# EMPLOYEE STOCK PURCHASE PLAN

## YOUR SERVICE PROVIDERS

Smith Barney Global Stock Plan Services ("Smith Barney") specializes in providing administrative services for corporate stock benefit plans. Smith Barney's Client Services Department is staffed by experienced professional stock plan personnel who are available to help you when you have questions. Cognizant Technology Solutions (the "Company") has retained Smith Barney Global Stock Plan Services to help meet its goal of providing you with the greatest possible advantage from your stock benefit programs.

Smith Barney acts as the service provider for Cognizant Technology Solutions' Employee Stock Purchase Plan. In this role, Smith Barney coordinates the efforts of Cognizant Technology Solutions' Transfer Agent and Designated Broker to ensure that all of your transactions are handled promptly, efficiently and accurately.

**Smith Barney Global Stock Plan Services**
**San Antonio Call Center**
Toll-free: (800)367-4777 (U.S. only)

**Reaching Smith Barney Global Stock Plan Services Client Services**: Representatives are available Monday through Thursday from 9:00 am to 7:00 pm and Friday from 9:00 am to 6:00 pm Eastern Time every day the stock market is open.

**How Can Smith Barney Help Me?** A Smith Barney Client Services Representative is available to answer your questions, produce reports detailing shares purchased and help you complete all required paperwork.

**Designated Broker Smith Barney Address**:
855 Franklin Avenue, 3rd Floor
Garden City, New York 11530

## QUESTIONS AND ANSWERS

**What is the Employee Stock Purchase Plan?** An Employee Stock Purchase Plan provides you with an affordable and convenient method to purchase stock and share in the success of the Company. The Plan allows you to:

- Invest up to 15% of your eligible compensation through payroll deductions
- Purchase Cognizant Technology Solutions common stock at a discount
- Become a shareholder of Cognizant Technology Solutions stock in a convenient manner

**How does the Plan work?** An eligible employee of the Company may authorize payroll deductions of 1% to 15% of his or her eligible compensation. Percentages must be in whole amounts (i.e. 3% is correct; 3.5% is not). The amounts are accumulated and, at the end of each quarterly Purchase Period, are used to purchase shares of common stock. The purchase price will be 10% less than the Fair Market Value on either the first or the last trading day of the Purchase Period, whichever is lower. The Plan will operate on consecutive three-month Purchase Periods.

The Plan addresses the consequences of terminating employment and includes provisions for increasing or decreasing payroll deductions and withdrawing from the Plan.

**Who is eligible?** If you are an employee of Cognizant Technology Solutions US Corporation or a designated subsidiary adopting the plan (excluding persons whose customary employment is twenty (20) hours or less per week or not more than five (5) months per calendar year), you are eligible to participate in that Purchase Period.

**How do I join?** You may elect to participate in the Plan by accessing http://www.benefitaccess.com and clicking on ESPP enrollment. Your participation will begin with the first Purchase Period following your enrollment. Your enrollment will remain in effect for successive Purchase Periods until it is revised or revoked by you in written form.

**If I decide not to join right now, will I have another opportunity?** Yes. You may join in any later Purchase Period during which the Plan is in effect. However, you may not join in the current Purchase Period after the Open Enrollment Period has passed. The Plan will remain in effect unless the Board of Directors terminates it or the numbers of shares reserved for purchase under the Plan have all been purchased.

**May I begin participation in the middle of a Purchase Period?** No. To participate in a given Purchase Period, you must enroll during the Open Enrollment Period before the start of the Purchase Period.

**May I withdraw from the Plan at any time?** Yes. If you find it necessary to withdraw from the Plan, you can do so by accessing http://www.benefitaccess.com and clicking modify your enrollment option. Your payroll deductions will stop and you will be issued a check for the balance in your account within a reasonable time period. If you do withdraw from the Plan, you cannot rejoin for that Purchase Period. You can, however, enroll for the next Purchase Period.

**What happens if I leave the company?** If at any time you cease to be employed by Cognizant Technology Solutions US Corporation or a designated subsidiary adopting the plan, you will be withdrawn from the Plan and the payroll deductions accumulated in your account will be returned to you provided your termination occurs prior to the last day of the purchase period.

