

COMMVault SYSTEMS INC  
Form DEF 14A  
July 09, 2010

**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
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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.
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(1) Amount Previously Paid:

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(4) Date Filed:

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**(LOGO)**

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

July 9, 2010

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

You are cordially invited to attend the 2010 Annual Meeting of Stockholders of CommVault Systems, Inc. ( CommVault ). The Annual Meeting will be held Wednesday, August 25, 2010, at 9:00 a.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, 2010 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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**(LOGO)**

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

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD ON AUGUST 25, 2010**

**Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to Be Held on August 25, 2010**

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 25, 2010, at 9:00 a.m., local time.

The purposes of the meeting are:

1. To elect three Class I Directors for a term to expire at the 2013 Annual Meeting of Stockholders;
2. To ratify the appointment of Ernst & Young LLP as independent public accountants for the fiscal year ending March 31, 2011; 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, 2010 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. MONDSCHHEIN

WARREN H. MONDSCHHEIN

*Vice President, General Counsel and Secretary*

**Oceanport, New Jersey**

**July 9, 2010**

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**(LOGO)**

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

**PROXY STATEMENT  
FOR THE ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD AUGUST 25, 2010**

July 9, 2010

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 25, 2010, 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 9, 2010. A copy of our annual report on form 10-K for the fiscal year ended March 31, 2010, 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, 2010 was the record date for the determination of stockholders entitled to vote at the Annual Meeting. On that date, 43,155,006 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 submitted by a record holder 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, 2011, 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. If you are a beneficial owner of shares, the broker will ask you how you want your shares to be voted. If you give the broker instructions, the broker will vote your shares as you direct. If your broker does not receive instructions from you about how your shares are to be voted, one of two things can happen, depending on the type of proposal. Brokers who are members of the NYSE have discretionary power to vote your shares with respect to routine matters, but they do not have discretionary power to vote your shares on non-routine matters. Unlike in previous years, brokers holding shares beneficially owned by their clients will no longer have the ability to cast votes with respect to the election of directors unless they have received instructions from the beneficial owner of the shares. **It is therefore important that you provide instructions to your broker so that your vote with respect to directors is counted.**

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, 2011.

**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. 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 I Directors will expire at the 2010 Annual Meeting.

Upon the recommendation of the Nominations and Governance Committee, the Board of Directors has nominated Armando Geday, F. Robert Kurimsky and David F. Walker to hold office as Class I Directors until the annual meeting in 2013.

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**

*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 serves on the board of TagSys. Mr. Geday obtained his bachelor's degree in electrical engineering from the Florida Institute of Technology. He is currently an adviser and entrepreneur involved with various internet and technology ventures.

From his chief executive officer experience in the technology industry, Mr. Geday has perspectives on the operations, challenges and complex issues facing growing companies. Mr. Geday also brings an international viewpoint to Board deliberations.



*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 served on the Board of the Advisory Council, a private IT research, education and consulting firm, from 2002 to 2007. Mr. Kurimsky obtained a bachelor of science at Fairfield University and a master of engineering degree from Yale University and attended the Stanford Executive Program at Stanford University.

In particular, Mr. Kurimsky brings a customer focus to the Board with an understanding of what features, products and services are important to our customers. Mr. Kurimsky's engineering education also gives him perspectives on the technical side of our business, while his extensive management experience makes him a valuable member of our Nominations and Governance and Audit Committees.

*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 and most recently until 2002 as partner in charge of the firm's assurance and business advisory services practice for the Florida and Caribbean region. 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 CoreLogic, Inc., Chico's FAS, Inc. and Technology Research Corporation, chairing the audit committee at CoreLogic, participating on the executive, audit and corporate governance committees of Chico's FAS and chairing its audit committee and participating on the compensation and nominating and governance committees of Technology Research and chairing its compensation committee. In addition, Mr. Walker served on the board of directors of First Advantage Corporation from 2003 to 2009 and on the board of directors of Paradyne Networks from 2003 to 2005, and chaired the audit committees of both First Advantage and Paradyne Networks.

Mr. Walker's business, accounting and finance expertise is valuable to the Board of Directors. He has an in depth understanding of technical accounting and financial reporting principles and a keen business sense. Based on his experience and knowledge, he serves as our company's audit committee financial expert. In addition, Mr. Walker has held various public company directorships and has chaired other public company audit committees and brings that experience to the Board.

**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, 2010 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	68	Chairman, President and Chief Executive Officer	1998
Alan G. Bunte	56	Director, Executive Vice President and Chief Operating Officer	2008
Frank J. Fanzilli Jr.(1)	53	Director	2002
Armando Geday(1)	48	Director	2000
Keith Geeslin(1)	57	Director	1996
F. Robert Kurimsky(2)(3)	71	Director	2001

Daniel Pulver(2)(3)	41	Director	1999
Gary B. Smith(3)(4)	49	Director	2004
David F. Walker(2)(3)	56	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 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.

