Cognizant

First Quarter 2018 Earnings Supplement

Helping Clients Win with Digital

May 7, 2018

Forward Looking Statements and Non-GAAP Financial Measures

This earnings supplement includes statements which may constitute forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, the accuracy of which are necessarily subject to risks, uncertainties, and assumptions as to future events that may not prove to be accurate. These statements include, but are not limited to, express or implied forward-looking statements relating to our expectations regarding opportunities in the marketplace, investment in and growth of our business, our shift to digital solutions and services, our anticipated financial performance and our capital return and realignment programs. These statements are neither promises nor guarantees, but are subject to a variety of risks and uncertainties, many of which are beyond our control, which could cause actual results to differ materially from those contemplated in these forward-looking statements. Existing and prospective investors are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Factors that could cause actual results to differ materially from those expressed or implied include general economic conditions, changes in the regulatory environment, including with respect to immigration and taxes, and the other factors discussed in our most recent Annual Report on Form 10-K and other filings with the Securities and Exchange Commission. Cognizant undertakes 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 law.

This earnings supplement includes references to the following measures defined by the Securities and Exchange Commission as non-GAAP financial measures: non-GAAP operating margin and non-GAAP diluted earnings per share (“non-GAAP diluted EPS”). These non-GAAP 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. Reconciliations of these non-GAAP financial measures to the corresponding GAAP measures can be found in the Appendix of this presentation and should be carefully evaluated.

A Leader in Helping Today's Leading Companies Adapt to the Digital Era

- The right capabilities— client relationships, deep industry knowledge, services, solutions, and global consulting and delivery—to help clients transform at any or every level of their enterprise, including focusing on a single business process that can deliver a quick outcome with a big impact
- Investments to broaden and deepen our services and capabilities with an intensified focus on developing more industry-specific solutions for common challenges and opportunities

Cognizant Digital Business

Envisioning and building human-centric digital solutions fusing strategy, intelligence, experience and software to drive industry-aligned, transformative growth.

- ✔ Digital Strategy
- ✔ Connected Products
- ✔ Interactive
- ✔ AI & Analytics
- ✔ Digital Engineering

Cognizant Digital Operations

Bringing customers to the center of operations by creating a digital-first, outcome-driven and agile operating model that leverages end-to-end seamless processes, automation, artificial intelligence and scalable on-demand platforms.

- ✔ Industry and Platform Solutions
- ✔ Enterprise Services
- ✔ Intelligent Process Automation

Cognizant Digital Systems & Technology

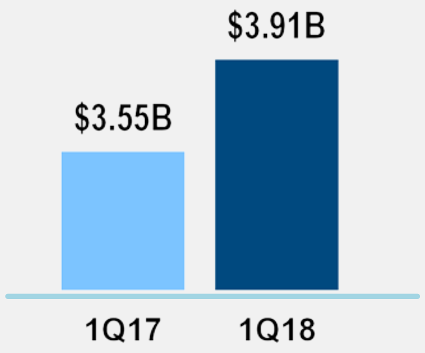
Creating and evolving applications, platforms and infrastructure that meet the needs of modern enterprises—unlocking the value in legacy technology environments, adapting to high-speed change and ensuring integrity of the IT core.

- ✔ Legacy Transformation
- ✔ Cloud Enablement
- ✔ Core Modernization
- ✔ Security
- ✔ Digital Engineering

Cognizant Consulting, Global Technology Office, and Cognizant Accelerator

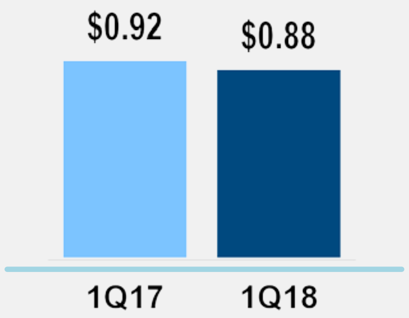
Solid Start to 2018

Revenue[1]

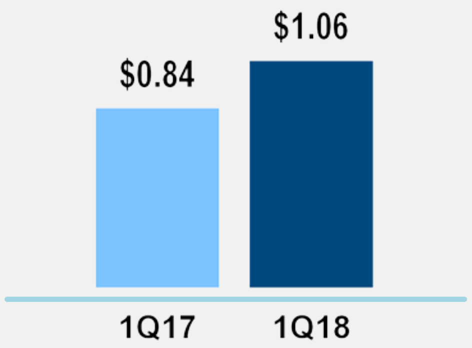


10.3%
Y/Y Increase

Diluted EPS[1]



Non-GAAP Diluted EPS[1,2]



1Q18 Highlights[1]

