

**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 **March 31, 2020**

**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**

**COGNIZANT TECHNOLOGY SOLUTIONS CORPORATION**

(Exact Name of Registrant as Specified in Its Charter)

<b>Delaware</b> (State or Other Jurisdiction of Incorporation or Organization)	<b>13-3728359</b> (I.R.S. Employer Identification No.)
<b>Glenpointe Centre West</b> <b>500 Frank W. Burr Blvd.</b> <b>Teaneck, New Jersey</b> (Address of Principal Executive Offices)	<b>07666</b> (Zip Code)

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

N/A

(Former Name, Former Address and Former Fiscal Year,  
if Changed Since Last Report)

**Securities registered pursuant to Section 12(b) of the Act:**

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, \$0.01 par value per share	CTSH	The Nasdaq Stock Market LLC

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 every Interactive Data File required to be submitted 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 such files). Yes  No:

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 May 1, 2020:

Class	Number of Shares
Class A Common Stock, par value \$0.01 per share	540,580,052

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## GLOSSARY

<b>Defined Term</b>	<b>Definition</b>
10b5-1 Plan	Trading plan adopted pursuant to Rule 10b5-1 of the Exchange Act
Adjusted Diluted EPS	Adjusted diluted earnings per share
AI	Artificial Intelligence
ASC	Accounting Standards Codification
ASR	Accelerated Stock Repurchase
Budget	Union Budget of India for 2020-2021
CC	Constant Currency
CIT	Commissioner of Income Tax
Credit Loss Standard	ASC Topic 326: "Financial Instruments - Credit Losses"
Code Zero	Code Zero, LLC
Court	Madras High Court
COVID-19	The novel coronavirus disease
Credit Agreement	Credit agreement with a commercial bank syndicate dated November 5, 2018
CTS India	Our principal operating subsidiary in India
DDT	Dividend Distribution Tax
Division Bench	Division Bench of the Madras High Court
DSO	Days Sales Outstanding
EPS	Earnings Per Share
EU	European Union
Exchange Act	Securities Exchange Act of 1934, as amended
Executive Transition Costs	Costs associated with our CEO transition and the departure of our President
GAAP	Generally Accepted Accounting Principles
HR	Human Resources
India Defined Contribution Obligation	Certain statutory defined contribution obligations of employees and employers in India
IoT	Internet of Things
ITD	Indian Income Tax Department
Lev	Levementum LLC
LIBOR	London Inter-bank Offered Rate
Samlink	Oy Samlink Ab
SEC	United States Securities and Exchange Commission
SCI	Supreme Court of India
Tax Reform Act	Tax Cuts and Jobs Act
Term Loan	Unsecured term loan
Zenith	Zenith Technologies Limited

**PART I. FINANCIAL INFORMATION**

**Item 1. Consolidated Financial Statements (Unaudited).**

**COGNIZANT TECHNOLOGY SOLUTIONS CORPORATION  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**(Unaudited)**

**(in millions, except par values)**

	March 31, 2020	December 31, 2019
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 3,886	\$ 2,645
Short-term investments	396	779
Trade accounts receivable, net of allowances of \$74 and \$67, respectively	3,220	3,256
Other current assets	823	931
Total current assets	8,325	7,611
Property and equipment, net	1,322	1,309
Operating lease assets, net	927	926
Goodwill	4,014	3,979
Intangible assets, net	1,005	1,041
Deferred income tax assets, net	594	585
Long-term investments	433	17
Other noncurrent assets	809	736
Total assets	<u>\$ 17,429</u>	<u>\$ 16,204</u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 289	\$ 239
Deferred revenue	354	313
Short-term debt	38	38
Operating lease liabilities	197	202
Accrued expenses and other current liabilities	1,994	2,191
Total current liabilities	2,872	2,983
Deferred revenue, noncurrent	42	23
Operating lease liabilities, noncurrent	734	745
Deferred income tax liabilities, net	31	35
Long-term debt	2,430	700
Long-term income taxes payable	478	478
Other noncurrent liabilities	229	218
Total liabilities	6,816	5,182
Commitments and contingencies (See <a href="#">Note 12</a> )		
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, 541 and 548 shares issued and outstanding as of March 31, 2020 and December 31, 2019, respectively	5	5
Additional paid-in capital	41	33
Retained earnings	10,831	11,022
Accumulated other comprehensive income (loss)	(264)	(38)
Total stockholders' equity	10,613	11,022
Total liabilities and stockholders' equity	<u>\$ 17,429</u>	<u>\$ 16,204</u>

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

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

	Three Months Ended March 31,	
	2020	2019
Revenues	\$ 4,225	\$ 4,110
Operating expenses:		
Cost of revenues (exclusive of depreciation and amortization expense shown separately below)	2,747	2,575
Selling, general and administrative expenses	711	871
Restructuring charges	55	2
Depreciation and amortization expense	133	123
Income from operations	579	539
Other income (expense), net:		
Interest income	41	48
Interest expense	(6)	(7)
Foreign currency exchange gains (losses), net	(102)	2
Other, net	(2)	1
Total other income (expense), net	(69)	44
Income before provision for income taxes	510	583
Provision for income taxes	(142)	(142)
Income (loss) from equity method investments	(1)	—
Net income	\$ 367	\$ 441
Basic earnings per share	\$ 0.67	\$ 0.77
Diluted earnings per share	\$ 0.67	\$ 0.77
Weighted average number of common shares outstanding - Basic	546	573
Dilutive effect of shares issuable under stock-based compensation plans	—	2
Weighted average number of common shares outstanding - Diluted	546	575

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

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

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2020</b>	<b>2019</b>
Net income	\$ 367	\$ 441
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments	(135)	(2)
Change in unrealized gains and losses on cash flow hedges	(91)	36
Change in unrealized gains and losses on available-for-sale securities	—	6
Other comprehensive income (loss)	(226)	40
Comprehensive income	\$ 141	\$ 481

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

**COGNIZANT TECHNOLOGY SOLUTIONS CORPORATION**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
(Unaudited)  
(in millions)

	Class A Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
	Shares	Amount				
Balance, December 31, 2019	548	\$ 5	\$ 33	\$ 11,022	\$ (38)	\$ 11,022
Cumulative effect of changes in accounting principle <sup>(1)</sup>	—	—	—	1	—	1
Net income	—	—	—	367	—	367
Other comprehensive income (loss)	—	—	—	—	(226)	(226)
Common stock issued, stock-based compensation plans	2	—	40	—	—	40
Stock-based compensation expense	—	—	55	—	—	55
Repurchases of common stock	(9)	—	(87)	(439)	—	(526)
Dividends declared, \$0.22 per share	—	—	—	(120)	—	(120)
Balance, March 31, 2020	541	\$ 5	\$ 41	\$ 10,831	\$ (264)	\$ 10,613

	Class A Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
	Shares	Amount				
Balance, December 31, 2018	577	\$ 6	\$ 47	\$ 11,485	\$ (114)	\$ 11,424
Cumulative effect of changes in accounting principle <sup>(2)</sup>	—	—	—	2	—	2
Net income	—	—	—	441	—	441
Other comprehensive income (loss)	—	—	—	—	40	40
Common stock issued, stock-based compensation plans	2	—	50	—	—	50
Stock-based compensation expense	—	—	66	—	—	66
Repurchases of common stock	(10)	—	(99)	(672)	—	(771)
Dividends declared, \$0.20 per share	—	—	—	(116)	—	(116)
Balance, March 31, 2019	569	\$ 6	\$ 64	\$ 11,140	\$ (74)	\$ 11,136

(1) Reflects the adoption of the Credit Loss Standard as described in [Note 1](#).

(2) Reflects the adoption of ASC Topic 842 "Leases" on January 1, 2019. Refer to the notes in the consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2019.

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

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

	For the Three Months Ended March 31,	
	2020	2019
Cash flows from operating activities:		
Net income	\$ 367	\$ 441
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	136	133
Deferred income taxes	(19)	(42)
Stock-based compensation expense	55	66
Other	144	(7)
Changes in assets and liabilities:		
Trade accounts receivable	13	(131)
Other current and noncurrent assets	26	90
Accounts payable	44	49
Deferred revenues, current and noncurrent	59	56
Other current and noncurrent liabilities	(328)	(386)
Net cash provided by operating activities	497	269
Cash flows from investing activities:		
Purchases of property and equipment	(112)	(106)
Purchases of available-for-sale investment securities	—	(243)
Proceeds from maturity or sale of available-for-sale investment securities	—	650
Purchases of held-to-maturity investment securities	(202)	(94)
Proceeds from maturity of held-to-maturity investment securities	154	348
Purchases of other investments	(54)	(31)
Proceeds from maturity or sale of other investments	28	29
Payments for business combinations, net of cash acquired	(86)	(197)
Net cash (used in) provided by investing activities	(272)	356
Cash flows from financing activities:		
Issuance of common stock under stock-based compensation plans	40	50
Repurchases of common stock	(511)	(771)
Repayment of term loan borrowings and finance lease obligations	(13)	(2)
Borrowings under the revolving credit facility	1,740	—
Dividends paid	(121)	(116)
Net cash provided by (used in) financing activities	1,135	(839)
Effect of exchange rate changes on cash and cash equivalents	(119)	3
Increase (decrease) in cash and cash equivalents	1,241	(211)
Cash and cash equivalents, beginning of year	2,645	1,161
Cash and cash equivalents, end of period	\$ 3,886	\$ 950

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

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

**Note 1 — Interim Consolidated Financial Statements**

The terms “Cognizant,” “we,” “our,” “us” and “the Company” refer to Cognizant Technology Solutions Corporation and its subsidiaries unless the context indicates otherwise. We have prepared the accompanying unaudited consolidated financial statements included herein in accordance GAAP and the Exchange Act. The accompanying unaudited 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, 2019. In our opinion, all adjustments considered necessary for a fair statement of the accompanying unaudited 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.

Our unaudited consolidated financial statements presented herein reflect the latest estimates and assumptions made by management that affect the reported amounts of assets and liabilities and related disclosures as of the date of the unaudited consolidated financial statements and reported amounts of revenues and expenses during the reporting periods presented. In the first quarter of 2020, the global COVID-19 pandemic began causing significant loss of life and interruption to the global economy, including the curtailment of activities by businesses and consumers in much of the world as governments and others seek to limit the spread of the disease. We expect the effects of the COVID-19 pandemic to negatively impact our results of operations, cash flows and financial position. In addition, the pandemic may affect management's estimates and assumptions of variable consideration in contracts with customers as well as other estimates and assumptions, in particular those that require a projection of our financial results, our cash flows or broader economic conditions, such as the annual effective tax rate, the allowance for doubtful accounts, the recoverability of capitalized deferred charges and the fair values of goodwill, long-lived assets and indefinite-lived intangible assets.

We deemed the COVID-19 related deterioration in general economic conditions sufficient to trigger an interim impairment test of goodwill as of March 31, 2020. Our interim test results indicate that the fair values of all of our reporting units exceed their carrying values and thus, no impairment of goodwill exists as of March 31, 2020. Due to the size of past acquisitions in our healthcare reporting unit, this reporting unit carries the most significant portion of our goodwill balance and has the least amount of excess fair value over its carrying value.

**Recently Adopted Accounting Pronouncements**

Date Issued and Topic	Date Adopted and Method	Description	Impact
June 2016  Financial Instruments- Credit Losses	January 1, 2020  Modified Retrospective	The new standard requires the measurement and recognition of expected credit losses using the current expected credit loss model for financial assets held at amortized cost, which includes the Company’s trade accounts receivable, certain financial instruments and contract assets. It replaces the existing incurred loss impairment model with an expected loss methodology. The recorded credit losses are adjusted each period for changes in expected lifetime credit losses. The standard requires 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.	As a result of the adoption, we recorded an increase to our opening retained earnings and "Trade accounts receivable, net" of \$1 million each.  Prior period amounts are not adjusted and continue to be reported in accordance with our historical accounting policies.

## Note 2 — Revenues and Trade Accounts Receivable

### Disaggregation of Revenues

The tables below present disaggregated revenues from contracts with clients by client location, service line and contract-type for each of our business segments. We believe this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors. Revenues are attributed to regions based upon client location. Substantially all revenues in our North America region relate to operations in the United States.

	Three Months Ended March 31, 2020				
	Financial Services	Healthcare	Products and Resources	Communications, Media and Technology	Total
	(in millions)				
Revenues					
Geography:					
North America	\$ 1,012	\$ 1,038	\$ 689	\$ 451	\$ 3,190
United Kingdom	120	40	93	84	337
Continental Europe	191	99	109	38	437
Europe - Total	311	139	202	122	774
Rest of World	128	17	63	53	261
Total	<u>\$ 1,451</u>	<u>\$ 1,194</u>	<u>\$ 954</u>	<u>\$ 626</u>	<u>\$ 4,225</u>
Service line:					
Consulting and technology services	\$ 947	\$ 662	\$ 590	\$ 348	\$ 2,547
Outsourcing services	504	532	364	278	1,678
Total	<u>\$ 1,451</u>	<u>\$ 1,194</u>	<u>\$ 954</u>	<u>\$ 626</u>	<u>\$ 4,225</u>
Type of contract:					
Time and materials	\$ 884	\$ 475	\$ 409	\$ 383	\$ 2,151
Fixed-price	483	409	443	219	1,554
Transaction or volume-based	84	310	102	24	520
Total	<u>\$ 1,451</u>	<u>\$ 1,194</u>	<u>\$ 954</u>	<u>\$ 626</u>	<u>\$ 4,225</u>

We expect the COVID-19 pandemic to result in reduced demand across all our segments in the second quarter of 2020 and potentially longer. We expect demand from our retail and consumer goods clients and our travel and hospitality clients in our Products and Resources segment as well as communications and media clients in our Communications, Media and Technology segment to be particularly negatively impacted by the COVID-19 pandemic.

	Three Months Ended March 31, 2019				
	Financial Services	Healthcare	Products and Resources	Communications, Media and Technology	Total
	(in millions)				
Revenues					
Geography:					
North America	\$ 1,018	\$ 1,042	\$ 641	\$ 422	\$ 3,123
United Kingdom	129	25	94	81	329
Continental Europe	162	82	115	46	405
Europe - Total	291	107	209	127	734
Rest of World	127	16	64	46	253
Total	<u>\$ 1,436</u>	<u>\$ 1,165</u>	<u>\$ 914</u>	<u>\$ 595</u>	<u>\$ 4,110</u>
Service line:					
Consulting and technology services	\$ 913	\$ 638	\$ 552	\$ 306	\$ 2,409
Outsourcing services	523	527	362	289	1,701
Total	<u>\$ 1,436</u>	<u>\$ 1,165</u>	<u>\$ 914</u>	<u>\$ 595</u>	<u>\$ 4,110</u>
Type of contract:					
Time and materials	\$ 919	\$ 458	\$ 400	\$ 375	\$ 2,152
Fixed-price	464	400	414	190	1,468
Transaction or volume-based	53	307	100	30	490
Total	<u>\$ 1,436</u>	<u>\$ 1,165</u>	<u>\$ 914</u>	<u>\$ 595</u>	<u>\$ 4,110</u>

## Costs to Fulfill

Costs to fulfill, such as set-up or transition activities, are recorded in "Other noncurrent assets" in our unaudited consolidated statements of financial position and the amortization expense of costs to fulfill is included in "Cost of revenues" in our unaudited consolidated statements of operations. Costs to obtain contracts were immaterial for the period disclosed. The following table presents information related to the capitalized costs to fulfill for the three months ended March 31:

	2020	2019
	(in millions)	
Beginning balance	485	\$ 400
Amortization expense	(22)	(20)
Costs capitalized	35	43
Ending balance	<u>\$ 498</u>	<u>\$ 423</u>

## Contract Balances

A contract asset is a right to consideration that is conditional upon factors other than the passage of time. Contract assets are presented in "Other current assets" in our unaudited consolidated statements of financial position and primarily relate to unbilled amounts on fixed-price contracts utilizing the cost to cost method of revenue recognition. The table below shows significant movements in contract assets for the three months ended March 31:

	2020	2019
	(in millions)	
Beginning balance	\$ 334	\$ 305
Revenues recognized during the period but not billed	219	238
Amounts reclassified to trade accounts receivable	(194)	(208)
Ending balance	<u>\$ 359</u>	<u>\$ 335</u>

Our contract liabilities, or deferred revenue, consist of advance payments and billings in excess of revenues recognized. The tables below show significant movements in the deferred revenue balances (current and noncurrent) for the three months ended March 31:

	2020	2019
	(in millions)	
Beginning balance	\$ 336	\$ 348
Amounts billed but not recognized as revenues	257	205
Revenues recognized related to the opening balance of deferred revenue	(197)	(149)
Ending balance	\$ 396	\$ 404

Revenues recognized during the three months ended March 31, 2020 for performance obligations satisfied or partially satisfied in previous periods were immaterial.

