

EPLUS INC
Form DEF 14A
July 26, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:
Preliminary Proxy Statement
Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
Definitive Proxy Statement
Definitive Additional Materials
Soliciting Material Pursuant to Rule
14a-12

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

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

Payment of Filing Fee (Check the appropriate box):
No fee required.
Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- (1) Title of each class of securities to which transaction applies:
- (2) Aggregate number of securities to which transaction applies:
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
- (4) Proposed maximum aggregate value of transaction:
- (5) Total fee paid:

Fee paid previously with preliminary materials.
Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Notice of 2017 Annual Meeting of Shareholders
and
Proxy Statement

EPLUS INC.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

When:

Where:

Tuesday, September 12, 2017
8:00 a.m. EST

The Westin Washington Dulles Airport
2520 Wasser Terrace,
Herndon, Virginia 20171

We are pleased to invite you to the ePlus inc. 2017 Annual Meeting of Shareholders (the “Annual Meeting”).

Items of Business:

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. To hold an advisory vote on the frequency of future advisory votes to approve named executive officer compensation;
4. To ratify the selection of Deloitte & Touche LLP as our independent registered accounting firm for our fiscal year ending March 31, 2018;
5. To approve the 2017 Non-Employee Director Long-Term Incentive Plan; and
6. To transact such other business as may properly come before the Annual Meeting and any adjournment or postponement thereof.

Record Date:

Holders of our common stock at the close of business on July 21, 2017, are entitled to notice of, and to vote at, the Annual Meeting.

How to Vote:

Your vote is important to us. Please see “Voting Information” on page 1 for instructions on how to vote your shares.

These proxy materials are first being distributed on or about July 31, 2017.

July 31, 2017 By Order of the Board of Directors

Erica S. Stoecker
Corporate Secretary & General Counsel

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON SEPTEMBER 12, 2017: THE COMPANY’S PROXY STATEMENT FOR THE 2017 ANNUAL MEETING OF SHAREHOLDERS AND THE ANNUAL REPORT FOR THE FISCAL YEAR ENDED MARCH 31, 2017, ARE AVAILABLE AT WWW.EDOCUMENTVIEW.COM/PLUS.

PROXY STATEMENT TABLE OF CONTENTS

<u>VOTING INFORMATION</u>	1
<u>Who is Eligible to Vote</u>	1
<u>Participate in the Future of ePlus – Vote Today</u>	1
<u>Voting in Advance of the Annual Meeting</u>	1
<u>Voting at the Annual Meeting</u>	1
<u>Frequently Asked Questions</u>	2
<u>CORPORATE GOVERNANCE</u>	2
<u>Independence of Our Board of Directors</u>	2
<u>Board of Directors Leadership Structure</u>	2
<u>Board and Committee Meetings</u>	2
<u>Board Committees</u>	3
<u>Board of Directors Role in Risk Oversight</u>	5
<u>Code of Conduct</u>	5
<u>Hedging, Short Sales and Pledging Policies</u>	6
<u>Communications with the Board of Directors</u>	6
<u>Compensation Committee Interlocks and Insider Participation</u>	6
<u>Related Party Transactions</u>	6
<u>No Stockholder Rights Plan</u>	7
<u>PROPOSAL 1 – Election of Directors</u>	8
<u>Director Nomination Process</u>	8
<u>Director Qualifications</u>	8
<u>2017 Nominees for Election to the Board of Directors</u>	9
<u>DIRECTOR COMPENSATION</u>	13
<u>2017 Director Compensation Table</u>	13
<u>Stock Ownership Guidelines</u>	14
<u>STOCK OWNERSHIP</u>	14
<u>Ownership of our Common Stock</u>	14
<u>Certain Beneficial Owners, Directors and Executive Officers</u>	15
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	16
<u>EXECUTIVE OFFICERS</u>	17
<u>PROPOSAL 2 – Advisory Vote to Approve Named Executive Officer Compensation</u>	17
<u>PROPOSAL 3 – Advisory Vote on Frequency of Future Advisory Votes to Approve Named Executive Officer Compensation</u>	18

