

COMMVault SYSTEMS INC  
Form DEF 14A  
July 10, 2009

**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 §240.14a-12

COMMVault SYSTEMS, 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):

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- o Fee paid previously with preliminary materials.
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(1) Amount Previously Paid:

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

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(4) Date Filed:

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**CommVault Systems, Inc.**  
**2 Crescent Place**  
**Oceanport, NJ 07757**  
**(732) 870-4000**

July 10, 2009

*To the Stockholders of CommVault Systems, Inc.:*

You are cordially invited to attend the 2009 Annual Meeting of Stockholders of CommVault Systems, Inc. ( CommVault ). The Annual Meeting will be held Wednesday, August 26, 2009, at 1:00 p.m., local time, at the Company s offices located at 2 Crescent Place, Oceanport, New Jersey.

In the materials accompanying this letter, you will find a Notice of Annual Meeting of Stockholders, a Proxy Statement relating to the proposals you will be asked to consider and vote upon at the Annual Meeting, and a Proxy Card. The Proxy Statement includes general information about CommVault as well as information on the specific proposals you will be asked to consider and vote upon at the Annual Meeting. A record of our activities for the year ended March 31, 2009 is contained in the Annual Report to stockholders, a copy of which is available upon request and without charge to stockholders entitled to vote at the Annual Meeting.

All stockholders are invited to attend the Annual Meeting in person. Whether or not you plan to attend the Annual Meeting, it is important that your shares be represented and voted at the meeting. Therefore, I urge you to promptly vote by either completing, executing and returning the enclosed proxy card or using our telephone or internet voting procedures. If you attend the Annual Meeting, you may vote in person even if you have previously submitted your proxy.

Very truly yours,

-s- N. ROBERT HAMMER

N. ROBERT HAMMER  
*Chairman, President and Chief Executive  
Officer*

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**CommVault Systems, Inc.  
2 Crescent Place  
Oceanport, NJ 07757  
(732) 870-4000**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD ON AUGUST 26, 2009**

**Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to Be Held on August 26, 2009**

The Annual Meeting of Stockholders of CommVault Systems, Inc. will be held at the Company's offices located at 2 Crescent Place, Oceanport, New Jersey on Wednesday, August 26, 2009, at 1:00 p.m., local time.

The purposes of the meeting are:

1. To elect three Class III Directors for a term to expire at the 2012 Annual Meeting of Stockholders;
2. To ratify the appointment of Ernst & Young LLP as independent public accountants for the fiscal year ending March 31, 2010; and
3. To transact such other business as may properly come before the meeting, or any adjournment or postponement thereof.

Only stockholders of record as of the close of business on July 1, 2009 are entitled to notice of, and to vote at, the Annual Meeting and any adjournment or postponement thereof.

Each stockholder is urged to either complete, date and sign the enclosed proxy and return it to us in the enclosed envelope, which requires no postage if mailed in the United States, or to utilize our telephone or Internet voting procedures to submit a proxy. Sending in your proxy card, or utilizing our telephone or Internet voting procedures to submit your proxy, will not prevent you from voting in person at the Annual Meeting.

This proxy statement and our annual report to stockholders are available at [www.cfpproxy.com/6030](http://www.cfpproxy.com/6030).

By Order of the Board of Directors

-s- WARREN H. MONDSCHNEIN

WARREN H. MONDSCHNEIN  
*Vice President, General Counsel and  
Secretary*

Oceanport, New Jersey  
July 10, 2009

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**CommVault Systems, Inc.  
2 Crescent Place  
Oceanport, NJ 07757  
(732) 870-4000**

**PROXY STATEMENT  
FOR THE ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD AUGUST 26, 2009**

July 10, 2009

This statement is furnished in connection with the solicitation on behalf of the Board of Directors of CommVault Systems, Inc. (which we refer to as we, us, our, CommVault or our company) of proxies to be voted at the Annual Meeting of Stockholders on August 26, 2009, or at any adjournment or postponement thereof. This proxy statement and the accompanying proxy card are first being made available at [www.cfpproxy.com/6030](http://www.cfpproxy.com/6030) on or about July 10, 2009. A copy of our annual report on form 10-K for the fiscal year ended March 31, 2009, which includes audited financial statements, is also being made available concurrently with the proxy statement at [www.cfpproxy.com/6030](http://www.cfpproxy.com/6030).

**Voting Rights and Solicitation**

July 1, 2009 was the record date for the determination of stockholders entitled to vote at the Annual Meeting. On that date, 41,735,709 shares of common stock were outstanding and entitled to vote. Each stockholder is entitled to one vote for each share of common stock held of record. A list of stockholders entitled to vote at the Annual Meeting will be available for examination by stockholders during regular business hours at our principal executive offices located at 2 Crescent Place, Oceanport, New Jersey 07757 for 10 days preceding the meeting and also will be available for examination at the Annual Meeting.

Stockholders may provide voting instructions by completing, executing and returning the enclosed proxy card. Alternatively, stockholders may submit a proxy over the Internet or by telephone in accordance with the instruction set forth on the proxy card. All properly completed, unrevoked proxies received prior to the close of voting at the Annual Meeting will be voted in accordance with the instructions provided. If a properly executed, unrevoked written proxy card does not specifically direct the voting of shares, the shares represented by such proxy will be voted (i) **FOR** the election of all nominees for election as director described in this proxy statement, (ii) **FOR** the ratification of the appointment of Ernst & Young LLP as our independent public accountants for the fiscal year ending March 31, 2010, and (iii) in accordance with the judgment of the persons named in the proxy as to such other matters as may properly come before the Annual Meeting.

A proxy may be revoked at any time prior to the voting at the Annual Meeting by submitting a later-dated proxy (including a later-dated proxy via the Internet or telephone), giving timely written notice of such revocation to the Secretary of our company or by attending the Annual Meeting and voting in person.

The presence at the Annual Meeting, in person or by proxy, of holders of a majority of the issued and outstanding shares of common stock as of the record date is considered a quorum for the transaction of business. If you submit a properly completed proxy or if you appear at the Annual Meeting to vote in person, your shares of common stock will be considered part of the quorum. Directions to withhold authority to vote for any director, abstentions and broker non-votes (described below) will be counted to determine if a quorum for the transaction of business is present. Once a quorum is present, voting on specific proposals may proceed.

Assuming the presence of a quorum, the affirmative vote of (1) a plurality of the votes cast at the Annual Meeting (in person or by proxy) is required for the election of directors, and (2) holders of a majority of the common stock present at the Annual Meeting (in person or by proxy) and entitled to vote is required to ratify Ernst & Young LLP as our independent public accountants for the fiscal year ending March 31, 2010.

**Effect of Abstentions and Broker Non-Votes**

Because the election of directors is determined on the basis of a plurality of the votes cast, abstentions have no effect on the election of directors. Because the approval of a majority of shares present and entitled to vote is required to ratify the appointment of Ernst & Young LLP as our independent public accountants, abstentions have the effect of a vote against the proposal.

If you hold shares through a broker or other nominee, your broker or nominee is permitted to exercise voting discretion only with respect to certain, routine matters. Broker non-votes are shares held by brokers or other nominees that do not have discretionary voting authority with respect to a matter and have not received specific voting instructions from the beneficial owner. Broker non-votes will be counted for purposes of establishing a quorum but will otherwise have no effect on the outcome of the vote on any of the matters presented for your vote.

Brokers who have not received voting instructions from beneficial owners may vote in their discretion with respect to Proposal No. 1 (the election of directors) and Proposal No. 2 (the ratification of the appointment of our independent auditors).

**PROPOSAL NO. 1  
ELECTION OF DIRECTORS**

Our Board of Directors is divided into three classes, with one class of directors elected for a three-year term at each annual meeting. Each of Class consists of three directors. Each director holds office until the third annual meeting after the meeting at which such director is elected and until his or her successor is duly elected and qualified or until his or her earlier resignation, removal or death. The terms of the Class III Directors will expire at the 2009 Annual Meeting.

Upon the recommendation of the Nominations and Governance Committee, the Board of Directors has nominated N. Robert Hammer, Keith Geeslin and Gary B. Smith to hold office as Class III Directors until the annual meeting in 2012.

The persons named as proxy voters in the accompanying proxy card, or their substitutes, will vote your proxy for all the nominees, each of whom has been designated as such by the Board of Directors, unless otherwise indicated in your proxy. CommVault has no reason to believe that the nominees named herein will be unavailable to serve as directors. However, in the event that any nominee for director withdraws or for any reason is not able to serve as a director, we will vote your proxy for the remainder of those nominated for director (except as otherwise indicated in your proxy) and for any replacement nominee designated by the Nominations and Governance Committee of the Board of Directors.

You may vote for or withhold your vote from any or all of the director nominees. Assuming a quorum is present, the affirmative vote of the plurality of votes cast at the Annual Meeting (in person or by proxy) will be required for the election of directors.

**Nominees for Election**

*N. Robert Hammer* has served as our Chairman, President and Chief Executive Officer since March 1998. Mr. Hammer was also a venture partner from 1997 until December 2003 of the Sprout Group, the venture capital arm of Credit Suisse's asset management business, which conducts its activities through affiliates of Credit Suisse Securities (USA) LLC. Prior to joining the Sprout Group, Mr. Hammer served as the chairman, president and chief executive officer of Norand Corporation, a portable computer systems manufacturer, from 1988 until its acquisition by Western Atlas, Inc. in 1997. Mr. Hammer led Norand following its leveraged buy-out from Pioneer Hi-Bred International, Inc. and through its initial public offering in 1993. Prior to joining Norand, Mr. Hammer also served as chairman, president and chief executive officer of publicly-held Telequest Corporation from 1987 until 1988 and of privately-held Material Progress Corporation from 1982 until 1987. Prior to joining Material Progress Corporation, Mr. Hammer spent 15 years in various sales, marketing and management positions with Celanese Corporation, rising to the level of vice president and general manager of the structural composites materials business. Mr. Hammer obtained his bachelor's degree and master's degree in business administration from Columbia University.

*Keith Geeslin* has served as a director of our company since May 1996 and is chairman of our Compensation Committee. Mr. Geeslin became a partner at Francisco Partners in January 2004, prior to which Mr. Geeslin spent 19 years with the Sprout Group, the venture capital arm of Credit Suisse's asset management business, which conducts

its activities through affiliates of Credit Suisse Securities (USA) LLC. Prior to joining the Sprout Group, Mr. Geeslin was the general manager of a division of Tymshare, Inc. and held various positions at its Tymnet subsidiary from 1980 to 1984. Mr. Geeslin obtained his bachelor's degree in electrical engineering from Stanford University and master's degrees from Stanford University and Oxford University. Mr. Geeslin also serves on the board of directors of Blue Coat Systems, Inc., Hypercom Corp. and Synaptics, Inc.

*Gary B. Smith* has served as a director of our company since May 2004 and as our lead director since May 2006. Mr. Smith is currently the president, chief executive officer and a director of Ciena Corporation. Mr. Smith began serving as chief executive officer of Ciena in May 2001, in addition to his existing responsibilities as president and director, positions he has held since October 2000. Prior to his current role, his positions with Ciena included chief operating officer and senior vice president, worldwide sales. Mr. Smith joined Ciena in November 1997 as vice president, international sales. From 1995 through 1997, Mr. Smith served as vice president of sales and marketing for INTELSAT. He also previously served as vice president of sales and marketing for Cray Communications, Inc. Mr. Smith received his master's in business administration from Ashridge Management College, United Kingdom. Mr. Smith currently serves as a commissioner for the Global Information Infrastructure Commission.

**The Board of Directors recommends that you vote FOR each of the nominees listed above.**

#### **OUR BOARD OF DIRECTORS**

The following table shows information as of July 1, 2009 with respect to each person who is an executive officer, continuing director or director nominee. Biographical information for each executive officer and continuing director is set forth immediately following the table. Biographical information for each director nominee appears under "Election of Directors" above.

| <b>Name</b>              | <b>Age</b> | <b>Position</b>  | <b>Director Since</b> |
|--------------------------|------------|--|-----------------------|
| N. Robert Hammer         | 67         | Chairman, President and Chief Executive Officer                | 1998                  |
| Alan G. Bunte            | 55         | Director, Executive Vice President and Chief Operating Officer | 2008                  |
| Frank J. Fanzilli Jr.(1) | 52         | Director   | 2002                  |
| Armando Geday(1)         | 47         | Director   | 2000                  |
| Keith Geeslin(1)         | 56         | Director   | 1996                  |
| F. Robert Kurimsky(2)(3) | 70         | Director   | 2001                  |
| Daniel Pulver(2)(3)      | 40         | Director   | 1999                  |
| Gary B. Smith(3)(4)      | 48         | Director   | 2004                  |
| David F. Walker(2)(3)    | 55         | Director   | 2006                  |

(1) Member of the Compensation Committee

(2) Member of the Audit Committee

(3) Member of the Nominations and Governance Committee

(4) Lead Director

#### **Continuing Directors**

##### ***Class I Directors Whose Terms Expire in 2010***

*Armando Geday* has served as a director of our company since July 2000. From April 1997 until February 2004, Mr. Geday served as president, chief executive officer and a director of GlobespanVirata, Inc., a digital subscriber line chipset design company. After GlobespanVirata was acquired by Conexant Systems, Inc. in 2004, Mr. Geday served as chief executive officer of Conexant from February 2004 until November 2004. Prior to joining GlobespanVirata,



Mr. Geday served as vice president and general manager of the multimedia communications division of Rockwell Semiconductor Systems. Prior to joining Rockwell, Mr. Geday held several other marketing positions at Harris Semiconductor. Mr. Geday obtained his bachelor's degree in electrical engineering from the Florida Institute of Technology.

