

EPAM Systems, Inc.  
Form DEF 14A  
April 24, 2018  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**SCHEDULE 14A**  
**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**EPAM Systems, Inc.**

**(Name of Registrant as Specified in its Charter)**

**N/A**

**(Name of Person(s) Filing Proxy Statement, if other than the Registrant)**

Payment of Filing Fee (check the appropriate box):

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(4) Date Filed:

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**41 UNIVERSITY DRIVE, SUITE 202**  
**NEWTOWN, PENNSYLVANIA 18940**

April 24, 2018

To Our Stockholders:

You are cordially invited to attend our 2018 annual meeting of stockholders to be held Wednesday, June 6, 2018, at 10:00 a.m. EDT, in person at 41 University Drive, Newtown, Pennsylvania 18940 (the Annual Meeting ).

If you owned our common stock at the close of business on April 10, 2018, you are entitled to vote on the matters which are listed in the Notice of 2018 Annual Meeting of Stockholders (the Notice ). The Board of Directors recommends a vote **FOR** the proposals listed as Items 1, 2 and 3 in the Notice.

Your vote is important, regardless of the number of shares you own. Whether or not you plan to attend the Annual Meeting, I hope that you will vote as soon as possible to make sure your shares are represented.

Thank you for your continued support.

/s/ Arkadiy Dobkin  
Arkadiy Dobkin  
President, Chief Executive Officer and  
Chairman of the Board

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**EPAM SYSTEMS, INC.**  
**41 UNIVERSITY DRIVE, SUITE 202**  
**NEWTOWN, PENNSYLVANIA 18940**  
**(267) 759-9000**

**Notice of 2018 Annual Meeting of Stockholders**

April 24, 2018

**TIME AND DATE** 10:00 a.m. EDT, on Wednesday, June 6, 2018  
**PLACE** 41 University Drive, Newtown, Pennsylvania 18940  
**ITEMS OF BUSINESS**

<b>Item</b>		<b>Board Vote</b>
		<b>Recommendation</b>
1.	To elect two (2) Class III directors to hold office for a three-year term or until their successors are elected and qualified.	<b>FOR</b>
2.	To ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2018.	<b>FOR</b>
3.	To approve, on an advisory and non-binding basis, the compensation for our named executive officers as disclosed in this Proxy Statement.	<b>FOR</b>
4.	To transact such other business as may properly come before the Annual Meeting.	<b>N/A</b>

**RECORD DATE** The record date for the determination of the stockholders entitled to vote at the Annual Meeting, or any adjournments or postponements thereof, was the close of business on April 10, 2018.

**INSPECTION OF LIST OF** A list of the stockholders of record as of April 10, 2018 will be available for inspection during ordinary business hours at our offices, 41 University Drive, Suite 202, Newtown, Pennsylvania 18940, for 10 days prior to the Annual Meeting,

**STOCKHOLDERS OF RECORD**

as well as at the Annual Meeting.

**ADDITIONAL INFORMATION**

Additional information regarding the matters to be acted on at the Annual Meeting is included in the accompanying proxy statement.

**PROXY VOTING**

PLEASE SUBMIT YOUR PROXY THROUGH THE INTERNET OR MARK, SIGN, DATE AND RETURN YOUR PROXY.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to Be Held on June 6, 2018. The Proxy Statement and our Annual Report on Form 10-K for the fiscal year ended December 31, 2017 are available at <http://www.astproxyportal.com/ast/17464/>.

By Order of the Board of Directors of EPAM Systems, Inc.:

/s/ Kate Pytlewski  
Kate Pytlewski

Interim General Counsel and Corporate Secretary

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**PROXY STATEMENT**

**2018 ANNUAL MEETING OF STOCKHOLDERS**

**EPAM SYSTEMS, INC.**

**GENERAL INFORMATION**

The Board of Directors (the **Board**) of EPAM Systems, Inc., a Delaware corporation ( **we** or **EPAM** ), is soliciting proxies to be used at the annual meeting of stockholders of EPAM to be held at our principal executive offices, located at 41 University Drive, Newtown, Pennsylvania 18940 on Wednesday, June 6, 2018, at 10:00 a.m. EDT and any postponement, adjournment or continuation thereof (the **Annual Meeting** ).

This Proxy Statement and the accompanying notice and form of proxy are first being distributed to stockholders on or about April 24, 2018. The Board is requesting that you permit your common stock to be represented at the Annual Meeting by the persons named as proxies for the Annual Meeting.

The proxy solicitation materials, including the Notice of 2018 Annual Meeting of Stockholders, this Proxy Statement, our Annual Report on Form 10-K for the fiscal year ended December 31, 2017, which includes our audited consolidated financial statements for the fiscal year ended December 31, 2017 (the **2017 Annual Report** ) and the proxy card or voting instruction card (collectively, the **Proxy Materials** ), are being furnished to the holders of our common stock, par value \$.001 per share (the **Common Stock** ), in connection with the solicitation of proxies by the Board for use in voting at the Annual Meeting. This Proxy Statement contains important information for you to consider when deciding how to vote on the matters brought before the Annual Meeting. Please read it carefully.

The Proxy Materials are available at <http://www.astproxyportal.com/ast/17464/> on or about April 24, 2018 to all stockholders entitled to vote at the Annual Meeting.

**Notice of Internet Availability of Proxy Materials**

As permitted by the rules of the Securities and Exchange Commission (the **SEC** ), we are making the Proxy Materials available to our stockholders primarily electronically via the Internet rather than mailing printed copies of these materials to each stockholder. We believe that this process expedites stockholders' receipt of the Proxy Materials, lowers the costs incurred by EPAM for the Annual Meeting and helps to conserve natural resources.

On or about April 24, 2018, we mailed a Notice of Internet Availability of Proxy Materials (the **Notice** ) in the form of a mailing titled **Important Notice Regarding the Availability of Proxy Materials**. The Notice contains instructions on how to access the Proxy Materials, and how to vote on the Internet.

If you received the Notice by mail, you will not receive a printed copy of the Proxy Materials unless you request a printed copy, currently or on an ongoing basis. If you received a Notice by mail and would like to receive a paper or email copy of the Proxy Materials, follow the instructions on the Notice. Stockholders who requested paper copies of the Proxy Materials or previously elected electronic receipt did not receive a Notice and will receive the Proxy Materials in the format requested.



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**QUESTIONS AND ANSWERS ABOUT**

**THE 2018 ANNUAL MEETING, THE PROXY MATERIALS AND VOTING YOUR SHARES**

**WHY AM I RECEIVING THESE MATERIALS?**

Our Board has made the Proxy Materials available to you on the Internet or has delivered printed Proxy Materials to you in connection with the solicitation of proxies for use at the Annual Meeting. As a stockholder, you are invited to attend the Annual Meeting and are requested to vote on the items of business described in this Proxy Statement.

**WHAT IS A PROXY?**

Our Board is soliciting your vote at the Annual Meeting. You may vote by proxy as explained in this Proxy Statement. A proxy is your formal legal designation of another person to vote the stock you own. That other person is called a proxy. If you designate someone as your proxy in a written document, that document also is called a proxy or a proxy card.

**Kate Pytlewski** and **Amy Uliano** have been designated as proxies for the Annual Meeting.

**WHAT PROPOSALS WILL BE VOTED ON AT THE ANNUAL MEETING?**

There are three proposals that will be voted on at the Annual Meeting:

1. To elect two (2) Class III directors specified in this Proxy Statement to hold office for a three-year term or until their successors are elected and qualified.
2. To ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2018.
3. To approve, on an advisory and non-binding basis, the compensation for our named executive officers as disclosed in this Proxy Statement.

**HOW DOES THE BOARD RECOMMEND I VOTE?**

Our Board unanimously recommends that you vote:

**FOR** election of the two nominated Class III directors specified in this Proxy Statement (Proposal 1).

**FOR** ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2018 (Proposal 2).

**FOR** approval, on an advisory and non-binding basis, of the compensation for our named executive officers as disclosed in this Proxy Statement (Proposal 3).

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### **WHAT HAPPENS IF ADDITIONAL MATTERS ARE PRESENTED AT THE ANNUAL MEETING?**

If any other matters are properly presented for consideration at the Annual Meeting, including, among other things, consideration of a motion to adjourn or postpone the Annual Meeting to another time or place (including, without limitation, for the purpose of soliciting additional proxies), the persons named as proxy holders, Kate Pytlewski and Amy Uliano, or either of them, will have discretion to vote on those matters in accordance with their best judgment, unless you direct them otherwise in your proxy instructions. We do not currently anticipate that any other matters will be raised at the Annual Meeting.

### **WHO CAN VOTE AT THE ANNUAL MEETING?**

The Board established the record date for determining the stockholders entitled to vote at the Annual Meeting as April 10, 2018 (the Record Date ). Stockholders of record at the close of business on the Record Date are entitled to vote at the Annual Meeting.

On the Record Date, 53,346,663 shares of our Common Stock were outstanding, and we had no other class of equity securities issued and outstanding. You are entitled to one vote for each share of Common Stock you own for each matter to be voted on at the Annual Meeting. As of the Record Date, holders of Common Stock are eligible to cast an aggregate of 53,346,663 votes at the Annual Meeting.

A list of the stockholders of record as of April 10, 2018 will be available for inspection at EPAM s headquarters for 10 days prior to the Annual Meeting and will be available at the Annual Meeting.

### **WHAT CONSTITUTES A QUORUM?**

A majority of our outstanding shares of Common Stock as of the record date must be present, in person or by proxy, at the Annual Meeting in order to conduct business. This is called a quorum. If there are not enough shares of Common Stock present both in person and by timely and properly submitted proxies to constitute a quorum, the Annual Meeting may be adjourned until such time as a sufficient number of shares are present. Both abstentions and broker non-votes are counted for the purpose of determining the presence of a quorum.

### **WHAT IS THE DIFFERENCE BETWEEN BEING A STOCKHOLDER OF RECORD AND A BENEFICIAL OWNER HOLDING SHARES IN STREET NAME?**

*Stockholder of Record:* You are a stockholder of record if your shares are registered directly in your name with our transfer agent, American Stock Transfer & Trust Company LLC. The Proxy Materials are sent directly to a stockholder of record. A stockholder of record has the right to grant its proxy to vote directly to us or to vote via the Internet or in person at the Annual Meeting.

*Beneficial Owner/Street Name:* If your shares are held in a stock brokerage account or by a bank or other nominee (a Broker ), you are considered the beneficial owner of shares held in street name and your Broker is considered the stockholder of record. Your Broker forwarded the Proxy Materials to you. As the beneficial owner, you have the right to direct your Broker how to vote your shares by completing the voting instruction form. Because a beneficial owner is not the stockholder of record, you are invited to attend the Annual Meeting, but you may not vote these shares in person at the Annual Meeting unless you obtain a legal proxy from the Broker that holds your shares, giving you the right to vote the shares at the Annual Meeting.

### **HOW DO I VOTE?**

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*By Written Proxy:* Stockholders of record can vote their shares by marking, signing and timely returning the proxy card.

*By Internet Proxy:* Stockholders of record can vote their shares via the Internet. The Notice contains instructions and the Internet website address in order to vote by Internet. The Internet voting procedure is designed to authenticate stockholders' identities, to allow stockholders to give their voting instructions and to confirm that stockholders' instructions have been recorded properly.

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***In Person:*** All stockholders of record may vote in person at the Annual Meeting. **Even if you plan to attend the Annual Meeting, we recommend that you also submit your proxy or voting instructions by mail or the Internet so that your vote will be counted if you later decide not to attend the Annual Meeting.**

***Shares Held in Street Name*** : If you are a beneficial owner because your shares of stock are held in street name (i.e. through a bank, broker or other nominee), you will receive voting instructions from the institutions holding your shares. The methods of voting will depend upon the institution's voting processes. Please contact the institution holding your shares of stock for more information.

### **WHAT DOES IT MEAN IF I RECEIVE MORE THAN ONE PROXY CARD?**

It means that your shares are registered differently or you have multiple accounts. Please vote all of these shares separately to ensure all of the shares you hold are voted.

### **IF I SUBMIT A PROXY BY PROXY CARD, INTERNET, OR MAIL, HOW WILL MY SHARES BE VOTED?**

If you properly submit your proxy by one of these methods, and you do not subsequently revoke your proxy, your shares will be voted in accordance with your instructions. If you indicate a choice with respect to any matter to be acted upon on your proxy card, your shares will be voted in accordance with your instructions.

**If you properly submit your proxy but do not give voting instructions, your shares will be voted in accordance with the recommendations of our Board of Directors.**

### **WHAT IF I DO NOT SPECIFY HOW MY SHARES ARE TO BE VOTED?**

***Stockholders of Record:*** If you are a stockholder of record and you properly submit your proxy but do not give voting instructions, the persons named as proxies will vote your shares as follows: **FOR** the election of EPAM's director nominees set forth in this Proxy Statement (Proposal 1); **FOR** the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2018 (Proposal 2); and **FOR** the approval, on an advisory and non-binding basis, of the compensation of our named executive officers (Proposal 3). If you do not return a proxy, your shares will not be counted for purposes of determining whether a quorum exists and your shares will not be voted at the Annual Meeting.

***Beneficial Owners:*** If you are a beneficial owner of shares held in street name and you do not provide specific voting instructions to your Broker within 10 days of the Annual Meeting, your Broker will be prohibited under the current rules of the New York Stock Exchange ( NYSE ) from voting your shares on non-routine matters. This is commonly referred to as a broker non-vote. The Election of Directors (Proposal 1) and the Annual Advisory Vote on Executive Compensation (Proposal 3) are considered non-routine matters and therefore may not be voted on by your Broker absent specific instructions from you. The Ratification of Appointment of the Independent Registered Public Accounting Firm (Proposal 2) is considered a routine matter and therefore may be voted on by your Broker without instruction from you. We strongly encourage you to submit your voting instructions to your Broker and exercise your right to vote as a stockholder.

**Table of Contents****WHAT VOTE IS REQUIRED TO APPROVE EACH ITEM?**

		<b>Broker</b>	
		<b>Discretionary</b>	
	<b>Item</b>	<b>Vote Required</b>	
		<b>Voting Allowed</b>	
Proposal 1	Election of Class III Directors	Majority of the votes of the shares of Common Stock entitled to vote and present in person or represented by proxy at the Annual Meeting. Our bylaws contain procedures to be followed in the event that one or more Directors do not receive a majority of votes cast FOR his or her election at the Annual Meeting.	No
Proposal 2	Ratification of the Appointment of Deloitte & Touche LLP as our Independent Registered Public Accounting Firm for our Fiscal Year Ending December 31, 2018	Majority of the votes of the shares of Common Stock entitled to vote and present in person or represented by proxy at the Annual Meeting.	Yes
Proposal 3	Annual Advisory Vote to Approve Executive Compensation	Majority of the votes of the shares of Common Stock entitled to vote and present in person or represented by proxy at the Annual Meeting.	No

With respect to Proposal 1, you may vote FOR all nominees, WITHHOLD your vote as to all nominees, or vote FOR any nominee(s) and WITHHOLD your vote for the other nominee(s). A properly executed proxy marked WITHHOLD with respect to the election of any nominee(s) will not be voted with respect to the nominee(s) indicated. Proxies may not be voted for more than two nominees for director and stockholders may not cumulate votes in the election of directors. If you abstain from voting on Proposal 1, the abstention will not have an effect on the outcome of the vote.

With respect to Proposals 2 and 3 you may vote FOR, AGAINST or ABSTAIN. If you ABSTAIN from voting on any of these Proposals, the abstention will have the same effect as an AGAINST vote.

**CAN I CHANGE MY VOTE OR REVOKE MY PROXY?**

If you are a stockholder of record, you may revoke your proxy at any time prior to the vote at the Annual Meeting. If you submitted your proxy by mail, you must file with EPAM's Corporate Secretary a written notice of revocation or deliver, prior to the vote at the Annual Meeting, a valid, later-dated proxy. If you submitted your proxy via the Internet, you may revoke your proxy with a later Internet proxy. Attendance at the Annual Meeting will not have the effect of revoking a proxy unless you give written notice of revocation to the Corporate Secretary before the proxy is exercised or you vote by written ballot at the Annual Meeting. If you are a beneficial owner, you may change your vote by submitting new voting instructions to your Broker, or, if you have obtained a legal proxy from your Broker giving you the right to vote your shares, by attending the Annual Meeting and voting in person.

**HOW WILL THE PROXIES BE SOLICITED?**

We will pay the cost of soliciting proxies for the Annual Meeting. Proxies may be solicited by our regular directors, executive officers and employees, without additional compensation, in person, or by mail, courier, telephone, email or facsimile. We may also make arrangements with brokerage houses and other custodians, nominees and fiduciaries for the forwarding of solicitation material to the beneficial owners of stock held of record by such persons. We may reimburse such brokerage houses and other custodians, nominees and fiduciaries for reasonable out-of-pocket expenses incurred by them in connection therewith.

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**WHO WILL COUNT THE VOTES AND HOW CAN I FIND THE VOTING RESULTS OF THE ANNUAL MEETING?**

Representatives of American Stock Transfer & Trust Company LLC, our inspectors of election, will tabulate and certify the votes. We plan to announce preliminary voting results at the Annual Meeting, and we will report the final results in a Current Report on Form 8-K, which we will file with the SEC shortly after the Annual Meeting.

**WHAT IS AN ABSTENTION AND HOW WILL ABSTENTIONS BE TREATED?**

An abstention is when a stockholder chooses to abstain or refrain from voting his or her shares on one or more matters presented for a vote. For the purpose of determining the presence of a quorum, abstentions are counted as present.

**WHAT DO I NEED TO DO TO ATTEND THE ANNUAL MEETING?**

If you plan to attend the Annual Meeting in person, you will need to bring proof of your ownership of Common Stock as of the close of business on April 10, 2018 (such as your proxy card or transfer agent statement). You will also be required to present an acceptable form of photo identification such as a passport or driver's license. Cameras, recording devices and other electronic devices will not be permitted at the meeting.

If you are a beneficial owner holding shares in street name through your Broker and you would like to attend the Annual Meeting, you will need to bring an account statement or other acceptable evidence of ownership of Common Stock as of the close of business on April 10, 2018. In order to vote at the meeting, you may contact your Broker in whose name your shares are registered and obtain a legal proxy from your Broker and bring it to the Annual Meeting.

**WHAT ARE THE FISCAL YEAR END DATES?**

Each of our fiscal years ends on December 31. This Proxy Statement provides information about the matters to be voted on at the Annual Meeting and additional information about EPAM and its executive officers and directors. Some of the information is provided as of the end of our 2015, 2016, and 2017 fiscal years and some information is provided as of a more current date.

**WHERE CAN I GET AN ANNUAL REPORT?**

**Our 2017 Annual Report, including consolidated financial statements as of and for the year ended December 31, 2017, is being distributed to all stockholders entitled to vote at the Annual Meeting together with this Proxy Statement, in satisfaction of the requirements of the SEC.**

**In addition, this Proxy Statement and our 2017 Annual Report are available to you at no charge electronically at <http://www.astproxyportal.com/ast/17464/>.**

**Additional copies of the 2017 Annual Report are available at no charge upon written request. To obtain additional copies of the 2017 Annual Report, please contact us at EPAM Systems, Inc., 41 University Drive, Suite 202, Newtown, Pennsylvania 18940, Attention: Kate Pytlewski, Interim General Counsel and Corporate Secretary. The request must include a representation by the stockholder that as of our record date, April 10, 2018, the stockholder was entitled to vote at the Annual Meeting.**





**Table of Contents****BOARD OF DIRECTORS**

Our certificate of incorporation and bylaws provide that the Board will consist of no fewer than three and no more than nine persons and that the exact number of members of the Board will be determined from time to time by resolution of a majority of our entire Board. The Board currently consists of seven members.