**How much may I contribute?** From 1% to 15% of your pay. You may contribute, by payroll deduction, any amount between 1% and 15% of your eligible compensation for each full payroll period in the Purchase Period. Amounts will be withheld only in whole percentages. Once you have authorized deductions, they will be deducted from your after-tax paycheck each full pay period during the Purchase Period and held in a non-interest bearing account until the Purchase Period is completed.

**May I increase or decrease my payroll deductions during a Purchase Period?** No. You may not increase or decrease your contributions during a Purchase Period. You may increase or decrease the rate of your payroll deductions in future Purchase Periods by clicking on the "Contributions" button on the website during the Open Enrollment Period prior to the beginning of the Purchase Period.

**May I make cash contributions to the Plan in addition to my payroll deduction?** No. Contributions can only be made by the after-tax deductions from your paycheck.

**Do I receive interest on my payroll deductions?** No.

**Do I automatically own a share of the Company's common stock as soon as its cost has been deducted from my compensation?** No. The stock is actually bought four times a year; on the Purchase Dates. A Purchase Date is the last trading day of each Purchase Period. You must be employed on the Purchase Date to purchase stock.

**What price will I pay?** The purchase price will be the lower of 90% of the Fair Market Value on the first trading day of the Purchase Period, OR 90% of the Fair Market Value on the last trading day of the Purchase Period.

**How many shares can I buy?** The IRS limits the number of shares that can be purchased in any calendar year. This limit is $25,000 in total value of stock based on the Fair Market Value at Grant Date. The number of shares purchased depends on the fair market price of the Company's common stock on the first and last trading days of the Purchase Period and the cumulative amount of your contributions at the end of the Purchase Period. On the last trading day of the Purchase Period (the Purchase Date), accumulated contributions will be used to purchase whole shares at the purchase price. No fractional shares will be purchased and any remaining cash insufficient to buy a complete share will be automatically retained in your account for the next Purchase Period. For example: If the fair market value on the applicable date is $ 10.00, 90% of that price is $9.00. If your payroll deductions amount to $300.00, you would be able to purchase 33 shares for a total price of $297.00. The balance of $3.00 would be retained in your account for the next Purchase Period. EXCEPTION: In no event may you participate to the extent that you would own five percent (5%) or more of all of the outstanding stock of the Company after the Purchase Period.

**What happens to the shares purchased for me?** After the close of each Purchase Period, your shares will be delivered in accordance with your instructions to an account that has been established in your name at Smith Barney. You may then sell your shares through Smith Barney via their website or 1-800 number. Please see "Tax Implications" on page 6 for a general overview of the tax consequences of any sale.

**What records will I receive regarding my account?** A Confirmation Statement will be delivered to you after each purchase occurs. The statement will summarize your total contribution, per share purchase price, the number of shares purchased and any remaining cash balance.

**When may the shares purchased through the Plan be sold?** You may sell your shares at any time provided the Company is not in a blackout period and you are not in possession of nonpublic, material information. The blackout period begins fifteen days prior to the end of each quarter and ends on the third business day after each quarterly earnings announcement'. Please see "Tax Implications" on page 6 for a general overview of the tax consequences of any sale.

**What happens if there is a stock split, stock dividend, or other change affecting the Company's common stock?** The number of shares reserved under the Plan will be adjusted proportionately in the event of a stock split or stock dividend. In the event of any other change affecting the Company's common stock, the Board of Directors of the Company will make any necessary adjustments.

**Can my rights to purchase stock with payroll deductions be assigned to anyone else?** No. The Plan is designed as a benefit for eligible employees.

**Can the Plan be amended or terminated?** Yes. The Board of Directors of the Company may amend or terminate the Plan at any time. Certain amendments will require shareholder approval.