*F. Robert Kurimsky* has served as a director of our company since February 2001. Mr. Kurimsky served as senior vice president of Technology Solutions Company, a systems integrator, from 1994 through 1998 and again from January 2002 through June 2003. Mr. Kurimsky served as senior vice president of The Concours Group, a consulting and executive education provider, from 1998 through December 2001. Prior to his service with Technology Solutions Company, Mr. Kurimsky spent 20 years in information systems and administration functions at the Philip Morris Companies, Inc. (now Altria Group, Inc.), rising to the level of vice president. Mr. Kurimsky obtained a bachelor of science at Fairfield University and a master of engineering degree from Yale University.

*David F. Walker* has served as a director of our company since February 2006 and is chairman of our Audit Committee. Mr. Walker served as the Director of the Accountancy Program and the Program for Social Responsibility and Corporate Reporting at the University of South Florida St. Petersburg from 2002 until June 2009. Prior to joining the University of South Florida, Mr. Walker was with Arthur Andersen LLP, having served as a partner in that firm from 1986 through 2002. Mr. Walker earned a master's of business administration from the University of Chicago Graduate School of Business with concentration in accounting, finance and marketing, and a bachelor of arts degree from DePauw University with majors in economics and mathematics and a minor in business administration. Mr. Walker is a certified public accountant and a certified fraud examiner. Mr. Walker also serves on the board of directors of Chico's FAS, Inc., First Advantage Corporation and Technology Research Corporation, participating on the executive, audit and corporate governance committees of Chico's and chairing its audit committee; serving on the audit and acquisitions committees of First Advantage and chairing its audit committee; and participating on the compensation and nominating and governance committees of Technology Research and chairing its compensation committee.

***Class II Directors Whose Terms Expire in 2011***

*Alan G. Bunte* has served as a director of our company since January 2008, as our Executive Vice President and Chief Operating Officer since October 2003 and as our senior vice president from December 1999 until October 2003. Prior to joining our company, Mr. Bunte was with Norand Corporation from 1986 to January 1998, serving as its senior vice president of planning and business development from 1991 to January 1998. Mr. Bunte obtained his bachelor's and master's degrees in business administration from the University of Iowa.

*Frank J. Fanzilli, Jr.* has served as a director of our company since July 2002. Mr. Fanzilli was previously a Managing Director and the Global Chief Information Officer of Credit Suisse First Boston, where he worked from 1985 until his retirement in 2002. Prior to joining Credit Suisse, Mr. Fanzilli was an engineer with IBM, where he managed systems engineering and software development for Fortune 50 accounts. Mr. Fanzilli has served on the boards of a number of notable companies in the software industry, including PeopleSoft, nLayers, Avaya and Interwoven. In addition to CommVault, Mr. Fanzilli currently serves on the boards of directors of Calypso Technology, Inc., Correlix and GFI Group. He obtained his bachelor's degree in management, cum laude, from Fairfield University and his master's in business administration, with distinction, from New York University.

*Daniel Pulver* has served as a director of our company since October 1999 and is chairman of our Nominations and Governance Committee. Mr. Pulver served as a director at Credit Suisse First Boston LLC from November 2000, when Credit Suisse First Boston LLC (now Credit Suisse Securities (USA) LLC) merged with Donaldson, Lufkin & Jenrette, until April 2005. Mr. Pulver obtained his bachelor's degree from Stanford University and his master's in business administration from Harvard Business School. Mr. Pulver also serves on the board of directors of Endstream Communications and NeuroMatrix. Prior to May 24, 2007, Mr. Pulver served on the Compensation Committee of our Company.

## **CORPORATE GOVERNANCE**

### **Overview**

We have established a comprehensive corporate governance plan for the purpose of defining responsibilities, setting high standards of professional and personal conduct and assuring compliance with such responsibilities and standards. As part of its annual review process, the Board of Directors monitors developments in the area of corporate governance. Listed below are some of the key elements of our corporate governance plan. Many of these matters are described in more detail elsewhere in this proxy statement.

### ***Independence of Directors (see p. 5)***

Seven of our nine current directors are independent under the listing standards of The Nasdaq Stock Market, Inc. ( Nasdaq ).

We have a lead independent director, Mr. Smith.

***Audit Committee (see p. 6 and p. 31)***

All members meet the independence standards for audit committee membership under the Nasdaq listing standards and applicable Securities and Exchange Commission ( SEC ) rules.

One member of the Audit Committee, Mr. Walker, qualifies as an audit committee financial expert, as defined in the SEC rules, and the remaining members of the Audit Committee satisfy Nasdaq's financial literacy requirements.

The Audit Committee operates under a written charter that governs its duties and responsibilities, including its sole authority to appoint or replace our independent auditors.

The Audit Committee has adopted policies and procedures governing the pre-approval of all audit and non-audit services provided by our independent auditors.

***Nominations and Governance Committee (see p. 7)***

All members meet the independence standards for compensation and nominating committee membership under the Nasdaq listing standards.

The Nominations and Governance Committee operates under a written charter that governs its duties and responsibilities, including the responsibility for executive compensation.

***Corporate Governance Policies***

We have adopted Corporate Governance Policies, including qualification and independence standards for directors.

***Codes of Business Ethics and Conduct***

We have adopted a Code of Ethics for Senior Financial Managers that applies to our Chief Executive Officer, Chief Financial Officer and Controller.

We also operate under an omnibus Code of Business Ethics and Conduct that applies to all directors, officers and employees and includes provisions ranging from restrictions on gifts to conflicts of interests.

We have established a process for confidential and anonymous submissions by our employees, as well as submissions by other interested parties, regarding questionable accounting or auditing matters.

Our Audit Committee, Nominations and Governance Committee and Compensation Committee Charters, Code of Ethics for Senior Financial Officers, Corporate Governance Principles, Code of Business Ethics and Conduct, Amended and Restated Bylaws, Charter of the CommVault Systems Disclosure Committee, Insider Trading Policy and Policy of Fair Disclosure to Investors may be accessed on our website at [www.commvault.com](http://www.commvault.com). The contents of the website are not, however, a part of this proxy statement. In addition, we will make a copy of any of these documents available to any person, without charge, upon written request to CommVault Systems, Inc., 2 Crescent Drive, Oceanport, New Jersey 07757, Attn: General Counsel. We intend to satisfy the disclosure requirements under Item 5.05 of Form 8-K and applicable Nasdaq rules regarding amendments to or waivers of our Code of Ethics for Senior Financial Officers and Corporate Governance Principles by posting this information on our website at [www.commvault.com](http://www.commvault.com).

***The Board of Directors and Its Committees***

*General.* Our Board of Directors currently comprises nine members, seven of whom are not officers of our company and two of whom are officers of our company. Our Board of Directors believes that our ratio of outside directors to inside directors represents a commitment to the independence of our Board of Directors and a focus on matters of importance to our stockholders.

Our Board of Directors has determined that Messrs. Frank J. Fanzilli, Jr., Armando Geday, Keith Geeslin, F. Robert Kurimsky, Daniel Pulver, Gary B. Smith and David F. Walker, all of the outside directors, are independent as that term is defined under the applicable listing standards of Nasdaq. In making this determination for each director, the Nominations and Governance Committee, on behalf of our Board of Directors, considered the standards of independence set forth in the Nasdaq Corporate Governance Listing Standards and all relevant facts and circumstances to ascertain whether there was any relationship between a director and our company that, in the opinion of the Nominating and Corporate Governance Committee, would interfere with the exercise of independent judgment in carrying out the responsibilities of the director, or any material relationship with our company (either directly, or as a partner, shareholder or other officer of an organization that has a relationship with our company).



During the year ended March 31, 2009, our Board of Directors held 6 meetings. All of our directors who served in the year ended March 31, 2008, attended over 75% of the aggregate of all meetings of the Board of Directors and all meetings of the committees of the Board held and on which the director served during his term of service. The Board of Directors is scheduled to meet in executive session, without management, at every Board meeting that the directors attend in person. Mr. Smith acts as lead independent director to chair these executive sessions and as primary spokesperson in communicating matters arising out of these sessions to our management.

Directors are encouraged to attend our annual meeting.

The Board of Directors has three standing committees. These committees have the responsibilities and authority described below.

*Audit Committee.* The Audit Committee is responsible for the appointment of, compensation of and oversight over the work of our independent auditor. Additionally, the Audit Committee monitors the integrity of our financial statements, our independent auditor's qualifications and independence, our compliance with legal and regulatory requirements and the performance of our internal audit function and independent auditor. The Audit Committee relies on the knowledge and expertise of our management, the internal auditors and the independent auditor in carrying out its oversight responsibilities. The members of the Audit Committee are Messrs. Walker (Chairman), Kurimsky and Pulver. The Audit Committee is comprised solely of directors who meet all of the independence standards for audit committee membership as set forth in the applicable listing standards of Nasdaq. The Board of Directors has determined that Mr. Walker qualifies as an audit committee financial expert as that term is defined in the SEC rules adopted pursuant to the Sarbanes-Oxley Act of 2002, and that each Audit Committee member has sufficient knowledge in financial and auditing matters to serve on the Audit Committee.

The Audit Committee operates under a written charter. The Audit Committee held 5 meetings in the year ended March 31, 2009. A report of the Audit Committee appears elsewhere in this proxy statement.

*Compensation Committee.* The Compensation Committee is responsible for overseeing our compensation and benefit plans, including all compensation arrangements for executive officers and directors. The members of the Compensation Committee are Messrs. Geeslin (Chairman), Fanzilli and Geday. The Compensation Committee is comprised solely of outside directors who meet the independence standards for compensation and nominating committee members as set forth in Nasdaq listing standards.

Management assists the Compensation Committee in the performance of its duties. Each year, the Chief Executive Officer reviews the performance and compensation of each of the executive officers and makes recommendations to the Compensation Committee with respect to the executive officers' compensation.

The Compensation Committee has the authority to engage its own independent advisors to assist in carrying out its responsibility. In early fiscal year 2009, the Compensation Committee directed management to retain the services of external consulting firm, to advise management and the Compensation Committee on executive compensation matters, including providing survey data and consulting with respect to salary, bonus and equity compensation of executive officers and employees. Based in part on the recommendation of the Compensation Committee, Radford Surveys + Consulting was retained to provide such advice. From time to time, consultants, including Radford Surveys + Consulting, also provide additional services at the request of the Company. In fiscal year 2009, these services included assistance and advice in the formulation of the Company's equity compensation program and the calculation of restricted stock awards and appropriate target awards for participants.

The Compensation Committee operates under a written charter. The Compensation Committee met 4 times in the year ended March 31, 2009. Also, the Compensation Committee, or a sub-committee thereof, acted by unanimous written consent 16 times during fiscal year 2009. A report of the Compensation Committee appears elsewhere in this proxy statement. For a more detailed discussion of the Compensation Committee's processes and procedures for considering and determining executive compensation, see Executive Compensation Compensation Discussion and Analysis.

*Nominations and Governance Committee.* The Nominations and Governance Committee is responsible for identifying and recommending to our Board of Directors appropriate director nominee candidates and providing oversight with respect to corporate governance matters, including reviewing our corporate governance policy. The members of the Nominations and Governance Committee are Messrs. Pulver (Chairman), Kurimsky, Smith and Walker. The Nominations and Governance Committee is comprised solely of outside directors who meet the independence standards for compensation and nominating committee members as set forth in Nasdaq listing standards.

The Nominations and Governance Committee is responsible for assessing the appropriate balance of experience, skills and characteristics required of our Board of Directors and for carrying out adequate due diligence with respect to prospective board members. The Nominations and Governance Committee will consider nominees that are recommended by members of the Board of Directors, management or other stockholders. Nominees for director shall be selected on the basis of depth and breadth of experience, integrity, ability to make independent analytical inquiries, understanding of our business environment, the willingness of the candidate to devote adequate time to board duties, the interplay of the candidate's experience and skills with those of other board members, and the extent to which the candidate would be a desirable addition to our Board of Directors and any committees of the Board.

If the Nominating and Corporate Governance Committee receives, prior to the date that is 120 days before the anniversary of the date of mailing for the prior year's proxy statement, a nominee recommendation from a stockholder or group of stockholders that has beneficially owned more than 5% of the Company's voting common stock for at least one year as of the date of the recommendation, the name of the candidate, the name(s) of the stockholder(s) who recommended the candidate and whether the Nominating and Corporate Governance Committee chose to nominate the candidate will be disclosed in the proxy statement, if the consent of both the stockholder and the candidate has been received.

If a stockholder desires to nominate persons for election as director at any stockholders' meeting duly called for the election of directors, written notice of the stockholder's intent to make such a nomination must be given and received by the Secretary at our principal executive offices either by personal delivery or by United States mail not later than (i) with respect to an annual meeting of stockholders, 90 days prior to the anniversary date of the date on which notice of the prior year's annual meeting was mailed to stockholders, and (ii) with respect to a special meeting of stockholders, the close of business on the tenth day following the date on which notice of such meeting is first sent or given to stockholders.

Each notice shall describe the nomination in sufficient detail for the nomination to be summarized on the agenda for the meeting and shall set forth:

- the name and address, as it appears on our books, of the stockholder who intends to make the nomination;
- a representation that the stockholder is a holder of record of our stock entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to present such nomination;
- whether the stockholder plans to deliver or solicit proxies from other stockholders;
- the class and number of our shares which are beneficially owned by the stockholder;
- the name and address of any person to be nominated;
- a description of all arrangements or understandings between the stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the stockholder;
- such other information regarding such nominee proposed by such stockholder as would be required to be included in a proxy statement filed pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended; and
- the consent of each nominee to serve as a Director of our company if so elected.

The Nominations and Governance Committee operates under a written charter. The Nominations and Governance Committee met 2 times in the year ending March 31, 2009.



*Stockholder Communication Policy.* Stockholders can contact our Board of Directors to provide comments, to report concerns, or to ask a question, at the following address.

Corporate Secretary  
CommVault Systems, Inc.  
2 Crescent Place  
Oceanport, New Jersey 07757

You may submit your concern anonymously or confidentially by postal mail.