<u>COMPENSATION DISCUSSION AND ANALYSIS</u>	19
<u>OVERVIEW</u>	19
<u>Fiscal Year 2017 Financial Highlights</u>	19
<u>Our Executive Compensation Program</u>	20
<u>Our Executive Compensation Practices</u>	20
<u>2016 Say-On-Pay Vote</u>	21
<u>WHAT WE PAY AND WHY</u>	21
<u>Fiscal Year 2017 Executive Compensation Decisions</u>	21
<u>Base Salary</u>	21
<u>Annual Cash Incentive Awards</u>	22
<u>Long-Term Equity-Based Incentive Program</u>	24
<u>Other Elements of our Fiscal Year 2017 Executive Compensation Program</u>	25
<u>HOW WE MAKE EXECUTIVE COMPENSATION DECISIONS</u>	27
<u>Role of the Board, Compensation Committee and our Executive Officers</u>	27
<u>Guidance from the Compensation Committee’s Independent Compensation Consultant</u>	27
<u>Comparison Peer Groups</u>	28
<u>Alignment of Senior Management Team to Drive Performance</u>	28
<u>2017 EXECUTIVE COMPENSATION</u>	29
<u>2017 Summary Compensation Table</u>	29
<u>2017 Grants of Plan-Based Awards Table</u>	30
<u>Outstanding Equity Awards at 2017 Fiscal Year End</u>	31
<u>Fiscal 2017 Option Exercises and Stock Vested</u>	31
<u>Employment Agreements, Severance and Change in Control Provisions</u>	32
<u>EQUITY COMPENSATION PLAN INFORMATION</u>	35
<u>PROPOSAL 4 – Ratification of the Selection of Deloitte & Touche LLP as our Independent Registered Public Accounting Firm for our Fiscal Year Ending March 31, 2018</u>	36
<u>AUDIT COMMITTEE REPORT</u>	36
<u>Independent Registered Public Accounting Firm Fees and Independence</u>	37
<u>PROPOSAL 5 – Approval of the 2017 Non-Employee Director Long-Term Incentive Plan</u>	38
<u>Administration</u>	39
<u>Eligibility and Limitation on Awards</u>	39
<u>Summary of Award Terms and Conditions</u>	39
<u>Shares Subject to the New Plan</u>	40
<u>Anti-Dilution Protections</u>	40
<u>Amendment and Termination</u>	40

<u>Federal Income Tax Consequences</u>	40
<u>Effective Date</u>	41

<u>Vote Required</u>	41
<u>FREQUENTLY ASKED QUESTIONS CONCERNING THE ANNUAL MEETING</u>	41
<u>OTHER MATTERS</u>	44
<u>Other Business</u>	44
<u>Annual Report on Form 10-K</u>	45
<u>Householding</u>	45
<u>Shareholder Proposals for the 2018 Annual Meeting</u>	45
<u>Results of the Annual Meeting</u>	46
<u>Additional Information About the Company</u>	46
<u>FORWARD-LOOKING STATEMENTS</u>	46
<u>ANNEX A</u>	A-1

Table of Contents

VOTING INFORMATION

Who is Eligible to Vote

You are entitled to vote at the Annual Meeting if you were a shareholder of record of ePlus inc. (“ePlus” or the “Company”) as of the close of business on Friday, July 21, 2017, the record date (“Record Date”) for our Annual Meeting.

Participate in the Future of ePlus – Vote Today

Please cast your vote as soon as possible on all of the proposals listed below to ensure that your shares are represented.

		More Information	Board Recommendation
Proposal 1	Election of Directors	Page 8	FOR each Director Nominee
Proposal 2	Advisory Vote to Approve Named Executive Officers Compensation	Page 17	FOR
Proposal 3	Advisory Vote on Frequency of Future Advisory Votes to Approve Named Executive Officer Compensation	Page 18	FOR every one year
Proposal 4	Ratification of Independent Registered Public Accounting Firm	Page 36	FOR
Proposal 5	Approval of the 2017 Non-Employee Director Long-Term Incentive Plan	Page 38	FOR

Voting in Advance of the Annual Meeting

Even if you plan to attend our Annual Meeting in person, please read this proxy statement with care and vote right away as described below. For shareholders of record, have your notice and proxy card in hand and follow the instructions. If you hold your shares through a broker, bank or other nominee, you will receive voting instructions from your broker, bank or other nominee, including whether telephone or Internet options are available.

INTERNET / MOBILE

PHONE

MAIL

Visit 24/7:

www.investorvote.com/plus

Dial toll free 24/7

Use a touch-tone telephone to vote your proxy until 11:59 p.m. ET on September 11, 2017

Mark, sign and date your proxy card and return it in the postage-paid envelope provided

Use the Internet to vote your proxy until 11:59 p.m. ET on September 11, 2017

Voting at the Annual Meeting

You may vote in person at the Annual Meeting, which will be held on Thursday, September 12, 2017, at 8:00 am. ET, at The Westin Washington Dulles Airport, 2520 Wasser Terrace, Herndon, Virginia. If you hold your shares through a broker, bank or other nominee and would like to vote in person at the Annual Meeting, you must first obtain a proxy issued in your name from the institution that holds your shares.

Table of Contents

Frequently Asked Questions

We provide answers to many frequently asked questions about the meeting and voting under “Frequently Asked Questions Concerning the Annual Meeting” beginning on page 41 of this proxy statement.

