company's designated broker is under no obligation to arrange for the sale of the Shares at any particular price. Upon the sale of the Shares, the Company agrees to pay the Participant the cash proceeds from the sale of the Shares, less any brokerage fees or commissions and subject to any or all income tax, social insurance, payroll tax, payment on account or other tax-related items related to the Participant's participation in the Plan and legally applicable to the Participant. The Participant acknowledges that the Participant is not aware of any material nonpublic information with respect to the Company or any securities of the Company as of the date of this Agreement.

3. **Exchange Control Requirements:** The Participant understands and agrees that, pursuant to local exchange control requirements, the Participant will be required to repatriate the cash proceeds from the sale of the Shares issued upon the settlement of the PSUs to China. The Participant further understands that, under applicable laws, such repatriation of the Participant's cash proceeds may need to be effectuated through a special exchange control account established by the Company or the Participant's employer, and the Participant hereby consents and agrees that any proceeds from the sale of any Shares the Participant acquires may be transferred to such special account prior to being delivered to the Participant. The Participant also understands that the Company will deliver the proceeds to the Participant as soon as possible, but there may be delays in distributing the funds to the Participant due to exchange control requirements in China. Proceeds may be paid to the Participant in U.S. dollars or local currency at the Company's discretion. If the proceeds are paid to the Participant in U.S. dollars, the Participant will be required to set up a U.S. dollar bank account in China so that the proceeds may be deposited into this account. If the proceeds are paid to the Participant in local currency, the Company is under no obligation to secure any particular exchange conversion rate and the Company may face delays in converting the proceeds to local currency due to exchange control restrictions. The Participant further agrees to comply with any other requirements that may be imposed by the Company in the future in order to facilitate compliance with exchange control requirements in China.

The Participant fully understands that the offer of the PSUs has not been and will not be registered with or approved by the Financial Supervisory Commission of the Republic of China pursuant to relevant securities laws and regulations and the PSUs may not be offered or sold within the Republic of China through a public offering or in circumstances which constitute an offer within the meaning of the Securities and Exchange Law of the Republic of China that requires a registration or approval of the Financial Supervisory Commission of the Republic of China.

The Participant acknowledges and agrees that he or she may be required to do certain acts and/or execute certain documents in connection with the award of the PSUs, the settlement of the PSUs and the disposition of the Shares, including but not limited to obtaining foreign exchange approval for remittance of funds and other governmental approvals within the Republic of China. The Participant shall pay his/her own costs and expenses with respect to any event concerning a holder of the PSUs, or Shares settled thereby, arising as a result of the Plan.

CZECH REPUBLIC

1. **Public Offering.** The Plan and Agreement have not been reviewed or approved by the Czech National Bank or any other Czech public authority and the Company relies on the exemption to publish a Prospectus under Act no. 256/2004 Coll., on Undertaking on Capital Markets, as amended.

2. **Exchange Control Information.** Participant may be required to file a report with the Czech National Bank on acquisition of the Shares upon vesting of the PSU and the opening and maintenance of a foreign account. However, because exchange control regulations change frequently and without notice, Participant should consult his or her personal advisor before vesting of the PSU and before opening any foreign accounts in connection with the Plan to ensure compliance with current regulations. Participant is solely responsible for complying with applicable Czech exchange control laws.

DENMARK

1. **Forfeiture, Termination and Cancellation upon Termination of Services:** Notwithstanding any contrary provision of this Agreement, upon the thirtieth (30th) day following Participant's Termination of Services for any or no reason Agreement (except if the Participant is a Good Leaver as provided in Section 2 below), the then-unvested PSUs subject to this Agreement will be automatically forfeited, terminated and cancelled as of such date without payment of any consideration by the Company, and Participant, or Participant's beneficiary or personal representative, as the case may be, shall have no further rights hereunder. Notwithstanding the foregoing and except as provided in Section 2 below, the Administrator may, in its sole discretion, terminate the then-unvested PSUs subject to this Agreement at any time during the period of time commencing upon Participant's Termination of Services and the thirtieth (30th) day following such Termination of Services and such PSUs shall be forfeited, terminated and cancelled as of such date without payment of any consideration by the Company. For the avoidance of doubt, except as otherwise provided by the Administrator, no PSUs shall vest following Participant's Termination of Services except as provided in Section 2 below.
2. **Danish Act on Exercise of Options or Subscription Rights for Shares etc. in Employment Relationship:** If the Participant is an Employee but not a managing director of a Danish Subsidiary of the Company, then this Agreement shall be subject to the provisions of the Danish Act on Exercise of Options or Subscription Rights for Shares etc. in Employment Relationship (the "Act"). For the avoidance of doubt, this Section 2 shall not apply if the Participant is not an Employee or not covered by the Act for any reason. Specifically:
 - (a) Termination of Service. Pursuant to the Act, in the event the Participant experiences a Termination of Services for any reason other than if the Participant is a Good Leaver (as defined below) prior to the vesting of all of the PSUs, any Shares that have not been settled will terminate automatically and be forfeited without further notice and at no cost to the Company. Pursuant to the Act, in the event the Participant experiences a Termination of Services and if the Participant is a Good Leaver prior to the vesting of all of the PSUs, the Participant retains the right to the Shares that have not been settled irrespective of vesting. Provided, further, the Participant retains the right, in proportion the Participant's employment period with the Company, to a pro-rata share of granted PSUs to which the Participant would have been entitled according to agreement or custom if the Participant had still been employed at the time of expiration of the financial year or at the time of such granting.
 - (b) Good Leaver. Pursuant to the Act, for purposes of this Agreement, the Participant, who is an Employee but not a managing director, is considered a "Good Leaver" in the following situations:
 - (i) if the Participant's employer terminates the Participant's employment and such termination is not due to the Participant's being in breach of contract or due to the Participant having been summarily dismissed in a legitimate way;

(ii) if the Participant resigns because of reaching the age applicable to retirement or because the Participant will be entitled to state pension or retirement pension; or

(iii) if the Participant terminates the Participant's employment due to gross negligence on the part of the Danish employer company.

(c) Employer Statement. The Participant and the Company acknowledge that the Participant is entitled to receive an "employer statement", as such term is used in the Act, including the following information, if applicable:

(i) the time of grant of the right to subscribe for or purchase shares at a later date;

(ii) criteria or conditions for granting the right to subscribe for or purchase shares at a later date;

(iii) time of settlement or the rules for the determination thereof;

(iv) the price, if any, or the rules for fixing of the price at which the shares may be subscribed for or purchased at the time of settlement;

(v) the legal status of the Participant in connection with termination of employment; and

(vi) the financial aspects of participating in the Agreement.

The employer statement shall be provided in Danish. The employer statement shall be provided to the Participant, at the latest, within one month after the conclusion of the Agreement.

3. **Acknowledgment of Nature of Plan and PSUs:** In accepting this Agreement, the Participant acknowledges that, except as provided in Section 2 hereof, in the event of termination of the Participant's employment (whether or not in breach of local labor laws), the Participant's rights to vest the PSUs under the Plan, if any, will terminate effective as of the date that the Participant is no longer actively employed and will not be extended by any notice period mandated under applicable local laws (*e.g.*, active employment would not include a period of "garden leave" or similar period pursuant to applicable local laws); the Administrator shall have the exclusive discretion to determine when the Participant is no longer actively employed for purposes of Participant's PSUs.
4. **Exchange Control Information:** If the Participant establishes an account holding Shares or an account holding cash outside Denmark, the Participant must report the account to the Danish Tax Administration. The form which should be used in this respect can be obtained from a local bank. (These obligations are separate from and in addition to the obligations described in Section 5 below.)
5. **Securities/Tax Reporting Information:** If the Participant holds Shares acquired under the Plan in a brokerage account with a broker or bank outside Denmark, the Participant is required to inform the Danish Tax Administration about the account. For this purpose, the Participant must file a Form V (*Erklæring V*) with the Danish Tax Administration. The Form V must be signed both by the Participant and by the applicable broker or bank where the account is held. By signing the Form V, the broker or bank undertakes to forward information to the Danish Tax Administration concerning the shares in the account without further request each year. By signing the Form V, the Participant authorizes the Danish Tax Administration to examine the account.

In addition, if the Participant opens a brokerage account (or a deposit account with a U.S. bank) for the purpose of holding cash outside Denmark, the Participant is also required to inform the Danish Tax Administration about this account. To do so, the Participant must file a Form K (*Erklæring K*) with the Danish Tax Administration. The Form K must be signed both by the Participant and by the applicable broker or bank where the account is held. By signing the Form K, the broker/bank undertakes an obligation, without further request each year, to forward information to the Danish Tax Administration concerning the content of the account. By signing the Form K, the Participant authorizes the Danish Tax Administration to examine the account.

FRANCE

1. **Securities law:** This offer does not require a prospectus to be submitted for approval to the Autorité des Marchés Financiers (“AMF”). Participant may take part in the offer solely for his or her own account and any financial instruments thus acquired cannot be distributed directly or indirectly to the public otherwise than in accordance with Articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 to L. 621-8-3 of the Monetary and Financial Code. The information provided to Participant in this Agreement, the Plan or other documents supplied to Participant in connection with the offer to Participant of the PSU is provided as factual information only and as such is not intended to induce Participant to accept to enter into this Agreement. Any such information does not give or purport to give any indication of the likely future financial success or performance of the Company and historical financial information gives no indication of future financial performance. This PSU is not intended to qualify for any favorable tax and social security treatment in France. Should Participant be in any doubt as to the contents of the offer of this PSU or what course of action to take in relation to the offer, Participant is recommended to immediately seek his or her own personal financial advice from his or her stockbroker, bank manager, solicitor, accountant or other independent financial advisor duly authorized by the competent authorities or bodies.
2. **Exchange Control Information.** The Participant must declare to the customs and excise authorities any cash and securities the Participant imports or exports without the use of a financial institution when the value of such cash or securities exceeds a certain amount. The Participant should consult with the Participant’s professional advisor. In addition, if the Participant is a French resident, the Participant may hold stock outside France provided the Participant declares all foreign bank and brokerage accounts on an annual basis (including the accounts that were open and those that were closed during the tax year) on a specific form in the Participant’s income tax return.
3. **French Language Provision.** By signing and returning this Agreement, the Participant confirms having read and understood the documents relating to the Plan which were provided to the Participant in English language. The Participant accepts the terms of those documents accordingly.

En signant et renvoyant ce Contrat vous confirmez ainsi avoir lu et compris les documents relatifs au Plan qui vous ont été communiqués en langue anglaise. Vous en acceptez les termes en connaissance de cause.

GERMANY

1. **Definition of Employee.** The definition of Employee shall, for the avoidance of doubt, include the legal representatives of the German group members.

