

EPLUS INC  
Form DEF 14A  
July 21, 2011

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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 (Amendment No. )

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 Rule 14a-12

ePlus inc.  
(Name of Registrant as Specified in Its Charter)

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

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EPLUS INC.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To be held on Tuesday, September 13, 2011

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To the Shareholders of ePlus inc.:

The Annual Meeting of Shareholders of ePlus inc., a Delaware corporation, will be held on September 13, 2011, at the Hyatt Regency, 1800 Presidents Street, Reston, Virginia, 20190 at 8:00 a.m. local time for the purposes stated below:

1. To elect the directors named in the attached proxy statement, each to serve an annual term, and until their successors have been duly elected and qualified;
2. To approve performance goals within our Executive Incentive Plan;
3. To hold an advisory vote on the compensation of our named executive officers;
4. To hold an advisory vote on whether an advisory vote on named executive officer compensation should occur once every one, two, or three years;
5. To ratify the appointment of Deloitte & Touche LLP as our independent auditors for our fiscal year ending March 31, 2012; and
6. To transact such other business as may properly come before the Annual Meeting and any adjournment or postponement thereof.

You are entitled to vote all shares of common stock registered in your name at the close of business on July 18, 2011. If your shares are held in the name of your broker or bank and you wish to attend the meeting in person, you should request your broker or bank to issue you a proxy covering your shares.

Whether or not you plan to attend the meeting, we urge you to complete, sign and date the enclosed proxy card and return it in the accompanying postage-paid envelope as soon as possible so that your shares may be represented at the meeting. Shareholders of record also have the option of voting their shares via the Internet or by using a toll-free telephone number. Instructions on how to vote either via the Internet or by telephone are included on the proxy card.

A list of shareholders entitled to vote at the 2011 annual meeting will be open to examination by any shareholder, for any purpose germane to the meeting, for ten days prior to the meeting, at ePlus inc.'s principal executive office, 13595 Dulles Technology Drive, Herndon, Virginia 20171.

By Order of the Board of Directors

/s/ Erica S. Stoecker  
Erica S. Stoecker  
Corporate Secretary

July 29, 2011



YOUR VOTE IS IMPORTANT

UNDER RECENT RULE CHANGES, BROKERS ARE NOT PERMITTED TO VOTE ON THE ELECTION OF DIRECTORS OR ON CERTAIN OTHER PROPOSALS WITHOUT INSTRUCTIONS FROM THE BENEFICIAL OWNER. THEREFORE, IF YOUR SHARES ARE HELD IN THE NAME OF YOUR BROKER OR BANK, IT IS IMPORTANT THAT YOU VOTE. WE ENCOURAGE YOU TO VOTE PROMPTLY, EVEN IF YOU PLAN TO ATTEND THE ANNUAL MEETING.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON SEPTEMBER 13, 2011:

The Company's Proxy Statement for the 2011 Annual Meeting of Shareholders and the Annual Report for the fiscal year ended March 31, 2011, are available at [www.eplus.com/proxy.htm](http://www.eplus.com/proxy.htm).

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ePlus inc.

www.eplus.com

PROXY STATEMENT

FOR THE 2011 ANNUAL MEETING OF SHAREHOLDERS

QUESTIONS AND ANSWERS ABOUT THIS PROXY MATERIAL AND VOTING

Why am I receiving these materials?

We sent you this proxy statement and the enclosed proxy card because the Board of Directors of ePlus inc. (sometimes referred to as “we”, “us”, “our”, “the Company” and “ePlus”), a Delaware corporation, is soliciting your proxy to vote at the 2011 Annual Meeting of Shareholders and at any adjournment or postponement thereof. The annual meeting will be held on September 13, 2011, at 8:00 a.m. at the Hyatt Regency, 1800 Presidents Street, Reston, Virginia, 20190. You are invited to attend the annual meeting and we request that you vote on the proposals described in this proxy statement. However, you do not need to attend the annual meeting to vote your shares. Instead, you may complete, sign and return the proxy card or vote by Internet or telephone.

Who is entitled to vote?

Only shareholders of record at the close of business on July 18, 2011, or “record date,” will be entitled to vote at the annual meeting. On this record date, there were 8,549,096 shares of common stock outstanding and entitled to vote. Each share of common stock is entitled to one vote on each matter properly brought before the annual meeting.

What is the difference between holding shares as a registered shareholder and as a beneficial holder?

**Shareholders of Record.** If on the record date your shares were registered directly in your name with our transfer agent, Computershare, then you are a shareholder of record and a full set of the proxy materials were sent directly to you by the Company. As a shareholder of record, you may vote in person at the annual meeting, by Internet, by phone or by proxy using the proxy card. Internet and telephone voting information is provided on the proxy card. A control number, located on the proxy card, is designated to verify a shareholder’s identity and allow the shareholder to vote the shares and confirm that the voting instructions have been recorded properly. Whether or not you plan to attend the annual meeting, we urge you to vote in advance of the annual meeting.

**Beneficial Owner of Shares Held in Street Name.** If on the record date your shares were held in an account at a brokerage firm, bank, dealer, or other similar organization, then you are the beneficial owner of shares held in “street name.” The organization holding your account is considered the shareholder of record for purposes of voting at the annual meeting. As a beneficial owner you have the right to direct your broker or other agent on how to vote the shares in your account. If your shares of ePlus stock are held in street name with a brokerage firm, you may vote by completing, signing and returning the voting instruction form provided by your broker. You may also be able to vote by telephone or via the Internet if your broker makes these methods available. Please see the voting instruction form provided by your broker. You are also invited to attend the annual meeting. However, since you are not the shareholder of record you may not vote your shares in person at the annual meeting unless you request and obtain a valid proxy from your broker or other agent.

On what am I voting?

There are five matters scheduled for a vote:



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- Election of the eight directors named in this proxy statement to serve for an annual term (Proposal No. 1);
  - Approval of performance goals within the Executive Incentive Plan (Proposal No. 2);
  - An advisory vote on our executive compensation (Proposal No. 3);
- An advisory vote on the frequency of holding future advisory votes on our executive compensation (Proposal No. 4); and
- Ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for our fiscal year ending March 31, 2012 (Proposal No. 5).

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We are not aware of any other matters to be presented at the annual meeting except for those described in this proxy statement. However, if any other matters not described in this proxy statement are properly presented at the meeting, the persons named as proxies will use their own judgment to determine how to vote your shares. If the meeting is adjourned, your shares may be voted by the persons named as proxies on the new meeting date as well, unless you have revoked your proxy instructions prior to that time.

What are the Board's voting recommendations?

The Board recommends that you vote your shares:

- "FOR" each of the nominees to the Board (Proposal No. 1);
- "FOR" approval of the performance goals within the Executive Incentive Plan (Proposal No. 2);
- "FOR" the proposal regarding an advisory vote on executive compensation (Proposal No. 3);
- "EVERY YEAR" for the proposal regarding an advisory vote on the frequency of the advisory vote on executive compensation (Proposal No. 4); and
- "FOR" ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for 2012 (Proposal No. 5).

Can I change my vote after submitting my proxy?

Yes. You can revoke your proxy at any time before the final vote at the annual meeting. If you are a shareholder of record, you may revoke your proxy in any one of three ways:

- You may submit another properly completed proxy card with a later date, vote again on a later date via the Internet or by telephone (only your latest Internet or telephone proxy submitted prior to the annual meeting will be counted).
  - You may send a written notice that you are revoking your proxy to the Corporate Secretary, ePlus inc., 13595 Dulles Technology Drive, Herndon, Virginia, 20171.
- You may attend the annual meeting and vote in person. Attending the annual meeting will not, by itself, revoke your proxy.

Please note that to be effective, your new proxy card or written notice of revocation must be received by the Corporate Secretary prior to the annual meeting.

If you are a beneficial owner of shares, you may submit new voting instructions by contacting your broker or other agent. You may also vote in person at the annual meeting if you obtain a legally valid proxy from your broker or other agent as described above.

How are proxies voted?

All shares represented by valid proxies received prior to the annual meeting will be voted and, where a shareholder specifies by means of the proxy a choice with respect to any matter to be acted upon, the shares will be voted in accordance with the shareholder's instructions.

What happens if I do not give specific voting instructions?

Shareholders of Record. If you are a shareholder of record and indicate when voting on the Internet or by telephone that you wish to vote as recommended by the Board of Directors, or sign and return a proxy card without giving specific voting instructions, your shares will be voted as recommended by the Board of Directors by the persons named as proxies and as the proxy holders may determine in their discretion with respect to any other matters properly

presented for a vote at the annual meeting.

**Beneficial Owner of Shares Held in Street Name.** If you are a beneficial owner of shares held in street name and do not provide the organization that holds your shares with specific voting instructions, under the rules of various national and regional securities exchanges, the organization that holds your shares may generally vote on “routine” matters but cannot vote on “non-routine” matters. If the organization that holds your shares does not receive instructions from you on how to vote your shares on a non-routine matter, the organization that holds your shares will inform the inspector of election that it does not have the authority to vote on this matter with respect to your shares. This is generally referred to as a “broker non-vote.”

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Which ballot measures are considered “routine” or “non-routine”?

The ratification of the appointment of Deloitte & Touche LLP as the Company’s independent registered public accounting firm for the fiscal year ending March 31, 2012, (Proposal No. 5) is a matter considered routine under applicable rules. A broker or other nominee may generally vote on routine matters, and therefore no broker non-votes are expected to exist in connection with Proposal No. 5.

The election of directors (Proposal No. 1), the approval of performance goals within the Executive Incentive Plan (Proposal No. 2), the advisory vote on executive compensation (Proposal No. 3), and the advisory vote on the frequency of the advisory vote on executive compensation (Proposal No. 4) are matters considered non-routine under applicable rules. A broker or other nominee cannot vote without instructions on non-routine matters, and therefore there may be broker non-votes on Proposals No. 1, No. 2, No. 3, and No. 4.

What are the voting requirements for each proposal?

For Proposal No. 1, the eight nominees receiving the highest number of affirmative votes of the shares entitled to be voted for them will be elected as directors to serve until the next annual meeting of shareholders and until their successors are duly elected and qualified. Votes withheld shall have no legal effect.

Approval of Proposals No. 2 and No. 5 requires the affirmative vote of holders of a majority of shares entitled to vote and present in person at the meeting or by proxy.

The favorable vote of holders of a majority of the shares entitled to vote and present in person or by proxy at the meeting will be required for the approval, on an advisory basis, of Proposals No. 3 and No. 4. As advisory votes, these proposals are not binding upon the Company. However, the Compensation Committee, which is responsible for designing and administering the Company’s executive compensation program, values the opinions expressed by shareholders and will consider the outcome of the vote when making future compensation decisions, and the Board will consider the outcome of the vote when determining the frequency of holding the advisory vote on executive compensation.

