

EPLUS INC  
Form PRE 14A  
July 10, 2008

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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  T

Filed by a Party other than the Registrant  F

Check the appropriate box:

- T Preliminary Proxy Statement  
 F Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))  
 F Definitive Proxy Statement  
 F Definitive Additional Materials  
 F Soliciting Material Pursuant to §240.14a-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 STOCKHOLDERS  
To be held on [Monday, September 15, 2008]

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To the Stockholders of ePlus inc.:

The Annual Meeting of Stockholders of ePlus inc., a Delaware corporation, will be held on [September 15, 2008], 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 as directors the two Class III Directors, three Class II Directors, and three Class I Directors named in the attached proxy statement, each to serve a term as described in the proxy statement, and until their successors have been duly elected and qualified;
2. To approve the 2008 Non-Employee Director Long-Term Incentive Plan;
3. To approve the 2008 Employee Long-Term Incentive Plan;
4. To approve our Amended and Restated Certificate of Incorporation;
5. To ratify the appointment of Deloitte & Touche LLP as our independent auditors for our fiscal year ending March 31, 2009;
6. To transact such other business as may properly come before the Annual Meeting and any adjournment or postponement thereof.

Under the provisions of our Bylaws, and in accordance with Delaware law, the Board of Directors has fixed the close of business on [July 25, 2008] as the Record Date for stockholders entitled to notice of and to vote at the Annual Meeting.

Whether or not you expect to be present at the Annual Meeting, please date and sign the enclosed Proxy Card and mail it promptly in the enclosed envelope to Proxy Tabulator, P.O. Box 535300, Pittsburgh, PA, 15253-9837. If you submit your proxy and then decide to attend the Annual Meeting to vote your shares in person, you may still do so. Your proxy is revocable in accordance with the procedures set forth in the Proxy Statement.

By Order of the Board of Directors

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

[August 15, 2008]



TABLE OF CONTENTS

<u>QUESTIONS AND ANSWERS ABOUT THIS PROXY MATERIAL AND VOTING</u>	1
Ø <u>Why am I receiving these materials?</u>	1
Ø <u>Who is entitled to vote?</u>	1
Ø <u>What is the difference between holding shares as a registered stockholder and as a beneficial holder?</u>	1
Ø <u>On what am I voting?</u>	1
Ø <u>Can I change my vote after submitting my proxy?</u>	2
Ø <u>How are votes counted?</u>	2
Ø <u>What are the voting requirements for each proposal?</u>	2
Ø <u>What is a quorum?</u>	3
Ø <u>Who pays for the cost of this proxy solicitation?</u>	3
Ø <u>How do I submit a proposal for the Annual Meeting of Stockholders in 2009?</u>	3
Ø <u>Can I find additional information on the Company's website?</u>	3
<u>CORPORATE GOVERNANCE</u>	4
<u>Role of the Board of Directors</u>	4
<u>Standard of Conduct and Ethics</u>	4
<u>Identifying and Evaluating Nominees for Directors</u>	4
<u>Stockholder Nominees</u>	4
<u>Communications with the Board of Directors</u>	5
<u>Director Independence</u>	5
<u>COMMITTEES OF THE BOARD OF DIRECTORS</u>	5
<u>Committees</u>	5
<u>The Audit Committee</u>	6
<u>The Compensation Committee</u>	6
<u>The Nominating and Corporate Governance Committee</u>	7
<u>DIRECTORS' COMPENSATION</u>	7
<u>SECURITIES OWNED BY DIRECTORS, NOMINEES AND NAMED EXECUTIVE OFFICERS</u>	8
<u>SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE, RELATED PERSON TRANSACTIONS AND INDEMNIFICATION</u>	9
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	9
<u>Related Party Transactions</u>	9
<u>Indemnification</u>	10
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS</u>	10
<u>EXECUTIVE OFFICERS</u>	11

<u>EXECUTIVE COMPENSATION</u>	12
<u>2008 Summary Compensation Table</u>	12
<u>Description of Executive Compensation</u>	13
<u>Outstanding Equity Awards at Fiscal Year-End 2008</u>	15
<u>Equity Compensation Plan Information</u>	15