2. **Eligible Individuals, Holders or Persons.** The Company's discretion to award rights under the Plan to shall be exercised in compliance with German law, in particular with the labor law principle of equal treatment (*arbeitsrechtlicher Gleichbehandlungsgrundsatz*) and with the prohibition of discrimination (*Diskriminierungsverbot*).
3. **Administrator's Discretion.** The Administrator's discretion under the Plan, the Agreement, the Grant Notice and this Appendix, including their interpretation, shall always be exercised reasonably (*nach billigem Ermessen*) as defined under German law.
4. **Taxes.** For the avoidance of doubt, taxes always include German social security contributions, and in this regard, Participant's portion.
5. **Securities Law.** This offer does not require a securities prospectus (*Wertpapierprospekt*) to be submitted for approval to the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht* or *BaFin*).
6. **Exchange Control Information.** Cross-border payments in excess of €12,500 must be reported monthly to the German Central Bank (*Deutsche Bundesbank*). If Participant uses a German bank to transfer a cross-border payment in excess of €12,500 in connection with the sale of Shares acquired under the Plan, the bank will file the report for Participant. In addition, Participant must report any receivables, payables, or debts in foreign currency exceeding an amount of €5,000,000 on a monthly basis. Finally, Participant must report on an annual basis if Participant holds Shares that exceed 10% of the total voting capital of the Company.
7. **Consent to Personal Data Processing and Transfer.** By acceptance of this PSU, the Participant acknowledges and consents to the collection, use, processing and transfer of personal data as described below and in accordance with the Company privacy policy. The Company Group Members hold certain personal information, including the Participant's name, home address and telephone number, date of birth, social security number or other employee tax identification number, employment history and status, salary, nationality, job title, and any equity compensation grants or Shares awarded, cancelled, purchased, vested, unvested or outstanding in the Participant's favor, for the purpose of managing and administering the Plan ("Data"). The Company Group Members will transfer Data to any third parties assisting the Company in the implementation, administration and management of the Plan. The Company Group Members may also make the Data available to public authorities where required under locally applicable law. These recipients may be located in the United States, the European Economic Area, or elsewhere, which the Participant separately and expressly consents to, accepting that outside the European Economic Area, data protection laws may not be as protective as within. The Participant hereby authorizes the Company Group Members to possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing participation in the Plan, including any requisite transfer of such Data as may be required for the administration of the Plan on behalf of the Participant to a third party with whom the Participant may have elected to have payment made pursuant to the Plan. The Participant may, at any time, review Data, require any necessary amendments to it or withdraw the consent herein in writing by contacting the Company through Participant's local human resources representative. However, withdrawing the consent may affect the Participant's ability to participate in the Plan and receive the benefits intended by this PSU. Data will only be held as long as necessary to implement, administer and manage the Participant's participation in the Plan and any subsequent claims or rights.

HONG KONG

1. **Warning:** *The PSUs and Ordinary Shares issued at settlement do not constitute a public offering of securities under Hong Kong law and are available only to Employees, Consultants and Non-Employee Directors of the Company, its parent, Subsidiary or affiliate. The Agreement, including this Exhibit B, the Plan and other incidental award documentation have not been prepared in accordance with and are not intended to constitute a “prospectus” for a public offering of securities under the applicable securities legislation in Hong Kong, nor has the award documentation been reviewed by any regulatory authority in Hong Kong. The PSUs are intended only for the personal use of the recipient Participant and may not be distributed to any other person. If you are in any doubt about any of the contents of the Agreement, including this Exhibit B, or the Plan, you should obtain independent professional advice.*
2. **Sale of Ordinary Shares:** In the event the PSUs vest and are settled within six months of the Grant Date, you agree that you will not dispose of any Shares acquired prior to the six-month anniversary of the Grant Date.
3. **Nature of Scheme:** The Company specifically intends that the Plan will not be an occupational retirement scheme for purposes of the Occupational Retirement Schemes Ordinance.

HUNGARY

1. **Securities Law Information.** The PSU does not qualify as an offer of securities under Hungarian capital market regulations. The Agreement does not have to be approved by the National Bank of Hungary. Neither the grant nor vesting of the PSU requires a prospectus to be submitted for approval by the National Bank of Hungary.
2. **Tax reporting.** As the Company providing the PSU is not a Hungarian incorporated entity, in accordance with the Hungarian tax legislation, the Participant’s employer is not required to withhold any Hungarian taxes that may arise in connection with the vesting of the PSU. Participants must directly pay these taxes with respect to the income realized in accordance with applicable payment requirements. This also applies to any taxes arising on capital gains realized due to the subsequent sale of any Shares.

INDIA

1. **Consent to Personal Data Processing and Transfer:** If the Indian affiliate of the Company has 100 or more employees, then the Indian Industrial Employment (Standing Order) Act of 1946 applies, which requires that employees, including Participant, have rights of access to Data.
2. **Foreign Assets Reporting Information:** Participant is required to declare foreign bank accounts and any foreign financial assets (including Shares subject to the PSU held outside India) in his or her annual tax return. It is Participant’s responsibility to comply with this reporting obligation and Participant should consult with his or her personal tax advisor in this regard.
3. **Exchange Control Information:** If Participant remits funds out of India in connection with any award under the Plan, it is Participant’s responsibility to comply with applicable exchange control requirements of the Reserve Bank of India. Participant understands that Participant must repatriate any proceeds from the sale of Shares acquired under the Plan or the receipt of any dividends to India within 90 days of receipt. Participant

must obtain a foreign inward remittance certificate (“FIRC”) from the bank where Participant deposits the foreign currency and maintain the FIRC as evidence of the repatriation of funds in the event the Reserve Bank of India or Participant’s employer requests proof of repatriation.

4. **Acknowledgment of Nature of Plan and PSU:** In accepting this Agreement, Participant acknowledges that in the event of termination of Participant’s employment (whether or not in breach of local labor laws), Participant’s rights to vest the PSUs under the Plan, if any, will terminate effective as of the date that Participant is no longer actively employed and will not be extended by any notice period mandated under applicable local laws (e.g., active employment would not include a period of “garden leave” or similar period pursuant to applicable local laws); the Administrator shall have the exclusive discretion to determine when Participant is no longer actively employed for purposes of Participant’s PSUs.

IRELAND

Director Reporting Obligation: If you are a director, shadow director or secretary of a parent or subsidiary in Ireland, you must notify the Irish parent or subsidiary in writing within five business days of receiving or disposing of an interest in the Company (*e.g.*, PSUs or Shares), or within five business days of becoming aware of the event giving rise to the notification requirement or within five days of becoming a director or secretary if such an interest exists at the time. This notification requirement also applies with respect to the interests of your spouse or children under the age of 18 (whose interests will be attributed to you if you are a director, shadow director or secretary).

A shadow director is an individual who is not on the board of directors of an Irish parent or subsidiary but who has sufficient control so that the board of directors of the Irish parent or subsidiary, as applicable, acts in accordance with the directions and instructions of the individual.

MALAYSIA

1. **Malaysian Insider Trading Notification:** You should be aware of the Malaysian insider-trading rules, which may impact your acquisition or disposal of Shares or rights to Shares under the Plan. Under the Malaysian insider-trading rules, you are prohibited from acquiring or selling Shares or rights to Shares (*e.g.*, an Award under the Plan) when you are in possession of information which is not generally available and which you know or should know will have a material effect on the price of Shares once such information is generally available.
2. **Director Notification Obligation:** If you are a director of a Malaysian Subsidiary or affiliate of the Company, you are subject to certain notification requirements under the Malaysian Companies Act. Among these requirements is an obligation to notify the relevant Malaysian Subsidiary or affiliate in writing when you receive or dispose of an interest (*e.g.*, an Award under the Plan or Shares) in the Company or any related company. Such notifications must be made within 14 days of receiving or disposing of any interest in the Company or any related company.

MEXICO

Acknowledgment of Nature of Plan and Option: In accepting this Agreement, Participant acknowledges that:

(a) Participant has received copies of the Plan, has reviewed the Plan and the Agreement in their entirety and fully understands and accepts all provisions of the Plan and the Agreement;

(b) in the event of a Termination of Service (whether or not in breach of local labor laws), Participant's rights to vest the PSUs under the Plan, if any, will terminate effective as of the date that Participant is no longer actively providing services to the Company or its Subsidiaries and will not be extended by any notice period mandated under applicable local laws (e.g., active employment would not include a period of "garden leave" or similar period pursuant to applicable local laws); the Administrator shall have the exclusive discretion to determine when Participant is no longer actively providing services for purposes of Participant's PSUs; and

(c) the PSU and the benefits under the Plan, if any, will not automatically transfer to another company in the case of a merger, take-over or transfer of liability.

By signing this Agreement, Participant further acknowledges that Participant has read and specifically and expressly approves the terms and conditions described in the paragraph immediately above, in which the following is clearly described and established: (i) participation in the Plan does not constitute an acquired right; (ii) the Plan and participation in the Plan is offered by the Company on a wholly discretionary basis; (iii) participation in the Plan is voluntary; and (iv) the Company and any parent, Subsidiary or affiliate are not responsible for any decrease in the value of the Shares underlying the PSUs.

NETHERLANDS

Securities Law Notification: Participant should be aware of Dutch insider-trading rules, which may impact the ability to sell Shares acquired under the Plan. In particular, Participant may be prohibited from effectuating certain transactions if Participant has insider information regarding the Company.

By accepting any PSUs granted hereunder and participating in the Plan, Participant acknowledges having read and understood this Securities Law Notification and further acknowledge that it is Participant's responsibility to comply with the following Dutch insider trading rules:

Under Article 5:56 of the Dutch Financial Supervision Act, anyone who has "inside information" related to the issuing company is prohibited from effectuating a transaction in securities in or from the Netherlands. "Inside information" is defined as knowledge of specific information concerning the issuing company to which the securities relate or the trade in securities issued by such company, which has not been made public, and which, if published, would reasonably be expected to affect the stock price, regardless of the development of the price. The insider could be any employee of an Affiliate in the Netherlands who has inside information as described herein.

Given the broad scope of the definition of inside information, certain employees of the Company working at an affiliate in the Netherlands (including persons eligible to participate in the Plan) may have inside information and, thus, would be prohibited from effectuating a transaction in securities in the Netherlands at a time when in possession of such inside information.

NORWAY

Acknowledgment of Nature of Plan and PSUs: In accepting this Agreement, the Participant acknowledges that, in the event of termination of the Participant's employment (whether or not in breach of local labor laws), the Participant's rights to vest the PSUs under the Plan, if any, will terminate effective as of the date that the Participant is no longer actively employed and will not be extended by any notice period mandated under

applicable local laws (e.g., active employment would not include a period of “garden leave” or similar period pursuant to applicable local laws); the Administrator shall have the exclusive discretion to determine when the Participant is no longer actively employed for purposes of Participant’s PSUs.

PHILIPPINES

1. **Securities Law Notification.** This offering is subject to an exemption from the requirements of securities registration with the Philippines Securities and Exchange Commission under Section 10.1(k) of the Philippine Securities Regulation Code.

THE SHARES SUBJECT TO THE PSU BEING OFFERED OR SOLD HAVE NOT BEEN REGISTERED WITH THE PHILIPPINES SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES REGULATION CODE. ANY FURTHER OFFER OR SALE THEREOF IS SUBJECT TO REGISTRATION REQUIREMENTS IN THE PHILIPPINES UNDER THE CODE UNLESS SUCH OFFER OR SALE QUALIFIES AS AN EXEMPT TRANSACTION.

