EPLUS INC
Form DEF 14A
July 23, 2014

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.)

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Check the appropriate box:

o	Preliminary Proxy Statement
o	Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
x	Definitive Proxy Statement
o	Definitive Additional Materials
o	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 Wednesday, September 10, 2014

To the Shareholders of ePlus inc.:

NOTICE IS HEREBY GIVEN THAT the Annual Meeting of Shareholders of ePlus inc., a Delaware corporation, will be held on Wednesday, September 10, 2014, at The Westin Washington Dulles Airport, 2520 Wasser Terrace, Herndon, Virginia 20171 at 8:00 a.m. local time for the purposes stated below:

1. To elect as directors the nominees named in the attached proxy statement, each to serve an annual term, and until their successors have been duly elected and qualified;

2. To hold an advisory vote on the compensation of our named executive officers as disclosed in the proxy statement;

3. Approval of the 2014 Amended and Restated Executive Incentive Plan; and

4. To ratify the selection of Deloitte & Touche LLP as our independent registered accounting firm for our fiscal year ending March 31, 2015; and

5. To transact such other business as may properly come before the Annual Meeting and any adjournment or postponement thereof.

Proxy materials were made available to you over the Internet beginning on or about July 30, 2014. Holders of our common stock at the close of business on July 18, 2014, are entitled to vote at the Annual Meeting of Shareholders.

You are cordially invited to attend the Annual Meeting in person. To ensure that your vote is counted at the Annual Meeting, however, please vote as promptly as possible.

By Order of the Board of Directors

/s/ Erica S. Stoecker
Erica S. Stoecker
Corporate Secretary &
General Counsel

July 30, 2014

YOUR VOTE IS IMPORTANT

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 10, 2014:

THE COMPANY'S PROXY STATEMENT FOR THE 2014 ANNUAL MEETING OF SHAREHOLDERS AND THE ANNUAL REPORT FOR THE FISCAL YEAR ENDED MARCH 31, 2014, ARE AVAILABLE AT WWW.EDOCUMENTVIEW.COM/PLUS.

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ePlus inc. www.eplus.com

PROXY STATEMENT

FOR THE 2014 ANNUAL MEETING OF SHAREHOLDERS

GENERAL INFORMATION

This Proxy Statement is furnished to the shareholders of ePlus inc. ("we," "us," "our," or "the Company"), a Delaware corporation, in connection with the solicitation of proxies by our Board of Directors to be voted at the Annual Meeting of Shareholders or any adjournments or postponements of that meeting. The Annual Meeting of Shareholders will be held on September 10, 2014, at 8:00 a.m. at The Westin Washington Dulles Airport, 2520 Wasser Terrace, Herndon, Virginia 20171.

We will be using the "Notice and Access" method of furnishing proxy materials to you over the Internet. "Notice and Access" rules adopted by the Securities and Exchange Commission (the "SEC") permit us to furnish proxy materials, including this Proxy Statement and our Annual Report on Form 10-K for fiscal year 2014, to our shareholders by providing access to such documents on the Internet instead of mailing printed copies. We believe that this process will provide you with a convenient and quick way to access your proxy materials and vote your shares, while allowing us to reduce the environmental impact of our Annual Meeting and the costs of printing and distributing the proxy materials. On or about July 30, 2014, we will mail to our shareholders a Notice of Internet Availability of Proxy Materials (the "Notice") containing instructions on how to access our Proxy Statement and Annual Report on Form 10-K and how to vote electronically over the Internet or request a printed set of the proxy materials. The Notice provides instructions on how to vote and identifies the items to be voted on at the Annual Meeting. You may vote: (i) by Internet; (ii) by requesting and returning a paper proxy card or voting instruction card; or (iii) by submitting a ballot in person at the Annual Meeting. You cannot vote by marking the Notice and returning it. The Notice also contains instructions on how to receive a paper copy of the proxy materials. Most shareholders will not receive printed copies of the proxy materials unless they request them. If you would like to receive a paper or email copy of our proxy materials, you should follow the instructions for requesting such materials in the Notice. Any request to receive proxy materials by mail will remain in effect until you revoke it.

These proxy materials were first made available to shareholders on July 30, 2014.

Only holders of record of our common stock at the close of business on July 18, 2014 (the "Record Date") will be entitled to vote at the Annual Meeting of Shareholders and any postponements or adjournments of that meeting. On the Record Date, we had 7,517,681 outstanding shares. Each share of common stock is entitled to one vote, and there is no cumulative voting.

You are voting on:

- Election of the eight director nominees named in this proxy statement to serve for an annual term (Proposal No. 1);
- An advisory vote on our executive compensation as disclosed in this proxy statement (Proposal No. 2);
- Approval of the material terms of our performance goals and other material terms of our 2014 Amended and Restated Executive Incentive Plan (Proposal No. 3); and
- Ratification of the selection of Deloitte & Touche LLP as our independent registered public accounting firm for our fiscal year ending March 31, 2015 (Proposal No. 4).

Our Board of Directors recommends that you vote your shares as follows:

- "FOR" each of the nominees to the Board (Proposal No. 1);
- "FOR" the proposal regarding an advisory vote on executive compensation (Proposal No. 2);
- "FOR" approval of the material terms of the performance goals and other material terms of our 2014 Amended and Restated Executive Incentive Plan (Proposal No. 3); and
- "FOR" ratification of the selection of Deloitte & Touche LLP as our independent registered public accounting firm for fiscal year 2015 (Proposal No. 4).