---

<u>PROPOSALS</u>	16
<u>Proposal 1 - Election of Directors</u>	16
<u>Class I Director Nominees – Term Expiring in 2009</u>	16
<u>Class II Director Nominees – Term Expiring in 2010</u>	17
<u>Class III Director Nominees – Term Expiring in 2011</u>	17
<u>Proposal 2 – Approval of the 2008 Non-Employee Director Long-Term Incentive Plan</u>	18
<u>Proposal 3 – Approval of the 2008 Employee Long-Term Incentive Plan</u>	19
<u>Proposal 4 – Approval of Amended and Restated Certificate of Incorporation</u>	24
<u>Proposal 5 – Ratification of the appointment of Deloitte &amp; Touche LLP as our independent auditors for our fiscal year ending March 31, 2009</u>	25
<u>ANNEXES</u>	A-1
<u>ANNEX A – 2008 NON-EMPLOYEE DIRECTOR LONG-TERM INCENTIVE PLAN</u>	A-1
<u>ANNEX B – 2008 EMPLOYEE LONG-TERM INCENTIVE PLAN</u>	B-1
<u>ANNEX C – AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF EPLUS INC.</u>	C-1

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Table of Contents

ePlus inc.

www.eplus.com

PROXY STATEMENT  
FOR THE 2008 ANNUAL MEETING OF STOCKHOLDERS

QUESTIONS AND ANSWERS ABOUT THIS PROXY MATERIAL AND VOTING

Ø 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 2008 Annual Meeting of Stockholders and at any adjournment or postponement thereof. The annual meeting will be held on [September 15, 2008] 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 enclosed proxy card.

The Company intends to mail this proxy statement and accompanying proxy card on or about [August 15, 2008] to all stockholders of record entitled to vote at the annual meeting.

Ø Who is entitled to vote?

Only stockholders of record at the close of business on [July 25, 2008], or “record date,” will be entitled to vote at the annual meeting. On this record date, there were [NUMBER OF SHARES] 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.

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

If on the record date your shares were registered directly in your name with our transfer agent, National City Bank, then you are a stockholder of record. As a stockholder of record, you may vote in person at the annual meeting or vote by proxy using the enclosed proxy card. Whether or not you plan to attend the annual meeting, we urge you to complete, sign and return the proxy card to ensure your vote is counted.

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” and these proxy materials are being forwarded to you by that organization. The organization holding your account is considered the stockholder 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 by following the voting instructions included in their mailing. You are also invited to attend the annual meeting. However, since you are not the stockholder 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.

Ø On what am I voting?

There are five matters scheduled for a vote:

- Election of three Class I directors, three Class II directors and two Class III directors.



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- Approval of the 2008 Non-Employee Director Long-Term Incentive Plan
  - Approval of the 2008 Employee Long-Term Incentive Plan
- Approval of our Amended and Restated Certificate of Incorporation; and
- Ratification of the appointment of Deloitte & Touche LLP as our independent auditors for our fiscal year ending March 31, 2009.

1

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Table of Contents

Ø 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 stockholder 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.
- 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.

Ø How are votes counted?

Votes will be counted by the inspector of election appointed for the annual meeting, who will separately count “For” and “Against” votes, abstentions and broker non-votes. A “broker non-vote” occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that proposal and has not received instructions with respect to that proposal from the beneficial owner despite voting on at least one other proposal for which it does have discretionary authority or for which it has received instructions. Discretionary authority is allowed for Proposal 1 and Proposal 5. Discretionary authority is not allowed for Proposals 2, 3 or 4. Broker non-votes will have no effect and will not be counted towards the vote for Proposals 1, 2, 3, and 5. For Proposal 4, broker non-votes will have the same effect as “Against” votes. For Proposal 1, abstentions will have no effect. For Proposals 2, 3, 4 and 5, abstentions will be counted toward the vote total and will have the same effect as “Against” votes.

Ø What are the voting requirements for each proposal?

- For Proposal 1, election of directors, nominees who receive a plurality of the votes cast will be elected director. Abstentions and broker non-votes will have no effect.
  - To be approved, Proposal 2, approval of the 2008 Non-Employee Director Long-Term Incentive Plan, must receive a “For” vote from the majority of shares present and entitled to vote either in person or by proxy. If you “Abstain” from voting, it will have the same effect as an “Against” vote. Broker non-votes will have no effect.
- To be approved, Proposal 3, approval of the 2008 Employee Long-Term Incentive Plan, must receive a “For” vote from the majority of shares present and entitled to vote either in person or by proxy. If you “Abstain” from voting, it will have the same effect as an “Against” vote. Broker non-votes will have no effect.
- To be approved, Proposal 4, approval of our Amended and Restated Certificate of Incorporation, must receive a “For” vote from the majority of the outstanding shares entitled to vote. Abstentions and broker non-votes will have the same effect as an “Against” vote.

- To be approved, Proposal 5, ratification of appointment of independent auditors, must receive a “For” vote from the majority of shares present and entitled to vote either in person or by proxy. If you “Abstain” from voting, it will have the same effect as an “Against” vote. Broker non-votes will have no effect.

Table of Contents

Ø What is a quorum?