For further information on risk factors impacting the Company’s business that may affect the value of the Shares, Participant may refer to the risk factors discussion in the Company’s Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, which are filed with the U.S. Securities and Exchange Commission and are available online at www.sec.gov, as well as on the Corporation’s website at <http://investors.cognizant.com/filings>. In addition, Participant may receive, free of charge, a copy of the Company’s Annual Report, Quarterly Reports or any other reports, proxy statements or communications distributed to the Company’s stockholders by contacting General Counsel, Cognizant Technology Solutions Corporation, Glenpointe Centre West, 500 Frank W. Burr Blvd., Teaneck, NJ 07666.

Participant may sell or dispose of Shares acquired under the Plan, if any, through E*TRADE (or any other broker designated by the Company or to which the Shares have been transferred by Participant), provided that such sale takes place outside of the Philippines through the facilities of the stock exchange on which the Shares are listed (i.e., the Nasdaq Global Select Market).

2. **Acknowledgment of Nature of Plan and PSUs:** In the event of termination of Participant’s employment (for any reason whatsoever), Participant’s rights to vest the PSUs under the Plan, if any, will terminate effective as of the date that Participant is no longer actively employed and will not be extended by any notice period mandated under applicable local laws (e.g., active employment would not include a period of “garden leave” or similar period pursuant to applicable local laws); the Administrator shall have the exclusive discretion to determine when Participant is no longer actively employed for purposes of Participant’s PSUs.

POLAND

1. **Withdrawal Right.** Participant acknowledges and agrees that Participant shall have fourteen (14) days from when Participant receives this Agreement to withdraw from the Agreement and not accept this PSU. To decline this PSU and withdraw Participant’s acceptance to the Agreement, Participant must submit a written notice within fourteen (14) days from Participant’s receipt of the Agreement, which shall be addressed to the Company at: Glenpointe Centre West, 500 Frank W. Burr Blvd., Teaneck, NJ 07666. Receipt of the Agreement by Participant or submission of Participant’s request to withdraw from the Agreement to the Company shall be

deemed effective upon personal delivery, electronic delivery or by registered or certified mail, with postage and fees prepaid.

2. **Exchange Control Information.** Participant should consult with a personal legal advisor regarding any exchange control obligations to the National Bank of Poland that Participant may have prior to the vesting of the PSU.
3. **Polish language data privacy consent.** *Wyrażam zgodę na przetwarzanie moich danych osobowych dla potrzeb niezbędnych do realizacji celów planu opcyjnego (zgodnie z Ustawą z dnia 29.08.1997 roku o Ochronie Danych Osobowych).*
4. **Acceptance.** By accepting this PSU, Participant confirms having read and understood the documents relating to the Agreement and the Plan that were provided to Participant in the English language and in the Polish language. Participant accepts the terms of those documents accordingly.

Akceptując tę opcję, potwierdzasz, po przeczytaniu i zrozumieniu dokumentów odnoszących się do umowy i planu które zostały dostarczone do Ciebie w języku angielskim oraz w języku polskim.

QATAR

Acknowledgment of Nature of Plan and PSUs. In the event of termination of Participant's employment (for any reason whatsoever), Participant's rights to vest the PSUs under the Plan, if any, will terminate effective as of the date that Participant is no longer actively employed and will not be extended by any notice period mandated under applicable local laws (e.g., active employment would not include a period of "garden leave" or similar period pursuant to applicable local laws); the Administrator shall have the exclusive discretion to determine when Participant is no longer actively employed for purposes of Participant's PSUs.

SAUDI ARABIA

1. **Securities Law Information.** This Agreement may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations issued by the Capital Market Authority.

The Capital Market Authority does not make any representation as to the accuracy or completeness of this document, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Agreement. Prospective purchasers of securities hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If Participant does not understand the contents of this Agreement, Participant should consult his or her own advisor or an authorized financial advisor.

2. **Acknowledgment of Nature of Plan and PSUs.** In the event of termination of Participant's employment (for any reason whatsoever), Participant's rights to vest the PSUs under the Plan, if any, will terminate effective as of the date that Participant is no longer actively employed and will not be extended by any notice period mandated under applicable local laws (e.g., active employment would not include a period of "garden leave")

or similar period pursuant to applicable local laws); the Administrator shall have the exclusive discretion to determine when Participant is no longer actively employed for purposes of Participant's PSUs.

SINGAPORE

1. **Securities Law Information.** The award of the PSU is being made in reliance of section 273(1)(f) of the Securities and Futures Act (Cap. 289) ("**SFA**") for which it is exempt from the prospectus and registration requirements under the SFA.
2. **Director/CEO Notification Obligation.** If Participant is a director or chief executive officer (as applicable) of a company incorporated in Singapore which is related to the Company ("**Singapore Company**"), Participant is subject to certain disclosure / notification requirements under the Companies Act (Cap. 50 of Singapore). Among these requirements is an obligation to notify the Singapore Company in writing when Participant acquires an interest (such as shares, debentures, participatory interests, rights, options and contracts) in the Company (e.g., the PSU, the Shares or any other Award). In addition, Participant must notify the Singapore Company when Participant disposes of such interest in the Company (including when Participant sells Shares issued upon vesting and maturity of the PSU). These notifications must be made within two days of acquiring or disposing of any such interest in the Company. In addition, a notification of Participant's interests in the Company must be made within two business days of becoming a director or chief executive officer (as applicable).
3. **Taxation Information.** In the event that Participant should be granted an award of the PSU in connection with Participant's employment in Singapore, any gains or profits enjoyed by Participant arising from the vesting of such PSU will be taxable in Singapore as part of Participant's employment remuneration regardless of when the PSU vests or where Participant is at the time the PSU vests. Participant may, however, be eligible to enjoy deferment of such taxes under incentive schemes operated by the Inland Revenue Authority of Singapore if the qualifying criteria relating thereto are met. Participant is advised to seek professional tax advice as to Participant's tax liabilities including, to the extent Participant is a foreigner, how such gains or profits aforesaid will be taxed at the time Participant ceases to work in Singapore.

All taxes (including income tax) arising from the award of any PSU or the vesting of any PSU thereon shall be borne by Participant.

Where Participant is a non-citizen of Singapore and about to leave employment with the Employer (as defined below), the Employer may be required under the Income Tax Act (Cap. 134) of Singapore to deduct or withhold taxes arising from the vesting of the PSU from Participant's emoluments. An amount equal to the tax amount required to be deducted or withheld will have to be so deducted or withheld by the Employer and paid to the Singapore tax authorities. Emoluments include income from gains or profits from any employment, which includes any wages, salary, leave pay, fee, commission, bonus, gratuity, perquisite or allowance (other than certain types of allowance) paid or granted in respect of the employment whether in money or otherwise, and any gains or profits, directly or indirectly, derived by any person from a right or benefit to acquire shares in any company where such right or benefit is obtained by reason of any office or employment held by him or her. "**Employer**" shall mean the Company, a Singapore subsidiary of the Company, other affiliated company or any other person paying such emoluments, whether on his or her account or on behalf of another person.

SPAIN

1. **Grant Notice:** The following paragraphs are inserted immediately after the first paragraph of the Grant Notice:

No Entitlement for Claims or Compensation. The vesting of the PSU is expressly conditional upon Participant's continued and active rendering of services, such that the Participant's Termination of Service for any reason whatsoever may result in the PSU ceasing to vest immediately, in whole or in part, effective on the date of Participant's Termination of Service (unless otherwise specifically provided in the Agreement). This will be the case, for example, even if (1) Participant is considered to be unfairly dismissed without good cause; (2) Participant is dismissed for disciplinary or objective reasons or due to a collective dismissal; (3) the Termination of Service is due to a change of work location, duties or any other employment or contractual condition; (4) Participant experiences a Termination of Service due to a unilateral breach of contract by the Company or a Subsidiary; or (5) Participant experiences a Termination of Service for any other reason whatsoever. Consequently, upon Participant's Termination of Service for any of the above reasons, Participant may automatically lose any rights to the Shares subject to the PSU that were not vested on the date of Participant's Termination of Service, as described in the Plan and the Agreement.

2. **Exchange Control Information:** Participant must declare the acquisition, ownership and sale of Shares to the *Dirección General de Política Comercial e Inversiones Exteriores* ("DGPCIE") of the *Ministerio de Economía* for statistical purposes. Participant must also declare the ownership of any Shares with the Directorate of Foreign Transactions each January while the Shares are owned. If Participant acquires the Shares through the use of a Spanish financial institution, that institution will automatically make the declaration to the DGPCIE for Participant; otherwise, Participant will be required make the declaration by filing the appropriate form with the DGPCIE. Generally, the declaration must be made in January for Shares acquired or sold during (or owned as of December 31 of) the prior year; however, if the value of Shares acquired or sold exceeds €1,502,530 (or Participant holds 10% or more of the shares capital of the Company or such other amount that would entitle Participant to join the Company's board of directors), the declaration must be filed within one month of the acquisition or sale, as applicable. In addition, if Participant wishes to import the share certificates into Spain, Participant must declare the importation of such securities to the DGPCIE.

When receiving foreign currency payments exceeding €50,000 derived from the ownership of Shares (e.g., dividends or sale proceeds), Participant must inform the financial institution receiving the payment of the basis upon which such payment is made. Upon prior request, Participant will need to provide the institution with the following information; Participant's name; address; and fiscal identification number; the name and corporate domicile of the Company; the amount of payment; the currency used; the country of origin; the reasons for the payment; and required information.

Further, to the extent that Participant holds assets (e.g., the PSU) outside of Spain with a value in excess of €20,000 (on a per-asset basis) as of December 31 each year, Participant will be required to report information on such rights and assets on Participant's tax return for such year.

Participant is solely responsible for complying with any exchange control or other reporting requirement that may apply to Participant as a result of participation in the Plan, the acquisition and/or sale of the Shares and/or the transfer of funds in connection with the PSU. Participant should consult Participant's legal advisor to confirm the current reporting requirements when Participant acquires Shares, sells Shares and/or transfers any funds related to the Plan to Spain.

3. **Securities Law Information:** The PSU described in the Agreement does not qualify under Spanish regulations as securities. No "offer of securities to the public," as defined under Spanish law, has taken place or will take place in the Spanish territory. The Agreement (including the Appendix) has not been nor will it be registered with the *Comisión Nacional del Mercado de Valores*, and it does not constitute a public offering prospectus.

SWEDEN

Acknowledgment of Nature of Plan and PSUs: In accepting these PSUs, Participant acknowledges that, in the event of termination of Participant's employment (whether or not in breach of local labor laws) and except as otherwise provided in the Agreement, Participant's rights to vest the PSUs under the Plan, if any, will terminate effective as of the date that Participant is no longer actively employed and will not be extended by any notice period mandated under applicable local laws (e.g., active employment would not include a period of "garden leave" or similar period pursuant to applicable local laws); the Administrator shall have the exclusive discretion to determine when Participant is no longer actively employed for purposes of Participant's PSUs.