### Remaining Performance Obligations

As of March 31, 2020, the aggregate amount of transaction price allocated to remaining performance obligations, was \$1,674 million of which approximately 70% is expected to be recognized as revenue within 2 years. Disclosure is not required for performance obligations that meet any of the following criteria:

- (1) contracts with a duration of one year or less as determined under ASC Topic 606: "Revenue from Contracts with Customers",
- (2) contracts for which we recognize revenues based on the right to invoice for services performed,
- (3) variable consideration allocated entirely to a wholly unsatisfied performance obligation or to a wholly unsatisfied promise to transfer a distinct good or service that forms part of a single performance obligation in accordance with ASC 606-10-25-14(b), for which the criteria in ASC 606-10-32-40 have been met, or
- (4) variable consideration in the form of a sales-based or usage based royalty promised in exchange for a license of intellectual property.

Many of our performance obligations meet one or more of these exemptions and therefore are not included in the remaining performance obligation amount disclosed above.

### Trade Accounts Receivable and Allowance for Doubtful Accounts

We calculate expected credit losses for our trade accounts receivable based on historical credit loss rates for each aging category as adjusted for the current market conditions and forecasts about future economic conditions. The following table presents the activity in the allowance for doubtful accounts for trade accounts receivable:

	Allowance for Doubtful Accounts	
	(in millions)	
Balance - December 31, 2019	\$	67
Impact of adoption of the Credit Loss Standard		(1)
Current-period provision for expected credit losses		10
Write-offs charged against the allowance		(2)
Balance - March 31, 2020	\$	74

### Note 3 — Business Combinations

During the three months ended March 31, 2020, we acquired 100% ownership in the following:

- Code Zero, a provider of consulting and implementation services that strengthens our cloud solutions portfolio and Salesforce Configure-Price-Quote and billing capabilities (acquired on January 31, 2020).
- Lev, a Salesforce Platinum Partner specializing in digital marketing consultancy and implementation of custom cloud solutions that further expands our Salesforce practice (acquired on March 27, 2020).

The allocations of preliminary purchase price to the fair value of the aggregate assets acquired and liabilities assumed were as follows:

	Fair Value (in millions)	Weighted Average Useful Life
Cash	\$ 4	
Current assets	9	
Property, plant and equipment and other noncurrent assets	4	
Non-deductible goodwill	76	
Customer relationship intangible assets	9	5.0 years
Current liabilities	(5)	
Noncurrent liabilities	(2)	
Purchase price, inclusive of contingent consideration	<u>\$ 95</u>	

The allocations are preliminary and will be finalized as soon as practicable within the measurement period, but in no event later than one year following the date of acquisition.

The acquisitions completed during the three months ended March 31, 2020 were not individually or in the aggregate material to our operations or cash flows. Accordingly, pro forma results have not been presented. We have allocated the purchase price related to these transactions to tangible and intangible assets acquired and liabilities assumed, including non-deductible goodwill, based on their estimated fair values. Goodwill from these acquisitions is intended to benefit all of our reportable segments and has been allocated as such. The primary items that generated goodwill are the value of the acquired assembled workforces and synergies between the acquired companies and us, neither of which qualify as an identifiable intangible asset.

#### Note 4 — Restructuring Charges

In 2017, we began a realignment program with the objective of improving our client focus, our cost structure and the efficiency and effectiveness of our delivery while continuing to drive revenue growth. In 2019, we announced our 2020 Fit for Growth Plan which involves certain measures to simplify our organizational model and optimize our cost structure in order to partially fund the investments required to execute on our strategy and advance our growth agenda as well as our decision to exit certain content-related services that are not in line with our strategic vision for the Company.

The total costs related to our realignment program and our 2020 Fit for Growth Plan are reported in "Restructuring charges" in our unaudited consolidated statements of operations. We do not allocate these charges to individual segments in internal management reports used by the chief operating decision maker. Accordingly, such expenses are included in our segment reporting as "unallocated costs". See [Note 13](#).

Charges related to our realignment program and our 2020 Fit for Growth Plan were as follows:

	Three Months Ended March 31,	
	2020	2019
	(in millions)	
Realignment Program:		
Executive Transition Costs	\$ —	\$ 2
Employee retention costs	6	—
Professional fees	14	—
2020 Fit for Growth Plan:		
Employee separation costs	26	—
Employee retention costs	4	—
Facility exit costs <sup>(1)</sup>	5	—
Total realignment costs	<u>\$ 55</u>	<u>\$ 2</u>

(1) Includes \$3 million of accelerated depreciation.

The 2020 Fit for Growth Plan charges include \$11 million of costs incurred in 2020 related to our exit from certain content-related services.

Changes in our accrued employee separation costs included in "Accrued expenses and other current liabilities" in our consolidated statements of financial position, are presented in the table below.

	(in millions)	
Balance - December 31, 2019	\$	47
Employee separation costs accrued		26
Payments made		(35)
Balance - March 31, 2020	\$	38

There were no material employee separation costs accrued or severance payments made for the period ended March 31, 2019.

## Note 5 — Investments

Our investments were as follows:

	March 31, 2020	December 31, 2019
	(in millions)	
Short-term investments:		
Equity investment security	\$ 27	\$ 26
Held-to-maturity investment securities	321	287
Time deposits <sup>(1)</sup>	48	466
Total short-term investments	\$ 396	\$ 779
Long-term investments:		
Equity and cost method investments	\$ 40	\$ 17
Time deposits <sup>(1)</sup>	\$ 393	\$ —
Total long-term investments	\$ 433	\$ 17

(1) As of March 31, 2020, \$393 million in restricted time deposits were classified as long-term. As of December 31, 2019, \$414 million in restricted time deposits were classified as short-term. See [Note 8](#).

### Equity Investment Securities

Our equity investment security is a U.S. dollar denominated investment in an open-ended mutual fund. Realized and unrealized gains and losses were immaterial for the three months ended March 31, 2020 and 2019.

### 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. The basis for the measurement of fair value of our held-to-maturity investments is Level 2 in the fair value hierarchy.

The amortized cost and fair value of our held-to-maturity investment securities were as follows:

	March 31, 2020		December 31, 2019	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
(in millions)				
Short-term investments, due within one year:				
Corporate and other debt securities	\$ 146	\$ 146	\$ 101	\$ 101
Commercial paper	175	175	186	186
Total short-term held-to-maturity investments	<u>\$ 321</u>	<u>\$ 321</u>	<u>\$ 287</u>	<u>\$ 287</u>

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 March 31, 2020:

	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	\$ 100	\$ —	\$ —	\$ —	\$ 100	\$ —
Commercial paper	49	—	—	—	49	—
Total	<u>\$ 149</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 149</u>	<u>\$ —</u>

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 December 31, 2019:

	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	\$ 42	\$ —	\$ —	\$ —	\$ 42	\$ —
Commercial paper	70	—	—	—	70	—
Total	<u>\$ 112</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 112</u>	<u>\$ —</u>

We monitor the credit ratings of the securities in our portfolio on an ongoing basis and evaluate the need for an allowance for expected credit losses. The securities in our portfolio are highly rated and short-term in nature. Historically, we have not had any impairment losses on our portfolio. As of March 31, 2020, \$116 million of corporate and other debt securities were rated AAA and the remaining \$30 million were rated AA+. Commercial paper securities were rated A-1+.

During the three months ended March 31, 2020 and the year ended December 31, 2019, there were no transfers of investments between our available-for-sale and held-to-maturity investment portfolios.

### Equity and Cost Method Investments

During the first quarter of 2020, we acquired a \$26 million equity method investment in the technology sector. As of March 31, 2020 and December 31, 2019, we had equity method investments of \$37 million and \$9 million, respectively and cost method investments of \$3 million and \$8 million, respectively.

**Note 6 — Accrued Expenses and Other Current Liabilities**

Accrued expenses and other current liabilities were as follows:

	March 31, 2020	December 31, 2019
	(in millions)	
Compensation and benefits	\$ 952	\$ 1,239
Customer volume and other incentives	264	251
Derivative financial instruments	42	8
Income taxes	197	152
Professional fees	131	137
Travel and entertainment	24	24
Other	384	380
Total accrued expenses and other current liabilities	<u>\$ 1,994</u>	<u>\$ 2,191</u>

**Note 7 — Debt**

In 2018, we entered into a Credit Agreement providing for a \$750 million Term Loan and a \$1,750 million unsecured revolving credit facility. During the first quarter of 2020, we borrowed \$1,740 million against our revolving credit facility. Both our Term Loan and the borrowing under our revolving credit facility mature in November 2023.

The Credit Agreement requires interest to be paid, at our option, at either the ABR or the Eurocurrency Rate (each as defined in the Credit Agreement), plus, in each case, an Applicable Margin (as defined in the Credit Agreement). Initially, the Applicable Margin is 0.875% with respect to Eurocurrency Rate loans and 0.00% with respect to ABR loans. Subsequently, the Applicable Margin with respect to Eurocurrency Rate loans may range from 0.75% to 1.125%, depending on our public debt ratings (or, if we have not received public debt ratings, from 0.875% to 1.125%, depending on our Leverage Ratio, which is the ratio of indebtedness for borrowed money to Consolidated EBITDA, as defined in the Credit Agreement). Our Credit Agreement also provides a mechanism for determining an alternative rate of interest to the Eurocurrency rate after LIBOR is no longer available. The outstanding balance under our revolving credit facility as of March 31, 2020 is a Eurocurrency Rate loan with an Interest Period (as defined in the Credit Agreement) of one month.

We are required under the Credit Agreement to make scheduled quarterly principal payments on the Term Loan. The Credit Agreement contains customary affirmative and negative covenants as well as a financial covenant. We were in compliance with all debt covenants and representations as of March 31, 2020.

In February 2020, our India subsidiary renewed its 13 billion Indian rupee (\$173 million at the March 31, 2020 exchange rate) working capital facility, which requires us to repay any balances within 90 days from the date of disbursement. There is a 1.0% prepayment penalty applicable to payments made prior to 30 days after disbursement. This working capital facility contains affirmative and negative covenants and may be renewed annually in February.

**Short-term Debt**

As of March 31, 2020 and December 31, 2019, we had \$38 million of short-term debt related to current maturities of our Term Loan.

## Long-term Debt

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

	March 31, 2020	December 31, 2019
	(in millions)	
Notes outstanding under revolving credit facility	\$ 1,740	\$ —
Term loan	731	741
Less:		
Current maturities - term loan	(38)	(38)
Deferred financing costs	(3)	(3)
Long-term debt, net of current maturities	<u>\$ 2,430</u>	<u>\$ 700</u>

The carrying value of our debt approximated its fair value as of March 31, 2020 and December 31, 2019.

## Note 8 — Income Taxes

Our effective income tax rates were as follows:

	Three Months Ended March 31,	
	2020	2019
Effective income tax rate	27.8 %	24.4 %

The effective tax rate for the three months ended March 31, 2020 increased primarily due to the depreciation of the Indian rupee against the U.S. dollar, which resulted in non-deductible foreign currency exchange losses on our unaudited consolidated statement of operations.

In March 2020, the Indian parliament enacted the Budget, which contains a number of provisions related to income tax, including a replacement of the DDT, previously due from the dividend payer, with a tax payable by the shareholder receiving the dividend. This provision reduces the tax rate applicable to us for cash repatriated from India. As of the first quarter of 2020, we have limited our indefinite reinvestment assertion to India earnings accumulated in prior years.

We are involved in an ongoing dispute with the ITD in connection with a previously disclosed 2016 share repurchase transaction undertaken by CTS India to repurchase shares from its shareholders (non-Indian Cognizant entities) valued at \$2.8 billion. As a result of that transaction, which was undertaken pursuant to a plan approved by the Court in Chennai, India, we previously paid \$135 million in Indian income taxes - an amount we believe includes all the applicable taxes owed for this transaction under Indian law. In March 2018, we received a communication from the ITD asserting that the ITD is owed an additional 33 billion Indian rupees (\$438 million at the March 31, 2020 exchange rate) on the 2016 transaction. Immediately thereafter, the ITD placed an attachment on certain of our India bank accounts. In addition to the dispute on the 2016 transaction, we are also involved in another ongoing dispute with the ITD relating to a 2013 transaction undertaken by CTS India to repurchase shares from its shareholders valued at \$523 million (the two disputes are collectively referred to as the "ITD Dispute").

In April 2018, the Court admitted our writ petition for a stay of the actions of the ITD and lifted the ITD's attachment on our bank accounts. As part of the interim stay order, we deposited 5 billion Indian rupees (\$66 million at the March 31, 2020 exchange rate and \$70 million at the December 31, 2019 exchange rate) representing 15% of the disputed tax amount related to the 2016 transaction, with the ITD. In addition, the Court also placed a lien on certain time deposits of CTS India in the amount of 28 billion Indian rupees (\$372 million at the March 31, 2020 exchange rate and \$393 million at the December 31, 2019 exchange rate), which is the remainder of the disputed tax amount related to the 2016 transaction. In June 2019, the Court dismissed our previously admitted writ petitions on the ITD Dispute, holding that the Company must exhaust other remedies, such as pursuing the matter before other appellate bodies, for resolution of the ITD Dispute prior to intervention by the Court. The Court did not issue a ruling on the substantive issue of whether we owe additional tax as a result of either the 2016 or the 2013 transaction. In July 2019, we appealed the Court's orders before the Division Bench. In September 2019, the Division Bench partly allowed the Company's appeal, but did not issue a ruling on the substantive issue of the tax implications of the transactions. In October 2019, we filed a Special Leave Petition before the SCI.

In March 2020, the SCI referred the case back to the ITD with directions to carry out the assessment following the due process of law. Further, until the conclusion of the assessment, the SCI maintained in place the lien on our 28 billion Indian

rupees time deposit and did not order the release of the 5 billion Indian Rupees deposit held by the ITD. In April 2020, we received an assessment from the ITD, which is consistent with its previous assertions regarding our 2016 transaction. We plan to appeal this assessment before the CIT. The ruling of the SCI and the ITD's assessment created additional uncertainty as to the timing of the resolution of this case and, as a result, management reclassified the deposits under lien, which are considered restricted assets, and the deposit with the ITD to noncurrent assets. As of March 31, 2020 and December 31, 2019, the balance of deposits under lien was \$393 million presented in "Long-term investments" and \$414 million presented in "Short-term investments", respectively, including a portion of the interest previously earned. As of March 31, 2020 and December 31, 2019, the deposit with the ITD was \$66 million presented in "Other noncurrent assets" and \$70 million presented in "Other current assets", respectively.

We believe we have paid all applicable taxes owed on both the 2016 and the 2013 transactions. Accordingly, we have not recorded any reserves for these matters as of March 31, 2020.