The Board is divided into three classes, with each director serving a three-year term and one class being elected at each year's annual meeting of stockholders. Stockholders are not entitled to cumulate votes in the election of directors and may not vote for a greater number of persons than the number of nominees named.

Upon recommendation of the Nominating and Corporate Governance Committee, the Board has nominated the two director nominees identified below for election as Class III directors at the Annual Meeting. These directors will hold office until the annual meeting of stockholders in 2021, or until their respective successors have been elected and qualified. The director nominees set forth below have consented to being named in this Proxy Statement as nominees for election as director and have agreed to serve as directors if elected.

Biographical information concerning the nominees and the current directors of the Board whose terms will continue after the Annual Meeting appears below. Ages are correct as of April 1, 2018.

<b>Name</b>	<b>Age</b>	<b>Position</b>	<b>Class</b>	<b>Term Ends</b>
Arkadiy Dobkin	57	Director, President and Chief Executive Officer	III	2018
Robert E. Segert	49	Non-Employee Director	III	2018
Karl Robb	55	Non-Employee Director	I	2019
Richard Michael Mayoras	55	Non-Employee Director	I	2019
Ronald P. Vargo	64	Non-Employee Director	II	2020
Peter Kuerpick	51	Non-Employee Director	II	2020
Jill B. Smart	58	Non-Employee Director	II	2020

***Director Nominees (Class III Directors with Term Expiring at the Annual Meeting in 2018 and in 2021 if elected)***

The Board nominees possess specific experience, qualifications, attributes or skills that led the Nominating and Governance Committee to the conclusion that such persons should serve as directors of EPAM, in light of our business and structure.

***Arkadiy Dobkin***, 57, has served as Chairman of the Board, Chief Executive Officer and President since December 2002 and is one of our co-founders. After earning an MS in Electrical Engineering from the Belarusian National Technical University, Mr. Dobkin began his career in Minsk, Belarus, where he worked for several emerging software development companies. After immigrating to the United States in 1991, he held technical and leadership positions at Prudential Insurance, Colgate-Palmolive and SAP Labs. In 2015, Mr. Dobkin was inducted into the Ernst & Young World Entrepreneur of the Year Academy and to the elite Entrepreneur of the Year Hall of Fame. Our Board believes Mr. Dobkin's experience as an IT professional and executive in the IT services industry coupled with his in-depth understanding of our global delivery model provide him with the necessary skills to serve as a member of our Board

and will enable him to provide valuable insight to the Board and our management team regarding operational, strategic and management issues as well as general industry trends.

**Robert E. Segert**, 49, has served as a non-employee director of our Board since January 2012. He is currently Executive Chairman of the Board for Aspect Software, the world's leading enterprise cloud contact center and workforce optimization provider. Formerly, Mr. Segert served as President, Chief Executive Officer and a director of Expert Global Solutions, Inc., a global leader in the business process outsourcing (BPO) industry, leading the company through a significant re-positioning and successful merger with Alorica in June 2016. At the time of the merger EGS was a \$1.1 billion leader in the customer relationship management services industry, with over 43,000 employees worldwide. From 2008 until its acquisition by OpenText Corp. in January 2014, Mr. Segert

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served as President and Chief Executive Officer and a director of GXS Worldwide, Inc. (GXS), a leading global provider of business-to-business e-commerce and data integration services that simplify and enhance business process integration, data quality and compliance, and collaboration among businesses. Prior to joining GXS in 2008, Mr. Segert spent 10 years at Electronic Data Systems Corporation (EDS), a \$22 billion global technology services company, in various capacities, including leader of the Global Financial Products Industry, Chief Marketing Officer, General Manager of U.S. Financial Services and Managing Director of Corporate Strategy and Planning. He has also held roles at A.T. Kearney and Frito-Lay, Inc. Mr. Segert is active in his community, serving on the board of governors of the Dallas Symphony Orchestra, and as a director and executive cabinet member of Vogel Alcove Dallas. Mr. Segert received a Bachelor of Science degree in Mechanical Engineering from Purdue University and a Master of Business Administration degree from Harvard Business School. Our Board believes Mr. Segert's 20-plus years of experience as an executive in the business services and consulting industry provide him with the necessary skills to serve as a member of our Board and enable him to provide valuable insight to the Board regarding financial and investor relations issues.

***Continuing Directors******Class I with Terms Expiring at the Annual Meeting in 2019***

***Karl Robb***, 55, has served as a director of our Board since March 2004, and as a non-employee director since April 2015. Mr. Robb served as our Executive Vice President and President of EU Operations from March 2004 until his retirement in April 2015. Mr. Robb joined us when Fathom Technology, a Hungarian software development outsourcing company he co-founded, merged with EPAM. Mr. Robb has over 35 years of experience in the global software engineering and IT solutions industries, having worked more than 10 years in each of Western Europe, Eastern Europe and the United States. Our Board believes that Mr. Robb's extensive experience in and knowledge of the IT services industry in North America and Europe, as well as his experience starting two software companies and his extensive service and responsibilities at EPAM prior to his retirement, provide him with the necessary skills to serve as a member of our Board. Our Board also believes this background enables Mr. Robb to provide valuable insight to the Board regarding strategy, business development, sales, operational and management issues, and general industry trends.

***Richard Michael Mayoras***, 55, has served as a non-employee director of our Board since January 2013. Mr. Mayoras served as President and Chief Executive Officer and as a member of the board of directors of RedPrairie Corporation from 2007 until its 2013 acquisition by JDA Software Group, Inc., at which time he became a member of the board of directors of JDA Software Group, Inc. until 2015. From 2004 to 2007, Mr. Mayoras held a number of executive roles at RedPrairie, including President, Americas, Executive Vice President, Implementation Services and Support, and Executive Vice President for Product Development. From 2001 to 2004, Mr. Mayoras was President of DigiTerra, a wholly owned subsidiary of CIBER, a publicly traded enterprise application and technology consulting company. Mr. Mayoras has more than 30 years of experience in the technology, consulting and software industries, having held several executive and senior management positions for various organizations. Mr. Mayoras serves on the Advisory Board of BuildDirect Technologies Inc. In 2012, he was named a Provider Pro to Know by *Supply & Demand Chain Executive* magazine. Our Board believes that Mr. Mayoras is qualified to serve as a director based on his prior executive leadership roles in the IT services industry and his experience and prior service as a member of the board of directors of technology companies, which enable him to provide valuable insight to the Board regarding financial and business strategy issues.

***Class III with Terms Expiring at the Annual Meeting in 2020***

**Ronald P. Vargo**, 64, has served as a non-employee director of our Board since January 2012 and as Lead Independent Director since 2015. Mr. Vargo served as Executive Vice President and Chief Financial Officer of ICF International, Inc. ( ICF ) from April 2010 to May 2011. Prior to joining ICF, Mr. Vargo served as the Executive Vice President, Chief Financial Officer and as a member of the executive committee of Electronic Data Systems Corporation (EDS) from 2006 to 2008, and as Vice President and Treasurer of EDS from 2004 to 2006, when he was promoted to Co-Chief Financial Officer. Before joining EDS, Mr. Vargo was employed from 1991 to 2003 by TRW, Inc. ( TRW ), a former \$17 billion global manufacturing and service company strategically focused on providing products and services with a high technology or engineering content to the automotive, space and defense markets. TRW was acquired by Northrop Grumman Corporation in 2002. Mr. Vargo served TRW in the positions of Vice President of Investor Relations and Treasurer from 1991 to 1994, then Vice President of Strategic Planning and Business Development from 1994 to 1999, and then Vice President of Investor Relations and Treasurer again

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from 1999 to 2002. Mr. Vargo serves as a director of Ferro Corporation and as a member of its audit committee, a position he has held since December 2009. Beginning in August 2017, Mr. Vargo also serves as a director of EnerSys and as a member of its audit and nominating and corporate governance committees. Mr. Vargo holds a Masters of Business Administration in Finance and General Management from Stanford University and a Bachelor of Arts degree in Economics from Dartmouth College. Our Board believes Mr. Vargo's 30-plus years of experience as a financial and business executive, and his experience serving as a member of the board of directors of another public company, provide him with the necessary skills to serve as a member of our Board and enable him to provide valuable insight to the Board regarding strategic, financial, compliance and investor relations issues.

**Dr. Peter Kuerpick**, 51, has served as a non-employee director of our Board since September 2014. Dr. Kuerpick has been Chief Platform Officer of HERE, the Open Location Platform company, since September 2016. Prior to joining HERE, Dr. Kuerpick served as Executive Vice President of Product House at Unify GmbH & Co. KG from May 2014 to September 2016. Prior to his position at Unify, Dr. Kuerpick worked as a freelance consultant for software companies and private equity companies. From 2011 to 2013, Dr. Kuerpick served as Executive Vice President Products at SAP AG, where he was responsible for major industry solutions. From 2005 to 2010, Dr. Kuerpick was a member of the executive team at Software AG, responsible for product management and research & development. From 1998 to 2005, he held various roles at SAP AG including Senior Vice President Netweaver Java Technology. In 1994, Dr. Kuerpick received the Heinz-Maier-Leibnitz Award of the German Ministry of Research and Science for his Ph.D. From 1995 to 1997, he completed his post-doctorate studies in the United States, working at the Kansas State University and the University of Tennessee, Knoxville. He holds a Ph.D. in Theoretical Physics and a Masters in Environmental Sciences from the University of Kassel. Our Board believes Dr. Kuerpick's prior leadership roles in the IT industry, technology background in research & development and engineering, and European market experience enable Dr. Kuerpick to provide valuable insight to the Board regarding business strategy and industry trends.

**Jill B. Smart**, 58, has served as a non-employee director of our Board since July 2016. Since 2015, Ms. Smart has served as President of the National Academy of Human Resources, the organization where individuals and institutions of distinction are recognized for professional achievement by election as a Fellow. Ms. Smart spent over 33 years at global professional services company Accenture, including 10 years as Accenture's Chief Human Resources Officer, before her retirement from Accenture in 2014. Prior to her HR management roles at Accenture, Ms. Smart held business integration consulting positions for clients in a variety of industries, focusing on integrating strategy, technology business processes, functional applications and human performance components. Ms. Smart is a Director at Alexander Mann Solutions, a London-based talent acquisition and management solutions organization, a Fellow and Director of the National Academy of Human Resources, a Fellow of the Human Resources Policy Institute, a member of the Personnel Roundtable and a member of the G100 Talent Consortium Advisory Board. In addition, Ms. Smart is a member of the Board of Trustees of the University of Illinois. Ms. Smart received an MBA from the University of Chicago and bachelor's degree in business administration from the University of Illinois. Our Board believes Ms. Smart's industry experience and human resources leadership expertise enable Ms. Smart to provide valuable insight to the Board regarding human capital, executive compensation and strategy.

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**CORPORATE GOVERNANCE**

The Board, which is elected by our stockholders, is responsible for directing and overseeing our business and affairs. In carrying out its responsibilities, the Board selects and monitors our top management, provides oversight of our financial reporting processes and determines and implements our corporate governance policies. The Board and management are committed to good corporate governance to ensure that we are managed for the long-term benefit of our stockholders, and we have a variety of policies and procedures to promote such goals.

Our Board is comprised of active and engaged experts in fields related to EPAM's business, from a variety of professional backgrounds, and includes directors that have served a range of tenures to allow for institutional knowledge and continuity, balanced with refreshed perspectives.

**Board Structure**

Our certificate of incorporation and bylaws provide that the Board will consist of no fewer than three and no more than nine persons and that the exact number of members of our Board will be determined from time to time by resolution of an affirmative vote of a majority of our entire Board. The Board currently consists of seven members.

The Board is divided into three classes, with each director serving a three-year term and one class being elected at each year's annual meeting of stockholders. As of the date hereof, the Class I directors are Karl Robb and Richard Michael Mayoras; the Class II directors are Ronald P. Vargo, Dr. Peter Kuerpick and Jill B. Smart; and the Class III directors are Arkadiy Dobkin and Robert E. Segert. The terms for the Class I, II and III directors end on the date of our 2019, 2020 and 2018 annual meetings of stockholders, respectively. If the Class III director nominees are elected at the 2018 Annual Meeting, their term will end on the date of our 2021 annual meeting of stockholders.

**Board Leadership Structure**

The Board recognizes that one of its key responsibilities is to evaluate and determine its optimal leadership structure to provide independent oversight of management. The Board understands that the optimal Board leadership structure may vary as circumstances warrant. Consistent with this understanding, non-management directors consider the Board's leadership structure on an annual basis.

The Board believes it is important to retain its flexibility to allocate the responsibilities of the offices of Chairman of the Board (the Chairman) and Chief Executive Officer in a way that is in EPAM's best interests at a given point in time. The Board has determined that it is in the best interests of EPAM and our stockholders for both the positions of Chairman and Chief Executive Officer to be held by our co-founder, Arkadiy Dobkin, at this time. If circumstances change in the future, the Board may determine that these positions should be separated. This policy allows the Board to evaluate regularly whether EPAM is best served at any particular time by having the Chief Executive Officer or another director hold the position of Chairman. Our Board considers this issue carefully in light of the structure the Board believes will be in the best interests of EPAM and our stockholders.

The Board believes that Mr. Dobkin is best suited to serve as Chairman because, as our co-founder, he is the director most familiar with our business and industry, and can lead the Board in identifying and prioritizing our strategies and initiatives. The combined role fosters greater communication between the Board and management, and facilitates development and implementation of our Board-approved corporate strategy.





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In April 2015, our Board established the position of Lead Independent Director, and appointed Ronald P. Vargo to serve in this role. Annually, the Nominating and Corporate Governance Committee recommends to the Board a candidate to fill this position, selected from among the independent members of the Board. The Board considers this recommendation and elects the Lead Independent Director. Mr. Vargo has been re-appointed to this position each year since his initial appointment. Our Lead Independent Director Charter sets out the specific responsibilities of this role, including Board leadership, meetings with independent directors, liaising with the Chairman, facilitating distribution of information to the Board and its committees, among other things. In addition, the non-management members of our Board meet periodically in executive session to discuss the effectiveness of our management, the quality of our Board meetings and any other issues or concerns.

We believe this current leadership structure is effective. Our non-management directors and management have different perspectives and roles in business and strategy development. Our independent directors bring experience, oversight and expertise from outside EPAM and both from within and outside our industry, while Mr. Dobkin and Mr. Robb offer specific Company and industry experience and expertise.

## **Board Role in Risk Oversight**

The Board is responsible for oversight of EPAM's risk management practices while management is responsible for the day-to-day risk management processes. This division of responsibilities is the most effective approach for addressing the risks facing EPAM, and our Board structure supports this approach.

The Board receives periodic reports from management regarding the most significant risks we face. Further, the Board and its Committees are involved in overseeing enterprise risk management, including risk priorities and developments that could impact the business. In addition, the Audit Committee assists the Board in its oversight role by receiving regular reports regarding EPAM's risk and control environment. The Board's other standing committees' Compensation, and Nominating and Corporate Governance oversee risks associated with their respective areas of responsibility. For example, the Compensation Committee considers the risks associated with our compensation policies and practices, with respect to both executive compensation and compensation generally, and the Nominating and Corporate Governance Committee has oversight responsibility for compliance with EPAM's Corporate Governance Guidelines and Code of Ethical Conduct. The Board is kept abreast of each committee's risk oversight and other activities via reports of the committee chairmen to the full Board. These reports are presented at every regular Board meetings and include discussions of committee agenda topics, including matters involving risk oversight.

The Board currently considers specific risk topics, including risks associated with our strategic plan, legal compliance and other operational activities. Further, management routinely informs the Board of developments that could affect our risk profile or other aspects of our business.

## **Board Meetings**

The Board held seven meetings in fiscal year 2017. Each of our directors attended at least 75% of the total number of all meetings of the Board and committees on which the director served that were held during fiscal year 2017.

Our independent directors meet regularly in executive session without management participation, as required by NYSE listing standards. Directors are expected to attend the meetings of the Board and of any committees on which the director serves and are encouraged, but not required, to attend our annual meetings of stockholders. All of our directors attended our annual meeting of stockholders in 2017.

## **Director Independence**

The Board has determined that each of Peter Kuerpick, Richard Michael Mayoras, Robert E. Segert, Jill B. Smart and Ronald P. Vargo is an independent director within the meaning of the applicable NYSE rules. Accordingly, the Board determined that the majority of the directors on the Board are independent within the meaning of the applicable NYSE rules. In addition, the Board has determined that each of Dr. Kuerpick, Mr. Mayoras, Mr. Segert, Ms. Smart and Mr. Vargo is an independent director as defined by Rule 10A-3 of the

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Securities Exchange Act of 1934, as amended (the Exchange Act ). The Board has also determined that pursuant to independence requirements applicable to compensation committee members as set forth in Rule 10C-1 of the Exchange Act ( Rule 10C-1 ) and Section 303A.05 of the NYSE Listed Company Manual, each of Mr. Mayoras, Dr. Kuerpick, Mr. Segert and Ms. Smart is independent as defined in Rule 10C-1 and Section 303A.02(a)(ii) of the NYSE Listed Company Manual. In making its determinations, the Board considered, among other things, all transactions and relationships between each director or any member of his or her immediate family and EPAM and its subsidiaries and affiliates. See Certain Relationships and Related Transactions and Director Independence. There are no family relationships among any of our executive officers, directors or nominees for director.

## **Communications to the Board**

Stockholders and other interested parties may communicate directly with our Lead Independent Director or our non-employee directors as a group by sending a written communication in an envelope addressed to: Board of Directors, Attention: Lead Independent Director, c/o General Counsel and Corporate Secretary at 41 University Drive, Suite 202, Newtown, Pennsylvania 18940.

Stockholders and other interested parties may communicate directly with the full Board by sending a written communication in an envelope addressed to: Board of Directors, c/o General Counsel and Corporate Secretary at 41 University Drive, Suite 202, Newtown, Pennsylvania 18940.

Our Audit Committee has established an anonymous, confidential process for communicating complaints regarding accounting or auditing matters or other matters that may violate EPAM s Code of Ethical Conduct. In order to submit a complaint, you may call our hotline at the dedicated local phone number found at [ethics.epam.com](http://ethics.epam.com) (1-800-359-6541 in the U.S.) or submit a written report at the EthicsLine Webpage at [ethics.epam.com](http://ethics.epam.com). Any such complaints received or submitted are reviewed with the Audit Committee in accordance with a standard escalation protocol to take such action as may be appropriate.

## **Corporate Governance Guidelines and Code of Conduct**

The Board has adopted a Code of Ethical Conduct in accordance with applicable U.S. federal securities laws and the NYSE corporate governance rules that applies to all of our directors, officers and other employees, including our principal executive officer, principal financial officer and principal accounting officer. Any waiver of the Code of Ethical Conduct for directors or executive officers may be made only by the Board and will be promptly disclosed to our stockholders as required by applicable laws and NYSE rules. Amendments to the Code of Ethical Conduct must be approved by the Board and will be promptly disclosed (other than technical, administrative or non-substantive changes).