CORPORATE GOVERNANCE

Our Board of Directors (the “Board of Directors” or “Board”) has adopted Corporate Governance Guidelines (the “Guidelines”), which provide a framework for effective corporate governance. The Guidelines outline the operating principles of our Board of Directors, and the composition and working processes of our Board and its committees. Our Nominating and Corporate Governance Committee periodically reviews our Guidelines and developments in corporate governance, and recommends proposed changes to the Board for approval.

Our Guidelines, along with other corporate governance documents such as bylaws, committee charters, and articles of incorporation, and our Code of Ethics and Business Partner Code of Ethics, are available on our website at <http://www.eplus.com/investors/corporate-governance-legal>.

Independence of Our Board of Directors

Under our Corporate Governance Guidelines and the listing standards of NASDAQ, a majority of our Board members must be independent. The Board of Directors annually determines whether each of our directors is independent. In determining independence, the Board follows the independence criteria set forth in the NASDAQ listing standards, and considers all relevant facts and circumstances.

Under the NASDAQ independence criteria, a director cannot be considered independent if he has one of the relationships specifically enumerated in the NASDAQ listing standards. In addition, the Board must affirmatively determine that a director does not have a relationship that, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. The Board has affirmatively determined that each of our current directors is independent under the applicable NASDAQ listing standards, other than our Executive Chairman Phillip G. Norton, and our founder, Bruce M. Bowen.

Board of Directors Leadership Structure

Phillip G. Norton serves as our Executive Chairman, and C. Thomas Faulders is our Lead Independent Director. The Board believes this structure provides an efficient and effective leadership model for the Company. The role of the 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 or not combining the roles of CEO and Chairman will serve the best interests of the Company and its shareholders.

Our Corporate Governance Guidelines set forth the Lead Independent Director’s roles and responsibilities. The Lead Independent Director also occasionally approves non-material changes to corporate policies, when proposed changes arise outside the Board’s scheduled review process.

Board and Committee Meetings

Our directors are expected to attend meetings of the Board and applicable committees. During our fiscal year ended March 31, 2017, the Board held 9 meetings. Each of the directors attended at least 75% of the aggregate of all meetings of the Board and the committees on which he served. In addition, 7 of our directors attended our September 2016 Annual Meeting of Shareholders.

Table of Contents

Board Committees

Our Board has three standing committees: Audit, Compensation, and Nominating and Corporate Governance committees. Each committee has a charter, which is available on our website at <http://www.eplus.com/investors/corporate-governance-legal/committee-charters>. Additional information on each committee is below.

Audit Committee

Chair: Terrence O'Donnell

Other Members of the Committee: John E. Callies, C. Thomas Faulders, Lawrence S. Herman

Meetings Held in FY2017: 10

Primary Responsibilities:

Our Audit Committee is responsible for, among other things: (1) appointing, compensating, retaining and overseeing the work of the independent auditor engaged for the purpose of preparing or issuing audit reports and performing other audit, review or attest services for the Company; (2) discussing 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 recommending to the Board of Directors whether the audited financial statements should be included in the Company's Annual Report on Form 10-K; (3) discussing 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; (4) providing oversight of the Company's internal audit function; and (5) discussing 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.

Independence:

Each member of the Audit Committee meets the audit committee independence requirements of NASDAQ and the rules under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

The Board has determined that C. Thomas Faulders meets the definition of an "audit committee financial expert" under the Exchange Act rules. Each member of the Audit Committee is financially literate, knowledgeable and qualified to review financial statements.

Table of Contents

Compensation Committee

Chair: John E. Callies

Other Members of the Committee: Ira A. Hunt, C. Thomas Faulders, Eric D. Hovde

Meetings Held in FY2017: 7

Primary Responsibilities:

Our Compensation Committee is responsible for, among other things: (1) reviewing the effectiveness of the Company's executive compensation programs; (2) reviewing and approving goals and objectives for the Company's executive officers; (3) evaluating and setting the compensation of our Chief Executive Officer, and reviewing CEO recommendations regarding the compensation of our other executive officers; (4) administering the Company's equity benefit plans; (5) reviewing and approving the Company's general compensation strategy and the competitiveness of our executive officers; (6) 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 (7) reviewing and approving, or reviewing and recommending to the Board, employment agreements, severance and change in control agreements for the Company's executive officers.

Independence:

Each member of the Compensation Committee meets the compensation committee independence requirements of NASDAQ and the rules under the Exchange Act, meets the non-employee director requirements of Rule 16b-3 under the Exchange Act, and meets the outside director requirements under Section 162(m) of the Internal Revenue Code ("IRC").