## Note 9 — Derivative Financial Instruments

In the normal course of business, we use foreign exchange forward contracts to manage foreign currency exchange rate risk. Derivatives may give rise to credit risk from the possible non-performance by counterparties. Credit risk is limited to the fair value of those contracts that are favorable to us. We have limited our credit risk by limiting the amount of credit exposure with any one financial institution and conducting 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 master netting arrangements, such as the International Swaps and Derivatives Association, 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, as applicable, on a gross basis, with no offsets, in our 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 Statements of Financial Position	March 31, 2020		December 31, 2019	
		Assets	Liabilities	Assets	Liabilities
(in millions)					
Foreign exchange forward contracts – Designated as cash flow hedging instruments	Other current assets	\$ 5	\$ —	\$ 32	\$ —
	Other noncurrent assets	—	—	8	—
	Accrued expenses and other current liabilities	—	42	—	7
	Other noncurrent liabilities	—	36	—	2
	Total	5	78	40	9
Foreign exchange forward contracts – Not designated as hedging instruments	Other current assets	8	—	3	—
	Accrued expenses and other current liabilities	—	—	—	1
	Total	8	—	3	1
Total		\$ 13	78	\$ 43	\$ 10

## 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 the remainder of 2020, 2021 and the first quarter of 2022. Under these contracts, we purchase Indian rupees and sell U.S. dollars. The changes in fair value of these contracts are initially reported in "Accumulated other comprehensive income (loss)" in our unaudited consolidated statements of financial position and are subsequently reclassified to earnings in the same period that the forecasted Indian rupee denominated payments are recorded in earnings. As of March 31, 2020, we estimate that \$36 million, net of tax, of net losses related to derivatives designated as cash flow hedges reported in "Accumulated other comprehensive income (loss)" in our unaudited consolidated statements of financial position 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 and losses included in the caption "Accumulated other comprehensive income (loss)" in our unaudited consolidated statements of financial position, for such contracts were as follows:

	March 31, 2020	December 31, 2019
	(in millions)	
2020	\$ 1,190	\$ 1,505
2021	1,005	883
2022	145	—
Total notional value of contracts outstanding	\$ 2,340	\$ 2,388
Net unrealized (losses) gains included in accumulated other comprehensive income (loss), net of taxes	\$ (65)	\$ 26

Upon settlement or maturity of the cash flow hedge contracts, we record the related gains or losses, based on our designation at the commencement of the contract, with the related hedged Indian rupee denominated expense reported within the captions "Cost of revenues" and "Selling, general and administrative expenses" in our unaudited consolidated statements of operations.

The following table provides information on the location and amounts of pre-tax gains and losses on our cash flow hedges for the three months ended March 31:

	Change in Derivative (Losses) Gains Recognized in Accumulated Other Comprehensive Income (Loss) (effective portion)		Location of Net (Losses) Reclassified from Accumulated Other Comprehensive Income (Loss) into Income (effective portion)	Net (Losses) Reclassified from Accumulated Other Comprehensive Income (Loss) into Income (effective portion)	
	2020	2019		2020	2019
	(in millions)				
Foreign exchange forward contracts – Designated as cash flow hedging instruments	\$ (113)	\$ 39	Cost of revenues	\$ (3)	\$ (3)
			Selling, general and administrative expenses	—	(1)
			Total	\$ (3)	\$ (4)

The activity related to the change in net unrealized gains and losses on our cash flow hedges included in "Accumulated other comprehensive income (loss)" in our unaudited consolidated statements of stockholders equity is presented in [Note 11](#).

## Other Derivatives

We use foreign exchange forward contracts to provide an economic hedge against balance sheet exposures to certain monetary assets and liabilities denominated in currencies, other than the functional currency of our foreign subsidiaries, primarily the Indian rupee, British pound and Euro. We entered into a series of foreign exchange forward contracts that are scheduled to mature in 2020. 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 was as follows:

	March 31, 2020		December 31, 2019	
	Notional	Fair Value	Notional	Fair Value
	(in millions)			
Contracts outstanding	\$ 338	\$ 8	\$ 702	\$ 2

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 months ended March 31:

	Location of Net Gains (Losses) on Derivative Instruments	Amount of Net Gains (Losses) on Derivative Instruments	
		2020	2019
		(in millions)	
Foreign exchange forward contracts – Not designated as hedging instruments	Foreign currency exchange gains (losses), net	\$ 6	\$ (1)

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

## Note 10 — Fair Value Measurements

We measure our cash equivalents, certain investments, contingent consideration liabilities 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 March 31, 2020:

	Level 1	Level 2	Level 3	Total
	(in millions)			
Cash equivalents:				
Money market funds	\$ 1,562	\$ —	\$ —	\$ 1,562
Commercial paper	—	1,498	—	1,498
Short-term investments:				
Time deposits	—	48	—	48
Equity investment security	27	—	—	27
Other current assets:				
Foreign exchange forward contracts	—	13	—	13
Long-term investments:				
Time deposits <sup>(1)</sup>	—	393	—	393
Accrued expenses and other current liabilities:				
Foreign exchange forward contracts	—	(42)	—	(42)
Contingent consideration liabilities	—	—	(11)	(11)
Other noncurrent liabilities:				
Foreign exchange forward contracts	—	(36)	—	(36)
Contingent consideration liabilities	—	—	(9)	(9)

(1) Balance represents restricted time deposits. See [Note 8](#).

The following table summarizes our financial assets and (liabilities) measured at fair value on a recurring basis as of December 31, 2019:

	Level 1	Level 2	Level 3	Total
	(in millions)			
Cash equivalents:				
Money market funds	\$ 1,646	\$ —	\$ —	\$ 1,646
Short-term investments:				
Time deposits <sup>(1)</sup>	—	466	—	466
Equity investment security	26	—	—	26
Other current assets:				
Foreign exchange forward contracts	—	35	—	35
Other noncurrent assets:				
Foreign exchange forward contracts	—	8	—	8
Accrued expenses and other current liabilities:				
Foreign exchange forward contracts	—	(8)	—	(8)
Contingent consideration liabilities	—	—	(8)	(8)
Other noncurrent liabilities:				
Foreign exchange forward contracts	—	(2)	—	(2)
Contingent consideration liabilities	—	—	(30)	(30)

(1) Includes \$414 million in restricted time deposits. See [Note 8](#).

We measure the fair value of money market funds based on quoted prices in active markets for identical assets and measure the fair value of our equity security based on the published daily net asset value at which investors can freely subscribe to or redeem from the fund. The fair value of commercial paper 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. The carrying value of our time deposits approximated fair value as of March 31, 2020 and December 31, 2019.

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.

We estimate the fair value of contingent consideration liabilities associated with our acquisitions utilizing one or more significant inputs that are unobservable. We calculate the fair value of such liabilities based on the probability-weighted expected performance of the acquired entity against the target performance metric, discounted to present value when appropriate.

**Note 11 — Accumulated Other Comprehensive Income (Loss)**

Changes in accumulated other comprehensive income (loss) by component were as follows for the three months ended March 31, 2020:

	<b>Before Tax Amount</b>	<b>Tax Effect</b>	<b>Net of Tax Amount</b>
	(in millions)		
Foreign currency translation adjustments:			
Beginning balance	\$ (63)	\$ (1)	\$ (64)
Change in foreign currency translation adjustments	(139)	4	(135)
Ending balance	<u>\$ (202)</u>	<u>\$ 3</u>	<u>\$ (199)</u>
Unrealized gains (losses) on cash flow hedges:			
Beginning balance	\$ 31	\$ (5)	\$ 26
Unrealized (losses) arising during the period	(113)	19	(94)
Reclassifications of net losses to:			
Cost of revenues	3	—	3
Selling, general and administrative expenses	—	—	—
Net change	(110)	19	(91)
Ending balance	<u>\$ (79)</u>	<u>\$ 14</u>	<u>\$ (65)</u>
Accumulated other comprehensive income (loss):			
Beginning balance	\$ (32)	\$ (6)	\$ (38)
Other comprehensive income (loss)	(249)	23	(226)
Ending balance	<u>\$ (281)</u>	<u>\$ 17</u>	<u>\$ (264)</u>

Changes in accumulated other comprehensive income (loss) by component were as follows for the three months ended March 31, 2019:

	Before Tax Amount	Tax Effect	Net of Tax Amount
(in millions)			
<b>Foreign currency translation adjustments:</b>			
Beginning balance	\$ (108)	\$ 5	\$ (103)
Change in foreign currency translation adjustments	(3)	1	(2)
Ending balance	<u>\$ (111)</u>	<u>\$ 6</u>	<u>\$ (105)</u>
<b>Unrealized (losses) on available-for-sale investment securities:</b>			
Beginning balance	\$ (12)	\$ 4	\$ (8)
Net unrealized gains arising during the period	9	(3)	6
Reclassification of net losses to Other, net	—	—	—
Net change	9	(3)	6
Ending balance	<u>\$ (3)</u>	<u>\$ 1</u>	<u>\$ (2)</u>
<b>Unrealized (losses) gains on cash flow hedges:</b>			
Beginning balance	\$ (4)	\$ 1	\$ (3)
Unrealized gains arising during the period	39	(7)	32
Reclassifications of net losses to:			
Cost of revenues	3	—	3
Selling, general and administrative expenses	1	—	1
Net change	43	(7)	36
Ending balance	<u>\$ 39</u>	<u>\$ (6)</u>	<u>\$ 33</u>
<b>Accumulated other comprehensive income (loss):</b>			
Beginning balance	\$ (124)	\$ 10	\$ (114)
Other comprehensive income (loss)	49	(9)	40
Ending balance	<u>\$ (75)</u>	<u>\$ 1</u>	<u>\$ (74)</u>

## Note 12— Commitments and Contingencies

We are involved in various claims and legal proceedings 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. While we do not expect that the ultimate resolution of any existing claims and proceedings (other than the specific matters described below, if decided adversely), individually or in the aggregate, will have a material adverse effect on our financial position, an unfavorable outcome in some or all of these proceedings could have a material adverse impact on results of operations or cash flows for a particular period. This assessment is based on our current understanding of relevant facts and circumstances. As such, our view of these matters is subject to inherent uncertainties and may change in the future.

On April 20, 2020, we announced a security incident involving a Maze ransomware attack. While our investigation is ongoing, we believe we have contained the attack. Based on the investigation to date, we believe the attack principally impacted certain of our systems and data. The attack resulted in unauthorized access to certain data and caused significant disruption to our business. This included the disabling of some of our systems and networks and disruption caused by our taking certain other internal systems and networks offline as a precautionary measure. The attack compounded the challenges we face in enabling work-from-home arrangements during the COVID-19 pandemic and resulted in setbacks and delays to such efforts. The impact to clients and their responses to the security incident have varied. Some clients experienced no disruption. As to other clients, we experienced service disruptions due to our reliance on certain of the impacted systems and networks to perform work for clients and the impact to our systems and networks supporting work-from-home capabilities. The systems that comprise the technology platforms that support our business process-as-a-service solutions were not impacted. Most clients maintained

connectivity with our network, allowing us to continue to provide service, but some clients opted to suspend our access to their networks as a security precaution. In this circumstance, we are unable to continue providing services via client networks until access is restored. We engaged leading outside forensics and cybersecurity experts, launched a comprehensive containment and remediation effort and forensic investigation, and are working on restoring and ensuring the security of our internal systems and networks, including through the adoption of various security enhancements. We also notified and are coordinating with law enforcement.

The lost revenue and containment, remediation, investigation, legal and other costs will be significant and may exceed our insurance policy limits or may not be covered by insurance at all. Further, we may be subject to regulatory enforcement actions and litigation that could result in financial judgments or the payment of settlement amounts, and disputes with insurance carriers concerning coverage.

On February 28, 2019, a ruling of the Supreme Court of India interpreting the India Defined Contribution Obligation altered historical understandings of the obligation, extending it to cover additional portions of the employee's income. As a result, the ongoing contributions of our affected employees and the Company were 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, in "Selling, general and administrative expenses" in our unaudited consolidated statement of operations. 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 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.

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. These complaints were consolidated into a single action and on April 7, 2017, the lead plaintiffs filed a consolidated amended complaint on behalf of a putative class of persons and entities 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 Foreign Corrupt Practices Act, 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. Defendants filed a motion to dismiss the consolidated amended complaint on June 6, 2017. On August 8, 2018, the United States District Court for the District of New Jersey issued an order which granted the motion to dismiss in part, including dismissal of all claims against current officers of the Company, and denied them in part. On September 7, 2018, we filed a motion in the United States District Court for the District of New Jersey to certify the August 8, 2018 order for immediate appeal to the United States Court of Appeals for the Third Circuit pursuant to 28 U.S.C. § 1292(b). On October 18, 2018, the District Court issued an order granting our motion, and staying the action pending the outcome of our appeal petition to the Third Circuit. On October 29, 2018, we filed a petition for permission to appeal with the United States Court of Appeals for the Third Circuit. On March 6, 2019, the Third Circuit denied our petition without prejudice. In an order dated March 19, 2019, the District Court directed the lead plaintiffs to provide the defendants with a proposed amended complaint. On April 26, 2019, lead plaintiffs filed their second amended complaint. We filed a motion to dismiss the second amended complaint on June 10, 2019. The District Court has scheduled a hearing on the motion to dismiss for May 12, 2020.

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. These actions were consolidated in an order dated January 24, 2017. 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, April 7, 2017 and May 10, 2017, three additional putative shareholder derivative complaints alleging similar claims were filed in the United States District Court for the District of New Jersey, naming us and certain of our current and former directors and officers as defendants. These complaints asserted claims similar to those in the previously-filed

putative shareholder derivative actions. In an order dated June 20, 2017, the United States District Court for the District of New Jersey consolidated these actions into a single action, appointed lead plaintiff and lead counsel, and stayed all further proceedings pending a final, non-appealable ruling on the motions to dismiss the consolidated putative securities class action. On October 30, 2018, lead plaintiff filed a consolidated verified derivative complaint.

On March 11, 2019, a seventh putative shareholder derivative complaint was filed in the United States District Court for the District of New Jersey, naming us, certain of our current and former 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. On May 14, 2019, the United States District Court for the District of New Jersey approved a stipulation that (i) consolidated this action with the putative shareholder derivative suits that were previously filed in the United States District Court for the District of New Jersey; and (ii) stayed all of these suits pending a final, non-appealable order on the motion to dismiss the second amended complaint in the securities class action.

We are presently unable to predict the duration, scope or result of 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. 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 have indemnification and expense advancement obligations pursuant to our bylaws and indemnification agreements with respect to certain current and former members of senior management and the Company's directors. In connection with the matters that were the subject of our previously disclosed internal investigation, the United States Department of Justice and SEC investigations and the related litigation, we have received and expect to continue to receive requests under such indemnification agreements and our bylaws to provide funds for legal fees and other expenses. We have expensed such costs incurred through March 31, 2020.

We have maintained directors and officers insurance and have recorded an insurance receivable of \$15 million as of March 31, 2020, reported in "Other current assets," in our unaudited consolidated statement of financial position related to the recovery of a portion of the indemnification expenses and costs related to the putative securities class action complaints. We are unable to make a reliable estimate of the eventual cash flows by period related to the indemnification and expense advancement obligations described here.

See [Note 8](#) for information relating to the ITD Dispute.

Many of our engagements involve projects that are critical to the operations of our clients' business and provide benefits that are difficult to quantify. Any failure in a client's systems or our failure to meet our contractual obligations to our clients, including any breach involving a client'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 position and cash flows for a particular period.

In the normal course of business and in conjunction with certain client engagements, we have entered into contractual arrangements through which we may be obligated to indemnify clients 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 client 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 material payments under these indemnification agreements and therefore they have not had a material 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 a material adverse effect on our business, results of operations, financial position and cash flows for a particular period.

## 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, which consists of our retail and consumer goods; manufacturing, logistics, energy, and utilities; and travel and hospitality operating segments;
- Communications, Media and Technology, 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 segments may affect revenues and operating expenses to differing degrees.

Expenses included in segment operating profit consist principally of direct selling and delivery costs (including stock-based compensation expense) as well as a per employee charge for use of our global delivery centers and infrastructure. Certain selling, general and administrative expenses, restructuring costs, 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 and are included below as "unallocated costs" and adjusted against our total income from operations. The incremental accrual related to the India Defined Contribution Obligation recorded in the first quarter of 2019 has been excluded from segment operating profits for the three months ended March 31, 2019 and is included in "unallocated costs" in the table below. Additionally, management has determined that it is not practical to allocate identifiable assets by segment, since such assets are used interchangeably among the segments.

For revenues by reportable segment and geographic area, please see [Note 2](#).

Segment operating profits by reportable segment were as follows:

	Three Months Ended March 31,	
	2020	2019
	(in millions)	
Financial Services	\$ 381	400
Healthcare	321	337
Products and Resources	261	234
Communications, Media and Technology	190	174
Total segment operating profit	1,153	1,145
Less: unallocated costs	574	606
Income from operations	\$ 579	\$ 539

## Geographic Area Information

Long-lived assets by geographic area are as follows:

	As of	
	March 31, 2020	December 31, 2019
	(in millions)	
Long-lived Assets: <sup>(1)</sup>		
North America <sup>(2)</sup>	\$ 446	\$ 445
Europe	100	104
Rest of World <sup>(3)</sup>	776	760
Total	\$ 1,322	\$ 1,309

(1) Long-lived assets include property and equipment, net of accumulated depreciation and amortization.

