

Cognizant | Shining Through The Fog



Cognizant

2008
ANNUAL
REPORT

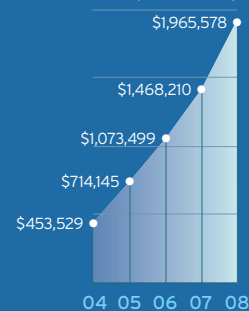
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Cognizant (NASDAQ: CTSH) is a leading provider of information technology, consulting and business process outsourcing services. Cognizant's single-minded passion is to dedicate our global technology and innovation know-how, our industry expertise and worldwide resources to working together with clients to make their businesses stronger. With more than 50 global delivery centers and approximately 61,700 employees as of December 31, 2008, we combine a unique onsite/offshore delivery model infused by a distinct culture of customer satisfaction. A member of the NASDAQ-100 Index and S&P 500 Index, Cognizant is a Forbes Global 2000 company and a member of the Fortune 1000 and is ranked among the top information technology companies in *BusinessWeek's* Hot Growth and Top 50 Performers listings.

REVENUES
(in thousands)



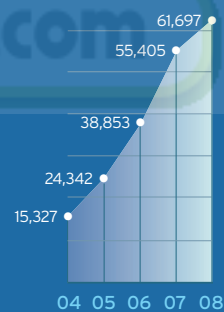
STOCKHOLDERS' EQUITY
(in thousands)



OPERATING INCOME
(in thousands)



EMPLOYEES



To Our Stockholders:



Since our inception, Cognizant clients have seen us as their partner. Their partner in building stronger businesses, their partner helping realize both short-term and long-term process improvements and their partner in achieving business results.

In 2008, a time of severe economic challenge and uncertainty around the globe, our clients relied on us more than ever. We have been a partner in helping our clients respond to volatile business conditions by providing solutions to strengthen their market position. Whether in times of strong economic growth or economic uncertainty, we have remained true to our promise by helping our clients drive cost savings, increase operational efficiency and prepare their businesses to master challenges and maximize opportunities.

By remaining relevant to our clients and further enhancing our proven value proposition, Cognizant delivered strong operating and financial performance in 2008. We produced industry-leading growth, extended the geographic reach of our business, strengthened our offerings in numerous fields of expertise and broadened our base in a range of industry sectors. Most importantly, we remained focused on providing the services and strategies that allow Cognizant to “shine through the fog” – showing clients the way to navigate these turbulent times and strengthen their position for the future.

Industry-Leading Growth

Revenue reached \$2.8 billion in 2008, increasing 32 percent over the prior year, a markedly higher growth rate than that of our industry peers. GAAP net income rose to \$430.8 million, or \$1.44 per diluted share, compared with earnings of \$350.1 million, or \$1.15 per diluted share for 2007. Diluted earnings per share on a non-GAAP basis, excluding stock-based compensation expense and stock-based Indian fringe benefit tax expense, were \$1.59, increasing from \$1.27 for the previous year.

A significant driver of our growth in recent years has been the diversification of our geographic markets. In particular, we gained traction in our efforts to build our client base in Europe, where major corporations have increasingly come to recognize the benefits of global sourcing. In 2008, our European-based business grew to 19.2 percent of total revenues, North America represented 79.1 percent and the rest of the world, primarily Asia, accounted for the balance. The expansion of our offerings into areas such as Business Process Outsourcing (BPO), Knowledge Process Outsourcing (KPO) and IT Infrastructure Management also contributed to our strong performance.

Despite the deteriorating worldwide economic environment, our business model proved resilient as we continued to deliver strong results.

This was due, in part, to our efforts to improve employee utilization and the efficiency of our business. Accordingly, headcount grew much more slowly than revenue, increasing approximately 11 percent to 61,700 as of December 31, 2008.