Table of Contents

Nominating and Corporate Governance Committee

Chair: Lawrence S. Herman

Other Members of the Committee: Ira A. Hunt, Eric D. Hovde, Terrence O'Donnell

Meetings Held in FY2017: 5

Primary Responsibilities:

Our Nominating and Corporate Governance Committee is responsible for, among other things: (1) selecting and recommending to the Board nominees for director; (2) making recommendation to the Board concerning the composition of committees; (3) overseeing the evaluation of the Board and each of its committees; (4) reviewing and recommending to the Board compensation of non-employee directors; (5) reviewing our related party transaction policy, and any related party transactions; (6) overseeing management development and succession planning; and (7) reviewing and assessing the adequacy of our corporate governance framework, including our Certificate of Incorporation, Bylaws, and Corporate Governance Guidelines, and making recommendations to the Board as appropriate.

Independence:

Each member of the Nominating and Corporate Governance Committee meets the independence requirements of NASDAQ.

Board of Directors 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 discussed with management and the independent auditor, as appropriate, (1) risks related to its duties and responsibilities as described in its charter, (2) management's policies and processes for risk assessment and risk management and (3) 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.

Code of Conduct

We are committed to ethical behavior in all that we do. Our Code of Conduct, which is applicable to all our directors and employees, is available on our website at

<http://www.eplus.com/investors/corporate-governance-legal/code-of-conduct>. If we make any substantive amendments to the Code of Ethics, or grant any waiver from a provision to our executive officers, we will disclose the nature of such amendment or waiver on our website or in a Current Report on Form 8-K. We also have a Business

Partner Code of Conduct (the “Business Partner Code”, which clarifies our expectations in the areas of business integrity, labor practices, health and safety, and environmental management. The Business Partner Code complements our Code of Conduct, and can be found on our website at <http://www.eplus.com/investors/corporate-governance-legal/business-partner-code-of-conduct>. We expect our suppliers, vendors, contractors and subcontractors, agents, and other providers of goods and services who do business with ePlus-affiliated entities worldwide to follow this Business Partner Code.

Table of Contents

Hedging, Short Sales and Pledging Policies

Our Insider Trading Policy applies to our directors and employees, as well as family trusts or similar entities controlled by or benefiting individuals subject to the Insider Trading Policy. The policy prohibits directors, officers, and employees who are Insiders (as defined in the policy), from hedging transactions involving Company securities, and it also prohibits transactions that establish downside price protection, including short sales, and buying or selling put options, call options or other derivatives of Company securities. The policy also prohibits Insiders from holding securities in a margin account or pledges as collateral, except in certain circumstances with pre-approval from our Compliance Officer.

Communications with the Board of Directors

Shareholders who would like to communicate with the Board of Directors or its committees may do so by writing to them at the Company's headquarters at 13595 Dulles Technology Drive, Herndon, Virginia 20171. Correspondence may be addressed to the collective Board, or to any of its individual members or committees at the election of the sender. Any such communication is promptly distributed to the director or directors named therein unless such communication is considered, either presumptively or in the reasonable judgment of the Company's Corporate Secretary, to be improper for submission to the intended recipient or recipients. Examples of communications that would presumptively be deemed improper for submission include, without limitation, solicitations, communications that do not relate to the Company, and unsolicited advertising, spam or junk mail.

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 former officer or employee of the Company or any of its subsidiaries. During the fiscal year ended March 31, 2017, no member of the Compensation Committee had a relationship that must be described under the SEC rules relating to disclosure of related person transactions. Also, during the fiscal year 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.

Related Party Transactions

Two sons of our Executive Chairman, Phillip G. Norton, are employed at subsidiaries of the Company. The first son, who is the President of our subsidiary ePlus Government, inc., earned \$470 thousand during the fiscal year ended March 31, 2017. Approximately 48% percent of his cash compensation was base salary, and the remainder was a bonus based on performance factors such as lease origination and profitability. During the fiscal year ended March 31, 2017, before the March 31, 2017, stock split, he also received a grant of 1,250 shares of restricted stock, which will vest on the same schedule as his peers, which is annually in equal one-thirds, beginning on the first anniversary of the grant, and \$5,170 in benefits representing travel, meals and entertainment costs for his spouse to attend the Company's Sales Meeting. The second son is Vice President of Vendor Programs, who earned \$371K thousand during the fiscal year ended March 31, 2017, in base salary and commissions. The commissions, which are paid in accordance with our commission plan, constitute approximately 80% of his compensation total.

Table of Contents

Mr. O'Donnell, Chairman of the Audit Committee and member of the Nominating and Corporate Governance Committee, has a son-in-law serving as Senior Account Executive at ePlus Group, inc. who earned \$335 thousand in the fiscal year ended March 31, 2017. Less than 23% of his compensation was salary. The remainder was commission for sales completed, in accordance with our commission plan. He additionally received \$7,241 in travel, meals and entertainment costs for his family to attend the Company's Sales Meeting.