SWITZERLAND

1. **Securities Law Information.** The grant of a PSU under the Plan is not considered a public offering in Switzerland and is, therefore, not subject to a prospectus requirement in Switzerland.
2. **Tax Withholding.** References to any "tax withholding" in the Agreement shall include federal, cantonal and communal individual income tax as well as the employee portion of Swiss social security contributions. For Swiss social security purposes, references to "taxable income" shall mean "income subject to Swiss social security contributions" which may not have the same assessment base as income taxes.

UAE

1. **Securities Law Information.** Participation in the Plan is being offered only to selected Participants and is in the nature of providing equity incentives to Participants in the United Arab Emirates. The Plan and the Agreement are intended for distribution only to such Participants and must not be delivered to, or relied on by, any other person. Prospective purchasers of the securities offered should conduct their own due diligence on the securities.

If the Participant does not understand the contents of the Plan and the Agreement, the Participant should consult an authorized financial adviser. The Emirates Securities and Commodities Authority has no responsibility for reviewing or verifying any documents in connection with the Plan. Neither the Ministry of Economy nor the Dubai Department of Economic Development have approved the Plan or the Agreement nor taken steps to verify the information set out therein, and have no responsibility for such documents.

Understood and agreed:

Print Name: _____

Place / Date: _____

(Participant's signature)

**COGNIZANT TECHNOLOGY SOLUTIONS CORPORATION
2017 INCENTIVE AWARD PLAN**

RESTRICTED STOCK UNIT AWARD GRANT NOTICE

Cognizant Technology Solutions Corporation, a Delaware corporation (the “Company”), pursuant to its 2017 Incentive Award Plan, as amended from time to time (the “Plan”), hereby grants to the holder listed below (“Participant”) the number of Restricted Stock Units (the “RSUs”) set forth below. The RSUs are subject to the terms and conditions set forth in this Restricted Stock Unit Award Grant Notice (the “Grant Notice”), the Restricted Stock Unit Award Agreement attached hereto as Exhibit A (the “Agreement”) and the Plan, each of which is incorporated herein by reference. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Grant Notice and the Agreement.

Participant:

Grant Date:

Number of RSUs:

Type of Shares Issuable:

Vesting Schedule:

Settlement Schedule:

To accept the award of RSUs, Participant shall log into Participant’s online brokerage account established at the Company-designated brokerage firm for Participant’s awards under the Plan and follow the procedure set forth on the brokerage firm’s website to accept the terms of this award. In addition, Participant shall cause his or her spouse, civil union partner or registered domestic partner, if any, to execute the spousal consent on such website. Currently, the Company-designated brokerage firm is **E*TRADE** and the applicable website is www.etrade.com.

If Participant fails to follow the procedure set forth in the preceding paragraph, and does not notify the Company within thirty (30) days following the Grant Date that Participant does not wish to accept the award of RSUs, then Participant will be deemed to have accepted the award of RSUs, and agreed to be bound by the terms of the Plan, this Grant Notice and the Agreement.

By Participant’s acceptance of this award of RSUs, Participant agrees to be bound by the terms and conditions of the Plan, the Agreement and the Grant Notice. Participant has reviewed the Agreement, the Plan and the Grant Notice in their entirety, has had an opportunity to obtain the advice of counsel prior to executing the Grant Notice and fully understands all provisions of the Grant Notice, the Agreement and the Plan. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, the Grant Notice or the Agreement.

**COGNIZANT TECHNOLOGY SOLUTIONS
CORPORATION**

By:

Print Name:

Title:

EXHIBIT A
TO RESTRICTED STOCK UNIT AWARD GRANT NOTICE

RESTRICTED STOCK UNIT AWARD AGREEMENT

Pursuant to the Grant Notice to which this Agreement is attached, the Company has granted to Participant the number of RSUs set forth in the Grant Notice.

ARTICLE I.

GENERAL

1.1 Incorporation of Terms of Plan. The RSUs are subject to the terms and conditions set forth in this Agreement and the Plan, each of which is incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan shall control.

ARTICLE II.

AWARD OF RESTRICTED STOCK UNITS AND DIVIDEND EQUIVALENTS

2.1 Award of RSUs and Dividend Equivalents.

(a) In consideration of Participant's past and/or continued employment with or service to any member of the Company and its Subsidiaries (the "Company Group") (each such member, a "Company Group Member") and for other good and valuable consideration, effective as of the grant date set forth in the Grant Notice (the "Grant Date"), the Company has granted to Participant the number of RSUs set forth in the Grant Notice, upon the terms and conditions set forth in the Grant Notice, the Plan and this Agreement, subject to adjustment as provided in Section 13.2 of the Plan. Each RSU represents the right to receive one Share. However, unless and until the RSUs have vested, Participant will have no right to the payment of any Shares subject thereto. Prior to the actual delivery of any Shares, the RSUs will represent an unsecured obligation of the Company, payable only from the general assets of the Company.

(b) The Company hereby grants to Participant an Award of Dividend Equivalents with respect to each RSU granted pursuant to the Grant Notice for all ordinary and extraordinary cash dividends that are paid to all or substantially all holders of the outstanding Shares with a record date that occurs between the Grant Date and the date when the applicable RSU is distributed or paid to Participant or is forfeited or expires. The Dividend Equivalents for each RSU shall have a value equal to the amount of cash that is paid as a dividend on one Share. The Dividend Equivalents shall be credited to a book account for Participant in the form of cash unless the Administrator determines to cause the Dividend Equivalents to be reinvested in additional RSUs as of the date of payment of any such dividend based on the Fair Market Value of a Share on such date. The Dividend Equivalents and any amounts that may become payable in respect thereof shall be treated separately from the RSUs and the rights arising in connection therewith for purposes of Section 409A.

2.2 Vesting of RSUs and Dividend Equivalents.

(a) Subject to Participant's continued employment with or service to a Company Group Member on each applicable vesting date and subject to Section 3.8 and Section 3.15, the RSUs shall vest in such amounts and at such times as are set forth in the Grant Notice. Any Dividend Equivalents provided pursuant to Section 2.1(b) hereof shall vest whenever the underlying RSU to which such Dividend Equivalents vests.

(b) Unless otherwise determined by the Administrator or as set forth in a written agreement between Participant and the Company, any RSUs and Dividend Equivalents that have not become vested on or prior to the date of Participant's Termination of Service (including, without limitation, pursuant to any employment or similar agreement by and between Participant and the Company) shall be forfeited on the date of Participant's Termination of Service and shall not thereafter become vested.

2.3 Distribution or Payment of RSUs and Dividend Equivalents.

(a) Participant's RSUs (including any Dividend Equivalents reinvested in RSUs) shall be distributed in Shares (either in book-entry form or otherwise) and any Dividend Equivalents credited in the form of cash shall be distributed in cash, in each case on the applicable settlement date specified for the applicable RSU as set forth in the Grant Notice or as soon thereafter as administratively practicable, but in no event later than the close of the calendar year in which such date occurs. Notwithstanding the foregoing, the Company may delay a distribution or payment in settlement of RSUs if it reasonably determines that such payment or distribution will violate Federal securities laws or any other Applicable Law, *provided* that such distribution or payment shall be made at the earliest date at which the Company reasonably determines that the making of such distribution or payment will not cause such violation, as required by Proposed Treasury Regulation Section 1.409A-1(b)(4)(ii), and *provided further* that no payment or distribution shall be delayed under this Section 2.3(a) if such delay will result in a violation of Section 409A.

(b) All distributions of Shares shall be made by the Company in the form of whole Shares, and to the extent that the total number of Shares to be issued in connection with any distribution would otherwise result in a fractional Share, such total number of Shares shall be rounded down to the next whole Share and the number of Shares to be issued in connection with the final settlement date set forth in the Grant Notice shall equal, subject to the rounding convention described in this Section 2.3(b), the excess of (i) the total number of Shares underlying Participant's RSUs over (ii) the whole number of Shares issued in connection with prior settlement dates.

2.4 Conditions to Issuance of Certificates. The Company shall not be required to issue or deliver any certificate or certificates for any Shares or to cause any Shares to be held in book-entry form prior to the fulfillment of all of the following conditions: (a) the admission of the Shares to listing on all stock exchanges on which such Shares are then listed, (b) the completion of any registration or other qualification of the Shares under any state or federal law or under rulings or regulations of the Securities and Exchange Commission or other governmental regulatory body, that the Administrator shall, in its absolute discretion, deem necessary or advisable, and (c) the obtaining of any approval or other clearance from any state or federal governmental agency that the Administrator shall, in its absolute discretion, determine to be necessary or advisable.

2.5 Tax Withholding. Notwithstanding any other provision of this Agreement:

(a) The Company Group has the authority to deduct or withhold, or require Participant to remit to the applicable Company Group Member, an amount sufficient to satisfy any applicable federal, state, local and foreign taxes required by Applicable Law to be withheld with respect to any taxable event arising pursuant to this Agreement. The Company Group may withhold or Participant may make such payment in one or more of the forms specified below:

(i) by cash or check made payable to the Company Group Member with respect to which the withholding obligation arises;

(ii) by the deduction of such amount from any cash payments payable pursuant to the Dividend Equivalents or any other compensation payable to Participant;

(iii) with respect to any withholding taxes arising in connection with the distribution of the RSUs, until such time as the Company provides Participant with written or electronic notice that such method of withholding taxes is not permitted, by withholding a net number of Shares otherwise issuable pursuant to the RSUs having a then current Fair Market Value not exceeding the amount necessary to satisfy the withholding obligation of the Company Group based on the maximum statutory withholding rates in Participant's applicable jurisdictions for federal, state, local and foreign income tax and payroll tax purposes that are applicable to such taxable income;

(iv) with respect to any withholding taxes arising in connection with the distribution of the RSUs, with the consent of the Administrator, by tendering to the Company vested Shares held for such period of time as may be required by the Administrator in order to avoid adverse accounting consequences and having a then current Fair Market Value not exceeding the amount necessary to satisfy the withholding obligation of the Company Group based on the maximum statutory withholding rates in Participant's applicable jurisdictions for federal, state, local and foreign income tax and payroll tax purposes that are applicable to such taxable income;

(v) with respect to any withholding taxes arising in connection with the distribution of the RSUs, through the delivery of a notice that Participant has placed a market sell order with a broker acceptable to the Company with respect to Shares then issuable to Participant pursuant to the RSUs, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company Group Member with respect to which the withholding obligation arises in satisfaction of such withholding taxes; *provided* that payment of such proceeds is then made to the applicable Company Group Member at such time as may be required by the Administrator, but in any event not later than the settlement of such sale; or

(vi) in any combination of the foregoing.