(2) Substantially all relates to the United States.

(3) Substantially all relates to India.

## Note 14 — Subsequent Events

### Acquisitions

In May 2020, we entered into an agreement to acquire Collaborative Solutions for a preliminary purchase price of approximately \$385 million, excluding contingent consideration. Collaborative Solutions is a privately-held global consultancy firm specializing in Workday enterprise cloud applications for finance and HR. This acquisition will add new finance and HR advisory and implementation services to our portfolio of cloud offerings and is expected to close during the second quarter of 2020.

### Dividend

On May 5, 2020, our Board of Directors approved the Company's declaration of a \$0.22 per share dividend with a record date of May 20, 2020 and a payment date of May 29, 2020.

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

### Executive Summary

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Cognizant is one of the world's leading professional services companies, transforming clients' business, operating and technology models for the digital era. Our services include digital services and solutions, consulting, application development, systems integration, application testing, application maintenance, infrastructure services and business process services. Digital services have become an increasingly important part of our portfolio, aligning with our clients' focus on becoming data-enabled, customer-centric and differentiated businesses. We tailor our services and solutions to specific industries with an integrated global delivery model that employs client service and delivery teams based at client locations and dedicated global and regional delivery centers.

In the first quarter of 2020, the global COVID-19 pandemic began causing significant loss of life and interruption to the global economy, including the curtailment of activities by businesses and consumers in much of the world as governments and others seek to limit the spread of the disease. In response to COVID-19, we have prioritized the safety and well-being of our employees, business continuity for our clients and supporting the efforts of governments around the world to contain the spread of the virus. In light of our commitment to help our clients as they navigate unprecedented business challenges while protecting the safety of our employees, we have taken numerous steps, and will continue to take further actions, to address the COVID-19 pandemic. We worked closely with our clients to support them as they implemented their contingency plans, helping them access our services and solutions remotely. We also undertook a significant effort to enable a greater percentage of our employees to work from home by providing them with computer and Internet accessibility equipment while seeking to maintain appropriate security protocols. Despite these efforts, we experienced some delays in project fulfillment as delivery, particularly in India and the Philippines, shifted to work-from-home. While these delays continued early in the second quarter, we expect to be at near full project fulfillment capacity before the end of the second quarter, with the exception of certain client projects where a work-from-home scenario may not be possible due to regulatory or other compliance requirements.

As a result of the ongoing pandemic, we began to experience reduced client demand in the first quarter of 2020. We expect project deferrals, requests for furloughs, temporary rate concessions and deferred payment term requests to adversely affect revenues across all our business segments in the second quarter of 2020 and potentially longer. We continue to actively monitor the impacts of and responses to COVID-19 and the related risks, and plan to respond accordingly. The pandemic continues to rapidly evolve, and its ultimate impacts will depend on future developments that are uncertain and cannot be predicted with confidence, and may materially adversely affect our business irrespective of our efforts to mitigate the impact. See [Part II, Item 1A. Risk Factors](#).

In the first quarter of 2020, we incurred approximately \$6 million of 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 and costs incurred to enable our employees to work remotely and provide medical staff and extra cleaning services for our facilities (collectively "COVID-19 Charges"). We expect to continue to incur incremental costs related to the COVID-19 pandemic during the second quarter of 2020.

We remain committed to implementing our 2020 Fit for Growth Plan, investing in the key digital areas of IoT, AI, digital engineering and cloud, while working to maintain and optimize our core portfolio of services through efficiency, tooling and automation, delivery optimization, protection of renewals, industry alignment and geographic expansion. Our 2020 Fit for Growth Plan involves certain measures to simplify our organizational model and optimize our cost structure in order to partially fund the investments required to execute on our strategy and advance our growth agenda as well as our decision to exit certain content-related services that are not in line with our strategic vision for the Company. During the three months ended March 31, 2020, we incurred \$35 million of employee separation, retention and facility exit costs under this plan, including \$11 million of costs related to our exit from certain content-related services. See [Note 4](#) for additional information on these costs which are reported in the caption "Restructuring charges" in our unaudited consolidated statements of operations. The optimization measures that are part of the 2020 Fit for Growth Plan are expected to result in total charges in the range of \$150 million to \$200 million, primarily related to severance and facility exit costs. The optimization measures are expected to generate an annualized savings run rate, before anticipated investments, in the range of approximately \$500 million to \$550 million in 2021. The potential negative impact of the COVID-19 pandemic on our revenues may require us to take additional cost optimization measures. At the same time, the pandemic may adversely impact our ability to execute and realize the benefits of our strategy and various transformation initiatives, including the 2020 Fit for Growth Plan. See [Part II, Item 1A. Risk Factors](#).

Additionally, we anticipate that our decision in 2019 to exit certain content-related services may negatively impact our relationship with the affected clients. We continue to estimate that we may lose revenues of \$225 million to \$255 million on an annualized basis within our Communications, Media and Technology segment in North America. The exit negatively impacted our first quarter 2020 revenue by approximately \$23 million. We anticipate the revenue will continue to ramp down over the next one to two years and the impact on 2020 revenues is expected to be between \$180 million and \$200 million.

On April 20, 2020, we announced a security incident involving a Maze ransomware attack. While our investigation is ongoing, we believe we have contained the attack. Based on the investigation to date, we believe the attack principally impacted certain of our systems and data. The attack resulted in unauthorized access to certain data and caused significant disruption to our business. This included the disabling of some of our systems and disruption caused by our taking certain other internal systems and networks offline as a precautionary measure. The attack compounded the challenges we face in enabling work-from-home arrangements during the COVID-19 pandemic and resulted in setbacks and delays to such efforts. The impact to clients and their responses to the security incident have varied. Some clients experienced no disruption. As to other clients, we experienced service disruptions due to our reliance on certain of the impacted systems and networks to perform work for clients and the impact to our systems and networks supporting work-from-home capabilities. The systems that comprise the technology platforms that support our business process-as-a-service solutions were not impacted. Most clients maintained connectivity with our network, allowing us to continue to provide service, but some clients opted to suspend our access to their networks as a security precaution. In this circumstance, we are unable to continue providing services via client networks until access is restored. We engaged leading outside forensics and cybersecurity experts, launched a comprehensive containment and remediation effort and forensic investigation, and are working on restoring and ensuring the security of our internal systems and networks, including through the adoption of various security enhancements. We also notified and are coordinating with law enforcement.

We expect the business disruption caused by and incremental costs resulting from the ransomware attack to adversely impact our financial results primarily with respect to the second quarter of 2020. We have and expect to continue to experience a loss of revenue due to the interruption in our ability to provide services to some clients, either as a direct consequence of the attack or as a result of clients suspending our access to their networks as a security precaution, and incur incremental costs for the investigation, containment and remediation of the security incident, including legal and other professional fees, and investments to enhance our overall security environment. The lost revenue and containment, investigation, remediation, legal and other costs will be significant and may exceed our insurance policy limits or may not be covered by insurance at all. Other actual and potential consequences include, but are not limited to, negative publicity, reputational damage, lost trust with customers, regulatory enforcement action, litigation that could result in financial judgments or the payment of settlement amounts and disputes with insurance carriers concerning coverage. See [Part II, Item 1A, Risk Factors](#).

## Q1 2020 Financial Results

The following table sets forth a summary of our financial results for the three months ended March 31, 2020 and 2019:

	2020	2019	Increase / (Decrease)	
			\$	%
	(Dollars in millions, except per share data)			
Revenues	\$ 4,225	\$ 4,110	\$ 115	2.8
Income from operations	579	539	40	7.4
Net income	367	441	(74)	(16.8)
Diluted EPS	0.67	0.77	(0.10)	(13.0)
<i>Other Financial Information<sup>1</sup></i>				
Adjusted Income from Operations	\$ 640	\$ 658	\$ (18)	(2.7)
Adjusted Diluted EPS	0.96	0.91	0.05	5.5

After a strong start to the first quarter, our revenue growth slowed meaningfully in March, reflecting the COVID-19 related fulfillment challenges. During the quarter ended March 31, 2020, revenues increased by \$115 million as compared to the quarter ended March 31, 2019, representing growth of 2.8%, or 3.5% on a constant currency basis<sup>1</sup>. Revenues from clients added, including those related to acquisitions since March 31, 2019 were \$124 million.

<sup>1</sup> Adjusted Income From Operations, Adjusted Diluted EPS and constant currency revenue growth are not measurements of financial performance prepared in accordance with GAAP. See “Non-GAAP Financial Measures” for more information and reconciliations to the most directly comparable GAAP financial measures, as applicable.

The following charts set forth revenues and revenue growth by business segment and geography for the three months ended March 31, 2020 as compared to the three months ended March 31, 2019:

Dollars in millions	Financial Services				Healthcare			
	Revenues	Increase / (Decrease)			Revenues	Increase / (Decrease)		
		\$	%	CC % <sup>2</sup>		\$	%	CC % <sup>2</sup>
North America	\$ 1,012	(6)	(0.6)	(0.6)	\$ 1,038	(4)	(0.4)	(0.4)
United Kingdom	120	(9)	(7.0)	(5.7)	40	15	60.0	62.8
Continental Europe	191	29	17.9	19.6	99	17	20.7	21.9
Europe - Total	311	20	6.9	8.4	139	32	29.9	31.5
Rest of World	128	1	0.8	5.3	17	1	6.3	8.9
Total	\$ 1,451	15	1.0	1.8	\$ 1,194	29	2.5	2.7

  

Dollars in millions	Products and Resources				Communications, Media and Technology			
	Revenues	Increase / (Decrease)			Revenues	Increase / (Decrease)		
		\$	%	CC % <sup>2</sup>		\$	%	CC % <sup>2</sup>
North America	\$ 689	48	7.5	7.5	\$ 451	29	6.9	6.9
United Kingdom	93	(1)	(1.1)	0.4	84	3	3.7	5.9
Continental Europe	109	(6)	(5.2)	(1.4)	38	(8)	(17.4)	(12.4)
Europe - Total	202	(7)	(3.3)	(0.6)	122	(5)	(3.9)	(0.8)
Rest of World	63	(1)	(1.6)	2.7	53	7	15.2	20.3
Total	\$ 954	40	4.4	5.3	\$ 626	31	5.2	6.3

*Financial Services:* Revenues in this segment increased in our Continental Europe region primarily due to Samlink revenues, while decreasing in our North America and the United Kingdom regions as certain banking clients continue to transition the support of some of their legacy systems and operations in-house or to captives.

*Healthcare:* Revenues in this segment increased in our United Kingdom and Continental Europe regions, primarily due to revenues from our life sciences clients, including revenues from our acquisition of Zenith. Revenues in our North America region were negatively impacted by the establishment of an offshore captive by a large client, partially offset by growth among other clients in this region. Revenue growth among our life sciences clients was driven by demand for our digital operations services and solutions.

*Products and Resources:* Revenue growth in this segment was strongest in our North America region driven by our clients' adoption and integration of digital technologies and revenues from our recently completed acquisitions. Demand from our retail and consumer goods clients and our travel and hospitality clients in this segment is expected to be particularly negatively impacted by the COVID-19 pandemic.

*Communications, Media and Technology:* Revenue growth in this segment was strongest in our North America region and was primarily driven by the demand from our technology clients for digital content services. Our strategic decision in 2019 to exit certain content-related services negatively impacted our first quarter 2020 revenue by approximately \$23 million and is expected to continue to affect future revenue growth in this segment. Demand from our communications and media clients in this segment is expected to be particularly negatively impacted by the COVID-19 pandemic.

Our operating margin increased to 13.7% from 13.1% for the quarter ended March 31, 2020 compared to the quarter ended March 31, 2019, while our Adjusted Operating Margin<sup>2</sup> decreased to 15.1% from 16.0% for the same periods. Our GAAP and Adjusted Operating Margin<sup>2</sup> were adversely impacted as costs related to our delivery personnel (including employees and subcontractors) outpaced revenue growth, which was negatively affected by the COVID-19 pandemic. A decrease in travel and entertainment expenses due to the COVID-19 pandemic and our cost optimization strategy positively impacted our GAAP and Adjusted Operating Margin<sup>2</sup>. In addition, our 2019 GAAP operating margin included a 2.9% negative impact of the 2019 incremental accrual related to the India Defined Contribution Obligation as discussed in [Note 12](#) to our unaudited consolidated financial statements, while our 2020 operating margin included a 1.3% negative impact of the restructuring charges discussed in [Note 4](#) to our unaudited consolidated financial statements.

<sup>2</sup> Constant currency revenue growth and Adjusted Operating Margin are not measurements of financial performance prepared in accordance with GAAP. See "Non-GAAP Financial Measures" for more information and reconciliations to the most directly comparable GAAP financial measures, as applicable.

In the first quarter of 2020, we returned \$632 million to our stockholders through \$511 million in share repurchases under our stock repurchase program and \$121 million in dividend payments. Other than repurchases under our 10b5-1 Plan, we have suspended our share repurchases program and have not repurchased any shares since March 31, 2020. We will continue to review our capital return plan, considering the potential impacts of the COVID-19 pandemic, our financial performance and liquidity position, investments required to execute our strategic plans and initiatives, acquisition opportunities, the economic outlook, regulatory changes and other relevant factors.

During the first quarter of 2020, we borrowed \$1.74 billion against our revolving credit facility, which is due to mature in November 2023, in order to increase our cash on hand in the United States, as a large portion of our cash is held in India. This will allow us the flexibility to continue to help and support our clients and also to continue to invest in the business, both organically and inorganically.

## **2020 Business Considerations**

The significant and continuing impact and rapidly evolving nature of the COVID-19 pandemic makes it impossible for us to reasonably estimate its future impact on our ongoing business, results of operations and overall financial performance. As clients work through significant financial challenges related to the COVID-19 pandemic, we may face reduced client demand for services, client pricing pressure, payment term extensions and insolvency risk, additional delivery challenges, increased costs, a diversion of and strain on management and other corporate resources, and reduced employee morale and productivity. See [Part II, Item 1A, Risk Factors](#).

While the immediate focus of many clients is on the COVID-19 impacts to their businesses, we continue to expect the long-term focus of our clients to be on their digital transformation into data-enabled, customer-centric and differentiated businesses. As our clients seek to optimize the cost of supporting their legacy systems and operations, our core portfolio of services may be subject to pricing pressure and lower demand due to clients transitioning certain work in-house or to new or existing captives.

Our clients will likely continue to contend with industry-specific changes driven by evolving digital technologies, uncertainty in the regulatory environment, industry consolidation and convergence as well as international trade policies and other macroeconomic factors, which could affect their demand for our services. Client demand may also be impacted by uncertainty related to the potential economic and regulatory effects of the United Kingdom's exit from the EU. Additionally, revenue from our technology clients will be affected by our strategic decision to exit certain content-related work under our 2020 Fit for Growth Plan.

We expect our 2020 financial results to be impacted by the initial cost optimization measures executed as part of our 2020 Fit for Growth Plan, and the expected execution of additional measures under this plan during the remainder of 2020. In addition, our 2020 results may be impacted by the uncertainty regarding regulatory changes, including potential regulatory changes with respect to immigration and taxes as well as costs related to the potential resolution of legal and regulatory matters discussed in [Note 12](#) to our unaudited consolidated financial statements.

As discussed earlier in the Executive Summary, we expect the business disruption caused by and incremental costs resulting from the ransomware attack to adversely impact our financial results primarily with respect to the second quarter of 2020. See [Part II, Item 1A, Risk Factors](#).

During 2020, we intend to continue to invest in our digital capabilities, our talent base and new service offerings across industries and geographies, while increasing our investment in sales and marketing professionals to help us expand existing accounts and acquire new ones. We will continue to pursue strategic acquisitions that we believe add new technologies or platforms that complement our existing services, improve our overall service delivery capabilities or expand our geographic presence. Additionally, we will continue to focus on maintaining and optimizing our core portfolio of services through efficiency, tooling and automation, delivery optimization, protection of renewals, industry alignment and geographic expansion. Finally, through the execution of our 2020 Fit for Growth Plan and other initiatives, we will focus on operating discipline in order to appropriately manage our cost structure, giving consideration to the potential negative impact of the COVID-19 pandemic on our revenues.