Communications are distributed to our Board of Directors, or to any individual directors as appropriate, depending on the facts and circumstances outlined in the communication. You may also communicate online with our Board of Directors as a group through our website at [www.commvault.com](http://www.commvault.com).

#### **Transactions with Related Persons**

The Board of Directors recognizes that transactions between us and certain related persons present a heightened risk of conflicts of interest. It is our policy to have the Nominations and Governance Committee review and approve, ratify or disapprove of proposed transactions or courses of dealings with respect to which executive officers or directors or members of their immediate families have an interest (including all transactions required to be disclosed pursuant to the SEC's related party disclosure requirements ( "Related Party Transactions" ). The Nominations and Governance Committee is to review such transaction based upon the rules of Nasdaq and upon the Nominations and Governance Committee's review of our ethics and governance guidelines. We did not enter into any Related Party Transactions during the year ended March 31, 2009.

We have a Code of Business Ethics and Conduct, a copy of which is posted on our web page at [www.commvault.com](http://www.commvault.com), which applies to all of our employees. The Code, among other things, has a policy governing conflicts of interests generally and, in particular, prohibiting employment or other activities in certain other businesses, soliciting clients for any other purpose or relationships that may be perceived as impairing the ability of the individual or our company from performing his or its duties, as the case may be, in an impartial manner, and use of corporate property for improper personal gain. Any complaints or concerns require disclosure to the Vice President, General Counsel or Vice President, Human Resources and, if warranted, to the Audit Committee or Nominations and Governance Committee.

#### **Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our directors and executive officers and beneficial owners of 10 percent or more of a registered class of our equity securities to file with the SEC initial reports of beneficial ownership (Form 3) and reports on changes in beneficial ownership (Form 4 or 5). SEC rules adopted pursuant to Section 16(a) require that such persons furnish us with copies of all such forms they file with the SEC.

Based solely upon our review of such forms furnished to us during the year ended March 31, 2009, and upon the written representations received by us from certain of our directors and executive officers, we believe that our directors and 10% stockholders complied with all Section 16(a) filing requirements on a timely basis during the year ended March 31, 2009. Our officers each had one late filing related to the automatic sale of stock to satisfy tax obligations resulting from the vesting of restricted stock units.



**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT****Management**

The following table shows, as of June 30, 2009, the number of shares of our common stock, par value \$.01 per share (the only class of voting securities outstanding), beneficially owned by: (1) each director and nominee for director; (2) each named executive officer (defined below); and (3) all directors and executive officers as a group. The number of shares of our common stock beneficially owned by a person includes shares of common stock issuable with respect to options, restricted stock units and convertible securities held by the person which are exercisable, convertible or will vest within 60 days. The percentage of our common stock beneficially owned by a person assumes that the person has exercised all options, vested in restricted stock units and converted all convertible securities, the person holds which are exercisable, convertible or will vest within 60 days, and that no other persons exercised any of their options, vested in any of their restricted stock units or converted any of their convertible securities.

|   | Shares of<br>Common Stock<br>Owned | Percent of<br>Common<br>Stock<br>Outstanding |
|---|------------------------------------|--|
| <b>Directors</b>  |                                    |  |
| N. Robert Hammer(1)   | 4,122,792                          | 9.5%   |
| Alan G. Bunte(2)  | 767,939                            | 1.8%   |
| Frank J. Fanzilli, Jr.(3)   | 88,865                             | *  |
| Armando Geday(4)  | 88,865                             | *  |
| Keith Geeslin(5)  | 47,865                             | *  |
| F. Robert Kurimsky(6)   | 88,865                             | *  |
| Daniel Pulver(7)  | 58,396                             | *  |
| Gary B. Smith(8)  | 35,365                             | *  |
| David F. Walker(9)  | 24,115                             | *  |
| <b>Named Executive Officers</b>   |                                    |  |
| Louis F. Miceli(10)   | 319,182                            | *  |
| Ron Miiller(11)   | 271,980                            | *  |
| Steven Rose(12)   | 133,725                            | *  |
| All directors and named executive officers and directors as a group(13) | 6,047,954                          | 13.5%  |

\* Less than 1%.

(1) Includes options to acquire 1,517,970 shares of common stock which are exercisable within 60 days of June 30, 2009. Includes 390,000 shares of common stock that are pledged as security.

(2) Includes options to acquire 478,530 shares of common stock which are exercisable within 60 days of June 30, 2009 and 1,175 restricted stock units which vest within 60 days of June 30, 2009.

(3) Includes options to acquire 88,186 shares of common stock which are exercisable within 60 days of June 30, 2009.

(4) Includes options to acquire 88,186 shares of common stock which are exercisable within 60 days of June 30, 2009.

(5) Includes options to acquire 22,186 shares of common stock which are exercisable within 60 days of June 30, 2009.

(6) Includes options to acquire 88,186 shares of common stock which are exercisable within 60 days of June 30, 2009.

(7)

Includes options to acquire 29,217 shares of common stock which are exercisable within 60 days of June 30, 2009.

(8) Includes options to acquire 34,686 shares of common stock which are exercisable within 60 days of June 30, 2009.

(9) Includes options to acquire 23,436 shares of common stock which are exercisable within 60 days of June 30, 2009.

(10) Includes options to acquire 215,033 shares of common stock which are exercisable within 60 days of June 30, 2009 and 734 restricted stock units which vest within 60 days of June 30, 2009.

(11) Includes options to acquire 266,777 shares of common stock which are exercisable within 60 days of June 30, 2009 and 734 restricted stock

units which vest  
within 60 days of  
June 30, 2009.

(12) Includes options  
to acquire  
128,797 shares of  
common stock  
which are  
exercisable  
within 60 days of  
June 30, 2009  
and 587  
restricted stock  
units which vest  
within 60 days of  
June 30, 2009.

(13) Includes options  
to acquire  
2,981,190 shares  
of common stock  
which are  
exercisable  
within 60 days of  
June 30, 2009  
and 3,230  
restricted stock  
units which vest  
within 60 days of  
June 30, 2009.

**Certain Other Stockholders**

The following table sets forth, as of June 30, 2009, certain information regarding the persons known by us to be the beneficial owner of more than 5% of our outstanding common stock (the only class of voting securities outstanding).

| <b>Name and Address of Beneficial Owner</b>  | <b>Shares of<br/>Common<br/>Stock<br/>Owned</b> | <b>Percent of<br/>Common<br/>Stock<br/>Outstanding</b> |
|--|---|--|
| Wells Fargo & Company (1)<br>420 Montgomery Street<br>San Francisco, CA 94163                        | 2,186,921                                       | 5.2%   |
| Jennison Associates LLC (2)<br>466 Lexington Avenue<br>New York, New York 10017                      | 2,721,092                                       | 6.5%   |
| Prudential Financial, Inc. (3)<br>751 Broad Street<br>Newark, New Jersey 07102                       | 2,720,077                                       | 6.5%   |
| Waddell & Reed Investment Management Company (4)<br>6300 Lamar Avenue<br>Overland Park, Kansas 66202 | 3,287,618                                       | 7.9%   |

(1) Based solely on a Schedule 13G filing on February 3, 2009. Wells Fargo & Company (the Parent Company ) may be deemed to beneficially own 2,186,921 shares of our common stock consisting of 1,648,823 shares of common stock that Wells Fargo Bank, N.A. (the Bank ), a subsidiary of the Parent Company, may be deemed to beneficially own and

869,098 shares of common stock that other Parent Company subsidiaries may be deemed to beneficially own. Of the 1,648,823 shares of common stock that the Bank may be deemed to beneficially own, 1,648,703 shares are subject to a Voting Trust Agreement, dated as of September 21, 2006 (the Agreement ), among Wells Fargo Bank, N.A.(the Bank), and Credit Suisse Securities (USA) LLC and certain of its affiliates.

- (2) Based solely on a Schedule 13G filing on February 17, 2009. Jennison Associates LLC furnishes investment advice to several investment companies, insurance separate accounts, and institutional clients ( Managed Portfolios ). As a result of its role as investment adviser of the Managed Portfolios,

Jennison may be deemed to be the beneficial owner of the shares of the Issuer's Common Stock held by such Managed Portfolios. Prudential Financial, Inc. ( Prudential ) indirectly owns 100% of equity interests of Jennison. As a result, Prudential may be deemed to have the power to exercise or to direct the exercise of such voting and/or dispositive power that Jennison may have with respect to the Issuer's Common Stock held by the Managed Portfolios. Jennison does not file jointly with Prudential, as such, shares of the Issuer's Common Stock reported on Jennison's 13G may be included in the shares reported on the 13G filed by Prudential.

- (3) Based solely on a Schedule 13G filing on February 6, 2009. Prudential Financial, Inc. may be deemed the beneficial owner of securities beneficially owned by The Prudential Insurance Company of America, Prudential Investment Management, Inc., Jennison Associates LLC, Prudential Bache Asset Management, Inc., Prudential Investments LLC, Prudential Private Placement Investors, L.P., Pruco Securities, LLC, Prudential Investment Management Services LLC, AST Investment Services, Inc., Prudential Annuities Distributors, Inc., Quantitative Management Associates LLC, Prudential International Investments



Advisers, LLC,  
Global Portfolio  
Strategies, Inc.,  
Prudential  
Bache  
Securities, LLC,  
and Prudential  
Bache  
Commodities,  
LLC and may  
have direct or  
indirect voting  
and/or  
investment  
discretion over  
2,720,077  
shares which are  
held for its own  
benefit or for  
the benefit of its  
clients by its  
separate  
accounts,  
externally  
managed  
accounts,  
registered  
investment  
companies,  
subsidiaries  
and/or other  
affiliates.

- (4) Based solely on  
a Schedule 13G  
filed on  
February 4,  
2009. The  
securities are  
beneficially  
owned by one or  
more open-end  
investment  
companies or  
other managed  
accounts which  
are advised or  
sub-advised by  
Waddell &  
Reed  
Investment

Management Company ( WRIMCO ), an investment advisory subsidiary of Waddell & Reed, Inc. ( WRI ). WRI is a broker-dealer and underwriting subsidiary of Waddell & Reed Financial Services, Inc., a parent holding company ( WRFSI ). In turn, WRFSI is a subsidiary of Waddell & Reed Financial, Inc., a publicly traded company. The investment advisory contracts grant WRIMCO all investment and/or voting power over securities owned by such advisory clients. The investment sub-advisory contracts grant WRIMCO investment power over securities owned by such sub-advisory clients and, in most cases, voting power. Any investment restriction of a

sub-advisory  
contract does  
not restrict  
investment  
discretion or  
power in a  
material  
manner.

## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

#### Compensation Committee Membership and Organization

The Compensation Committee of the Board of Directors, or the Compensation Committee, has responsibility for establishing, implementing, and continually monitoring adherence with the Company's compensation philosophy. Its duties include:

- setting the total compensation of our Chief Executive Officer and evaluating his performance based on corporate goals and objectives;
- reviewing and approving the Chief Executive Officer's decisions relevant to the total compensation of the Company's other executive officers;
- making recommendations to the Board of Directors with respect to equity-based plans in order to allow us to attract and retain qualified personnel; and
- reviewing director compensation levels and practices, and recommending, from time to time, changes in such compensation levels and practices to the Board of Directors.

The members of our compensation committee are Messrs. Fanzilli, Geeslin and Geday. Mr. Geeslin currently serves as Chairman of the Compensation Committee. Each member of the Compensation Committee is an independent director as such term is defined by Nasdaq's Marketplace Rules. The Compensation Committee meets at scheduled times during the year and meets on an as necessary interim basis. Additionally, the Compensation Committee considers and takes action by written consent. The Compensation Committee met four times during fiscal year 2009. Also, the Compensation Committee, or a sub-committee thereof, acted by unanimous written consent 16 times during fiscal year 2009.

#### Compensation Philosophy and Objectives

As a growing high-technology company, we operate in an extremely competitive and rapidly changing industry. We believe that the skill, talent, judgment and dedication of our executive officers are critical factors affecting the long-term value of our company. The Compensation Committee's philosophy and objectives in setting compensation policies for executive officers are to align pay with performance, while at the same time providing fair, reasonable and competitive compensation that will allow us to retain and attract superior executive talent. The Compensation Committee strongly believes that executive compensation should align executives' interests with those of shareholders by rewarding achievement of specific annual, long-term, and strategic goals by the Company, with the ultimate objective of improving long-term stockholder value. The specific goals that our current executive compensation program rewards are focused primarily on revenue growth and profitability. To that end, the Compensation Committee believes executive compensation packages provided by the Company to its executive officers should include a mix of both cash and equity-based compensation that reward performance as measured against established goals. As a result, the principal elements of our executive compensation are base salary, non-equity incentive plan compensation, long-term equity incentives generally in the form of stock options and/or restricted stock and post-termination severance and acceleration of equity award vesting for certain named executive officers upon termination and/or a change in control.

Our goal is to maintain an executive compensation program that will fairly compensate our executives, attract and retain qualified executives who are able to contribute to our long-term success, induce performance consistent with clearly defined corporate goals and align our executives' long-term interests with those of our shareholders. The decision on the total compensation for our executive officers is based primarily upon an assessment of each individual's performance and the potential to enhance long-term stockholder value. Often, judgment is relied upon and not upon rigid guidelines or formulas in determining the amount and mix of compensation for each executive officer. Factors affecting such judgment include performance compared to strategic goals established for the individual and the Company at the beginning of the year, the nature and scope of the executive's responsibilities, and effectiveness in leading initiatives to achieve corporate goals.



### **Role of Executive Officers in Compensation Decisions**

The Compensation Committee is responsible for setting the compensation of our Chief Executive Officer and also reviewing and approving our Chief Executive Officer's decisions relevant to the compensation of our other executive officers. Our Chief Executive Officer, Chief Financial Officer and Vice President of Human Resources support the Compensation Committee in its work by providing information relating to our financial plans, performance assessments of our executive officers and other personnel-related data. In addition, the Compensation Committee has authority under its charter to engage outside advisors and experts for advice as appropriate.