## GENERAL INFORMATION

**Tax Implications** Under present law, the Federal Income Tax consequences of shares purchased under an Employee Stock Purchase Plan (as defined in Section 423 of the Internal Revenue Code) and the subsequent disposition of shares acquired under such Plan are set forth below. Please note that this information applies to U.S. Federal tax guidelines only. State and local tax regulations may affect the calculations and therefore the tax consequences. Employees in foreign countries may be subject to different guidelines. You must check with your own tax advisor for evaluation of your complete tax consequences.

**Time of Purchase of Shares under the Plan** The employee is not taxed when shares are purchased under the Plan, even though they are purchased at the lower 90% of the Fair Market Value on the first trading day of the Purchase Period or last trading day of the Purchase Period.

**Sale of shares acquired under the Plan**

1) If shares are sold or otherwise disposed of, including by way of gifts, after the expiration of two years or more from the first day of the Purchase Period in which such shares were purchased under the Plan and one year or more from the Purchase Date:

    a. Any profit up to 10% of the Fair Market Value of the shares at the beginning of the Purchase Period is taxable as ordinary income. Any further profit recognized is taxable as long -term capital gain and any loss recognized is treated as long-term capital loss.

2) Shares sold or otherwise disposed of, including by way of gifts, before the expiration of two years from the beginning of the Purchase Period in which the shares were purchased under the Plan and one year or more from the Purchase Date are considered disqualifying dispositions.

    a. If the employee disposes of shares prior to the expiration of two years from the date of the grant (first day of the Purchase Period) and prior to the expiration of one year from the Purchase Date:

        i. the difference between the price paid by the employee and the Fair Market Value of the shares at the date of purchase (last day of the Purchase Period in which the shares were purchased) is taxable as ordinary income,

        and

        ii. the difference between the amount received by the employee on the disposition of the shares and the Fair Market Value of the shares at the date of purchase is treated as a capital gain or loss (long-term if the shares have been held more than one year).

**Tax deduction By Company** When shares are sold as disqualifying dispositions, the Company is entitled to a tax deduction equal to the difference between the price paid by the employee and the Fair Market Value of the shares at the date of purchase. Employees must notify the Company of disqualifying dispositions by forwarding the sale information to Smith Barney. The employee should notify the Company that the shares were sold or otherwise disposed of by returning the Disposition Survey that will be sent to them on a regular basis.

It is important that the Company track such dispositions for its own tax filings. At any time, the Company may, but will not be obligated to, withhold from the participant's compensation the amount necessary for the Company to meet applicable withholding obligations, including any withholding required to make available to the Company any tax deductions or benefits attributable to sale or early disposition of stock by the Employee.

**Death of an Employee** In the event of an employee's death prior to disposing of shares purchased under the Plan, the employee will recognize the discount on the purchase as ordinary income (but not more than the amount by which the Fair Market Value at death exceeds the purchase price).

**Tax Consultation** Cognizant Technology Solutions Employee Stock Purchase Plan is intended to qualify as an Employee Stock Purchase Plan under Section 423 of the Internal Revenue Code of 1986, as amended; however, the tax implications of the Plan can be very complicated. It is suggested that you contact your tax advisor with questions specific to your situation.

**PLEASE NOTE** that neither Cognizant Technology Solutions nor Smith Barney is a qualified tax advisor. We strongly urge you to seek the advice of a professional tax advisor prior to transacting any sale.

## INSIDER TRADING

**Who is subject to Cognizant Technology Solutions' Insider Trading Policy?** ALL EMPLOYEES of Cognizant Technology Solutions are subject to the Insider Trading Policy.

**What is the Insider Trading Policy?** Anyone in possession of material, non-public information relating to the Company is prohibited from buying or selling the Company stock. Material, non-public information is any information that an investor might consider important to know prior to making the decision to buy, hold or sell the Company stock.

The company has designated all of its employees as "Insiders" and accordingly employees may only trade in the stock during designated trading periods that are not under blackout restrictions. For employees, the blackout period begins fifteen calendar days prior to the end of each quarter and ends on the third business day after each quarterly earnings announcement.