## Results of Operations

### Three Months Ended March 31, 2020 Compared to Three Months Ended March 31, 2019

The following table sets forth, for the periods indicated, certain financial data for the three months ended March 31:

	2020	% of Revenues	2019	% of Revenues	Increase / Decrease	
					\$	%
(Dollars in millions, except per share data)						
Revenues	\$ 4,225	100.0	\$ 4,110	100.0	\$ 115	2.8
Cost of revenues <sup>(1)</sup>	2,747	65.0	2,575	62.7	172	6.7
Selling, general and administrative expenses <sup>(1)</sup>	711	16.8	871	21.2	(160)	(18.4)
Restructuring Charges	55	1.3	2	—	53	*
Depreciation and amortization expense	133	3.1	123	3.0	10	8.1
Income from operations	579	13.7	539	13.1	40	7.4
Other income (expense), net	(69)		44		(113)	(256.8)
Income before provision for income taxes	510	12.1	583	14.2	(73)	(12.5)
Provision for income taxes	(142)		(142)		—	—
Income (loss) from equity method investments	(1)		—		(1)	*
Net income	\$ 367	8.7	\$ 441	10.7	\$ (74)	(16.8)
Diluted earnings per share	\$ 0.67		\$ 0.77		\$ (0.10)	(13.0)
<i>Other Financial Information<sup>3</sup></i>						
Adjusted Income from Operations and Adjusted Operating Margin	\$ 640	15.1	\$ 658	16.0	\$ (18)	(2.7)
Adjusted Diluted EPS	\$ 0.96		\$ 0.91		\$ 0.05	5.5

(1) Exclusive of depreciation and amortization expense.

\* Not meaningful

#### Revenues - Overall

During the quarter ended March 31, 2020, revenues increased by \$115 million as compared to the quarter ended March 31, 2019, representing growth of 2.8%, or 3.5% on a constant currency basis<sup>3</sup>. Revenues from clients added, including those related to acquisitions, since March 31, 2019 were \$124 million. Growth was driven by our clients' adoption and integration of digital technologies, demand for our digital operations services and solutions as well as revenues from our recently completed acquisitions. This was partially offset by a decline in revenue from certain content-related services, pricing pressure within our core portfolio of services as our clients continue their efforts to optimize the cost of supporting their legacy systems and operations, and fulfillment issues driven by the COVID-19 pandemic.

Revenues from our top clients as a percentage of total revenues were as follows:

	Three Months Ended March 31,	
	2020	2019
Top five clients	8.0 %	8.8 %
Top ten clients	14.1 %	15.7 %

<sup>3</sup> Adjusted Income From Operations, Adjusted Operating Margin, Adjusted Diluted EPS and constant currency revenue growth are not measurements of financial performance prepared in accordance with GAAP. See "Non-GAAP Financial Measures" for more information and reconciliations to the most directly comparable GAAP financial measures, as applicable.

**Revenues - Reportable Business Segments**

Revenues by reportable business segment were as follows for the three months ended March 31:

	2020	2019	Increase/ (Decrease)		
			\$	%	CC % <sup>4</sup>
	(Dollars in millions)				
Financial Services	\$ 1,451	\$ 1,436	\$ 15	1.0	1.8 %
Healthcare	1,194	1,165	29	2.5	2.7 %
Products and Resources	954	914	40	4.4	5.3 %
Communications, Media and Technology	626	595	31	5.2	6.3 %
Total revenues	\$ 4,225	\$ 4,110	\$ 115	2.8	3.5 %

*Financial Services*

Revenues from our Financial Services segment grew 1.0%, or 1.8% on a constant currency basis<sup>4</sup>, for the three months ended March 31, 2020, as compared to the three months ended March 31, 2019. Revenues in this segment increased by \$20 million among our banking clients compared to a decrease of \$5 million from our insurance clients. Revenues from clients added, including those related to Samlink, since March 31, 2019 were \$55 million. Demand in this segment was driven by our clients' need to be compliant with significant regulatory requirements and adaptable to regulatory change, and their adoption and integration of digital technologies, including customer experience enhancement, robotic process automation, analytics and AI in areas such as digital lending, fraud detection and next generation payments. Demand from certain banking clients has been and may continue to be negatively affected as they transition the support of some of their legacy systems and operations in-house or to captives.

*Healthcare*

Revenues from our Healthcare segment grew 2.5%, or 2.7% on a constant currency basis<sup>4</sup>, for the three months ended March 31, 2020, as compared to the three months ended March 31, 2019. Revenues in this segment increased \$46 million from our life science clients compared to a decrease of \$17 million among our healthcare clients. Revenue growth among our life sciences clients was driven by revenues from Zenith and demand for our digital operations services and solutions. Revenues from our healthcare clients were negatively impacted by the establishment of an offshore captive by a large client, partially offset by growth among other clients. Revenues from clients added since March 31, 2019 were \$18 million.

Demand in this segment was driven by emerging industry trends, including enhanced compliance, integrated health management, claims investigative services and heightened focus on patient experience, as well as services that drive operational improvements in areas such as claims processing, enrollment, membership and billing. Demand was also created by the adoption and integration of digital technologies such as AI to shape personalized care plans and predictive data analytics to improve patient outcomes. Demand from our healthcare clients may continue to be affected by uncertainty in the regulatory environment and industry-specific trends, including industry consolidation and convergence. Demand among our life sciences clients may be affected by industry consolidation. 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.

*Products and Resources*

Revenues from our Products and Resources segment grew 4.4%, or 5.3% on a constant currency basis<sup>4</sup>, for the three months ended March 31, 2020, as compared to the three months ended March 31, 2019. Revenue growth was strong among our retail and consumer goods clients, where revenue increased by \$22 million, and our manufacturing, logistics, energy and utilities clients, where revenue increased by \$19 million. Revenue from our travel and hospitality clients decreased by \$1 million. Revenues from clients added, including those related to acquisitions, since March 31, 2019 were \$30 million. Demand in this segment was driven by our clients' focus on improving the efficiency of their operations, the enablement and integration of mobile platforms to support sales and other omni-channel commerce initiatives, and their adoption and integration of digital technologies, such as the application of intelligent systems to manage supply chain and enhance overall customer experiences. Additionally, demand from our retail and consumer goods clients and our travel and hospitality clients in this segment is expected to be particularly negatively impacted by the COVID-19 pandemic.

<sup>4</sup> Constant currency revenue growth is not a measurement of financial performance prepared in accordance with GAAP. See "Non-GAAP Financial Measures" for more information.

### Communications, Media and Technology

Revenues from our Communications, Media and Technology segment grew 5.2%, or 6.3% on a constant currency basis<sup>5</sup>, for the three months ended March 31, 2020, as compared to the three months ended March 31, 2019. Growth among our communications and media clients increased by \$18 million while revenues from our technology clients increased \$13 million. Revenues from clients added, including those related to acquisitions, since March 31, 2019 were \$21 million. Demand in this segment is driven by our clients' needs to create differentiated user experiences, transition to agile development methodologies, enhance their networks, manage their digital content and adopt and integrate digital technologies, such as cloud, interactive and IoT. Our strategic decision to exit certain content-related services negatively impacted our first quarter 2020 revenue by approximately \$23 million. We anticipate that our decision may negatively impact our relationship with the affected clients and we continue to estimate that we may lose revenues of \$225 million to \$255 million on an annualized basis. We anticipate the revenue will continue to ramp down over the next one to two years and the impact on 2020 revenues is expected to be between \$180 million and \$200 million. Demand from our communications and media clients in this segment is expected to continue to be particularly negatively impacted by the COVID-19 pandemic.

#### Revenues - Geographic Markets

Revenues by geographic market were as follows for the three months ended March 31:

	2020	2019	Increase / (Decrease)		
			\$	%	CC % <sup>5</sup>
(Dollars in millions)					
North America	\$ 3,190	\$ 3,123	\$ 67	2.1	2.2
United Kingdom	337	329	8	2.4	4.1
Continental Europe	437	405	32	7.9	10.5
Europe - Total	774	734	40	5.4	7.6
Rest of World	261	253	8	3.2	7.6
Total revenues	\$ 4,225	\$ 4,110	\$ 115	2.8	3.5

North America continues to be our largest market, representing 75.5% of total revenues for the first quarter of 2020 and 58.3% of total revenue growth from the first quarter of 2019. Revenue growth in our North America region was driven by the demand for digital content services and solutions by clients in our Communications, Media and Technology segment, the adoption and integration of digital technologies by clients in our Products and Resources segment and revenues from recently completed acquisitions, partially offset by the impact of our strategic decision to exit certain content-related services in our Communications, Media and Technology segment and the transition of certain Financial Services and Healthcare customers in-house or to captives. Revenue growth in our Continental Europe and the United Kingdom regions was driven by our life science clients and includes revenues related to our recently completed acquisitions. Revenue growth in our Rest of World region was driven by strength in our Communications, Media and Technology segment. We believe that there are opportunities for long-term growth across all of our geographic markets.

#### Cost of Revenues (Exclusive of Depreciation and Amortization Expense)

Our cost of revenues consists primarily of salaries, incentive-based compensation, stock-based compensation expense, employee benefits, project-related immigration and travel for technical personnel, subcontracting and equipment costs relating to revenues. Our cost of revenues increased by 6.7% during the first quarter of 2020 as compared to the first quarter of 2019, increasing as a percentage of revenues to 65.0% in the first quarter of 2020 compared to 62.7% in the first quarter of 2019. The increase in cost of revenues, as a percentage of revenues, was due primarily to an increase in costs related to our delivery personnel (including employees and subcontractors) outpacing revenue growth, which was negatively affected by the COVID-19 pandemic, partially offset by lower travel and entertainment costs as a result of the reduction in travel due to the pandemic and our cost optimization strategy.

<sup>5</sup> Constant currency revenue growth is not a measurement of financial performance prepared in accordance with GAAP. See "Non-GAAP Financial Measures" for more information.

**SG&A Expenses**

SG&A expenses consist primarily of salaries, incentive-based compensation, stock-based compensation expense, employee benefits, immigration, travel, marketing, communications, management, finance, administrative and occupancy costs. SG&A expenses decreased by 18.4% during the first quarter of 2020 as compared to the first quarter of 2019, decreasing as a percentage of revenues to 16.8% in 2020 as compared to 21.2% in 2019. The decrease, as a percentage of revenues, was due primarily to the \$117 million 2019 incremental accrual related to the India Defined Contribution Obligation, as discussed in [Note 12](#) to our unaudited consolidated financial statements, and lower compensation costs in the first quarter of 2020.

**Restructuring Charges**

Our restructuring charges consist of our 2020 Fit for Growth Plan and our realignment program. Restructuring charges were \$55 million or 1.3%, as a percentage of revenues during 2020, as compared to \$2 million in 2019. For further detail on our restructuring charges see [Note 4](#) to our unaudited consolidated financial statements.

**Operating Margin - Overall**

Our operating margin increased to 13.7% from 13.1% for the quarter ended March 31, 2020 compared to the quarter ended March 31, 2019, while our Adjusted Operating Margin<sup>6</sup> decreased to 15.1% from 16.0% for the same periods. Our GAAP and Adjusted Operating Margin<sup>6</sup> were adversely impacted as costs related to our delivery personnel (including employees and subcontractors) outpaced revenue growth, which was negatively affected by the COVID-19 pandemic. A decrease in travel and entertainment expenses due to the COVID-19 pandemic and our cost optimization strategy positively impacted our GAAP and Adjusted Operating Margin<sup>6</sup>. In addition, our 2019 GAAP operating margin included a 2.9% negative impact of the 2019 incremental accrual related to the India Defined Contribution Obligation as discussed in [Note 12](#) to our unaudited consolidated financial statements, while our 2020 operating margin included a 1.3% negative impact of the restructuring charges discussed in [Note 4](#) to our unaudited consolidated financial statements.

Excluding the impact of applicable designated cash flow hedges, the depreciation of the Indian rupee against the U.S. dollar positively impacted our operating margin by approximately 50 basis points, or 0.50 percentage points, during the three months ended March 31, 2020. 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 18 basis points or 0.18 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 March 31, 2020 and 2019, the settlement of cash flow hedges had an immaterial impact on our operating margin.

We finished the first quarter of 2020 with approximately 291,700 employees, which is an increase of approximately 5,900 as compared to March 31, 2019. Annualized turnover, including both voluntary and involuntary, was approximately 22.4% for the three months ended March 31, 2020. Attrition is weighted towards the more junior members of our staff.

**Segment Operating Profit**

Segment operating profits were as follows for the three months ended March 31:

	2020	Operating Margin %	2019	Operating Margin %	Increase / (Decrease)
	(Dollars in millions)				
Financial Services	\$ 381	26.3	\$ 400	27.9	\$ (19)
Healthcare	321	26.9	337	28.9	(16)
Products and Resources	261	27.4	234	25.6	27
Communications, Media and Technology	190	30.4	174	29.2	16
Total segment operating profit	1,153	27.3	1,145	27.9	8
Less: unallocated costs	574		606		(32)
Income from operations	\$ 579	13.7	\$ 539	13.1	\$ 40

<sup>6</sup> Adjusted 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.

In our Financial Services and Healthcare operating segments, operating margins decreased as costs related to our delivery personnel (including employees and subcontractors) outpaced revenue growth, which was negatively affected by the COVID-19 pandemic, partially offset by cost savings generated by our cost optimization initiatives and lower travel and entertainment costs due to COVID-19 related reductions in travel. In our Products and Resources and Communications, Media and Technology segments, operating margins increased as a result of cost savings generated by our cost optimization initiatives and lower travel and entertainment costs due to COVID-19 related reductions in travel, partially offset by the negative impact of the COVID-19 pandemic on revenue growth. Additionally, 2019 operating margin in our Products and Resources segment was negatively affected by bankruptcy filings by several clients in that segment.

Certain SG&A expenses, restructuring costs, 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 and are included above as “unallocated costs” and adjusted against our total income from operations. The decrease in unallocated costs in 2020 compared to 2019 is primarily due to the India Defined Contribution Obligation presented in unallocated costs in 2019, partially offset by higher restructuring costs included in unallocated costs in 2020.

### ***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 March 31:

	2020	2019	Increase/ Decrease
	(in millions)		
Foreign currency exchange (losses) gains	\$ (108)	\$ 3	\$ (111)
Gains (losses) on foreign exchange forward contracts not designated as hedging instruments	6	(1)	7
Foreign currency exchange gains (losses), net	(102)	2	(104)
Interest income	41	48	(7)
Interest expense	(6)	(7)	1
Other, net	(2)	1	(3)
Total other income (expense), net	<u>\$ (69)</u>	<u>\$ 44</u>	<u>\$ (113)</u>

The foreign currency exchange gains and losses were primarily attributable to the remeasurement of the Indian rupee denominated net monetary assets and liabilities in our U.S. dollar functional currency India subsidiaries and, to a lesser extent, the remeasurement of other net monetary assets and liabilities denominated in currencies other than the functional currencies of our subsidiaries. The gains and losses on 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 to partially offset foreign currency exposure to the Euro, Indian rupee, British pound and other non-U.S. dollar denominated net monetary assets and liabilities. As of March 31, 2020, the notional value of our undesignated hedges was \$338 million. The decrease in interest income of \$7 million was primarily attributable to a decrease in yield and in average invested balances in 2020.

### ***Provision for Income Taxes***

The provision for income taxes remained flat at \$142 million during the three months ended March 31, 2020. The effective income tax rate increased to 27.8% for the three months ended March 31, 2020 compared to 24.4% for the three months ended March 31, 2019, primarily driven by the depreciation of the Indian rupee against the U.S. dollar, which resulted in non-deductible foreign currency exchange losses on our unaudited consolidated statement of operations.

### ***Net Income***

Net income decreased to \$367 million for the three months ended March 31, 2020 from \$441 million for the three months ended March 31, 2019, representing 8.7% and 10.7% of revenues, respectively. The decrease in net income was driven by higher foreign exchange losses, partially offset by higher income from operations.

### **Non-GAAP Financial Measures**

Portions of our disclosure include non-GAAP financial measures. 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 financial measures used by other companies. In addition, these non-GAAP financial measures should be read in conjunction with our financial statements

prepared in accordance with GAAP. The reconciliations of our non-GAAP financial measures to the corresponding GAAP measures, set forth below, should be carefully evaluated.

