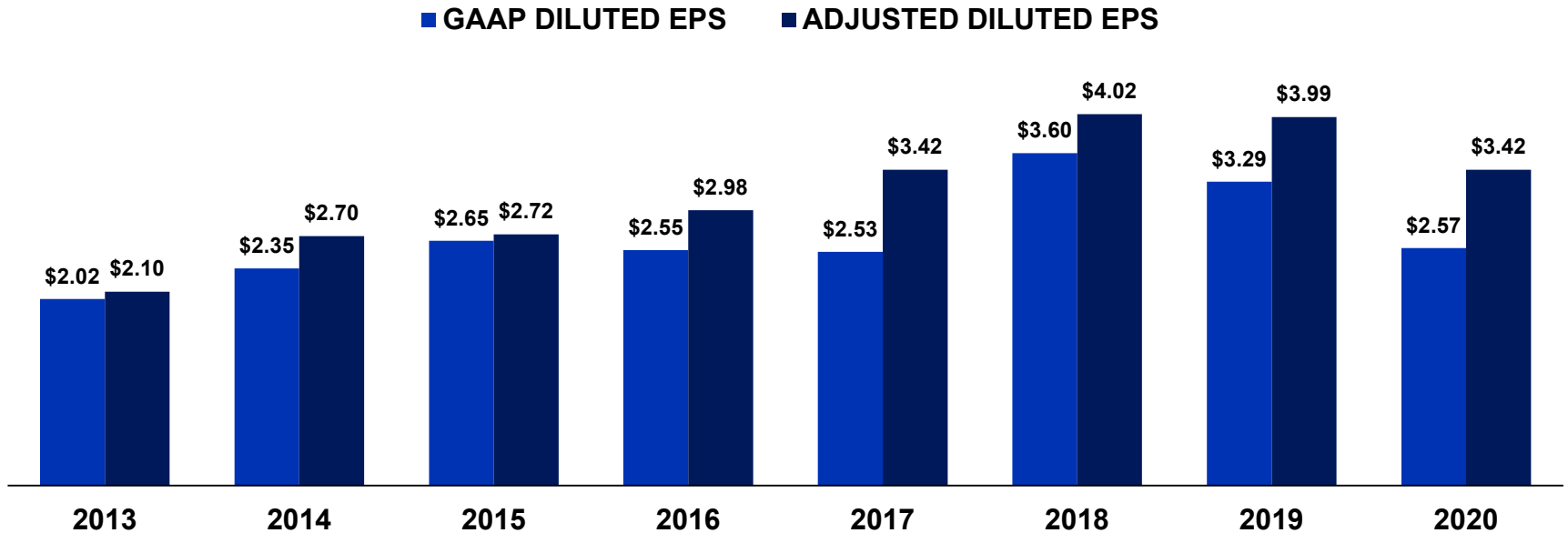


GAAP & Adjusted EPS



1 Please refer to page 2 for reconciliation on Adjusted EPS and page 3 & 4 for corresponding Non-GAAP notes.

Reconciliations of Non-GAAP Financial Measures (Unaudited)

(In millions, except per share amounts)