### **Peer Analysis of Executive Compensation**

In the fourth quarter of fiscal 2008, we engaged Radford Surveys + Consulting ( Radford ) to conduct a review and provide peer analysis information for structuring our base salary and non-equity incentive plan compensation programs. The Compensation Committee and Management used this data to ensure that our compensation programs are optimally structured to retain our highly experienced executive management team, to keep management focused during the expected period of growth following our initial public offering, to motivate management to maximize stockholder value and to align our compensation practices with other technology industry companies of similar size. Radford provided compensation survey data from 50 technology industry companies with annual revenue in the range of \$150 million to \$300 million. A partial list of the companies included in the survey include Advent Software, Inc., Ariba, Inc., Bigband Networks, Inc., Borland Software Corporation, Cognex Corporation, Dot Hill Systems Corporation, Exponent, Inc., I2 Technologies, Inc., Intervoice, Inc., Interwoven, Inc., Iomega Corporation, Macrovision Corporation, Omnicell, Inc., Openwave Systems, Inc., QAD, Inc., Radiant Systems, Inc., Shutterfly, Inc., Vicor Corporation, Vignette Corporation, and Websense, Inc. The results of the Radford survey data and the subsequent recommendations were presented to the Compensation Committee as part of our fiscal 2009 executive compensation decisions for base salary and non-equity incentive compensation.

In the third quarter of fiscal 2009, we updated our peer analysis of executive compensation related to our equity compensation practices in anticipation of our fiscal 2010 long-term equity incentive award that was granted in December 2008. Radford provided us with technology industry survey data regarding the equity compensation of comparable executive positions at comparable technology industry companies. This survey data consisted of 33 technology industry companies with annual revenue in the range of \$200 million to \$500 million (median of \$262 million) many of which were the same companies identified in the survey data obtained during the fourth quarter of fiscal 2008 discussed above.

### **Components of Executive Compensation**

The principal components of compensation for our executive officers are:

- Base salary;
- Non-equity incentive plan compensation;
- Long-term equity incentives; and
- Other benefits

#### ***Base salary***

We provide our executive officers and other employees with base salary to compensate them for services rendered during the fiscal year. We believe that our base salaries are competitive and we generally target our executive officer base salaries against the 60<sup>th</sup> percentile and total cash compensation against the 75<sup>th</sup> percentile of the technology industry survey data obtained. These percentiles are being used because we have historically achieved revenue and earnings growth that is in the top tier of companies in our industry. In some circumstances it may be necessary to provide compensation above these levels; these circumstances include the need to retain key individuals, to recognize roles that were larger in scope or accountability than standard market positions and/or to reward individual performance.

Salary levels are typically reviewed annually each April as part of our performance review process as well as upon a promotion or other change in job responsibility. In addition to considering the analysis provided by Radford discussed above, the Compensation Committee considered the scope of and accountability associated with each executive officer's position, the performance of each executive officer during fiscal 2008 and the overall experience of each executive officer when approving base salary levels for fiscal 2009. For fiscal 2009, the base salary for our Chief Executive Officer was increased approximately 8% over fiscal 2008 and the base salary increases for our other named executive officers ranged from approximately 3% to 7% over fiscal 2008. For fiscal 2009, the base salaries accounted for approximately 27% of total compensation for our Chief Executive Officer and 29% for our other named executive officers. Salary income earned by each named executive officer during fiscal 2009 is reported below in the Summary Compensation Table.

***Non-Equity Incentive Plan Compensation***

Non-equity incentive plan compensation for our executive officers is designed to reward performance against key corporate goals. In early fiscal 2009, the non-equity incentive plan compensation targets for that year were approved after considering targets for comparable positions provided by our external compensation consultant discussed above; the scope of and accountability associated with each executive officer's position; and the performance and experience of each executive officer. The performance metrics against which our executive officers are measured are clearly communicated, consistently applied and are focused on corporate objectives. Our executive officer incentive targets are designed to motivate management to achieve specific goals related to certain revenue and profitability objectives. These metrics were selected because we believe that, at this stage of our development, they are most closely correlated to increasing stockholder value. We believe that our revenue and profitability goals are aggressive and not easy to achieve because they are based on growth objectives higher than the industry average. During fiscal 2009, our actual revenue and profitability growth rates resulted in non-equity incentive awards ranging from 38% to 79% of the targets set for our named executive officers. In addition, only one time in the past five fiscal years has any of our named executive officers achieved a non-equity incentive plan award greater than 100% of their target.

Our Chief Executive Officer, Mr. Hammer, is eligible for non-equity incentive plan compensation with a target bonus potential equal to 100% of his \$449,000 base salary for fiscal 2009. Mr. Hammer's target bonus is based on the Company's total revenue and non-GAAP income from operations achievement against the annual financial plan approved by our Board of Directors in which each performance measure is weighted equally. Mr. Hammer is evaluated based on these performance metrics because we currently believe that growth in revenue and non-GAAP income from operations drives our ability to increase stockholder value. Non-GAAP income from operations excludes noncash stock-based compensation charges and additional FICA expense incurred when employees exercise in the money stock options or vest in restricted stock awards. We use non-GAAP income from operations internally to understand, manage and evaluate our business as well as to make operating decisions.

For fiscal 2009, Mr. Hammer was awarded annual non-equity incentive plan compensation of \$170,516, or approximately 38% of his base salary, related to achievement against his total revenue performance measure. The Company did not achieve the non-GAAP income from operations threshold contained in Mr. Hammer's compensation plan and, as a result, Mr. Hammer did not earn an incentive award on this performance measure.

The terms of Mr. Hammer's fiscal 2009 non-equity incentive plan contained both minimum threshold amounts that must be achieved to qualify for an award as well as additional payment amounts for over-achievement against the performance metrics. Specifically, actual results below 85% of revenue and below 75% of non-GAAP income from operations would have resulted in no payment for the respective target. In addition, revenue achievement greater than the target established would have resulted in an additional 16.67% payout for each additional 5% that revenue achievement was above the established revenue target. Results above targeted non-GAAP income from operations would have provided an additional 8% payout for each additional 5% that non-GAAP income from operations was greater than the target established.

Our Chief Operating Officer, Alan Bunte, and our Chief Financial Officer, Louis Miceli, are also eligible for non-equity incentive plan compensation with a target bonus potential equal to a percentage of their base salaries. For fiscal 2009, Mr. Bunte's target bonus was 65% of his \$328,000 base salary and Mr. Miceli's target bonus was 50% of his \$299,700 base salary. Non-equity incentive plan compensation awarded to Messrs. Bunte and Miceli is determined

and approved by Mr. Hammer and reviewed by the Compensation Committee. The performance goals for Messrs. Bunte and Miceli are both quantitative and qualitative. With respect to quantitative goals, Messrs. Bunte and Miceli are generally measured against the same performance objectives as Mr. Hammer. With respect to qualitative objectives, discretion is exercised because the goals are subjective. As a result, Mr. Hammer awarded Mr. Bunte a non-equity incentive award that was 70% of his target bonus amount resulting in fiscal 2009 non-equity incentive plan compensation of \$149,240, or 46%, of his base salary. In addition, Mr. Hammer awarded Mr. Miceli a non-equity incentive award that was 60% of his target bonus amount resulting in fiscal 2009 non-equity incentive plan compensation of \$89,910, or 30%, of his base salary.



Our Vice President of Sales, Americas, Ron Miiller, is eligible for a quarterly non-equity incentive plan compensation award based on a percentage of software revenue recognized during each quarter of the fiscal year. Mr. Miiller's non-equity incentive plan compensation is a tiered commission based plan where he is rewarded for software revenue achievement in the United States, South America, Canada and Mexico. Mr. Miiller's compensation plan includes quarter over quarter sequential growth targets that we believe are important to sustain consistent software revenue growth. Based on the software revenue targets provided for the United States, South America, Canada and Mexico, Mr. Miiller's target non-equity incentive plan compensation potential for fiscal 2009 was 100% of his base salary. No payment is made for less than 85% achievement in a given quarter and the maximum quarterly commission payout allowed under Mr. Miiller's compensation plan is 140% of the applicable software revenue target. In addition, in order to provide an additional incentive for significant over-achievement of the software revenue attained, Mr. Miiller was eligible for an annual over-achievement bonus that contained an additional pay-out up to approximately 37% of his base salary. In fiscal 2009, Mr. Miiller was awarded \$162,570, or 60% of his base salary in commissions under his non-equity incentive plan compensation. Mr. Miiller did not qualify for a payment under his annual over-achievement target.

Our Vice President of Sales, EMEA & ASEAN, Steven Rose, is eligible for a quarterly non-equity incentive compensation plan award based on a percentage of software bookings; services revenue (customer support agreements and professional services); and contribution margin achieved during each quarter of the fiscal year. Mr. Rose's non-equity incentive plan compensation is a tiered commission based plan where he is rewarded for software bookings, services revenue and contribution margin achieved in Europe, the Middle East, Asia, Australia, Singapore and South Korea. Software bookings are defined as the aggregate sales orders booked in a period. Software bookings do not equal recognized revenue and therefore cannot be derived from our financial statements. Contribution margin approximates income from operations except that software revenue is replaced by software bookings and operating expenses exclude noncash stock-based compensation charges and additional FICA expense incurred when employees exercise in the money stock options or vest in restricted stock awards. Mr. Rose's non-equity incentive plan was primarily weighted toward software bookings because he is primarily responsible for driving software revenue growth in his region. However, we have also included services revenue and contribution margin in Mr. Rose's non-equity incentive plan because these metrics are critical to the continued development and growth of our international operations.

Based on the targets provided to Mr. Rose for Europe, the Middle East, Asia, Australia, Singapore and South Korea, Mr. Rose's target non-equity incentive plan compensation target for fiscal 2009 was 94% of his base salary. Mr. Rose's fiscal 2009 commission plan also contained an annual overachievement target that provides up to an additional 25% of his target incentive payment if he exceeded his individual compensation targets for software bookings, services revenue and contribution margin. In each quarter, no payment was made for less than 80% achievement of software bookings and services revenues and less than 70% of contribution margin. In fiscal 2009, Mr. Rose was awarded \$190,955, or 73% of his base salary in commissions under the non-equity incentive plan compensation. In addition, Mr. Rose's fiscal 2009 non-equity incentive plan award included \$1,998, or 1% of his base salary, related to annual over-achievement of services revenue.

To date, the Compensation Committee has not exercised discretion to increase or reduce the award amounts that resulted from the application of our non-equity incentive plan compensation. However, the committee has the authority to do so if it determines that an adjustment would serve our interests and the goals of our executive officer non-equity incentive plan compensation.

#### ***Long-Term Equity Incentive Awards***

We currently provide long-term equity incentive compensation pursuant to our 2006 Long-Term Stock Incentive Plan (the "LTIP"). The LTIP permits the grant of incentive stock options, non-qualified stock options, restricted stock awards, restricted stock units, stock appreciation rights, performance stock awards and stock unit awards based on, or related to, shares of the Company's common stock. As of March 31, 2009, we have only granted non-qualified stock options and restricted stock units under the LTIP to our executive officers. We anticipate that future grants under the LTIP will also include both non-qualified stock options and restricted stock units. Our stock options and restricted stock units generally vest over a four-year period and our stock options have a term of ten years. We believe that these

provisions encourage a long-term perspective and encourage key employees to remain with the Company.

We account for equity compensation paid to all of our employees under the rules of SFAS No. 123(R), which requires us to estimate and record compensation expense over the service period of the award. All equity awards to our employees, including executive officers, and to our directors have been granted and reflected in our consolidated financial statements, based upon the applicable accounting guidance, at fair market value on the grant date. Generally, the granting of a non-qualified stock option to our executive officers is not a taxable event to those employees, provided, however, that the exercise of such stock option would result in taxable income to the optionee equal to the difference between the fair market value of the stock on the exercise date and the exercise price paid for such stock. Similarly, a restricted stock award subject to a vesting requirement is also not taxable to our executive officers unless such individual makes an election under section 83(b) of the Internal Revenue Code of 1986, as amended. In the absence of a section 83(b) election, the value of the restricted stock award becomes taxable to the recipient as the restrictions lapse.

Generally, a significant stock option grant is made within one month of when an executive officer commences employment. This grant is made within our guidelines for new-hire grants, consistent with the executive's position. The guidelines were developed based on our historical practices and survey data. The size of each grant is set at a level that we believe is appropriate to create a meaningful opportunity for stock ownership based upon the Company's grant guidelines, the individual's position with us and the individual's potential for future responsibility and promotion. The relative weight given to each of these factors varies from individual to individual and all grants to executive officers are approved by the Compensation Committee.

Each executive officer's performance during the prior year is measured as well as overall corporate performance when follow-on awards are granted. The vesting schedule and the number of shares granted are established to ensure a meaningful incentive to remain an employee of the Company. All equity awards under our LTIP are granted on the 10th business day of the calendar month in which the grant award is approved. There was one long-term equity incentive award granted during fiscal 2009. This grant occurred during the third quarter of fiscal 2009 and was for our fiscal 2010 long-term equity incentive award. Our fiscal 2009 long-term equity incentive award was granted during the fourth quarter of fiscal 2008.

