Helping Clients Win with Digital

Third Quarter 2018 Earnings Supplement

October 30, 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.

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

The right capabilities to help clients transform at every level of their enterprises

- Deep digital and industry expertise at the scale required to transform the world's most complex and critical enterprises
- Cross-industry capabilities and industry-specific solutions to address common client challenges and opportunities quickly and efficiently
- Long-term, trusted client relationships helping to design and manage our clients' most essential business processes
- Global technology consulting and services that combines a massive delivery capability in India with a network of regional delivery centers able to partner with clients locally in North America, Europe, Latin America and Asia

Cognizant Digital Business

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

- ✓ Digital Strategy
- ✓ Interactive
- ✓ AI & Analytics
- ✓ Connected Products
- ✓ 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

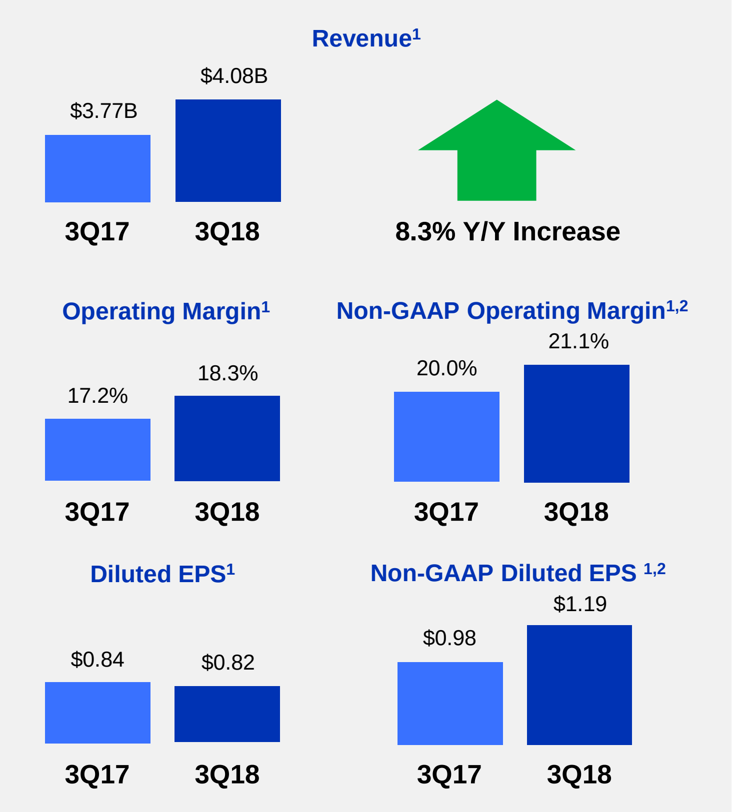
Cognizant Digital Systems & Technology

Transforming applications and infrastructure to meet the needs of modern enterprises while extracting value from legacy technology environments, adapting to high-speed change and ensuring the integrity of the IT core

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

Cognizant Consulting, Global Technology Office & Cognizant Accelerator

Continued Momentum Through 3Q18



3Q18 Highlights[1]

Revenue:

- 3Q18 Revenue of $4.08B increased 8.3% Y/Y and is within our guided range
  - Includes a negative foreign currency impact of 70 basis points
  - Digital revenue grew in the low 20% range, well above company average and just above 30% of total revenue.

Operating Margin:

- Strong operating margin performance is a result of:
  - Improvements in our business over the last 22 months such as sustaining higher levels of utilization, optimizing pyramid structure, simplifying of our business unit overhead structure, and leveraging our corporate function spend more effectively
  - Depreciation of the Indian rupee (net of hedges)
  - Emphasis on digital services helping us win more business with attractive margins

EPS:

- GAAP EPS down Y/Y primarily due to non-operating foreign exchange losses, as a result of the depreciation of the Indian rupee

[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 September 30, 2018, adoption of the New Revenue Standard had a positive impact on revenue of $33 million, income from operations of $37 million and diluted earnings per share of $0.05 per share.

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

Steady Execution and Progress

Revenues by Segment ($M)	3Q18	Y/Y Chg.
Financial Services	$ 1,464	2.6%
Healthcare	1,189	9.6%
Products and Resources	863	11.5%
Communications, Media and Technology	562	17.1%

Revenues by Geography ($M)	3Q18	Y/Y Chg.
North America	$ 3,107	7.5%
Europe	723	15.1%
Rest of World	248	0.4%

Select Segment Insights

- **Financial Services** – Both banking and insurance saw modest growth in the third quarter, and the expansion of our digital services is starting to bring growth back into a number of our large banking clients
- **Healthcare** – Recent acquisitions are enabling us to provide a broader range of services to healthcare providers and capture new growth opportunities; also seeing traction in our Life Sciences platform solutions
- **Products and Resources** – Led by strong growth from our retail and manufacturing clients as they continue to invest in making their products smarter and their consumer experiences richer
- **Communications, Media and Technology** – Growth was broad-based, with sustained strength in technology