- **1Q18 Revenue of $3.91 billion was up 10.3% from the year-ago period**
  - *Consulting & Technology Services Revenue up **10.7% Y/Y***
  - *Outsourcing Services Revenue up **9.7% Y/Y***
  - ***~39%** of our revenue from fixed price contracts*
- **1Q18 GAAP operating margin of 17.7%, Non-GAAP operating margin[2] of 20.3%**
- **7 new strategic customers added, bringing total to 364**
- **Employee metrics:**
  - *Headcount increased by **1,400 Q/Q** to **261,400***
  - *Annualized attrition was **20.3%***
  - *Utilization: Offshore (excluding trainees) was 83%; On-site was 92%*

$3.4 Billion Capital Return and Realignment Program

- **Continued improvement with cost structures and expanding operating margins**
  - *On track to reach 22% non-GAAP operating margins in 2019*
- **On track to complete our plan, announced in February 2017, to return $3.4B to our shareholders by the end of 2018:**
  - *$2.1B in share repurchases, including $300M accelerated share repurchase launched in 1Q18*
  - *Cash dividends to date totaling $383M*
  - *2Q18 dividend declared of $0.20 per share*

[1]*On January 1, 2018, we adopted ASC Topic 606, "Revenue from Contracts with Customers," or the New Revenue Standard, using the modified retrospective method. Results for reporting periods beginning after January 1, 2018 are presented under the New Revenue Standard, while prior period amounts are not adjusted and continue to be reported in accordance with our historic accounting policies. For the three months ended March 31, 2018, adoption of the New Revenue Standard had a positive impact on revenue of $21 million, income from operations of $29 million and diluted earnings per share of $0.04 per share.*

[2]*Reconciliations of the non-GAAP financial measures to the corresponding GAAP measures can be found in the Appendix of this presentation*

Continued Growth Across All Segments and Geographies

Revenues by Segment ($M)	1Q18	Y/Y Chg.
Financial Services	$ 1,461	6.2%
Healthcare	1,121	11.8%
Products and Resources	821	11.4%
Communications, Media and Technology	509	18.4%

Revenues by Geography ($M)	1Q18	Y/Y Chg.
North America	$ 2,975	7.8%
Europe	684	22.4%
Rest of World	253	11.9%

Select Segment Insights

- **Financial Services –** Growth in insurance led by large strategic deals; Growth in mid-tier banking clients and digital services, offset by pressure on legacy services
- **Healthcare –** Consistent demand across payer clients, with increasing interest in our digital, analytics, cloud, and virtualization solutions
- **Products and Resources –** Strong growth from our manufacturing and logistics clients from our emphasis on leading with digital offerings, which offset sluggish growth in retail
- **Communications, Media and Technology –** Continued solid growth across all of the sectors, with an expansion of creating and curating digital content

Select Operational Insights

- Completed acquisition of Bolder Healthcare Solutions in April '18
- Continued shift toward higher value digital services
  - Digital revenue grew 27% year-over-year and was 29% of total revenue in 1Q18

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Key Takeaways and Guidance

Key Takeaways

- Solid start to 2018; momentum and outlook strong
  - Digital revenue grew ~3X company average in 1Q18
  - On track to achieve Non-GAAP operating margin and capital return targets
- Continue to extend leadership as a builder of the digital economy, transforming client enterprises across their business, operating and technology models
- FY18 Non-GAAP EPS guidance reflects updated interpretation of the Global Intangible Low Taxed Income (GILTI) provision of the U.S. tax law, which is estimated to have a full year EPS impact of approximately $0.09 per share

Guidance

Revenue[1]	**$4.00B to 4.04B**
Non-GAAP Diluted EPS[1,2]	***at least* $1.09**
Share Count	**~586M**
Tax Rate	**~27%**

Revenue[1]	**$16.05B to 16.30B**
Non-GAAP Operating Margin[1,2]	***approximately* 21%**
Non-GAAP Diluted EPS[1,2]	***at least* $4.47**
Share Count	**~585M**
Tax Rate	**~26%**

- Share count guidance includes the full impact of the $1.2 billion in share repurchases anticipated to be phased in over 2018
- Guidance is based on the current exchange rates at the time at which we are providing the guidance and does not forecast for potential currency fluctuations over the course of the year
- Guidance does not account for any potential impact from events such as changes to immigration and tax policies

[1] *Guidance is as of May 7, 2018*
[2] *Further information on our non-GAAP operating margin and non-GAAP diluted EPS guidance can be found in the Appendix of this presentation*

Appendix:

Reconciliation of Non-GAAP Financial Measures

Reconciliations of Non-GAAP Financial Measures

This earnings supplement includes references to the following measures defined by the Securities and Exchange Commission as non-GAAP financial measures: non-GAAP operating margin and non-GAAP diluted earnings per share ("non-GAAP diluted EPS"). 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 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, in addition to excluding stock-based compensation expense, acquisition-related charges and 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 various GAAP and 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. In addition, due to a variety of award types, valuation methodologies and subjective assumptions that affect the calculation of stock-based compensation expense, we believe that th exclusion of stock-based compensation expense allows for more accurate 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.