A quorum of stockholders is necessary to hold a valid annual meeting. A quorum will be present if at least a majority of the outstanding shares are represented by proxy or by stockholders present and entitled to vote at the annual meeting. On the record date, there were [NUMBER OF SHARES] shares outstanding and entitled to vote. Thus, at least [ NUMBER OF SHARES ] shares must be represented by proxy or by stockholders 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) 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.

Ø Who pays for the cost of this proxy solicitation?

We will pay for the entire cost of soliciting proxies. In addition to these mailed 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 retain the services of Georgeson Inc. in connection with soliciting proxies for the Annual Meeting of Stockholders for an estimated fee of \$1,200 to \$1,600, plus appropriate out-of-pocket expenses. We may also reimburse brokerage firms, banks and other agents for the cost of forwarding proxy materials to beneficial owners.

Ø How do I submit a proposal for the Annual Meeting of Stockholders in 2009?

To be considered for inclusion in the Company's proxy statement and form of proxy for next year's annual meeting, your stockholder proposal must be submitted in writing by [April 17], 2009 to the Corporate Secretary, ePlus inc., 13595 Dulles Technology Drive, Herndon, Virginia 20171. Proposals must be received by that date and satisfy the requirements under applicable SEC Rules (including SEC Rule 14a-8) 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 2009 Annual Meeting.

On June 25, 2008, our Board of Directors approved the Amended and Restated Bylaws, which amended, among other things, the procedures for stockholders to submit proposals or nominate directors. In accordance with our current 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 2008 annual meeting if the 2009 annual meeting is held within 30 days of the anniversary of this 2008 annual meeting, otherwise, within seven days after the first public announcement of the date of the 2009 annual meeting.

A submission by an ePlus stockholder 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 <http://www.eplus.com/bylaws.htm>.

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

Yes. Although the information contained on our website is not part of this proxy statement, you will find information about ePlus and our corporate governance practices at [http://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 Standard of Conduct

and Ethics. Stockholders may obtain, without charge, hard copies of the above documents by writing to: Corporate Secretary, ePlus inc., 13595 Dulles Technology Drive, Herndon, Virginia 20171.

Table of Contents

CORPORATE GOVERNANCE

Role of the Board of Directors

Our Board plays an active role in overseeing management and representing the interests of stockholders. 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, 2008, the Board met a total of seven 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, 2008. All members of the Board, who were members of the Board on such date, attended the last meeting of our stockholders.

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.

We also maintain a toll-free hotline through which employees may raise concerns 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 stockholders, 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 management's nominees for election by the stockholders at the annual meeting. 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 stockholders. 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 must have the highest personal ethics and values and have experience at the policy-making level of business, and should be committed to enhancing stockholder value.

Stockholder Nominees

Stockholder proposals for nominations to the Board should be submitted to the Secretary of the Corporation as specified in the Corporation's Bylaws. The information requirements for any stockholder proposal or nomination can be found in Section 2.8 of our Bylaws, available at <http://www.eplus.com/bylaws.htm>. Proposed stockholder nominees are presented to the Chairman of the Nominating and Corporate Governance Committee, who decides if further consideration should be given to the nomination by the Committee.



Table of Contents

## 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.

## Director Independence

Effective at the opening of business on July 20, 2007, our common stock was delisted from The Nasdaq Global Market due to non-compliance with financial statement reporting requirements. Our common stock currently trades in the Over-the-Counter market and, therefore, we are not subject to the Nasdaq Marketplace Rules. However, 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. 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, Beimler, Herman, Faulders and Hovde are independent under the Nasdaq Marketplace Rules. 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 Party Transactions,” which it determined were immaterial to the individual’s independence.

## COMMITTEES OF THE BOARD OF DIRECTORS

## Committees

The Board of Directors has three standing committees: Audit, Compensation, and Nominating and Corporate Governance. The Audit Committee and Compensation Committee were prescribed by our bylaws throughout the year, and on June 25, 2008 the bylaws were amended to include, among other things, that the Nominating and Corporate Governance Committee shall also be a standing committee. The charter for each of our committees can be found at [http://www.eplus.com/committee\\_charters.htm](http://www.eplus.com/committee_charters.htm).

The following table provides a summary of the membership of each of the committees of the Board of Directors as of March 31, 2008.