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How to Vote

Shareholder 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 you may vote using any of the following methods:

- Internet. You may vote by going to the web address www.envisionreports.com/PLUS 24 hours a day, seven days a week, until 11:59 p.m. Eastern Time on September 9, 2014 and following the instructions for Internet voting shown on the Notice.
- Telephone. You may vote by dialing 1-800-652-VOTE (8683) 24 hours a day, seven days a week, until 11:59 p.m. Eastern Time on September 9, 2014 and following the instructions for telephone voting shown on the Notice.
- Mail. If you requested printed proxy materials or you receive a paper copy of the proxy card, then you may vote by completing, signing, dating and mailing the proxy card in the envelope provided. If you vote by Internet or telephone, please do not mail your proxy card.
- In person at the Annual Meeting. If you are a shareholder whose shares are registered in your name, you may attend the Annual Meeting and vote in person.

Whichever method you use (other than voting in person), the named proxies will vote the shares of which you are the shareholder of record in accordance with your instructions. However, if a shareholder submits a proxy that does not provide instructions on how to vote the shares, the shares will be voted as recommended by our Board of Directors. By submitting your proxy, you authorize the proxies to use their judgment to determine how to vote on any other matter brought before the Annual Meeting, or any adjournments or postponements thereof. We do not know of any other business to be considered at 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. You will receive instructions from your bank, broker or other nominee describing how to vote your shares. You may vote by proxy via the Internet by visiting www.envisionreports.com/PLUS and entering the control number found in the Notice forwarded to you by your bank, broker or other nominee. The availability of Internet voting may depend on the voting process of the organization that holds your shares. If you request printed copies of the proxy materials by mail, you may vote by proxy by calling the toll free number found on the voting instruction form provided by your bank, broker or other nominee. The availability of telephone voting may depend on the voting process of the organization that holds your shares. If you request printed copies of the proxy materials by mail, you will receive a voting instruction form and you may vote by proxy by filling out the voting instruction form and returning it in the envelope provided. 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.

Making Changes to Your Proxy. 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 (if you have opted for a printed set of materials), 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.
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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 Proxies are 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.

If you do not give specific voting instructions, your shares will be voted as described below.

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 (if you have opted for a printed set of materials, you 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 elections 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."

The ratification of the selection of Deloitte & Touche LLP as the Company's independent registered public accounting firm for the fiscal year ending March 31, 2015, (Proposal No. 4) 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. 4.

The election of directors (Proposal No. 1), the advisory vote on executive compensation (Proposal No. 2), and the approval of material terms of the performance goals and material terms of our 2014 Amended and Restated Executive Incentive Plan (Proposal No. 3), 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 Proposal No. 1, No. 2, and No. 3.

Voted Requirements for Each Proposal

For proposal No. 1, Directors are elected by a plurality of the shares present in person or by proxy at the Annual Meeting and entitled to vote on the election of directors. A plurality means that the nominees with the greatest number of votes are elected as directors up to the maximum number of directors to be chosen at the Annual Meeting. In the election of directors, Proposal 1, you may vote FOR each of the nominees or your vote may be WITHHELD with respect to one or more of the nominees. A WITHHOLD vote will not have an impact on the election of directors.

For Proposal No. 2, 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 approval, on an advisory basis. As advisory votes, this proposal is 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. Broker non-votes will have no effect.

Approval of Proposal No. 3 and Proposal No. 4 requires the affirmative vote of holders of a majority of shares entitled to vote and present in person or by proxy at the meeting.

Effect of Broker Non-Votes and Abstentions

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.

Quorum Requirements

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 7,517,681 shares outstanding and entitled to vote. Thus, at least 3,758,841 shares must be represented by proxy and 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.

Cost of Proxy Solicitation

The Company 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.

PROPOSAL 1 - ELECTION OF DIRECTORS

(Proposal # 1)

The Board of Directors presently has eight members. Milton Cooper has reached the retirement age set forth in our Corporate Governance Guidelines, and will retire effective on the date of the Annual Meeting. On July 9, 2014, the Board of Directors nominated Ira A. Hunt, III to fill the vacancy that will be created by Mr. Cooper's retirement. The Board of Directors has nominated Mr. Hunt, along with incumbent directors Norton, Bowen, O'Donnell, Faulders, Herman, Hovde and Callies to be elected to serve until the next annual meeting of shareholders and until their successors are duly elected and qualified. Each incumbent was selected by the Board of Directors as a nominee in accordance with the recommendation of the Nominating and Corporate Governance Committee. Mr. Hunt was recommended to the Board of Directors by our Chief Executive Officer. Biographical information as of June 30, 2014, for each nominee is provided below.

Unless otherwise instructed or unless authority to vote is withheld, all signed proxies will be voted for the election of the Board's nominees. Each of the nominees has agreed to be named in this proxy statement and to serve if elected, and we know of no reason why any of the nominees would not be able to serve. However, if any nominee is unable or declines to serve as a director, or if a vacancy occurs before the election (which events are not currently anticipated), the proxy holders will vote for the election of such other person or persons as are nominated by the Board.

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Vote Required

The eight nominees receiving the highest number of affirmative votes of the outstanding shares of the Company's common stock present or represented by proxy and voting at the meeting, will be elected as directors to serve until the next annual meeting of shareholders and until their successors are duly elected and qualified.

Recommendation of the Board

The Board of Directors unanimously recommends that you vote in favor of the election of Messrs. Norton, Bowen, O'Donnell, Faulders, Herman, Hovde, Callies and Hunt.