Our non-GAAP financial measures, Adjusted Operating Margin, Adjusted Income From Operations and Adjusted Diluted EPS exclude unusual items. Additionally, Adjusted Diluted EPS excludes net non-operating foreign currency exchange gains or losses and the tax impact of all the applicable adjustments. 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. Constant currency revenue growth is defined as revenues for a given period restated at the comparative period's foreign currency exchange rates measured against the comparative period's reported revenues.

We believe providing investors with an operating view consistent with how we manage the Company provides enhanced transparency into our operating results. 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. Therefore, it is our belief that the use of non-GAAP financial measures excluding certain costs provides a meaningful supplemental measure for investors to evaluate our financial performance. We believe that the presentation of our non-GAAP financial measures along with reconciliations to the most comparable GAAP measure, as applicable, 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 financial measures do not reflect all of the amounts associated with our operating results as determined in accordance with GAAP and may exclude costs that are recurring such as our 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 our non-GAAP financial measures 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 March 31:

	2020	% of Revenues	2019	% of Revenues
	(Dollars in millions, except per share amounts)			
GAAP income from operations and operating margin	\$ 579	13.7	\$ 539	13.1
Realignment charges <sup>(1)</sup>	20	0.5	2	—
2020 Fit for Growth plan restructuring charges <sup>(2)</sup>	35	0.8	—	—
COVID-19 Charges <sup>(3)</sup>	6	0.1	—	—
Incremental accrual related to the India Defined Contribution Obligation <sup>(4)</sup>	—	—	117	2.9
Adjusted Income from Operations and Adjusted Operating Margin	<u>\$ 640</u>	<u>15.1</u>	<u>\$ 658</u>	<u>16.0</u>
GAAP diluted EPS	\$ 0.67		\$ 0.77	
Effect of above adjustments, pre-tax	0.11		0.20	
Non-operating foreign currency exchange (gains) losses, pre-tax <sup>(5)</sup>	0.19		(0.01)	
Tax effect of above adjustments <sup>(6)</sup>	(0.01)		(0.05)	
Adjusted Diluted EPS	<u>\$ 0.96</u>		<u>\$ 0.91</u>	

(1) As part of the realignment program, during 2020, we incurred employee retention costs and professional fees. See [Note 4](#) to our unaudited consolidated financial statements for additional information.

(2) As part of our 2020 Fit for Growth plan, we incurred certain employee separation, employee retention and facility exit costs. See [Note 4](#) to our unaudited consolidated financial statements for additional information.

- (3) During the three months ended March 31, 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 and costs to enable our employees to work remotely and provide medical staff and extra cleaning services for our facilities. Substantially all of the costs related to the pandemic are reported in "Cost of revenues" in our unaudited consolidated statements of operations.
- (4) In the first quarter of 2019, we recorded an accrual of \$117 million related to the India Defined Contribution Obligation as further described in [Note 12](#) to our unaudited consolidated financial statements.
- (5) 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 unaudited consolidated statements of operations.
- (6) Presented below are the tax impacts of each of our non-GAAP adjustments to pre-tax income:

	Three Months Ended March 31,	
	2020	2019
	(in millions)	
Non-GAAP income tax benefit (expense) related to:		
Realignment charges	\$ 5	\$ —
2020 Fit for Growth Plan restructuring charges	\$ 9	—
COVID-19 Charges	2	—
Incremental accrual related to the India Defined Contribution Obligation	—	31
Foreign currency exchange gains and losses	(10)	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.

## Liquidity and Capital Resources

Our 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 March 31, 2020, we had cash, cash equivalents and short-term investments of \$4,282 million. During the first quarter of 2020, we borrowed \$1.74 billion against our revolving credit facility in order to increase our cash on hand in the United States, as a large portion of our cash is held in India. This will allow us the flexibility to continue to help and support our clients during the COVID-19 pandemic and also to continue to invest in the business, both organically and inorganically.

The following table provides a summary of our cash flows for the three months ended March 31:

	2020	2019	Increase / Decrease
	(in millions)		
Net cash provided by (used in):			
Operating activities	\$ 497	\$ 269	\$ 228
Investing activities	(272)	356	(628)
Financing activities	1,135	(839)	1,974

## Operating activities

The increase in cash provided by operating activities for the three months ended March 31, 2020 compared to the same period in 2019 was primarily due to lower incentive compensation payouts, the increase in income from operations and improved DSO.

We monitor turnover, aging and the collection of accounts receivable by client. Our DSO calculation includes receivables, net of allowance for doubtful accounts, and contract assets, reduced by the uncollected portion of our deferred revenue. Our DSO was 74 days as of March 31, 2020, 73 days as of December 31, 2019 and 76 days as of March 31, 2019. During the fourth quarter of 2019, we changed our policy with regard to the presentation of certain amounts due to customers, such as discounts and rebates, and retrospectively applied this policy to the calculation of DSO as of March 31, 2019. This change in policy had the effect of reducing our March 31, 2019 DSO by 2 days.

## Investing activities

Net cash used by investing activities for the three months ended March 31, 2020 was driven by outflows for capital expenditures, payments for acquisitions and net purchases of investments. Net cash provided by investing activities for the three months ended March 31, 2019 was driven by net sales of investments partially offset by payments for acquisitions and outflows for capital expenditures.

## Financing activities

The cash provided by financing activities in the three months ended March 31, 2020 compared to cash used in financing activities in the three months ended March 31, 2019 is primarily driven by our borrowing against the revolving credit facility and lower repurchases of common stock in the three months ended March 31, 2020 as compared to the three months ended March 31, 2019.

We have a Credit Agreement providing for a \$750 million Term Loan and a \$1,750 million unsecured revolving credit facility, which are due to mature in November 2023. We are required under the Credit Agreement to make scheduled quarterly principal payments on the Term Loan.

The Credit Agreement requires interest to be paid, at our option, at either the ABR or the Eurocurrency Rate (each as defined in the Credit Agreement), plus, in each case, an Applicable Margin (as defined in the Credit Agreement). Initially, the Applicable Margin is 0.875% with respect to Eurocurrency Rate loans and 0.00% with respect to ABR loans. Subsequently, the Applicable Margin with respect to Eurocurrency Rate loans may range from 0.75% to 1.125%, depending on our public debt ratings (or, if we have not received public debt ratings, from 0.875% to 1.125%, depending on our Leverage Ratio, which is the ratio of indebtedness for borrowed money to Consolidated EBITDA, as defined in the Credit Agreement). Our Credit Agreement also provides a mechanism for determining an alternative rate of interest to the Eurocurrency rate after LIBOR is no longer available. The outstanding balance under our revolving credit facility as of March 31, 2020 is a Eurocurrency Rate loan with a maturity of November 2023 and an Interest Period (as defined in the Credit Agreement) of one month.

The Credit Agreement contains customary affirmative and negative covenants as well as a financial covenant. The financial covenant is tested at the end of each fiscal quarter and requires us to maintain a Leverage Ratio not in excess of 3.50 to 1.00, or for a period of up to four quarters following certain material acquisitions, 3.75 to 1.00. We were in compliance with all debt covenants and representations of the Credit Agreement as of March 31, 2020.

In February 2020, our India subsidiary renewed its one-year 13 billion Indian rupee (\$173 million at the March 31, 2020 exchange rate) working capital facility, which requires us to repay any balances drawn down within 90 days from the date of disbursement. There is a 1.0% prepayment penalty applicable to payments made prior to 30 days after disbursement. This working capital facility contains affirmative and negative covenants and may be renewed annually in February.

During the three months ended March 31, 2020, we returned \$632 million to our stockholders through \$511 million in share repurchases under our stock repurchase program and \$121 million in dividend payments. During the three months ended March 31, 2020, our Board of Directors approved a 10% or \$0.02 increase to our quarterly cash dividends and increased our stock repurchase program authorization from \$5.5 billion to \$7.5 billion, excluding fees and expenses. Other than repurchases under our 10b5-1 Plan, we have suspended our repurchase program and have not repurchased any shares since March 31, 2020. We review our capital return plan on an on-going basis, considering the potential impacts of COVID-19 pandemic, our financial performance and liquidity position, investments required to execute our strategic plans and initiatives, acquisition opportunities, the economic outlook, regulatory changes and other relevant factors. As these factors may change over time, the actual amounts expended on stock repurchase activity, dividends, and acquisitions, if any, during any particular period cannot be predicted and may fluctuate from time to time.

## Other Liquidity and Capital Resources Information

We seek to ensure that our worldwide cash is available in the locations in which it is needed. As part of our ongoing liquidity assessments, we regularly monitor the mix of our domestic and international cash flows and cash balances. As of March 31, 2020, the amount of our cash, cash equivalents and short-term investments held outside the United States was \$3,255 million, of which \$1,950 million was in India. We evaluate on an ongoing basis what portion of the non-U.S. cash, cash equivalents and short-term investments held outside India is needed locally to execute our strategic plans and what amount is available for repatriation back to the United States.

In March 2020, the Indian parliament enacted the Budget, which contains a number of provisions related to income tax, including a replacement of the DDT, previously due from the dividend payer, with a tax payable by the shareholder receiving the dividend. This provision reduces the tax rate applicable to us for cash repatriated from India. As of the first quarter of 2020,

we have limited our indefinite reinvestment assertion to India earnings accumulated in prior years. Future events may occur, such as material changes in cash estimates, discretionary transactions, including corporate restructurings, and changes in applicable laws or interpretations of such laws, that may lead us to change our assertion.

Given the dynamic nature of the COVID-19 pandemic, its future impact on our ongoing business, results of operations, liquidity needs and overall financial performance cannot be reasonably estimated at this time. However, we expect our operating cash flows, cash and short-term investment balances to be sufficient to meet our operating requirements and service our debt for the next twelve months. Our ability to expand and grow our business in accordance with current plans, make acquisitions and form joint ventures, meet our long-term capital requirements beyond a twelve-month period and execute our capital return plan will depend on many factors, including the rate, if any, at which our cash flow increases, our ability and willingness to pay for acquisitions and joint ventures with capital stock 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.

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## **Commitments and Contingencies**

See [Note 12](#) to our unaudited consolidated financial statements.

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## **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 three months ended March 31, 2020 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.

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## **Critical Accounting Estimates**

Management's discussion and analysis of our financial condition and results of operations is based on our unaudited consolidated financial statements that have been prepared in accordance with GAAP. 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, including the application of the cost to cost method of measuring progress to completion for certain fixed-price contracts, income taxes, business combinations, valuation of goodwill and other long-lived assets and contingencies. We base our estimates on historical experience, current trends 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 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 Annual Report on Form 10-K for the year ended December 31, 2019. Our significant accounting policies are described in Note 1 to the audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2019. Other than the below discussion of the interim goodwill impairment test, there have been no material changes to the aforementioned critical accounting estimates and policies during the quarter.

Goodwill is tested for impairment at the reporting unit level on an annual basis and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. During the first quarter of 2020, COVID-19 has negatively affected all major economic and financial markets and, although there is an extremely wide range of possible outcomes and the associated impact is highly dependent on variables that are difficult to forecast, we deemed the deterioration in general economic conditions sufficient to trigger an interim impairment testing of goodwill as of March 31, 2020. Our interim test results indicate that the fair values of all of our reporting units exceed their carrying values and thus, no impairment of goodwill exists as of March 31, 2020. Due to the size of past acquisitions in our healthcare reporting unit, this reporting unit carries the most significant portion of our goodwill balance and has the least amount of excess fair value over its carrying value.

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## **Recently Adopted and New Accounting Pronouncements**

See [Note 1](#) to our unaudited consolidated financial statements.

## Forward Looking Statements

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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 SEC, in press releases or in oral statements made by or with the approval of one of our authorized executive officers. These forward-looking statements, such as statements regarding our anticipated future revenues or operating margin, earnings, capital expenditures, impacts to our business, financial results and financial condition as a result of the COVID-19 pandemic, anticipated effective income tax rate and income tax expense, liquidity, access to capital, capital return plan, investment strategies, cost management, realignment program, 2020 Fit for Growth Plan, plans and objectives, including those related to our digital practice areas, investment in our business, potential acquisitions, industry trends, client behaviors and trends, the outcome of regulatory and litigation matters, the incremental accrual related to the India Defined Contribution Obligation 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 anticipated 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:

- economic and political conditions globally and in particular in the markets in which our clients and operations are concentrated;
- the significant and continuing adverse impact of the COVID-19 pandemic on our business, results of operations, liquidity and financial condition, and the potential for such impact being materially adverse to us as the pandemic continues to rapidly evolve and cause significant loss of life and interruption to the global economy;
- our ability to contain the damage from and restore our business following the ransomware attack we suffered in April 2020;
- our ability to attract, train and retain skilled professionals, including highly skilled technical personnel to satisfy client demand and senior management to lead our business globally;
- challenges related to growing our business organically as well as inorganically through acquisitions, and our ability to achieve our targeted growth rates;
- our ability to achieve our profitability and capital return goals;
- our ability to successfully implement our 2020 Fit for Growth Plan and achieve the anticipated benefits from the plan;
- our ability to meet specified service levels or milestones required by certain of our contracts;
- intense and evolving competition and significant technological advances that our service offerings must keep pace with in the rapidly changing markets we compete in;
- legal, reputational and financial risks related to our recent ransomware attack and if we otherwise fail to protect client and/or Cognizant data from security breaches or cyberattacks;
- the effectiveness of our business continuity and disaster recovery plans and the potential that our global delivery capacity could be impacted;
- restrictions on visas, in particular in the United States, United Kingdom and EU, or immigration more generally, which may affect our ability to compete for and provide services to our clients;
- risks related to anti-outsourcing legislation, if adopted, and negative perceptions associated with offshore outsourcing, both of which could impair our ability to serve our clients;
- risks related to complying with the numerous and evolving legal and regulatory requirements to which we are subject in the many jurisdictions in which we operate;
- potential changes in tax laws, or in their interpretation or enforcement, failure by us to adapt our corporate structure and intercompany arrangements to achieve global tax efficiencies or adverse outcomes of tax audits, investigations or proceedings;
- potential exposure to litigation and legal claims in the conduct of our business;

- potential significant expense that would occur if we change our intent not to repatriate prior year Indian accumulated undistributed earnings; 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, 2019, as updated by "[Part II, Item 1A. Risk Factors](#)" in this Quarterly Report on Form 10-Q for the quarter ended March 31, 2020.

You are advised to consult any further disclosures we make on related subjects in the reports we file with the SEC, 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, 2019. 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.**

There have been no material changes in our quantitative and qualitative disclosures about market risk from those disclosed in Part II, Item 7A, Quantitative and Qualitative Disclosures about Market Risk, in our Annual Report on Form 10-K for the fiscal year ended December 31, 2019, filed with the SEC on February 14, 2020.

### **Item 4. Controls and Procedures.**

#### **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 Exchange Act) as of March 31, 2020. Based on this evaluation, our chief executive officer and our chief financial officer concluded that, as of March 31, 2020, our disclosure controls and procedures were effective.

#### **Changes in Internal Control over Financial Reporting**

No changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the fiscal quarter ended March 31, 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II. OTHER INFORMATION

### Item 1. Legal Proceedings

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See [Note 12](#) to our unaudited consolidated financial statements.

### Item 1A. Risk Factors

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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, 2019 filed with the SEC on February 14, 2020 continue to apply to our business. The information presented below 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, 2019.

***The COVID-19 pandemic has had a significant and continuing adverse impact upon, and may have a material adverse impact upon, our business, liquidity, results of operations and financial condition.***

The ongoing global COVID-19 pandemic has caused and continues to cause significant loss of life and interruption to the global economy, including the curtailment of activities by businesses and consumers in much of the world as governments and others seek to limit the spread of the disease, including through business and transportation shutdowns and restrictions on people's movement and congregation. Among other things, "stay at home", "shelter in place" and various states of "lockdown" in many countries around the world has meant that many of our and our clients' offices have been closed and employees have been working from home and many consumer-facing businesses have closed or are operating at a significantly reduced level to observe various social distancing requirements and government-mandated closures. The result has been a dramatic reduction in activity in the global economy, a reduction in demand for many products and services and significant adverse impacts to the financial markets, including the trading price of our common stock.