We have a written policy regarding the approval and/or ratification of related party transactions. The policy is reviewed regularly by our Nominating and Corporate Governance Committee. The policy applies to any transaction or series of transactions in which the Company is a participant, and the amount involved exceeds or is expected to exceed \$120,000 in any year, and any related person has a direct or indirect interest, with certain exceptions enumerated in the policy. Generally, such exceptions include transactions that would not be required to be disclosed pursuant to SEC Regulation S-K Item 404(a). For purposes of the policy, "related persons" consist of the Company's directors or executives, officers, any shareholder beneficially owning more than 5% of the Company's common stock, and immediate family members of any such persons.

The Nominating and Corporate Governance Committee shall approve only related person transactions that, under all of the circumstances, are fair to the Company. Additionally, the Committee may impose such conditions as it deems appropriate with regard to the transaction.

We also require that each executive officer and director complete an annual questionnaire and report all transactions with us in which such persons or their immediate family members had or will have a direct or indirect material interest. Our General Counsel and SEC counsel review the questionnaires. We are not aware of any related person transactions required to be disclosed under Regulation S-K Item 404(a) since the beginning of fiscal 2017 that have not been pre-approved or ratified pursuant to this policy.

No Stockholder Rights Plan

The Company does not maintain a stockholder rights plan (commonly referred to as a poison pill).

Table of Contents

PROPOSAL 1 – Election of Directors

The Board presently has eight members. The Board has nominated the directors, Messrs. Norton, Bowen, O'Donnell, Faulders, Herman, Hovde, Callies and Hunt to be elected to serve until the next Annual Meeting of Shareholders and until their successors are duly elected and qualified. Each of the nominees for election is currently a director of the Company and was selected by the Board as a nominee in accordance with the recommendation of the Nominating and Corporate Governance Committee. Biographical information as of July 21, 2017, for each nominee is provided herein.

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.

Director Nomination Process

The Board of Directors is responsible for nominating individuals for election to the Board and for filling vacancies on the Board that may occur between annual meetings of shareholders. The Nominating and Governance Committee is responsible for identifying and screening potential candidates and recommending qualified candidates to the Board for nomination. Third-party search firms may be retained to identify individuals that meet the criteria of the Nominating and Governance Committee. The Nominating and Governance Committee will consider director candidates recommended by shareholders in the same manner in which it evaluates candidates it identified, if such recommendations are properly submitted to the Company. Shareholders wishing to recommend nominees for election to the Board should submit their recommendations in writing to our Corporate Secretary by mail at ePlus inc., 13595 Dulles Technology Drive, Herndon, Virginia 20171-3413.

Director Qualifications

In selecting director candidates, the Nominating and Governance Committee and the Board of Directors consider the qualifications and skills of the candidates individually and the composition of the Board as a whole. Under our Corporate Governance Guidelines, the Nominating and Governance Committee and the Board review the following for each candidate, among other qualifications deemed appropriate, when considering the suitability of candidates for nomination as director:

- Unquestioned personal ethics and integrity;
- Specific skills and experience aligned with ePlus' strategic direction and operating challenges and that complement the overall composition of the Board;
- Diversity in skills and experience;
- Core business competencies of high achievement and a record of success;
- Financial literacy and history of making good business decisions and exposure to best practices;
- Interpersonal skills that maximize group dynamics; and
- Enthusiasm about ePlus and sufficient time to become fully engaged.

Table of Contents

2017 Nominees for Election to the Board of Directors

Each of the eight director nominees listed below is currently a director of the Company. Each also has been determined by the Board to be independent, other than our Executive Chairman, Phillip G. Norton and Senior Vice President, Business Development, Bruce M. Bowen.

The following biographies describe the business experience of each director nominee. Following the biographical information for each director nominee, we have listed the specific experience and qualifications of that nominee that strengthen the Board's collective qualifications, skills and experience.

If elected, each of the director nominees is expected to serve for a term expiring at the Annual Meeting of Shareholders in 2018. The Board expects that each of the nominees will be available for election as a director.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE FOLLOWING NOMINEES FOR ELECTION AS DIRECTORS.

Phillip G. Norton	Director of ePlus since: 1993
Executive Chairman of ePlus inc. Age 73	Committees: Executive Other Public Company Directorships: None

Mr. Norton joined the Company in March 1993 as Chairman of the Board and Chief Executive Officer, and became its Executive Chairman in 2016. Mr. Norton focuses on corporate strategy, acquisitions, and transactions within the financing segment as well as engages with customers.

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. Mr. Norton brings leadership, vision and extensive business, operating, and financing experience to the Board.

Bruce M. Bowen	Director of ePlus since: 1990
Senior Vice President, Business Development of ePlus Government, inc. Age 65	Committees: Executive Other Public Company Directorships: None

Mr. Bowen 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.