In anticipation of our fiscal 2010 long-term equity incentive award that was granted during the third quarter of fiscal 2009, we obtained technology industry survey data regarding the equity compensation of comparable executive positions at 33 comparable technology industry companies which is more fully discussed above in the Peer Analysis of Executive Compensation section. Our fiscal 2010 long-term equity incentive award was granted with a value that was generally targeted against 50<sup>th</sup> - 75<sup>th</sup> percentile of the technology industry survey data obtained. This range was used because we have historically achieved revenue and earnings growth that is in the top tier of companies in our industry. In determining the amount of the long-term equity incentive award for our fiscal 2010 award granted during the third quarter of fiscal 2009, we reviewed the peer group survey data obtained related to both 1) an estimated value (in dollars) of the award and 2) an estimate percentage of the shares awarded as a percentage of the total common shares outstanding (including outstanding stock options and restricted stock units). Our compensation committee concluded that, with respect to the position of chief executive officer, the dollar value of the equity component of chief executive officer compensation should be approximately \$1.4 million and approximately 0.4% of the common shares outstanding.

Our compensation committee determined that the aggregate economic value of long-term equity incentive compensation awarded to the executive officers contain a mix of non-qualified stock options and restricted stock units. Furthermore, long-term equity incentive awards granted to our executive officers are much more heavily weighted toward stock options because we believe that such awards align pay for performance by rewarding sustained achievement which drives long-term improvement of stockholder value. In addition, grants of restricted stock units allow us to offer equity compensation with fewer shares and less dilution to our stockholders, while simultaneously maintaining competitive rewards to retain our executive employee talent. As a result, the Compensation Committee allocated the value of Mr. Hammer's long-term equity incentive award 75% to stock options and 25% to restricted stock units, which resulted in a grant of 180,000 stock options and 20,000 restricted stock units.

Using similar methodology, we awarded Messrs. Bunte, Miceli, Miiller and Rose with each a fiscal 2010 long-term equity incentive award with an estimated dollar value of approximately \$1.1 million, \$0.5 million, \$0.4 million, and \$0.5 million, respectively. The estimated value of Mr. Bunte's equity award granted during fiscal 2009 was allocated 75% to stock options and 25% to restricted stock units. The estimated value of Messrs. Miceli, Miiller and Rose equity award granted during fiscal 2009 was allocated 60% to stock options and 40% to restricted stock units. As a result, Mr. Bunte was granted 135,000 stock options and 15,000 restricted stock units, Messrs. Miceli and Rose were each granted 49,091 stock options and 10,909 restricted stock units and Mr. Miiller was granted 45,000 stock options and 10,000 restricted stock units. These awards granted to our executive officers during fiscal 2009 vest over a period from the grant date on December 12, 2008 through April 1, 2013. Twenty-five percent of the awards to the named executive officers above vest on April 1, 2010 and the remaining seventy-five percent vest in equal quarterly amounts through April 1, 2013. This vesting schedule aligns the long-term equity incentive compensation award with the objective of being related to fiscal 2010.

We anticipate that we will continue to grant long-term equity incentive awards to each of our other executive officers on an annual basis at the discretion of the Compensation Committee. We have no program, plan or practice to coordinate awards grants with the release of material non-public information. We anticipate that equity grants will generally occur in the third or fourth quarter of the fiscal year preceding the fiscal year for the designated long-term equity incentive award. We believe that the resulting overlapping vesting schedule from awards made in prior years, together with the number of shares subject to each award, helps ensure a meaningful incentive to remain an employee and to enhance stockholder value over time.

***Other benefits***

Our executive officers participate in benefit programs that are substantially the same as all other eligible employees of the Company.

**Stock Ownership Guidelines**

We currently do not require our directors or executive officers to own a particular amount of our common stock. The compensation committee is satisfied that stock and option holdings among our directors and executive officers are sufficient to provide motivation and to align this group's interests with those of our shareholders.

**Financial Restatements**

The compensation committee has not adopted a policy with respect to whether we will make retroactive adjustments to any cash- or equity-based incentive compensation paid to executive officers (or others) where the payment was predicated upon the achievement of financial results that were subsequently the subject of a restatement. Our compensation committee believes that this issue is best addressed when the need actually arises and all of the facts regarding the restatement are known.

**Deductibility of Executive Compensation**

As part of its role, the Compensation Committee reviews and considers the deductibility of executive compensation under Section 162(m) of the Code which precludes the Company from taking a tax deduction for individual compensation in excess of \$1 million for our CEO and our four other highest-paid officers. This section also provides for certain exemptions to this limitation, specifically compensation that is performance-based within the meaning of Section 162(m) of the Code.

**Summary**

Our compensation philosophy and programs are designed to foster a performance-oriented culture that aligns our executive officers' interests with those of our shareholders. The compensation committee also believes that the compensation of our executives is both appropriate and responsive to the goal of increasing revenue and profitability.

**Summary Compensation Table**

The following table summarizes the compensation earned by our Principal Executive Officer, Principal Financial Officer and the other three most highly paid executive officers whose total compensation exceeded \$100,000. We refer to these individuals as our named executive officers :

| Name and Principal Position  | Year | Salary     | Non-Equity Incentive |                  |                      | All Other Compensation(3) | Total        |
|--|------|------------|----------------------|------------------|----------------------|---------------------------|--------------|
|  |      |            | Stock Awards(1)      | Option Awards(2) | Plan Compensation(2) |                           |              |
| N. Robert Hammer<br><i>Chairman, President and Chief Executive Officer</i>   | 2009 | \$ 449,000 | \$ 87,307            | \$ 894,067       | \$ 170,516           | \$ 80,967(5)              | \$ 1,681,857 |
|  | 2008 | 415,000    | 3,348                | 888,501          | 391,769              | 78,421                    | 1,777,039    |
|  | 2007 | 400,000    |                      | 980,618          | 402,220              | 70,244                    | 1,853,082    |
| Alan G. Bunte<br><i>Executive Vice President and Chief Operating Officer</i> | 2009 | 328,000    | 129,710              | 662,090          | 149,240              |                           | 1,269,040    |
|  | 2008 | 312,500    | 70,438               | 463,614          | 191,755              |                           | 1,038,307    |
|  | 2007 | 300,000    |                      | 348,558          | 195,000              |                           | 843,558      |
| Louis F. Miceli<br><i>Vice President and Chief Financial Officer</i>         | 2009 | 299,700    | 96,629               | 284,638          | 89,910               | 14,216                    | 785,093      |
|  | 2008 | 280,700    | 44,694               | 190,585          | 132,494              | 16,576                    | 665,049      |
|  | 2007 | 270,000    |                      | 96,255           | 135,000              | 13,537                    | 514,792      |
| Ron Miiller<br><i>Vice President of Sales, Americas</i>                      | 2009 | 269,000    | 95,928               | 353,423          | 162,570              |                           | 880,921      |
|  | 2008 | 260,000    | 44,694               | 271,042          | 226,200              |                           | 801,936      |
|  | 2007 | 240,000    |                      | 167,652          | 215,164              |                           | 622,816      |
| Steven Rose(4)<br><i>Vice President, EMEA &amp; ASEAN</i>                    | 2009 | 260,602    | 78,988               | 459,976          | 190,955              | 23,998(6)                 | 1,014,519    |
|  | 2008 | 281,322    | 35,756               | 370,960          | 257,282              | 24,113                    | 969,433      |
|  | 2007 | 222,346    |                      | 270,649          | 186,698              | 19,058                    | 698,751      |

(1) The amounts in these columns represent the dollar amount recognized in accordance with FAS 123(R) for the year, disregarding any estimates of future forfeitures. These amounts may reflect options and restricted stock units granted in years prior to the year recognized for financial statement purposes. See Note 8 of the notes to our consolidated

financial statements contained in our Annual Report on Form 10-K for a discussion of all assumptions made by us in determining the FAS 123(R) values of our equity awards.

- (2) The amounts reported in this column consist of awards earned in fiscal 2009 under each executive officer non-equity incentive plan compensation. Such amounts are more fully described above under the heading Non-Equity Incentive Plan Compensation .
- (3) Other than Messrs. Hammer, Miceli and Rose, none of our named executive officers received other annual compensation exceeding \$10,000 for fiscal 2009, fiscal 2008 or fiscal 2007.
- (4) Mr. Rose commenced employment with us in the first quarter of fiscal 2007. Mr. Rose's compensation is paid in British

pound sterling. All amounts have been converted to U.S. dollars using the average currency exchange rate for each of the periods presented.

- (5) Mr. Hammer's other annual compensation in fiscal 2009 included our payment of \$32,554 for airfare for Mr. Hammer mainly between his residence in Florida and our headquarters in Oceanport, New Jersey, \$30,373 related to housing costs for the rental of an apartment for Mr. Hammer in New Jersey and \$18,040 primarily for transportation related costs.
- (6) Mr. Rose's other annual compensation in fiscal 2009 includes \$21,073 for automobile-related benefits.



**Fiscal 2009 salary and non-equity incentive compensation in proportion to total compensation**

The amount of salary and non-equity incentive compensation earned in fiscal 2009 in proportion to the total compensation reported for each of our named executive officers was:

N. Robert Hammer: 37%

Alan G. Bunte: 38%

Louis F. Miceli: 50%

Ron Miiller: 49%

Steven Rose: 45%

**Grants of Plan Based Awards**

The following table sets forth information as to grants of awards to the named executive officers in fiscal 2009:

| Name                | Grant Date | Approval Date | Estimated Future Payouts under<br>Non-Equity Incentive Plan Awards |               |                | All<br>Other<br>Stock<br>Awards:<br>Number<br>of<br>Shares<br>or<br>Units(4) | All<br>Other<br>Options<br>Awards:<br>Number<br>of<br>Securities<br>Underlying<br>Options(5) | Exercise<br>or<br>Base<br>Price<br>of<br>Option<br>(\$/Sh) | Grant<br>Date<br>Fair<br>Value<br>of Stock<br>and<br>Option<br>Awards(6) |
|---------------------|------------|---------------|--|---------------|----------------|--|--|--|--|
|                     |            |               | Threshold<br>(1)   | Target<br>(2) | Maximum<br>(3) |  |  |  |  |
| N. Robert<br>Hammer |            |               | \$ 246,950   | \$ 449,000    | \$             |  |  |  |  |
|                     | 12/12/08   | 12/11/08      |  |               |                | 20,000   |  |  | 222,400  |
|                     | 12/12/08   | 12/11/08      |  |               |                |  | 180,000  | 11.12  | 909,936  |
| Alan G.<br>Bunte    |            |               |  | 213,200       |                |  |  |  |  |
|                     | 12/12/08   | 12/11/08      |  |               |                | 15,000   |  |  | 166,800  |
|                     | 12/12/08   | 12/11/08      |  |               |                |  | 135,000  | 11.12  | 682,450  |
| Louis F.<br>Miceli  |            |               |  | 149,850       |                |  |  |  |  |
|                     | 12/12/08   | 12/11/08      |  |               |                | 10,909   |  |  | 121,308  |
|                     | 12/12/08   | 12/11/08      |  |               |                |  | 49,091   | 11.12  | 248,165  |
| Ron<br>Müller       |            |               | 164,750  | 269,000       | 476,600        |  |  |  |  |
|                     | 12/12/08   | 12/11/08      |  |               |                | 10,000   |  |  | 111,200  |
|                     | 12/12/08   | 12/11/08      |  |               |                |  | 45,000   | 11.12  | 227,484  |
| Steven<br>Rose      |            |               | 144,818(7)   | 241,363(7)    | 301,704(7)     |  |  |  |  |
|                     | 12/12/08   | 12/11/08      |  |               |                | 10,909   |  |  | 121,308  |
|                     | 12/12/08   | 12/11/08      |  |               |                |  | 49,091   | 11.12  | 248,165  |

(1) Represents the total threshold amount with respect to each applicable metric under the fiscal 2009 non-equity incentive plans for each named executive officer. Actual total pay-outs may be

less than the threshold amounts above if individual thresholds are not met. Mr. Hammer's non-equity incentive compensation plan includes individual annual threshold amounts for total revenue and non-GAAP income from operations. Mr. Miiller's non-equity incentive compensation plan includes individual quarterly threshold amounts for software revenue in his region. Mr. Rose's non-equity incentive compensation plan includes individual quarterly threshold amounts for software bookings, services revenue and contribution margin in his region. Annual non-equity incentive plans for Messrs. Bunte and Miceli do not contain threshold amounts. See Non-Equity Incentive Plan Compensation above for more

information on the plans and performance objectives for each of our named executive officers.

- (2) We believe that our non-equity incentive plan targets are aggressive and not easy to achieve. See Non-Equity Incentive Plan Compensation above for more information.
- (3) Annual non-equity incentive plan awards to Messrs. Hammer, Bunte and Miceli do not contain maximum pay-outs. Messrs. Miller and Rose are entitled to non-equity incentive plan compensation based on tiered commission plans that contain maximum pay-outs. See Non-Equity Incentive Plan Compensation above for more information on the plan for each of our named executive officers.
- (4) Amounts in this column reflect

restricted stock  
unit awards  
granted during  
fiscal 2009 to a  
named executive  
officer under our  
LTIP.

- (5) Amounts in this column reflect non-qualified stock options granted during fiscal 2009 to a named executive officer under our LTIP.
- (6) Represents the fair value of each stock option or restricted stock unit as of the date it was granted, computed in accordance with SFAS 123(R). See Note 8 of the notes to our consolidated financial statements contained in our Annual Report on Form 10-K for a discussion of all assumptions made by us in determining the FAS 123(R) values of our equity awards.
- (7) Mr. Rose's compensation is paid in British pounds sterling. All amounts have been converted to U.S. dollars using the average

currency  
exchange rate for  
the period.