Name	Audit	Compensation	Nominating and Corporate Governance
Mr. Beimler	Member		Member (6)
Mr. Cooper	(1)	Chair	Member
Mr. Faulders	Member	Member (2)	(7)
Mr. Herman	Member	Member (3)	Chair
Mr. Hovde		Member (4)	Member (8)
Mr. O’Donnell	Chair	(5)	Member (9)



- (1) Mr. Cooper was a member of the Audit Committee until June 13, 2007.
- (2) Mr. Faulders was the Chairman of the Compensation Committee until June 13, 2007.
- (3) Mr. Herman joined the Compensation Committee effective March 1, 2008.
- (4) Mr. Hovde joined the Compensation Committee effective June 13, 2007.
- (5) Mr. O'Donnell was a member of the Compensation Committee until March 1, 2008.
- (6) Mr. Beimler joined the Nominating and Corporate Governance Committee effective June 13, 2007.
- (7) Mr. Faulders was a member of the Nominating and Corporate Governance Committee until June 13, 2007.
- (8) Mr. Hovde joined the Nominating and Corporate Governance Committee effective June 13, 2007.
- (9) Mr. O'Donnell joined the Nominating and Corporate Governance Committee effective March 1, 2008.

## Table of Contents

### 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 Audit Committee is governed by a Board-approved charter stating its responsibilities. The Committee's responsibilities include:

- appointment, compensation and oversight of the work of any registered public accounting firm 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 registered public accounting firm, 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 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; and
- to discuss earnings press releases, as well as financial information and earnings guidance 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 the Company's web site at [http://www.eplus.com/committee\\_charters.htm](http://www.eplus.com/committee_charters.htm).

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 six times during the fiscal year ended March 31, 2008.

As required under the Sarbanes-Oxley Act of 2002, the Audit Committee has in place procedures 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 reviews and approves the overall compensation strategy and policies for the Company's executives. 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 Securities Exchange Act of 1934, as amended (the "Exchange Act"), and an "outside director" for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended. During the fiscal year ended March 31, 2008, the Compensation Committee met eight times.

Table of Contents

The Compensation Committee reviews the effectiveness of the Company's executive officer compensation, 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 functions of the Committee can be found in its charter on our website at [http://www.eplus.com/committee\\_charters.htm](http://www.eplus.com/committee_charters.htm).

## 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. 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 five times during the fiscal year ended March 31, 2008. 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 on our website at [http://www.eplus.com/committee\\_charters.htm](http://www.eplus.com/committee_charters.htm).

## 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, 2008. 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 in "Executive Compensation" 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. Each non-employee director receives an annual retainer of \$35,000 cash, which is paid in quarterly installments. All directors are also reimbursed for their out-of-pocket expenses incurred to attend Board or Committee meetings. In addition, we are submitting to stockholders for their approval, the 2008 Non-Employee Director Long-Term Incentive Plan which we intend to utilize for the equity-based component of our non-employee director compensation. The 2008 Non-Employee Director Long-Term Incentive Plan is described in more detail below under "Proposal 2."

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	Option Awards (\$ (1))	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation (\$)	Total (\$)
C. Thomas Faulders, III	35,000	-	-	-	-	-	35,000
Terrence O'Donnell	35,000	-	-	-	-	-	35,000
Milton E. Cooper, Jr.	35,000	-	-	-	-	-	35,000

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Lawrence S.							
Herman	35,000	-	-	-	-	-	35,000
Eric D. Hovde	35,000	-	-	-	-	-	35,000
Irving R.							
Beimler	35,000	-	-	-	-	-	35,000

(1)The outstanding number of stock options awarded to each director as of March 31, 2008 was Mr. Faulders 83,507; Mr. O'Donnell 80,000; Mr. Cooper 30,000; Mr. Herman 47,500; Mr. Hovde 0; and Mr. Beimler 0.

7

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Table of Contents

## SECURITIES OWNED BY DIRECTORS, NOMINEES AND NAMED EXECUTIVE OFFICERS

The following table shows the ePlus common stock beneficially owned by each named executive officer, director, and all directors and named executive officers as a group as of June 30, 2008. All amounts are rounded to the nearest one-tenth.

Name of Beneficial Owner(1)	Number of Shares Beneficially Owned (2)	Percentage of Shares Outstanding
Phillip G. Norton (3)	2,216,000	26.4%
Bruce M. Bowen (4)	696,400	8.3
Steven J. Mencarini (5)	60,000	*
C. Thomas Faulders, III (6)	83,507	1.0
Terrence O'Donnell (7)	80,000	1.0
Milton E. Cooper, Jr. (10)	30,000	*
Lawrence S. Herman (8)	47,500	*
Eric D. Hovde (9)	1,265,129	15.4
Irving R. Beimler	--	*
All directors and executive officers as a group (9 Individuals)	4,651,536	50.8

\* Less than 1%

(1) The business address of Messrs. Norton, Bowen, Mencarini, Faulders, O'Donnell, Cooper, Herman, Hovde and Beimler 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, 2008 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, 2008 have been exercised.