9

Table of Contents

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. 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. 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	Director of ePlus since: 1996
Independent Director Age 73	Committees: Audit and Nominating and Corporate Governance Other Public Company Directorships: None

Mr. O'Donnell is Of Counsel 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., a global multi-industry company with operations in more than 25 nations, including a significant finance segment with extensive leasing operations, 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. The Board believes that Mr. O'Donnell's legal, financial, compliance, international and multi-industry experience, along with his service on a variety of boards, bring legal, compliance, government, business, and governance experience to the Board.

C. Thomas Faulders, III	Director of ePlus since: 1998
Independent Director Age 67	Committees: Audit and Compensation Other Public Company Directorships: None

Mr. Faulders was the President and Chief Executive Officer of the University of Virginia Alumni Association from 2006 to 2017. 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. 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. The Board believes Mr. Faulders' extensive executive and financial experience in the telecommunications and high tech sectors, along with his experience as Chief Financial Officer of a public company, enables him to provide considerable financial expertise, business management and operational knowledge, insight and guidance to the Board. He qualifies as an audit committee financial expert within the meaning of SEC regulations.

Table of Contents

Lawrence S. Herman	Director of ePlus since: 2001
Independent Director Age 73	Committees: Audit and Nominating and Corporate Governance Other Public Company Directorships: None

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. The Board believes that Mr. Herman’s strategic expertise in private sector and public sector government systems, and with technology issues, provides value to the Board in market segments core to the Company’s business.

Eric D. Hovde	Director of ePlus since: 2006
Independent Director Age 53	Committees: Compensation and Nominating and Corporate Governance Other Public Company Directorships: Bay Bancorp, Inc.

Mr. Hovde is an active entrepreneur who has started and managed numerous business enterprises. Mr. Hovde is the Chief Executive Officer of H Bancorp, a \$1.7 billion private bank holding company with banking operations on both the east and the west coast. He is also the co-owner and CEO of Hovde Properties, LLC, a real estate development and management company where he oversees management of the company and all large development projects. Throughout his career he has also served as a director on numerous bank boards and currently serves as the CEO of Sunwest Bank in Orange County, California and as Chairman of Bay Bancorp, Inc. Mr. Hovde is also the co-founder and a trustee of The Eric D. and Steven D. Hovde Foundation, a non-profit organization which funds numerous charitable activities but has two central missions - funding homes, known as Hovde Homes, that provide shelter, supportive services and love to vulnerable children in nine countries around the world, and clinical research to find a cure for Multiple Sclerosis. Mr. Hovde received his degrees in Economics and International Relations at the University of Wisconsin-Madison. The Board believes that Mr. Hovde’s expertise in the financial services industry, investment management areas, and business operations, and his experience on publicly-held and private boards, bring valuable insight to the Board.

Table of Contents

John E. Callies	Director of ePlus since: 2010
Independent Director Age 63	Committees: Audit and Compensation Other Public Company Directorships: None

Mr. Callies is a Senior Advisor to McKinsey and Company, and also serves on the Advisory Board of the Leeds School of Business at the University of Colorado. Previously, he was employed by IBM in various capacities for thirty-four years. Mr. Callies 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, Mr. Callies led the world’s largest information technology financing and asset management organization and was responsible for business direction and management of a portfolio of nearly \$35 billion in total assets. 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. 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. Mr. Callies is a 1976 graduate of Lehigh University. The Board believes that Mr. Callies’ knowledge of our business, including the leasing sector, along with his sales, operational, strategic, international and board experience bring value to the Board.

Ira A. Hunt, III	Director of ePlus since: 2014
Independent Director Age 61	Committees: Compensation and Nominating and Corporate Governance Other Public Company Directorships: None

Mr. Hunt is Managing Director and Cyber Lead for Accenture Federal Services in Arlington Virginia. Previously he was Chief Architect for Bridgewater Associates, a hedge fund located in Westport, Connecticut and 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. In October 2013, after a 28 year career, Mr. Hunt retired from the Central Intelligence Agency (the “CIA”) as their Chief Technology Officer (“CTO”). Prior to that, Mr. Hunt served as Director, Application Services, of one of the largest business units in the CIA. 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. Mr. Hunt currently serves on the Board of Directors for Mission Link, a non-profit organization. He holds a Bachelor of Engineering and Masters of Engineering in Civil/Structural Engineering from Vanderbilt University in Nashville, Tennessee. The Board believes that Mr. Hunt’s extensive knowledge of the technology industry, including strategic IT planning, cyber and data-centric security, big data analytics, cloud computing, and IT architecture and environment, bring industry expertise to our Board.

Table of Contents

DIRECTOR COMPENSATION

The below table sets forth the compensation for the members of the Board for the fiscal year ended March 31, 2017. Neither Mr. Norton, who is our Executive Chairman, nor Mr. Bowen, who is the Company's founder and currently is a Senior Vice President of Business Development, receive any additional compensation for their service as a director. Mr. Norton's compensation is reported under "Executive Compensation" herein. Mr. Bowen is not an executive officer, and thus his compensation is included in the below table.