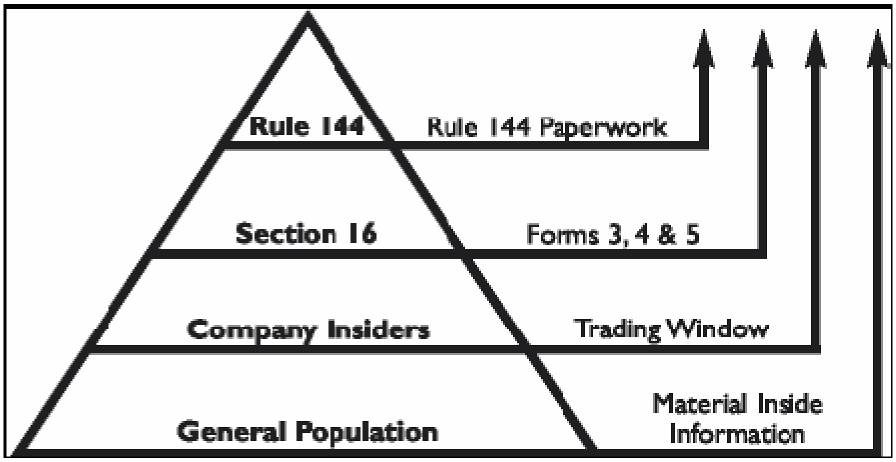
In addition, Officers are further subject to Section 16 trading restrictions and must clear any stock transactions with the Company's Chief Financial Officer. For officers, the blackout period begins fifteen calendar days prior to the end of each quarter and ends on the third business day after each quarterly earnings announcement.

**Where can I get the Insider Trading Policy?** To receive a copy of the Company's Insider Trading Policy, contact the Corporate Controller.

**When must officers file special documents?** If you have been designated as an Affiliate of the Company, it will be necessary for you to file a Form 144 at the time you place any sell order. If you are an officer designated as being subject to Section 16(b) requirements, you will also need to file a Form 4 at the end of each month in which you have a transaction.

**Why are officers subject to special restrictions?** The Securities Exchange Commission has established very strict regulations with which the Company, its officers and employees must comply when trading in the Company stock. Not following the Insider Trading Policy can result in serious repercussions to both the Company and the employee.

**How do I know if I am subject to restrictions?** If you are uncertain about whether or not you are subject to special restrictions, contact the Company's Corporate Controller prior to conducting any transaction.




**Insider Trading Pyramid** This Insider Trading Pyramid illustrates the rules and regulations specific to each group level. Each group level is required to comply with its own rules and regulations as well as the rules of all the groups below.

## FREQUENTLY USED TERMS

**Designated Broker:** A broker selected by the Company for the Employee Stock Purchase Plan. This broker has been selected based on past records of exemplary service to participants in corporate benefit plans.

**Disqualifying Disposition:** A sale, gift or transfer of shares acquired through an Employee Stock purchase Plan within two years from the Grant Date and one year from the Purchase Date. A disqualifying disposition (DD) is a taxable event and the Company is entitled to a tax deduction equal to the difference between the purchase price and the Fair Market Value on the Purchase Date.

**Employee Stock Purchase Plan (ESPP):** A plan governed by Section 423 of the IRS Code. This plan is designed to allow employees of the Company and certain subsidiaries to purchase common stock of the company at a discounted rate through accumulated payroll deductions.

**Fair Market Value (FMV):** The daily value of the Company stock defined as the last reported sale price.

**Grant Date:** The beginning date of the Purchase Period and the date on which the grant is made.

**Purchase Period:** The period during which employees contributions are collected to purchase stock.

**Purchase Date:** The date on which employee contributions are used to purchase stock.

*This document summarizes some important points about Cognizant Technology Solutions Employee Stock Purchase Plan; however, it is not a summary plan description. For more complete information about the Plan, you should read the appropriate Plan Prospectus and your enrollment agreement. All Company employee stock benefit plans are governed by the official Plan documents. In case of any discrepancy between this information or any oral representation and the Plan documents, the Plan documents will govern. Participation in the Company employee stock benefit plans is not a guarantee of employment. In addition, the Company reserves the right to amend or terminate the Plan at any time; however, such amendment or termination cannot adversely affect current options or participants existing rights under the Plan.*