(b) With respect to any withholding taxes arising in connection with the RSUs or the Dividend Equivalents, in the event Participant fails to provide timely payment of all sums required pursuant to Section 2.5(a), the Company shall have the right and option, but not the obligation, to treat such failure as an election by Participant to satisfy all or any portion of Participant's required payment obligation pursuant to Section 2.5(a)(ii) or Section 2.5(a)(iii) above, or any combination of the foregoing as the Company may determine to be appropriate. The Company shall not be obligated to deliver any certificate representing Shares issuable with respect to the RSUs to, or to cause any such Shares to be held in book-entry form by, Participant or his or her legal representative, or to pay to Participant any cash with respect to any Dividend Equivalents, unless and until Participant or his or her legal representative shall have paid or otherwise satisfied in full the amount of all federal, state, local and foreign taxes applicable with respect to the taxable income of Participant resulting from the vesting or settlement of the RSUs, the payment of any cash with respect to the Dividend Equivalents or any other taxable event related to the RSUs or the Dividend Equivalents.

(c) In the event any tax withholding obligation arising in connection with the RSUs will be satisfied under Section 2.5(a)(iii), then the Company may elect to instruct any brokerage firm determined acceptable to the Company for such purpose to sell on Participant's behalf a whole number of Shares from those Shares then issuable to Participant pursuant to the RSUs as the Company determines to be appropriate to generate cash proceeds sufficient to satisfy the tax withholding obligation and to remit the proceeds of such sale to the Company Group Member with respect to which the withholding obligation arises. Participant's acceptance of this Award constitutes Participant's instruction and authorization to the Company and such brokerage firm to complete the transactions described in this Section 2.5(c), including the transactions described in the previous sentence, as applicable. The Company may refuse to issue any Shares in settlement of the RSUs to Participant until the foregoing tax withholding obligations are satisfied, *provided* that no payment shall be delayed under this Section 2.5(c) if such delay will result in a violation of Section 409A.

(d) Participant is ultimately liable and responsible for, and, to the extent permitted by Applicable Law, agrees to indemnify and keep indemnified the Company Group from, all taxes and social security or national insurance contributions owed in connection with the RSUs and any Dividend Equivalents (including the grant or vesting of the RSUs or Dividend Equivalents or the acquisition or disposal of any Shares), regardless of any action any Company Group Member takes with respect to any tax withholding obligations that arise in connection with the RSUs or the Dividend Equivalents. Participant shall pay any taxes or other amounts that are required by the laws of a jurisdiction in which Participant is subject to taxation to be paid by the Company Group with respect to the grant, vesting or settlement of the RSUs or Dividend Equivalents or the issuance of Shares or cash thereunder, to the extent those taxes or other amounts are permitted to be passed through to the Participant under Applicable Law. No Company Group Member makes any representation or undertaking regarding the treatment of any tax withholding in connection with the awarding, vesting or payment of the RSUs or Dividend Equivalents or the subsequent sale of Shares. The Company Group does not commit and is under no obligation to structure the RSUs or Dividend Equivalents to reduce or eliminate Participant's tax liability.

2.6 Rights as Stockholder. Neither Participant nor any person claiming under or through Participant will have any of the rights or privileges of a stockholder of the Company in respect of any Shares deliverable hereunder unless and until certificates representing such Shares (which may be in book-entry form) will have been issued and recorded on the records of the Company or its transfer agents or registrars and delivered to Participant (including through electronic delivery to a brokerage account). Except as otherwise provided herein, after such issuance, recordation and delivery, Participant will have all the rights of a stockholder of the Company with respect to such Shares, including, without limitation, the right to receipt of dividends and distributions on such Shares.

ARTICLE III.

OTHER PROVISIONS

3.1 Administration. The Administrator shall have the power to interpret the Plan, the Grant Notice and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan, the Grant Notice and this Agreement as are consistent therewith and to interpret, amend or revoke any such rules. All actions taken and all interpretations and determinations made by the Administrator will be final and binding upon Participant, the Company and all other interested persons. To the extent allowable pursuant to Applicable Law, no member of the Committee or the Board will be personally liable for any action, determination or interpretation made with respect to the Plan, the Grant Notice or this Agreement.

3.2 RSUs and Dividend Equivalents Not Transferable. The RSUs and the Dividend Equivalents may not be sold, pledged, assigned or transferred in any manner other than by will or the laws of descent and distribution, unless and until the Shares underlying the RSUs have been issued, and all restrictions applicable to such Shares have lapsed. The RSUs may not be hedged, including (without limitation) any short sale or any acquisition or disposition of any put or call option or other instrument tied to the value of the RSUs or the underlying Shares. None of the RSUs, the Dividend Equivalents or any interest or right therein or part thereof shall be liable for the debts, contracts or engagements of Participant or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect, except to the extent that such disposition is permitted by the preceding sentence. Notwithstanding the foregoing, with the consent of the Administrator, the RSUs and the Dividend Equivalents may be transferred to Permitted Transferees pursuant to any conditions and procedures the Administrator may require; *provided* that the RSUs and the Dividend Equivalents may not be transferred for value or consideration. Participant may direct the Company to record the ownership of any Shares

underlying the RSUs that vest and become issuable hereunder in the name of a revocable living trust established for the exclusive benefit of Participant or Participant and his or her spouse. Participant may make such a beneficiary designation or ownership directive at any time by filing the appropriate form with the Administrator.

3.3 Adjustments. The Administrator may accelerate the vesting of all or a portion of the RSUs or Dividend Equivalents in such circumstances as it, in its sole discretion, may determine. Participant acknowledges that the RSUs and the Shares subject to the RSUs are subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan, including Section 13.2 of the Plan.

3.4 Notices. Any notice required to be given or delivered to the Company under the terms of this Agreement shall be delivered electronically through the procedure set forth on the website maintained by the Company-designated brokerage firm for Awards under the Plan or in writing and addressed to the Company at its principal corporate offices. Any notice required to be given or delivered to Participant shall be delivered electronically or in writing addressed to Participant at the most recent address on file with the Company for Participant. All notices shall be deemed effective upon personal or electronic delivery or upon deposit in the U.S. mail, postage prepaid and properly addressed to the party to be notified.

3.5 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

3.6 Governing Law. The laws of the State of Delaware shall govern the interpretation, validity, administration, enforcement and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws.

3.7 Conformity to Securities Laws. Participant acknowledges that the Plan, the Grant Notice and this Agreement are intended to conform to the extent necessary with all Applicable Laws, including, without limitation, the provisions of the Securities Act and the Exchange Act, and any and all regulations and rules promulgated thereunder by the Securities and Exchange Commission and state securities laws and regulations. Notwithstanding anything herein to the contrary, the Plan shall be administered, and the RSUs and Dividend Equivalents are granted and may be settled, only in such a manner as to conform to Applicable Law. To the extent permitted by Applicable Law, the Plan, the Grant Notice and this Agreement shall be deemed amended to the extent necessary to conform to Applicable Law.

3.8 Amendment, Suspension and Termination. To the extent permitted by the Plan, this Agreement may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Administrator or the Board, *provided that*, except as may otherwise be provided by the Plan, no amendment, modification, suspension or termination of this Agreement shall adversely affect the RSUs or the Dividend Equivalents in any material way without the prior written consent of Participant.

3.9 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in Section 3.2 and the Plan, this Agreement shall be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

3.10 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the RSUs, the Grant Notice and this Agreement shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the

application of such exemptive rule. To the extent permitted by Applicable Law, this Agreement shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

3.11 Not a Contract of Employment. Nothing in this Agreement or in the Plan shall confer upon Participant any right to continue to serve as an employee or other service provider of any Company Group Member or shall interfere with or restrict in any way the rights of the Company Group, which rights are hereby expressly reserved, to discharge or terminate the services of Participant at any time for any reason whatsoever, with or without cause, except to the extent expressly provided otherwise in a written agreement between a Company Group Member and Participant.

3.12 Acknowledgment of Nature of Plan and RSUs. In accepting the RSUs, Participant acknowledges that:

(a) the award of the RSUs (and the Shares subject to the RSUs) and the Dividend Equivalents (and any cash subject to the Dividend Equivalents) the Company is making under the Plan is unilateral and discretionary and will not give rise to any future obligation on the Company to make further Awards under the Plan to the Participant;

(b) for labor law purposes, subject to Applicable Law, the RSUs (and the Shares subject to the RSUs) and the Dividend Equivalents (and any cash subject to the Dividend Equivalents) are not part of normal or expected wages or salary for any purposes, including, but not limited to, calculation of any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, holiday pay, long-service awards, pension or retirement benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for any Company Group Member or any affiliate thereof;

(c) Participant is voluntarily participating in the Plan;

(d) the RSUs (and the Shares subject to the RSUs) and the Dividend Equivalents (and any cash subject to the Dividend Equivalents) are not intended to replace any pension rights or compensation;

(e) none of the RSUs, the Dividend Equivalents or any provision of this Agreement, the Plan or the policies adopted pursuant to the Plan confer upon Participant any right with respect to employment or continuation of current employment and shall not be interpreted to form an employment contract or relationship with any Company Group Member or any affiliate thereof, and any modification of the Plan or the Agreement or its termination shall not constitute a change or impairment of the terms and conditions of employment;

(f) the future value of the underlying Shares is unknown and cannot be predicted with certainty. If the RSUs vest and Participant obtains Shares, the value of the Shares acquired may increase or decrease in value; and

(g) in consideration of the grant of the RSUs hereunder, no claim or entitlement to compensation or damages arises from termination of the RSUs, and no claim or entitlement to compensation or damages shall arise from forfeiture of the RSUs resulting from termination of Participant's employment by any Company Group Member or any affiliate thereof (for any reason whatsoever and whether or not in breach of local labor laws) and Participant irrevocably releases each Company Group Member from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, Participant shall be deemed irrevocably to have waived Participant's entitlement to pursue such claim.

3.13 Consent to Personal Data Processing and Transfer. By acceptance of the RSUs, Participant acknowledges and consents to the collection, use, processing and transfer of personal data as described below. The

Company Group holds certain personal information, including Participant's name, home address and telephone number, date of birth, social security number or other employee tax identification number, employment history and status, salary, nationality, job title, and any equity compensation grants or Shares awarded, cancelled, purchased, vested, unvested or outstanding in Participant's favor, for the purpose of managing and administering the Plan ("Data"). Participant is aware that providing the Company with Participant's Data is necessary for the performance of this Agreement and that Participant's refusal to provide such Data would make it impossible for the Company to perform its contractual obligations and may affect Participant's ability to participate in the Plan. The Company Group will transfer Data to third parties in the course of its or their business, including for the purpose of assisting the Company in the implementation, administration and management of the Plan. However, from time to time and without notice, the Company Group may retain additional or different third parties for any of the purposes mentioned. The Company Group may also make Data available to public authorities where required under Applicable Law. Such recipients may be located in the jurisdiction which Participant is based or elsewhere in the world, which Participant separately and expressly consents to, accepting that outside the jurisdiction which Participant is based, data protection laws may not be as protective as within. Participant hereby authorizes the Company Group and all such third parties to receive, possess, use, retain, process and transfer Data, in electronic or other form, in the course of the Company Group's business, including for the purposes of implementing, administering and managing participation in the Plan, and including any requisite transfer of such Data as may be required for the administration of the Plan on behalf of Participant to a third party to whom Participant may have elected to have payment made pursuant to the Plan. Participant understands that he or she may request a list with the names and addresses of any potential recipients of Data by contacting Participant's local human resources representative. Participant may, at any time, review Data, require any necessary amendments to it or withdraw the consent herein in writing by contacting the Company through its local human resources representative; however, withdrawing the consent may affect Participant's ability to participate in the Plan and receive the benefits intended by these RSUs. Data will only be held as long as necessary to implement, administer and manage Participant's participation in the Plan and any subsequent claims or rights.