Select Operational Insights

- Announced acquisitions that will enhance our digital capabilities, including two Salesforce-related acquisitions which closed in October
  - Advanced Technology Group (ATG) – adds expertise in implementing automated, cloud-based, quote-to-cash business processes, which are a new and fast-growing part of Salesforce
  - SaaSfocus – expands our Salesforce cloud capabilities in Asia Pacific
  - Softvision – once completed, will strengthen our software engineering practice with over 2,800 creative technologists and a new footprint in Romania

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Supporting Metrics Demonstrate Continued Progress and Areas of Focus

Customers and Revenue Insights

Strategic Customers:

- **7** new strategic customers added, bringing total to **378**

Revenue by Solution:

- Consulting & Technology Services Revenue up **6.6% Y/Y**
- Outsourcing Services Revenue up **10.7% Y/Y**

Revenue by Contract Type:

- **36%** fixed price contracts | **11%** transaction based contracts

Balance Sheet

Remains Very Healthy:

- **$4.8B** in cash and short-term investments[1]
- Strong cash generation in the quarter, with cash flow from operations of **$862M**
- DSO[2] of **76** days at the end of 3Q18, up from **74** days at the end of 3Q17
- Our outstanding debt balance was **$724M** at the end of the quarter, with no outstanding balance on the revolver

Workforce

Employee Metrics:

- Headcount increased by **5,300 Q/Q** and **18,100 Y/Y** to **274,200**
- Annualized attrition was **22.3%**, roughly flat with 3Q17
- Utilization: Offshore (excluding trainees) was **83%**, +100bps **Y/Y**; On-site was **93%**, flat **Y/Y**

Capital Return & Realignment Program

- 4Q18 dividend declared of $0.20 per share
- On track to deliver approximately 22% non-GAAP operating margins in 2019
- During Q3, we repurchased approximately 1.4 million shares, including 1.1 million final share settlement of the $600 million ASR launched in June

[1] Balance includes restricted short-term investments of $405 million related to ongoing dispute with the Indian Income Tax Department
[2] The adoption of the new revenue recognition standard increased DSO for the quarter by 2 days

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Key Takeaways and Guidance

3Q18 Key Takeaways

- Results demonstrate continued strength and confidence in our execution, strategy and ongoing shift to digital
  - Recent acquisitions further enhance our digital capabilities
  - Non-GAAP operating margin expansion reflects strong operational execution
- Remain on-track to achieve full year revenue, Non-GAAP operating margin and capital return targets

Guidance	4Q 2018
Revenue[1]	$4.09B to $4.13B
Non-GAAP Diluted EPS[1,2]	*at least* $1.05
Share Count	~582M
Tax Rate	~31%

Guidance	FY 2018
Revenue[1]	$16.09B to $16.13B
Non-GAAP Operating Margin[1,2]	*approximately* 21%
Non-GAAP Diluted EPS[1,2]	At least $4.50
Share Count	~584M
Tax Rate	~28%

- Share count guidance includes the full impact of the $1.2B in share repurchases during 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. Based on current exchange rates and the positive currency impact realized year to date, the full year favorable revenue impact from currency is expected to be ~30bps versus the full year 2017
- Guidance does not account for any potential impact from events such as changes to immigration and tax policies.

[1] Guidance is as of October 30, 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

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Appendix:
Reconciliation of Non-GAAP Financial Measures

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Reconciliations of Non-GAAP Financial Measures

To supplement our financial results presented in accordance with GAAP, 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. The reconciliations of Cognizant's non-GAAP financial measures to the corresponding GAAP measures should be carefully evaluated.

We seek to manage the Company to a non-GAAP operating margin, which excludes stock-based compensation costs, acquisition-related charges, realignment charges, and for the nine months ended September 30, 2018, the initial funding of Cognizant U.S. Foundation. In addition to excluding stock-based compensation costs, acquisition-related charges, realignment charges, and the initial funding of Cognizant U.S. Foundation, as applicable, our non-GAAP diluted EPS also excludes the effect of an income tax benefit recognized in the three and nine months ended September 30, 2018 recorded upon the finalization of our calculation of the one-time net income tax expense related to the enactment of the Tax Reform Act, net non-operating foreign currency exchange gains or losses, inclusive of gains and losses on related foreign exchange forward contracts not designated as hedging instruments for accounting purposes, and, for the nine months ended September 30, 2017, the effect of recognition of an income tax benefit previously unrecognized in our consolidated financial statements, as applicable. In all periods presented, our non-GAAP diluted EPS 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.