(3) Includes 2,040,000 shares held by J.A.P. Investment Group, L.P., a Virginia limited partnership, of which J.A.P., Inc., a Virginia corporation, is the sole general partner. The limited partners are: Patricia A. Norton, the spouse of Mr. Norton, trustee for the benefit of Phillip G. Norton, Jr., u/a dated as of July 20, 1983; Patricia A. Norton, the spouse of Mr. Norton, trustee for the benefit of Andrew L. Norton, u/a dated as of July 20, 1983; Patricia A. Norton, trustee for the benefit of Jeremiah O. Norton, u/a dated as of July 20, 1983; and Patricia A. Norton. Patricia A. Norton is the sole stockholder of J.A.P., Inc. Also includes 175,000 shares of common stock issuable to Mr. Norton under options that are exercisable within 60 days of June 30, 2008. Mr. Norton holds 1,000 shares of ePlus individually.

(4) Includes 421,400 shares held by Mr. Bowen and his spouse, as tenants by the entirety, and 160,000 shares held by Bowen Holdings LLC, a Virginia limited liability company composed of Mr. Bowen and his three children, for which shares Mr. Bowen serves as manager. Also includes 115,000 shares of common stock issuable to Mr. Bowen under options that are exercisable within 60 days of June 30, 2008.

(5) Includes 60,000 shares of common stock issuable to Mr. Mencarini under options that are exercisable within 60 days of June 30, 2008.

(6) Includes 83,507 shares of common stock issuable to Mr. Faulders under options that are exercisable within 60 days of June 30, 2008.

(7) Includes 80,000 shares of common stock issuable to Mr. O'Donnell under options that are exercisable within 60 days of June 30, 2008.

(8) Includes 47,500 shares of common stock issuable to Mr. Herman under options that are exercisable within 60 days of June 30, 2008.

8

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Table of Contents

(9) Of the 1,265,129 shares beneficially owned by Eric D. Hovde, 28,559 shares are owned directly; Eric D. Hovde is the managing member (“MM”) of Hovde Capital, L.L.C., the general partner to Financial Institution Partners II, L.P., which owns 328,719 shares; Eric D. Hovde is the MM of Hovde Capital Limited IV LLC, the general partner to Financial Institution Partners IV, L.P., which owns 51,970 shares; Eric D. Hovde is the MM of Hovde Capital, Ltd., the general partner to Financial Institution Partners III, L.P., which owns 234,876 shares; Eric D. Hovde is the MM of Hovde Capital IV, LLC, the general partner to Financial Institution Partners, L.P., which owns 432,720 shares; Eric D. Hovde is the MM to Hovde Capital Offshore LLC, the management company to Financial Institution Partners, Ltd., which owns 118,020 shares; Eric D. Hovde is the MM of Hovde Acquisition II, L.L.C., which owns 30,000 shares; Eric D. Hovde is the trustee to The Hovde Financial, Inc. Profit Sharing Plan and Trust, which owns 19,000 shares; Eric D. Hovde is the trustee to The Eric D. and Steven D. Hovde Foundation, which owns 21,265 shares.

(10) Includes 30,000 shares of common stock issuable to Mr. Cooper under options that are exercisable within 60 days of June 30, 2008.

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 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 stockholders are required by SEC regulation to furnish the Company with copies of all Section 16(a) forms they file.

To the Company’s knowledge, based solely on a review of the copies of such reports furnished to the Company and written representations that no other reports were required, during the fiscal year ended March 31, 2008, all Section 16(a) filing requirements applicable to ePlus’ executive officers, directors and greater than ten percent beneficial owners were complied with.

Related Party Transactions

From April 1, 2007 to June 30, 2007, we leased approximately 50,232 square feet for use as our principal headquarter from Norton Building 1, LLC for a monthly rent payment of approximately \$76,000. Effective July 1, 2007, we entered into an amendment which increased the leased square footage to 55,880 and the monthly rent payment to approximately \$86,000. Norton Building 1, LLC is a limited liability company owned in part by Mr. Norton’s spouse and in part in trust for his children. As of May 31, 2007, Mr. Norton, our President and CEO, has no managerial or executive role in Norton Building 1, LLC. The lease was approved by the Board of Directors prior to its commencement, and viewed by the Board as being at or below comparable market rents, and ePlus has the right to terminate up to 40% of the leased premises for no penalty, with six months’ notice. During the years ended March 31, 2008 and March 31, 2007, we paid rent in the amount of \$1,052,000 and \$964,000, respectively.