3.14 Entire Agreement. The Plan, the Grant Notice and this Agreement (including any exhibit hereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof.

3.15 Section 409A. The parties hereto acknowledge and agree that, to the extent applicable, this Agreement shall be interpreted in accordance with, and incorporate the terms and conditions required by, Section 409A. Notwithstanding any provision of this Agreement to the contrary, in the event that the Company determines that any amounts payable hereunder will be immediately taxable to Participant under Section 409A, the Company reserves the right to (without any obligation to do so or to indemnify Participant for failure to do so) (i) adopt such amendments to this Agreement or adopt such other policies and procedures (including amendments, policies and procedures with retroactive effect) that it determines to be necessary or appropriate to preserve the intended tax treatment of the benefits provided by this Agreement, to preserve the economic benefits of this Agreement and to avoid less favorable accounting or tax consequences for the Company and/or (ii) take such other actions it determines to be necessary or appropriate to exempt the amounts payable hereunder from Section 409A or to comply with the requirements of Section 409A and thereby avoid the application of penalty taxes thereunder. Notwithstanding anything herein to the contrary, in no event shall any liability for failure to comply with the requirements of Section 409A be transferred from Participant or any other individual to the Company or any of its affiliates, employees or agents pursuant to the terms of this Agreement or otherwise. Notwithstanding any provision to the contrary in this Agreement: (i) no amount that constitutes nonqualified deferred compensation (within the meaning of Section 409A) shall be payable hereunder upon a Termination of Service unless the Termination of Service constitutes a "separation from service" within the meaning of Section 1.409A-1(h) of the Department of Treasury regulations; and (ii) for purposes of Section 409A, Participant's right to receive any installment payments hereunder shall be treated as a right to receive a series of separate and distinct

payments. Notwithstanding any provision to the contrary in this Agreement, if Participant is deemed at the time of his separation from service to be a “specified employee” for purposes of Section 409A, to the extent delayed distribution of any of the Shares or cash to which Participant is entitled under this Agreement is required in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code, such Shares or cash shall not be provided to Participant prior to the earlier of (x) the expiration of the six-month period measured from the date of Participant’s “separation from service” with the Company (within the meaning of Section 409A) or (y) the date of Participant’s death; upon the earlier of such dates, all distributions of Shares or cash deferred pursuant to this sentence shall be paid in a lump sum to Participant, and any remaining distributions of Shares or cash due under this Agreement shall be paid as otherwise provided herein. The determination of whether Participant is a “specified employee” for purposes of Section 409A(a)(2)(B)(i) of the Code as of the time of Participant’s separation from service shall be made by the Company in accordance with the terms of Section 409A (including, without limitation, Section 1.409A-1(i) of the Department of Treasury regulations and any successor provision thereto).

3.16 Agreement Severable. In the event that any provision of the Grant Notice or this Agreement is held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of the Grant Notice or this Agreement.

3.17 Limitation on Participant’s Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and shall not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant shall have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the RSUs and Dividend Equivalents.

3.18 Broker-Assisted Sales. In the event of any broker-assisted sale of Shares in connection with the payment of withholding taxes as provided in Section 2.5(a)(v) or Section 2.5(c): (a) any Shares to be sold through a broker-assisted sale will be sold on the day the tax withholding obligation arises or as soon thereafter as practicable; (b) such Shares may be sold as part of a block trade with other participants in the Plan in which all participants receive an average price; (c) Participant will be responsible for all broker’s fees and other costs of sale, and Participant agrees to indemnify and hold the Company harmless from any losses, costs, damages, or expenses relating to any such sale; (d) to the extent the proceeds of such sale exceed the applicable tax withholding obligation, the Company agrees to pay such excess in cash to Participant as soon as reasonably practicable; (e) Participant acknowledges that the Company or its designee is under no obligation to arrange for such sale at any particular price, and that the proceeds of any such sale may not be sufficient to satisfy the applicable tax withholding obligation; and (f) in the event the proceeds of such sale are insufficient to satisfy the applicable tax withholding obligation, Participant agrees to pay immediately upon demand to the Company Group Member with respect to which the withholding obligation arises an amount in cash sufficient to satisfy any remaining portion of the applicable Company Group Member’s withholding obligation.

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**COGNIZANT TECHNOLOGY SOLUTIONS CORPORATION
2017 INCENTIVE AWARD PLAN**

**STOCK OPTION GRANT NOTICE AND
STOCK OPTION AGREEMENT**

Cognizant Technology Solutions Corporation, a Delaware corporation (the “Company”), pursuant to its 2017 Incentive Award Plan, as amended from time to time (the “Plan”), hereby grants to the holder listed below (“Participant”) an option to purchase the number of Shares set forth below (the “Option”). The Option is subject to the terms and conditions set forth in this Stock Option Grant Notice (the “Grant Notice”), the Stock Option Agreement attached hereto as Exhibit A (the “Agreement”) and the Plan, each of which is incorporated herein by reference. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Grant Notice and the Agreement.

Participant:

Grant Date:

Exercise Price Per Share:

Total Exercise Price:

**Total Number of Shares Subject to
Option:**

Expiration Date:

Type of Option:

Vesting Schedule:

To accept the Option, Participant shall log into Participant’s online brokerage account established at the Company-designated brokerage firm for Participant’s awards under the Plan and follow the procedure set forth on the brokerage firm’s website to accept the terms of this award. In addition, Participant shall cause his or her spouse, civil union partner or registered domestic partner, if any, to execute the spousal consent on such website. Currently, the Company-designated brokerage firm is **E*TRADE** and the applicable website is www.etrade.com.

If Participant fails to follow the procedure set forth in the preceding paragraph, and does not notify the Company within thirty (30) days following the Grant Date that Participant does not wish to accept the Option, then Participant will be deemed to have accepted the Option, and agreed to be bound by the terms of the Plan, this Grant Notice and the Agreement.

By Participant’s signature below, Participant agrees to be bound by the terms and conditions of the Plan, the Agreement and the Grant Notice. Participant has reviewed the Agreement, the Plan and the Grant Notice in their entirety, has had an opportunity to obtain the advice of counsel prior to executing the Grant Notice and fully understands all provisions of the Grant Notice, the Agreement and the Plan. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, the Grant Notice or the Agreement.

**COGNIZANT TECHNOLOGY SOLUTIONS
CORPORATION**

By: _____

Print Name:

Title:

EXHIBIT A
TO STOCK OPTION GRANT NOTICE

STOCK OPTION AGREEMENT

Pursuant to the Grant Notice to which this Agreement is attached, the Company has granted to Participant an Option under the Plan to purchase the number of Shares set forth in the Grant Notice.

ARTICLE I.

GENERAL

1.1 Defined Terms. Capitalized terms not specifically defined herein shall have the meanings specified in the Plan or the Grant Notice. For purposes of this Agreement,

(a) “Cause” shall mean, in the absence of any “Cause” definition in any other agreement incorporated by reference into this Agreement, (i) Participant’s continuing failure to perform the duties and functions assigned or delegated to Participant by a Company Group Member; (ii) Participant’s failure to observe the material policies of the Company Group for Employees, Non-Employee Directors or Consultants, as applicable; (iii) Participant’s commission of any felony; or (iv) Participant’s commission of any misdemeanor involving moral turpitude.

(b) “Company Group” shall mean the Company and its Subsidiaries.

(c) “Company Group Member” shall mean each member of the Company Group.

(d) “Permanent Disability” shall mean the inability of Participant to engage in any substantial gainful activity be reason of any medically determinable physical or mental impairment expected to result in death or to be of continuous duration of twelve (12) months or more. The determination of whether a Permanent Disability has occurred with respect to Participant shall be made by the Administrator based upon such medical or other evidence as it may deem necessary and appropriate, and such determination shall be conclusive and binding upon Participant.

1.2 Incorporation of Terms of Plan. The Option is subject to the terms and conditions set forth in this Agreement and the Plan, each of which is incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan shall control.

ARTICLE II.

GRANT OF OPTION

2.1 Grant of Option. In consideration of Participant’s past and/or continued employment with or service to any Company Group Member and for other good and valuable consideration, effective as of the grant date set forth in the Grant Notice (the “Grant Date”), the Company has granted to Participant the Option to purchase any part or all of an aggregate number of Shares set forth in the Grant Notice, upon the terms and conditions set forth in the Grant Notice, the Plan and this Agreement, subject to adjustment as provided in Section 13.2 of the Plan.

2.2 Exercise Price. The exercise price per Share of the Shares subject to the Option (the “Exercise Price”) shall be as set forth in the Grant Notice.

2.3 Consideration to the Company. In consideration of the grant of the Option by the Company, Participant agrees to render faithful and efficient services to any Company Group Member. Nothing in the Plan, the Grant Notice or this Agreement shall confer upon Participant any right to continue in the employ or service of any Company Group Member or shall interfere with or restrict in any way the rights of the Company Group, which rights are hereby expressly reserved, to discharge or terminate the services of Participant at any time for any reason whatsoever, with or without

Cause, except to the extent expressly provided otherwise in a written agreement between any Company Group Member and Participant.

ARTICLE III.

PERIOD OF EXERCISABILITY

3.1 Commencement of Exercisability.

(a) Subject to Participant's continued employment with or service to a Company Group Member on each applicable vesting date and subject to Sections 3.2, 3.3, 5.9 and 5.16 hereof, the Option shall become vested and exercisable in such amounts and at such times as are set forth in the Grant Notice.

(b) Unless otherwise determined by the Administrator or as set forth in a written agreement between Participant and the Company, any portion of the Option that has not become vested and exercisable on or prior to the date of Participant's Termination of Service (including, without limitation, pursuant to any employment or similar agreement by and between Participant and the Company) shall be forfeited on the date of Participant's Termination of Service and shall not thereafter become vested or exercisable.

3.2 Duration of Exercisability. The installments provided for in the vesting schedule set forth in the Grant Notice are cumulative. Each such installment that becomes vested and exercisable pursuant to the vesting schedule set forth in the Grant Notice shall remain vested and exercisable until it becomes unexercisable under Section 3.3 hereof. Once the Option becomes unexercisable, it shall be forfeited immediately.