Phillip G. Norton, age 70, joined the Company in March 1993 and has served since as its Chairman of the Board and Chief Executive Officer. Since September 1, 1996, Mr. Norton has also served as President of the Company. Mr. Norton had extensive leasing experience prior to joining ePlus. With over thirty years of senior management experience in the equipment leasing and equipment sales markets, Mr. Norton brings leadership, vision, and extensive business, operating, and financing experience to the Company. He has tremendous knowledge of our markets, and since joining the Company in 1993, he has guided the expansion of our business lines and revenues. Today, we are a provider of advanced technology solutions, leasing, and software with over $1 billion in annual revenues, as compared to our initial businesses of equipment leasing and brokerage with annual revenues of $40 million when the Company went public in 1996. As CEO, Mr. Norton has led several successful capital raising initiatives, including our IPO and secondary offerings and two private equity rounds; multiple accretive acquisitions in three different business lines; the hiring and retention of numerous highly qualified personnel; and the development of strong industry relationships with key technology partners. In June 2011, Mr. Norton began serving on the Board of Directors of The Northern Virginia Technology Council, the largest membership and trade association for the technology in the United States.

Prior to joining ePlus, Mr. Norton was the founder, Chairman of the Board of Directors, President and Chief Executive Officer of Systems Leasing Corporation, an equipment leasing and equipment brokerage company which he founded in 1978 and sold to PacifiCorp, Inc., a large Northwest utility, in 1986. From 1986 to 1990, Mr. Norton served as President and CEO of PacifiCorp Capital, Inc., the leasing entity of PacifiCorp, Inc., which had over $650 million of leased assets. From 1990 until 1993, Mr. Norton coached high school basketball and invested in real estate. From 1970-1975, he worked in various sales and management roles for Memorex Corporation, a manufacturer of storage and communication equipment and from 1975-1978, he was Vice President of Federal Leasing Corporation, a provider of financing and logistics to federal, state, and local governments.

Mr. Norton is a 1966 graduate of the U.S. Naval Academy, with a Bachelor of Science in engineering, and served in the U.S. Navy from 1966-1970 as a Lieutenant in the Supply Corps.

Bruce M. Bowen, age 62, founded our company in 1990 and served as our President until September 1996. Beginning in 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. In March 2014, Mr. Bowen stepped down as Executive Vice President, however, he continues to serve as an employee, focusing on business development and special projects. Mr. Bowen has served on the Board since our founding. Mr. Bowen is a 1973 graduate of the University of Maryland with a Bachelor of Science in Finance and in 1978 received a Masters of Business Administration in Finance from the University of Maryland.

Mr. Bowen has been in the equipment leasing business since 1975. Prior to founding the Company he served as Senior Vice President of PacifiCorp Capital, Inc. In the past, he has served as Chairman of the Association for Government

Leasing and Finance as well as various committees of the Equipment Leasing and Finance Association, which gave him a broad understanding of issues affecting our industry. During his leasing career, Mr. Bowen has participated in equipment lease financing in excess of $3 billion, involving many major vendors as well as government contractors. Throughout his leasing career, he has been responsible for finance and funding, and sales and operations activities, providing the Board with a vast array of knowledge in a multitude of industry-specific areas.

Terrence O'Donnell , age 70, joined our Board in November 1996 upon the completion of our IPO. Mr. O'Donnell is a partner with the law firm of Williams & Connelly LLP in Washington D.C. He served as Executive Vice President, General Counsel and Chief Compliance Officer of Textron, Inc. from March 2000 and Corporate Secretary from 2009, until he retired from Textron Inc. on January 31, 2012. Mr. O'Donnell has practiced law since 1977, and from 1989 to 1992 served as General Counsel to the U.S. Department of Defense. Mr. O'Donnell served on the Board of Directors and the Compensation, Nominating and Audit Committees of IGI Laboratories, Inc., an NYSE-Amex Equities company from 1993 to 2009. Mr. O'Donnell is a 1966 graduate of the U.S. Air Force Academy and received a Juris Doctor from Georgetown University Law Center in 1971.

Mr. O'Donnell brings to the Board of Directors experience in a variety of capacities relevant to the business of the Company. His role at Textron Inc., a multi-industry company with global operations including a commercial finance subsidiary, as Executive Vice President, General Counsel, Corporate Secretary and Chief Compliance Officer, provided valuable experience in business, finance, compliance, leasing, government procurement, environmental, health and safety, corporate and securities law, board and corporate governance, and internal controls, all of which complement directly his service on the Board of ePlus. His public service as a White House staff member for 5 years, 1972-1977, and as General Counsel of the Department of Defense, 1989-1992, have provided a deep understanding of the federal government and the governmental regulatory environment. His service on the board and committees of another public company, IGI, Inc. for some 16 years, including his chairmanship of the IGI Audit Committee for over 12 years, provides insight and experience relevant to his service on the Board of ePlus and his role as Chairman of the Audit Committee. His private practice experience at Williams & Connolly has also provided significant experience in regulatory matters, litigation, and securities and corporate law.

C. Thomas Faulders, III, age 64, joined our Board in July 1998. Mr. Faulders has been the President and Chief Executive Officer of the University of Virginia Alumni Association since 2006. Prior to that, Mr. Faulders served as the Chairman and Chief Executive Officer of LCC International, Inc. from 1999 to 2005 and as Chairman of Telesciences, Inc., an information services company, from 1998 to 1999. From 1995 to 1998, Mr. Faulders was Executive Vice President, Treasurer, and Chief Financial Officer of BDM International, Inc., a prominent systems integration company. Mr. Faulders also served as the Vice President and Chief Financial Officer of COMSAT Corporation, an international satellite communication company, from 1992 to 1995. Prior to this, Mr. Faulders served in a variety of executive roles at MCI, including Treasurer and Senior Vice President of Marketing. Mr. Faulders is the Vice-Chair of the Board of Trustees of Randolph College in Lynchburg, Virginia. He has served on numerous boards in the past and has held roles as chairs of compensation, audit and governance committees. He is a 1971 graduate of the University of Virginia and in 1981 received a Masters of Business Administration from the Wharton School of the University of Pennsylvania.