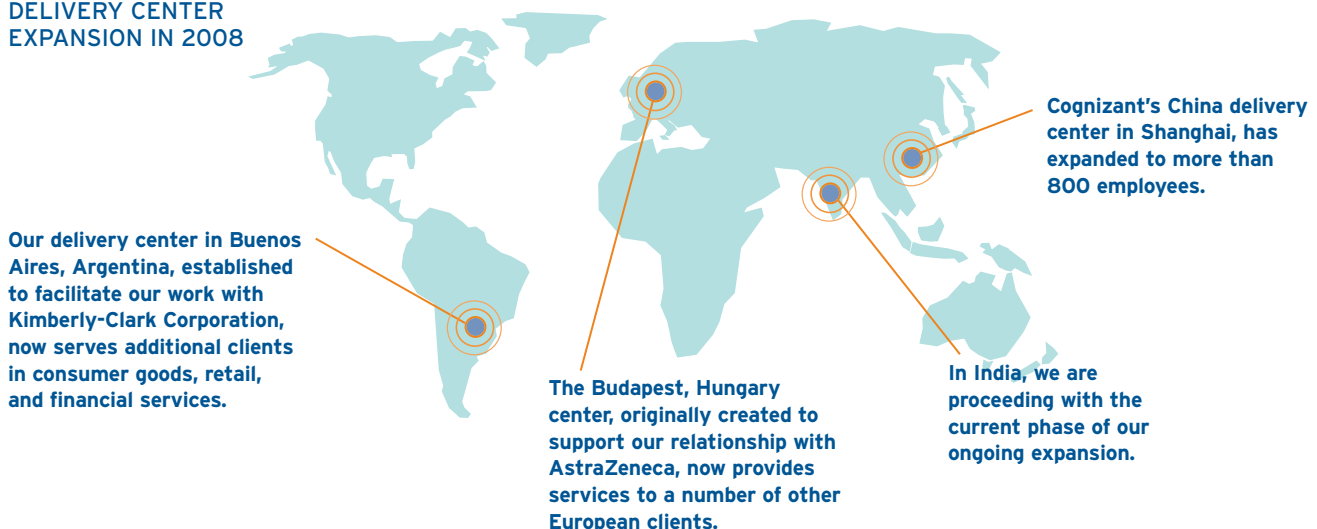
We ended the year with a strong balance sheet, including over \$924 million of cash, short-term and long-term investments. We believe this is a significant buffer against the economic headwinds that the world is currently facing.

LEADERSHIP... in Global Delivery

Cognizant has been a leader in creating a platform to enable our delivery centers around the world to virtually collaborate on client work in a “frictionless” manner. In 2008, we continued to broaden our global delivery footprint and integrate our delivery centers into this platform, which we call Cognizant 2.0. Our clients have embraced this approach – over 3,000 projects have used or are using our Cognizant 2.0 platform, including both new client engagements and existing projects.

Our global delivery centers continue to be in expansion mode, and we now have more than 50 facilities around the world. In response to the rapid growth of our European business, we established a global delivery center in Budapest, Hungary last year. Originally created to support our relationship with AstraZeneca, our Budapest delivery center has since been expanded to serve clients in such diverse industries as consumer goods and financial services. In India, we are proceeding with our ongoing infrastructure expansion. We have further expanded client service activity at our Shanghai, China delivery center, where headcount now exceeds 800. Also gaining traction is our center in Buenos Aires, Argentina, which was established to facilitate our work with Kimberly-Clark Corporation and now serves additional clients in sectors such as consumer goods, retail and financial services. We have continued to invest in facilities in the U.S., where our multiple delivery centers house team members working in close proximity with our clients.

DELIVERY CENTER EXPANSION IN 2008



Around the world our presence has grown significantly and we now operate in Asia, Europe, North America and South America.

DIRECTION... through Enhanced Services

Our investment in building new horizontal practices has enabled us to provide greater value for our clients. Services such as KPO, BPO, IT Infrastructure Management and Consulting are among our fastest growing areas and give us additional means to move a client's business in a positive direction. Intellectual arbitrage – the ability to access top talent cost-effectively on a global scale and to leverage that talent to achieve dramatic business outcomes – is something that we have fully embraced over the years. Our BPO and IT Infrastructure Management and Consulting practices demonstrate an important transition in outsourcing, the shift from cost arbitrage to true intellectual arbitrage.

In Europe, we are partnering with T-Systems, a division of Deutsche Telekom, in a systems integration alliance designed primarily to serve the needs of European clients with global delivery requirements. The alliance combines the onsite and offshore expertise of Cognizant and T-Systems across several industry sectors, thus providing clients with a powerful front-end rooted in the local business environment, along with access to the best global talent and delivery resources of both organizations.