How are broker non-votes and abstentions treated?

A broker non-vote is considered present for purposes of determining whether a quorum exists, but is not considered a “vote cast” or “entitled to vote” with respect to such matter. A share voted “abstain” with respect to any proposal is considered as present and entitled to vote with respect to that proposal, but is not considered a vote cast with respect to that proposal. Therefore, an abstention will not have any effect on the election of directors. Because each of the other proposals requires the affirmative vote of the holders of a majority of the shares present and entitled to vote on each such proposal in order to pass, an abstention will have the effect of a vote against each of the other proposals.

What is a quorum?

A quorum of shareholders is necessary to hold a valid annual meeting. A quorum will be present if at least a majority of the outstanding shares entitled to vote at the annual meeting are represented by proxy or by shareholders present in person at the annual meeting. On the record date, there were 8,549,096 shares outstanding and entitled to vote. Thus, at least 4,274,549 shares must be represented by proxy or by shareholders present and entitled to vote at the annual meeting to have a quorum.

Your shares will be counted towards the quorum only if you submit a valid proxy (or one is submitted on your behalf by your broker or bank), vote via Internet or by telephone, or if you vote in person at the annual meeting. We will

count abstentions and broker non-votes for purposes of determining a quorum. If there is no quorum, the chairman of the annual meeting or holders of a majority of the votes present at the annual meeting may adjourn the annual meeting to another time or date.

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Who pays for the cost of this proxy solicitation?

We will pay for the entire cost of soliciting proxies. In addition to these proxy materials, our directors and employees may also solicit proxies in person, by telephone, or by other means of communication. Directors and employees will not be paid any additional compensation for soliciting proxies. We may also reimburse brokerage firms, banks and other agents for the cost of forwarding the proxy materials to beneficial owners.

How do I submit a proposal for the Annual Meeting of Shareholders in 2012?

To be considered for inclusion in the Company's proxy statement and form of proxy for next year's annual meeting, your shareholder proposal must be submitted in writing by March 31, 2012, to the Corporate Secretary, ePlus inc., 13595 Dulles Technology Drive, Herndon, Virginia 20171. Proposals must be received by that date and satisfy the requirements of Rule 14a-8 under the Securities Exchange Act of 1934, or Exchange Act, to be included in the proxy statement and on the proxy card that will be used for solicitation of proxies by the Board for the 2012 Annual Meeting.

In accordance with our Bylaws, if you wish to submit a proposal for consideration at next year's annual meeting that is not to be included in next year's proxy materials, or wish to nominate a candidate for election to the Board of Directors at next year's annual meeting, your proposal or nomination must be submitted in writing and received by the Corporate Secretary not less than 60 days before the date of the first anniversary of this 2011 annual meeting if the 2012 annual meeting is held within 30 days of the anniversary of this 2011 annual meeting, otherwise, within seven days after the first public announcement of the date of the 2012 annual meeting.

A submission by an ePlus shareholder must contain the specific information required in ePlus' Bylaws. If you would like a copy of ePlus' current Bylaws, please write to the Corporate Secretary, ePlus inc., 13595 Dulles Technology Drive, Herndon, Virginia 20171. ePlus' current Bylaws may also be found on the Company's website at [www.eplus.com/bylaws.htm](http://www.eplus.com/bylaws.htm).

Where can I find the voting results of the Annual Meeting?

The preliminary voting results will be announced at the annual meeting. The final voting results will be tallied by the inspector of election and published in a Current Report on Form 8-K, which we are required to file with the SEC within four business days following the annual meeting.

Can I find additional information on the Company's website?

Yes. Although the information contained on, or accessible through, our website is not part of this proxy statement, you will find information about ePlus and our corporate governance practices at [www.eplus.com/about\\_us.htm](http://www.eplus.com/about_us.htm). Our website contains information about our Board, Board Committees and their charters, a copy of our Bylaws, and our Standard of Conduct and Ethics, Certificate of Incorporation and corporate governance guidelines. Shareholders may obtain, without charge, hard copies of the above documents by writing to: Corporate Secretary, ePlus inc., 13595 Dulles Technology Drive, Herndon, Virginia 20171.

Where are the Company's principal executive offices located and what is the Company's main telephone number?

The Company's principal executive offices are located at 13595 Dulles Technology Drive, Herndon, Virginia 20171. The Company's main telephone number is (703) 984-8400.

#### Role of the Board of Directors

Our Board plays an active role in overseeing management and representing the interests of shareholders. Directors are expected to attend Board meetings and the meetings of committees on which they serve. Directors are also frequently in communication with management between formal meetings. During the fiscal year ended March 31, 2011, the Board met a total of eight times. All directors attended at least 75% of the total Board and committee meetings to which they were assigned in the fiscal year ended March 31, 2011. The Company does not have a policy about directors' attendance at the annual meeting of shareholders. Six members of the Board attended the last meeting of our shareholders.

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### Board Leadership Structure

Pursuant to our Corporate Governance Guidelines and Policies, which were most recently reviewed and revised in February 2011, the Company's current practice is to combine the Chief Executive Officer and Chairman roles. The Board has determined that combining these positions serves the best interests of the Company and its shareholders at this time. The Board believes that its Lead Independent Director best balances the need for effective and independent oversight of management with the need for strong, unified leadership. Board oversight is enhanced by the fact that all of the Board's key committees – Audit, Compensation, and Nominating and Corporate Governance, are comprised entirely of independent directors. The Board, as part of its regular review of the effectiveness of the Company's governance structure, reviews at least annually whether combining the roles of CEO and Chairman continue to serve the best interests of the Company and its shareholders. Mr. C. Thomas Faulders III currently serves as our Lead Independent Director.

The Nominating and Corporate Governance Committee annually reviews and assesses the continuing effectiveness of the role of Lead Independent Director. As provided in our Corporate Governance Guidelines and Policies, the Lead Independent Director's responsibilities include:

- Serving as a liaison between the CEO and independent directors;
- Presiding at regular executive sessions of independent directors, or at Board meetings when the Chairman is ill, absent, or otherwise unable to carry out the duties of Chairman;
- Convene additional executive sessions of independent directors as needed, either at his own initiative or at the request of other independent directors;
- In conjunction with the CEO, or committee chair as appropriate, determine board and committee agendas and the type of information that should be provided to the directors;
  - Discuss with the CEO the amount of time to be allotted for meeting agenda items;
  - Meet with ePlus shareholders, as appropriate; and
- Review, in conjunction with the Chairman of the Board and the Chair of the Nominating and Corporate Governance Committee, factors that may affect a director's independence.

### The Board's Role in Risk Oversight

The Board oversees the Company's enterprise risk management process. Management reviews the process with the full Board on a periodic basis, including identification of key risks and steps taken to monitor or mitigate them. Although the full Board is responsible for this oversight function, the Audit, Compensation and Nominating and Corporate Governance Committees assist the Board in discharging its oversight duties. Accordingly, while each of the three committees contributes to the risk management oversight function by assisting the Board in the manner outlined below, the Board itself remains responsible for the oversight of the Company's risk management program.

The Audit Committee discusses with management and the independent auditor, as appropriate, (i) risks related to its duties and responsibilities as described in its charter, (ii) management's policies and processes for risk assessment and risk management and (iii) in the period between the Board's risk oversight reviews, management's evaluation of the Company's major risks and the steps management has taken or proposes to take to monitor and mitigate such risks. The Company's Compensation Committee reviews risks related to the subject matters enumerated in its charter, including the Company's compensation programs and plans and incentive compensation and equity plans. The Nominating and Corporate Governance Committee considers risk related to the subject matters for which it is responsible, primarily corporate governance matters.

### Standard of Conduct and Ethics



We are committed to ethical behavior in all that we do. Our Standard of Conduct and Ethics applies to all of our directors, officers and employees. It sets forth our policies and expectations on a number of topics, including our commitment to promoting a fair workplace, avoiding conflicts of interest, compliance with laws (including insider trading laws), appropriate relations with government officials and employees, and compliance with accounting principles.

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We also maintain a toll-free hotline through which concerns may be raised regarding accounting or financial reporting matters. The hotline is available to all employees, 7 days a week, 24 hours a day, in English and in Spanish. Employees using the hotline may choose to remain anonymous. All hotline inquiries are forwarded to a member of our Audit Committee.

Our Standard of Conduct and Ethics is posted on our website at [www.eplus.com/ethics.htm](http://www.eplus.com/ethics.htm). Printed copies of the Standard of Conduct and Ethics may be obtained by shareholders, without charge, by contacting Corporate Secretary, ePlus inc., 13595 Dulles Technology Drive, Herndon, Virginia 20171. We intend to make any required disclosures regarding any amendments of our Standard of Conduct and Ethics or waivers granted to any of our directors or executive officers on our website at [www.eplus.com](http://www.eplus.com).

## Identifying and Evaluating Nominees for Directors

Each year, the Nominating and Corporate Governance Committee recommends to the Board the slate of directors to serve as nominees for election by the shareholders at the annual meeting. Incumbent directors standing for reelection are evaluated by the Nominating and Corporate Governance Committee in accordance with the Committee's charter, which includes reviewing the incumbent's capability, availability to serve, independence and other relevant factors. The process for identifying and evaluating candidates to be nominated to the Board starts with an evaluation of a candidate by the Chairman of the Committee, followed by the Committee in its entirety. Director candidates may also be identified by shareholders. In evaluating such nominations, the Nominating and Corporate Governance Committee seeks to achieve a balance of knowledge, experience, and capability on the Board of Directors. Furthermore, any member of the Board of Directors shall meet the following criteria:

- unquestioned personal ethics and integrity;
- possess specific skills and experience aligned with ePlus' strategic direction and operating challenges;
- bring to the Board diversity in skills and experience that complement the overall composition of the Board;
  - have a history of core business competencies of high achievement;
- possess a demonstrated record of success, financial literacy and history of making good business decisions and exposure to best practices;
  - demonstrate interpersonal skills that maximize group dynamics;
  - be enthusiastic about ePlus; and
  - have sufficient time to become fully engaged.

Additionally, the Nominating and Corporate Governance Committee annually reviews the Board's size, structure, composition and functioning, to ensure an appropriate blend and balance of diverse skills and experience. Diversity may encompass a candidate's gender, race, national origin, educational and professional experiences, expertise and specialized or unique technical backgrounds and/or other tangible or intangible aspects of the candidate's qualifications in relation to the qualifications of the then current board members and other potential candidates. The Nominating and Corporate Governance Committee does not have a formal policy specifying how diversity should be applied in identifying or evaluating director candidates, and diversity is but one of many factors the Nominating and Corporate Governance Committee may consider.