The Board has also adopted Corporate Governance Guidelines in accordance with NYSE corporate governance rules that serve as a flexible framework within which our Board and its committees operate. These guidelines cover a number of areas including: the size and composition of the Board; Board membership criteria and director qualifications; director responsibilities; Board agendas; roles of the Chairman, Chief Executive Officer and Lead Independent Director; meetings of independent directors; committee responsibilities and assignments; Board member access to management and independent advisors; director communications with third parties; director compensation; director orientation and continuing education; evaluation of senior management; and management succession planning.

The Code of Ethical Conduct and the Corporate Governance Guidelines are publicly available through the Investors-Corporate Governance section of our website at <http://investors.epam.com>. The information on our website

is not incorporated by reference into this Proxy Statement or in our 2017 Annual Report. A copy will be provided in print without charge upon written request to our Corporate Secretary at 41 University Drive, Suite 202, Newtown, Pennsylvania 18940.

**Table of Contents****Committees of the Board**

The Board uses committees to work on certain issues in detail. Each committee reports the progress and results of its meetings to the Board and makes recommendations to the Board when appropriate. The Board currently has three standing committees – an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee. Each of our committees operates under a written charter that has been approved by our Board. The charters are reviewed annually by each respective committee, which recommends any proposed changes to our Board. The charters are available on the Investors-Corporate Governance section of our website at <http://investors.epam.com/investors/leadership-and-governance/documents> and will be provided in print without charge upon written request to our Corporate Secretary at 41 University Drive, Suite 202, Newtown, Pennsylvania 18940. The information on our website is not incorporated by reference into this Proxy Statement or our 2017 Annual Report.

The primary responsibilities of each of our committees, as well as the current composition of our committees and the number of committee meetings held during 2017, are described below:

**Audit Committee**

The primary responsibilities of our Audit Committee include:

- appoint, compensate, retain and oversee our independent auditors;
- pre-approve the independent auditors' audit and non-audit services rendered, and recognize and prevent prohibited non-audit services;
- review the proposed scope and results of the audit;
- review, in conjunction with the Chief Executive Officer and Chief Financial Officer of our Company, disclosure controls and procedures and internal control over financial reporting with the independent auditors and our financial and accounting staff;
- establish procedures for complaints received by us regarding accounting, internal accounting controls or auditing matters;
- oversee internal audit functions; and
- prepare the report of the Audit Committee that SEC rules require to be included in our annual proxy statement.

The Audit Committee currently consists exclusively of directors who are financially literate, and each of the members of the Audit Committee is considered an audit committee financial expert as defined under Item 407(d)(5) of Regulation S-K. The Board has determined that each of the current members of the Audit Committee is an independent director within the meaning of the applicable NYSE rules and as defined by Rule 10A-3 of the Exchange Act.

**Committee Members:**

Ronald P. Vargo (Chair)

Robert E. Segert

Richard Michael Mayoras

**Number of Meetings in 2017: 9**

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**Compensation Committee**

The primary responsibilities of our Compensation Committee include:

review and recommend the compensation arrangements for executive officers, including the compensation for our Chief Executive Officer;

identify corporate goals and objectives relevant to executive and director compensation;

review, evaluate and recommend to the Board for approval, if applicable, any equity-based incentive plan;

retain or obtain the advice of a compensation consultant, legal counsel or other adviser in its sole authority and be responsible for the appointment, compensation, termination and oversight of the work of any such adviser that is retained;

delegate its authority to subcommittees or the chair of the Compensation Committee when it deems it appropriate and in our best interests and to delegate to one or more of our officers the authority to make grants and awards of stock rights or options to any of our non-Section 16 officers under our equity-based incentive plan as the Compensation Committee deems appropriate and in accordance with the terms of the plans;

consider the results of the most recent stockholder advisory vote on executive compensation; and

prepare the report of the Compensation Committee to the extent required by SEC rules to be included in our annual proxy statement.

The Board has determined that each of the members of the Compensation Committee is an independent director within the meaning of the rules set forth in Rule 10C-1 and Section 303A.02(a)(ii) of the NYSE Listed Company Manual. The processes and procedures followed by our Compensation Committee in considering and determining executive compensation, including the use of consultants and other outside advisors, are described in Compensation Discussion and Analysis.

**Nominating and Corporate Governance Committee**

The primary responsibilities of our Nominating and Corporate Governance Committee include:

**Committee Members:**

Bill B. Smart (Chair as of January 1, 2018)

Richard Michael Mayoras (Chair through December 31, 2017)

Peter Kuerpick

Robert E. Segert

**Number of Meetings in 2017: 6**

identify and nominate members for election to the Board;

Robert E. Segert (Chair)

recommend to the Board a candidate for the position of Lead Independent Director of the Board from among the independent members of the Board;

Richard Michael Mayoras

Ronald P. Vargo

develop and recommend to the Board a set of corporate governance principles and code of conduct applicable to our Company and to oversee compliance thereof; and

**Number of Meetings in 2017: 6**

oversee the evaluation of the Board and management.

The Board has determined that each of the members of the Nominating and Corporate Governance Committee is an independent director within the meaning of the applicable NYSE rules.

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**Consideration of Director Nominees**

*Identifying and Evaluating Nominees for Directors.* The Nominating and Corporate Governance Committee utilizes a variety of methods to identify and evaluate director nominees, including nominees recommended by stockholders, but has not at this time adopted any specific written procedures with respect thereto. The committee assesses the appropriate size of the Board from time to time. In the event that vacancies are anticipated or otherwise arise, the committee decides whether to fill such vacancies and, if so, considers various potential candidates. Candidates may come to the attention of the committee through current Board members, professional search firms engaged by the committee, stockholders or others. The committee reviews recommendations, evaluates biographical information and considers background material relating to potential candidates and, as appropriate, interviews selected candidates. These candidates may be evaluated at meetings of the committee and may be considered at any point during the year.

*Stockholder Nominees.* Our bylaws permit stockholders to nominate directors for consideration at our annual stockholder meeting. If any materials are provided by a stockholder in connection with the nomination of a director candidate, such materials are forwarded to the Nominating and Corporate Governance Committee. The committee's policy is to consider properly submitted stockholder nominations. In evaluating all director nominations, the committee seeks to balance an individual's knowledge, experience, capabilities, and compliance with the membership criteria established by our Corporate Governance Guidelines and the Nominating and Corporate Governance Committee. For a description of the procedures to be followed by stockholders to nominate directors for consideration at our annual stockholder meeting see *Stockholder Proposals for the 2019 Annual Meeting*, which is incorporated herein by reference.

*Director Qualifications.* At this time, neither the Board nor the Nominating and Corporate Governance Committee has established any minimum qualifications or skills for directors, however the Nominating and Corporate Governance Committee will apply the criteria set forth in our Corporate Governance Guidelines and consider a nominee's judgment, diversity, skills, conflicts of interest, knowledge of our business and industry, experience in various geographies, background and experience in light of the Board's challenges and the needs of the Board and its committees. The Nominating and Corporate Governance Committee also takes into account the independence, financial literacy and financial expertise standards as required under our Corporate Governance Guidelines, committee charters and applicable laws and regulations, and the ability of the candidate, in light of the candidate's present activities and our Corporate Governance Guidelines, to devote the necessary time and attention to serving as a director and a committee member. The committee does not assign specific weights to particular criteria and no particular criterion is a prerequisite for, or necessarily applicable to, any prospective nominee. We believe that the backgrounds and qualifications of our directors, considered as a group, should provide a composite mix of experience, knowledge and abilities that will allow the Board to fulfill its responsibilities. While we take into account diversity of background and experience, we do not have a formal policy that requires nominees to meet specific criteria.



Table of Contents**OUR EXECUTIVE OFFICERS**

Executive officers are appointed by the Board. The following table sets forth the names, ages and positions of our executive officers as of April 1, 2018:

<b>Name</b>	<b>Age</b>	<b>Position</b>
Arkadiy Dobkin	57	Chairman of the Board of Directors, President and Chief Executive Officer
Balazs Fejes	43	Executive Vice President, Co-Head of Global Business
Viktar Dvorkin	45	Senior Vice President, Head of Global Delivery
Jason Harman	47	Senior Vice President, Co-Head of Global Business
Jason Peterson	55	Senior Vice President, Chief Financial Officer and Treasurer
Boris Shnayder	61	Senior Vice President, Co-Head of Global Business
Sergey Yezhkov	44	Senior Vice President, Co-Head of Global Business
Elaina Shekhter	48	Senior Vice President, Chief Marketing Officer
Larry Solomon	53	Senior Vice President, Chief People Officer
Gary Abrahams	50	Vice President, Corporate Controller, Principal Accounting Officer

Information about Mr. Dobkin is provided under Board of Directors in this Proxy Statement. A brief biography for each of our other executive officers follows.

**Balazs Fejes**, 43, is our Executive Vice President, Co-Head of Global Business, with a focus on Europe and APAC operations. In this role, he is responsible for the EPAM book of business in those regions. Mr. Fejes also oversees the strategy of our Banking and Financial Services Industry business unit, helping to drive evolution of key service lines across the unit's global portfolio. He held the position of Senior Vice President, Global Head of Banking and Financial Services business unit from 2012 to 2015. From 2004 to August 2012, Mr. Fejes served as EPAM's Chief Technology Officer (CTO) and was responsible for ensuring that all global offshore and nearshore software development centers of EPAM were at the leading edge of industry standards for efficiency and quality. Mr. Fejes joined EPAM in 2004 as part of the acquisition of Fathom Technology, a Hungarian software engineering firm which he co-founded and where he served as CTO. Prior to co-founding Fathom Technology Mr. Fejes was a chief software architect/line manager with Microsoft Great Plains (Microsoft Business Solutions). He also served as chief software architect of Scala Business Solutions. He is the recipient of numerous awards for programming excellence and has worked extensively in the US and Russia.

**Viktar Dvorkin**, 45, is our Senior Vice President, Head of Global Delivery, and is responsible for the strategy and operation of the company's Delivery Organization as well as our Solution Practices and Competency Centers. In his current role, Mr. Dvorkin also oversees EPAM's Advanced Technology programs including EngineeringX and Delivery Excellence. Prior to his current role, he led the North American business unit, where he oversaw the operation of EPAM's largest book of business, with overall responsibility for services delivered in the North American region. Mr. Dvorkin joined EPAM in 1997 and has been instrumental in driving the company's growth in key technology and solution practices, and in helping EPAM to build and deploy multi-disciplinary teams for successful client engagements. Having worked and lived in the United States and Eastern Europe, Mr. Dvorkin has in-depth understanding of global delivery models and brings hands-on technology experience and working knowledge of multiple industries including travel, healthcare, insurance and oil & gas. Mr. Dvorkin holds a Master's degree in

Applied Mathematics from the Belarusian National Technical University.

**Jason Harman**, 47, is our Senior Vice President, Co-Head of Global Business, focusing on a European book of business. Mr. Harman is also responsible for EPAM's consumer portfolio in the region which includes clients in retail, consumer, travel & hospitality. Mr. Harman joined EPAM in December of 2006 and served as Co-Head of Global Business Development, where he was responsible for the acquisition of new clients in the European and APAC markets and expanding EPAM's presence among existing clients. Mr. Harman directed EPAM sales, alliances, pre-sales and field marketing teams to achieve this goal. Mr. Harman has spent the majority of his career in business development roles in the digital services and software engineering space in both Europe and the US

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(leading Business Development and Alliances for the West Coast operations of a digital consulting business) and has worked extensively with Central and Eastern European technology services companies. Mr. Harman is a Chemistry graduate of Kings College London.

**Jason Peterson**, 55, is our Senior Vice President, Chief Financial Officer and Treasurer. Mr. Peterson brings 25 years of finance experience to EPAM. From 2008 to 2017, he was employed by Cognizant Technology Solutions, and in his most recent role, he was Vice President of Finance, M&A and Due Diligence, which he held while leading a large-scale corporate business process transformation program. Prior to that, he was CFO of the Emerging Business Accelerator and led the Corporate Financial Planning and Analysis Function. Before joining Cognizant, Mr. Peterson was the CFO for E&C Medical Intelligence, a venture-backed software and services company, and prior to that, he served in various accounting and finance roles at ATI Technologies, Philips Semiconductors, and Hewlett-Packard. Mr. Peterson holds an MBA from Columbia Business School and a Bachelor's degree in economics from Claremont McKenna College.

**Boris Shnayder**, 61, is our Senior Vice President, Co-Head of Global Business with a primary focus on operations in the Americas. Mr. Shnayder joined EPAM in July 2015, and is responsible for a portfolio of business in the region, including oversight of service programs and client acquisition. Mr. Shnayder also oversees strategy and execution of our emerging verticals portfolio. With over 20 years of experience in the IT and telecommunications industries, Mr. Shnayder brings both industry and global operations leadership. Prior to his role at EPAM, Mr. Shnayder served in a variety of roles at GlobalLogic, Inc. from 2007 to 2015, including Chief Delivery Officer, Senior Vice President, Head of Telecom & Healthcare and General Manager, and Vice President of Telecommunications. He also held senior software management positions at Motorola and Telcordia, managing teams throughout the United States, China, India and Russia. Mr. Shnayder received his MS degree in Mechanical Engineering from the Lyiv University in Ukraine.

**Sergey Yezhkov**, 44, is our Senior Vice President, Co-Head of Global Business, focusing on a North American book of business. Mr. Yezhkov also oversees strategy and operation of our Life Science & Healthcare portfolio. Prior to his current role, Mr. Yezhkov served as Co-Head of Global Delivery where he oversaw delivery operations across EPAM's diverse geographic footprint with overall responsibility for building and growing professional software engineering skills and delivery know-how. Mr. Yezhkov joined EPAM in 2006 as part of the acquisition of Vested Development Inc. (VDI), where he served as Managing Director and CTO. Through his work with EPAM's Independent Software Vendors business unit, Mr. Yezhkov brings an in-depth understanding of commercial software product development and agile approaches as well as a working knowledge of the healthcare, life science and high-tech industries. Mr. Yezhkov has an MS in Computational Mathematics from Lomonosov Moscow State University.

**Elaina Shekhter**, 48, is our Senior Vice President, Chief Marketing Officer (CMO). Ms. Shekhter became CMO in March 2015, and in that role she works to integrate a variety of functions that influence the strategy, positioning and global brand of the Company. Ms. Shekhter has been with EPAM since 2001 in a number of roles, including most recently as the Global Head of Business Development and prior to that as the Global Head of our Travel and Consumer Business Unit. Before joining EPAM, Ms. Shekhter was with the global hospitality and travel company Carlson Companies, in a number of operational and business development roles including Head of Retail and Entertainment for 24K, a spin-off of Carlson Marketing Group. Prior to Carlson, Ms. Shekhter was a Manager with Ernst & Young Consulting, specializing in CRM and analytics engagements. Ms. Shekhter holds an MS degree in Information Systems and BS/BA degrees in Economic Theory and Political Science from The American University. She is active in the software startup and emerging technology community and takes a special interest in sustainability and artificial intelligence initiatives.

**Larry Solomon**, 53, is our Senior Vice President, Chief People Officer, responsible for overseeing all aspects of talent management, talent acquisition, workforce planning and management, as well as other human resource related functions within EPAM globally. Mr. Solomon joined EPAM in October 2016, and prior to that he held a number of leadership positions at Accenture beginning in 1986. His most recent responsibilities as Senior Managing Director and North America Operating Officer from 2013 to 2016 included overseeing and managing the full employee life cycle of all Accenture people in the United States and Canada, resource planning, recruitment, staffing and deployment, and performance management. Prior to that, he was Accenture's Global COO of Human Resources from 2011 to 2013, with overall responsibility for human resources operations. Mr. Solomon received a bachelor's degree in Business Administration from the State University of New York at Albany with a Finance/MIS major and Spanish language minor. He graduated with Magna Cum Laude distinction in 1986.

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**Gary Abrahams**, 50, is our Vice President, Corporate Controller, and Principal Accounting Officer. Mr. Abrahams joined EPAM in June of 2016, after having served as an independent contractor for EPAM starting in March of 2016. He was named Principal Accounting Officer in April 2017. Mr. Abrahams has over 25 years of experience in global corporate financial management and public accounting. From December 2015 to March 2016, Mr. Abrahams worked as an independent contractor at CMF Associates, LLC, a management and financial services advisory firm. From June 2014 to April 2015 he served as Senior Vice President, Chief Accounting Officer at Preferred Sands, a producer of high-performance sands and proppant materials used in the oil and gas industry. From May 2006 to April 2014, Mr. Abrahams served in several senior finance roles at Shire Pharmaceuticals, a global biotechnology company, last serving as Vice President, Finance Operations - The Americas, where he was responsible for leading the Controller's teams in North and South America and enhancing the finance infrastructure to support the growth of the multinational business. Before joining Shire, Mr. Abrahams held finance and Controller positions at Bracco Diagnostics, a subsidiary of a multinational healthcare company, from 1994 to 2006. He began his career at Arthur Andersen LLP in New York City. Mr. Abrahams holds a BBA in Accounting from Hofstra University.

**Table of Contents****SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

As of February 12, 2018, there were 53,039,832 shares of our Common Stock issued and outstanding. The following table sets forth certain information with respect to the beneficial ownership of our common stock for:

each of our directors and named executive officers individually;

all directors and executive officers as a group; and

each stockholder known by us to be the beneficial owner of more than 5% of our outstanding Common Stock.

We have calculated beneficial ownership in accordance with the rules of the SEC, and includes voting and investment power with respect to shares. Pursuant to the rules of the SEC, shares of Common Stock issuable pursuant to options currently exercisable or exercisable within 60 days of February 12, 2018, shares of Common Stock issuable upon settlement of restricted stock units, and restricted Common Stock are deemed to be outstanding for calculating the percentage of outstanding shares beneficially owned by the person holding those options, but are not deemed to be outstanding for computing the percentage of shares beneficially owned by any other person.

To our knowledge, except as indicated, the stockholders named in the table have sole voting and investment power with respect to all shares of Common Stock beneficially owned by them, based on the information provided to us by such stockholders. Unless otherwise indicated, the address for each director and executive officer is c/o EPAM Systems, Inc., 41 University Drive, Suite 202, Newtown, Pennsylvania 18940.

<b>Name and Address of Beneficial Owner</b>	<b>Shares Beneficially Owned</b>	
	<b>Number</b>	<b>Percent</b>
<b><i>Named Executive Officers and Directors</i></b>		
Arkadiy Dobkin(1)	2,318,976	4.4%
Jason Peterson(2)	15,092	*
Balazs Fejes(3)	141,719	*
Boris Shnayder(4)	60,910	*
Elaina Shekhter(5)	58,529	*
Larry Solomon(6)	13,361	*
Viktar Dvorkin(7)	86,639	*
Sergey Yezhkov(8)	60,153	*
Jason Harman(9)	23,286	*
Gary Abrahams	1,968	*
Peter Kuerpick	5,944	*
Richard Michael Mayoras	9,329	*
Karl Robb	3,342	*
Robert E. Segert	16,110	*
Jill B. Smart	2,883	*
Ronald P. Vargo	13,410	*

All executive officers and directors as a group (16 people)	2,831,651	5.3%
<b>5% Stockholders</b>		
Morgan Stanley(10)	5,146,679	9.7%
FMR LLC(11)	4,902,739	9.2%
The Vanguard Group(12)	4,233,687	8.0%
BlackRock, Inc.(13)	3,344,974	6.3%
JPMorgan Chase & Co.(14)	3,176,507	6.0%

\* Denotes less than 1% of the shares of Common Stock beneficially owned.