Management believes providing investors with an operating view consistent with how it manages 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 calculations of stock-based compensation expense, we believe that the 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 provides a meaningful supplemental measure for investors to evaluate our financial performance. Accordingly, we believe that the presentation of our non-GAAP measures, 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 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, acquisition-related charges, including amortization of purchased intangibles, 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 operating margin and non-GAAP diluted EPS to allow investors to evaluate such non-GAAP financial measures.

Reconciliations of Non-GAAP Financial Measures

Unaudited *(dollars in millions, except per share amounts)*	Three Months Ended September 30,		Nine Months Ended September 30,		Guidance	
	2018[a]	2017[a]	2018[a]	2017[a]	Q4 2018	Full Year 2018
GAAP income from operations	$ 745	$ 648	$ 2,108	$ 1,824		
Add: Stock-based compensation expense [b]	69	52	199	161		
Add: Acquisition-related charges [c]	37	35	119	104		
Add: Realignment charges [d]	11	19	12	69		
Add: Initial funding of Cognizant U.S. Foundation [e]	—	—	100	—		
Non-GAAP income from operations	$ 862	$ 754	$ 2,538	$ 2,158		
GAAP operating margin	18.3%	17.2%	17.6%	16.6%		
Effect of stock-based compensation expense	1.7	1.4	1.7	1.5		1.6% - 1.8%
Effect of acquisition-related charges	0.9	0.9	1.0	1.0		(c)
Effect of realignment charges	0.2	0.5	0.1	0.6		(d)
Effect of initial funding of Cognizant U.S. Foundation	—	—	0.8	—		0.6%
Non-GAAP operating margin	21.1%	20.0%	21.2%	19.7%		approximately 21.0%
GAAP diluted earnings per share	$ 0.82	$ 0.84	$ 2.48	$ 2.55		
Effect of above operating adjustments, pre-tax	0.20	0.18	0.74	0.56	(b), (c), (d), (e)	(b), (c), (d). (e)
Effect of non-operating foreign currency exchange (gains) losses, pre-tax [f]	0.21	0.02	0.39	(0.06)	(f)	(f)
Tax effect of non-GAAP adjustments to pre-tax income [g]	(0.03)	(0.06)	(0.16)	(0.21)	(b), (c), (d), (e)	(b), (c), (d), (e)
Effect of recognition of income tax benefit related to an uncertain tax position [h]	—	—	—	(0.09)	—	—
Effect of adjustment to the one-time income tax expense related to the Tax Reform Act [i]	(0.01)	—	(0.01)	—	—	(0.01)
Non-GAAP diluted earnings per share	$ 1.19	$ 0.98	$ 3.44	$ 2.75	at least $1.05	at least $4.50

Please refer to page 11 and 12 of this earnings supplement for corresponding Non-GAAP notes.

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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 September 30,		Nine Months Ended September 30,	
	2018	**2017**	**2018**	**2017**
Cost of revenues	$ 15	$ 13	$ 46	$ 41
Selling, general and administrative expenses	54	39	153	120

Our guidance anticipates pre-tax stock-based compensation to be in the range of $0.11 to $0.12 per diluted share for the fourth quarter of 2018 and $0.45 to $0.47 per diluted share for the full year 2018. The tax effect of stock-based compensation is expected to be in the range of $0.03 to $0.04 per diluted share for the fourth quarter of 2018 and $0.12 to $0.13 per diluted share for the full year 2018.

c) Acquisition-related charges include, 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, as applicable. 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.

d) 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. We may incur additional realignment charges for the remainder of 2018 and in 2019. Our realignment initiatives are intended to further improve our cost structure primarily by optimizing our resource pyramid. The total costs related to the realignment are reported in "Selling, general and administrative expenses" in our consolidated statements of operations. We cannot provide realignment charges on a forward-looking basis without unreasonable effort as the amount and timing of such charges are uncertain.

e) During the nine months ended September 30, 2018, we provided $100 million of initial funding to Cognizant U.S. Foundation, which is focused on science, technology, engineering and math (or collectively, STEM) in the United States. This funding is not expected to recur at this magnitude in the foreseeable future and its impact on full year diluted earnings per share (pre-tax and net of tax) is not expected to change.

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Reconciliations of Non-GAAP Financial Measures

f) Non-operating foreign currency exchange gains or 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. 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.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	**2017**	**2018**	**2017**
Non-GAAP income tax benefit (expense) related to:				
Stock-based compensation expense	$ 15	$ 19	$ 53	$ 60
Acquisition-related charges	8	11	28	35
Realignment charges	3	6	3	24
Foreign currency exchange gains (losses)	(6)	(1)	(15)	4
Initial funding of Cognizant U.S. Foundation	—	—	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) During the nine months ended September 30, 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 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.

i) During the three and nine months ended September 30, 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. This income tax benefit and its impact on full year diluted earnings per share is not expected to change.

The above tables serve to reconcile the Non-GAAP financial measures to comparable GAAP measures. Please refer to the “About Non-GAAP Financial Measures” section of our press release for further information on the use of these Non-GAAP measures.