## Shareholder Nominees

Shareholder proposals for nominations to the Board should be submitted to the Secretary of the Company as specified in the Company's Bylaws. The information requirements for any shareholder proposal or nomination can be found in Section 2.8 of our Bylaws, available at [www.eplus.com/bylaws.htm](http://www.eplus.com/bylaws.htm). Proposed shareholder nominees are communicated to the Nominating and Corporate Governance Committee and are considered in the selection process for nominees to be included among the director candidates to be recommended to the Board.

Communications with the Board of Directors

Persons interested in communicating with the directors regarding concerns or issues may address correspondence to a particular director, to the Board or to the independent directors generally, in care of ePlus inc. at 13595 Dulles Technology Drive, Herndon, Virginia 20171. If no particular director is named, letters will be forwarded, as appropriate and depending on the subject matter, by the General Counsel to the Chair of the Audit Committee, the Chair of the Compensation Committee, or the Chair of the Nominating and Corporate Governance Committee. The General Counsel reviews such communications for spam (such as junk mail or solicitations) or misdirected communications.

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### Director Independence

Our Board has reviewed the relationships concerning independence of each director on the basis of the definition of “independent” contained in the Nasdaq Marketplace Rules and our Corporate Governance Guidelines and Policies, a copy of which is available on our website at [www.eplus.com/corporate-governance-guidelines.htm](http://www.eplus.com/corporate-governance-guidelines.htm). Guideline No. 11 of our Corporate Governance Guidelines and Policies provides that the Board of Directors has determined that the following relationships will not be considered material relationships that would impair a director's independence:

### Business Relationships

- The Company does business with a Director’s business affiliate or the business affiliate of an immediate family member of a Director for goods or services, or other contractual arrangements, in the ordinary course of business and on substantially the same terms as those prevailing at the time for comparable transactions with non-affiliated persons and the annual revenues or purchases from such business affiliate are less than the greater of \$200,000 and 1% of such person’s consolidated gross revenues;
- A company (of which a Director or an immediate family member is an officer) does business with the Company and the annual sales to, or purchases from, the Company during such other company’s preceding fiscal year are less than the greater of \$200,000 and 1% of the gross annual revenues of such other company;
- A law firm of which a Director or an immediate family member is a partner or of counsel performs legal services for the Company, the Director or the immediate family member does not personally perform any legal services for the Company, and the annual payments to such law firm are less than the greater of \$200,000 and 1% of such law firm’s consolidated gross revenues;
- An investment bank or consulting firm of which a Director or an immediate family member is a partner or of counsel performs investment banking or consulting services for the Company, the Director or the immediate family member does not personally perform any investment banking or consulting services for the Company and the annual payments to such investment bank or consulting firm are less than the greater of \$200,000 and 1% of such investment bank’s or consulting firm’s consolidated gross revenues; and
- The Director serves on a regularly constituted advisory board of the Company, for which such Director receives standard fees of no more than \$50,000 per annum.

### Relationships with Not-for-Profit Entities

- A foundation, university or other not-for-profit organization of which a Director or immediate family member is an officer, director or trustee receives from the Company contributions in an amount which does not exceed the greater of \$100,000 and 1% of the not-for-profit organization’s aggregate revenues during the entity’s preceding fiscal year. (The Company’s automatic matching of employee charitable contributions are not included in the Company’s contributions for this purpose.)

In accordance with that review, our Board has made a subjective determination as to each independent director that no relationships exist that, in our Board’s opinion, would interfere with his exercise of independent judgment in carrying out the responsibilities of a director. In making these determinations, the Board reviewed and discussed information provided by the directors and by management with regard to each director’s business and personal activities as they may relate to our business and our management.

The Board has determined that Messrs. O’Donnell, Cooper, Herman, Faulders, Hovde and Callies are independent under the Nasdaq Marketplace Rules and in accordance with the Corporate Governance Guidelines and Policies. The Board has also determined that the members of each committee of the Board are independent under the listing standards of the Nasdaq Marketplace Rules. In determining the independence of the directors, the Board considered the relationships described under “Related Person Transactions,” which it determined were immaterial to the individual’s

independence.

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## Compensation Committee Interlocks and Insider Participation

The Compensation Committee is comprised entirely of the four independent directors listed below. No member of the Compensation Committee is a current, or during fiscal 2011 was a former, officer or employee of the Company or any of its subsidiaries. During fiscal 2011, except for Mr. Hovde, no member of the Compensation Committee had a relationship that must be described under the SEC rules relating to disclosure of related person transactions. In fiscal 2011, none of our executive officers served on the board of directors or compensation committee of any entity that had one or more of its executive officers serving on the Board or the Compensation Committee.

## COMMITTEES OF THE BOARD OF DIRECTORS

## Committees

In accordance with our bylaws, the Board of Directors has three standing committees: Audit, Compensation, and Nominating and Corporate Governance. On December 8, 2010, the Board of Directors approved and adopted amended charters for each of our three committees. The charter for each of our committees can be found at [www.eplus.com/committeecharters.htm](http://www.eplus.com/committeecharters.htm).

The following table provides a summary of the membership of each of the committees of the Board of Directors as of March 31, 2011.

Name	Audit	Compensation	Nominating and Corporate Governance
Milton E. Cooper, Jr.		Chair	Member
C. Thomas Faulders III	Member	Member	
Lawrence S. Herman	Member	Member	Chair
Eric D. Hovde		Member (1)	Member
Terrence O'Donnell	Chair		Member
John E. Callies (2)	Member		Member

(1) Effective June 15, 2011, Mr. Hovde resigned from the Compensation Committee.

(2) Effective June 15, 2011, Mr. Callies resigned from the Nominating and Corporate Governance Committee and joined the Compensation Committee.

## The Audit Committee

The Audit Committee of the Board of Directors assists the Board in its oversight of the Company's corporate accounting and financial reporting process; the Company's process to manage business and financial risk; the Company's compliance with legal and regulatory requirements; the independent auditor's qualifications and independence; and the performance of the Company's internal audit function and independent auditor. The Audit Committee is governed by a Board-approved charter stating its responsibilities. The Committee's responsibilities include:

- to appoint, compensate, retain and oversee the work of the independent auditor engaged for the purpose of preparing or issuing an audit report and performing other audit, review or attest services for the Company.
- to discuss the annual audited financial statements with management and the Company's independent auditor, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and

Results of Operations,” and recommend to the Board of Directors whether the audited financial statements should be included in the Company’s Annual Report on Form 10-K.

- to discuss the Company’s unaudited financial statements and related footnotes and the “Management Discussion and Analysis” portion of the Company’s Form 10-Q for each interim quarter with management and the registered public accounting firm, as appropriate.
  - to provide oversight of the Company’s internal audit function.

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- to discuss the earnings press releases, as well as financial information and earnings guidance, if any, provided to analysts and ratings agencies with management and the registered public accounting firm, as appropriate.

For additional information regarding the Audit Committee's duties and responsibilities, please refer to the Audit Committee's charter, which is available on our website.

The Board has determined that each of the members of the Audit Committee is independent within the meaning of the listing standards of Nasdaq Marketplace Rules and applicable SEC regulations. The Board has determined that Mr. Faulders is an audit committee financial expert within the meaning of SEC regulations. The Audit Committee met ten times during the fiscal year ended March 31, 2011.

As required under the Sarbanes-Oxley Act of 2002, the Audit Committee has procedures in place to receive, retain and treat complaints received regarding accounting, internal accounting controls or auditing matters, including procedures for the confidential and anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

### The Compensation Committee

The Compensation Committee of the Board of Directors oversees and advises the Board on the adoption of policies that govern the Company's compensation and benefit programs. The Board has determined that each of the members of the Compensation Committee is an independent director within the meaning of the Nasdaq Marketplace Rules, a "non-employee director" within the meaning of Rule 16b-3 of the Exchange Act, and an "outside director" for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended. The Compensation Committee is additionally governed by a Board-approved charter. During the fiscal year ended March 31, 2011, the Compensation Committee met seven times.

The Compensation Committee reviews the effectiveness of the Company's executive compensation programs, including reviewing and approving goals and objectives for the Company's executives. The Compensation Committee is responsible for evaluating and setting the compensation for our Chief Executive Officer, Phillip G. Norton. Mr. Norton is responsible for evaluating and recommending to the Compensation Committee the amount of compensation of our other executive officers. The Compensation Committee reviews such recommendations from Mr. Norton and has the authority to approve or revise such recommendations. The Compensation Committee also administers the Company's equity benefit plans.

The Compensation Committee may form and delegate authority to subcommittees and may delegate authority to one or more designated members of the Committee to perform certain of its duties on its behalf including, to the extent permitted by applicable law, the delegation to a subcommittee of at least two directors the authority to grant equity awards and approve performance-based compensation. The Compensation Committee's authority to grant equity awards may not be delegated to the Company's management. The functions of the Committee are further described in its charter, which can be found on our website.

### The Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee is responsible for developing and implementing policies and practices relating to corporate governance. The Nominating and Corporate Governance Committee is governed by a Board-approved charter stating its responsibilities, as well as Corporate Governance Guidelines and Policies that were adopted and are regularly reviewed by the Board of Directors. The Committee assists the Board by selecting and recommending board nominees and making recommendations concerning the composition of Board committees. The Committee also reviews and recommends to the Board the compensation of non-employee directors. The Nominating



and Corporate Governance Committee met nine times during the fiscal year ended March 31, 2011. The Board has determined that each of the members of the Committee is an independent director within the meaning of the Nasdaq Marketplace Rules. The functions of the Committee are further described in its charter, which can be found on our website.

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## DIRECTORS' COMPENSATION

The following table sets forth the compensation for the members of the Board of Directors of ePlus for the fiscal year ended March 31, 2011. Mr. Norton, the Company's Chairman of the Board, President and Chief Executive Officer, and Mr. Bowen, the Company's Executive Vice President, do not receive any additional compensation for their service as a director. Mr. Norton's and Mr. Bowen's compensation is reported under "Executive Compensation" herein and accordingly is not included in the following table.

The general policy of the Board is that compensation for non-employee directors should be a mix of cash and equity-based compensation. For the fiscal year ended March 31, 2011, each non-employee director received an annual cash retainer of \$45,000, paid in quarterly installments, or, alternatively, at the director's election, a director may elect to receive his cash compensation in restricted stock. In addition, each non-employee director will receive an annual grant of restricted stock having a fair market value on the date of grant (determined without regard to the restrictions applicable thereto) equal to the aggregate dollar amount of cash compensation earned by a non-employee director during the Company's fiscal year ended immediately prior to the annual grant date. Mr. Callies, who joined our Board during the fiscal year, received compensation in cash and stock, pro-rated in accordance with his time on the board. All awards of restricted stock vest ratably over two years. Upon joining the Board, a new non-employee director will receive a pro-rata share of restricted stock awarded to the other non-employee directors, based on the number of days the new non-employee director will serve before the next regularly scheduled annual grant date (i.e., September 25th). These awards will also vest ratably over two years.