(1) Includes (i) 1,815,175 shares of Common Stock held directly by Mr. Dobkin; (ii) 147,912 shares of Common Stock issuable to Mr. Dobkin upon exercise of options exercisable within 60 days of February 12, 2018; and (iii) 355,889 shares of Common Stock held by the Arkadiy Dobkin GST Exempt Grantor Trust (the Dobkin Grantor Trust ) for the benefit of Mr. Dobkin's children, for which Mr. Dobkin's spouse acts as the trustee. Mr. Dobkin may be deemed to have shared power to vote or to direct the vote, and shared power to dispose or to direct the disposition of the shares held by the Dobkin Grantor Trust and identified as beneficially owned by him above. Mr. Dobkin disclaims beneficial ownership of the securities held by the Dobkin Grantor Trust except to the extent of his pecuniary interest therein.

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- (2) Includes 6,359 shares of Common Stock issuable to Mr. Peterson upon exercise of options exercisable within 60 days of February 12, 2018.
- (3) Includes 127,486 shares of Common Stock issuable to Mr. Fejes upon exercise of options exercisable within 60 days of February 12, 2018.
- (4) Includes 39,124 shares of Common Stock issuable to Mr. Shnayder upon exercise of options exercisable within 60 days of February 12, 2018.
- (5) Includes 48,071 shares of Common Stock issuable to Ms. Shekhter upon exercise of options exercisable within 60 days of February 12, 2018.
- (6) Includes 5,852 shares of Common Stock issuable to Mr. Solomon upon exercise of options exercisable within 60 days of February 12, 2018.
- (7) Includes 70,584 shares of Common Stock issuable to Mr. Dvorkin upon exercise of options exercisable within 60 days of February 12, 2018.
- (8) Includes 49,387 shares of Common Stock issuable to Mr. Yezhkov upon exercise of options exercisable within 60 days of February 12, 2018.
- (9) Includes 13,547 shares of Common Stock issuable to Mr. Harman upon exercise of options exercisable within 60 days of February 12, 2018.
- (10) Information based on a Schedule 13GA filed with the SEC on February 13, 2018 jointly by Morgan Stanley and Morgan Stanley Investment Management Inc. Morgan Stanley and Morgan Stanley Investment Management Inc. have shared voting and shared dispositive power over 3,142,407 shares. The address of each of Morgan Stanley and Morgan Stanley Investment Management Inc. is 1585 Broadway, New York, NY 10036.
- (11) Information based on a Schedule 13GA filed with the SEC on February 13, 2018. FMR LLC, a parent holding company, holds shares on behalf of: FIAM LLC; Fidelity Institutional Asset Management Trust Company; Fidelity Management & Research (Hong Kong) Limited; FMR Co., Inc.; and Strategic Advisers, Inc. FMR LLC has sole voting power over 685,354 shares, and has sole dispositive power over 4,902,739 shares. Members of the family of Abigail P. Johnson, Director, the Vice Chairman, the Chief Executive Officer and the President of FMR LLC, are the predominant owners, directly or through trusts, of Series B voting common shares of FMR LLC, representing 49% of the voting power of FMR LLC. The Johnson family group and all other FMR LLC Series B shareholders have entered into a shareholders' voting agreement under which all Series B voting common shares will be voted in accordance with the majority vote of Series B voting common shares. Accordingly, through their ownership of voting common shares and the execution of the shareholders' voting agreement, members of the Johnson family may be deemed, under the Investment Company Act of 1940, to form a controlling group with respect to FMR LLC. Neither FMR LLC nor Abigail P. Johnson has the sole power to vote or direct the voting of the shares owned directly by the Fidelity Funds, which power resides with the Funds' Boards of Trustees. Fidelity Management & Research Company carries out the voting of the shares under written guidelines established by the Fidelity Funds' Boards of Trustees. The address for FMR LLC is 245 Summer Street, Boston, Massachusetts, 00210.
- (12) Information based on a Schedule 13GA filed with the SEC on February 7, 2018. The Vanguard Group, a parent holding company, holds shares on behalf of Vanguard Fiduciary Trust Company and Vanguard Investments Australia, Ltd. The Vanguard Group has sole voting power over 97,079 shares and shared voting power of 5,400 shares, and has sole dispositive power over 4,135,394 shares and shared dispositive power over 98,293 shares. The address of The Vanguard Group is 100 Vanguard Blvd., Malvern, PA 19355.
- (13) Information based on a Schedule 13GA filed with the SEC on January 24, 2018. BlackRock, Inc., a parent holding company, holds shares on behalf of: BlackRock (Luxembourg) S.A.; BlackRock (Netherlands) B.V.; BlackRock Advisors, LLC; BlackRock Asset Management Canada Limited; BlackRock Asset Management Ireland Limited; BlackRock Asset Management Schweiz AG; BlackRock Financial Management, Inc.; BlackRock Fund Advisors; BlackRock Institutional Trust Company, N.A.; BlackRock Investment Management (Australia) Limited; BlackRock Investment Management (UK) Ltd; BlackRock Investment Management, LLC; BlackRock International Limited; BlackRock Japan Co., Ltd. BlackRock, Inc. has sole voting power over



3,216,063 shares and sole dispositive power over 3,344,974 shares. The address of BlackRock, Inc. is 55 East 52<sup>nd</sup> Street, New York, NY 10055.

- (14) Information based on a Schedule 13GA filed with the SEC on January 19, 2018. JPMorgan Chase & Co., a parent holding company, holds shares on behalf of: JPMorgan Chase Bank, National Association; J.P. Morgan Investment Management Inc.; JPMorgan Asset Management (UK) Limited; J.P. Morgan Securities LLC. JPMorgan Chase & Co. has sole voting power over 3,000,956 shares and shared voting power of 50,585 shares, and has sole dispositive power over 3,169,007 shares. The address of JPMorgan Chase & Co. is 270 Park Ave., New York, NY 10017.

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### **CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE**

#### **Our Related Person Transaction Policy**

The Board adopted a written policy with respect to related person transactions in January 2012. Under such related person transaction policy, a Related Person Transaction is any transaction, arrangement or relationship involving us in which a Related Person has a direct material interest. A Related Person is any of our executive officers, directors or director nominees, any stockholder beneficially owning in excess of 5% of our stock or securities exchangeable for our stock and any immediate family member of any of the foregoing persons.

Pursuant to such related person transaction policy, any Related Person Transaction must be approved or ratified by our Nominating and Corporate Governance Committee, the Board or a designated committee thereof consisting solely of independent directors (the Reviewing Body). In determining whether to approve or ratify a transaction with a Related Person, the Reviewing Body will consider all relevant facts and circumstances, including without limitation the commercial reasonableness of the terms, the benefit and perceived benefit, or lack thereof, to us, opportunity costs of alternate transactions, the materiality and character of the Related Person's direct or indirect interest, and the actual or apparent conflict of interest of the Related Person. The Reviewing Body will not approve or ratify a Related Person Transaction unless it has determined that, upon consideration of all relevant information, such transaction is in, or not inconsistent with, the best interests of EPAM and our stockholders.

There were no Related Person Transactions requiring approval in fiscal 2017.

#### **Indemnification Agreements**

Our certificate of incorporation includes provisions that authorize and require us to indemnify our officers and directors to the fullest extent permitted under Delaware law, subject to limited exceptions. We have entered into separate indemnification agreements with our directors and executive officers. These agreements will require us to indemnify these individuals to the fullest extent permitted by applicable law against liabilities that may arise by reason of their service to us, and to advance expenses incurred as a result of any proceeding against them as to which they could be indemnified.

#### **Director Independence**

Further information on director independence is set forth in Corporate Governance.

#### **Insider Trading Policy, Prohibition on Hedging and Transactions in Derivatives, Rule 10b5-1 Trading Plans**

We have an insider trading policy that prohibits, among other things, our employees and directors from engaging in (i) any hedging transactions that are designed to hedge or speculate on any change in the market value of EPAM's equity securities, (ii) trading in options or other derivatives involving EPAM's stock, and (iii) pledging Company securities in any circumstance, including by purchasing company securities in margin or holding company securities in a margin account. None of our directors have pledged EPAM stock as collateral for personal loans or other obligations.

As of the Record Date, certain of our officers and directors were parties to Rule 10b5-1 trading plans. We do not undertake any obligation to report Rule 10b5-1 trading plans that are adopted, or may be adopted in the future, by any of our officers and directors, or to report any modifications or terminations of any publicly announced plan, except to the extent required by law.



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**REPORT OF THE AUDIT COMMITTEE**

EPAM's Board has adopted a written charter of the Audit Committee which details the role and responsibilities of the Audit Committee. The Audit Committee, among other things, appoints, retains and oversees EPAM's independent registered public accounting firm; oversees internal audit functions; and reviews with management EPAM's disclosure controls and procedures and internal control over financial reporting. The Audit Committee serves a Board-level oversight role in which it provides advice, counsel and direction to management and EPAM's independent registered public accounting firm on the basis of the information it receives, discussions with management and the auditors, and the experience of the Audit Committee's members in business, financial and accounting matters.

Management has primary responsibility for financial statements, accounting principles and internal control over financial reporting. EPAM's independent registered public accounting firm is responsible for auditing EPAM's financial statements and expressing an opinion as to their conformity with accounting principles generally accepted in the United States. The members of the Audit Committee are not professional auditors or accountants, and the functions of the Audit Committee are not intended to replicate, verify or certify management's activities or those of EPAM's independent registered public accounting firm. Moreover, the Audit Committee cannot certify that EPAM's independent registered public accounting firm is independent under applicable rules and regulations.

In fulfilling its responsibilities, the Audit Committee met nine times during 2017. During those meetings, the Audit Committee:

Met with EPAM's internal auditors and independent registered public accounting firm, Deloitte & Touche LLP, with and without management present, to discuss the overall scope and plans for their respective audits, the results of their examinations, their evaluations of internal control over financial reporting and the overall quality of financial reporting.

Reviewed and discussed with EPAM's management and Deloitte & Touche LLP, for their respective purposes, the audited financial statements included in EPAM's Annual Report on Form 10-K for 2017. The discussions included the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments and the clarity of disclosures in the financial statements and the Annual Report on Form 10-K for 2017.

Reviewed the unaudited interim financial statements and Forms 10-Q prepared each quarter by the Company.

Received management representations that the Company's financial statements were prepared in accordance with accounting principles generally accepted in the United States of America.

Reviewed and assessed the adequacy of the Audit Committee charter.

## Edgar Filing: EPAM Systems, Inc. - Form DEF 14A

Reviewed and discussed with Deloitte & Touche LLP those matters required to be communicated by the standards of the Public Company Accounting Oversight Board ( PCAOB ), as well as critical accounting policies and practices, alternative accounting treatments, and other material written communications between management and Deloitte & Touche LLP, as required by Rule 2-07 of Regulation S-X under the Securities Exchange Act of 1934, as amended.

Discussed with Deloitte & Touche LLP all matters required to be discussed by PCAOB Auditing Standard No. 1301, *Communications with Audit Committees*.

Discussed with Deloitte & Touche LLP matters relating to their independence and received and reviewed the written disclosures and the letter from Deloitte & Touche LLP required by applicable requirements of the PCAOB regarding Deloitte & Touche LLP s communications with the Audit Committee concerning independence. The Audit Committee has considered whether the level of non-audit related services provided by Deloitte & Touche LLP and certain of its affiliates (collectively, the Deloitte Entities ) is consistent with maintaining their independence.

Pre-approved all audit, other audit-related and tax services performed by the Deloitte Entities.

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In addition to pre-approving the audit, other audit-related and tax services performed by the Deloitte Entities, the Audit Committee requests and reviews fee estimates for each proposed service. These fee estimates strengthen the oversight the Audit Committee exercises over EPAM's independent registered public accounting firm. On a periodic basis, the Audit Committee reviews the status of service engagements and fees incurred year-to-date against pre-approved service engagement scope and fee estimates.

Based on the review and discussions noted above, the Audit Committee recommended to the Board that the audited consolidated financial statements be included in EPAM's Annual Report on Form 10-K for the fiscal year ended December 31, 2017, for filing with the SEC.

THE AUDIT COMMITTEE

Ronald P. Vargo, Chair  
Robert E. Segert  
Richard Michael Mayoras

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**COMPENSATION OF DIRECTORS**

**Compensation of Directors**

Our non-employees are compensated under our Non-Employee Directors Compensation Plan and related policy. Directors who are employees of EPAM or any of our subsidiaries receive no compensation for serving as directors.

For 2017, the Non-Employee Directors Compensation Plan and related policy provided each director who was not an employee of EPAM or any subsidiary of EPAM with an annual cash retainer (which the director may elect to receive in shares), committee and meeting fees, as well as an initial award of restricted stock units upon joining the Board, and annual grants of restricted stock units.

In April 2017, the Board adopted changes to its director compensation program, including approving the EPAM Systems, Inc. Non-Employee Directors Deferral Plan (the Deferral Plan), which permits directors to defer receipt of shares of our common stock delivered upon conversion of restricted stock units until the July 15th immediately following their retirement from the Board, or in one to five annual installments following retirement from the Board. The Deferral Plan permits the deferral of restricted stock units granted during or after 2017.

Unless the Board resolves otherwise or unless otherwise agreed to between EPAM and the Board, each non-employee director receives an annual retainer, with additional amounts paid to non-employee directors who attend (in person or telephonically, with different amounts applicable to each) more than 10 meetings of the Board, or more than 10 meetings of the same Committee on which such non-employee director serves in any calendar year. In addition, the Lead Independent Director, and the chair and members of each committee of the Board of Directors each receives an additional fee.

Every other year, the Compensation Committee reviews the compensation components and levels for non-employee directors, taking into account the director compensation practices of industry and other peer companies among other factors. The most recent review occurred in 2016. Based on this review, and to bring overall non-employee director compensation to a level that is closer with its peers (but still below peer average), the Compensation Committee recommended that the Board adopt, and the Board approved, increases to the annual cash retainer for Board service from \$50,000 to \$55,000 and the fair market value of the annual equity grant from \$75,000 to \$110,000, effective January 1, 2017.

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The annual retainer and fee amounts for non-employee directors, our Lead Independent Director, committee members and committee chairs are as set forth below effective as of January 1, 2017.

	<b>As of January 1, 2017</b>
<b>Annual Retainer</b>	\$ 55,000
<b>Additional amounts for attending &gt;10 meetings</b>	\$ 2,000 (in person)
	\$ 1,000 (telephonic)
<b>Lead Independent Director additional retainer</b>	\$ 25,000
<b>Chair:</b>	
<b>Audit Committee</b>	\$ 20,000
<b>Compensation Committee</b>	\$ 15,000
<b>Nominating and Corporate Governance Committee</b>	\$ 10,000
<b>Committee Members (other than Chair):</b>	
<b>Audit Committee</b>	\$ 10,000
<b>Compensation Committee</b>	\$ 7,500
<b>Nominating and Corporate Governance Committee</b>	\$ 6,000
<b>Dollar value of initial equity grant (vesting in equal amounts over four years)</b>	\$ 100,000 vesting in equal amounts over four years
<b>Dollar value of annual equity grant (vesting on the first anniversary of grant)</b>	\$ 110,000



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The following table contains information about the fees and other compensation earned or paid to the members of the Board in the fiscal year ended December 31, 2017. Mr. Dobkin did not receive any compensation for his service as a director, and therefore is not included in the following table. The compensation received by Mr. Dobkin for his service to EPAM as President and Chief Executive Officer in 2017 is presented in Executive Compensation.

**Director Compensation**

Name	Fees Earned or Paid in Cash (\$)	Stock Awards(1) (\$)	Non-Equity Non-Qualified Incentive Plan Compensation			All Other Compensation (\$)	Total (\$)
			Option Awards (\$)	Deferred Compensation (\$)	Earnings (\$)		
Peter Kuerpick	\$ 62,500(2)	\$ 109,993(3)					\$ 172,493
Richard Michael Mayoras	\$ 86,000(4)	\$ 109,993(3)					\$ 195,993
Karl Robb	\$ 55,000(5)	\$ 109,993(3)				\$ 94,000(6)	\$ 258,993
Robert E. Segert	\$ 82,500(7)	\$ 109,993(3)					\$ 192,493
Jill B. Smart	\$ 62,500(2)	\$ 109,993(3)					\$ 172,493
Ronald P. Vargo	\$ 106,000(8)	\$ 109,993(3)					\$ 215,993

- (1) This column represents the aggregate grant date fair value of restricted stock units granted to the directors in 2017, computed in accordance with FASB ASC Topic 718. For further information on how we account for stock-based compensation, please see Notes 1 and 13 to the consolidated financial statements included in EPAM's 2017 Annual Report.
- (2) This represents a fee of \$7,500 earned for service as a member of the Compensation Committee and \$55,000 earned as an annual retainer for service on the Board.
- (3) This represents an annual Board service grant of 1,298 restricted stock units to each of Messrs. Kuerpick, Mayoras, Robb, Segert, Smart and Vargo on June 6, 2017 that fully vest on June 6, 2018 (or, upon termination of service from the Board at any time, a portion of restricted stock units will vest as of the date of such termination on a pro rata basis).
- (4) This represents a fee of \$15,000 earned by Mr. Mayoras for his service as a chair of the Compensation Committee; \$10,000 earned for his service as a member of the Audit Committee; \$6,000 earned for his service as a member of the Nominating and Corporate Governance Committee; and \$55,000 earned as an annual retainer for his service on the Board.
- (5) This represents \$55,000 earned by Mr. Robb as an annual retainer for his service on the Board.
- (6) Fees for consulting services performed by Mr. Robb pursuant to an independent contractor agreement with the Company.
- (7) This represents a fee of \$10,000 earned by Mr. Segert for service as chair of the Nominating and Corporate Governance Committee; \$10,000 earned for his service as a member of the Audit Committee; \$7,500 earned for his service as a member of the Compensation Committee; and \$55,000 earned as an annual retainer for his service on the Board.
- (8) This represents a fee of \$20,000 earned by Mr. Vargo for service as chair of the Audit Committee; \$6,000 earned for his service as a member of the Nominating and Corporate Governance Committee; \$25,000 earned for his service as Lead Independent Director; and \$55,000 earned as an annual retainer for his service on the Board.



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**Compensation Committee Interlocks and Insider Participation**

The Compensation Committee's members are Jill B. Smart, Richard Michael Mayoras, Robert E. Segert and Peter Kuerpick. No member of the Compensation Committee who served during 2017 is or was an employee during 2017, or is or ever has been an officer of our Company. None of our executive officers has served during 2017 on the board of directors of another public company with executive officers who serve as members of our Board. No member of the Compensation Committee who served during 2017 had any relationship requiring disclosure by us under Item 404 of Regulation S-K.

**Compensation Committee Report**

*This report shall not be deemed incorporated by reference by any general statement incorporating by reference this Proxy Statement into any filing under the Securities Act or under the Exchange Act, except to the extent we specifically incorporate this report by reference, and shall not otherwise be deemed filed under such Acts.*

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis set forth below with our management and the Compensation Committee's independent consultant. Based on its review and discussions, the Compensation Committee recommended to our Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement and incorporated by reference into our Annual Report on Form 10-K for the year ended December 31, 2017.