The COVID-19 pandemic has had a significant and continuing adverse impact upon, and may have a material adverse impact upon, our business, liquidity, results of operations and financial condition, including as a result of the following:

- *Reduced client demand for services* – The vast majority of our business is with clients in the United States, the United Kingdom and other countries in Europe, all regions that have been hard hit by the pandemic to date. Many of these countries have been in some state of "lockdown" condition since March 2020, and the timeframe for reopening their economies is uncertain and could be lengthy. This has reduced demand for our services, particularly from clients in the travel and hospitality industries, and is likely to continue to result in reduced demand for our services as clients across many industries face reduced demand for their products and services as consumers and other businesses reduce spending, reduce business activity including through facility closures, production slowdowns, work from home arrangements and employee furloughs, financial pressure on their businesses and/or a need to reduce costs. Among other things, our clients have postponed, cancelled or scaled-back existing projects and not entered into or reduced the scope of potential projects, and may continue to do so. The inability to meet with current and prospective clients in person has limited and may continue to limit our ability to win work with current and prospective clients.
- *Client pricing pressure, payment term extensions and insolvency risk* – As clients face reduced demand for their products and services, reduce their business activity and face increased financial pressure on their businesses, we have faced and expect to continue to face downward pressure on our pricing and gross margins due to pricing concessions to clients and requests from clients to extend payment terms. In addition, clients have requested and may continue to request extended payment terms, which may have an adverse on our cash flows from operations. We may also face a significantly elevated risk of client insolvency, bankruptcy or liquidity challenges where we may perform services and incurred expenses for which we are not paid.
- *Delivery challenges* – Due to the closures of many of our and our clients' facilities, including as a result of various orders from national, state or local governments, sickness of employees or their families or the desire of employees to avoid contact with large groups of people, we have faced and will continue to face challenges delivering services to our clients and satisfying contractually agreed upon service levels. Two-thirds of our employees and the core of our delivery capabilities are in India, which has been on a country-wide lockdown since March and whose population density presents a very significant risk of the spread of the pandemic. We also have significant delivery operations in the Philippines, which has also had a country-wide lockdown since March. The impact of pandemic, particularly in India, but also in the Philippines and other countries where we have near-shore or onshore delivery operations for clients, as well as our in-country offices and offices of clients where our associates may normally work, has impacted and is expected to continue to impact our ability to deliver services to clients. Our efforts to enable work-from-home arrangements for many of our employees may be unsuccessful in mitigating the impact of such closures and increase

our exposure to security breaches or cyberattacks. The ransomware attack we were subject to in April 2020 compounded the challenges we face in enabling work-from-home arrangements and resulted in setbacks and delays to such efforts. A significant worsening of the pandemic, particularly in India, or another security incident during the pandemic, could materially impair our ability to deliver services to clients to an extent that may have a material adverse impact to our business, liquidity, results of operations and financial condition.

- *Increased costs* – We face increased costs from the pandemic, including as a result of mitigation efforts such as enabling increased work-from-home capabilities and additional health and safety measures.
- *Diversion of and strain on management and other corporate resources* – Addressing the significant personal and business challenges presented by the pandemic, including various business continuity measures and the need to enable work-from-home arrangements for many of our associates, has demanded significant management time and attention and strained other corporate resources, and is expected to continue to do so. Among other things, this may adversely impact our client and associate development and our ability to execute our strategy and various transformation initiatives, and may increase our exposure to security breaches or cyberattacks.
- *Reduced employee morale and productivity* – The significant personal and business challenges presented by the pandemic, including the potentially life-threatening health risks to employees and their families and friends, the closures of schools and the unavailability of various services our employees may rely upon, such as childcare, are a cause of employee morale concerns and may adversely impact employee productivity.

The COVID-19 pandemic continues to rapidly evolve. The ultimate extent to which the outbreak impacts our business, liquidity, results of operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted with confidence, such as the transmission rate and geographic spread of the disease, the duration and extent of the pandemic, travel restrictions and social distancing in the United States, the United Kingdom, other countries in Europe, India, the Philippines and other countries, the duration and extent of business closures and business disruptions and the effectiveness of actions taken to contain, treat and prevent the disease. If we or our clients experience prolonged shutdowns or other business disruptions, our business, liquidity, results of operations, financial condition and the trading price of our common stock are likely to be materially adversely affected, and our ability to access the capital markets may be limited.

***We face legal, reputational and financial risks resulting from the security incident we announced on April 20, 2020 and if we otherwise fall victim to security breaches or cyberattacks that may impact client and/or Cognizant data.***

In order to provide our services and solutions, we depend on global information technology networks and systems, including those of third parties, to process, transmit, host and securely store electronic information (including our confidential information and the confidential information of our clients) and to communicate among our locations around the world and with our clients, suppliers and partners. Security breaches, employee malfeasance, or human or technological error create risks of shutdowns or disruptions of our operations and potential unauthorized access and/or disclosure of our or our clients' sensitive data, which in turn could jeopardize projects that are critical to our operations or the operations of our clients' businesses. For example, on April 20, 2020, we announced a security incident involving a Maze ransomware attack as to which we have an ongoing investigation (see [Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations](#) for additional information regarding the security incident). The attack resulted in unauthorized access to certain data and caused significant disruption to our business. This included the disabling of some of our systems and disruption caused by our taking certain other internal systems and networks offline as a precautionary measure. The attack compounded the challenges we face in enabling work-from-home arrangements during the COVID-19 pandemic and resulted in setbacks and delays to such efforts. Some of our clients experienced service disruptions due to our reliance on certain of the impacted systems and networks to perform work for clients and the impact to our systems and networks supporting work-from-home capabilities. In addition, some clients opted to suspend our access to their networks as a security precaution. In this circumstance, we are unable to continue providing services via client networks until access is restored. We expect the business disruption caused by and incremental costs resulting from the ransomware attack to adversely impact our financial results primarily with respect to the second quarter of 2020. We have and expect to continue to experience a loss of revenue due to the interruption in our ability to provide services to some clients, either as a direct consequence of the attack or as a result of clients suspending our access to their networks as a security precaution, and incur incremental costs for the investigation, containment and remediation of the security incident, including legal and other professional fees, and investments to enhance our overall security environment. The lost revenue and containment, investigation, remediation, legal and other costs will be significant and may exceed our insurance policy limits or may not be covered by insurance at all. Other actual and potential consequences include, but are not limited to, negative publicity, reputational damage, lost trust with customers, regulatory enforcement action, litigation that could result in financial judgments or the payment of settlement amounts and disputes with insurance carriers concerning coverage. In addition to the ransomware attack, we and the businesses we interact with face other threats to data and systems, including by perpetrators of random or targeted malicious cyberattacks, computer viruses, malware, worms, bot

attacks or other destructive or disruptive software and attempts to misappropriate client information and cause system failures and disruptions.

A security compromise of our information systems, such as the security incident announced in April 2020, or of those of businesses with whom we interact, that results in confidential information being accessed by unauthorized or improper persons, could harm our reputation and expose us to regulatory actions, client attrition due to reputational concerns or otherwise, containment and remediation expenses, and claims brought by our clients or others for breaching contractual confidentiality and security provisions or data protection laws. Monetary damages imposed on us could be significant and may impose costs in excess of insurance policy limits or not covered by our insurance at all. Techniques used by bad actors to obtain unauthorized access, disable or degrade service, or sabotage systems evolve frequently and may not immediately produce signs of intrusion, and we may be unable to anticipate these techniques or to implement adequate preventative measures. In addition, a security breach could require that we expend substantial additional resources related to the security of our information systems, diverting resources from other projects and disrupting our businesses. Any remediation measures that we have taken or that we may undertake in the future in response to the security incident announced in April 2020 or other security breaches may be insufficient to prevent future attacks.

We are required to comply with increasingly complex and changing data security and privacy regulations in the United States, the United Kingdom, the European Union and in other jurisdictions in which we operate that regulate the collection, use and transfer of personal data, including the transfer of personal data between or among countries. For example, the European Union's General Data Protection Regulation has imposed stringent compliance obligations regarding the handling of personal data and has resulted in the issuance of significant financial penalties for noncompliance. In the United States, there have been proposals for federal privacy legislation and many new state privacy laws are on the horizon. Recently enacted legislation, such as the California Consumer Privacy Act, impose extensive privacy requirements on organizations governing personal information. Existing US sectoral laws such as the Health Insurance Portability and Accountability Act also impose extensive privacy and security requirements on organizations operating in the healthcare industry, which Cognizant serves. Additionally, in India, the Personal Data Protection Bill, 2018 was recently cleared for introduction in the current session of the Indian Parliament. If enacted in its current form it would impose stringent obligations on the handling of personal data, including certain localization requirements for sensitive data. Other countries have enacted or are considering enacting data localization laws that require certain data to stay within their borders. We may also face audits or investigations by one or more domestic or foreign government agencies or our clients pursuant to our contractual obligations relating to our compliance with these regulations. Complying with changing regulatory requirements requires us to incur substantial costs, exposes us to potential regulatory action or litigation, and may require changes to our business practices in certain jurisdictions, any of which could materially adversely affect our business operations and operating results.

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

### Issuer Purchases of Equity Securities

Our stock repurchase program, as amended by our Board of Directors in February 2020, allows for the repurchase of up to \$7.5 billion, excluding fees and expenses, of our Class A common stock through open market purchases, including under a 10b5-1 Plan or in private transactions, including through ASR agreements entered into with financial institutions, in accordance with applicable federal securities laws. The timing of repurchases and the exact number of shares to be purchased are determined by management, in its discretion, or pursuant to a 10b5-1 Plan, and will depend upon market conditions and other factors. Other than repurchases under our 10b5-1 Plan, we have suspended our repurchase program and have not repurchased any shares since March 31, 2020.

During the three months ended March 31, 2020, we repurchased \$511 million of our Class A common stock under our stock repurchase program. The stock repurchase activity under our stock repurchase program during the three months ended March 31, 2020 was as follows:

Month	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased under the Plans or Programs (in millions)
January 1, 2020 - January 31, 2020				
Open market purchases	—	\$ —	—	\$ 369
February 1, 2020 - February 28, 2020				
Open market purchases	4,349,635	68.97	4,349,635	2,069
March 1, 2020 - March 31, 2020				
Open market purchases	4,131,769	50.94	4,131,769	1,858
Total	<u>8,481,404</u>	\$ 60.19	<u>8,481,404</u>	

During the three months ended March 31, 2020, we also 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. For the three months ended March 31, 2020, such repurchases totaled 0.3 million shares at an aggregate cost of \$15 million.

**Item 6. Exhibit Index**

EXHIBIT INDEX						
Number	Exhibit Description	Incorporated by Reference				Filed or Furnished Herewith
		Form	File No.	Exhibit	Date	
3.1	<a href="#">Restated Certificate of Incorporation, dated June 5, 2018</a>	8-K	000-24429	3.1	6/7/2018	
3.2	<a href="#">Amended and Restated Bylaws, as adopted on September 14, 2018</a>	8-K	000-24429	3.1	9/20/2018	
10.1	<a href="#">Form of Restricted Stock Unit Award Grant Notice (March 5, 2020 form)</a>					Filed
10.2	<a href="#">Form of Performance-Based Restricted Stock Unit Award Grant Notice (March 5, 2020 form)</a>					Filed
10.3	<a href="#">Cognizant Technology Solutions Corporation Retirement Plan</a>					Filed
31.1	<a href="#">Certification of principal executive officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>					Filed
31.2	<a href="#">Certification of principal financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>					Filed
32.1	<a href="#">Certification of principal executive officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. 1350</a>					Furnished
32.2	<a href="#">Certification of principal financial officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. 1350</a>					Furnished
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.					Filed
101.SCH	Inline XBRL Taxonomy Extension Schema Document					Filed
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					Filed
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					Filed
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document					Filed
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					Filed
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)					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: May 8, 2020

By: /s/ BRIAN HUMPHRIES

Brian Humphries,  
Chief Executive Officer  
(Principal Executive Officer)

Date: May 8, 2020

By: /s/ KAREN MCLOUGHLIN

Karen McLoughlin,  
Chief Financial Officer  
(Principal Financial Officer)

**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](http://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.

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**COGNIZANT TECHNOLOGY SOLUTIONS CORPORATION**

By:

Print Name:

Title:

Understood and agreed:

Print Name: \_\_\_\_\_

Place / Date: \_\_\_\_\_

\_\_\_\_\_  
(Participant's signature)\*

\*Participant may alternatively accept the award by electronic acceptance in a manner prescribed by the Administrator in lieu of signature here, as determined by the Administrator.

**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 Share underlying 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 through the applicable Vesting Date (except as set forth in Section 2.2(c) below) 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.

(c) Notwithstanding the foregoing or anything herein to the contrary, if Participant is eligible to participate in the Company's Retirement Policy (as may be amended from time to time, the "Retirement Policy") and Participant terminates employment due to a Qualifying Retirement (as defined in the Retirement Policy), all then-outstanding RSUs subject to this Award shall, subject to the terms and conditions set forth in the Retirement Policy, remain outstanding following Participant's Qualifying Retirement and shall settle and be paid in accordance with Section 2.3 below.

### 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 or within thirty (30) days following the applicable Vesting Date pursuant to Section 2.2. 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 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. Neither the time nor form of distribution of Shares with respect to the RSUs and Dividend Equivalents may be changed, except as may be permitted by Administrator in accordance with the Plan and Section 409A.

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.

(e) Notwithstanding the foregoing or anything herein to the contrary, to the extent that taxes become due under the Federal Insurance Contributions Act ("FICA") or similar employment tax laws in non-U.S. jurisdictions in the year in which RSUs vest and prior to settlement of such RSUs in accordance with the foregoing, the Company may, to the extent permissible under applicable law, accelerate the settlement of a number of vested RSUs with a Fair Market Value equal to (and not in excess of) the amount of such FICA tax liability and any pyramiding income and FICA taxes resulting from such accelerated settlement in accordance with the "net settlement" procedure described in Section 2.5(a)(iii) above.

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.

(a) The Plan, this Agreement and the Grant Notice shall be interpreted in accordance with, and incorporate the terms and conditions required by, 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 to comply with the requirements of Section 409A.

(b) Notwithstanding any contrary provision in the Plan, this Agreement and the Grant Notice, any payment(s) of "nonqualified deferred compensation" required to be made under an Award to a "specified employee" (as defined under Section 409A and as the Administrator determines) due to his or her "separation from service" will, to the extent necessary to avoid taxes under Section 409A(a)(2)(B)(i) of the Code, be delayed for the six (6)-month period immediately following such "separation from service" (or, if earlier, until the specified employee's death) and will instead be paid (as set forth in the Award Agreement) on the day immediately following such six (6)-month period or as soon as administratively practicable thereafter (without interest). Any payments of "nonqualified deferred compensation" payable more than six (6) months following Participant's "separation from service" will be paid at the time or times the payments are otherwise scheduled to be made.

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.

\* \* \* \* \*

**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 authorizes 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 (30<sup>th</sup>) 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 (30<sup>th</sup>) 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 (*Erklaering 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 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](http://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.

## 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-vesting requirements and continued service through the date on which the PSUs are settled, which shall occur no later than March 15<sup>th</sup> of the year next-following the year in which the Performance Period ends. 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:****Defined Terms:****Performance Milestones:****Performance-Vesting Procedures:**

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](http://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.

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**COGNIZANT TECHNOLOGY SOLUTIONS CORPORATION**

By:

Print Name:

Title:

Understood and agreed:

Print Name: \_\_\_\_\_

Place / Date: \_\_\_\_\_

\_\_\_\_\_  
(Participant's signature) \*

\*Participant may alternatively accept the award by electronic acceptance in a manner prescribed by the Administrator in lieu of signature here, as determined by the Administrator.

**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 Share underlying 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 through the date on which the PSUs are settled pursuant to Section 2.3(a) 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.

(c) Notwithstanding the foregoing or anything herein to the contrary, if Participant is eligible to participate in the Company's Retirement Policy (as may be amended from time to time, the "Retirement Policy") and Participant terminates employment due to a Qualifying Retirement (as defined in the Retirement Policy), all then-outstanding the PSUs subject to this Award shall be subject to the terms and conditions set forth in the Retirement Policy.