All directors are also reimbursed for their out-of-pocket expenses incurred to attend Board or Committee meetings.

## 2011 Fiscal Year Director Compensation Table

Name	Fees		Non-Equity Nonqualified				Total (\$)
	Earned or Paid in Cash (\$)(1)	Stock Awards (\$)(2)(3)	Option Awards (\$)(3)	Incentive Plan Compensation	Deferred Compensation Earnings	All Other Compensation (\$)	
C. Thomas Faulders, III	45,000	37,497	-	-	-	-	82,497
Terrence O'Donnell	45,000	37,497	-	-	-	-	82,497
Milton E. Cooper, Jr.	45,000	37,497	-	-	-	-	82,497
Lawrence S. Herman	45,000	37,497	-	-	-	-	82,497
Eric D. Hovde	45,000	37,497	-	-	-	-	82,497
John E. Callies	31,061 (4)	44,725	-	-	-	-	75,786
Irving Beimler	3,750 (5)	-	-	-	-	-	3,750

- (1) One of our directors, Mr. Hovde, made a stock fee election for calendar year 2010 to receive shares of restricted stock in lieu of cash pursuant to the 2008 Non-Employee Long-Term Incentive Plan. Thus, he received 635, 650, and 534 shares of restricted stock in lieu of cash compensation for the first, second and third quarters, respectively, of the fiscal year ended March 31, 2011. Two of our directors, Mr. Hovde and Mr. O'Donnell, made a stock fee election for calendar year 2011, which resulted in Messrs. Hovde and O'Donnell's receiving 415 shares of restricted stock in lieu of cash compensation in the last quarter of the fiscal year ended March 31, 2011.
- (2) The values in this column represent the aggregate grant date fair values of the fiscal year 2011 restricted stock awards. The grant date fair value is based on a grant date of September 27, 2010, and a grant price determined by the closing price of the shares on such date. Mr. Callies' award also includes an initial grant on July 23, 2010, and the grant price is determined by the closing price of the shares on that date.



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(3) As of March 31, 2011, the aggregate number of restricted stock shares and stock options outstanding for each director was as follows:

Name	Number of Restricted Stock Shares	Number of Stock Options
C. Thomas Faulders, III	2,887	53,300
Terrence O'Donnell	4,099	50,000
Milton E. Cooper, Jr.	4,099	30,000
Lawrence S. Herman	2,887	40,000
Eric D. Hovde	6,393	-
John E. Callies	2,155	-

(4) Mr. Callies joined the Board effective July 23, 2010.

(5) Mr. Beimler resigned from the Board effective April 29, 2010.

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## SECURITY OWNERSHIP BY MANAGEMENT

The following table shows the shares of ePlus common stock beneficially owned by each named executive officer, director and nominee, and all directors and executive officers as a group as of June 30, 2011.

Name of Beneficial Owner (1)	Number of Shares Beneficially Owned (2)	Percentage of Shares Outstanding	
Phillip G. Norton (3)	2,311,707	26.89	%
Bruce M. Bowen (4)	510,327	5.94	%
C. Thomas Faulders (5)	60,444	*	
Terrence O'Donnell (6)	63,286	*	
Milton E. Cooper (7)	42,871	*	
Lawrence S. Herman (8)	47,233	*	
John E. Callies (9)	2,155	*	
Eric D. Hovde (10)	1,168,550	13.59	%
Elaine D. Marion (11)	49,482	*	
Mark P. Marron (12)	44,521	*	
Steven J. Mencarini (13)	9,124	*	
All directors and executive officers as a group (11 persons)	4,309,700	50.14	%

\* Less than 1%

- (1) The business address of Ms. Marion and Messrs. Norton, Bowen, Marron, Faulders, O'Donnell, Cooper, Herman, Hovde, Callies and Mencarini is 13595 Dulles Technology Drive, Herndon, Virginia, 20171-3413.
- (2) A person is deemed to be the beneficial owner of securities that can be acquired by such person within 60 days of June 30, 2011 upon exercise of options or warrants. Each beneficial owner's percentage ownership is determined by assuming that options or warrants that are held by such person (but not by any other person) and that are exercisable within 60 days of June 30, 2011 have been exercised.
- (3) Includes 2,040,000 shares of common stock held by J.A.P. Investment Group, L.P., a Virginia limited partnership, of which A.J.P. Inc., a Virginia corporation, is the sole general partner, and Patricia A. Norton, Phillip G. Norton, Jr., Andrew L. Norton, and Jeremiah O. Norton are the limited partners. Patricia A. Norton, spouse of Phillip G. Norton, is the sole shareholder of A.J.P., Inc. Also includes 271,707 shares of common stock that Mr. Norton holds individually, of which 86,667 shares are restricted stock that have not vested as of June 30, 2011, however, Mr. Norton has the right to vote such shares of restricted stock prior to vesting.
- (4) Includes 323,660 shares of common stock held by Mr. Bowen jointly with his spouse, and 160,000 shares of common stock held by Bowen Holdings LLC, a Virginia limited liability company, which is owned by Mr. Bowen and his three children, for which Mr. Bowen serves as manager. Also includes 26,667 shares of restricted stock that have not vested as of June 30, 2011; however, Mr. Bowen has the right to vote such shares of restricted stock prior to vesting.
- (5) Includes 50,000 shares of common stock that Mr. Faulders has the right to acquire by exercise of stock options. Also includes 2,887 shares of restricted stock that have not vested as of June 30, 2011; however, Mr. Faulders has the right to vote such shares of restricted stock prior to vesting.
- (6) Includes 50,000 shares of common stock that Mr. O'Donnell has the right to acquire by exercise of stock options. Also includes 4,140 shares of restricted stock that have not vested as of June 30, 2011; however, Mr. O'Donnell has the right to vote such shares of restricted stock prior to vesting.
- (7) Includes 30,000 shares of common stock that Mr. Cooper has the right to acquire by exercise of stock options. Also includes 3,725 shares of restricted stock that have not vested as of June 30, 2011; however, Mr.

Cooper has the right to vote such shares of restricted stock prior to vesting.

(8) Includes 40,000 shares of common stock that Mr. Herman has the right to acquire by exercise of stock options. Also includes 2,887 shares of restricted stock that have not vested as of June 30, 2011; however, Mr. Herman has the right to vote such shares of restricted stock prior to vesting.

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- (9) Includes 2,155 shares of restricted stock that have not vested as of June 30, 2011, however, Mr. Callies has the right to vote such shares of restricted stock prior to vesting.
- (10) Of the 1,168,550 shares of common stock beneficially owned by Mr. Hovde, he owns 223,498 shares directly, which includes 6,117 shares of restricted stock that have not vested as of June 30, 2011, however, Mr. Hovde has the right to vote such shares of restricted stock prior to vesting. Mr. Hovde is the Managing Member (“MM”) of Hovde Capital Limited IV LLC, the general partner to Financial Institution Partners IV, L.P., which owns 53,898 shares; Mr. Hovde is the MM of Hovde Capital, Ltd., the general partner to Financial Institution Partners III, L.P., which owns 211,958 shares; Mr. Hovde is the MM of Hovde Capital I, LLC, the general partner to Financial Institution Partners Master Fund LP, which owns 649,016 shares; Mr. Hovde is the trustee to the Hovde Private Equity Advisors LLC 401(k) Profit Sharing Plan and Trust, which owns 1,149 shares; Mr. Hovde is the trustee to the Hovde Capital Advisors LLC 401(k) Profit Sharing Plan and Trust, which owns 7,766 shares; and Mr. Hovde is the trustee to The Eric D. and Steven D. Hovde Foundation, which owns 21,265 shares.
- (11) Includes 125 shares held by Ms. Marion's spouse and 100 shares held in an Individual Retirement Account. Also includes 45,000 shares of restricted stock that have not vested as of June 30, 2011, however, Ms. Marion has the right to vote such shares of restricted stock prior to vesting.
- (12) Includes 40,001 shares of restricted stock that have not vested as of June 30, 2011; however, Mr. Marron has the right to vote such shares of restricted stock prior to vesting.
- (13) Includes 8,084 shares of restricted stock that have not vested as of June 30, 2011, however, Mr. Mencarini has the right to vote such shares of restricted stock prior to vesting.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE, RELATED PERSON  
TRANSACTIONS AND INDEMNIFICATION

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires the Company's directors and executive officers, and persons who own more than ten percent of a registered class of the Company's 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 the Company. Officers, directors and greater than ten percent shareholders are required by SEC regulation to furnish the Company with copies of all Section 16(a) forms they file.

Based solely upon a review of such reports furnished to ePlus pursuant to Rule 16a-3 under the Exchange Act, ePlus believes that all such forms required to be filed pursuant to Section 16(a) of the Exchange Act were timely filed, as necessary, by the officers, directors, and security holders required to file such forms, with the exception of a restricted stock grant made to Mr. Marron on June 17, 2010, which was filed on July 8, 2010.

Related Person Transactions

During the year ended March 31, 2011, we leased approximately 55,880 square feet for use as our principal headquarters. Through September 21, 2010, the headquarters building was owned by Norton Building 1, LLC, a limited liability company owned in part by Mr. Norton's spouse and in part in trust for his children. We entered into amendments to the office lease agreement (the “amended lease”) on June 18, 2009, and June 22, 2010. The term of the amended lease began on January 1, 2010, and will continue through December 31, 2014. In addition, we have the right to terminate the lease, with no penalty fee, on December 31, 2012, in the event that the facility no longer meets our needs, by giving six months' prior written notice. To the extent required by our Related Person Transactions Policy, the amendments to the lease were approved by the Nominating and Corporate Governance Committee in accordance with such Policy, and subsequently approved by our Board of Directors, with Mr. Norton abstaining.

On September 21, 2010, Norton Building 1, LLC sold the building to an unrelated third party. Rent paid subsequent to the sale was paid to that third party. The sale does not impact any aspect of our lease. However, in connection with the sale of the building, the buyer deposited \$600,000 of the purchase price into an escrow account, which will be payable to Norton Building 1, LLC in the event we do not exercise our right to terminate the lease on December 31, 2012.



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The annual base rent, which includes an expenses factor, is \$20.84 per square foot for the first year, with an annual rent escalation for operating cost increases, if any, plus 2.75% of the annual base rent, net of the expenses factor, for each year thereafter. We paid Norton Building 1, LLC a monthly payment of approximately \$96 thousand, which included operating expenses. We made no payments to Norton Building 1, LLC for rent after the sale of the building on September 21, 2010. We paid rent, which includes operating expenses, to Norton Building 1, LLC, in the amount of \$482 thousand during the year ended March 31, 2011.