A full reconciliation of non-GAAP operating margin guidance to GAAP operating margin guidance on a forward-looking basis cannot be provided without unreasonable efforts, as we are unable to provide reconciling information with respect to acquisition-related charges. A full reconciliation of non-GAAP diluted EPS guidance to GAAP diluted EPS guidance on a forward-looking basis cannot be provided without unreasonable efforts, as we are unable to provide reconciling information with respect to acquisition-related charges, net non-operating foreign currency exchange gains or losses, and the tax effects of these adjustments, as well as the tax effects of stock-based compensation expense, all of which are adjustments to non-GAAP diluted EPS. The reconciling information for non-GAAP operating margin guidance to GAAP operating margin guidance and non-GAAP diluted EPS guidance to GAAP EPS guidance that is available without unreasonable efforts is provided in the reconciliations on the following pages.

Reconciliations of Non-GAAP Financial Measures

(dollars in millions, except per share amounts)

	Three Months Ended March 31,		Guidance	
	2018[a]	2017[a]	Q2 2018	Full Year 2018
GAAP income from operations	$ 693	$ 570		
Add: Stock-based compensation expense [b]	59	54		
Add: Acquisition-related charges [c]	41	34		
Add: Realignment charges [d]	1	11		
Non-GAAP income from operations	$ 794	$ 669		
GAAP operating margin	17.7%	16.1%		
Effect of stock-based compensation expense	1.5	1.5		1.4% - 1.6%
Effect of acquisition-related charges	1.1	1.0		(c)
Effect of realignment charges	—	0.3		(d)
Non-GAAP operating margin	20.3%	18.9%		approximately 21.0%
GAAP diluted earnings per share	$ 0.88	$ 0.92		
Effect of above operating adjustments, pre-tax	0.17	0.16	(b), (c), (d)	(b), (c), (d)
Effect of non-operating foreign currency exchange (gains) losses, pre-tax [e]	0.06	(0.08)	(e)	(e)
Tax effect of non-GAAP adjustments to pre-tax income [f]	(0.05)	(0.07)	(b), (c), (d), (e)	(b), (c), (d), (e)
Effect of recognition of income tax benefit related to an uncertain tax position [g]	—	(0.09)	—	—
Non-GAAP diluted earnings per share	$ 1.06	$ 0.84	at least $1.09	at least $4.47

Please refer to page 10 and 11 of this earnings supplement for corresponding Non-GAAP notes.

Reconciliations of Non-GAAP Financial Measures

Notes:

(a) On January 1, 2018, we adopted the New Revenue Standard using the modified retrospective method. Results for reporting periods beginning after January 1, 2018 are presented under the New Revenue Standard, while prior period amounts are not adjusted and continue to be reported in accordance with our historic accounting policies.

(b) Stock-based compensation expense reported in:

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
Cost of revenues	$ 15	$ 15
Selling, general and administrative expenses	44	39

Our guidance anticipates pre-tax stock-based compensation to be in the range of $0.10 to $0.12 per share for the second quarter of 2018 and $0.40 to $0.44 per share for the full year 2018. We cannot provide the tax effect of stock-based compensation on a forward-looking basis without unreasonable effort as it is subject to significant fluctuations based on the timing and number of stock options exercised by employees, the price of our stock at the time of such exercises and the price of our stock at the time of vesting of other stock-based awards.

(c) 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. We cannot provide acquisition-related charges on a forward-looking basis without unreasonable effort as such charges may fluctuate based on the timing, size, and complexity of future acquisitions as well as other uncertainty inherent in mergers and acquisitions.

(c) Realignment charges include severance costs, 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. As we continue to evaluate our realignment program, additional expenses may arise during the remainder of 2018. We cannot provide realignment charges on a forward-looking basis without unreasonable effort as the timing of such charges are uncertain.

(c) 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. Non-operating foreign currency exchange gains and losses are subject to high variability and low visibility and therefore cannot be provided on a forward-looking basis without unreasonable efforts.

Reconciliations of Non-GAAP Financial Measures

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

	Three Months Ended March 31,	
	2018	2017
Non-GAAP income tax benefit (expense) related to:		
Stock-based compensation expense	$ 19	$ 21
Acquisition-related charges	9	12
Realignment charges	—	4
Foreign currency exchange gains (losses)	(1)	5

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.

(g) 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.