Year Ended Ended:	Dec 31, 2013	Dec 31, 2014	Dec 31, 2015	Dec 31, 2016	Dec 31, 2017	Dec 31, 2018	Dec 31, 2019	Dec 31, 2020
GAAP income from operations	\$ 1,678	\$ 1,885	\$ 2,142	\$ 2,289	\$ 2,481	\$ 2,801	\$ 2,453	\$ 2,114
Realignment charges ^(a)	-	-	-	-	72	19	169	42
2020 Fit for Growth Plan restructuring charges ^(b)	-	-	-	-	-	-	48	173
COVID-19 charges ^(c)	-	-	-	-	-	-	-	65
Incremental accrual related to the India Defined Contribution Obligation ^(d)	-	-	-	-	-	-	117	-
Initial funding of Cognizant U.S. Foundation ^(e)	-	-	-	-	-	100	-	-
Adjusted income from operations	\$ 1,678	\$ 1,885	\$ 2,142	\$ 2,289	\$ 2,553	\$ 2,920	\$ 2,787	\$ 2,394
GAAP operating margin	19.0%	18.4%	17.3%	17.0%	16.8%	17.4%	14.6%	12.7%
Realignment charges	-	-	-	-	0.5%	0.1%	1.0%	0.3%
2020 Fit for Growth Plan restructuring charges	-	-	-	-	0.0%	0.0%	0.3%	1.0%
COVID-19 Charges	-	-	-	-	0.0%	0.0%	0.0%	0.4%
Incremental accrual related to the India Defined Contribution Obligation	-	-	-	-	-	-	0.7%	-
Initial funding of Cognizant U.S. Foundation	-	-	-	-	-	0.6%	-	-
Adjusted operating margin	19.0%	18.4%	17.3%	17.0%	17.3%	18.1%	16.6%	14.4%
GAAP diluted earnings per share	\$ 2.02	\$ 2.35	\$ 2.65	\$ 2.55	\$ 2.53	\$ 3.60	\$ 3.29	\$ 2.57
Effect of above adjustments, pre-tax	-	-	-	-	0.12	0.20	0.60	0.52
Effect of non-operating foreign currency exchange (gains) losses, pre-tax ^(f)	0.07	0.03	0.07	0.04	(0.12)	0.26	0.11	0.22
Tax effect of above adjustments ^(g)	0.01	(0.01)	-	-	(0.06)	(0.03)	(0.15)	(0.15)
Tax on Accumulated Indian Earnings ^(h)	-	-	-	-	-	-	-	0.26
Effect of the equity method investment impairment ⁽ⁱ⁾	-	-	-	-	-	-	0.10	-
Effect of the India Tax Law ^(j)	-	-	-	-	-	-	0.04	-
Effect of net incremental income tax expense related to the Tax Reform Act ^(k)	-	-	-	-	1.04	(0.01)	-	-
Effect of recognition of income tax benefit related to an uncertain tax position ^(l)	-	-	-	-	(0.09)	-	-	-
Effect of incremental income tax expense related to the India Cash Remittance ^(m)	-	-	-	0.39	-	-	-	-
Adjusted diluted earnings per share	\$ 2.10	\$ 2.37	\$ 2.72	\$ 2.98	\$ 3.42	\$ 4.02	\$ 3.99	\$ 3.42

Reconciliations of Non-GAAP Financial Measures (Unaudited)

Notes:

- (a) During 2020, we incurred \$27 million of professional fees and \$15 million in employee retention costs. The total costs related to the realignment are reported in "Restructuring charges" in our consolidated statements of operations.
- (b) During 2020, we incurred \$127 million in employee separation costs, \$41 million in facility exit and other costs and \$5 million in employee retention costs. These charges include \$23 million of costs incurred related to our exit from certain content-related services. The total costs related to the 2020 Fit for Growth Plan are reported in "Restructuring charges" in our consolidated statements of operations.
- (c) During 2020, we incurred costs in response to the COVID-19 pandemic, including a one-time bonus to our employees at the designation of associate and below in both India and the Philippines, certain costs to enable our employees to work remotely and provide medical staff and extra cleaning services for our facilities. Most of the costs related to the pandemic are reported in "Cost of revenues" in our consolidated statement of operations.
- (d) In 2019, a ruling of the Supreme Court of India interpreting certain statutory defined contribution obligations of employees and employers (the "India Defined Contribution Obligation") altered historical understandings of such obligations, extending them to cover additional portions of the employee's income. As a result, the ongoing contributions of our affected employees and the Company are required to be increased. In the first quarter of 2019, we accrued \$117 million with respect to prior periods, assuming retroactive application of the Supreme Court's ruling. There is significant uncertainty as to how the liability should be calculated as it is impacted by multiple variables, including the period of assessment, the application with respect to certain current and former employees and whether interest and penalties may be assessed. Since the ruling, a variety of trade associations and industry groups have advocated to the Indian government, highlighting the harm to the information technology sector, other industries and job growth in India that would result from a retroactive application of the ruling. It is possible that the Indian government will review the matter and there is a substantial question as to whether the Indian government will apply the Supreme Court's ruling on a retroactive basis. As such, the ultimate amount of our obligation may be materially different from the amount accrued. The incremental accrual related to the India Defined Contribution Obligation is reported in "Selling, general and administrative expenses" in our consolidated statement of operations.
- (e) In 2018, we provided \$100 million of initial funding to Cognizant U.S. Foundation. This cost is reported in "Selling, general and administrative expenses" in our consolidated statement of operations.
- (f) Non-operating foreign currency exchange gains and losses, inclusive of gains and losses on related foreign exchange forward contracts not designated as hedging instruments for accounting purposes, are reported in "Foreign currency exchange gains (losses), net" in our consolidated statements of operations.