Two of Mr. Norton's sons are employed at subsidiaries of the Company. The first, a Director of Finance at ePlus Government, inc., earned \$241 thousand during the fiscal year ended March 31, 2011. His cash compensation is comprised of a base salary, commissions, and a bonus. He also received a grant of 2,500 restricted shares, which will vest annually in equal one-thirds, beginning on the first anniversary of the grant. The second, a Senior Account Executive at ePlus Government, inc., earned \$195 thousand during the fiscal year ended March 31, 2011, in base salary and commissions. Mr. Norton's brother is a Senior Account Executive at ePlus Group, inc. He earned \$135 thousand in the fiscal year ended March 31, 2011, primarily in commissions. The Senior Account Executives' compensation, like that of their peers', is based primarily on the calculation of commissions for sales completed, in accordance with our commission plan.

Mr. O'Donnell, Chairman of the Audit Committee and member of the Nominating and Corporate Governance Committee, has a son-in-law serving as Senior Account Executive at ePlus Group, inc. who earned \$535 thousand in base salary and commissions in the fiscal year ended March 31, 2011. His compensation, like that of his peers', is based primarily on the calculation of commissions for sales completed, in accordance with our commission plan.

Mr. Hovde, member of the Nominating and Corporate Governance Committee, is the President, Chief Executive Officer and owner of approximately 90% of the outstanding shares of common stock of Sunwest Bancorp, Inc., the parent company of Sunwest Bank ("Sunwest"). During the fiscal year ended March 31, 2011, ePlus sold technology equipment and/or services to Sunwest in the amount of \$650 thousand. Management believes that the sales were made on terms no less favorable than could be obtained from unrelated parties in an arms' length transaction. The transactions were ratified in accordance with our Related Person Transaction Policy, with Mr. Hovde abstaining.

The Company has a written Related Person Transaction Policy, which establishes processes, procedures and standards regarding the review, approval and ratification of transactions between the Company and its directors, director nominees, executive officers, greater than five percent beneficial owners and their respective immediate family members, where the amount involved in the transaction exceeds \$120 thousand. All related person transactions are prohibited unless approved or ratified by the Nominating and Corporate Governance Committee, or, in certain circumstances, the Chair of the Nominating and Corporate Governance Committee. To the extent required by our Related Person Transactions Policy, all of the above matters were approved by the Nominating and Corporate Governance Committee in accordance with such Policy.

## Indemnification

We have entered into indemnification agreements with each of our directors and executive officers, and we expect to enter into similar indemnification agreements with persons who become directors or executive officers in the future. The indemnification agreements provide that ePlus will indemnify the director or officer against any expenses or liabilities incurred in connection with any proceeding in which the director or officer may be involved as a party or otherwise, by reason of the fact that the director or officer is or was a director or officer of ePlus or by any reason of any action taken by or omitted to be taken by the director or officer while acting as an officer or director of ePlus.

However, ePlus is only obligated to provide indemnification under the indemnification agreements if:

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- the director or officer was acting in good faith in a manner the director or officer reasonably believed to be in the best interests of ePlus, and, with respect to any criminal action, the director or officer had no reasonable cause to believe the director's or officer's conduct was unlawful;
- the claim was not made to recover profits by the director or officer in violation of Section 16(b) of the Exchange Act or any successor statute;
  - the claim was not initiated by the director or officer;
  - the claim was not covered by applicable insurance; or
- the claim was not for an act or omission of a director of ePlus from which a director may not be relieved of liability under Section 102(b)(7) of the Delaware General Corporation Law. Each director and officer has undertaken to repay ePlus for any costs or expenses paid by ePlus if it is ultimately determined that the director or officer is not entitled to indemnification under the indemnification agreements.

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## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

The following table shows information regarding each person known to be a “beneficial owner” of more than 5% of our outstanding shares of common stock as of June 30, 2011. For purposes of this table, beneficial ownership of securities generally means the power to vote or dispose of securities, regardless of any economic interest in the securities. All information shown is based on information reported on Schedule 13G/A filed with the SEC on the dates indicated in the footnote to this table.

Name of Beneficial Owner	Number of Shares Beneficially Owned	Percentage of Shares Outstanding
Dimensional Fund Advisors LP (1) Palisades West, Building One 6300 Bee Cave Road Austin, TX 78746	663,865	7.72 %

(1)The information as to Dimensional Fund Advisors LP (“Dimensional”) is derived from a Schedule 13G/A filed with the SEC on February 11, 2011. Dimensional, an investment adviser registered under Section 203 of the Investment Advisers Act of 1940, furnishes investment advice to four investment companies registered under the Investment Company Act of 1940, and serves as investment manager to certain other commingled group trusts and separate accounts. These investment companies, trusts, and accounts are referred to as the “Funds.” In its role as investment adviser or manager, Dimensional possesses investment and/or voting power over our securities that are owned by the Funds, and may be deemed to be the beneficial owner of our securities held by the Funds. However, Dimensional disclaims beneficial ownership of all securities reported in its Schedule 13G/A.

## EXECUTIVE OFFICERS

The following table sets forth the name, age and position of each person who was an executive officer of ePlus on June 30, 2011. There are no family relationships between any director or executive officer and any other director or executive officer of ePlus. Additional information relating to Messrs. Norton and Bowen, who are both directors and executives of the Company, may be found in the section entitled “Proposal 1 – Election of Directors.”

Name	Age	Position
Phillip G. Norton	67	Chief Executive Officer
Bruce M. Bowen	59	Executive Vice President
Elaine D. Marion	43	Chief Financial Officer
Mark P. Marron	50	Chief Operating Officer
Steven J. Mencarini	55	Senior Vice President of Business Operations

The business experience during the past five years of each non-director executive officer of ePlus is described below.



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Elaine D. Marion joined us in 1998. Ms. Marion became our Chief Financial Officer on September 1, 2008. Since 2004, Ms. Marion served as our Vice President of Accounting. Prior to that, she was the Controller of ePlus Technology, inc., a subsidiary of ePlus, from 1998 to 2004. Ms. Marion is a graduate of George Mason University, where she earned a Bachelor's of Science degree with a concentration in Accounting.

Mark P. Marron joined our subsidiary ePlus Technology, inc. in 2005 as Senior Vice President of Sales. On April 22, 2010 he was appointed as Chief Operating Officer of ePlus inc. and President of ePlus Technology, inc. Prior to joining us, from 2001 – 2005, Mr. Marron was with NetIQ, where he held the position of senior vice president of worldwide sales. Prior to joining NetIQ, Mr. Marron served as general manager of worldwide channel sales for Computer Associates International Inc. Mr. Marron has a Bachelor's of Science degree in Computer Science from Montclair State University.

Steven J. Mencarini joined us in June 1997. On September 1, 2008, he became our Senior Vice President of Business Operations. Prior to that, he served as our Chief Financial Officer. Prior to joining us, Mr. Mencarini was Controller of the Technology Management Group of CSC. Mr. Mencarini joined CSC in 1991 as Director of Finance and was promoted to Controller in 1996. Mr. Mencarini is a graduate of the University of Maryland and received a Masters of Taxation from American University in 1985.

Each of our executive officers is chosen by the Board and holds his or her office until his or her successor shall have been duly chosen and qualified or until his or her death or until he or she resigns or is removed by the Board.

COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed the Compensation Discussion and Analysis and discussed that Analysis with management. Based on its review and discussions with management, the committee recommended to our Board of Directors that the Compensation Discussion and Analysis, as it appears below, be included in the Company's proxy for the fiscal year ended March 31, 2011. This report is provided by the following independent directors, who served on the Committee during the fiscal year and through June 30, 2011:

Milton E. Cooper, Jr. (Chairman)  
C. Thomas Faulders III  
Lawrence S. Herman

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COMPENSATION DISCUSSION AND ANALYSIS

Introduction

This section explains the Company's executive compensation program as it relates to the following "named executive officers" whose compensation information is presented in the tables under "Executive Compensation" following this discussion:

Phillip G. Norton	Chairman, President and Chief Executive Officer
Bruce M. Bowen	Executive Vice President
Elaine D. Marion	Chief Financial Officer
Mark P. Marron	Chief Operating Officer
Steven J. Mencarini	Senior Vice President

Executive Summary

The Compensation Committee oversees the executive compensation program and determines the compensation for the Company's executive officers. The Company believes the compensation program for the named executive officers contributed to the Company's strong financial performance in fiscal year 2011. In fiscal year 2011, the Company's total revenues grew to \$863.0 million, representing an increase of \$186.2 million or 27.5% over the prior year. Net earnings grew to \$23.7 million in 2011, an increase of \$11.0 million or 86.2% over the prior year. Further, the Company's share price for the five-year period ended March 31, 2011, increased by 87%.

The Company's goal for its executive compensation program is to attract, motivate and retain a talented, entrepreneurial and creative team of executives who will provide leadership for the Company's success in dynamic and competitive markets. The Company seeks to accomplish this goal in a way that rewards performance and is aligned with its shareholders' long-term interests. Our executive compensation program evolves and is adjusted over time to support ePlus' business goals and promote both short- and long-term profitable growth of the Company. Cash compensation consists primarily of base salary and payments under our annual executive incentive plan that are based on company financial performance and individual performance. Equity-based compensation is used to align compensation with the long-term interests of ePlus' shareholders by focusing our executive officers on increasing shareholder value.

The compensation for our named executive officers consists of three elements— base salaries, annual performance-based cash bonuses, and long-term equity awards in the form of restricted stock—that are designed to reward performance in a straightforward manner. The annual bonus program provides incentives for executives to help achieve the Company's annual financial goals. Restricted stock awards provide incentives for executives to remain employed by the Company and to create and maintain long-term value for shareholders, since the shares vest over a multi-year period. These components of the program are directly linked to the principle that executive compensation should be based on performance.

The Company's executive compensation program is also intended to promote and retain stability within the executive team. All restricted stock awards made to the named executive officers to date vest over a three-year vesting period. Each named executive officer has been an employee of the Company for at least 10 years, other than Mr. Marron who joined the Company in 2005. The Company expects each named executive officer to contribute to the Company's overall success as a member of the executive team rather than focus solely on specific objectives within the officer's area of responsibility.

The Company believes its executive compensation program is simple in design and serves the Company and its shareholders well.

#### Objectives of Our Compensation Program

The Compensation Committee and ePlus' management believe that compensation is an important tool that should help recruit, retain and motivate the employees that the Company will depend on for current and future success. The primary objectives of the Compensation Committee are to design and administer a compensation program for our named executive officers to:

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- attract, retain, and reward highly qualified and experienced executives;
- align compensation with our business objectives and performance;
- provide incentives for the creation of long-term shareholder value; and
- reward individual performance.