The Compensation Committee

Jill B. Smart, Chair  
Richard Michael Mayoras  
Peter Kuerpick  
Robert E. Segert

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**EXECUTIVE COMPENSATION**

**Compensation Discussion and Analysis**

**Overview**

This compensation discussion and analysis provides an overview of our executive compensation philosophy and the material elements of compensation earned by our named executive officers ( NEOs ) with respect to the year ended December 31, 2017.

EPAM relies on a talented leadership team to support EPAM's objectives for sustainable growth, client service, and long-term stockholder value creation. Our executive compensation program is designed to motivate and reward our executive team by awarding compensation that emphasizes performance, while remaining flexible and responsive to changing business conditions. As EPAM continues to grow and mature, we will continue to annually review and periodically refine our executive compensation program to achieve our objectives.

**2017 Corporate Performance Highlights**

2017 represented another strong year for EPAM, moving us forward in several strategic and operational areas.

Revenue increased to \$1.45 billion, a year-over-year increase of \$290.3 million or 25%.

Non-GAAP income from operations was \$234.7 million, an increase of \$42.9 million, or 22.3%, compared to \$191.8 million in 2016.

Our diluted EPS on a GAAP basis for 2017 was \$1.32, compared to \$1.87 in 2016. Diluted EPS on a GAAP basis excluding the provisional charge related to U.S. tax reform was \$2.68.

EPAM's stock price closed the year at \$107.43, up 67% over the closing price at the end of 2016, and nearly 800% from our initial public offering price of \$12.00 per share in February 2012.

See Appendix A to this Proxy Statement for a reconciliation of the non-GAAP financial measures that appear in the bullets above to the most directly comparable GAAP financial measures.

**2017 Executive Compensation Highlights**

Consistent with our strong performance and our philosophy for performance-based compensation, highlights in our compensation for NEOs in 2017 included the following:

2017 total compensation for our NEOs who were also NEOs in 2016 (excluding Mr. Conte) grew approximately 14% both as a group and on average year-over-year, respectively, reflecting our overall approach that rewards our leadership team for strong performance and sustained growth, while keeping

compensation competitive for our talented leaders.

2017 base salary for our NEOs (excluding Mr. Peterson and Mr. Conte, and annualizing Mr. Solomon for 2016) increased 8% as a group in total and 7% on average, balancing EPAM's interests in managing fixed compensation expense with providing an adequate level of base pay to retain our highly qualified leadership team.

Executive short-term, performance-based cash incentives for 2017 were, on average, 95% of base salary for our NEOs and actual bonus payouts were, on average, 99% of target for 2017, continuing our focus on paying for performance as we achieved record revenues and navigated a challenging profitability environment.

In determining annual performance-based cash incentives for our NEOs, the Compensation Committee used a structured formula, building on the guidelines it has used in prior years for bonuses. The formula assigns greater weight to corporate performance, considering corporate revenue and profitability performance, and puts a lesser emphasis on individual contributions.

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2017 annual equity grants to our NEOs were value-based and comprised of equally valued (at grant date) stock option and restricted stock unit awards, balancing retention and compensation incentives with reduced dilutive effect for our stockholders.

There were no increases or changes to executive benefits to our NEOs, who largely participate in the same broad-based programs provided to other employees, and we provided no perquisites to NEOs.

Overall, the total compensation packages for our NEOs continue to be significantly performance-based in the forms of short-term cash incentives heavily reflective of company performance and equity-based compensation tied to the performance of EPAM common stock.

Our executive compensation program reflects many best practices.

**What We Do**

**What We Don't Do**

Align our executive pay with performance

No contracts with multi-year guaranteed salary increases or bonus arrangements

Appropriately balance short- and long-term incentives

No excise tax gross-ups upon a change of control

Provide for double trigger change of control vesting for all equity grants under our 2015 Long Term Incentive Plan

No single trigger change of control vesting for equity awards

Award equity grants which vest over a four-year term

No golden parachutes or change of control payments

Hold an annual say-on-pay advisory vote

No supplemental executive retirement plan or supplemental pension benefits

Implement meaningful stock ownership guidelines for executives, members of senior management and directors

No repricing of equity awards without stockholder approval

Maintain a clawback policy that covers all performance-based compensation made to executive officers

Hedging, pledging, and speculative transactions in our securities by our executive officers, employees and directors are prohibited by our policies

Retain and utilize an independent compensation consultant to advise the Compensation Committee

No perquisites for our named executive officers

Our stock ownership guidelines apply to executive officers, directors, and certain other key EPAM personnel. Our Chief Executive Officer is required to own shares of EPAM Common Stock with a value equal to 10 times his base salary, and Mr. Dobkin complies with this guideline, as evidenced by his significant beneficial ownership of EPAM's Common Stock as set forth under Security Ownership of Certain Beneficial Owners and Management. Other executive officers of EPAM (including our NEOs) must own shares of our Common Stock valued at two times his or her base salary. Certain other key EPAM personnel each must own shares of our Common Stock with a value equal to one and one-half times his or her base salary. In 2017, we changed the stock ownership guidelines applicable to directors, which previously required directors to own shares of our Common Stock with a value equal to four times annual retainer, so that directors are now required to own shares of our Common Stock with a value equal to five

times their annual cash retainer. These individuals are required to satisfy the stock ownership guidelines within five years from the date he or she becomes subject to the guidelines. Other than our CEO, whose stock ownership guideline was effective immediately, no executive officers, directors or key personnel are required to satisfy the guidelines until 2020 or later. Notwithstanding that grace period, all of our NEOs and 67% of our non-employee directors currently meet or exceed the guidelines. Also, as described earlier, we maintain policies that prohibit our employees and directors from pledging EPAM stock or engaging in activities considered to be hedging of our stock.

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Our clawback policy, administered by the Compensation Committee, provides that all performance-based compensation made to executive officers may be subject to recoupment, or clawback, if the Compensation Committee determines that intentional misconduct or gross negligence of an executive officer was a material contributing factor to EPAM being required to undertake a material restatement of its financial statements filed with the SEC.

EPAM's relationship with our stockholders is critical to our success. We endeavor to ensure that management and our Board hear, understand and respond to issues of importance to our stockholders, including executive compensation matters. We hold an advisory vote on executive compensation annually, as required by Section 14A of the Exchange Act and Rule 14a-20 thereunder, so at this Annual Meeting, we are asking stockholders to make an advisory vote to approve executive compensation. While the advisory vote on executive compensation is non-binding, the Board and the Compensation Committee will carefully assess the voting results and may consult with our stockholders to better understand any issues or concerns raised through the advisory vote. See Proposal 3: Annual Advisory Vote to Approve Executive Compensation. At our 2017 annual meeting of stockholders, approximately 95% of votes cast by our stockholders were in favor of approving the 2016 compensation of our NEOs. Following the 2017 annual meeting of stockholders, the Compensation Committee reviewed the results of the advisory vote of stockholders approving executive compensation. The Compensation Committee continues to refine and adjust the overall executive compensation program to ensure continued alignment with stockholder interests, including pay for performance and delivering long-term value and sustained growth.

### **Our Named Executive Officers ( NEOs )**

Our named executive officers, or NEOs, consist of our principal executive officer, our principal financial officer and our three other most highly compensated executive officers as of December 31, 2017. In accordance with applicable securities laws, we also provide disclosure with respect to Anthony Conte, who served as EPAM's Senior Vice President, CFO and Treasurer until his resignation effective May 10, 2017. Mr. Conte remained in an advisory role until August 3, 2017. See *Other Employment Arrangements* below.

For 2017, our NEOs were:

Arkadiy Dobkin, President and Chief Executive Officer (our CEO)

Jason Peterson, Senior Vice President, Chief Financial Officer (CFO) and Treasurer (as of May 10, 2017)

Anthony Conte, Former Senior Vice President, Chief Financial Officer and Treasurer (prior to May 10, 2017)

Balazs Fejes, Executive Vice President and Co-Head of Global Business

Larry Solomon, Senior Vice President and Chief People Officer

Elaina Shekhter, Senior Vice President and Chief Marketing Officer



## **Compensation Philosophy and Objectives**

We believe that the value we deliver to our customers, and ultimately to our stockholders, depends in large part upon the quality and capability of our people. We seek to attract, motivate, develop and retain quality executives who will increase long-term stockholder value. Our philosophy is to provide total compensation to each of our NEOs that is commensurate with his or her position and experience, largely in the form of annual cash incentives and long-term equity incentives aligned with the interests of our stockholders. We expect each of our executives to balance the risks and related opportunities in the performance of his or her duties, while adhering to EPAM's high standards of business conduct. We reward exceptional performance, combined with demonstrated commitment to EPAM. We believe that the senior leadership provided by our NEOs is paramount to EPAM successfully achieving its operational goals and long-term shareholder value creation.

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We use a mix of short-term compensation, in the form of base salaries and cash incentive payments, and long-term compensation, in the form of equity-based awards, as the total compensation structure to meet these objectives. Our NEOs may also participate in retirement and/or health benefits available to employees generally. This compensation program serves to complement the strong alignment our NEOs have with our stockholders because of the equity holdings our NEOs have in EPAM, and our stock ownership guidelines strengthen this alignment.

Each of the components of our compensation program has its own objective and alignment with stockholder value creation, as set forth below.

<b>Component</b>	<b>Objective</b>	<b>Alignment with Stockholder Value Creation</b>
<b>Short-Term Compensation</b>		
Base Salary	Provide a base amount of fixed compensation to attract and retain highly qualified executive leadership	Salary levels and year-over-year increases set at appropriate, but generally conservative, levels to manage fixed pay
	Reflects individual seniority, skills, prior experience, scope and responsibility	
Performance-based Cash Incentives	Reward executives for a combination of strong Company performance and individual contributions to Company success	Potential cash pool determined for all eligible employees, including named executive officers, based on Company revenue and profitability. Annual awards for named executive officers determined based on Company operational and financial results as well as individual performance and collaboration
<b>Long-Term Compensation</b>		
Equity Awards (for 2017, the equity awards granted to our named executive officers consisted of 50% stock options and 50% restricted stock units, based on grant date fair value of the awards)	Provide different types of equity vehicles to reward stock price appreciation and serve as a retention tool for highly qualified executive leadership	Ultimate value of equity awards based on sustained, long-term EPAM stock performance
	Reward executives for long-term success	
<b>Other Components</b>		
Benefits and Perquisites	Lack of special perquisites for executives promotes EPAM s	Additional perquisites for executives generally not provided

egalitarian approach and culture

EPAM provides its executives with broad-based, non-discriminatory benefit plans available to all employees to focus executive pay on incentive-based compensation

Post-employment Compensation

Lack of pension plans, retiree benefits and other post-employment benefits keeps fixed compensation costs conservative

No pre-set severance terms or employment agreements, except in limited circumstances as described in *Other Employment Arrangements* below

Double-trigger change of control requirements for acceleration of unvested equity awards (with no acceleration of unvested RSUs awarded prior to 2015)

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**2017 Compensation Components**

The graphics below show the components of our CEO s and other NEOs compensation relative to each other, excluding Mr. Conte who resigned as CFO in the first half of 2017. As these charts demonstrate, a substantial amount of our CEO s and other NEOs overall compensation for 2017 has value linked to the long-term stock performance of EPAM. This underscores our dedication to ensuring our executives interests align with those of our stockholders.

\*Excludes Anthony Conte

**Compensation-Setting Process**

***Role of the Board and Compensation Committee***

The Compensation Committee of the Board is responsible for developing, implementing and administering our executive compensation policies, including salaries, cash incentive and equity incentive compensation. In considering and making executive compensation decisions, the Compensation Committee retains the services of an independent executive compensation consultant, Pay Governance LLC ( Pay Governance ). The Compensation Committee consists entirely of independent directors pursuant to applicable NYSE rules.

The Compensation Committee operates under a written charter adopted by the Compensation Committee and approved by the Board. The authority of the Compensation Committee pursuant to the terms of its charter is described in Corporate Governance Committees of the Board Compensation Committee. Pursuant to its charter, the Compensation Committee may delegate authority when it deems appropriate and in the best interests of EPAM, including the authority to grant stock rights or options to any person other than an officer within the meaning of Section 16 of the Exchange Act under EPAM s incentive compensation or other equity-based plans. Based on this authority, the Compensation Committee has delegated to our CEO and our Chief People Officer the authority to make equity grants to employees other than our Section 16 officers and certain key senior management personnel from a preauthorized pool of shares for such grants, subject to certain limitations. To ensure compliance with Rule 16b-3 under the Exchange Act, the full Board or a committee of our directors who qualify as non-employee directors pursuant to Rule 16b-3 approves equity incentive compensation for our NEOs on the recommendation of the Compensation Committee.

The Compensation Committee determines the appropriate amount and mix of compensation for each NEO taking into account the recommendations of our CEO (except as to himself) and the advice and analyses provided by its compensation consultant. There is no pre-established formula to determine the total compensation of any NEO. Each member of our executive team has a target cash incentive amount set each year by the Compensation Committee, and the amount of each individual award is determined using a formula weighting corporate

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performance more heavily than individual contributions, using recommendations of our CEO (other than for himself). For equity-based incentive compensation, the timing, amount and form of awards under our equity-based plans are made at the discretion of the Board based on recommendations of our CEO (except as to himself) and the Compensation Committee. The Board and Compensation Committee approve equity awards based on grant date fair value, rather than the number of shares underlying awards. This approach has a less dilutive effect on our stockholders and ensures that compensation levels remain appropriate.

### ***Role of Management***

In his role as CEO, Mr. Dobkin provides substantial input in determining compensation paid to our NEOs (other than for himself). The Compensation Committee meets periodically with Mr. Dobkin, as well as with Mr. Solomon, our Chief People Officer, to address executive compensation matters, including the rationale for our compensation programs and the effectiveness of the programs in achieving our compensation objectives. As part of our normal annual process, Mr. Dobkin reviews with the Compensation Committee the performance of the NEOs (other than himself) and recommends to the Compensation Committee changes in base salary, cash incentives and equity awards for each other NEO and other members of the senior management team. Based on this process, the Compensation Committee determines and approves the base salary and cash incentive, and recommends to the full Board for approval equity grants for NEOs other than the CEO. For Mr. Dobkin, the Compensation Committee evaluates his performance, considering subjective and objective criteria such as leadership, business planning, financial results, succession planning, human resources, compliance, and board interface. The Compensation Committee's evaluation informs its decisions as to Mr. Dobkin's base salary increase and cash incentive, and its recommendation as to equity compensation, which is subsequently approved by the Board. Mr. Dobkin is not present at the portion of such meetings where the Compensation Committee or the Board reviews his compensation.

### ***Role of the Compensation Consultant***

The Compensation Committee engaged Pay Governance in December 2012 and has continued to use its services as independent compensation consultant each year since the initial engagement. At the Compensation Committee's request, Pay Governance prepared analyses and reports on market pay for named executive officers, a competitive study on director compensation, share usage analyses, peer group composition, and information on trends and policies relating to compensation. In addition, Pay Governance provided advice on the Compensation Discussion and Analysis included in this Proxy Statement. Pay Governance attends meetings as appropriate at the invitation of the Compensation Committee, and meets with our management from time to time to collect compensation data and information about the business. To ensure the independence of Pay Governance, the Compensation Committee annually reviews its work and relationship. During 2017, Pay Governance did not perform any other services for EPAM or any of its affiliates and the Compensation Committee concluded that there was no conflict of interest within the meaning of Section 10C-1 of the Exchange Act affecting Pay Governance's independence.

### ***Factors Considered in Determining Compensation***

The Compensation Committee reviews executive compensation levels for the NEOs annually to ensure that they remain competitive, on the whole, within our industry. The Committee reviews tally sheets for all of its executive officers when total compensation is being reviewed and in connection with annual compensation decisions in the first quarter of each year. The tally sheets summarize historical and current compensation for each member of management. The Compensation Committee believes that tally sheets are a useful reference tool as it considers changes to compensation.

The overall value of the compensation package for each NEO is determined by the Compensation Committee in consultation with the CEO (except as to himself). The Compensation Committee and the CEO (except as to himself) consider the overall performance of EPAM, as well as subjective factors including the individual performance of each NEO and the NEO's contributions to EPAM achievements. The Compensation Committee also considers information provided by Pay Governance in making its compensation decisions.

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In 2013, we developed a compensation peer group to help understand pay levels, pay design and policies for similarly sized publicly traded companies. Since there are relatively few direct competitors of similar size to us, we instead developed a peer group comprised of technology companies of similar revenue and market cap size to EPAM, which generally have had strong historical revenue growth rates and significant international operations (see box to the right). This list is subject to change each year depending on the availability of the companies' data and the continued appropriateness of the companies in terms of revenue and market cap size relative to EPAM and other factors. The Compensation Committee reviews the criteria, adjusts, if appropriate, and confirms the companies included in the peer group annually.

**Our Industry Peer Companies**

Acxiom Corporation  
 Akamai Technologies, Inc.  
 Blackbaud, Inc.  
 Fortinet, Inc.  
 Microstrategy Incorporated  
 Open Text Corporation  
 Pegasystems, Inc.  
 SS&C Technologies Holdings, Inc.  
 Splunk Inc.  
 Synopsys, Inc.  
 Syntel, Inc.  
 Verint Systems, Inc.  
 Virtusa Corporation

The Compensation Committee and management use peer group information to better understand the external marketplace; however, industry peer information is not the only factor used to determine executive pay levels. The Compensation Committee and our management consider multiple factors including experience, contribution and past compensation in addition to the peer group information.

**Elements of Compensation**

The fundamental elements of our compensation program are base salary, short-term cash incentive awards, long-term equity incentives and other broad-based benefits. Although we expect these to remain the elements of our compensation program going forward, the relative weighting of each element and specific plan and award designs may evolve. We have selected these elements as the principal components of our executive compensation program because we have found them to be effective in recruiting, retaining and motivating our NEOs within the context of our business and operating environment.

Each NEO's compensation package is individually tailored and is intended to encourage executive performance that supports our organizational strategy. The Compensation Committee and the Board continue to evaluate the compensation components, the mix of long- and short-term compensation, and decision-making processes for cash incentives and equity awards to ensure we are motivating our leadership and rewarding performance and creation of stockholder value. The Compensation Committee and the Board may make changes to our compensation setting processes or the criteria for our NEOs to receive certain elements of compensation in 2018 or future years.

As described under *Other Employment Arrangements* below, Mr. Peterson's compensation components and levels were established in his employment offer letter dated March 16, 2017, and certain elements of Mr. Solomon's 2017 compensation package were set forth in his employment offer letter dated September 28, 2016.

***Base Salary***

Base salary is used to attract and retain our NEOs. Base salaries are determined using comparisons with industry peers and other relevant factors including the seniority of the executive, the functional role of the position, the executive's unique skills and prior experience, the executive's responsibility level, and other subjective performance criteria for each executive. Base salaries are reviewed annually, taking into account the above factors and information provided by Pay Governance. Changes to fixed compensation, if any, result primarily from individual performance and/or Company achievements. Salaries for NEOs other than the CEO are recommended by the CEO and approved by the Compensation Committee, and the Compensation Committee determines the fixed compensation of our CEO.