**Outstanding Equity Awards at Fiscal Year End**

The following table reflects all outstanding equity awards held by the named executive officers as of March 31, 2009:

| Name             | Option Awards   |   |                       |                        | Stock Awards  |  |
|------------------|---|---|-----------------------|------------------------|---|--|
|                  | Number of Securities Underlying Unexercised Options (Exercisable) | Number of Securities Underlying Unexercised Options (Unexercisable) | Option Exercise Price | Option Expiration Date | Number of Shares or Units of Stock That Have Not Vested | Market Value of Shares or Units of Stock That Have Not Vested(1) |
| N. Robert Hammer | 600,000   |   | \$ 6.00               | 5/3/2011               |   | \$   |
|                  | 175,000   |   | 4.00                  | 5/1/2013               |   |  |
|                  | 400,000   |   | 6.00                  | 5/6/2014               |   |  |
|                  | 240,625   | 109,375(2)  | 4.70                  | 9/19/2015              |   |  |
|                  | 46,876  | 140,626(3)  | 13.81                 | 3/14/2018              | 15,624(5)   | 171,395  |
| Alan G. Bunte    |   | 180,000(4)  | 11.12                 | 12/12/2018             | 20,000(6)   | 219,400  |
|                  | 60,000  |   | 5.00                  | 3/23/2010              |   |  |
|                  | 85,000  |   | 6.00                  | 5/2/2012               |   |  |
|                  | 100,000   |   | 4.00                  | 7/31/2013              |   |  |
|                  | 87,500  | 12,500(7)   | 4.70                  | 9/19/2015              |   |  |
|                  | 51,562  | 23,438(8)   | 4.70                  | 9/19/2015              |   |  |
|                  | 37,016  | 47,591(9)   | 16.99                 | 5/22/2017              | 10,575(12)  | 116,008  |
| Louis F. Miceli  | 25,001  | 75,000(10)  | 13.81                 | 3/14/2018              | 8,333(13)   | 91,413   |
|                  |   | 135,000(11)   | 11.12                 | 12/12/2018             | 15,000(14)  | 164,550  |
|                  | 39,037  |   | 5.00                  | 3/23/2010              |   |  |
|                  | 75,000  |   | 6.00                  | 5/2/2012               |   |  |
|                  | 15,000  |   | 7.20                  | 1/29/2014              |   |  |
|                  | 34,375  | 15,625(15)  | 4.70                  | 9/19/2015              |   |  |
| Ron Miiller      | 23,135  | 29,744(16)  | 16.99                 | 5/22/2017              | 6,610(19)   | 72,512   |
|                  | 12,501  | 37,500(17)  | 13.81                 | 3/14/2018              | 8,333(20)   | 91,413   |
|                  |   | 49,091(18)  | 11.12                 | 12/12/2018             | 10,909(21)  | 119,672  |
|                  | 50,000  |   | 5.00                  | 3/23/2010              |   |  |
|                  | 10,000  |   | 7.20                  | 1/29/2014              |   |  |
| Ron Miiller      | 10,000  |   | 5.30                  | 11/3/2014              |   |  |
|                  | 75,000  |   | 5.30                  | 1/27/2015              |   |  |
|                  | 25,000  |   | 5.30                  | 1/27/2015              |   |  |
|                  | 21,875  | 3,125(22)   | 4.70                  | 7/29/2015              |   |  |
|                  | 22,343  | 10,157(23)  | 4.70                  | 9/19/2015              |   |  |
|                  | 23,135  | 29,744(24)  | 16.99                 | 5/22/2017              | 6,610(27)   | 72,512   |
|                  | 12,501  | 37,500(25)  | 13.81                 | 3/14/2018              | 8,333(28)   | 91,413   |
|                  |   | 45,000(26)  | 11.12                 | 12/12/2018             | 10,000(29)  | 109,700  |

|             |        |            |       |            |            |         |
|-------------|--------|------------|-------|------------|------------|---------|
| Steven Rose | 83,126 | 46,875(30) | 11.70 | 4/20/2016  |            |         |
|             | 18,508 | 23,796(31) | 16.99 | 5/22/2017  | 5,288(34)  | 58,009  |
|             | 10,000 | 30,000(32) | 13.81 | 3/14/2018  | 6,666(35)  | 73,126  |
|             |        | 49,091(33) | 11.12 | 12/12/2018 | 10,909(36) | 119,672 |

- (1) Computed based on the number of unvested shares multiplied by the closing market price of our Common Stock at the end of fiscal year 2009. The actual value (if any) to be realized by the named executive officer depends on whether the shares vest and the future performance of our Common Stock. On 3/31/09, the closing price of our Common Stock was \$10.97 per share.
- (2) 21,875 of these options vested on 4/1/09 and 21,875 of these options will vest on each quarterly anniversary thereafter through 4/1/10.
- (3) 11,719 of these options vested on 6/14/09 and 11,719 of these options will vest



on each  
quarterly  
anniversary  
thereafter  
through 3/14/12.

- (4) 45,000 of these  
options will vest  
on 4/1/10 and  
11,250 of these  
options will vest  
on each  
quarterly  
anniversary  
thereafter  
through 4/1/13.

- (5) 1,302 of these restricted stock units vested on 6/14/09 and 1,302 of these restricted stock units will vest on each quarterly anniversary thereafter through 3/14/12.
- (6) 5,000 of these restricted stock units will vest on 4/1/10 and 1,250 of these restricted stock units will vest on each quarterly anniversary thereafter through 4/1/13.
- (7) 6,250 of these options vested on 6/19/09 and the remaining 6,250 of these options will vest on 9/19/09.
- (8) 4,688 of these options vested on 4/1/09 and 7/1/09 and 4,688 of these options will vest on each quarterly anniversary thereafter through 4/1/10.
- (9) 5,288 of these options vested

on 5/22/09 and  
5,288 of these  
options will vest  
on each  
quarterly  
anniversary  
thereafter  
through 5/22/11.

(10) 6,250 of these  
options vested  
on 6/14/09 and  
6,250 of these  
options will vest  
on each  
quarterly  
anniversary  
thereafter  
through 3/14/12.

(11) 33,750 of these  
options will vest  
on 4/1/10 and  
8,438 of these  
options will vest  
on each  
quarterly  
anniversary  
thereafter  
through 4/1/13.

(12) 1,175 of these  
restricted stock  
units vested on  
5/22/09 and  
1,175 of these  
restricted stock  
units will vest  
on each  
quarterly  
anniversary  
thereafter  
through 5/22/11.

(13) 694 of these  
restricted stock  
units vested on  
6/14/09 and 694  
of these  
restricted stock  
units will vest

on each  
quarterly  
anniversary  
thereafter  
through 3/14/12.

(14) 3,750 of these  
restricted stock  
units will vest  
on 4/1/10 and  
937 of these  
restricted stock  
units will vest  
on each  
quarterly  
anniversary  
thereafter  
through 4/1/13.

(15) 3,125 of these  
options vested  
on 4/1/09 and  
3,125 of these  
options will vest  
on each  
quarterly  
anniversary  
thereafter  
through 4/1/10.

(16) 3,305 of these  
options vested  
on 5/22/09 and  
3,305 of these  
options will vest  
on each  
quarterly  
anniversary  
thereafter  
through 5/22/11.

(17) 3,125 of these  
options vested  
on 6/14/09 and  
3,125 of these  
options will vest  
on each  
quarterly  
anniversary  
thereafter  
through 3/14/12.

(18) 12,273 of these options will vest on 4/1/10 and 3,068 of these options will vest on each quarterly anniversary thereafter through 4/1/13.

(19) 734 of these restricted stock units vested on 5/22/09 and 734 of these restricted stock units will vest on each quarterly anniversary thereafter through 5/22/11.

(20) 694 of these restricted stock units vested on 6/14/09 and 694 of these restricted stock units will vest on each quarterly anniversary thereafter through 3/14/12.

(21) 2,728 of these restricted stock units will vest on 4/1/10 and 681 of these restricted stock units will vest on each quarterly anniversary thereafter through 4/1/13.

- (22) 1,563 of these options vested on 4/29/08 and the remaining 1,562 of these options will vest on 7/29/09.
- (23) 2,031 of these options vested on 4/1/09 and 2,031 of these options will vest on each quarterly anniversary thereafter through 4/1/10.
- (24) 3,305 of these options vested on 5/22/09 and 3,305 of these options will vest on each quarterly anniversary thereafter through 5/22/11.

(25) 3,125 of these options vested on 6/14/09 and 3,125 of these options will vest on each quarterly anniversary thereafter through 3/14/12.

(26) 11,250 of these options will vest on 4/1/10 and 2,813 of these options will vest on each quarterly anniversary thereafter through 4/1/13.

(27) 734 of these restricted stock units vested on 5/22/09 and 734 of these restricted stock units will vest on each quarterly anniversary thereafter through 5/22/11.

(28) 694 of these restricted stock units vested on 6/14/09 and 694 of these restricted stock units will vest on each quarterly anniversary thereafter through 3/14/12.

- (29) 2,500 of these restricted stock units will vest on 4/1/10 and 625 of these restricted stock units will vest on each quarterly anniversary thereafter through 4/1/13.
- (30) 9,375 of these options vested on 6/1/09 and 9,375 of these options will vest on each quarterly anniversary thereafter through 6/1/10.
- (31) 2,644 of these options vested on 5/22/09 and 2,644 of these options will vest on each quarterly anniversary thereafter through 5/22/11.
- (32) 2,500 of these options vested on 6/14/09 and 2,500 of these options will vest on each quarterly anniversary thereafter through 3/14/12.
- (33) 12,273 of these options will vest on 4/1/10 and 3,068 of these options will vest



on each  
quarterly  
anniversary  
thereafter  
through 4/1/13.

(34) 588 of these  
restricted stock  
units vested on  
5/22/09 and 588  
of these  
restricted stock  
units will vest  
on each  
quarterly  
anniversary  
thereafter  
through 5/22/11.

(35) 556 of these  
restricted stock  
units vested on  
6/14/09 and 556  
of these  
restricted stock  
units will vest  
on each  
quarterly  
anniversary  
thereafter  
through 3/14/12.

(36) 2,728 of these  
restricted stock  
units will vest  
on 4/1/10 and  
682 of these  
restricted stock  
units will vest  
on each  
quarterly  
anniversary  
thereafter  
through 4/1/13.

**Option Exercises and Stock Vested**

The following table sets forth information on the number and value of stock options exercised and restricted stock units vested during fiscal 2009 for the named executive officers.

**Option Awards**  
**Number**  
**of Shares**

**Stock Awards**  
**Number of**

| <b>Name</b>      | <b>Acquired<br/>on<br/>Exercise</b> | <b>Value Realized<br/>on<br/>Exercise (1)</b> | <b>Shares<br/>Acquired<br/>on Vesting</b> | <b>Value Realized<br/>on<br/>Vesting (2)</b> |
|------------------|-------------------------------------|---|---|--|
| N. Robert Hammer |                                     | \$  | 5,209                                     | \$ 54,382                                    |
| Alan G. Bunte    |                                     |   | 11,004                                    | 148,563                                      |
| Louis F. Miceli  |                                     |   | 7,919                                     | 103,720                                      |
| Ron Miiller      |                                     |   | 7,919                                     | 103,720                                      |
| Steven Rose      | 6,666                               | 33,663  | 6,336                                     | 82,986                                       |

(1) The value realized on the exercise of stock options is based on the difference between the exercise price and the sale price of Common Stock at the time of exercise.

(2) The value realized on the vesting of restricted stock units is based on the market price of our Common Stock on the day that the restricted stock vests.

### **Pension Benefits**

None of our named executive officers participate in or have account balances in qualified or non-qualified defined benefit plans sponsored by us.

### **Nonqualified Deferred Compensation**

None of our named executive officers participate in or have account balances in non-qualified defined contribution plans maintained by us.

### **Employee Agreements**

In February 2004, we entered into an employment agreement with N. Robert Hammer. The agreement has an initial term ending on March 31, 2005 and automatically extends for additional one-year terms unless either party elects, at least 30 days prior to the expiration of a term, to terminate the agreement. The agreement provides that Mr. Hammer's annual salary shall be subject to annual review by our Board of Directors. The agreement also provides that Mr. Hammer shall be eligible for annual non-equity incentive plan compensation with a target bonus potential equal to a percentage of his base salary and that he shall be entitled to participate in the employee benefits plans in which our other executives may participate. If we terminate Mr. Hammer's employment for any reason other than cause, death or upon a change in control of our company, the agreement provides that, for a one-year period, Mr. Hammer will be entitled to receive his then-current base salary (either in equal bi-weekly payments or a lump sum payment, at our discretion) and we will be required to continue paying the premiums for Mr. Hammer's and his dependents' health insurance coverage. In addition, Mr. Hammer will be entitled to any other amounts or benefits previously accrued under our then applicable employee benefit plans, incentive plans or programs. If we terminate Mr. Hammer's employment by reason of death or disability, Mr. Hammer will be entitled to any compensation earned but not yet paid. The agreement provides that, during his term of employment with us and for a period of one year following any termination of employment with us, Mr. Hammer may not participate, directly or indirectly, in any capacity whatsoever, within the United States, in a business in competition with us, other than beneficial ownership of up to one percent of the outstanding stock of a publicly held company. In addition, Mr. Hammer may not solicit our employees or customers for a period of one year following any termination of his employment with us. Mr. Hammer's employment agreement also contains a change in control provision which is discussed below in the section titled "Change in Control Agreements."

Mr. Hammer has maintained his primary residence in the state of Florida since he began serving as our Chairman, President and Chief Executive Officer in 1998. Mr. Hammer's position with us is his only full time employment. Mr. Hammer generally spends his time working for us in our office in Oceanport, New Jersey or traveling on business for us. He is generally in Oceanport when not traveling on business. As part of his annual compensation, we pay costs associated with Mr. Hammer's travel between his residence in Florida and our headquarters in Oceanport, New Jersey and we also lease an apartment for Mr. Hammer's use in New Jersey. See "Summary Compensation Table" for more information. The members of the Compensation Committee consider these costs in reviewing the annual compensation of Mr. Hammer. We do not believe that Mr. Hammer's Florida residency has had a negative impact on the quality of his service to us or on his ability to meet his obligations as Chairman, President and Chief Executive Officer in the past and we do not anticipate that his Florida residency will have any negative impact on us in the future.