### Executive Compensation Decision-Making Process

#### Role of Compensation Committee and Chief Executive Officer

The Compensation Committee generally establishes the components of our compensation program and may evaluate the components from time to time. The Compensation Committee is responsible for evaluating and setting the compensation for our Chief Executive Officer, Phillip G. Norton. Mr. Norton does not participate in the Compensation Committee's deliberations or decisions with regard to his compensation. Each year, the Compensation Committee conducts an evaluation of each named executive officer to determine if changes in the officer's compensation are appropriate based on the considerations described below. Mr. Norton is responsible for evaluating and recommending to the Compensation Committee the amount of compensation of our other named executive officers, Bruce M. Bowen, Elaine D. Marion, Mark P. Marron, and Steven J. Mencarini. The Compensation Committee reviews such recommendations from Mr. Norton and has the authority to approve or revise such recommendations. The Compensation Committee gives considerable weight to Mr. Norton's evaluation of the other named executive officers because of his direct knowledge of each executive officer's performance and contributions. The decisions of the Compensation Committee regarding the amount of compensation to be paid to Messrs. Norton, Bowen, Marron, and Mencarini, and Ms. Marion do not require review or approval by our Board of Directors. See "Components of Compensation and 2011 Compensation Determinations" for an analysis of how compensation is determined.

#### The Role of the Compensation Consultant

In September 2009, the Company established its current compensation program. At that time, the Compensation Committee retained the services of Towers Perrin (now Towers Watson), an independent compensation advisory firm, to perform a review of our executive compensation program. Towers Watson does not provide any other services to the Company and works with the Company's management only on matters for which the Compensation Committee is responsible. Towers Watson did not provide any services to the Company during the 2011 fiscal year. The September 2009 review included a competitive review of our executive total compensation for our named executive officers, including: base salary, annual incentive, total cash compensation (base salary plus annual incentives), long-term incentives, and total direct compensation (total cash compensation plus long-term incentives). Towers Perrin provided general observations on the Company's compensation programs, but did not determine or recommend the amount or form of compensation for the named executive officers.

#### The Role of Peer Companies and Benchmarking

With the assistance of Towers Perrin in September 2009, the Compensation Committee identified a group of peer companies to use for comparison purposes for fiscal year 2010. In selecting a peer group, Towers Perrin examined publicly-filed proxy statements of selected peer companies, where available. The peer group included similar size companies, with revenues ranging from 0.5 to 2.5 times our revenues, with an emphasis on hardware/software and IT solutions provider companies, and also valued recent long-term incentive grants, based on publicly-filed Form 4s. Towers Perrin also conducted a survey analysis, in which it matched our executive positions to survey positions with similar job duties and responsibilities. The size of the peer group varied for each position, from a low of three companies (for the Senior Vice President of Business Operations) to a high of fourteen (for the Chief Financial Officer). The following is the complete list of peer companies for fiscal year 2010, which was not modified for fiscal



year 2011:

Agilysis Inc.

Ariba Inc.

Black Box Corp.

CIBER Inc.

Epicor Software Corp.

GTSI Corp.

ManTech International Corp.

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MAXIMUS Inc.  
ModusLink Global Solutions Inc.  
PC Connection Inc.  
PC Mall Inc.  
Sapient Corp.  
Softchoice Corporation  
SRA International Inc.  
Stanley Inc.

The Compensation Committee reviews compensation practices at peer companies as part of its decision-making process so it can set total compensation levels that it believes are reasonably competitive. The Compensation Committee, however, does not set compensation components to meet specific benchmarks, such as targeting salaries “above the median” or equity compensation at a particular percentile. Furthermore, the Compensation Committee believes that over-reliance on benchmarking can result in compensation that is unrelated to the value delivered by the named executive officers.

### The Role of Shareholder Say-on-Pay Votes

Proposals No. 3 and 4 below provide for shareholder votes on the Company’s executive compensation program in fiscal year 2011 and on the frequency with which this vote should be conducted in future years. Although the shareholder vote is non-binding, the Compensation Committee will consider the outcome of the vote when making future compensation decisions for named executive officers.

### Components of Compensation and 2011 Compensation Determinations

Our named executive officer compensation program is based upon:

- base salary;
- annual performance cash bonuses paid pursuant to our Cash Incentive Plan (also known as our “Executive Incentive Plan”); and
- long-term equity-based awards under the shareholder-approved 2008 Employee Long-Term Incentive Plan, or “Employee LTIP.”

The named executive officers are also eligible to participate in the Company’s health and welfare programs, 401(k) plan, and other broad-based programs on the same basis as other employees. Also, Messrs. Bowen and Mencarini are each compensated through a Supplemental Benefit Plan, or Supplemental Plan. These plans, which began in 2005, were approved by the Board for all the then executive officers other than Mr. Norton. The Supplemental Plans terminate August 11, 2014. The Board and Compensation Committee do not currently employ these plans as part of the executive compensation program.

### Cash Compensation

Base salaries and cash bonuses comprise the named executive officers’ cash compensation. The Committee targets base salaries and cash bonuses for our named executive officers at competitive levels, i.e., generally near the median for executives in positions with similar responsibilities within the compensation peer group, while also taking into consideration the long-term compensation provided by our equity grants to our named executive officers. Base salaries represent a fixed (non-variable) cash payment and cash bonuses are short-term performance-based cash payments. The cash bonuses are based on the Company’s overall financial performance, and on each executive’s individual objectives, which are set by the Committee in the beginning of each fiscal year. The cash bonus is capped

at one-half of the respective executive's base salary.

Base Salaries. As described above, the Compensation Committee retained the services of Towers Perrin in September 2009 to perform a review of our executive compensation program. The Compensation Committee then established the base salaries of all the then executive officers, which included Messrs. Norton, Bowen and Mencarini and Ms. Marion. The base salaries of the named executive officers were established in their respective employment agreements, which were effective as of September 30, 2009 for all our executive officers except for Mr. Marron, whose employment agreement became effective upon his promotion to Chief Operating Officer on April 22, 2010.

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Generally, the Committee sets base salary near the median for our peer group, based on information provided by Towers Perrin, while also acknowledging that individual base salaries may vary based on factors such as individual responsibilities, complexity of position versus that of the market benchmark(s), performance, experience, future potential, and other, non-cash compensation received by each individual executive.

Mr. Norton's annual base salary was established in his September 30, 2009 employment agreement at \$500,000. Because Mr. Norton's base salary was significantly below the median, as calculated by our compensation consultant based on peer data, his employment agreement provided that the Committee would review his base salary on an annual basis, no later than on October 1, 2010. Mr. Norton's base salary was amended effective October 1, 2010, to increase his annual base salary to \$560,000, in light of a combination of his then current salary's being significantly below the median, and the Company's successful performance during the challenging economic environment.

Mr. Bowen's base annual salary is \$330,000, Ms. Marion's is \$325,000, Mr. Marron's is \$450,000 and Mr. Mencarini's is \$275,000. None of those executives have received an increase in base salary during the fiscal year 2011 except for Mr. Marron due to his promotion on April 22, 2010.

**Performance Cash Bonuses.** On April 30, 2009, the Board of Directors of the Company adopted the ePlus inc. Cash Incentive Plan effective April 1, 2009. The Cash Incentive Plan was continued for the fiscal year 2011 and each of the named executive officers were participants.

The Cash Incentive Plan is administered by the Compensation Committee, which has full authority to determine the participants in the Cash Incentive Plan, the terms and amounts of each participant's minimum, target and maximum awards, and the period during which the performance is to be measured. As noted above, the cash incentive available under the Cash Incentive Plan is capped at one-half the executive's base salary. Therefore, the total mix of cash compensation, assuming the target incentive is achieved, is two-thirds base salary and one-third cash incentive.

The award amount paid is a percentage of base salary based on the level of attainment of financial performance and individual performance objectives as set forth in each participant's award agreement. The 2011 performance weights and target amounts for each participant were as follows:

Named Executive Officer	Financial Performance		Individual Performance	
	Percentage of Total Bonus	Target Amount (\$)	Percentage of Total Bonus	Target Amount (\$)
Phillip G. Norton	66.6 %	186,667	33.3 %	93,333
Bruce M. Bowen	66.6 %	110,000	33.3 %	55,000
Elaine D. Marion	50.0 %	81,250	50.0 %	81,250
Mark P. Marron	66.6 %	150,000	33.3 %	75,000
Steven J. Mencarini	66.6 %	91,667	33.3 %	45,833

The Company's financial performance was based on the Company's earnings before taxes for the 2011 fiscal year as stated in the Company's Form 10-K for such year. The plan provides that such earnings are to be adjusted to exclude the incentive compensation accrued by the Company under the Cash Incentive Plan and any income, gain or loss attributable to the business operations of any entity acquired by the Company during the 2011 fiscal year. The Cash Incentive Plan also requires the exclusion of all items of income, gain or loss determined by the Board to be extraordinary or unusual in nature and not incurred or realized in the ordinary course of business. The Company's financial performance set forth in each executive's plan was exceeded as shown below for fiscal year 2011.

2011 (in thousands)

Performance Criteria	Target (\$)	Actual (\$)	Actual, as adjusted (\$)(1)
Earnings Before Taxes	19,500	40,569	41,511

(1) The actual earnings before taxes were adjusted to exclude the incentive compensation accrued by the Company of \$942,500 under the Cash Incentive Plan. Earnings before taxes were not adjusted for our acquisition of Interchange Technologies, Inc. as it was immaterial and did not impact the calculation of bonuses earned during the year.

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The individual performance objectives varied by individual. The categories of objectives generally include: achieve an overall sales goal, establish a presence in certain geographic areas through a financially viable acquisition or through organic growth, increase services revenue by a target percentage, make certain key hires, oversee successful upgrade and/or specific modifications of certain software programs, and attend a minimum number of executive education courses.

At the conclusion of the fiscal year ended March 31, 2011, the Compensation Committee determined which of the various corporate, unit and individual performance objectives described under the Cash Incentive Plan were achieved. There were no waivers or modifications to any specified performance targets, goals or conditions with respect to the Cash Incentive Plan. The following table details the annual incentive cash payments for each named executive officer:

Named Executive Officer	2011	2010	% Change 2010 to 2011	
	Annual Incentive Cash Payment (\$)	Annual Incentive Cash Payment (\$)		
Phillip G. Norton	280,000	250,000	12	%
Bruce M. Bowen	165,000	165,000	0	%
Elaine D. Marion	162,500	162,500	0	%
Mark P. Marron	225,000	-	NM	(1)
Steven J. Mencarini	137,500	137,500	0	%

(1) Mr. Marron began participating in the Cash Incentive Plan upon his appointment as our Chief Operating Officer in April 2010. He therefore received no incentive cash payment for our fiscal year 2010.

#### Long-Term Equity Compensation

The Compensation Committee believes long-term equity awards are the most effective way to attract and retain a talented executive team and align executives' interests with those of shareholders. Our long-term equity compensation is focused on rewarding multi-year financial performance, as well as long-term growth in shareholder value. When determining the level of the grant, the Committee considers each named executive officer's functional and enterprise management responsibilities, potential contributions to the Company's profitability and growth, the value of prior long-term incentive grants and other non-cash compensation (such as, in the case of Messrs. Bowen and Mencarini, participation in any Supplemental Benefit Plans), and each executive's total compensation, including cash compensation. However, the Committee does not use a formula or assign a particular weight to any one factor in determining equity award grant levels. Rather, the Committee's determination of grant levels is subjective, and the Committee grants awards that it believes in its judgment are reasonably competitive.