3.3 Expiration of Option. The Option may not be exercised to any extent by anyone after the first to occur of the following events:

(a) The expiration date set forth in the Grant Notice;

(b) Except as the Administrator may otherwise approve, the expiration of one (1) year from the date of Participant's Termination of Service by reason of Participant's death or Permanent Disability;

(c) Except as the Administrator may otherwise approve, upon Participant's Termination of Service for Cause;
or

(d) Except as the Administrator may otherwise approve, in the event of Participant's Termination of Service for any other reason, the expiration of three (3) months from the date of Participant's Termination of Service.

3.4 Tax Withholding. Notwithstanding any other provision of this Agreement:

(a) The Company Group has the authority to deduct or withhold, or require Participant to remit to the applicable Company Group Member, an amount sufficient to satisfy any applicable federal, state, local and foreign taxes (including the employee portion of any FICA obligation) required by Applicable Law to be withheld with respect to any taxable event arising pursuant to this Agreement. The Company Group may withhold or Participant may make such payment in one or more of the forms specified below:

(i) by cash or check made payable to the Company Group Member with respect to which the withholding obligation arises;

(ii) by the deduction of such amount from other compensation payable to Participant;

(iii) with respect to any withholding taxes arising in connection with the exercise of the Option, until such time as the Company provides Participant with written or electronic notice that such method of withholding taxes is not permitted, by withholding a net number of Shares issuable upon the exercise of the Option

having a then current Fair Market Value not exceeding the amount necessary to satisfy the withholding obligation of the Company Group based on the maximum statutory withholding rates in Participant's applicable jurisdictions for federal, state, local and foreign income tax and payroll tax purposes that are applicable to such taxable income;

(iv) with respect to any withholding taxes arising in connection with the exercise of the Option, with the consent of the Administrator, by tendering to the Company vested Shares held for such period of time as may be required by the Administrator in order to avoid adverse accounting consequences and having a then current Fair Market Value not exceeding the amount necessary to satisfy the withholding obligation of the Company Group based on the maximum statutory withholding rates in Participant's applicable jurisdictions for federal, state, local and foreign income tax and payroll tax purposes that are applicable to such taxable income;

(v) with respect to any withholding taxes arising in connection with the exercise of the Option, through the delivery of a notice that Participant has placed a market sell order with a broker acceptable to the Company with respect to Shares then issuable to Participant pursuant to the Option, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company Group Member with respect to which the withholding obligation arises in satisfaction of such withholding taxes; *provided* that payment of such proceeds is then made to the applicable Company Group Member at such time as may be required by the Administrator, but in any event not later than the settlement of such sale; or

(vi) in any combination of the foregoing.

(b) With respect to any withholding taxes arising in connection with the Option, in the event Participant fails to provide timely payment of all sums required pursuant to Section 3.4(a), the Company shall have the right and option, but not the obligation, to treat such failure as an election by Participant to satisfy all or any portion of Participant's required payment obligation pursuant to Section 3.4(a)(ii) or Section 3.4(a)(iii) above, or any combination of the foregoing as the Company may determine to be appropriate. The Company shall not be obligated to deliver any certificate representing Shares issuable with respect to the exercise of the Option to, or to cause any such Shares to be held in book-entry form by, Participant or his or her legal representative unless and until Participant or his or her legal representative shall have paid or otherwise satisfied in full the amount of all federal, state, local and foreign taxes applicable with respect to the taxable income of Participant resulting from the exercise of the Option or any other taxable event related to the Option.

(c) In the event any tax withholding obligation arising in connection with the Option will be satisfied under Section 3.4(a)(iii), then the Company may elect to instruct any brokerage firm determined acceptable to the Company for such purpose to sell on Participant's behalf a whole number of Shares from those Shares then issuable upon the exercise of the Option as the Company determines to be appropriate to generate cash proceeds sufficient to satisfy the tax withholding obligation and to remit the proceeds of such sale to the Company Group Member with respect to which the withholding obligation arises. Participant's acceptance of this Option constitutes Participant's instruction and authorization to the Company and such brokerage firm to complete the transactions described in this Section 3.4(c), including the transactions described in the previous sentence, as applicable. The Company may refuse to issue any Shares to Participant until the foregoing tax withholding obligations are satisfied, *provided* that no payment shall be delayed under this Section 3.4(c) if such delay will result in a violation of Section 409A.

(d) Participant is ultimately liable and responsible for, and, to the extent permitted by Applicable Law, agrees to indemnify and keep indemnified the Company Group from, all taxes and social security or national insurance contributions owed in connection with the Option (including the grant or exercise of the Option or the acquisition or disposal of any Shares), regardless of any action any Company Group Member takes with respect to any tax withholding obligations that arise in connection with the Option. Participant shall pay any taxes or other amounts that are required by the laws of a jurisdiction in which Participant is subject to taxation to be paid by the Company Group with respect to the grant, vesting or settlement of this Award or the issuance of Shares thereunder, to the extent those taxes or other amounts are permitted to be passed through to the Participant under Applicable Law. No Company Group Member makes any representation or undertaking regarding the treatment of any tax withholding in connection with the awarding, vesting or exercise of the Option or the subsequent sale of Shares. The Company Group does not commit and is under no obligation to structure the Option to reduce or eliminate Participant's tax liability.

ARTICLE IV.

EXCERCISE OF OPTION

4.1 Person Eligible to Exercise. During the lifetime of Participant, only Participant may exercise the Option or any portion thereof. After the death of Participant, any exercisable portion of the Option may, prior to the time when the Option becomes unexercisable under Section 3.3 hereof, be exercised by Participant's personal representative or by any person empowered to do so under the deceased Participant's will or under the then Applicable Laws of descent and distribution.

4.2 Partial Exercise. Subject to Section 5.2, any exercisable portion of the Option or the entire Option, if then wholly exercisable, may be exercised in whole or in part at any time prior to the time when the Option or portion thereof becomes unexercisable under Section 3.3 hereof.

4.3 Manner of Exercise. The Option, or any exercisable portion thereof, may be exercised solely by delivery to the Secretary of the Company (or any third party administrator or other person designated by the Company), during regular business hours, of all of the following prior to the time when the Option or such portion thereof becomes unexercisable under Section 3.3 hereof.

(a) An exercise notice in a form specified by the Administrator, stating that the Option or portion thereof is thereby exercised, such notice complying with all applicable rules established by the Administrator;

(b) The receipt by the Company of full payment for the Shares with respect to which the Option or portion thereof is exercised, in such form of consideration permitted under Section 4.4 hereof that is acceptable to the Administrator;

(c) The payment of any applicable withholding tax in accordance with Section 3.4;

(d) Any other written representations or documents as may be required in the Administrator's sole discretion to effect compliance with Applicable Law; and

(e) In the event the Option or portion thereof shall be exercised pursuant to Section 4.1 hereof by any person or persons other than Participant, appropriate proof of the right of such person or persons to exercise the Option.

Notwithstanding any of the foregoing, the Administrator shall have the right to specify all conditions of the manner of exercise, which conditions may vary by country and which may be subject to change from time to time.

4.4 Method of Payment. Payment of the Exercise Price shall be by any of the following, or a combination thereof, at the election of Participant:

(a) Cash or check;

(b) With the consent of the Administrator, surrender of vested Shares (including, without limitation, Shares otherwise issuable upon exercise of the Option) held for such period of time as may be required by the Administrator in order to avoid adverse accounting consequences and having a Fair Market Value on the date of delivery equal to the aggregate Exercise Price of the Option or exercised portion thereof;

(c) Through the delivery of a notice that Participant has placed a market sell order with a broker acceptable to the Company with respect to Shares then issuable upon exercise of the Option, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the Exercise Price; *provided* that payment of such proceeds is then made to the Company at such time as may be required by the Administrator, but in any event not later than the settlement of such sale; or

(d) Any other form of legal consideration acceptable to the Administrator.

4.5 Conditions to Issuance of Shares. The Company shall not be required to issue or deliver Shares purchased upon the exercise of the Option or portion thereof prior to fulfillment of all of the following conditions: (a) the admission of such Shares to listing on all stock exchanges on which such Shares are then listed, (b) the completion of any registration or other qualification of such Shares under any state or federal law or under rulings or regulations of the Securities and Exchange Commission or other governmental regulatory body, which the Administrator shall, in its absolute discretion, deem necessary or advisable, (c) the obtaining of any approval or other clearance from any state or federal governmental agency which the Administrator shall, in its absolute discretion, determine to be necessary or advisable, (d) the receipt by the Company of full payment for such Shares, which may be in one or more of the forms of consideration permitted under Section 4.4 hereof, and (e) the receipt of full payment of any applicable withholding tax in accordance with Section 3.4 by the Company Group Member with respect to which the applicable withholding obligation arises.

4.6 Rights as Stockholder. Neither Participant nor any person claiming under or through Participant will have any of the rights or privileges of a stockholder of the Company in respect of any Shares purchasable upon the exercise of any part of the Option unless and until certificates representing such Shares (which may be in book-entry form) will have been issued and recorded on the records of the Company or its transfer agents or registrars and delivered to Participant (including through electronic delivery to a brokerage account). No adjustment will be made for a dividend or other right for which the record date is prior to the date of such issuance, recordation and delivery, except as provided in Section 13.2 of the Plan. Except as otherwise provided herein, after such issuance, recordation and delivery, Participant will have all the rights of a stockholder of the Company with respect to such Shares, including, without limitation, the right to receipt of dividends and distributions on such Shares.

ARTICLE V.

OTHER PROVISIONS

5.1 Administration. The Administrator shall have the power to interpret the Plan, the Grant Notice and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan, the Grant Notice and this Agreement as are consistent therewith and to interpret, amend or revoke any such rules. All actions taken and all interpretations and determinations made by the Administrator will be final and binding upon Participant, the Company and all other interested persons. To the extent allowable pursuant to Applicable Law, no member of the Committee or the Board will be personally liable for any action, determination or interpretation made with respect to the Plan, the Grant Notice or this Agreement.

5.2 Whole Shares. The Option may only be exercised for whole Shares.

5.3 Option Not Transferable. Subject to Section 4.1 hereof, the Option may not be sold, pledged, assigned or transferred in any manner other than by will or the laws of descent and distribution, unless and until the Shares underlying the Option have been issued, and all restrictions applicable to such Shares have lapsed. In addition, the Option and the Shares may not be hedged, including (without limitation) any short sale or any acquisition or disposition of any put or call option or other instrument tied to the value of the Option. Neither the Option nor any interest or right therein or part thereof shall be liable for the debts, contracts or engagements of Participant or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect, except to the extent that such disposition is permitted by the preceding sentence. Notwithstanding the foregoing, with the consent of the Administrator, if the Option is a Non-Qualified Stock Option, it may be transferred to Permitted Transferees pursuant to any conditions and procedures the Administrator may require; *provided* that the Options may not be transferred for value or consideration. Participant may direct the Company to record the ownership of any Shares subject to the Option which in fact are issued in connection with the exercise of the Option hereunder in the name of a revocable living trust established for the exclusive benefit of Participant or

Participant and his or her spouse. Participant may make such a beneficiary designation or ownership directive at any time by filing the appropriate form with the Administrator.