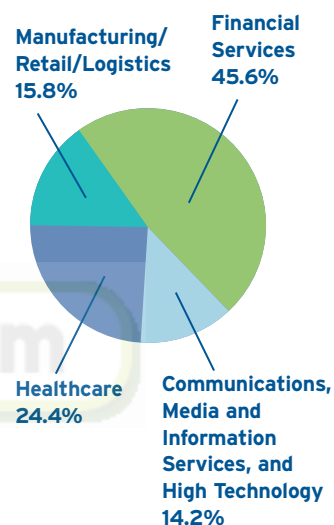
Continuing the expansion of Cognizant's SAP® practice, we established a "Touchstone Center" at our facility in Bangalore late in 2008. The new center will enhance our ability to use service-oriented architecture to support SAP solutions, providing an environment in which we can develop prototypes for various customer scenarios and perform interoperability studies. The creation of the Touchstone Center reflects our alignment with SAP and our commitment

to building on that relationship to provide exceptional domain-specific solutions to our clients.

We have continued our Oracle relationship, providing end-to-end applications solutions that allow clients to realize the benefits of the Oracle E-Business suite across their value chain. Cognizant has a global network of professionals who can assess client requirements and implement or upgrade solutions drawn from the full suite of Oracle products. We recently launched two dedicated labs based on Oracle Solutions: one for Fusion Middleware and another for Edge Applications. Early in 2009, we deepened our industry-specific expertise in Oracle solutions by acquiring Active Intelligence, a systems integration consultancy specializing in Oracle Retail applications in such areas as merchandising, supply chain/logistics, store operations and corporate strategy.

The further development of a significant consulting capability continues to be a key achievement. Several years ago we formalized our consulting capabilities as Cognizant Business Consulting, initially drawing upon our technology heritage to provide higher-level advice on IT strategy, horizontal process improvement and vertical industry best practices. Our 2008 acquisition of Strategic Vision Consulting Inc. (SVC) reflects our further evolution to a more industry-specific consulting model. A leading Los Angeles-based management and technology consulting firm serving the media and entertainment field, SVC helps clients such as major film studios, broadcasters and interactive media companies respond to the challenges and opportunities arising from the digital transformation of the industry. The addition of SVC gives us greater critical mass in the media and entertainment space, and clearly demonstrates our intention to build a market leadership position.

2008 TOTAL REVENUE BY INDUSTRY



The ability to perform in a tough economic climate is the true test of any company's business model.

AWARDS AND RECOGNITION

FORTUNE

Cognizant joined the ranks of *Fortune* magazine's "Most Admired Companies" at #3 in the Infotech Services category.

BusinessWeek

Cognizant ranked 31st in the *BusinessWeek* 50, the magazine's annual listing of "Corporate Performers" across the 10 sectors that make up the S&P 500.

Forbes

Cognizant hit #7 on the *Forbes* Fastest Growing Tech Companies list and is the only company to make the list for the past six years.

FOCUS... on Clients' Businesses

We believe Cognizant has performed well because our clients recognize that we are truly their partners - and that we have a passion to see their businesses survive and thrive. Many of the enhancements we have made to our service offerings in recent years - such as the addition of more business analysts to our teams, the expansion of our Consulting practice, and the roll-out of Cognizant 2.0 - have been in response to input from clients about how we can add even more value in helping to grow their businesses.

Clients respond positively to our alignment with their goals, as reflected in the fact that we experienced revenue growth in every industry sector during 2008. In the Healthcare and Life Sciences segment, which had a 36 percent increase in revenue, major client wins included an expansion of our relationship with AstraZeneca and Health Net, Inc. Our Manufacturing, Retail and Logistics segment grew revenues by 38 percent, as we won assignments such as Continental AG's engagement of Cognizant and T-Systems to jointly provide application management services to support the R&D group in its tire business. In Financial Services, the industry hit earliest and hardest by the financial crisis, we delivered a 28 percent increase in revenues last year. We are proud that KeyCorp, one of our prominent financial services clients, named us "Technology Vendor of The Year" for enterprise technology development.

Our strong commitment to excellence in each of our industry practices has been recognized by a number of independent sources. In 2008, Cognizant was rated 12th among the FinTech 100, a respected ranking of technology providers to the financial services industry. We were named the 11th largest healthcare IT provider by *Healthcare Informatics* magazine. And *Consumer Goods Technology* magazine ranked us 3rd among the top 10 IT services providers to the consumer packaged goods industry.