The Company believes that restricted stock helps to create incentives for performance and further align the interests of executives with those of shareholders because a restricted stock's value increases or decreases in conjunction with the Company's stock price. In addition, the Company believes granting awards with long vesting periods creates a substantial retention incentive and encourages the named executive officers to focus on the Company's long-term business objectives and stock performance. The Company had issued no equity compensation for several years prior to fiscal year 2010. Beginning in fiscal year 2010, the Company began making restricted stock awards to named executive officers, has made such grants annually since then, and may continue to do so. To date, all restricted shares granted to executive officers or other employees vest over a three-year period.

Consistent with the philosophy described above, the Compensation Committee awarded restricted stock in fiscal 2011 to each of the named executive officers. The awards, which will vest over a three-year period subject to each named executive officer's continued service to the Company, consisted of 30,000 shares for Mr. Norton, 10,000 shares for Mr. Bowen, 15,000 shares for Ms. Marion, 20,000 shares for Mr. Marron and 2,500 shares for Mr. Mencarini. Mr. Marron's grant was made in June, and the remaining grants were issued in August.

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### Other Aspects of Our Executive Compensation Program

#### Benefits and Perquisites

Our named executive officers receive a variety of benefits, including the following benefits that are available to all full-time employees:

- medical, dental, vision, prescription drug and mental health services (employee shares cost);
  - pre-tax health and dependent care flexible spending accounts;
- group life insurance and accidental death and disbursement ("AD&D") insurance coverage and supplemental life and AD&D insurance coverage (employee shares cost);
  - life and AD&D coverage for spouses and dependents (employee shares cost);
- long-term disability insurance coverage equal to 60% of base salary up to a maximum benefit of \$120,000 per year (employee shares cost);
  - parental leave;
  - family and medical leave;
  - travel insurance;
  - 401(k) match; and
  - workers' compensation insurance.

Upon his appointment as our Chief Operating Officer, Mark Marron became entitled to relocation expenses in connection with his move to our Herndon, Virginia headquarters, from his home in New York. In the event that Mr. Marron's employment is terminated subsequent to a change in control prior to April 15, 2012, Mr. Marron will also be entitled to reimbursement for his return relocation to New York, using the same parameters in his initial relocation assistance plan. Additionally, pursuant to his employment agreement, our Chief Executive Officer Mr. Norton is entitled to be reimbursed by us, not more often than annually, for his participation in an executive health assessment program.

#### Stock Ownership Guidelines and Return of Incentive Compensation by Named Executive Officers

We do not currently have stock ownership guidelines for our named executive officers or non-employee directors. Our Cash Incentive Plan for fiscal years beginning April 1, 2011 provides that in the event an award was paid based on incorrect financial results, the Compensation Committee will review the payment. If the amount of the payment would have been lower had the level of achievement of applicable financial performance goals been calculated based on the correct financial results, the Compensation Committee may, in its sole discretion, adjust (i.e., lower) the amount of such payment so that it reflects the amount that would have applied based on the correct financial results, and, to the extent permitted by applicable law, require the reimbursement by the participant of any amount paid to or received by the participant with respect to such award. Additionally, the Cash Incentive Plan provides that cash payments under the plan are subject to recovery by the Company to the extent required by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and the Sarbanes-Oxley Act of 2002 and any regulations promulgated thereunder.

#### Deductibility of Named Executive Officer Compensation

Within our performance-based compensation program, we aim to compensate our named executive officers in a manner that is tax-effective for the Company. Under Section 162(m) of the Internal Revenue Code, annual compensation in excess of \$1 million to each of a company's CEO and four other most highly compensated executive officers that is not paid pursuant to a plan approved by shareholders and does not satisfy the performance-based exception of Section 162(m) is not deductible as a compensation expense for federal income tax purposes.



Because qualified performance-based compensation is not subject to the \$1 million limit if certain requirements are met, we have sought to structure most at-risk elements of our executive compensation program so as to qualify those elements as performance-based compensation. In connection with this endeavor, Proposal 2 herein asks shareholders to adopt performance goals within our Cash Incentive Plan, which will further increase our ability to qualify certain payments as performance-based compensation. While the Compensation Committee considers the deductibility of awards as one factor in determining executive compensation, the Committee also looks at other factors in making its decisions as noted above and retains the flexibility to grant awards it determines to be consistent with the Company's goal for its executive compensation program even if the award is not deductible by the Company for tax purposes.

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In addition, our Employee LTIP was structured so that, in the discretion of the Compensation Committee, certain equity awards may be made to the named executive officers that are intended to constitute qualified performance-based compensation. Awards structured in such manner will not be subject to the \$1 million deduction limitation. However, not all awards under the Employee LTIP will qualify for the deductibility.

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## EXECUTIVE COMPENSATION

The following table includes compensation information concerning compensation paid to or earned by the named executive officers for each of the years they were so designated during fiscal years 2011, 2010 and 2009.

## 2011 Summary Compensation Table

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)(1)	Option Awards (\$)	Non-Equity Non-Qualified Incentive Deferred		All Other Compensation (\$)	Total (\$)
						Plan Compensation (\$)	Earnings (\$)		
Phillip G. Norton – Chairman of the Board, President and Chief Executive Officer	2011	530,000	-	540,300	-	280,000	-	1,700 (2)	1,352,000
	2010	454,167	85,000	635,200	-	250,000	-	1,500	1,425,867
	2009	400,000	-	-	-	168,660	-	1,500	570,160
Bruce M. Bowen – Executive Vice President	2011	330,000	-	180,100	-	165,000	-	45,895 (3)	720,995
	2010	330,000	-	158,800	-	165,000	-	82,424	736,224
	2009	310,692	-	-	-	150,000	-	203,126	663,818
Elaine D. Marion – Chief Financial Officer	2011	325,000	-	270,150	-	162,500	-	1,700 (2)	759,350
Mark Marron – Chief Operating Officer	2011	441,732	-	369,200	-	225,000	-	208,917 (4)	1,244,849
	2010	407,597	159,786	158,800	-	-	-	842	727,025
Steven J. Mencarini – Senior Vice President	2011	275,000	-	45,025	-	137,500	-	86,427 (5)	543,952
	2010	275,000	-	79,400	-	137,500	-	81,607	573,507
	2009	286,458	-	-	-	131,082	-	79,160	496,700

(1) The values in this column represent the aggregate grant date fair values of restricted stock awards. The grant date fair value is based on the closing price of the shares on such date.

(2) Includes \$1,700 of our employer 401(k) matching contributions.

(3) Includes \$1,700 of our employer 401(k) matching contributions, and \$44,195 which represents the increase in the cash benefit under the Supplemental Benefit Plan during our fiscal year ended March 31, 2011.

(4) Includes \$1,318 of our employer 401(k) matching contributions, and \$207,599 relating to moving expenses paid by the Company in connection with Mr. Marron's relocation to our Herndon, Virginia headquarters upon his appointment as Chief Operating Officer.

(5) Includes \$1,700 of our employer 401(k) matching contributions, and \$84,727 which represents the increase in the cash benefit under the Supplemental Benefit Plan during our fiscal year ended March 31, 2011.



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## Fiscal Year 2011 Grants of Plan-Based Awards

Name	Grant Date	Threshold (\$)	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards		All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards (\$)
			Target (\$)	Maximum (\$)				
Phillip G. Norton	8/10/2010	-	280,000	280,000	30,000	-	-	540,300
Bruce M. Bowen	8/10/2010	-	165,000	165,000	10,000	-	-	180,100
Elaine D. Marion	8/10/2010	-	162,500	162,500	15,000	-	-	270,150
Mark P. Marron	6/17/2010	-	225,000	225,000	20,000	-	-	369,200
Steven J. Mencarini	8/10/2010	-	137,500	137,500	2,500	-	-	45,025

Awards granted to the executive officers and reflected in the 2011 Grants of Plan-Based Awards table above vest equally over a three-year period.

## Employment Agreements

On September 4, 2009, the Company entered into an employment agreement, or the “Norton Agreement,” with Phillip G. Norton, the Company’s Chairman, Chief Executive Officer and President. The Agreement continues through and including September 30, 2011 (the “Norton Employment Term”). Pursuant to the agreement, Mr. Norton received a base annual salary of \$500,000, with an annual review of the salary, and he is a participant in our Cash Incentive Plan. Effective October 1, 2010, Mr. Norton’s annual base salary was increased to \$560,000. If Mr. Norton’s employment is terminated due to death or Incapacity (as defined in the Employment Agreement), the Company will pay any bonus determined by the Compensation Committee in accordance with the Cash Incentive Plan, and, in the case of Incapacity, an additional amount equal to 18 months of Mr. Norton’s base salary.

Under the terms of the Norton Agreement, the Company may terminate Mr. Norton’s employment at any time with or without Good Cause (as defined in the agreement). If the Company terminates Mr. Norton’s employment without Good Cause or Mr. Norton terminates his employment for Good Reason (as defined in the employment agreement), then he shall be entitled to (a) payment in an amount equal to 18 months of his base salary, (b) the target bonus pursuant to his then current Cash Incentive Plan and (c) continued medical and dental insurance for himself and his dependents through COBRA for a period not longer than 18 months after termination. If the Company and Mr. Norton have not entered into a new employment agreement or extended the Norton Employment Term, and within ten (10) days following the end of the Norton Employment Term, either the Company or Mr. Norton gives notice of an at-will termination, then he shall be entitled to (a) an amount equal to 18 months of his salary and (b) continued medical and dental insurance for himself and his dependents through COBRA for a period not longer than 18 months after termination. In addition, if Mr. Norton’s employment terminates for any reason, he will be entitled to have any

term insurance policies that the Company then owns on his life assigned to him, provided he pays to the Company the amount of premiums previously paid by the Company for life insurance coverage subsequent to the date of assignment.