Mr. Faulders' extensive executive and financial experience in the telecommunications and high tech sectors enables him to assist ePlus directly in the oversight of financial and SEC reporting matters, and the knowledge and experience to provide insight and guidance in the formulation of strategic planning. He qualifies as an audit committee financial expert within the meaning of SEC regulations.

Lawrence S. Herman, age 70, joined our Board of Directors in March 2001. Until his retirement in July 2007, Mr. Herman was one of KPMG's and BearingPoint's most senior Managing Directors with responsibility for managing the strategy and emerging markets in the company's state and local government practice. During his 40 year career with BearingPoint and KPMG, Mr. Herman specialized in developing, evaluating, and implementing financial and management systems and strategies for state and local governments around the nation, as well as mid-market companies and organizations. In many assignments during his 40 plus year career with KPMG and BearingPoint, Mr. Herman was responsible for directing teams which evaluated, designed and implemented systems of internal controls covering procurement, accounting and human resources systems. He has directed accounting systems integration projects for private sector as well as state and local governments, and several statewide performance and budget reviews for California, North Carolina, South Carolina, Louisiana, Oklahoma, and others, resulting in strategic fiscal and technology plans. He is considered to be one of the nation's foremost state budget, financial accounting and fiscal planning experts. Mr. Herman received his Bachelor of Science degree in Mathematics and Economics from Tufts University in 1965 and his Masters of Business Administration in 1967 from Harvard Business School.

Mr. Herman's senior executive role as Managing Director at both KPMG and BearingPoint provided him with significant expertise in private sector and public sector government systems and technology issues. These roles provide the Board and the Company with significant expertise and experience in market segments core to the Company's business.

Eric D. Hovde, age 50, joined our Board in November 2006. Mr. Hovde is the Chairman and Chief Executive Officer of H Bancorp, a $1.3 billion private bank holding company with banking operations on both the east and the west coast. He is also the Chief Executive Officer of Hovde Capital Advisors, LLC, an asset management firm that focuses on investing in the financial services and real estate sectors of the public equity markets. In this capacity, Mr. Hovde provides the investment team with strategic direction and guidance in their investment decisions. Additionally, Mr. Hovde is the Chief Executive Officer of Hovde Properties, LLC, a real estate management company where he oversees management of the company and all large development projects. He has over twenty years of experience in real estate investing and management. Mr. Hovde previously was the CEO of Hovde Financial, an investment banking organization that he co-founded focused on the mergers and acquisitions of banks and thrifts. Mr. Hovde has also served as a director on numerous bank and thrift boards and currently serves as the Chairman of Sunwest Bancorp in Orange County, California. Mr. Hovde has also served on the boards and various committees of both public and private companies.

Mr. Hovde's career has provided him with an expertise in the financial services industry and the investment management areas and, as such, he has been featured on numerous occasions on financial television and in national print media publications—including CNBC, Bloomberg TV, and The Wall Street Journal. His familiarity and understanding of the interplay between the economy and the financial and real estate markets has provided him with a knowledgeable perspective enabling him to act in multiple capacities – that of an executive, an industry commentator, and a financial industry expert.

Mr. Hovde is also the co-founder and a trustee of The Eric D. and Steven D. Hovde Foundation, a non-profit organization that actively supports two central missions - clinical research to find a cure for Multiple Sclerosis and charitable relief for children in desperate need. The Foundation has established Hovde Houses in: Huanuco, Peru; Mexico City, Mexico; Winneba, Ghana; Kigali, Rwanda; and Mombasa, Kenya. Mr. Hovde has also established a homeless shelter for children and their parents complete with casework managers and job training in his hometown of Madison, Wisconsin.

Mr. Hovde received his degrees in Economics and International Relations at the University of Wisconsin-Madison.

John E. Callies, age 60, joined our board on July 23, 2010. Mr. Callies was employed by IBM in various capacities for thirty-four years. Most recently, he served as general manager of IBM Global Financing from 2004 until his retirement in June 2010. With operations in 55 countries supporting 125,000 clients, he led the world's largest information technology financing and asset management organization and Mr. Callies was responsible for business direction and management of a portfolio of nearly $35 billion in total assets. Previously, as vice president, marketing, On Demand Business for IBM, Mr. Callies had company-wide responsibility for all marketing efforts in support of On Demand Business, along with leading the marketing management discipline for IBM. In 2003, Mr. Callies was appointed vice president, marketing and strategy, of IBM Systems Group. Prior to that, beginning in 1996 when he was named general manager, small and medium business, IBM Asia Pacific Corporation, based in Tokyo, Japan, Mr. Callies has filled roles in marketing and marketing management. In 1991 he was named general manager of IBM Credit Corporation's end-user financing division, now called IBM Global Financing. His career at IBM Credit Corporation began in 1985, when he progressed through various executive positions in sales and operations. Mr. Callies is a former Chair of the Board of Governors of Fairfield Preparatory School in Fairfield, Connecticut and former member of the advisory board of Lehigh University. He also serves on the Advisory Board of the Leeds School of Business at the University of Colorado. Mr. Callies is a 1976 graduate of Lehigh University.

Mr. Callies brings over thirty years of experience in the technology marketplace to the ePlus Board. In particular, his broad understanding of the computer reseller channel, financing and international markets will help the Company strengthen its position in the marketplace.