**Table of Contents*****Short-Term Cash Incentive Awards***

Short-term cash incentive awards are intended to be a meaningful component of our NEOs' total compensation package. In 2017, the Committee approved a senior management incentive framework that is designed to reward executives for achieving short-term (annual) performance goals, taking both corporate and individual performance into account.

Under this framework, the Compensation Committee approves:

corporate performance measures and goals;

the aggregate funding level, based on the Company's revenue and profitability performance for the year;

individual cash incentive targets for the NEOs; and

actual cash incentive awards for each NEO.

Our CEO provides recommendations as to the NEOs' annual targets and individual performance component of actual awards, other than himself.

A broad-based cash incentive compensation pool is funded for all eligible employees (including our NEO), based on the Company's revenue and adjusted income from operations results for the fiscal year. The Compensation Committee, based on management's proposal, approves the total funding of incentive compensation available in this broad-based pool for all annual performance awards and other cash bonuses that are awarded to certain EPAM personnel throughout the year for various reasons.

For funding the 2017 broad-based pool, the funding methodology focused equally on revenue growth and profitability as measured by adjusted income from operations (taking into account bonuses in respect of 2017). In setting the revenue and profitability ranges and targets used for bonus pool funding, the Compensation Committee considered EPAM's publicly disclosed earnings guidance, market forces on the industry and macro-economic factors. The Compensation Committee believes that the ranges, targets and funding formula set appropriately challenging, incentivizing and attractive goals that align corporate and investor interests. The following table sets forth the range, target and actual 2017 results for each element.

<b>Measure</b>	<b>Range for Incentive Pool Funding</b>	<b>Target for 100% Funding</b>	<b>Actual 2017 Results</b>
Revenue growth (year over year)	15% - 35%	22%	25%
Adjusted income from operations (as a percentage of revenue)	13% - 19%	16.7%	16.2%

After considering the Company's 2017 operating results, the Compensation Committee accepted management's recommendation to apply negative discretion to fund at 96% from 97.5% in light of foreign currency fluctuations and

other factors that impacted the Company in 2017. Based on this determination of overall corporate performance, the Compensation Committee approved a 96% funding level for the overall incentive pool, including executive annual incentives, and annual and special incentive awards to eligible EPAM employees.

Actual cash incentives paid to our NEOs are based 65% on corporate performance (using the funding level described above as the multiplier) and 35% on individual contributions to the Company's success. For the individual performance component, the Compensation Committee reviews each executive's performance with Mr. Dobkin (except his own), and determines the appropriate level of achievement.

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2017 target cash incentive award levels for each NEO, the maximum cash incentive award, and the actual 2017 cash incentive award is set forth in the table below.

	<b>2017 Cash Incentive Target (\$)</b>	<b>2017 Cash Incentive Maximum (\$)</b>	<b>2017 Cash Incentive Award Actual (\$)</b>	<b>Payout as a Percentage of Target (%)</b>
Arkadiy Dobkin	\$ 625,000	\$ 1,250,000	\$ 579,000	93%
Jason Peterson	\$ 200,000	\$ 400,000	\$ 182,500	91%
Balazs Fejes	\$ 350,000	\$ 700,000	\$ 369,500	106%
Larry Solomon	\$ 250,000	\$ 500,000	\$ 276,000	110%
Elaina Shekhter	\$ 250,000	\$ 500,000	\$ 240,000	96%

We expect that the overall incentive pool for 2018 will be funded based on the same framework, using rigorous revenue growth and adjusted income from operations as the determinative measures, with the potential for discretionary adjustments if management so recommends and the Compensation Committee agrees. NEO cash incentive awards are also expected to be determined using the same formula as 2017.

***Long Term Equity Incentives***

Our NEOs receive long-term equity-based awards in the form of stock options and restricted stock units under EPAM's 2015 Long Term Incentive Plan. These awards provide our NEOs with a personal financial interest in EPAM's success through stock ownership, aligning their interests with that of our stockholders. Stock-based awards also enhance their long-term commitment to EPAM's building of shareholder value, as the potential realized value of the awards is determined by stock price appreciation from the date of grant.

The Company's current practice is for the Board, taking the recommendation of the Compensation Committee into consideration, to award long-term equity incentives to our NEOs annually based on Company performance and a subjective consideration of individual performance. These equity awards generally occur in the first quarter of each year and vest in equal annual installments over a four-year period commencing on the grant date. In addition to annual grants of equity-based awards, awards under the 2015 Plan may be made in connection with the start of employment, or to reward an extraordinary contribution to EPAM's success at another off-cycle time.

In 2017, incentive awards to our NEOs consisted of 50% stock options and 50% restricted stock units, based on grant date fair value of the awards. The Compensation Committee determined and recommended to the Board that this mix of equity award types aligns with EPAM's philosophy to retain and incentivize our NEOs and reward absolute long-term stock appreciation. Both our stock option awards and our awards of restricted stock units typically require vesting periods to be completed before options may be exercised or restricted stock units are settled. Through the service-based vesting and forfeiture provisions that we include in these equity-based awards, we believe that we provide an additional incentive to our leadership to act in furtherance of our long-term success and our stockholders interests.

The value of the stock options and restricted stock units granted to each NEO was determined by the Board based on the recommendation of the Compensation Committee. The amounts of each award were similar to prior years, with adjustments to reflect corporate and individual performance. Mr. Dobkin's equity compensation awards in 2017 were intended to maintain our CEO's overall compensation at a level that better reflects his sustained individual

performance and experience. In addition, the equity award reinforces the alignment of our CEO's interests with those of our stockholders, as the Board determined that Mr. Dobkin's demonstrated commitment to delivering stockholder value is strengthened by linking a portion of his overall compensation to the performance of EPAM's stock.

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### ***Other Broad-based Employee Benefits***

We provide retirement, health and other broad-based benefits as another component of our overall compensation scheme. We have established a 401(k) retirement plan, which is a tax-qualified self-funded retirement plan, in which our U.S. employees, including our U.S.-based NEOs, may participate. Under this plan, employees may elect to defer their current compensation up to the statutory limit. We provide discretionary matching contributions to the plan up to a maximum of 3% of the employee's eligible compensation (increased from 2% in 2018).

We currently make available to our U.S. employees, including our U.S.-based NEOs, group health insurance (including medical, dental and vision), long- and short-term disability, group life, AD&D and paid time off. Mr. Fejes receives statutory benefits required by Swiss law.

We do not maintain any defined benefit pension plans or any nonqualified deferred compensation plans.

We do not provide any perquisites to our NEOs because we believe that our compensation objectives are better achieved through the compensation elements described above. However, the use of perquisites may be re-evaluated in the future as necessary to ensure that we can attract and retain qualified executives.

### **Other Employment Arrangements**

On November 2, 2016, Anthony Conte indicated that he intended to resign as the Company's Senior Vice President, Chief Financial Officer and Treasurer, and as part of facilitating a smooth transition, we entered into a transition agreement with Mr. Conte, which provided for the following terms. Mr. Conte served as CFO until May 10, 2017, upon which his successor, Jason Peterson, assumed the role of CFO. Mr. Conte served in an advisory capacity to assist in the transition of the CFO role to Mr. Peterson, and in consideration of his effort, we continued to provide Mr. Conte his base salary and continued health benefits, without change in level, until August 3, 2017. Because he remained our employee through the transition period, he was entitled to and received a bonus of \$125,000 for the 2017 partial year. Mr. Conte did not receive equity grants in 2017. Upon his departure in August 2017, Mr. Conte's outstanding, unvested options that would have vested prior to March 31, 2018, vested and his outstanding restricted stock units that would have settled prior to March 31, 2018, settled. In connection with this agreement, Mr. Conte executed a standard release of claims and continues to be bound by restrictive covenants, including a covenant not to compete with EPAM for one year after his termination. The payments and value of acceleration of equity are reflected for Mr. Conte in the Summary Compensation Table as All Other Compensation.

In connection with Mr. Peterson's appointment as Chief Financial Officer, on March 16, 2017, the Company entered into an offer letter agreement with Mr. Peterson with the following terms. The offer letter agreement contains initial terms of employment for Mr. Peterson, including an annual base salary of \$350,000 and an annual target cash incentive of \$200,000. Mr. Peterson received an initial equity grant of evenly split restricted stock units and stock options with an aggregate value of \$1,300,000, of which \$600,000 was designated as a sign-on equity grant and \$700,000 was designated as Mr. Peterson's annual grant for 2017. Starting in 2018, Mr. Peterson will have an annual opportunity to receive an equity grant under our 2015 Plan with a target value of \$700,000. Provided that he executes a standard release of claims and one year non-compete agreement, in the event of a termination of his employment without Cause or for Good Reason (each, as defined in the form of restricted stock unit award agreement currently filed with the SEC) between his start date and the two year anniversary of his start date, Mr. Peterson will receive severance equal to 12 months base salary and accelerated vesting of 50% of his then outstanding equity.

Our normal practice is to issue employment offer letters in connection with new hires, including at the executive officer level. These offer letters describe basic terms of employment, including initial compensation levels and equity

awards granted at the time of hire, if any. There are no currently effective employment offer letters or employment agreements with Mr. Dobkin or Ms. Shekhter, due to their long tenure with the Company. Mr. Solomon's offer letter, agreed with EPAM in September 2016, includes a basic outline of Mr. Solomon's terms of employment when he joined EPAM as SVP & Chief People Officer. Mr. Solomon's offer letter specified that he would receive at least \$200,000 in annual cash incentive for 2017, a one-time equity award at commencement of employment valued at \$500,000 (split equally between restricted stock units and stock options), and stated that he was eligible for an annual equity award with a target value of \$500,000, with the ultimate amount to be awarded dependent on corporate and individual performance, and subject to approval of EPAM's Board.

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### **Compensation Risk Assessment**

Our management team has reviewed our compensation policies and practices for all of our employees with the Compensation Committee and our Board. This risk assessment is performed annually, led by our Chief People Officer with input from other stakeholders, and comprises a detailed review of each compensation and incentive program, including the participants, funding, types of awards and criteria on which awards under these programs are made. The Board has determined, based on this review, that our compensation policies, practices, plans and programs are not reasonably likely to have a material adverse effect on our Company. The Compensation Committee determined and our Board concurred that for all employees, including our NEOs, our compensation programs do not encourage excessive risk taking and instead encourage behaviors that support sustainable value creation for our stockholders.

### **Tax Deductibility**

Section 162(m) of the Internal Revenue Code generally does not allow a tax deduction to public companies for compensation paid to certain executive officers in one calendar year over \$1 million per executive. Prior to the Tax Cuts and Jobs Act of 2017, compensation based solely on the attainment of one or more pre-established objective performance goals (subject to meeting certain other requirements) was exempt from this limit. Our stockholder-approved equity incentive and executive officer incentive plans were designed to permit the Compensation Committee to grant certain types of performance-based compensation intended to qualify for this exemption, and we generally intended to maximize the tax deductibility of compensation paid to executive officers covered under Section 162(m) when in the best interests of the Company.

The exemption for performance-based compensation has now been repealed, effective for taxable years beginning after December 31, 2017, subject to transition relief for certain grandfathered arrangements in place as of November 2, 2017. For EPAM, this means that the new Section 162(m) rules will apply starting with deduction for the tax year beginning January 1, 2018. Given the uncertain scope of the transition relief and the absence of any rulemaking at this time, the full impact of the new Section 162(m) on the Company and its executive compensation practices is not yet known.

The Compensation Committee will continue to monitor developments in this regard. The Compensation Committee continues to have the flexibility to pay nondeductible compensation if it believes it is in the best interests of the Company.

**Table of Contents****Summary Compensation Table**

The following table sets forth information regarding the compensation of our NEOs for services rendered to us in all capacities for 2017, and for those who were named executive officers during such periods, 2016 and 2015.

Name and principal position	Year	Salary(\$)	Bonus(\$)	Stock awards(\$) <sup>(1)</sup>	Option awards(\$) <sup>(1)</sup>	Non-equity		Total(\$)
						incentive plan compensation(\$)	All other compensation(\$)	
<b>Arkadiy Dobkin</b>								
President and Chief Executive Officer								
	2017	\$ 487,500		\$ 1,017,720	\$ 1,000,004	\$ 579,000		\$ 3,084,224
	2016	\$ 437,500	\$ 222,833	\$ 1,041,298	\$ 999,804			\$ 2,701,435
	2015	\$ 400,000	\$ 500,000	\$ 613,800	\$ 1,202,500			\$ 2,716,300
<b>Jason Peterson</b>								
Senior Vice President, Chief Financial Officer and Treasurer								
	2017	\$ 258,686		\$ 650,085	\$ 650,008	\$ 182,500		\$ 1,741,279
<b>Anthony Conte</b>								
Former Senior Vice President, Chief Financial Officer and Treasurer								
	2017	\$ 191,860					\$ 808,065 <sup>(2)</sup>	\$ 999,925
	2016	\$ 310,000	\$ 166,988	\$ 416,491	\$ 399,912			\$ 1,293,391
	2015	\$ 280,000	\$ 250,000	\$ 245,520	\$ 481,000			\$ 1,256,520
<b>Balazs Fejes</b>								
Executive Vice President and Co-Head of Global Business								
	2017	\$ 350,786 <sup>(3)</sup>		\$ 457,938	\$ 449,994	\$ 369,500 <sup>(3)</sup>		\$ 1,628,218
	2016	\$ 292,326 <sup>(4)</sup>	\$ 176,138	\$ 468,605	\$ 449,919		\$ 22,631 <sup>(4)</sup>	\$ 1,409,619
	2015	\$ 184,000 <sup>(5)</sup>		\$ 245,520	\$ 481,000		\$ 416,206 <sup>(5)</sup>	\$ 1,326,726
<b>Larry Solomon</b>								
Senior Vice President and Chief People Officer								
	2017	\$ 300,000		\$ 305,316	\$ 299,996	\$ 276,000		\$ 1,181,312
<b>Elaina Shekhter,</b>								
Senior Vice President and Chief Marketing Officer								
	2017	\$ 273,400		\$ 305,316	\$ 299,996	\$ 240,000		\$ 1,118,712
	2016	\$ 257,500	\$ 139,156	\$ 312,404	\$ 299,946			\$ 1,009,006
	2015	\$ 250,000	\$ 200,000	\$ 214,830	\$ 420,875			\$ 1,085,705

(1) The amounts in these columns represent the aggregate grant date fair value of the restricted stock unit and option awards granted to our named executive officers in the years provided, computed in accordance with FASB ASC Topic 718. We provide information regarding the assumptions used to calculate the value of these stock-based compensation awards in Note 13 to the audited consolidated financial



statements included in our 2017 Annual Report on Form 10-K. There can be no assurance that these awards will vest or will be exercised (in which case no value will be realized by the individual), or that the value upon vesting or exercise, as applicable, will approximate the aggregate grant date fair value.

- (2) This amount includes the following termination-related payments and value of accelerated equity: (a) cash payment of \$125,000 representing a partial year bonus for 2017; (b) acceleration of 3,476 restricted stock units on August 3, 2017 (valued at \$284,684 using the closing sale price of EPAM common stock on August 3, 2017 of \$81.90); and (c) acceleration of the following options on August 3, 2017, valued in the aggregate at \$398,381 using the closing sale price of EPAM common stock on August 3, 2017:

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<b>Number of stock options</b>	<b>Exercise Price</b>	<b>Total Value</b>
5,000	\$ 32.08	\$ 249,100
5,000	\$ 61.38	\$ 102,600
4,102	\$ 70.52	\$ 46,681

- (3) Mr. Fejes' compensation is paid in Swiss francs and Hungarian forints. For 2017, the applicable exchange rates used were \$1.02 per Swiss franc and \$0.0037 per Hungarian forint based on the average exchange rates from [www.oanda.com](http://www.oanda.com).
- (4) Mr. Fejes provided services to the Company partially in his capacity as a consultant and partially in his capacity as an employee. For 2016, the amount in the column Salary represents salary paid to Mr. Fejes directly in his capacity as an employee (\$291,902 of which was paid in Swiss francs and \$424 of which was paid in Hungarian forints). The amount in the All other compensation column represents a fixed consulting fee, paid in euros directly to Mr. Fejes' direct employer, Redlodge Holdings Limited. For 2016, the applicable exchange rates used were \$1.02 per Swiss franc, \$0.0036 per Hungarian forint and \$1.11 per euro based on the average exchange rates from [www.oanda.com](http://www.oanda.com).
- (5) Mr. Fejes provided services to the Company partially in his capacity as a consultant and partially in his capacity as an employee. For 2015, the amount in the column Salary represents salary paid to Mr. Fejes directly in his capacity as an employee (\$183,605 of which was paid in Swiss francs and \$395 of which was paid in Hungarian forints). The amount in the All other compensation column represents a fixed consulting fee (\$91,206, paid in euros) and a variable consulting fee (\$325,000, paid in U.S. dollars), both paid directly to Mr. Fejes' direct employer, Redlodge Holdings Limited. For 2015, the applicable exchange rates used were \$1.04 per Swiss franc, \$0.0036 per Hungarian forint and \$1.1101 per euro based on the average exchange rates from [www.oanda.com](http://www.oanda.com).

**Table of Contents****Grants of Plan-Based Awards**

The following table sets forth information regarding grants of plan-based awards to our NEOs for the year ended December 31, 2017.

Name	Grant date	Award approval date <sup>(1)</sup>	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			All other stock awards: number of shares of stock or units (#)	All other option awards: Exercise or number of underlying securities options (#)	base price of option awards (\$/Sh)	Grant date fair value of stock and option awards <sup>(2)</sup>		
			Threshold (\$)	Target (\$)	Maximum (\$)						
Arkadiy Dobkin	2/7/2017	2/7/2017	\$ 625,000	\$ 1,250,000							
	3/24/2017	2/8/2017							39,594	\$ 73.27	\$ 1,000,004
	3/24/2017	2/8/2017							13,890		\$ 1,017,720
Jason Peterson	3/10/2017	3/10/2017	\$ 200,000	\$ 400,000							
	4/5/2017	3/10/2017							13,694	\$ 74.44	\$ 350,001
	4/5/2017	3/10/2017							11,738	\$ 74.44	\$ 300,008
	4/5/2017	3/10/2017							4,031		\$ 300,068
	4/5/2017	3/10/2017							4,702		\$ 350,017
Anthony Conte <sup>(3)</sup>	2/7/2017	2/7/2017	\$ 350,000	\$ 700,000							
	3/24/2017	2/8/2017							17,817	\$ 73.27	\$ 449,994
	3/24/2017	2/8/2017							6,250		\$ 457,938
Larry Solomon	2/7/2017	2/7/2017	\$ 250,000	\$ 500,000							
	3/24/2017	2/8/2017							11,878	\$ 73.27	\$ 299,996
	3/24/2017	2/8/2017							4,167		\$ 305,316
Elaina Shekhter	2/7/2017	2/7/2017	\$ 250,000	\$ 500,000							
	3/24/2017	2/8/2017							11,878	\$ 73.27	\$ 299,996
	3/24/2017	2/8/2017							4,167		\$ 305,316

(1) Our Board of Directors approved the grants of stock options and restricted stock units to Mr. Dobkin, Mr. Fejes, Mr. Solomon and Ms. Shekhter at a meeting held February 8, 2017. The Compensation Committee approved non-equity incentive plan award targets for our named executive officers at a meeting held on February 7, 2017.

The Board approved Mr. Peterson's grants in connection with his offer of employment, approved on March 10, 2017.