Two of Mr. Norton’s sons are employed at the Company. The first, a Director of Finance at ePlus Government, inc., earned \$200,000 in each of the fiscal years ended March 31, 2007 and 2008. His compensation is comprised of a base salary and a bonus. The second, a Senior Account Executive at ePlus Government, inc., earned \$233,000 and \$331,000 in the fiscal years ended March 31, 2007 and 2008, respectively, in base salary and commissions. Mr. Norton’s brother is a Senior Account Executive at ePlus Group, inc., who earned \$194,000 in the fiscal year ended March 31, 2007 and \$193,000 in the fiscal year ended March 31, 2008 in base salary and commission. 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. Terrence O'Donnell, Board of Director member, Chairman of Audit Committee and Nominating and Corporate Governance Committee member, has a son-in-law serving as Senior Account Executive at ePlus Group, inc. who earned \$741,000 and \$845,000 in base salary and commission in the fiscal years ended March 31, 2007 and 2008, respectively. His compensation, like that of his peers', is based primarily on the calculation of commissions for sales completed, in accordance with our commission plan.



Table of Contents

On June 25, 2008 the Board adopted a written Related Party Transactions Policy in order to establish more detailed processes, procedures and standards regarding the review, approval and ratification of related person transactions and to provide greater specificity regarding what types of transactions constitute related person transactions. All related person transactions are prohibited unless approved or ratified by the Audit Committee or, in certain circumstances, the Chair of the Audit Committee.

## 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:

- the director or officer was acting in good faith and 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 DGCL. 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.

## 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 common stock as of June 30, 2008. 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 filed with the SEC on the dates indicated in the footnotes to this table.

Name of Beneficial Owner	Number of Shares Beneficially Owned (2)	Percentage of Shares Outstanding
John H. Lewis (1)	416,373	5.1%
Patrick J. Retzer (2)	474,023	5.8
Dimensional Fund Advisors LP (3) 1299 Ocean Avenue, 11th Floor Santa Monica, CA 90401	557,552	6.8



Table of Contents

- (1) The information as to John H. Lewis is derived from a Schedule 13G filed with the SEC on April 9, 2008. John H. Lewis reports that he is the controlling member of Osmium Partners, LLC, a Delaware limited liability company ("Osmium Partners"), which serves as the general partner of Osmium Capital, LP, a Delaware limited partnership (the "Fund"), Osmium Capital II, LP, a Delaware limited partnership ("Fund II"), and Osmium Spartan, LP, a Delaware limited partnership ("Fund III"). Mr. Lewis and Osmium Partners may be deemed to share with the Fund, Fund II, Fund III voting and dispositive power with respect to such shares. Each filer disclaims beneficial ownership with respect to any shares other than the shares owned directly by such filer.
- (2) The information as to Patrick J. Retzer is derived from a Schedule 13G filed with the SEC on April 23, 2008.
- (3) The information as to Dimensional Fund Advisors is derived from a Schedule 13G/A filed with the SEC on February 6, 2008. Dimensional Fund Advisors reports that it is an investment advisor registered under Section 203 of the Investment Advisors 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 (the "Funds"). In its role as investment advisor 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 shares 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, as of June 30, 2008, of each person who was an executive officer with ePlus on such date. To the Company's knowledge, there are no family relationships between any director or executive officer and any other director or executive officer of the Company. Additionally, Mr. Norton serves as the Chairman of the Board of Directors and Mr. Bowen serves on the Board.

NAME	AGE	POSITION
Phillip G. Norton	64	Director, Chairman of the Board, President and Chief Executive Officer
Bruce M. Bowen	56	Director and Executive Vice President
Steven J. Mencarini	52	Senior Vice President and Chief Financial Officer
Kleyton L. Parkhurst	45	Senior Vice President and Treasurer

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

Phillip G. Norton, Chairman of the Board, President and Chief Executive Officer

Mr. Norton joined us in March 1993 and has served since then as our Chairman of the Board and Chief Executive Officer. He was elected President of ePlus inc. in September 1996. Mr. Norton graduated from the U.S. Naval Academy in 1966.

Bruce M. Bowen, Director and Executive Vice President

Mr. Bowen founded our Company in 1990 and served as our President until September 1996. Since September 1996, Mr. Bowen has served as our Executive Vice President, and from September 1996 to June 1997 also served as our Chief Financial Officer. Mr. Bowen has served on our Board since our founding. He is a 1973 graduate of the University of Maryland and in 1978 received a Masters of Business Administration from the University of Maryland.

Table of Contents

Steven J. Mencarini, Senior Vice President and Chief Financial Officer

Mr. Mencarini joined us in June 1997 as Senior Vice President and Chief Financial Officer. Prior to joining us, Mr. Mencarini was Controller of the Technology Management Group of Computer Sciences Corporation ("CSC"). Mr. Mencarini joined CSC in 1991 as Director of Finance and was promoted to Controller in 1996. Mr. Mencarini is a 1976 graduate of the University of Maryland and received a Masters of Taxation from American University in 1985.