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Ira A. Hunt, III , age 58, has been nominated to join the Board in September 2014. Mr. Hunt is President and Chief Executive Officer of Hunt Technology, LLC, a private consulting practice focused on strategic IT planning, cyber and data-centric security, big data analytics, and cloud computing. He serves as an Operating Partner for LLR Partners, a private equity investment firm, and as an advisor to Artis Ventures, a Silicon Valley venture capital investment group. Mr. Hunt's consulting portfolio spans startups and large established companies whom he advises on strategic product roadmaps, target markets, government contracting and other business opportunities.

In October 2013, after a 28 year career, Mr. Hunt retired from the Central Intelligence Agency (the "CIA") as their Chief Technology Officer ("CTO"). As CTO, Mr. Hunt set the information technology strategic direction and future technology investment plan for the CIA. He was the conceptual and motivating force behind the CIA's decision to acquire a copy of both the Amazon cloud and IBM's Watson. Mr. Hunt developed the CIA's Accelerated Technology Adoption Process to enable the CIA to dramatically speed-up its processes to discover, evaluate, acquire and implement new capabilities in support of its business requirements. This now often-copied process rebuilt and reinvigorated the CIA's engagement with technology leadership across the spectrum from startups and the venture capital community in Silicon Valley, to corporate research labs and universities, to major product vendors and government contracting partners.

Prior to that, Mr. Hunt served as Director, Application Services, of one of the largest business units in the CIA. Mr. Hunt was responsible for building the mission software that the CIA's core business activities—All-Source Analysis and Clandestine Collection and Operations—used to conduct their day-to-day work. Under his leadership, Application Services implemented agile software development techniques, achieved an impressive 86+% on-time and on-budget delivery, and shifted the CIA to a services-based IT architecture and environment.

Mr. Hunt began his CIA career in 1985 as an analyst in the CIA's Directorate of Intelligence and subsequently served in positions of increasing responsibility across the organization to include: the Directorate of Intelligence, DCI's Non-Proliferation Center, Crime Narcotics Center, and Open Source Program Office, and CIO. Mr. Hunt began his career in 1979 working as an aerospace engineer for Rockwell International and General Research Corporation. He holds a Bachelor of Engineering and Masters of Engineering in Civil/Structural Engineering from Vanderbilt University in Nashville, Tennessee.

Mr. Hunt currently serves on the Board of Directors for Mission Link, a non-profit organization focused on providing guidance and connections between innovative start-ups and small to medium companies with the Intelligence and Defense communities. He has served on the Armed Forces Communications and Electronic Association and was extremely active in his community's youth sports programs spending many years as Treasurer of McLean Youth Inc, President of Langley Swim and Tennis Club, chief timer for Langley High School Swim Team, and as coach and manager of Great Falls and Arlington Travel Soccer teams.

Mr. Hunt's experiences as a long-time Senior Executive at the CIA combined with the extensive network of relationships and connections he has built throughout the Venture Capital, Private Equity, and start-up communities bring an additional set of skills and opportunities to the Board. Recognized throughout his CIA career as strategic thinker and successful implementer, Mr. Hunt brings valuable insights into the direction that information technology is heading and the potential value proposition of these new capabilities to government and private sector organizations.

CORPORATE GOVERNANCE

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, 2014, 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, 2014. The Company does not have a policy about directors' attendance at the Annual Meeting of shareholders, however, all eight members of our Board attended the 2013 Annual Meeting of shareholders. Our Board of Directors has determined that six of our eight board members are "independent directors" as defined in NASDAQ Rule 5605(a)(2). Of our two non-independent directors, Mr. Norton, who is Chairman of our Board, also serves as our Chief Executive Officer and President. Until March 28, 2014, Mr. Bowen served as our Executive Vice President. Effective March 28, 2014, Mr. Bowen stepped down from his officer position, and moved to a business development and special projects role.

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Board Leadership Structure

Pursuant to our Corporate Governance Guidelines and Policies, which were most recently reviewed and revised in February 2014, 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 having a Lead Independent Director best balances the need for effective and independent oversight of management with the need for strong, unified leadership. Mr. C. Thomas Faulders, III currently serves as our Lead Independent Director. Board oversight is further 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.

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:

- Serve as a liaison between the CEO and independent directors;
- Preside 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 lead independent director also occasionally approves non-material changes to corporate policies, when proposed changes arise outside the board's scheduled review process.

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 risks related to the subject matters for which it is responsible, primarily corporate governance matters and related person transactions.

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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 concerns may be raised regarding accounting or financial reporting matters, or other matters of concern. 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, as well as to our general counsel and vice president of human resources.

Our Standard of Conduct and Ethics is posted on our website at http://www.eplus.com/ethics. 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.

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 capabilities, 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 capabilities on the Board of Directors, including factors such as technical experience, IT business expertise, financial experience, and ability to contribute toward business development. 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 Corporate 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 http://www.eplus.com/bylaws. 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.

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 http://www.eplus.com/corporate-governance-guidelines. 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.

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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, if any, 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 the following current directors, Messrs. O'Donnell, Cooper, Herman, Faulders, Hovde and Callie, and director nominee Mr. Hunt 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 for the respective committees on which they serve. In determining the independence of the directors, the Board additionally considered the relationships described under "Related Person Transactions," which it determined were immaterial to the individuals' independence.

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 13, 2012, the Board of Directors approved and adopted amended charters for each of our three committees. Additional changes to the Compensation Committee Charter were effected on April 17, 2013. The charter for each of our committees can be found at http://www.eplus.com/committee-charters.