- (2) The amounts in this column represent the aggregate grant date fair value of the restricted stock unit and option awards granted to our named executive officers in 2017, computed in accordance with FASB ASC Topic 718. We provide information regarding the assumptions used to calculate the value of these stock based compensation awards in Note 13 to the audited consolidated financial statements included in our 2017 Annual Report on Form 10-K. There can be no assurance that these awards will vest or will be exercised (in which case no value will be realized by the individual), or that the value upon vesting or exercise, as applicable, will approximate the aggregate grant date fair value.
- (3) Mr. Conte received no equity awards in 2017 due to his departure from the Company.

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**Narrative Disclosure Relating to Summary Compensation Table and Grants of Plan Based Awards Table**

We do not typically enter into formal employment or consultancy, change of control or other similar agreements with named executive officers. We believe in mutual trust, loyalty and commitment between EPAM and our named executive officers, and that employment agreements are not necessary to achieve our goals and meet our named executive officers' needs. We believe that this assertion is supported by the long tenure of several of our named executive officers and our success in adding new executives to our leadership.

Our normal practice is to issue employment offer letters in connection with new hires, including at the executive officer level. These offer letters describe basic terms of employment, including initial compensation levels and equity awards granted at the time of hire, if any. Mr. Peterson's and Mr. Solomon's employment offer letters are described under *Other Employment Arrangements* above. There are no currently effective employment offer letters or employment agreements with Mr. Dobkin or Ms. Shekhter, due to their long tenure with the Company. Mr. Fejes has an employment agreement with our Swiss subsidiary as required by Swiss law.

Also as described under *Other Employment Arrangements* above, we entered into a transition agreement with Mr. Conte to facilitate a smooth transition upon his resignation as CFO in the first half of 2017.

**Table of Contents****Outstanding Equity Awards at Fiscal Year-End**

The following table sets forth information regarding the holdings of stock options and stock awards that remained outstanding as of December 31, 2017 for each of our NEOs.

Name	Option awards				Stock awards	
	Number of securities underlying unexercised options(#) exercisable	Number of securities underlying unexercised options(#)	Option exercise price(\$)	Option expiration date	Number of shares or units of stock that have not vested(#)	Market value of shares or units of stock that have not vested(\$) <sup>(1)</sup>
Arkadiy Dobkin	60,000 <sup>(2)</sup>	20,000 <sup>(2)</sup>	\$ 32.08	3/31/2024	33,964 <sup>(6)</sup>	\$ 3,648,753
	25,000 <sup>(3)</sup>	25,000 <sup>(3)</sup>	\$ 61.38	3/23/2025		
	10,257 <sup>(4)</sup>	30,769 <sup>(4)</sup>	\$ 70.52	3/25/2026		
		39,594 <sup>(5)</sup>	\$ 73.27	3/24/2027		
Jason Peterson		13,694 <sup>(7)</sup>	\$ 74.44	4/5/2027	8,733 <sup>(8)</sup>	\$ 938,186
		11,738 <sup>(7)</sup>	\$ 74.44	4/5/2027		
Anthony Conte						
Balazs Fejes	51,600		\$ 4.63	8/13/2020	14,233 <sup>(6)</sup>	\$ 1,529,051
	11,200		\$ 16.80	3/19/2022		
	16,000		\$ 23.36	5/29/2023		
	15,000 <sup>(2)</sup>	5,000 <sup>(2)</sup>	\$ 32.08	3/31/2024		
	10,000 <sup>(3)</sup>	10,000 <sup>(3)</sup>	\$ 61.38	3/23/2025		
	4,616 <sup>(4)</sup>	13,846 <sup>(4)</sup>	\$ 70.52	3/25/2026		
		17,817 <sup>(5)</sup>	\$ 73.27	3/24/2027		
Larry Solomon	2,882 <sup>(9)</sup>	8,643 <sup>(9)</sup>	\$ 64.63	10/17/2026	6,932 <sup>(10)</sup>	\$ 744,705
		11,878 <sup>(5)</sup>	\$ 73.27	3/24/2027		
Elaina Shekhter	2,800		\$ 16.80	3/19/2022	10,239 <sup>(6)</sup>	\$ 1,099,976
	8,000		\$ 23.04	5/24/2023		
	10,022 <sup>(2)</sup>	5,000 <sup>(2)</sup>	\$ 32.08	3/31/2024		
	8,750 <sup>(3)</sup>	8,750 <sup>(3)</sup>	\$ 61.38	3/23/2025		
	3,077 <sup>(4)</sup>	9,231 <sup>(4)</sup>	\$ 70.52	3/25/2026		
		11,878 <sup>(5)</sup>	\$ 73.27	3/24/2027		

- (1) The closing market price of our Common Stock on the NYSE on December 31, 2017 was \$107.43.
- (2) The option became exercisable as to 25% of the total grant on each of March 31, 2015, 2016 and 2017, and will become exercisable as to 25% of the total grant on March 31, 2018.
- (3) The option became exercisable as to 25% of the total grant on each of March 23, 2016 and 2017, and will become exercisable as to 25% of the total grant on each of March 23, 2018 and 2019.
- (4) The option became exercisable as to 25% of the total grant on March 25, 2017, and will become exercisable as to 25% of the total grant on each of March 25, 2018, 2019 and 2020.
- (5) The option will become exercisable as to 25% of the total grant on each of March 24, 2018, 2019, 2020 and 2021.
- (6) Represents restricted stock units awarded in 2014 that are scheduled to vest as to 25% of the shares on March 31, 2018; restricted stock units awarded in 2015 that are scheduled to vest as to 25% of the shares on each of March 23, 2018 and 2019; restricted stock units awarded in

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- 2016 that are scheduled to vest as to 25% of the shares on each of March 25, 2018, 2019 and 2020; and restricted stock units awarded in 2017 that are scheduled to vest as to 25% of the shares on each of March 24, 2018, 2019, 2020 and 2021.
- (7) The option will become exercisable as to 25% of the total grant on each of April 5, 2018, 2019, 2020 and 2021.
- (8) Represents restricted stock units awarded in 2017 that are scheduled to vest as to 25% of the shares on each of April 5, 2018, 2019, 2020 and 2021.
- (9) The option became exercisable as to 25% of the total grant on October 17, 2017, and will become exercisable as to 25% of the total grant on each of October 17, 2018, 2019 and 2020.
- (10) Includes restricted stock units awarded in 2016 that are scheduled to vest as to 25% of the shares on each of October 17, 2018, 2019 and 2020.

**Options Exercised and Stock Vested**

The following table sets forth information regarding the exercise of stock options and shares acquired upon vesting of stock awards by our NEOs during the year ended December 31, 2017.

Name	Option awards		Stock awards	
	Number of shares acquired on exercise(#)	Value realized on exercise(\$)	Number of shares acquired on vesting(#) <sup>(1)</sup>	Value realized on vesting(\$)
Arkadiy Dobkin			10,192	\$ 754,743 <sup>(2)</sup>
Jason Peterson				
Anthony Conte	59,705	\$ 5,106,114 <sup>(3)</sup>	6,953	\$ 541,284 <sup>(2)</sup>
Balazs Fejes	28,000	\$ 2,373,259 <sup>(3)</sup>	3,662	\$ 270,155 <sup>(2)</sup>
Larry Solomon			922	\$ 83,856 <sup>(2)</sup>
Elaina Shekhter			2,983	\$ 220,456 <sup>(2)</sup>

- (1) Represents gross number of shares acquired on vesting. The Company's practice is to withhold shares to satisfy the tax withholding requirement arising from the vesting of restricted stock units.
- (2) Calculated based on the closing market price of EPAM common stock on the vesting dates (March 23, 25, and 31, 2017; for Mr. Solomon, October 17, 2017; and for Mr. Conte, March 23, 25 and 31, and August 3, 2017).
- (3) Represents the weighted average sale price of shares acquired on exercise of options during 2017. All options reflected were sold via cashless exercise.

**Potential Payments on Termination and Change of Control**

As discussed above under Narrative Disclosure Relating to Summary Compensation Table and Grants of Plan-Based Awards Table, we do not have a formal severance plan or similar arrangement that provides our NEOs (or other employees) with cash severance, equity acceleration, or other payments in connection with a termination of his or her employment with EPAM or a change of control of EPAM. In addition, EPAM does not provide excise tax gross-ups to any of our NEOs, and the 2015 Plan expressly prohibits us from providing such gross-ups.

***Anthony Conte Termination-Related Payments and Equity Vesting Accelerations***

Notwithstanding our general approach, the Company and Mr. Conte agreed to certain termination-related payments and accelerations of equity vesting in connection with his resignation as CFO in 2017. This arrangement is described more fully above under *Other Employment Arrangements* and amounts are included in the Summary Compensation



Table as All Other Compensation. Those payments and accelerations had an aggregate value of \$808,065 and included (a) a cash payment of \$125,000 representing a partial year bonus for 2017; (b) acceleration of 3,476 restricted stock units on August 3, 2017 (valued at \$284,684 using the closing sale price of EPAM common stock on August 3, 2017 of \$81.90); and (c) acceleration of 14,102 stock options, valued in the aggregate at \$398,381 using the closing sale price of EPAM common stock on August 3, 2017.

**Table of Contents*****Jason Peterson Employment Offer Letter***

In addition, Mr. Peterson's offer letter with EPAM includes a severance provision whereby he would receive an amount equal to 12 months base salary and accelerated vesting of 50% of his then outstanding equity in the event of a termination of his employment without Cause or for Good Reason (each, as defined in the form of restricted stock unit award agreement currently filed with the SEC) between his start date and the two year anniversary of his start date. This arrangements are described more fully above under *Other Employment Arrangements*.

The following table sets forth the estimated value of cash severance and the acceleration of unvested equity awards held by Mr. Peterson assuming a termination of service by EPAM without Cause or by Mr. Peterson for Good Reason, effective December 31, 2017.

<b>Name</b>	<b>Cash</b>	<b>Value of Accelerated Unvested Stock Options Upon Termination without Cause or for Good Reason</b>	<b>Value of Accelerated Unvested Restricted Stock Units Upon Termination without Cause or for Good Reason</b>	<b>Total</b>
Jason Peterson	\$ 350,000	\$ 419,501	\$ 469,093	\$ 1,238,594

***Treatment of Equity Awards in Termination and Change of Control Situations***

Equity awards granted to our NEOs under our 2012 Long Term Incentive Plan (the "2012 Plan"), under which awards were made until June 2015, and under the 2015 Plan, under which awards have been made beginning in July 2015, may forfeit or accelerate in certain circumstances relating to termination of employment or change of control as follows:

Upon a termination of service for cause, any unvested restricted stock units and any unexercised portion of the option (both vested and unvested) forfeit as of the termination date.

Upon a termination of service due to death or disability, any unvested restricted stock units and any unvested portion of the option forfeit as of the termination date. Any vested portion of the option will remain exercisable until the earlier of one year following the termination date and the expiration date of the option, unless the Compensation Committee determines that the option should be exercisable to some greater extent or remain exercisable for some longer period (but not after the tenth anniversary of the grant date).

Upon a termination of service by EPAM (or an affiliate) without cause, or by the executive for good reason, in each case within two years after a change of control for option awards under the 2012 Plan or within one year after a change of control for awards under the 2015 Plan, the unvested portion of the option will vest in full, and

the option will remain exercisable until the earlier of 90 days after the termination date and the expiration date of the option.

Restricted stock units awarded prior to 2015 were not subject to any accelerated vesting provisions in connection with a change of control. However, for restricted stock units awarded beginning in 2015, the award agreements provide for double-trigger accelerated vesting upon a change of control, such that outstanding unvested awards will only accelerate upon a termination of employment by EPAM (or an affiliate) without cause, or by the executive for good reason, in each case within two years after a change of control. The 2015 Plan specifically provides for double-trigger accelerated vesting upon a change of control, such that outstanding unvested awards will accelerate upon a terminate of employment by EPAM (or an affiliate) without cause, or by the holder for good reason, in each case within one year after the change of control.

Upon termination of service for any other reason, any unvested restricted stock units and any unvested portion of the option forfeit as of the termination date. Any vested portion of the option will remain exercisable until the earlier of 90 days following the termination date and the expiration date of the option, unless the Compensation Committee determines that the option should be exercisable to some greater extent or remain exercisable for some longer period (but not after the tenth anniversary of the grant date).

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The following table sets forth the estimated value of the acceleration of unvested equity awards held by each of our named executive officers assuming a termination of service by EPAM or an affiliate without cause or by the NEO for good reason, in each case within two years after a change of control. For restricted stock units, the amounts shown below exclude awards made prior to 2015, as those awards do not contain any acceleration of vesting relating to a change of control. The amounts shown in the table below assume that such termination occurred on December 31, 2017 and within two years following a change of control for option awards made under the 2012 Plan, and within one year following a change of control for awards made under the 2015 Plan.

Name	Value of Accelerated Unvested Stock Options Upon Qualifying Termination After Change of Control <sup>(1)</sup>	Value of Accelerated Unvested Restricted Stock Units Upon Qualifying Termination After Change of Control <sup>(2)</sup>	Total
Arkadiy Dobkin	\$ 5,146,465	\$ 3,219,033	\$ 8,365,498
Jason Peterson	\$ 839,002	\$ 938,186	\$ 1,777,188
Balazs Fejes	\$ 1,956,935	\$ 1,421,621	\$ 3,378,556
Larry Solomon	\$ 775,673	\$ 744,705	\$ 1,520,378
Elaina Shekhter	\$ 1,526,156	\$ 992,546	\$ 2,518,702

- (1) The value associated with the acceleration of outstanding stock options is based on the closing market price of a share of our Common Stock as of December 31, 2017 (\$107.43) minus the applicable exercise price.
- (2) The value associated with the acceleration of eligible unvested restricted stock units is based on the closing market price of a share of our Common Stock as of December 31, 2017 (\$107.43).

**2017 PAY RATIO DISCLOSURE****Pay Ratio**

In accordance with the requirements of Section 953(b) of the Dodd-Frank Act and Item 402(u) of Regulation S-K (which we collectively refer to as the Pay Ratio Rule), we are providing the following estimated information for 2017:

the median of the annual total compensation of all of our employees (other than our Chief Executive Officer) was \$23,128;

the annual total compensation of Chief Executive officer was \$3,084,224; and

the ratio of these two amounts was 133 to 1.

## **Methodology for Identifying Our Median Employee**

### ***Employee Population***

To identify the median of the annual total compensation of all of our employees (other than our Chief Executive Officer), we first identified our total employee population from which we determined our median employee. We determined that, as of December 31, 2017, our employee population consisted of approximately 25,962 individuals (of which approximately 6% were located in the United States and 94% were located in jurisdictions outside the United States). Our employee population consisted of full-time, part-time and temporary employees, and certain of our contractors were required to be included in our employee population under the Pay Ratio Rule, as described in more detail below.

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Of our total employee population, 22,998, or 89%, are revenue generating IT professionals. A breakdown of our major geographic concentrations of these IT professionals is set forth below.

<b>Country</b>	<b># of IT Professionals</b>	<b>% of Total IT Professional Staff</b>
Belarus	7,372	32%
Ukraine	4,818	21%
Russia	3,802	17%
Hungary	1,460	6%
United States	1,316	6%
Poland	1,167	5%
India	822	4%
China	509	2%

We then adjusted our total employee population by excluding approximately 53 employees who joined EPAM through acquisitions that were completed during 2017 (as permitted by the Pay Ratio Rule) for a total adjusted employee population of approximately 25,908 individuals, excluding our CEO.

***Determining our Median Employee***

To identify our median employee from our total adjusted employee population, we used a total cash compensation measure consistently applied to the entire population, which included base salary or wages and all cash bonuses paid in 2017, including regular annual bonuses paid in respect of the prior year's performance, and any special bonuses. In making this determination, we annualized the compensation of our full-time employees who were hired in 2017 but did not work for us for the entire fiscal year. We identified our median employee using this compensation measure, which was consistently applied to all our employees included in the calculation. We did not make any cost-of-living adjustments in identifying our median employee.

Using the methodologies described above, we determined that our median employee was a full-time, salaried employee in Russia. The total cash compensation of the median employee for the 12-month period ending December 31, 2017, was \$23,620.

***Determination of Annual Total Compensation of our Median Employee and our CEO***

Once we identified our median employee, we then calculated such employee's annual total compensation for 2017 using the same methodology we used for purposes of determining the annual total compensation of our NEOs for 2017 (as set forth in the Summary Compensation Table included in this Proxy Statement). The 2017 cash bonus for the median employee is anticipated to be paid after the date of this proxy statement, and the median employee's total compensation (including bonus) was valued in Russian rubles and converted to U.S. dollars using the exchange rate as of December 31, 2017 from [www.oanda.com](http://www.oanda.com). Our CEO's annual total compensation for 2017 is equal to the amount reported in the Total column in the 2017 Summary Compensation Table.

**Table of Contents****SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Exchange Act requires our directors and executive officers and persons who own more than 10% of a registered class of our equity securities to file with the SEC initial reports of ownership and reports of changes in ownership of Common Stock and other equity securities of EPAM. Directors, executive officers and greater than 10% stockholders are required by SEC regulation to furnish us with copies of all Section 16(a) forms they file.

Based solely on our review of the reports filed during fiscal year 2017 and on written representations from our directors and executive officers, we believe that, during fiscal year 2017, all directors, executive officers, and persons who own more than 10% of a registered class of our equity securities timely complied with all Section 16(a) reporting requirements applicable to them, except for one late Form 5 filing on behalf of Mr. Dobkin, and one late Form 4 filing on behalf of each of Messrs. Dobkin, Shnayder, and Abrahams.

**INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee, which is composed entirely of independent directors, has selected Deloitte & Touche LLP, independent registered public accounting firm, to audit our financial statements for the fiscal year ending December 31, 2018. Representatives from Deloitte & Touche LLP will be in attendance at the Annual Meeting to respond to any appropriate questions and will have the opportunity to make a statement, if they so desire.

**Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

None.

**Fees to Independent Registered Public Accounting Firm**

The following table summarizes the fees incurred by the Deloitte Entities and billed to us for each of the last two fiscal years for audit services, and billed to us in each of the last two fiscal years for audit related, tax and other services:

	<b>2017</b>	<b>2016</b>
	<b>(in thousands)</b>	
Audit Fees	\$ 2,924	\$ 2,549
Audit-Related Fees	197	220
Tax Fees	397	202
All Other Fees	1	0
<b>Total Fees</b>	<b>\$ 3,519</b>	<b>\$ 2,971</b>

*Audit Fees.* Audit Fees consist of fees billed by Deloitte Entities for professional services rendered in connection with the audit and quarterly reviews of our audited consolidated financial statements.

*Audit-Related Fees.* Audit-Related Fees consist of fees billed for professional services rendered in connection with ISAE3400 audits, foreign statutory audits, and consents issued in the current year.

*Tax Fees.* Tax Fees primarily consist of fees billed for professional services rendered in connection with transfer pricing studies and consulting services.

*All Other Fees.* All Other Fees consist of accounting research tool subscription fees.