Kleyton L. Parkhurst, Senior Vice President and Treasurer

Kleyton L. Parkhurst joined us in May 1991 as Director of Finance. Mr. Parkhurst has served as Secretary or Assistant Secretary and Treasurer since September 1996. In July 1998, Mr. Parkhurst was made Senior Vice President for Corporate Development. Mr. Parkhurst is currently responsible for all of our mergers and acquisitions, investor relations, and marketing. Mr. Parkhurst is a 1985 graduate of Middlebury College.

## EXECUTIVE COMPENSATION

The following table includes certain compensation information concerning compensation paid to or earned by the Chief Executive Officer and the two other most highly compensated executive officers of our Company as of March 31, 2008 (the "named executive officers").

2008 Summary Compensation Table

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)(1)	Non-Equity	Non-Qualified	All Other Compensation (\$)	Total (\$)
						Incentive Plan Compensation (\$)	Deferred Compensation Earnings (\$)		
Phillip G. Norton - Chairman of the Board, President, and Chief Executive Officer	2008	395,561	-	-	999,941	200,000	-	1,500(2)	1,597,002
	2007	375,000	150,000	-	487,288	-	-	1,500	1,013,788
Bruce M. Bowen - Executive Vice President	2008	300,000	-	-	164,370	150,000	-	190,952(3)	805,322
	2007	300,000	75,000	-	80,100	-	-	166,712	621,812
Steven J. Mencarini - Chief Financial Officer and Senior Vice President	2008	286,827	-	-	164,370	150,000	-	74,292(4)	675,489
	2007	225,000	100,000	-	80,100	-	-	65,615	470,715

Table of Contents

- (1) The amounts in this column show the amount we have expensed during the fiscal year 2007 and 2008 under FAS 123R. There were no stock awards made to the named executive officers in fiscal year 2007 or 2008. The amounts shown in this column for fiscal year 2008 relate to options which were canceled on May 11, 2007. The assumptions used to calculate the accounting expense recognized in fiscal 2008 for these stock option awards are set forth in Note 11, "Stock-Based Compensation" to the Consolidated Financial Statements included in ePlus' Annual Report on Form 10-K for fiscal 2008.
- (2) Includes \$1,500 of our employer 401(k) matching contributions.
- (3) Includes \$5,790 of country club dues, \$1,500 of our employer 401(k) matching contributions, and \$183,662, which represents for fiscal year 2008 the increase the cash benefit under the Supplemental Benefit Plan.
- (4) Includes \$1,500 of our employer 401(k) matching contributions, and \$72,792 which represents for fiscal year 2008 the increase in the cash benefit under the Supplemental Benefit Plan.

Description of Executive Compensation

Supplemental Benefit Plans

On February 28, 2005, our Board approved the adoption of separate ePlus inc. Supplemental Benefit Plans for each of Messrs. Bowen and Mencarini. The plans were developed and designed to provide each of the participating named executive officers with a long-term incentive plan outside of the Company's normal incentive plans.

The plans are unfunded and nonqualified and are designed to provide the participants with a cash benefit that is payable only upon the earlier to occur of

- death
- termination of employment; or
- the expiration of the plans.

Each plan terminates on August 11, 2014. Under the terms of the plans, the participants or their beneficiaries have only the right to receive a single lump-sum cash distribution upon the occurrence of one of the triggering events described above. Under the terms of the plans, the participants do not have a right to accelerate payments of the benefits payable under the plans. If a participant is terminated for cause (as defined in each plan) prior to the expiration of the respective plan, we will have no further obligation under the respective plan and the affected participant will not be entitled to any payments under such plan. In connection with the adoption of the plans, we have established a grantor trust to which we have transferred assets intended to be used for the benefit of the participants. Through the date of distribution of plan benefits, the assets of such trusts will remain subject to the claims of our creditors and the beneficiaries of the trusts shall have standing with respect to the trusts' assets not greater than that of our general unsecured creditors. For the year ended March 31, 2008, there were no payments to the participants under the plan. The Compensation Committee takes the amounts accruing under these plans into consideration when setting other long-term compensation awards.

Incentive Plan Awards Paid to Named Executive Officers

On February 29, 2008, the Board of Directors of the Company adopted the ePlus inc. Fiscal Year 2008 Executive Incentive Plan ("the Cash Incentive Plan"), effective March 6, 2008. 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, 2008, the Compensation Committee determined the various corporate, unit and individual performance objectives described under the Cash Incentive Plan which were achieved. A cash payment to each respective executive was based on the level of attainment of the applicable performance objectives.