The following table provides a summary of the membership of each of the committees of the Board of Directors as of March 31, 2014.

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

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's Discussion and Analysis of Financial Condition and Results of Operations" portion of the Company's Form 10-Q for each interim quarter with management and independent auditor, as appropriate.
- to provide oversight of the Company's internal audit function.
- 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 independent auditor, 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. No Committee member simultaneously serves on the audit committee of more than two other public companies. The Audit Committee met ten times during the fiscal year ended March 31, 2014.

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, 2014, the Compensation Committee met five 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.

Additionally, the Compensation Committee is directly responsible for the appointment, compensation and oversight of any work of any compensation consultant, legal counsel or other advisor retained by the Committee, and the Company must provide adequate funding for same.

Compensation Committee Interlocks and Insider Participation

The Compensation Committee is comprised entirely of the four independent directors listed above. No member of the Compensation Committee is a current, or during fiscal 2014 was a former, officer or employee of the Company or any of its subsidiaries. During fiscal 2014, 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 2014, 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 of the Company.

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 and reviews related person transactions involving the Company and its directors, executive officers or significant stockholders. The Nominating and Corporate Governance Committee met five times during the fiscal year ended March 31, 2014. 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.

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, 2014. Mr. Norton, the Company's Chairman of the Board, President and Chief Executive Officer, and Mr. Bowen, the Company's founder, who currently performs a business development and special projects role as an employee with the Company, 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, 2014, each non-employee director received an annual cash retainer of $75,000, paid in quarterly installments, or, alternatively, at the director's election, a director may receive his cash compensation in non-forfeitable 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. 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 pro-rata awards will also vest ratably over two years. The restricted stock grants described in this paragraph are rounded down, to avoid a fractional share award.

Directors are also reimbursed for their out-of-pocket expenses incurred to attend Board or committee meetings.

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2014 Fiscal Year Director Compensation Table

Name	Fees Earned or Paid in Cash ($)(1)	Stock Awards ($)(2)(3)	Option Awards ($)(3)	Non-Equity Incentive Plan Compensation	Nonqualifieid Deferred Compensation Earnings	All Other Compensation ($)	Total ($)
John E. Callies	75,000	64,974	-	-	-	-	139,974
Milton E. Cooper, Jr.	75,000	64,974	-	-	-	-	139,974
C. Thomas Faulders, III	75,000	64,974	-	-	-	-	139,974
Lawrence S. Herman	75,000	64,974	-	-	-	-	139,974
Eric D. Hovde	75,000	64,974	-	-	-	-	139,974
Terrence O'Donnell	75,000	64,974	-	-	-	-	139,974

(1) Two of our directors, Mr. O’Donnell and Mr. Hovde, made a stock fee election for calendar year 2013 to receive shares of restricted stock in lieu of cash pursuant to the 2008 Non-Employee Long-Term Incentive Plan (the “Director LTIP”). The number of shares received is determined by using the Fair Market Value of a share of common stock, as defined in the 2008 Director LTIP, rounded down to avoid a fractional share. Thus, Mr. O’Donnell and Mr. Hovde each received 307, 362, and 331 shares of restricted stock in lieu of cash compensation for the first, second and third quarters, respectively, of the fiscal year ended March 31, 2014. Mr. O’Donnell and Mr. Hovde also made a stock fee election for calendar year 2014, which resulted in their each receiving 329 shares of restricted stock in lieu of cash compensation in the last quarter of the fiscal year, which ended March 31, 2014.
(2) The values in this column represent the aggregate grant date fair values of the fiscal year 2014 restricted stock awards, computed in accordance with Financial Accounting Standards Codification Topic 718, Compensation – Stock Compensation (“FASB Topic 718”).
(3) As of March 31, 2014, the aggregate number of nonvested restricted stock shares and all stock options outstanding for each director was as follows:

Name	Number of Restricted Stock Shares	Number of Stock Options
John E. Callies	1,781	-
Milton E. Cooper, Jr.	1,781	-
C. Thomas Faulders, III	1,781	-
Lawrence S. Herman	1,781	-
Eric D. Hovde	3,137	-
Terrence O'Donnell	3,950	-

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, 2014. There are no family relationships between any director or executive officer and any other director or executive officer of ePlus. Additional information relating to Mr. Norton, who is the Chairman of our Board and an executive of the Company, may be found in the section entitled “Proposal 1 – Election of Directors.”

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Name	Age	Position
Phillip G. Norton	70	Chief Executive Officer and President
Elaine D. Marion	46	Chief Financial Officer
Mark P. Marron	53	Chief Operating Officer
Steven J. Mencarini	58	Senior Vice President of Business Operations

The business experience of each non-director executive officer of ePlus is described below.

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 served as senior vice president of worldwide sales of NetIQ. Prior to joining NetIQ, Mr. Marron served as senior vice president and 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 Computer Sciences Corporation ("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 following report shall not be deemed incorporated by reference in any filing under the federal securities laws by virtue of any general incorporation of this proxy statement by reference and shall not otherwise be treated as filed under the federal securities laws.

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 this proxy statement and incorporated by reference into the Company's 2014 Annual Report on Form 10-K.

Submitted by the Compensation Committee

John E. Callies (Chairman)
Milton E. Cooper, Jr.
C. Thomas Faulders, III
Eric D. Hovde

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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

While Mr. Bowen is a named executive officer in this proxy statement, effective March 28, 2014, he stepped down as an executive officer of the Company. Therefore, this discussion only includes an analysis of Mr. Bowen's compensation during the fiscal year ended March 31, 2014.