The general policy of the Board is that compensation for the non-employees directors should be a mix of cash and equity-based compensation. For the fiscal year ended March 31, 2017, each non-employee director received an annual cash retainer of \$75,000, or, alternatively, at the director's election, a director may receive his quarterly compensation in non-forfeitable restricted stock in lieu of stock. In addition, each director received \$75,000 in restricted stock, which vests in equal installments on the first and second –year anniversary of the grant. The restricted stock is rounded down, to avoid a fractional share award.

Directors are also reimbursed for their out-of-pocket expenses incurred to attend Board and committee meetings, and to attend our company-wide sales meeting.

2017 Director Compensation Table

Name	Fees				Total (\$)
	Earned or Paid in Cash (\$)(1)	Stock Awards (\$)(2)(3)	Option Awards (\$)	All Other Compensation (\$)	
John E. Callies	75,000	74,973	-	-	149,973
Ira A. Hunt, III	75,000	74,973	-	-	149,973
C. Thomas Faulders, III	75,000	74,973	-	-	149,973
Lawrence S. Herman	75,000	74,973	-	-	149,973
Eric D. Hovde	75,000	74,973	-	-	149,973
Terrence O'Donnell	75,000	74,973	-	-	149,973
Bruce Bowen (4)	201,595	-	-	3,400	204,995

The above table reflects fees earned during the fiscal year 2017. Pursuant to our 2008 Non-Employee Director Long-Term Incentive Plan ("2008 Director LTIP"), directors may make a stock fee election, through which they receive shares of restricted stock in lieu of cash compensation. The stock fee elections are made on a calendar year (1) basis, and the stock grant is made on the first business day after the end of each quarter of board services. The number of shares received is determined by dividing \$18,750 (the cash compensation earned quarterly by directors) by the Fair Market Value of a share of common stock, as defined in the 2008 Director LTIP, rounded down to avoid a fractional share.

For the fiscal year ended March 31, 2017, one director, Terrence O'Donnell, received restricted stock instead of cash, as set forth below. The table below has been adjusted to reflect the 2-for-1 stock split on March 31, 2017.

Board Service Time	Number of Shares Granted
--------------------	-----------------------------------

Edgar Filing: EPLUS INC - Form DEF 14A

April 1, 2016 - June 30, 2016	462
July 1, 2016 - September 30, 2016	394
October 1, 2016 - December 31, 2016	322
January 1, 2017 - March 31, 2017	282

The values in this column represent the aggregate grant date fair values of the fiscal year 2017 restricted stock (2) awards, computed in accordance with Financial Accounting Standards Codification Topic 718, Compensation – Stock Compensation (“FASB Topic 718”).

Table of Contents

As of March 31, 2017, the table below reflects the aggregate number of nonvested restricted stock shares (3) outstanding for each director (except Mr. Norton) and have been adjusted to reflect the Company's 2-for-1 stock split that occurred on March 31, 2017:

Name	Number of Restricted Stock Shares
John E. Callies	2,627
Ira A. Hunt, III	2,627
C. Thomas Faulders, III	2,627
Lawrence S. Herman	2,627
Eric D. Hovde	2,627
Terrence O'Donnell	4,999
Bruce Bowen	-

Mr. Bowen, as a Senior Vice President of Business Development, is a non-executive officer employee. The above (4) table reflects compensation paid to him as an employee, not as a director. Mr. Bowen's compensation also includes a \$3,400 company match to his 401(k) plan.

Stock Ownership Guidelines

The Board believes that, to more closely align the interests of our non-employee directors with the interests of the Company's other shareholders, each non-employee should maintain a minimum level of ownership in the Company's common stock. Our Nominating and Corporate Governance Committee regularly reviews the guidelines, and compliance therewith. Pursuant to the guideline, which is part of our Corporate Governance Guidelines, non-employee directors are expected to reach a multiple of three times their annual cash board retainer fee, within four years of joining the board. All directors meet this guideline requirement.

STOCK OWNERSHIP

Ownership of our Common Stock

The following table shows information regarding the beneficial ownership of our common stock by:

- each member of our Board of Directors, each director nominee and each of our named executive officers;
- all members of our Board and our executive officers as a group; and
- each person or group who is known by us to own beneficially more than 5% of our common stock.

Beneficial ownership of shares is determined under the rules of the SEC and generally includes any shares over which a person exercises sole or shared voting or investment power. Shares of restricted stock that have not vested as of July 21, 2017, are deemed to be outstanding and beneficially owned by the person and any group of which that person is a member because such holder has voting rights with respect to those shares. Except as noted by footnote, and subject to community property laws where applicable, we believe based on the information provided to us that the persons and entities named in the table below have sole voting and investment power with respect to all shares of our common stock shown as beneficially owned by them.