### 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 March 15<sup>th</sup> of the year next-following the year in which the Performance Period ends (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.

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.

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**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 authorizes 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 (30<sup>th</sup>) 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 (30<sup>th</sup>) 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 (*Erklaering 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 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](http://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.

**Cognizant Technology Solutions Corporation**

**Retirement Policy**

**INTRODUCTION**

Cognizant Technology Solutions Corporation, a Delaware corporation (including its successors, the “Company”), is establishing this Cognizant Technology Solutions Corporation Retirement Policy (as amended from time to time as provided below, the “Retirement Policy”), effective as of March 5, 2020 (the “Effective Date”), to provide for the treatment of Awards held by Participants upon a Qualifying Retirement.

**ARTICLE 1**

**DEFINITIONS**

Whenever the following terms are used in the Retirement Policy, they shall have the meanings specified below.

1.1 “Administrator” means the Board or a Committee thereof as may be appointed by the Board to administer the Retirement Policy (subject to and in accordance with Article 4 below).

1.2 “Award” means any award of RSUs or PSUs granted under an applicable Company Equity Plan.

1.3 “Award Agreement” means any written agreement between the Company and a Participant (which may be in electronic format) memorializing any terms and conditions of an Award.

1.4 “Board” means the Board of Directors of the Company.

1.5 “Code” means the Internal Revenue Code of 1986, as amended, and the regulations and other official guidance promulgated thereunder.

1.6 “Committee” shall mean the Compensation Committee of the Board or such other committee or subcommittee of the Board as appointed by the Board.

1.7 “Company Equity Plan” means each of the Company’s 2017 Incentive Award Plan, as it may be amended or restated from time to time, and any future or successor equity compensation plan under which the Company grants RSUs and/or PSUs.

1.8 “Eligible Award” means, unless otherwise set forth in an applicable Award Agreement, any PSU or RSU granted on or after the Effective Date; provided, that, notwithstanding the foregoing, unless otherwise set forth in the applicable Award Agreement, an Award shall cease to be an Eligible Award and shall not be covered by the Retirement Policy or

eligible for any benefits hereunder if the Participant holding such Award terminates employment for any reason (including due to Qualifying Retirement) within six (6) months following the applicable Grant Date. For clarity, PSUs and RSUs with a Grant Date occurring prior to the Effective Date shall not be Eligible Awards and shall not be subject to the Retirement Policy.

1.9 “Grant Date” means the date on which the applicable Award is granted to the Participant by valid Company action.

1.10 “Non-Competition Agreement” means a written agreement between the Company and a Participant containing such non-competition, non-solicitation, non-disparagement, confidentiality, intellectual property and/or other restrictive covenants and terms and conditions as the Administrator may determine (which, for clarity, may be contained in or combined with a Release or other written agreement).

1.11 “Organizational Documents” shall mean, collectively, (a) the Company’s articles of incorporation, certificate of incorporation, bylaws or other similar organizational documents relating to the creation and governance of the Company, and (b) the Committee’s charter or other similar organizational documentation relating to the creation and governance of the Committee.

1.12 “Participant” means, except as otherwise limited by the terms of any Award Agreement, any Employee of the Company or any Subsidiary of the Company who serves in the role of Vice President or a more senior role than Vice President of the Company or any Subsidiary of the Company at the time of his or her Qualifying Retirement, in any case, for so long as such individual holds an Eligible Award.

1.13 “PSU” means any restricted stock unit granted under a Company Equity Plan that is subject to one or more performance-based vesting conditions (which may be in addition to any service-based vesting conditions).

1.14 “Qualifying Retirement” means, unless otherwise determined by the Board, the Participant’s retirement from the Company that: (i) occurs on or after the date on which the Participant attains age fifty-five (55) and has completed ten (10) years of continuous employment with the Company or its Subsidiary, and (ii) occurs no earlier than three (3) months after the date on which the Participant provides the Company with written notice of the Participant’s retirement date. For the avoidance of doubt, if the Participant experiences a Termination of Service for any reason prior to the satisfaction of each of the requirements set forth in the preceding sentence, such Termination of Service shall not be deemed to have occurred by reason of the Participant’s Qualifying Retirement for purposes of this Retirement Policy.

1.15 “Release” means a general release and waiver of claims in a form prescribed by the Administrator.

1.16 “RSU” means any restricted stock unit granted under a Company Equity Plan that is not subject to any performance-based vesting conditions (and, for clarity, may include any such restricted stock unit that is subject to service-based vesting conditions).

1.17 “Subsidiary” shall mean any entity (other than the Company), whether domestic or foreign, in an unbroken chain of entities beginning with the Company if each of the entities other than the last entity in the unbroken chain beneficially owns, at the time of the determination, securities or interests representing at least fifty percent (50%) of the total combined voting power of all classes of securities or interests in one of the other entities in such chain.

1.18 “Termination of Service” means a Participant’s termination of employment with the Company and any Subsidiaries of the Company (as applicable).

## ARTICLE 2

### TREATMENT OF ELIGIBLE AWARDS UPON RETIREMENT

2.1 **Treatment of RSUs Upon a Qualifying Retirement.** If a Participant experiences a Termination of Service as a result of his or her Qualifying Retirement, then all outstanding and unvested RSUs that are Eligible Awards held by such Participant as of the date of such Qualifying Retirement shall, subject to and conditioned upon the Participant’s timely execution of a valid and effective Release and Non-Competition Agreement in connection with such Qualifying Retirement, remain outstanding (notwithstanding any provisions contained in the applicable Company Equity Plan or Award Agreement to the contrary) and shall, subject to and conditioned upon the Participant’s continued compliance with the terms of the Release and Non-Competition Agreement, settle and be paid to such Participant following the Participant’s Qualifying Retirement in accordance with the vesting and payment/settlement terms contained in the applicable Award Agreement.

2.2 **Treatment of PSUs Upon a Qualifying Retirement.** If a Participant experiences a Termination of Service as a result of his or her Qualifying Retirement, then all outstanding and unvested PSUs that are Eligible Awards held by such Participant as of the date of such Qualifying Retirement shall, subject to and conditioned upon the Participant’s timely execution of a valid and effective Release and Non-Competition Agreement in connection with such Qualifying Retirement, remain outstanding (notwithstanding any provisions contained in the applicable Company Equity Plan or Award Agreement to the contrary) and shall, subject to and conditioned upon the Participant’s continued compliance with the terms of the Release and Non-Competition Agreement, settle and be paid to such Participant (to the extent the applicable performance goals are attained (as determined in accordance with the applicable Award Agreement)) following the Participant’s Qualifying Retirement in accordance with the vesting and payment/settlement terms contained in the applicable Award Agreement, except that the number of PSUs that vest and are paid/settled on such date(s) shall be pro-rated by multiplying the number of PSUs that would have vested based solely on the actual attainment of applicable performance goals over the performance period (had the Participant satisfied all continued employment requirements) by a fraction, the numerator of which is the number of days from the beginning of the performance period applicable to such Award of PSUs through and including the Participant’s Qualifying Retirement and the denominator of which is the total number of days comprising the full performance period applicable to such Award of PSUs.

2.3 **Certain Breaches; Remedies.** If the Administrator determines that a Participant has breached an applicable Release and/or Non-Competition Agreement following a Qualifying Retirement, in addition to (and without limitation of) any other available remedies, the Administrator may provide that any then-outstanding RSUs and/or PSUs held by such Participant will be immediately forfeited in whole or in part without payment therefor effective as of such breach and, in any such case, the Participant shall have no further rights or interests in or with respect to any such RSUs or PSUs thereafter.

### ARTICLE 3

#### ADMINISTRATION

3.1 **Administration and Interpretation.** The Administrator shall administer the Retirement Policy (except as otherwise permitted herein). The Administrator is hereby authorized to take all actions and make all determinations contemplated by the Retirement Policy and to adopt, amend and repeal such administrative rules, guidelines and practices relating to the Retirement Policy as it shall deem advisable. The Administrator may correct any defect or ambiguity, supply any omission or reconcile any inconsistency in the Retirement Policy in the manner and to the extent it shall deem necessary or appropriate to carry the Retirement Policy into effect, as determined by the Administrator. The Administrator shall make all determinations under the Retirement Policy in its sole discretion and all such determinations shall be final and binding on all persons having or claiming any interest in or with respect to the Retirement Policy (including any Award covered by the Retirement Policy). No member of the Administrator (or person acting on behalf of the Administrator) shall be liable for any action or determination made in good faith with respect to the Retirement Policy and/or any Eligible Award. All expenses and liabilities which members of the Administrator incur in connection with the administration of the Retirement Policy shall be borne by the Company.

3.2 **Action by the Administrator.** Unless otherwise established by the Board, set forth in any Organizational Documents or as required by applicable law, a majority of the Administrator shall constitute a quorum and the acts of a majority of the members present at any meeting at which a quorum is present, and acts approved in writing by all members of the Administrator in lieu of a meeting, shall be deemed the acts of the Administrator. Each member of the Administrator is entitled to, in good faith, rely or act upon any report or other information furnished to that member by any officer or other employee of the Company or any Subsidiary, the Company's independent certified public accountants, or any executive compensation consultant or other professional retained by the Company to assist in the administration of the Retirement Policy.

3.3 **Delegation of Authority.** To the extent permitted by applicable law, the Board may delegate any or all of its powers under the Retirement Policy to one or more Committees and/or one or more officers of the Company. The Board may terminate any such delegation at any time and/or re-vest in itself any previously delegated authority.

3.4 **Information.** To enable the Administrator to perform its functions, the Company shall supply full and timely information to the Administrator on all matters relating to the

Eligible Awards held by Participants, their service, retirement, Termination of Service, and such other pertinent facts as the Administrator may require.

## ARTICLE 4

### MISCELLANEOUS

4.1 **Authority to Amend and Terminate.** Except as otherwise provided in this Section 5.1, the Retirement Policy may be wholly or partially amended or otherwise modified, suspended or terminated at any time and from time to time by the Board in its sole discretion, *provided*, that no such amendment or termination shall be taken to the extent that such amendment or termination would have a material and adverse impact on any Participants with respect to RSUs or PSUs outstanding and subject to the Retirement Policy as of the date of such amendment without the approval of at least a majority of the Participants covered by the Retirement Policy. Notwithstanding the foregoing, the Board may amend or modify the Retirement Policy as it deems necessary or appropriate to cause continued compliance with Section 409A (as defined below) in all events without the consent of any Participant.

4.2 **Participants Bound; Limited Applicability.** Any determination or other action taken by the Administrator with respect to the Retirement Policy, or any action authorized by or taken at the direction of the Administrator, in any case, in good faith, shall be binding and conclusive upon all Participants and all other interested parties under the Retirement Policy. For clarity, unless otherwise expressly provided in a written agreement between the Company and any individual, in no event shall this Retirement Policy apply to any right other than an Eligible Award, including without limitation, any severance right or other incentive equity or other award.

4.3 **Governing Law and Severability.** The Retirement Policy shall be administered, interpreted and enforced under the internal laws of the State of Delaware without regard to conflicts of laws thereof or of any other jurisdiction. If any provision is held by a court of competent jurisdiction to be invalid or unenforceable for any reason, said illegality or invalidity shall not affect the remaining provisions hereof; instead, each provision shall be fully severable and the Retirement Policy shall be construed and enforced as if said illegal or invalid provision had never been included herein.

4.4 **Section 409A Compliance.** It is intended that this Retirement Policy shall be limited, construed and interpreted in accordance with Section 409A of the Code and the treasury regulations and other official guidance promulgated thereunder (together, "Section 409A"). It is also intended that to the extent that any payment or benefit described hereunder is subject to Section 409A, it shall be paid in a manner that will comply with Section 409A. Notwithstanding anything contained herein, none of the Company, its affiliates or Subsidiaries, the Board, the Committee or the Administrator: (a) makes any representation or warranty with respect to the tax treatment of the Retirement Policy or benefits provided under the Retirement Policy, (b) will have any obligation to take any action to prevent the assessment of any excise tax or penalty on any participant under or by operation of Section 409A or otherwise, or (c) will have any liability to any Participant or any other person or entity for such tax or penalty or for any early,

retroactive or additional tax or penalty under or by operation of Section 409A or otherwise. If the Company determines that paying any amounts to a Participant in respect of his or her Eligible Awards at the time(s) indicated in this Retirement Policy or any Award Agreement (as applicable) would be a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code, then no such payment shall be paid to such Participant prior to the expiration of the six (6)-month period following such Participant's "separation from service" with the Company (within the meaning of Section 409A) if such Participant is a "specified employee" (within the meaning of Section 409A ) on the date of her or her separation from service. If the payment of any such amount is delayed as a result of the previous sentence, then on the first business day following the end of such six (6)-month period (or such earlier date upon which such amount can be paid under Section 409A without resulting in a prohibited distribution, including as a result of such Participant's death), the Company shall pay to such Participant a lump-sum amount equal to the cumulative amounts that would have otherwise been payable to such Participant during such six (6)-month period (without interest). For purposes of Section 409A, any right to a series of installment payments pursuant to this Retirement Policy or any applicable Award Agreement shall be treated as a right to a series of separate payments, and each RSU or PSU (and any amounts payable in respect thereof) shall be treated separately from each other RSU and PSU (and any amounts arising in connection therewith).

4.5 **Unfunded Status**. The Retirement Policy is intended to be an "unfunded" plan for incentive compensation. With respect to any payments not yet made to a Participant pursuant to an Award, nothing contained in the Retirement Policy shall give the Participant any rights that are greater than those of a general creditor of the Company or any Subsidiary.

4.6 **Indemnification**. To the extent permitted under applicable law and the Organizational Documents, each member of the Administrator shall be indemnified and held harmless by the Company from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by such member in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action or failure to act pursuant to the Retirement Policy and against and from any and all amounts paid by him or her in satisfaction of judgment in such action, suit, or proceeding against him or her; provided he or she gives the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled pursuant to the Organizational Documents, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

4.7 **Relationship to other Benefits**. No payment pursuant to the Retirement Policy shall be taken into account in determining any benefits under any pension, retirement, savings, profit sharing, group insurance, welfare or other benefit plan of the Company or any Subsidiary, except to the extent otherwise expressly provided in writing in such other plan or an agreement thereunder.

4.8 **Expenses**. The expenses of administering the Retirement Policy shall be borne by the Company and its Subsidiaries.

4.9 **No Contract.** The adoption and maintenance of this Retirement Policy shall not be deemed to be a contract between the Company and any person or to be consideration for the employment of or service by any person. Nothing herein contained shall be deemed to give any person the right to be an employee or other service provider of the Company or its Subsidiaries or to restrict the right of the Company or its Subsidiaries to terminate the employment or service of such person at any time, with or without cause, nor shall this Retirement Policy be deemed to give the Company or any of its Subsidiaries the right to require any person to remain as an employee or other service provider of the Company or any of its Subsidiaries or to restrict any person's right to resign at any time.

4.10 **Headings; References to Sections of the Code.** The titles and headings of the Sections in the Retirement Policy are for convenience of reference only and, in the event of any conflict, the text of the Retirement Policy, rather than such titles or headings, shall control. References to sections of the Code shall include any amendment or successor thereto.

4.11 **Number and Gender.** Any reference in this Retirement Policy to the singular includes the plural where appropriate, and any reference in this Retirement Policy to the masculine gender includes the feminine and neuter genders where appropriate.

*[Signature Page Attached]*

The Company has caused this Retirement Policy document to be executed by a duly authorized officer on this 5th day of March, 2020, to be effective as of March 5, 2020.

COGNIZANT TECHNOLOGY SOLUTIONS  
CORPORATION

By: /s/ Matthew W. Friedrich

Name: Matthew W. Friedrich

Title: Executive Vice President, General  
Counsel and Chief Corporate Affairs  
Officer

[Signature Page to Retirement Policy]

## CERTIFICATION

I, Brian Humphries, 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: May 8, 2020

/s/ Brian Humphries

\_\_\_\_\_  
Brian Humphries,  
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: May 8, 2020

/s/ Karen McLoughlin

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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 March 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned, Brian Humphries, 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: May 8, 2020

/s/ Brian Humphries

\_\_\_\_\_  
Brian Humphries,  
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 March 31, 2020 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: May 8, 2020

/s/ Karen McLoughlin

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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.