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 financial performance in fiscal year 2014. During the 2014 fiscal year, the Company continued to grow at a faster rate than that of the overall IT market. Total revenues increased 7.6% to $1.1 billion, driven by 8.3% growth in our technology segment. Fully diluted earnings per share increased to $4.37 from $4.32 per share, on a similar share count. During the fiscal year, the Company's share price increased from $46.21 on March 28, 2013, to $55.76 on March 31, 2014, an appreciation of 20.7 %.

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, for the fiscal year ended on March 31, 2014, 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 presently 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 maintain stability within the executive team. Except as noted below, all restricted stock awards made to the named executive officers to date vest over a three-year vesting period. In June 2014, Mr. Norton received a grant of restricted stock which will vest over a two-year vesting period. Each named executive officer has been an employee of the Company for at least 15 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:

- 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.

2013 Say on Pay Vote

The Company held its first advisory vote on executive compensation (colloquially referred to as "Say on Pay") at its annual meeting of shareholders in 2011, at which time shareholders also recommended that the Say on Pay vote be held annually. Consequently, at our annual meeting of shareholders in September 2013, we included a Say on Pay proposal for our shareholders to provide an advisory vote. Of the total shares voted, more than 83% voted in favor of our executive compensation. Proposal No. 2 provides for an advisory shareholder vote on the Company's executive compensation program in fiscal year 2014. The Compensation Committee evaluated the results of the 2013 advisory vote, together with the other factors and data discussed in this Compensation Discussion and Analysis in determining executive compensation policies and decisions. The committee considered the vote results and did not make any significant changes to our executive compensation policies and decisions as a result of the 2013 advisory vote. However, for Mr. Norton's and Mr. Marron's compensation during the fiscal year ended March 31, 2014, the Committee revised the allocation of the components of cash compensation so that it is more heavily weighted toward the annual cash bonus, which is calculated and paid based on annual performance-based criteria.

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, 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, Marron, and Mencarini, and Ms. Marion do not require review or approval by our Board of Directors. See "Components of

Compensation and 2014 Compensation Determinations” below for an analysis of how compensation is determined.

The Role of the Compensation Consultant

The Company established the overall features of its current compensation program in September 2009. 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 performed another review of our executive compensation program, in June 2013. Like the September 2009, and a subsequent 2011 review, the review included a competitive review of our executive total compensation for our named executive officers, including base salary, annual cash incentive, total cash compensation (base salary plus annual cash incentives), long-term incentives, total direct compensation (total cash compensation plus long-term incentives), and severance provisions. While Towers Watson provided general observations on the Company's compensation programs, it did not determine or recommend the amount or form of compensation for the named executive officers. In the past, Towers Watson has also performed some additional compensation-related services, such as a review of executive stock ownership guidelines, review of board compensation, and a compensation assessment for select employees who are not named executive officers. The Committee has considered the independence of its compensation consultant and has not identified any conflicts of interest regarding the services of its consultant or the consultant's employees.

The Role of Peer Companies and Benchmarking

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.

In June 2013, the Committee considered whether to update the composition of our peer group. After a review, which included the advice of Towers Watson, with regard to our CEO and CFO positions, the Committee established the revised peer group of the Companies listed below:

Black Box Corp	Datalink Corp.	PC Connection Inc.
CDW	Insight Enterprises Inc.	PC Mall Inc.
Ciber Inc.	Maximus Inc.	Softchoice Corp.

As compared to the peer group we established in 2011, for the June 2013 peer group we removed Agilysys and Ariba from the list, as they were bought by Merlin Equity and SAP, respectively. We also removed Mantech International Corp, Moduslink Global Solutions Inc., Sapient, and SRA International, as we re-evaluated their lines of business and determined that other peer companies, CDW and Insight Enterprises Inc., are more closely aligned with our business. In determining our peer group, we considered our revenue, earnings before interest, taxes, depreciation and amortization ("EBITDA"), revenue per employee, EBITDA per employee, market capitalization, number of employees, and companies with whom we compete for customers. We also view a number of other companies as potential peers, however, because they are privately held, no compensation data was available for those entities and they were not included in our peer group.

Below is a list of the proxy peer companies considered in setting the compensation of each of the named executive officers except for Mr. Mencarini and Mr. Marron.

Peer Company	Phillip G. Norton, CEO	Bruce M. Bowen, EVP	Elaine D. Marion, CFO
Black Box Corp.	X	X	X
CDW	X		X
CIBER Inc.	X	X	X
Datalink	X	X	X
Insight Enterprises	X	X	X
Marlin Business Services		X	
Maximus Inc.	X	X	X
MicroFinancial		X	
PC Connection Inc	X	X	X
PC Mall Inc.	X	X	X
Softchoice Corp.	X		X

In the case of Mr. Bowen's proxy peer group, in some cases multiple positions were considered for a peer company: Black Box Corp. (Vice President, Voice Communications North, Europe and Latin America; Senior Vice President, Pacific Rim/Far East), CIBER Inc. (Senior Vice President and General Manager, North America and Executive Vice President, Global Accounts), Insight Enterprises, Inc. (President, Insight United States and President, Insight EMEA), and Maximus Inc. (President, Health Services; President, Human Services; Chief, Human Capital and President, Tax and Employer Service).

In the case of Mark Marron, there was insufficient proxy data available in the peer group. In light of that, the Committee considered published survey data for Mr. Marron. The survey analysis matched Mr. Marron to the 2013 Culpepper Executive Compensation Survey. The survey matched Mr. Marron's position for revenue scope and job responsibilities. The most closely matched survey position description is: Provide strategic and operational direction to multiple line operating units such as product development, marketing, and/or customer and product support. Assist CEO and board of directors to establish strategic objectives and operating policies and procedures to ensure attainment of organizational objectives. Evaluate results within business units to determine if organizational objectives are being met. Establish and coordinate responsibilities and procedures among subordinate divisions and departments.