Table of Contents

All stockholdings are as of July 21, 2017, except the information relating to those certain entities described in footnotes (3) through (7) to the table is as of the dates disclosed in such footnotes and percentages are calculated assuming continued beneficial ownership at July 21, 2017. Also, for those entities, the shares below have been retroactively adjusted to reflect the Company's March 31, 2017, 2-for-1 stock split.

The percentage of beneficial ownership is based on 14,167,188 shares of common stock outstanding as of July 21, 2017.

Certain Beneficial Owners, Directors and Executive Officers

Name of Beneficial Owner (1)	Number of Shares Beneficially Owned (2)	Percentage of Shares Outstanding	
Dimension Fund Advisors LP (3)	1,189,048	8.39	%
Fiduciary Management, Inc. (4)	936,750	6.61	%
Wellington Management Group (5)	852,970	5.66	%
The Vanguard Group (6)	840,172	5.93	%
Blackrock, Inc. (7)	1,473,646	10.40	%
Phillip G. Norton (8)	49,937	*	
Bruce M. Bowen (9)	33,064	*	
C. Thomas Faulders III (10)	29,728	*	
Terrence O'Donnell (11)	10,433	*	
Ira A. Hunt III (12)	6,362	*	
Lawrence S. Herman (13)	12,200	*	
John E. Callies (14)	12,502	*	
Eric D. Hovde (15)	108,412	*	
Elaine D. Marion (16)	79,280	*	
Mark P. Marron (17)	133,894	*	
All directors and executive officers as a group (10 persons)	475,812	3.25	%

*Less than 1%

- (1) The business address of Ms. Marion and Messrs. Norton, Bowen, Marron, Faulders, O'Donnell, Hunt, Herman, Hovde and Callies is 13595 Dulles Technology Drive, Herndon, Virginia, 20171-3413.
- (2) Nonvested restricted shares included herein are considered beneficially owned since the owner thereof has the right to vote such shares.
The information as to Dimensional Fund Advisors LP ("Dimensional Fund Advisors"), located at Building One, 6300 Bee Cave Road, Austin, Texas, 78746, is derived from a Schedule 13G/A filed with the SEC on February 9, 2017. Dimensional Fund Advisors LP, an investment adviser 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 or sub-adviser to certain other commingled funds, group trusts and separate accounts (such investment companies, trusts and accounts, collectively referred to as the
- (3) "Funds"). In certain cases, subsidiaries of Dimensional Fund Advisors LP may act as an adviser or sub-adviser to certain Funds. In its role as investment advisor, sub-adviser and/or manager, Dimensional Fund Advisors LP or its subsidiaries (collectively, "Dimensional") may possess voting and/or investment power over the securities that are owned by the Funds, and may be deemed to be the beneficial owner of the shares held by the Funds. However, all securities reported in this schedule are owned by the Funds. Dimensional disclaims beneficial ownership of such securities.
- (4) The information as to Fiduciary Management, Inc. ("Fiduciary Management"), located at 100 East Wisconsin Avenue, Suite 2200, Milwaukee, Wisconsin 53202, is derived from a Schedule 13G filed with the SEC on

Edgar Filing: EPLUS INC - Form DEF 14A

February 14, 2017. Fiduciary Management, Inc. is an Investment Adviser registered under the Investment Advisers Act of 1940. Its Principal Business is to provide investment advisory services to institutions and individuals. The shares to which this statement relates are owned directly by various accounts managed by Fiduciary Management, Inc. Such accounts have the right to receive dividends from, and the proceeds from the sale of, the shares.

Table of Contents

- The information as to Wellington Management Company, LLP (“Wellington”), located at 280 Congress Street, Boston, Massachusetts, 02210, is derived from a Schedule 13G/A filed with the SEC on February 9, 2017. The ePlus shares as to which the Schedule 13G was filed are owned of record by clients of one or more investment (5) advisers directly or indirectly owned by Wellington Management Group LLP. Those clients have the right to receive, or the power to direct the receipt of, dividends from, or the proceeds from the sale of, such securities. Wellington indicates in its Schedule 13G/A that no such client is known to have such right or power with respect to more than five percent of this class of securities.
- (6) The information as to The Vanguard Group (“Vanguard”), located at 100 Vanguard Boulevard, Malvern, Pennsylvania, 19355, is derived from a Schedule 13G filed with the SEC on February 9, 2017.
- (7) The information as to Blackrock, Inc., located at 55 East 52nd Street, New York, New York, 10055, is derived from a Schedule 13G/A filed with the SEC on January 12, 2017.
- (8) Includes 33,594 shares of common stock that Mr. Norton holds individually, of which 16,343 shares are restricted stock that ha