## Table of Contents

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 2008 performance criteria and their relative weights for each participant were as follows: Company financial performance, 66.6%; and individual performance, 33.3%. The Company financial performance was based on the Company's net earnings before taxes for the 2008 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, and also would have excluded, if they had been applicable, 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 2008 fiscal year. The Company 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 financial performance was exceeded, each executive received the maximum cash incentive payment of 50% of his salary. There were no waivers or modifications to any specified performance targets, goals or conditions with respect to the Cash Incentive Plan.

## Employment Agreements

We have entered into employment agreements with Phillip G. Norton and Bruce M. Bowen, each effective as of September 1, 1996, and with Steven J. Mencarini, effective as of October 31, 2003.

Each of Messrs. Norton's and Bowen's employment agreements provide for an initial term of three years, and is subject to an automatic one-year renewal at the expiration thereof unless we or the employee provides notice of an intention not to renew at least thirty (30) days prior to expiration.

The employment agreements of Messrs. Norton and Bowen also contain a covenant not to compete on the part of each, whereby, in the event of a voluntary termination of employment, upon expiration of the term of the agreement, or upon the termination of employment by us for cause, each is subject to restrictions on acquiring, consulting with, or otherwise engaging in or assisting in providing capital needs for competing business activities or entities within the United States for a period of one year after the date of such termination or expiration of the term of the employment agreement. Messrs. Norton and Bowen's employment agreements do not provide for payment in the event of a change of control.

Mr. Mencarini's employment agreement provides for an initial term of two years, and is subject to an automatic one-year renewal at the expiration thereof unless we provide at least six months' prior notice of termination or the employee resigns for any reason. On April 28, 2008, we timely provided six months' notice to Mr. Mencarini of non-renewal of his agreement. The notice did not otherwise affect Mr. Mencarini's employment with us. The employment agreement requires us to pay severance to Mr. Mencarini if we terminate his employment during the term of the agreement other than for cause or disability, or if he resigns for good reason (as defined in the agreement). Mr. Mencarini's employment agreement further provides that, should his employment be terminated for any reason within 90 days of a change of control, as defined in the agreement, and provided that he provides 180 days notice to the Company, he shall receive one year of salary and benefits.

Under the employment agreements, each receives certain other benefits, including medical, insurance, death and long-term disability benefits and reimbursement of employment-related expenses. Under Mr. Bowen's employment agreement, country-club dues are paid by us. If Mr. Bowen's employment is terminated other than for cause, he is able to retain the country club membership provided he pays the country club dues. Under Mr. Norton's employment agreement, we maintain key-man term life insurance in the amount of \$11 million. Upon termination of employment for any reason, Mr. Norton has the right to have this policy transferred to him. However, we would not have further obligations to pay the premiums due on the policy. In addition, upon termination of employment, other than for cause, Mr. Norton has the right to receive season basketball tickets held by us, provided that the cost of the tickets are paid



by Mr. Norton.

14

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Table of Contents

## OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END 2008

The following table sets forth outstanding option awards held by our named executive officers as of March 31, 2008.

Name	Number of Securities Underlying Unexercised Options (#) Exercisable (1)	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option awards	Option Exercise Price (\$)	Option Expiration Date
			Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)		
Phillip G. Norton	175,000	-	-	7.75	8/11/2009
Bruce M. Bowen	115,000	-	-	7.75	8/11/2009
Steven J. Mencarini	25,000	-	-	8.00	10/1/2008
	20,000	-	-	7.75	8/11/2009
	10,000	-	-	17.38	9/13/2010
	5,000	-	-	7.75	12/27/2010

(1) On May 11, 2007, Messrs. Norton, Bowen, Parkhurst and Mencarini entered into separate stock option cancellation agreements pursuant to which options to purchase 300,000 shares, 50,000 shares, 50,000 shares, and 50,000 shares, respectively, were cancelled. These cancelled awards are not included in this column. In accordance with SFAS No. 123R, "Share-Based Payment," we recognized \$1.5 million of share-based compensation expense relating to the cancellation of these options.

## Equity Compensation Plan Information

The following table provides information about our common stock that may be issued upon the exercise of options, warrants, and rights under all of our existing equity compensation plans as of March 31, 2008, including the ePlus inc. Amended and Restated 1998 Long-Term Incentive Plan, Amended and Restated Incentive Stock Option Plan, Amended and Restated Outside Director Stock Option Plan, and Amended and Restated Nonqualified Stock Option Plan.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants, and rights	Weighted-average exercise price of outstanding options, warrants, and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities
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reflected in  
first column)

Equity compensation plans approved by security holders	1,240,813
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