In February 2004, we entered into employment agreements with Alan G. Bunte and Louis F. Miceli. Each of these agreements has an initial term ending on March 31, 2005 and automatically extends for additional one-year terms unless either party to the agreement elects, at least 30 days prior to the expiration of a term, to terminate the agreement. The agreements with Messrs. Bunte and Miceli provide that the annual salary of each shall be subject to annual review by our chief executive officer or his designee, and also provides that each shall be eligible for annual non-equity incentive plan compensation with a target bonus potential equal to a percentage of the officer's base salary. The agreements with Messrs. Bunte and Miceli each provide that these officers shall be entitled to participate in the employee benefits plans in which our other executives may participate. If we terminate the employment of either of these officers for any reason other than for cause or death, each of the agreements provide that, for a one-year period, the terminated officer will be entitled to receive his then-current base salary (either in equal bi-weekly payments or a lump sum payment, at our discretion) and we will be required to continue paying the premiums for the officer's and his

dependents' health insurance coverage. In addition, the terminated officer will be entitled to any other amounts or benefits previously accrued under our then applicable employee benefit plans, incentive plans or programs. If we terminate Messrs. Bunte's or Miceli's employment by reason of death or disability, each executive officer will be entitled to any compensation earned but not yet paid. Each agreement provides that, during his term of employment with us and for a period of one year following any termination of employment with us, the officer may not participate, directly or indirectly, in any capacity whatsoever, within the United States, in a business in competition with us, other than beneficial ownership of up to one percent of the outstanding stock of a publicly held company. In addition, neither of these officers may solicit our employees or customers for a period of one year following any termination of employment with us.

### **Change in Control Agreements**

Mr. Hammer's employment agreement provides that if a change in control of our company occurs, all equity awards held by Mr. Hammer shall immediately become exercisable or vested. If a change in control of our company occurs and Mr. Hammer's employment is terminated for reasons other than for cause (other than a termination resulting from a disability) within two years of the change in control, or if Mr. Hammer terminates his employment within 60 days of a material diminution in his salary or duties or the relocation of his employment within two years following a change in control of our company, then he shall be entitled to (1) a lump sum severance payment equal to one and a half times his base salary at the time of the change in control plus an amount equal to Mr. Hammer's target bonus at the time of the change in control, and (2) health insurance coverage for Mr. Hammer and his dependents for an 18 month period.

We have entered into change of control agreements with all of our executive officers, other than Mr. Hammer, whose employment agreement sets forth the protections upon a change of control described above. Each of these agreements provides that if a change in control of our company occurs and the employment of any of the officers is terminated for reasons other than for cause, or if the officer terminates his employment within 60 days of a material diminution in his salary or duties or the relocation of his employment following a change in control of our company, then all equity awards held by the officer shall immediately become exercisable or vested. In addition, the change of control agreements with Messrs. Bunte and Miceli provide that if a change in control of our company occurs and the employment of either of these officers is terminated for reasons other than for cause within two years of the change in control, or if the officer terminates his employment within 60 days of a material diminution in his salary or duties or the relocation of his employment within two years following a change in control of our company, then the officer shall be entitled to (1) a lump sum severance payment equal to one and a half times the sum of the officer's annual base salary at the time of the change in control and all bonus payments made to the officer during the one-year period preceding the date of the change in control, and (2) health insurance coverage for the officer and his dependents for an 18 month period. The change of control agreements with Messrs. Miiller and Rose have substantially identical provisions that provide for a lump sum severance payment equal to the officer's annual base salary at the time of the change in control and health insurance coverage for the officer and his dependents for a 12 month period.

The change of control agreements with Messrs. Bunte and Miceli provide that, for an 18 month period following the termination of employment, the officers may not engage in, or have any interest in, or manage or operate any company or other business (whether as a director, officer, employee, partner, equity holder, consultant or otherwise) that engages in any business which then competes with any of our businesses, other than beneficial ownership of up to five percent of the outstanding voting stock of a publicly traded company. The agreements also prohibit Messrs. Bunte and Miceli from inducing any of our employees to terminate their employment with us or to become employed by any of our competitors during the 18 month period. Messrs. Miiller and Rose are subject to substantially identical non-competition and non-solicitation provisions for a one-year period following the termination of employment.

**Estimated Payments and Benefits upon Termination**

The amount of compensation and benefits payable to each named executive officer has been estimated in the table below. The amounts below assume that such termination was effective as of March 31, 2009, the last day of our fiscal year. The actual amounts to be paid out can only be determined at the time of such executive's separation from us.

|  | Compensation |            |             | Accelerated | Continuation | Total        |
|--|--------------|------------|-------------|-------------|--------------|--------------|
|  | Base         | Non-Equity | Accelerated | Vesting of  | of           | Compensation |
|  | Salary       | Incentive  | Vesting of  | Restricted  | Medical      | and          |
|  |              | Plan       | Stock       | Stock       | Benefits     | Benefits     |
|  |              |            | Options(1)  | Units(2)    | (Present     |              |
|  |              |            |             |             | Value)       |              |
| <b>N. Robert Hammer</b>  |              |            |             |             |              |              |
| Death  | \$           | \$ 170,516 | \$          | \$          | \$           | \$ 170,516   |
| Disability   |              | 170,516    |             |             |              | 170,516      |
| Involuntary termination without cause or by non-extension of employment term | 449,000      | 170,516    |             |             | 13,800       | 633,316      |
| Change in Control  | 673,500      | 449,000    | 685,781     | 390,795     | 20,500       | 2,219,576    |
| <b>Alan G. Bunte</b>   |              |            |             |             |              |              |
| Death  |              | 149,240    |             |             |              | 149,240      |
| Disability   |              | 149,240    |             |             |              | 149,240      |
| Involuntary termination without cause or by non-extension of employment term | 328,000      | 149,240    |             |             | 17,000       | 494,240      |
| Change in Control  | 492,000      | 191,755    | 225,331     | 371,971     | 25,200       | 1,306,257    |
| <b>Louis F. Miceli</b>   |              |            |             |             |              |              |
| Death  |              | 89,910     |             |             |              | 89,910       |
| Disability   |              | 89,910     |             |             |              | 89,910       |
| Involuntary termination without cause or by non-extension of employment term | 299,700      | 89,910     |             |             | 17,000       | 406,610      |
| Change in Control  | 449,550      | 132,494    | 97,969      | 283,596     | 25,200       | 988,809      |
| <b>Ron Müller</b>  |              |            |             |             |              |              |
| Death  |              |            |             |             |              |              |
| Disability   |              |            |             |             |              |              |
| Involuntary termination without cause or by non-extension of employment term |              |            |             |             |              |              |
| Change in Control  | 269,000      |            | 83,278      | 273,625     | 17,000       | 642,903      |
| <b>Steven Rose</b>   |              |            |             |             |              |              |
| Death  |              |            |             |             |              |              |
| Disability   |              |            |             |             |              |              |

Involuntary termination  
without cause or by  
non-extension of employment  
term

|                   |         |         |       |         |
|-------------------|---------|---------|-------|---------|
| Change in Control | 260,602 | 250,807 | 3,200 | 514,609 |
|-------------------|---------|---------|-------|---------|

(1) Amounts in this column describe the value of stock options that would vest upon the triggering event described in the leftmost column. The value of stock options is based on the difference between the exercise price of the options and the \$10.97 closing price of our common stock on March 31, 2009.

(2) Amounts in this column describe the value of restricted stock units that would vest upon the triggering event described in the leftmost column, based on a closing price of \$10.97 of our common stock on March 31, 2009.

None of the named executive officers are eligible for compensation and benefits payable upon involuntary termination for cause or voluntary resignation or retirement and therefore such descriptions have been excluded from the table above. In addition, the amounts shown in the table above do not include payments and benefits to the extent they are provided on a non-discriminatory basis to salaried employees generally upon termination, such as any unreimbursed business expenses payable and distributions of plan balances under the CommVault Systems, Inc. 401(k) plan.

**Director Compensation**

Our compensation committee of the board of directors determines the amount of any fees, whether payable in cash, shares of common stock or options to purchase common stock, and expense reimbursement that directors receive for attending meetings of the Board of Directors or committees of the Board of Directors. During fiscal 2009, cash compensation earned by non-employee directors for their services as members of the Board of Directors or any committee of the Board of Directors was as follows:

Annual retainer of \$25,000 with an additional \$2,000 for each board meeting attended;

The chairperson of our audit committee, compensation committee and governance committee receive an additional annual retainer of \$24,000, \$7,500 and \$7,500, respectively;

The lead director receives an additional annual retainer of \$7,500; and

Each committee member receives an additional annual retainer of \$5,000.

Non-employee directors are also eligible to receive equity compensation under our LTIP. We generally issue all non-employee directors an annual equity compensation award. The annual equity compensation awards for fiscal 2009 was granted during the fourth quarter of fiscal 2008 at which time each non-employee director was granted 7,500 non-qualified stock options and 833 restricted stock units. Equity awards granted to our non-employee directors generally vest quarterly over a four-year period, except that the shares that would otherwise vest over the first 12 months do not vest until the first anniversary of the grant.

We recently engaged Radford to provide our Compensation Committee with an assessment of our non-employee director's compensation. We currently expect that during fiscal 2010 we will increase both the cash and equity compensation that we currently provide to our non-employee directors. We anticipate that we will grant our non-employee directors an annual equity compensation award for fiscal 2010 during the first of fiscal 2010 based primarily on the results of the Radford assessment.

All future equity grants to our non-employee directors will be pursuant to our LTIP. See Long-Term Equity Incentive Awards above for more information about this plan. We also reimburse all of our directors for their reasonable expenses incurred in attending meetings of our board or committees.



The following table sets forth information concerning the compensation received for services rendered to us by our directors in fiscal 2009:

| Name                      | Fees Earned<br>or<br>Paid in Cash | Stock<br>Awards<br>(1) | Option<br>Awards<br>(1) | All Other              |           |
|---------------------------|-----------------------------------|------------------------|-------------------------|------------------------|-----------|
|                           |                                   |                        |                         | Annual<br>Compensation | Total     |
| Frank J. Fanzilli, Jr.(2) | \$ 40,000                         | \$ 6,537               | \$ 49,355               | \$                     | \$ 95,892 |
| Armando Geday(3)          | 38,000                            | 6,537                  | 49,355                  |                        | 93,892    |
| Keith Geeslin(4)          | 45,500                            | 6,537                  | 49,355                  |                        | 101,392   |
| F. Robert Kurimsky(5)     | 43,000                            | 6,537                  | 49,355                  |                        | 98,892    |
| Daniel Pulver(6)          | 52,500                            | 6,537                  | 70,769                  |                        | 129,806   |
| Gary B. Smith(7)          | 45,500                            | 6,537                  | 50,905                  |                        | 102,942   |
| David F. Walker(8)        | 67,000                            | 6,537                  | 71,089                  |                        | 144,626   |

(1) The amounts in this column represent the dollar amount recognized in accordance with FAS 123(R) for the year, disregarding any estimates of future forfeitures. These amounts may reflect options granted in years prior to fiscal 2009. See Note 8 of the notes to our consolidated financial statements contained in our Annual Report on Form 10-K for a discussion of all assumptions made by us in determining the FAS 123(R) values of our equity awards.

There were no options or restricted stock units granted to our directors in fiscal 2009.

(2) Mr. Fanzilli has 98,500 stock options and 1,092 restricted stock units outstanding as of March 31, 2009.

(3) Mr. Geday has 98,500 stock options and 1,092 restricted stock units outstanding as of March 31, 2009

(4) Mr. Geeslin has 32,500 stock options and 1,092 restricted stock units outstanding as of March 31, 2009.

(5) Mr. Kurimsky has a total of 98,500 stock options and 1,092 restricted stock units outstanding as of March 31, 2009.

(6) Mr. Pulver has a total of 40,000 stock options and 1,092 restricted stock units outstanding as

of March 31,  
2009.

(7) Mr. Smith has  
45,000 stock  
options and  
1,092 restricted  
stock units  
outstanding as  
of March 31,  
2009.

(8) Mr. Walker has  
35,000 stock  
options and  
1,092 restricted  
stock units  
outstanding as  
of March 31,  
2009.

**Employee Benefit Plans**

***1996 Stock Option Plan***

We have reserved 11,705,000 shares of common stock for issuance under the 1996 Stock Option Plan. As of March 31, 2009, options to purchase 5,227,812 shares of common stock were outstanding at a weighted average exercise price of \$6.00 per share, 5,936,833 shares had been issued upon the exercise of outstanding options and 540,356 shares remain available for future grants. The 1996 Stock Option Plan provides for the grant of nonqualified stock options and other types of awards to our directors, officers, employees and consultants, and is administered by our Compensation Committee.

The Compensation Committee determines the terms of options granted under the 1996 Stock Option Plan, including the number of shares subject to the grant, exercise price, term and exercisability, and has the authority to interpret the plan and the terms of the awards thereunder. The exercise price of stock options granted under the plan must be no less than the par value of our common stock, and payment of the exercise price may be made by cash or other consideration as determined by the Compensation Committee. Options granted under the plan may not have a term exceeding ten years, and generally vest over a four-year period. At any time after the grant of an option, the Compensation Committee may, in its sole discretion, accelerate the period during which the option vests.

Generally, no option may be transferred by its holder other than by will or the laws of descent and distribution or pursuant to a qualified domestic relations order as defined by the Internal Revenue Code or Title I of the Employment Retirement Income Security Act of 1974, as amended, or the rules thereunder. If an employee leaves our company or is terminated, then any options held by such employee generally may be terminated, and any unexercised portion of the employee's options, whether or not vested, may be forfeited.