Transparency and Integrity

Transparency is essential and fundamental to our business. Stockholders and others must be able to trust in the integrity of our management, operations and financial reports. As this takes on greater importance during times of economic uncertainty, I want to underscore our dedication to corporate governance and transparency.

Cognizant management, overseen by an independent Board of Directors, assumes full responsibility and accountability for providing timely, accurate and complete financial statements that fairly present our operations. As a U.S.-based company, we comply with all relevant securities regulations. We are committed to conducting our affairs ethically, in accordance with the highest personal, professional and corporate standards, which is supported by an effective system of internal controls.

Challenge and Opportunity

By no means do we underestimate the harsh economic realities that lie ahead in 2009. Discretionary spending by companies will be cut back, although we expect clients will continue to fund programs that produce real benefits in terms of cost savings or stronger operations. Thus, we remain confident in our ability to perform well in a hostile business environment by maintaining our commitment to delivering value to all of our client relationships.

Cognizant is uniquely suited to partner with clients, to help them address the current financial challenges and position their businesses for the next wave of opportunities. Clearly, much of the focus of companies right now is on cost efficiency, as economic pressures require them to “do more with less.” In this context, outsourcing and particularly our highly results-oriented approach, provides a compelling solution. The benefits of a relationship with Cognizant often begin to appear in the early stages of a client engagement, underscoring our ability to deliver a strong “return on outsourcing.”

The present economic turmoil does not alter the fact that many industries are facing profound changes in their businesses. One clear example is the adoption of bank charters by several major financial institutions, which will require a significant restructuring of their business models. Pharmaceutical companies must cope with the reality of fewer blockbuster drugs in their R&D pipelines. Media and entertainment companies face a trend toward digitization that affects the content, marketing and

distribution of their products. Far-sighted management teams, in these and other industries, understand that they cannot afford to put their investments in the future “on hold” simply because of present difficult circumstances.

Our confidence in the Cognizant model is based on the fact that we can be equally effective for both types of clients: those that must generate near-term cost savings and those seeking a strategic partner to help them transform their business to ensure long-term success. We remain committed to making Cognizant as valuable as possible to our clients: investing in new services and global delivery resources, hiring and retaining the best talent, and maintaining a culture that empowers our people to do their best work. We are continually striving to create and capture opportunities for our clients, stockholders and employees, and we thank you for your support.

Sincerely,



Francisco D'Souza
President and Chief Executive Officer



Francisco D'Souza
President and
Chief Executive Officer

Fortune
1000

Cognizant was proud
to join the Fortune 1000
at #864.

Publicly-traded for

10

We celebrated
our tenth year as
a publicly-traded
company listed
on NASDAQ.

years.

Report  Junction.com

Industry-leading

32%

annual revenue
growth.

Each business segment
achieved greater than
28% revenue growth.

Over

50

facilities worldwide.

Including our newest
delivery center in
Budapest, Hungary,
we now have over
50 delivery or
IT development
facilities worldwide.

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, DC 20549

FORM 10-K

FOR ANNUAL AND TRANSITION REPORTS
PURSUANT TO SECTIONS 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934**

For the fiscal year ended December 31, 2008

OR

☐ **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 TECHNOLOGY SOLUTIONS CORPORATION
(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

13-3728359
(I.R.S. Employer
Identification No.)

Glenpointe Centre West, 500 Frank W. Burr Blvd.,
Teaneck, New Jersey
(Address of Principal Executive Offices)

07666
(Zip Code)

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

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

Title of each class

Name of each exchange on which registered

Class A Common Stock, \$0.01 par value per share

The NASDAQ Stock Market LLC

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

Preferred Share Purchase Rights
(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☒ Yes ☐ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. ☐ Yes ☒ No

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐ (Do not check if a smaller reporting company)

Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). ☐ Yes ☒ No

The aggregate market value of the registrant's voting shares of common stock held by non-affiliates of the registrant on June 30, 2008, based on \$32.51 per share, the last reported sale price on the NASDAQ Global Select Market of the NASDAQ Stock Market LLC on that date, was \$9,442,832,786.

The number of shares of Class A common stock, \$0.01 par value, of the registrant outstanding as of February 17, 2009 was 291,759,485 shares.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents are incorporated by reference into the Annual Report on Form 10-K: Portions of the registrant's definitive Proxy Statement for its 2009 Annual Meeting of Stockholders are incorporated by reference into Part III of this Report.