Reconciliations of Non-GAAP Financial Measures (Unaudited)

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

	Year Ended							
	Dec 31,	Dec 31,	Dec 31,	Dec 31,	Dec 31,	Dec 31,	Dec 31,	Dec 31,
	2013	2014	2015	2016	2017	2018	2019	2020
Tax impacts of non-GAAP adjustments:								
Realignment charges	-	-	-	-	\$ 25	\$ 5	\$ 43	\$ 11
2020 Fit for Growth Plan restructuring charges	-	-	-	-	-	-	13	45
COVID-19 Charges	-	-	-	-	-	-	-	17
Incremental accrual related to the India Defined Contribution Obligation	-	-	-	-	-	-	31	-
Foreign currency exchange gains and losses	(6)	4	2	5	10	(12)	(1)	6
Cognizant U.S. Foundation funding	-	-	-	-	-	28	-	-

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

- (h) In 2020, after a thorough analysis of the impact of several changes in tax law on the cost of earnings repatriation and considering our strategic decision to increase our investments to accelerate growth in various international markets and expand our global delivery footprint, we reversed our indefinite reinvestment assertion on Indian earnings accumulated in prior years and recorded a \$140 million Tax on Accumulated Indian Earnings. The recorded income tax expense reflects the India withholding tax on unrepatriated Indian earnings, which were \$5.2 billion as of December 31, 2019, net of applicable U.S. foreign tax credits.
- (i) In 2019, we determined that the carrying value of one of our equity method investments exceeded its fair value and therefore recorded an impairment charge of \$57 million within the caption "Income(loss) from equity method investments" in our consolidated statement of operations.
- (j) In 2019, the Government of India enacted a new tax regime ("India Tax Law") effective retroactively to April 1, 2019 that enables domestic companies to elect to be taxed at a lower income tax rate of 25.17%, as compared to the current income tax rate of 34.94%. Once a company elects into the lower income tax rate, a company may not benefit from any tax holidays associated with Special Economic Zones and certain other tax incentives, including Minimum Alternative Tax credit carryforwards, and may not reverse its election. As a result of the enactment of the India Tax Law, we recorded a one-time net income tax expense of \$21 million due to the revaluation to the lower income tax rate of our India net deferred income tax assets that are expected to reverse after we elect into the new tax regime.
- (k) In 2017, in connection with the enactment of the Tax Cuts and Jobs Act ("Tax Reform Act"), we recorded a one-time provisional net income tax expense of \$617 million. In 2018, we finalized our calculation of the one-time net income tax expense related to the enactment of the Tax Reform Act and recognized a \$5 million income tax benefit, which reduced our provision for income taxes.
- (l) In 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 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.
- m) In 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 \$238 million in the year ended December 31 2016.

The above tables serve to reconcile the Non-GAAP financial measures to the most directly comparable GAAP measures.