On September 30, 2009, the Company entered into an employment agreement, or the “Bowen Agreement,” with its Executive Vice President Bruce M. Bowen. The Bowen Agreement was effective as of September 30, 2009 and continued through and including September 30, 2010, at which time it was extended through September 30, 2011 (the “Bowen Employment Term”). If the Bowen Employment Term ends without the parties’ entering into a new employment agreement or extending the Bowen Employment Term, Mr. Bowen shall continue as an at-will employee. The Bowen Agreement specifies an annual base salary of \$330,000. In addition, Mr. Bowen will be eligible for an annual bonus under the terms and conditions of the Cash Incentive Plan, and certain other benefits and reimbursement of business expenses. If Mr. Bowen’s employment is terminated due to death or Incapacity (as defined in the Bowen Agreement), the Company will pay any bonus determined by the Compensation Committee in accordance with its Cash Incentive Plan, and, in the case of Incapacity, an additional amount equal to one year of Mr. Bowen’s base salary. The Bowen Agreement provides that the Company may terminate Mr. Bowen’s employment at any time with or without Good Cause (as defined in the Bowen Agreement). If the Company terminates Mr. Bowen’s employment without Good Cause or Mr. Bowen terminates his employment for Good Reason (as defined in the Bowen Agreement), then he shall be entitled to (a) payment in an amount equal to one year of his base salary, and (b) continued medical and dental insurance for himself and his dependents through COBRA for a period not longer than one year after termination, paid by the Company. If the Company and Mr. Bowen have not entered into a new employment agreement or extended the Bowen Employment Term, and within ten (10) days following the end of the Bowen Employment Term, either the Company or Mr. Bowen gives notice of an at-will termination, then Mr. Bowen shall be entitled to (a) an amount equal to one year of his base salary and (b) continued medical and dental insurance for himself and his dependents through COBRA for a period not longer than one year after termination, paid by the Company.

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On September 30, 2009, the Company entered into an employment agreement, or the “Marion Agreement,” with its Chief Financial Officer Elaine D. Marion. The Marion Agreement was effective as of September 30, 2009 and continued through and including September 30, 2010, at which time it was extended through September 30, 2011 (the “Marion Employment Term”). If the Marion Employment Term ends without the parties’ entering into a new employment agreement or extending the Marion Employment Term, Ms. Marion shall continue as an at-will employee. The Marion Agreement specifies an annual base salary of \$325,000. In addition, Ms. Marion will be eligible for an annual bonus under the terms and conditions of the Cash Incentive Plan, and certain other benefits and reimbursement of business expenses. If Ms. Marion’s employment is terminated due to death or Incapacity (as defined in the Marion Agreement), the Company will pay any bonus determined by the Compensation Committee in accordance with its Cash Incentive Plan, and, in the case of Incapacity, an additional amount equal to one year of Ms. Marion’s base salary. The Marion Agreement provides that the Company may terminate Ms. Marion’s employment at any time with or without Good Cause (as defined in the Marion Agreement). If the Company terminates Ms. Marion’s employment without Good Cause or Ms. Marion terminates her employment for Good Reason (as defined in the Marion Agreement), then she shall be entitled to (a) payment in an amount equal to one year of her base salary, and (b) continued medical and dental insurance for herself and her dependents through COBRA for a period not longer than one year after termination, paid by the Company. If the Company and Ms. Marion have not entered into a new employment agreement or extended the Marion Employment Term, and within ten (10) days following the end of the Marion Employment Term, either the Company or Ms. Marion gives notice of an at-will termination, then Ms. Marion shall be entitled to (a) an amount equal to one year of her base salary and (b) continued medical and dental insurance for herself and her dependents through COBRA for a period not longer than one year after termination, paid by the Company.

On April 22, 2010, the Company entered into an employment agreement with its Chief Operating Officer, Mark Marron (the “Marron Agreement”). The Marron Agreement is effective as of April 22, 2010, and terminates on September 30, 2011 (the “Marron Employment Term”). If the Marron Employment Term ends without the parties’ entering into a new employment agreement or extending the Marron Employment Term, Mr. Marron shall continue as an at-will employee. The agreement specifies a base annual salary of \$450,000. In addition, Mr. Marron will be eligible for an annual bonus under the terms and conditions of the Cash Incentive Plan and certain other benefits such as reimbursement of business expenses. If Mr. Marron’s employment is terminated due to death or Incapacity (as defined in the Marron Agreement), the Company will pay any bonus determined by the Compensation Committee in accordance with the Cash Incentive Plan, and, in the case of Incapacity, an additional amount equal to one year of his base salary. Under the terms of the Marron Agreement, the Company may terminate Mr. Marron’s employment at any time with or without Good Cause (as defined in the Marron Agreement). If the Company terminates Mr. Marron’s employment without Good Cause or Mr. Marron terminates his employment for Good Reason (as defined in the Marron Agreement), then he shall be entitled to (a) payment in an amount equal to one year of his base salary, and (b) continued medical and dental insurance paid by the company for himself and his dependents through COBRA for a period not longer than one year after termination. If the Company and Mr. Marron have not entered into a new employment agreement or extended the Marron Employment Term, and within ten (10) days following the end of the Marron Employment Term, either the Company or Mr. Marron gives notice of an at-will termination, then he shall be entitled to (a) an amount equal to one year of his base salary and (b) continued medical and dental insurance paid by the Company for himself and his dependents through COBRA for a period not longer than one year after termination. Additionally, upon Mr. Marron’s appointment as our Chief Operating Officer in April 2010, he received reimbursement of relocation expenses in connection with his relocation to our Herndon, Virginia headquarters. His employment agreement provides that, in the event his employment is terminated subsequent to a change in control prior to April 15, 2012, the Company will pay for Mr. Marron’s return relocation, using the same parameters as in his initial relocation assistance plan.





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On September 30, 2009, the Company also entered into an employment agreement, or the “Mencarini Agreement,” with its Senior Vice President of Business Operations, Steven Mencarini. The Mencarini Agreement was effective as of September 30, 2009 and continued through and including September 30, 2010, at which time it was extended through September 30, 2011 (the “Mencarini Employment Term”). If the Mencarini Employment Term ends without the parties’ entering into a new employment agreement or extending the Mencarini Employment Term, Mr. Mencarini shall continue as an at-will employee. The Mencarini Agreement specifies an annual base salary of \$275,000. In addition, Mr. Mencarini will be eligible for an annual bonus under the terms and conditions of the Cash Incentive Plan, and certain other benefits and reimbursement of business expenses. If Mr. Mencarini’s employment is terminated due to death or Incapacity (as defined in the Mencarini Agreement), the Company will pay any bonus determined by the Compensation Committee in accordance with its Cash Incentive Plan, and, in the case of Incapacity, an additional amount equal to one year of Mr. Mencarini base salary. The Mencarini Agreement provides that the Company may terminate Mr. Mencarini’s employment at any time with or without Good Cause (as defined in the Mencarini Agreement). If the Company terminates Mr. Mencarini’s employment without Good Cause or Mr. Mencarini terminates his employment for Good Reason (as defined in the Mencarini Agreement), then he shall be entitled to (a) payment in an amount equal to one year of his base salary, and (b) continued medical and dental insurance for himself and his dependents through COBRA for a period not longer than one year after termination, paid by the Company. If the Company and Mr. Mencarini have not entered into a new employment agreement or extended the Mencarini Employment Term, and within ten (10) days following the end of the Mencarini Employment Term, either the Company or Mr. Mencarini gives notice of an at-will termination, then Mr. Mencarini shall be entitled to (a) an amount equal to one year of his base salary and (b) continued medical and dental insurance for himself and his dependents through COBRA for a period not longer than one year after termination, paid by the Company.

Messrs. Norton, Bowen, Marron and Mencarini, and Ms. Marion, have each agreed to non-solicitation, non-compete and confidentiality provisions in their respective employment agreements. As a condition of receiving any termination payment under his or her respective employment agreement, the executive is required to sign a release of claims against the Company and certify that he or she has complied with the confidentiality, intellectual property, non-compete, non-solicit, conflict of interest and return of property provisions in his or her agreement.

Incentive Plan Awards Paid to Named Executive Officers

On April 30, 2009, the Board of Directors of the Company adopted the ePlus inc. Cash Incentive Plan effective April 1, 2009. Certain performance-based cash incentive compensation was earned by eligible executive employees under the Cash Incentive Plan.

The Cash Incentive Plan is administered by the Compensation Committee of the Board, which has full authority to determine the participants in the Cash Incentive Plan, the terms and amounts of each participant’s minimum, target and maximum awards, and the period during which the performance is to be measured.

At the conclusion of the fiscal year ended March 31, 2011, the Compensation Committee determined which of the various corporate, unit and individual performance objectives described under the Cash Incentive Plan were achieved. A cash payment to each respective executive was based on the level of attainment of the applicable performance objectives.

The award amount paid is a percentage of base salary based on the level of attainment of the applicable performance goals as set forth in each participant’s award agreement. The 2011 performance criteria and their relative weights for each participant were as follows. For all executives except for Ms. Marion, company financial performance, 66.6%; and individual performance, 33.3%. For Ms. Marion, the performance criteria for company financial performance and individual performance were each weighted at 50%. The Company’s financial performance was based on the Company’s earnings before taxes for the 2011 fiscal year as stated in the Company’s Form 10-K for such year. Such

earnings were adjusted to exclude the incentive compensation accrued by the Company under the Cash Incentive Plan. The Cash Incentive Plan also permits the exclusion of all items of income, gain or loss determined by the Board to be extraordinary or unusual in nature and not incurred or realized in the ordinary course of business, and any income, gain or loss attributable to the business operations of any entity acquired by the Company during the 2011 fiscal year. The Company's financial performance set forth in each executive's plan was exceeded. The cash incentive compensation was capped at 50% of each executive's salary, therefore, although the Company's financial performance was exceeded, no executive received more than the maximum cash incentive payment of 50% of his or her salary. There were no waivers or modifications to any specified performance targets, goals or conditions with respect to the Cash Incentive Plan.

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## 2008 Employee Long-Term Incentive Plan

At our September 2008 annual meeting of shareholders, our shareholders approved two new long-term incentive plans, the 2008 Non-Employee Director Long-Term Incentive Plan, or the “Director LTIP” and the 2008 Employee Long-Term Incentive Plan, or the “Employee LTIP.” Under the Employee LTIP, 1,000,000 shares were authorized for grants of incentive stock options, nonqualified stock options, stock appreciation rights, restricted stock units, performance awards, or other share-based awards to ePlus employees. The Employee LTIP is designed to encourage our employees to acquire a proprietary interest in the growth and performance of ePlus, thus enhancing the value of ePlus for the benefit of its shareholders, and to enhance our ability to attract and retain exceptionally qualified individuals. The Employee LTIP is administered by the Compensation Committee. Since the adoption of the Employee LTIP, we have issued grants of restricted stock to our executive officers, as well as other employees.

## Outstanding Equity Awards At Fiscal Year-End 2011

The following table provides information concerning the outstanding equity-based awards as of March 31, 2011. No named executive officer held any unexercised stock options as of March 31, 2011.

Name	Option Awards			Stock Awards			
	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (1)	Market Value of Shares or Units of Stock That Have Not Vested (\$ (2)
Phillip G. Norton	-	-	-	-	-	56,667	1,507,909
Bruce M. Bowen	-	-	-	-	-	16,667	443,509
Elaine D. Marion	-	-	-	-	-	-	-