5.4 Adjustments. The Administrator may accelerate the vesting of all or a portion of the Option in such circumstances as it, in its sole discretion, may determine. Participant acknowledges that the Option is subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan, including Section 13.2 of the Plan.

5.5 Notices. Any notice required to be given or delivered to the Company under the terms of this Agreement shall be delivered electronically through the procedure set forth on the website maintained by the Company-designated brokerage firm for Awards under the Plan or in writing and addressed to the Company at its principal corporate offices. Any notice required to be given or delivered to Participant shall be delivered electronically or in writing addressed to Participant at the most recent address on file with the Company for Participant. All notices shall be deemed effective upon personal or electronic delivery or upon deposit in the U.S. mail, postage prepaid and properly addressed to the party to be notified.

5.6 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

5.7 Governing Law. The laws of the State of Delaware shall govern the interpretation, validity, administration, enforcement and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws.

5.8 Conformity to Securities Laws. Participant acknowledges that the Plan, the Grant Notice and this Agreement are intended to conform to the extent necessary with all Applicable Laws, including, without limitation, the provisions of the Securities Act and the Exchange Act, and any and all regulations and rules promulgated thereunder by the Securities and Exchange Commission and state securities laws and regulations. Notwithstanding anything herein to the contrary, the Plan shall be administered, and the Option is granted and may be exercised, only in such a manner as to conform to Applicable Law. To the extent permitted by Applicable Law, the Plan, the Grant Notice and this Agreement shall be deemed amended to the extent necessary to conform to Applicable Law.

5.9 Amendment, Suspension and Termination. To the extent permitted by the Plan, this Agreement may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Administrator or the Board, *provided* that, except as may otherwise be provided by the Plan, no amendment, modification, suspension or termination of this Agreement shall adversely affect the Option in any material way without the prior written consent of Participant.

5.10 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in Section 5.3 and the Plan, this Agreement shall be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

5.11 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the Option, the Grant Notice and this Agreement shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by Applicable Law, this Agreement shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

5.12 Not a Contract of Employment. Nothing in this Agreement or in the Plan shall confer upon Participant any right to continue to serve as an employee or other service provider of any Company Group Member or shall interfere with or restrict in any way the rights of the Company Group, which rights are hereby expressly reserved, to discharge or terminate the services of Participant at any time for any reason whatsoever, with or without Cause, except to the extent expressly provided otherwise in a written agreement between a Company Group Member and Participant.

5.13 Acknowledgment of Nature of Plan and Option. In accepting this Option, Participant acknowledges that:

(a) the award of the Option (and the Shares subject to the Option) the Company is making under the Plan is unilateral and discretionary and will not give rise to any future obligation on the Company to make further Awards under the Plan to Participant;

(b) for labor law purposes, subject to Applicable Law, the Option and the Shares subject to the Option are not part of normal or expected wages or salary for any purposes, including, but not limited to, calculation of any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, holiday pay, long-service awards, pension or retirement benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for any Company Group Member or any affiliate thereof;

(c) Participant is voluntarily participating in the Plan;

(d) the Option and the Shares subject to the Option are not intended to replace any pension rights or compensation;

(e) neither the Option nor any provision of this Agreement, the Plan or the policies adopted pursuant to the Plan confer upon Participant any right with respect to employment or continuation of current employment and shall not be interpreted to form an employment contract or relationship with any Company Group Member or any affiliate thereof, and any modification of the Plan or the Agreement or its termination shall not constitute a change or impairment of the terms and conditions of employment;

(f) if the underlying Shares do not increase in value, the Option will have no value;

(g) the future value of the underlying Shares is unknown and cannot be predicted with certainty. If Participant exercises the Option and obtains Shares, the value of the Shares acquired upon exercise may increase or decrease in value, even below the Exercise Price; and

(h) in consideration of the grant of the Option hereunder, no claim or entitlement to compensation or damages arises from termination of the Option, and no claim or entitlement to compensation or damages shall arise from forfeiture of the Option resulting from termination of Participant's employment by any Company Group Member or any affiliate thereof (for any reason whatsoever and whether or not in breach of local labor laws) and Participant irrevocably releases each Company Group Member from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, Participant shall be deemed irrevocably to have waived Participant's entitlement to pursue such claim.

5.14 Consent to Personal Data Processing and Transfer. By acceptance of this Option, Participant acknowledges and consents to the collection, use, processing and transfer of personal data as described below. The Company Group holds certain personal information, including Participant's name, home address and telephone number, date of birth, social security number or other employee tax identification number, employment history and status, salary, nationality, job title, and any equity compensation grants or Shares awarded, cancelled, purchased, vested, unvested or outstanding in Participant's favor, for the purpose of managing and administering the Plan ("Data"). Participant is aware that providing the Company with Participant's Data is necessary for the performance of this Agreement and that Participant's refusal to provide such Data would make it impossible for the Company to perform its contractual obligations and may affect Participant's ability to participate in the Plan. The Company Group will transfer Data to third parties in the course of its or their business, including for the purpose of assisting the Company in the implementation, administration and management of the Plan. However, from time to time and without notice, the Company Group may retain additional or different third parties for any of the purposes mentioned. The Company Group may also make Data available to public authorities where required under Applicable Law. Such recipients may be located in the jurisdiction which Participant is based or elsewhere in the world, which Participant separately and expressly consents to, accepting that outside the jurisdiction which Participant is based, data protection laws may not be as protective as within. Participant hereby authorizes the Company Group and all such third parties to receive,

possess, use, retain, process and transfer Data, in electronic or other form, in the course of the Company Group's business, including for the purposes of implementing, administering and managing participation in the Plan, and including any requisite transfer of such Data as may be required for the administration of the Plan on behalf of Participant to a third party to whom Participant may have elected to have payment made pursuant to the Plan. Participant understands that he or she may request a list with the names and addresses of any potential recipients of Data by contacting Participant's local human resources representative. Participant may, at any time, review Data, require any necessary amendments to it or withdraw the consent herein in writing by contacting the Company through its local human resources representative; however, withdrawing the consent may affect Participant's ability to participate in the Plan and receive the benefits intended by this Option. Data will only be held as long as necessary to implement, administer and manage Participant's participation in the Plan and any subsequent claims or rights.

5.15 Entire Agreement. The Plan, the Grant Notice and this Agreement (including any exhibit hereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof.

5.16 Section 409A. This Award is not intended to constitute "nonqualified deferred compensation" within the meaning of Section 409A. However, notwithstanding any other provision of the Plan, the Grant Notice or this Agreement, if at any time the Administrator determines that this Award (or any portion thereof) may be subject to Section 409A, the Administrator shall have the right in its sole discretion (without any obligation to do so or to indemnify Participant or any other person for failure to do so) to adopt such amendments to the Plan, the Grant Notice or this Agreement, or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, as the Administrator determines are necessary or appropriate for this Award either to be exempt from the application of Section 409A or to comply with the requirements of Section 409A.

5.17 Limitation on Participant's Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and shall not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant shall have only the right to receive Shares as a general unsecured creditor with respect to the Option, as and when exercised pursuant to the terms hereof.

5.18 Broker-Assisted Sales. In the event of any broker-assisted sale of Shares in connection with the payment of withholding taxes as provided in Section 3.4(a)(v) or Section 3.4(c) or the payment of the Exercise Price as provided in Section 4.4(c): (a) any Shares to be sold through a broker-assisted sale will be sold on the day the tax withholding obligation or exercise of the Option, as applicable, occurs or arises, or as soon thereafter as practicable; (b) such Shares may be sold as part of a block trade with other participants in the Plan in which all participants receive an average price; (c) Participant will be responsible for all broker's fees and other costs of sale, and Participant agrees to indemnify and hold the Company harmless from any losses, costs, damages, or expenses relating to any such sale; (d) to the extent the proceeds of such sale exceed the applicable tax withholding obligation or Exercise Price, the Company agrees to pay such excess in cash to Participant as soon as reasonably practicable; (e) Participant acknowledges that the Company or its designee is under no obligation to arrange for such sale at any particular price, and that the proceeds of any such sale may not be sufficient to satisfy the applicable tax withholding obligation or Exercise Price; and (f) in the event the proceeds of such sale are insufficient to satisfy the applicable tax withholding obligation, Participant agrees to pay immediately upon demand to the Company Group Member with respect to which the withholding obligation arises an amount in cash sufficient to satisfy any remaining portion of the applicable Company Group Member's withholding obligation.

5.19 Incentive Stock Options. Participant acknowledges that to the extent the aggregate Fair Market Value of Shares (determined as of the time the option with respect to the Shares is granted) with respect to which Incentive Stock Options, including this Option (if applicable), are exercisable for the first time by Participant during any calendar year exceeds \$100,000 or if for any other reason such Incentive Stock Options do not qualify or cease to qualify for treatment as "incentive stock options" under Section 422 of the Code, such Incentive Stock Options shall be treated as Non-Qualified Stock Options. Participant further acknowledges that the rule set forth in the preceding sentence shall be applied by taking the Option and other stock options into account in the order in which they were granted, as determined under Section 422(d) of the Code and the Treasury Regulations thereunder. Participant also acknowledges

that an Incentive Stock Option exercised more than three (3) months after Participant's Termination of Service, other than by reason of death or disability, will be taxed as a Non-Qualified Stock Option.

5.20 Notification of Disposition. If this Option is designated as an Incentive Stock Option, Participant shall give prompt written notice to the Company of any disposition or other transfer of any Shares acquired under this Agreement if such disposition or transfer is made (a) within two (2) years from the Grant Date or (b) within one (1) year after the transfer of such Shares to Participant. Such notice shall specify the date of such disposition or other transfer and the amount realized, in cash, other property, assumption of indebtedness or other consideration, by Participant in such disposition or other transfer.

* * *

CERTIFICATION

I, Francisco D'Souza, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Cognizant Technology Solutions Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 3, 2017

/s/ Francisco D'Souza

Francisco D'Souza,
Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION

I, Karen McLoughlin, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Cognizant Technology Solutions Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 3, 2017

/s/ Karen McLoughlin

Karen McLoughlin
Chief Financial Officer
(Principal Financial Officer)

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002***

In connection with the Quarterly Report on Form 10-Q of Cognizant Technology Solutions Corporation (the “Company”) for the period ended June 30, 2017 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned, Francisco D’Souza, Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 3, 2017

/s/ Francisco D’Souza

Francisco D’Souza,
Chief Executive Officer
(Principal Executive Officer)

* A signed original of this written statement required by Section 906 has been provided to Cognizant Technology Solutions Corporation and will be retained by Cognizant Technology Solutions Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002***

In connection with the Quarterly Report on Form 10-Q of Cognizant Technology Solutions Corporation (the “Company”) for the period ended June 30, 2017 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned, Karen McLoughlin, Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 3, 2017

/s/ Karen McLoughlin

Karen McLoughlin

Chief Financial Officer

(Principal Financial Officer)

* A signed original of this written statement required by Section 906 has been provided to Cognizant Technology Solutions Corporation and will be retained by Cognizant Technology Solutions Corporation and furnished to the Securities and Exchange Commission or its staff upon request.