In the case of Mr. Mencarini, sufficient proxy data was not available for Senior Vice President of Business Operations positions. However, Towers Watson used the 2013 Culpepper Executive Compensation Survey as a comparison, matched for revenue scope. The most closely matched survey position was Senior Operations Executive. The survey position description includes: Oversees the organization's various operations functions. Develops and implements policies and procedures for all facilities and processes within operation units. Works closely with various departments to ensure organizational standards are being met. Evaluates the implementation of new systems and procedures.

Components of Compensation and 2014 Compensation Determinations

Our named executive officer compensation program is based upon:

- base salary;
- annual performance cash bonuses paid pursuant to our Executive Incentive Plan; and
- long-term equity-based awards under our shareholder-approved Employee Long-Term Incentive Plan, or "Employee LTIP." Awards made prior to September 2012 were issued under our 2008 Employee Long-Term Incentive Plan ("2008 Employee LTIP"). In September 2012, our shareholders approved our 2012 Employee Long-Term Incentive Plan ("2012 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 for the fiscal year ended March 31, 2014, are based on the Company's overall financial performance, and on each executive's individual objectives, which are set by the Committee before or within 90 days of the start of each fiscal year. The cash bonus for the fiscal year ended on March 31, 2014, was capped at $450,000 for Mr. Norton, $165,000 for Mr. Bowen, $200,000 for Ms. Marion, $275,000 for Mr. Marron, and $137,500 for Mr. Mencarini.

Base Salaries . As described above, the Compensation Committee retained the services of Towers Watson in June 2013 to perform a review of our executive compensation program. The Compensation Committee concluded in June 2013 that the base salary for Mr. Norton, Mr. Marron, and Ms. Marion should be adjusted. In particular, the Committee noted that Ms. Marion's overall compensation compared to both survey and proxy data was below the 50th percentile of both survey and proxy data, and, additionally, that the comparable positions did not take into account that Ms. Marion manages the Company's Information Technology department. Therefore, beginning July 1, 2013, Ms. Marion's annual base salary was adjusted from $375,000 to $400,000. Based on the peer review, Mr. Norton's annual base salary was adjusted from $560,000 to $650,000, and Mr. Marron's annual base salary was adjusted from $450,000 to $475,000. Generally, the Committee sets base salary near the median for our peer group, based on information provided by Towers Watson, 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. The annual base salary was not adjusted during the fiscal year ended March 31, 2014 for Messrs. Bowen and Mencarini.

Performance Cash Bonuses. For the fiscal year ended March 31, 2014, our executives' cash bonuses were based on two components. One component was based on Company financial performance, and the other was based on individual performance objectives, as more fully described below.

The Compensation Committee adopted an amended Executive Incentive Plan, effective beginning April 1, 2011 (the "2011 Executive Incentive Plan" or the "2011 EIP"). The Executive Incentive Plan was further amended and restated, effective April 1, 2014 (the "2014 Amended and Restated Executive Incentive Plan" or the "2014 A&R EIP"). The 2011 Executive Incentive Plan and the 2014 A&R EIP are collectively referred to as the "Executive Incentive Plan." The Board is seeking shareholder approval for the amendment and restatement. See "Proposal 3 – Approval of 2014 Amended and Restated Executive Incentive Plan." Each of our five executives who were named executive officers during the fiscal year ended March 31, 2013 were named as participants in the plan for the fiscal year ended March 31, 2014. The 2014 A&R EIP, like the 2011 Executive Incentive Plan, provides for performance-based goals, which may enable "Covered Awards" to "Covered Employees" (as defined thereunder) based on such performance goals to qualify as performance-based compensation under Section 162(m) of the Internal Revenue Code of 1986, as amended ("Section 162(m)"). The Executive Incentive Plan also permits awards which are not intended to qualify as performance-based compensation under Section 162(m). The performance goals under the 2011 Executive Incentive Plan were presented to shareholders for approval at our 2011 annual meeting of shareholders. Those performance goals were approved by 98.7% of votes present and entitled to vote. The 2011 Executive Incentive Plan, and the 2014 A&R EIP, also include a provision for an adjusted award in the event it is determined that an award was paid based on incorrect financial results, and permits the Compensation Committee to require, to the extent permitted by law, reimbursement by the participant of any amount paid to or received by the participant with respect to such an award. The 2011 Executive Incentive Plan and the 2014 A&R EIP also both further provide 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 (the "Dodd-Frank Act") and the Sarbanes-Oxley Act of 2002 ("Sarbanes-Oxley") and any regulations promulgated thereunder.

The Executive Incentive Plan is administered by the Compensation Committee, which has full authority to determine from among Executive employees of the Company the participants in the Executive 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. Awards for any particular participant for each fiscal year under the Executive Incentive Plan are subject to a maximum of $500,000 for fiscal years beginning on and after April 1, 2011 and (if the 2014 A&R EIP is approved by shareholders) $1,250,000 for fiscal years beginning on and after April 1, 2014.

The award amount paid under the 2011 Executive Incentive Plan 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 2014 performance weights and target amounts for each participant were as follows:

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	Financial Performance		Individual Performance	
Named Executive Officer	Percentage of Total Bonus	Target Amount ($)	Percentage of Total Bonus	Target Amount ($)
Phillip G. Norton	66.6 %	300,000	33.3 %	150,000
Bruce M. Bowen	66.6 %			