The number of shares of common stock authorized for issuance under the 1996 Stock Option Plan will be adjusted in the event of any dividend or other distribution, recapitalization, reclassification, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, liquidation, dissolution, or sale, transfer, exchange or other disposition or all or substantially all of the assets of our company, or exchange of common stock or other securities of our company, issuance of warrants or other rights to purchase common stock of our company, or other similar corporate transaction or event. In the event of the occurrence of any of these transactions or events, our Compensation Committee may adjust the number and kind of authorized shares of common stock under the plan, the number and kind of shares of common stock subject to outstanding options and the exercise price with respect to any option. Additionally, if any of these transactions or events occurs or any change in applicable laws, regulations or accounting principles is enacted, the Compensation Committee may purchase options from holders thereof or prohibit holders from exercising options. The Compensation Committee may also provide that, upon the occurrence of any of these events, options will be assumed by the successor or survivor corporation or be substituted by similar options, rights or awards covering the stock of the successor or survivor corporation.

The 1996 Stock Option Plan may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by our Board of Directors or our Compensation Committee. However, no action of our Compensation Committee or our Board of Directors that would require stockholder approval will be effective unless stockholder approval is obtained. No amendment, suspension or termination of the plan will, without the consent of the holder of options, alter or impair any rights or obligations under any options previously granted, unless the underlying option agreement expressly so provides. No options may be granted under the plan during any period of suspension or after its termination.

#### ***2006 Long-Term Stock Incentive Plan***

On January 26, 2006, the Board of Directors authorized the created of the Long-Term Stock Incentive Plan (the LTIP ). Upon the close of our initial public offering on September 26, 2006, we became eligible to grant awards under the LTIP. Under the LTIP, we may grant stock options, stock appreciation rights, shares of common stock and performance units to our employees, consultants, directors and others persons providing services to our company.

The maximum number of shares of our common stock that was initially allowed to be awarded under the LTIP was 4,000,000. On each April 1, the number of shares available for issuance under the LTIP is increased, if applicable, such that the total number of shares available for awards under the LTIP as of any April 1 is equal to 5% of the number of outstanding shares of our common stock on that April 1. As of March 31, 2009, there were 3,551,212 options to purchase shares of common stock outstanding at a weighted average exercise price of \$14.16 per share and there were 991,850 shares of non-vested restricted stock awards outstanding. In addition, as of March 31, 2009, there were approximately 377,000 shares that remain available for future grants under the LTIP. The maximum number of shares that may be subject to incentive stock options shall be 25,000,000 over the life of the LTIP. The maximum number of shares that may be subject to options and stock appreciation rights granted to any one individual shall be 25,000,000 over the life of the LTIP. The maximum number of shares that may be subject to stock unit awards, performance share awards, restricted stock awards or restricted unit awards to any one individual that are intended to be performance based within the meaning of Section 162(m) of the Internal Revenue Code shall be 25,000,000 over the life of the LTIP (or \$1,000,000 during any calendar year, if settled in cash.) The number of shares of common stock authorized for issuance under the LTIP will be adjusted in the event of any dividend or other distribution, recapitalization, reclassification, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, liquidation, dissolution, or sale, transfer, exchange or other disposition or all or substantially all of the assets of our company, or exchange of common stock or other securities of our company, issuance of warrants or other rights to purchase common stock of our company, or other similar corporate transaction or event.

Our Compensation Committee administers our LTIP. The LTIP essentially gives the Compensation Committee sole discretion and authority to select those persons to whom awards will be made, to designate the number of shares covered by each award, to establish vesting schedules and terms of each award, to specify all other terms of awards and to interpret the LTIP.

Options awarded under the LTIP may be either incentive stock options or nonqualified stock options, but incentive stock options may only be awarded to our employees. Incentive stock options are intended to satisfy the requirements of Section 422 of the Internal Revenue Code. Nonqualified stock options are not intended to satisfy Section 422 of the Internal Revenue Code. Stock appreciation rights may be granted in connection with options or as free-standing awards. Exercise of an option will result in the corresponding surrender of the attached stock appreciation right. The exercise price of an option or stock appreciation right must be at least equal to the par value of a share of common stock on the date of grant, and the exercise price of an incentive stock option must be at least equal to the fair market value of a share of common stock on the date of grant. Options and stock appreciation rights will be exercisable in accordance with the terms set by the Compensation Committee when granted and will expire on the date determined by the Compensation Committee, but in no event later than the tenth anniversary of the grant date. If a stock appreciation right is issued in connection with an option, the stock appreciation right will expire when the related option expires. Special rules and limitations apply to stock options which are intended to be incentive stock options.

Under the LTIP, our Compensation Committee may grant common stock to participants. In the discretion of the committee, stock issued pursuant to the LTIP may be subject to vesting or other restrictions. Participants may receive dividends relating to their shares issued pursuant to the LTIP, both before and after the common stock subject to an award is earned or vested.

The Compensation Committee may award participants stock units which entitle the participant to receive value, either in stock or in cash, as specified by the Compensation Committee, for the units at the end of a specified period, based on the satisfaction of certain other terms and conditions or at a future date, all to the extent provided under the award. A participant may be granted the right to receive dividend equivalents with respect to an award of stock units by the Compensation Committee. Our Compensation Committee establishes the number of units, the form and timing of settlement, the performance criteria or other vesting terms and other terms and conditions of the award at the time the award is made.

Unless our Compensation Committee determines otherwise, in the event of a change in control of our company that is a merger or consolidation where our company is the surviving corporation (other than a merger or consolidation where a majority of the outstanding shares of our stock are converted into securities of another entity or are exchanged for other consideration), all option awards under the LTIP will continue in effect and pertain and apply to the securities which a holder of the number of shares of our stock then subject to the option would have been entitled to receive. In the event of a change of control of our company where we dissolve or liquidate, or a merger or consolidation where we are not the surviving corporation or where a majority of the outstanding shares of our stock is converted into securities of another entity or are exchanged for other consideration, all option awards under the LTIP will terminate, and we will either (1) arrange for any corporation succeeding to our business or assets to issue participants replacement awards on such corporation's stock, or (2) make any outstanding options granted under the plan fully exercisable at least 20 days before the change of control becomes effective.

#### **COMPENSATION COMMITTEE REPORT**

**CommVault Systems, Inc.**

**Compensation Committee**

#### **Report On Executive Compensation**

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis contained in this proxy statement with management and, based on such review and discussion, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the Company's annual report on Form 10-K for the year ended March 31, 2009 and in this proxy statement.

*Compensation Committee*

*Keith Geeslin Chairman*

*Frank J. Fanzilli, Jr.*

*Armando Geday*



## AUDIT COMMITTEE REPORT

### General

The Audit Committee comprises three directors and operates under a written charter for the Audit Committee. All of the members of the Audit Committee meet the definition of independent for purposes of the Nasdaq listing standards. In addition, our Board of Directors has determined that Mr. Walker qualifies as an audit committee financial expert under the applicable SEC rules and all of the members of Audit Committee satisfy Nasdaq's financial literacy requirements.

### Report

The Audit Committee has furnished the following report:

The Audit Committee has reviewed and discussed the audited financial statements of our company for the fiscal year ended March 31, 2009 with our management. In addition, the Audit Committee has discussed with Ernst & Young LLP, our independent auditors ( Ernst & Young ), the matters required to be discussed by Statement on Auditing Standards No. 61, Communications with Audit Committees and PCAOB Auditing Standard No. 2, An Audit of Internal Control Over Financial Reporting Performed in Conjunction with an Audit of Financial Statements.

The Audit Committee has also received the written disclosures and the letter from Ernst & Young required by PCAOB Ethics and Independence Rule 3526, Communication with Audit Committees Concerning Independence, and has discussed with Ernst & Young its independence from our company and our management.

The Audit Committee has considered whether the services rendered by our independent public accountants with respect to audit, audit-related, tax and other non-audit fees are compatible with maintaining their independence.

Based on the review and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited financial statements for our company for the fiscal year ended March 31, 2009 be included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2009 for filing with the SEC.

Audit Committee

*David F. Walker* Chairman

*F. Robert Kurimsky*

*Daniel Pulver*



**PROPOSAL NO. 2****RATIFICATION OF THE APPOINTMENT OF INDEPENDENT AUDITORS**

Financial statements of our company and our consolidated subsidiaries will be included in our Annual Report furnished to all stockholders. The Audit Committee of the Board of Directors has appointed Ernst & Young LLP as independent public accountants for us to examine our consolidated financial statements for the fiscal year ending March 31, 2010, and has determined that it would be desirable to request that the stockholders ratify the appointment. You may vote for, vote against or abstain from voting with respect to this proposal. Assuming the presence of a quorum, the affirmative vote of a majority of the shares present, in person or by proxy, at the Annual Meeting and entitled to vote is required to ratify the appointment. If the stockholders do not ratify the appointment, the Audit Committee will reconsider the appointment for the 2011 fiscal year, rather than the 2010 fiscal year, because of the difficulty and expense involved in changing independent auditors on short notice. Ernst & Young LLP was engaged as our principal independent public accountants for fiscal years 1998 through 2009. Representatives of Ernst & Young LLP are expected to be present at the Annual Meeting and are also expected to be available to respond to appropriate questions.

**Audit, Audit-Related, Tax and All Other Fees**

The following table summarizes the aggregate fees and expenses billed to us for the fiscal years ended March 31, 2009 and 2008 by our principal accounting firm, Ernst & Young LLP ( Ernst & Young ):

|                    | 2009           | 2008     |
|--------------------|----------------|----------|
|                    | (In thousands) |          |
| Audit fees         | \$ 1,073       | \$ 1,236 |
| Audit-related fees | 13             | 31       |
| Tax fees           | 294            | 189      |
| All other fees     |                |          |
|                    | \$ 1,380       | \$ 1,456 |

*Audit Fees* all services necessary to perform an audit of the consolidated financial statements of our company; the reviews of the Company's quarterly reports on Form 10-Q; services in connection with statutory and regulatory filings or engagements; comfort letters; statutory audits; consents and review of documents filed with the SEC, including documents relating to our initial public offering and follow-on public offering.

*Audit Related Fees* consultation concerning financial accounting and reporting standards.

*Tax Fees* tax compliance; tax planning; and other tax advice.

*All Other Fees* any other work that is not Audit, Audit-Related or a Tax Service.

In considering the nature of the services provided by Ernst & Young, the Audit Committee determined that such services are compatible with the provision of independent audit services. The Audit Committee discussed these services with Ernst & Young and our management to determine that they are permitted under the rules and regulations concerning auditor independence promulgated by the SEC to implement the Sarbanes-Oxley Act of 2002, as well as by the American Institute of Certified Public Accountants.

**Policy on Audit Committee Pre-Approval of Audit and Non-Audit Services of Independent Auditor**

The audit committee is responsible for appointing, setting compensation and overseeing the work of the independent auditor. The Audit Committee has established a policy regarding pre-approval of permissible non-audit services provided by the independent auditor. Generally, pre-approvals may be made by the chairperson of the Audit Committee in accordance with the rules of the Securities and Exchange Commission. All of the services performed by Ernst & Young in the year ended March 31, 2009 were pre-approved in accordance with the pre-approval policy adopted by the Audit Committee.

**The Board of Directors recommends that you vote FOR this proposal.**



### **OTHER MATTERS**

The Board of Directors is not aware of any other matters that may properly come before the Annual Meeting. However, should any such matters come before the Annual Meeting, it is the intention of the persons named in the enclosed form of proxy card to vote all proxies (unless otherwise directed by stockholders) in accordance with their judgment on such matters.

### **INCORPORATION BY REFERENCE**

To the extent that this proxy statement is incorporated by reference in any other filing by us under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, the information included or incorporated in the sections of this proxy statement entitled Executive Compensation CommVault Systems, Inc. Compensation Committee Report on Executive Compensation and Report of Audit Committee will not be deemed to be incorporated, unless specifically provided otherwise in such filing.

### **SOLICITATION AND EXPENSES OF SOLICITATION**

The cost of solicitation of Proxies will be borne by us. Solicitation will be made by mail, and may be made by directors, officers, and employees, personally or by telephone, telecopy or telegram. Proxy cards and material also will be distributed to beneficial owners of stock through brokers, custodians, nominees and other like parties, and we expect to reimburse such parties for their charges and expenses.

### **SUBMISSION OF STOCKHOLDER PROPOSALS**

#### **Stockholder Proposals Inclusion in Company Proxy Statement**

For a stockholder proposal to be considered by us for inclusion in our proxy statement and form of proxy relating to the annual meeting of stockholders to be held in 2010, the proposal must be received by April 11, 2010.

#### **Other Stockholders Proposals Discretionary Voting Authority and Bylaws**

With respect to stockholder proposals not included in the Company's proxy statement and form of proxy, we may utilize discretionary authority conferred by proxy in voting on any such proposals if, among other situations, the stockholder does not give timely notice of the matter to us by the date determined under our By-laws for the submission of business by stockholders. This notice requirement and deadline are independent of the notice requirement and deadline described above for a stockholder proposal to be considered for inclusion in our proxy statement. Our Bylaws state that, to be timely, notice and certain related information must be received at the principal executive offices not later than the close of business on the 90th day prior to the first anniversary of the preceding year's annual meeting. Therefore, to be timely under our Bylaws, a proposal for the 2010 annual meeting not included by or at the direction of the Board of Directors must be received no later than May 28, 2010.

/s/ WARREN H. MONDSCHHEIN

WARREN H. MONDSCHHEIN

Vice President, General Counsel and Secretary

We will furnish without charge to each person whose proxy is being solicited, upon the written request of any such person, a copy of our annual report on Form 10-K for the fiscal year ended March 31, 2009, as filed with the Securities and Exchange Commission, including the financial statements and schedules thereto. Requests for copies of such report should be directed to Warren H. Mondschein, Vice President, General Counsel and Secretary, CommVault Systems, Inc., 2 Crescent Place, Oceanport, New Jersey 07757. A copy of our annual report on form 10-K for the fiscal year ended March 31, 2009 is also being made available concurrently with the proxy statement at [www.cfpproxy.com/6030](http://www.cfpproxy.com/6030).