### **Pre-Approval of Services**

In accordance with its charter and our pre-approval policies and procedures for audit/non-audit services, in general our Audit Committee is required to pre-approve all audit and audit-related services and permitted non-audit services, including the terms of all engagements, involving estimated fees exceeding \$100,000 to be performed by our independent registered public accounting firm. In addition, the Chair of the Audit Committee, Mr. Ronald P. Vargo, is authorized to pre-approve any other audit and non-audit services on behalf of the Audit Committee, provided these decisions are presented to the Audit Committee at its next regularly scheduled meeting. Before the



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start of each fiscal year, the Audit Committee also establishes specific categories of audit and non-audit services that are expected to be performed during that fiscal year by the Deloitte Entities and establishes maximum dollar limits for the aggregate fees of each of those categories of services. The Deloitte Entities may be engaged for such services pursuant to our pre-approval policies and procedures, provided that such services do not otherwise need to be approved by the Audit Committee under the pre-approval policies and procedures, and such services are reported to the Audit Committee at its next regularly scheduled meeting.

As part of its review, the Audit Committee considers whether any non-audit services will, or may potentially, impact the independence of our independent registered public accounting firm. The Audit Committee pre-approved all audit and non-audit services provided to EPAM by the Deloitte Entities in fiscal years 2017 and 2016. None of the services described in the table above were exempt from the pre-approval requirement set forth in the SEC rules and regulations.

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**PROPOSAL 1:**

**ELECTION OF DIRECTORS**

We are soliciting proxies in favor of the re-election of the two director nominees identified below. Unless otherwise instructed, the proxy holders will vote the proxies received by them **FOR** the director nominees named below to serve for a three-year term expiring at the annual meeting of stockholders to be held in 2021.

If any nominee is unable or declines to serve as director at the time of the Annual Meeting, an event that we do not currently anticipate, proxies will be voted for any nominee designated by the Board to fill the vacancy. As of the date of this Proxy Statement, the Board has no reason to believe that either person named below will be unable or unwilling to serve as a nominee or as a director, if elected.

**Directors**

Upon recommendation of the Nominating and Corporate Governance Committee, the Board has nominated each of Arkadiy Dobkin and Robert E. Segert for election as Class III directors at the Annual Meeting. These directors will hold office until the annual meeting of stockholders in 2021, or until their respective successors have been elected and qualified. The director nominees have consented to being named in this Proxy Statement as nominees for election as director and have agreed to serve as directors if elected. We did not pay a fee to any third party to identify or evaluate any potential nominees.

Please see the discussion under **Board of Directors** in this Proxy Statement for information concerning each of our nominees for director.

**Vote Required**

Directors are elected by a majority of the votes of the shares of our Common Stock present in person or represented by proxy at the Annual Meeting and entitled to vote. Our bylaws contain procedures to be followed in the event that one or more Directors do not receive a majority of votes cast **FOR** his or her election at the Annual Meeting.

**Recommendation**

**The Board recommends a vote FOR each of the director nominees as Class III directors.**

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**PROPOSAL 2:**  
**RATIFICATION OF APPOINTMENT OF**  
**INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee has selected Deloitte & Touche LLP, an independent registered public accounting firm, to audit our financial statements for the fiscal year ending December 31, 2018. In deciding to engage Deloitte & Touche LLP, the Audit Committee noted that there were no auditor independence issues raised with Deloitte & Touche LLP.

The Board of Directors recommends that stockholders ratify the selection of Deloitte & Touche LLP as our independent registered public accounting firm. Ratification of the selection of Deloitte & Touche LLP by stockholders is not required by law. However, as a matter of good corporate practice, such selection is being submitted to the stockholders for ratification at the Annual Meeting. If the stockholders do not ratify the selection, the Board and the Audit Committee will reconsider whether or not to retain Deloitte & Touche LLP, but may, in their discretion, retain Deloitte & Touche LLP. Even if the selection is ratified, the Audit Committee, in its discretion, may change the appointment at any time during the year if it determines that such change would be in the best interests of EPAM and its stockholders.

The Audit Committee reviews audit and non-audit services performed by Deloitte & Touche LLP, as well as the fees charged by Deloitte & Touche LLP for such services. In its review of non-audit service fees, the Audit Committee considers, among other things, the possible effect of the performance of such services on the auditor's independence. Additional information concerning the Audit Committee and its activities with Deloitte & Touche LLP can be found in the following sections of this Proxy Statement: Corporate Governance Committees of the Board Audit Committee and Report of the Audit Committee. For additional information about Deloitte & Touche LLP, see Independent Registered Public Accounting Firm elsewhere in this Proxy Statement.

**Vote Required**

Ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm requires the affirmative vote of a majority of the shares present and entitled to vote at the Annual Meeting in person or by proxy.

**Recommendation**

**The Board recommends a vote FOR the ratification of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ended December 31, 2018.**

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**PROPOSAL 3:**

**ANNUAL ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION**

In accordance with Section 14A of the Exchange Act, we are providing our stockholders with the opportunity to vote to approve, on an advisory and non-binding basis, the compensation of our named executive officers as disclosed in this Proxy Statement in accordance with the SEC's rules.

As described in detail under the heading "Executive Compensation – Compensation Discussion and Analysis," our executive compensation programs are designed and individually tailored to attract, motivate, and retain our named executive officers, each of whom is critical to our success. The components of our executive compensation programs encourage performance in support of our organizational strategy, and reward our named executive officers based on Company performance and the objective and subjective evaluation of individual performance. EPAM's equity plans are intended to align compensation with the long-term interests of our stockholders. Please read the "Executive Compensation – Compensation Discussion and Analysis" for additional details about our executive compensation programs, including information about the fiscal year 2017 compensation of our named executive officers. The Board of Directors and the Compensation Committee believe that the policies and procedures described and explained in "Executive Compensation – Compensation Discussion and Analysis" are effective in achieving our goals and that the compensation of our named executive officers reported in this Proxy Statement has supported and contributed to EPAM's recent and long-term success.

Accordingly, we are asking our stockholders to indicate their support for our named executive officer compensation as described in this Proxy Statement by voting "FOR" the adoption of the following resolution:

RESOLVED, that the compensation paid to the named executive officers of EPAM Systems, Inc., as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion, is hereby APPROVED.

This proposal, commonly known as a "say-on-pay" proposal, gives our stockholders the opportunity to express their views on our named executive officers' compensation. This vote is not intended to address any specific item of compensation, but rather the overall compensation of our named executive officers and the philosophy, policies and practices described in this Proxy Statement. While this advisory vote on executive compensation is non-binding, the Board of Directors and the Compensation Committee will carefully assess the voting results and may consult directly with stockholders to better understand any issues or concerns raised through the stockholder vote.

**Vote Required**

The advisory vote to approve executive compensation requires the affirmative vote of a majority of the shares present and entitled to vote at the Annual Meeting in person or by proxy.

**Recommendation**

**The Board of Directors recommends that you vote FOR approval of our executive compensation.**

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**HOUSEHOLDING**

As permitted by applicable law, we intend to deliver only one copy of certain of our documents, including proxy statements, annual reports, notices of Internet availability of proxy materials and information statements, to stockholders residing at the same address, unless such stockholders have notified us of their desire to receive multiple copies thereof. Any such request should be directed to EPAM Systems, Inc., 41 University Drive, Suite 202, Newtown, Pennsylvania 18940, Attention: Corporate Secretary, or by telephone at (267) 759-9000 ext. 64588. We undertake to deliver separate copies of these documents promptly upon such written or oral request. Stockholders who currently receive multiple copies of these documents at their address and would like to request householding of their communications should contact their broker.

**STOCKHOLDER PROPOSALS FOR THE 2019 ANNUAL MEETING**

If a stockholder wishes to present a proposal to be included in our proxy statement for our 2019 Annual Meeting of Stockholders (the 2019 Annual Meeting), the proponent and the proposal must comply with these instructions and the proxy proposal submission rules of the SEC. One very important requirement is that the proposal be received by our Corporate Secretary no later than December 25, 2018, based on an anticipated mailing date of this Proxy Statement date of April 24, 2018, pursuant to SEC Rule 14a-8. Proposals we receive after that date will not be included in the Proxy Statement for the 2019 Annual Meeting. We urge stockholders to submit proposals by certified mail, return receipt requested.

A stockholder proposal not included in our Proxy Statement for the 2019 Annual Meeting will be ineligible for presentation at the 2019 Annual Meeting unless the stockholder gives timely notice of the proposal in writing to our Corporate Secretary at our principal executive offices at EPAM Systems, Inc., 41 University Drive, Suite 202, Newtown, Pennsylvania 18940, Attention: Corporate Secretary. In order to be timely under our bylaws, in the case of an annual meeting of the stockholders, such notice must be received by the Corporate Secretary no later than the close of business on the 90<sup>th</sup> day nor earlier than the close of business on the 120<sup>th</sup> day prior to the first anniversary date of the preceding year's annual meeting of stockholders. Therefore, for a stockholder to give timely notice and be eligible for presentation at the 2019 Annual Meeting, notice must be received by the Corporate Secretary no earlier than February 6, 2019 and no later than March 8, 2019. If the next annual meeting is called for a date that is more than 30 days before or more than 70 days after that anniversary date, notice by the stockholder in order to be timely must be received no earlier than 120 days prior to such annual meeting nor later than 70 days prior to such annual meeting or the 10<sup>th</sup> day following the day on which public announcement is first made by us of the date of such meeting.

Stockholder nominations for the election of directors at a special meeting of the stockholders must be received by our Corporate Secretary no earlier than 120 days prior to such special meeting nor later than the later of 90 days prior to such special meeting or the 10<sup>th</sup> day following the day on which public announcement is first made of the date of such special meeting.

A stockholder's notice to our Corporate Secretary must be in proper written form and must include the information and consents required by our bylaws related to the stockholder giving the notice, the beneficial owner (if any) on whose behalf the nomination or proposal is made and each person whom the stockholder proposes to nominate for election as a director or the business desired to be brought before the meeting.

You may obtain a copy of the current rules for submitting stockholder proposals from the SEC at U.S. Securities and Exchange Commission, Division of Corporation Finance, 100 F Street, NE, Washington, DC 20549 or through the SEC's website at [www.sec.gov](http://www.sec.gov). A copy of the full text of the bylaw provisions discussed above may be obtained by writing to our Corporate Secretary at EPAM Systems, Inc., 41 University Drive, Suite 202, Newtown, Pennsylvania

18940, Attention: Corporate Secretary.

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**OTHER MATTERS**

We know of no other matters to be submitted at the Annual Meeting. If any other matters properly come before the Annual Meeting, it is the intention of the proxy holders to vote the shares they represent in accordance with their best judgment, unless you direct them otherwise in your proxy instructions.

Whether or not you intend to be present at the Annual Meeting, we urge you to submit your signed proxy promptly.

By Order of the Board of Directors of EPAM  
Systems, Inc.:

/s/ Kate Pytlewski  
Kate Pytlewski

Interim General Counsel and Corporate  
Secretary

Newtown, Pennsylvania

April 24, 2018

**Table of Contents****APPENDIX A:****RECONCILIATION OF NON-GAAP FINANCIAL MEASURES TO COMPARABLE GAAP MEASURES****EPAM SYSTEMS, INC. AND SUBSIDIARIES****(in thousands, except percent and per share amounts)****(Unaudited)**

EPAM supplements results reported in accordance with United States generally accepted accounting principles, referred to as GAAP, with non-GAAP financial measures. Management believes these measures help illustrate underlying trends in EPAM's business and uses the measures to establish budgets and operational goals, communicate internally and externally, for managing EPAM's business and evaluating its performance. Management also believes these measures help investors compare EPAM's operating performance with its results in prior periods. EPAM anticipates that it will continue to report both GAAP and certain non-GAAP financial measures in its financial results, including non-GAAP results that exclude stock-based compensation expense, write-offs and recoveries, amortization of purchased intangible assets, goodwill impairment, legal settlements, foreign exchange gains and losses, acquisition-related costs, certain other one-time charges, the impact of U.S. tax reform, excess tax benefits related to stock compensation and the related effect on income taxes. Management also supplemented results with the non-GAAP financial measure Diluted EPS on a GAAP basis excluding U.S. Tax Reform. This measure excludes the one-time charge associated with U.S. Tax Reform. Because EPAM's reported non-GAAP financial measures are not calculated according to GAAP, these measures are not comparable to GAAP and may not be comparable to similarly described non-GAAP measures reported by other companies within EPAM's industry. Consequently, EPAM's non-GAAP financial measures should not be evaluated in isolation or supplant comparable GAAP measures, but, rather, should be considered together with the information in EPAM's consolidated financial statements, which are prepared in accordance with GAAP.

Reconciliation of various income statement amounts from GAAP to non-GAAP for the years ended December 31, 2017 and 2016:

	Year ended December 31, 2017			Year ended December 31, 2016		
	GAAP	Adjustments	Non-GAAP	GAAP	Adjustments	Non-GAAP
Cost of revenues (exclusive of depreciation and amortization) <sup>(1)</sup>	\$ 921,352	\$ (20,868)	\$ 900,484	\$ 737,186	\$ (16,619)	\$ 720,567
Selling, general and administrative expenses <sup>(2)</sup>	\$ 324,855	\$ (33,039)	\$ 291,816	\$ 264,658	\$ (33,331)	\$ 231,327
Income from operations <sup>(3)</sup>	\$ 172,946	\$ 61,711	\$ 234,657	\$ 133,696	\$ 58,120	\$ 191,816
Operating margin	11.9%	4.3%	16.2%	11.5%	5.0%	16.5%
Net income <sup>(4)</sup>	\$ 72,760	\$ 117,542	\$ 190,302	\$ 99,266	\$ 55,184	\$ 154,450
Weighted average diluted shares outstanding	54,984		54,984	53,215		53,215
Diluted earnings per share	\$ 1.32		\$ 3.46	\$ 1.87		\$ 2.90

**Notes:**



Items (1) through (4) above are detailed in the table below with the specific cross-reference noted next to the appropriate line item.

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	<b>Year Ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
Stock-based compensation expenses - non-acquisition related	\$ 20,868	\$ 16,619
<b>Total adjustments to GAAP cost of revenues<sup>(1)</sup></b>	<b>20,868</b>	<b>16,619</b>
Stock-based compensation expenses - Acquisition related	8,139	12,884
Stock-based compensation expenses - All other	23,400	19,741
Other acquisition-related expenses	1,500	706
<b>Total adjustments to GAAP selling, general and administrative expenses<sup>(2)</sup></b>	<b>33,039</b>	<b>33,331</b>
Amortization of purchased intangible assets	7,562	8,170
One-time (recoveries)/charges	242	
<b>Total adjustments to GAAP income from operations<sup>(3)</sup></b>	<b>\$ 61,711</b>	<b>\$ 58,120</b>
Foreign exchange loss	3,242	12,078
Provision for income taxes:		
Tax effect on non-GAAP adjustments	(12,736)	(15,014)
Charge related to US tax reform	74,632	
Excess tax benefits related to stock-based compensation <sup>(a)</sup>	(9,307)	
<b>Total adjustments to GAAP net income<sup>(4)</sup></b>	<b>\$ 117,542</b>	<b>\$ 55,184</b>

(a) Effective January 1, 2017 with the adoption of ASU 2016-09, the Company is prospectively presenting excess tax benefits related to stock-based compensation in the Provision for income taxes. Prior to January 1, 2017, the Company recorded these benefits in Additional paid-in-capital.

Reconciliation of diluted EPS on a GAAP basis to diluted EPS on a GAAP basis without the impact of U.S. Tax Reform for the year ended December 31, 2017:

	<b>Year ended December 31, 2017</b>		
	<b>GAAP</b>	<b>Adjustments</b>	<b>GAAP excluding Tax Reform</b>
Net income <sup>(5)</sup>	\$ 72,760	\$ 74,632	\$ 147,392
Weighted average diluted shares outstanding <sup>(7)</sup>	54,984		54,984
Diluted (loss)/earnings per share	\$ 1.32	\$	\$ 2.68

(5) The total adjustments to GAAP net (loss)/income include a \$74.6 million provisional charge related to U.S. Tax Reform comprised of: (i) \$64.3 million one-time transition tax on accumulated foreign subsidiary earnings not

previously subject to U.S. income tax and (ii) \$10.3 million resulting from the revaluation of our U.S. net deferred tax assets to the new U.S. federal statutory tax rate of 21%.

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**EPAM SYSTEMS, INC.**

**PROXY**

**ANNUAL MEETING OF STOCKHOLDERS JUNE 6, 2018**

**THIS PROXY IS SOLICITED BY THE BOARD OF DIRECTORS OF EPAM SYSTEMS, INC.**

The undersigned stockholder of EPAM Systems, Inc., a Delaware corporation ( EPAM ), hereby appoints Kate Pytlewski and Amy Uliano, or either of them, with full power to act alone, the true and lawful attorneys-in-fact of the undersigned, with full power of substitution and revocation, to act as proxies to vote all shares of common stock of EPAM that the undersigned is entitled to vote at the Annual Meeting of Stockholders of EPAM to be held at EPAM s corporate offices located at 41 University Drive, Newtown, Pennsylvania, 18940, on Wednesday, June 6, 2018 at 10:00 a.m. EDT and at any adjournment or postponement thereof, with all powers the undersigned would possess if personally present, as stated on the reverse side hereof.

**(Continued and to be signed on the reverse side.)**

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**ANNUAL MEETING OF STOCKHOLDERS OF**

**EPAM Systems, Inc.**

**June 6, 2018**

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**NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIAL:**

The Notice of Meeting, proxy statement, proxy card and Annual Report on Form 10-K

are available at <http://www.astproxyportal.com/ast/17464/>

Please sign, date and mail

your proxy card in the

envelope provided as soon

as possible.

i Please detach along perforated line and mail in the envelope provided. i

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**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ALL NOMINEES IN THE  
ELECTION OF DIRECTORS,  
FOR PROPOSALS 2 AND 3.**

**PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE  
MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE**

1. To elect two (2) Class III directors listed in the  
accompanying proxy statement to hold office for a three  
year term or until their successors are elected and

2. To ratify the  
appointment of Deloitte

FOR AGAINST ABSTAIN

qualified.

**FOR ALL NOMINEES**

**NOMINEES:**

• Arkadiy Dobkin

• Robert E. Segert

& Touche LLP as the Company's Independent Registered Public Accounting Firm for the fiscal year ending December 31, 2018.

**WITHHOLD AUTHORITY FOR ALL NOMINEES**

**FOR ALL EXCEPT**

(See instructions below)

- 3. To approve, on an advisory and non-binding basis, the compensation for our named executive officers as disclosed in this Proxy Statement.

**FOR AGAINST ABSTAIN**

In their discretion the proxies are authorized to vote upon such other business as may properly come before the Annual Meeting.

**INSTRUCTIONS:** To withhold authority to vote for any individual nominee(s), mark **FOR ALL EXCEPT** and fill in the circle next to each nominee you wish to withhold, as shown here: &#127761;

THIS PROXY WILL BE VOTED IN ACCORDANCE WITH THE DIRECTIONS OF THE UNDERSIGNED. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED:

**FOR ALL NOMINEES FOR DIRECTOR DESCRIBED IN PROPOSAL 1**

**FOR PROPOSAL 2**

**FOR PROPOSAL 3**  
IF ANY OTHER BUSINESS IS PRESENTED AT THE ANNUAL MEETING, THIS PROXY WILL BE VOTED IN ACCORDANCE WITH THE BEST JUDGMENT OF THE NAMED ATTORNEYS-IN-FACT.

To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method.

Signature of Stockholder

Date:

Signature of Stockholder

Date:

**Note:** Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.