Mr. Bunte's detailed knowledge of the operational aspects of CommVault's business, obtained through his role as chief operating officer, is a valuable resource for Board discussions and decision-making. The Board benefits from Mr. Bunte's long experience with our company and its management. Mr. Bunte has a strong financial background. In addition, his industry experience provides the Board with valuable insights.

*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. At InterWoven, Mr. Fanzilli served at various times as chairman of the board, chairman of its strategy committee and as a member of its compensation, nominating and governance committee and audit committee. 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.

Mr. Fanzilli has extensive experience in information technology, both as from the perspective of a corporate user of information technology and as a systems engineer and software developer. He has served in executive operational positions at large financial and technology companies, which has provided him with experience and knowledge in information technology. Mr. Fanzilli's insights in this core area of CommVault's business is very useful to the Board. Mr. Fanzilli also contributes a customer perspective to the Board. In addition, Mr. Fanzilli has held various public company directorships and brings that experience to the Board.

*Daniel Pulver* has served as a director of our company since October 1999 and is chairman of our Nominations and Governance Committee. Mr. Pulver is a founder and managing member of Pulver Capital Management. 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 the NeuroMatrix Group. In addition, he served on the board of directors of Accellent Inc. from 2005 to 2006. Prior to May 24, 2007, Mr. Pulver served on the Compensation Committee of our company.

Mr. Pulver has extensive investment banking experience in technology industries, which has given him both business and finance expertise which is valuable to the board. He brings financial management and financial analysis perspective to Board. In addition, Mr. Pulver has held directorships, including a public company directorship, and brings that experience to the Board.

***Class III Directors Whose Terms Expire in 2012***

*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 the leveraged buy-out of Norand from Pioneer Hi-Bred International, Inc. and then served as Norand's Chairman 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.

As the chief executive officer of our company, Mr. Hammer is able to bring his comprehensive knowledge about CommVault's business strategies, financial position and operations into Board deliberations. In addition, he has prior leadership experience in both public and private companies. He has expertise in both industry and finance matters. Mr. Hammer's vision and business acumen are critical assets to the Board.

*Keith Geeslin* has served as a director of our company since May 1996 and is chairman of our Compensation Committee. Mr. Geeslin has been a partner at Francisco Partners since 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, a provider of public computer and network services and held various positions at its Tymnet subsidiary from 1980 to 1984. He was also previously a staff member of the U.S. Senate Commerce Committee. 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. and served on the board of Yipes Enterprise Services from 2001-2007.

Mr. Geeslin's private equity and venture capital experience, with a focus on technology sector companies, has given him an understanding of finance and of growth strategies, as well as experience in evaluating businesses in our company's industry, all of which is very helpful to the Board of Directors. Mr. Geeslin has a keen business sense. Representing one of our company's initial investors, Mr. Geeslin has a long history with CommVault and its management, providing continuity to Board deliberations. Mr. Geeslin has held various public company directorships and brings that experience to the Board.

*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, a network infrastructure company. 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 and is a member of the Center for Corporate Innovation (CCI).

Mr. Smith is an experienced chief executive officer of a company in the information technology industry. As such, he has leadership skills and industry experience, as well as perspectives on the operations, challenges and complex issues facing growing technology-based companies. He also has global sales and marketing experience which is useful to the Board. Mr. Smith's experience as a director of a public company also benefits the Board. The combination of his experience makes him well suited to serve as our company's lead independent director.

**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. 7)***

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. 8 and p. 34)***

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. 9)***

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, 2010, our Board of Directors held 5 meetings. All of our directors who served in the year ended March 31, 2010, attended all meetings of the Board of Directors and all meetings of the committees of the Board held and on which the director served. 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 later in this section.

*Board Leadership Structure.* CommVault's policy regarding its leadership structure is to adopt the practice which best serves our company's needs at any particular time. Our Board has currently determined that the most effective leadership structure for our company is for N. Robert Hammer to serve as both Chairman and Chief Executive Officer. Mr. Hammer has consistently provided strong leadership to our company and Board since becoming Chairman and Chief Executive Officer in March 1998. His strategic vision and financial discipline have been integral to our company's growth. Mr. Hammer's dual role provides the opportunity for better decision making and Board leadership given the greater level of information provided through his access to both management and the Board. The dual role provides a high level of communication between management and the Board on all matters and capitalizes on Mr. Hammer's successful history in leading both our company and the Board. The Board currently believes having on person serve as both Chief Executive Officer and Chairman of the Board also eliminates the potential of duplication of efforts and inconsistent actions, enabling the Board and management to work effectively toward the same goals and strategy.

While Mr. Hammer serves as Chairman, strong independent Board leadership is exerted by our lead independent director, Gary B. Smith, who provides additional support to the corporate governance structure. Under our Corporate Governance Policies, the lead independent director is responsible to coordinate the activities of the other independent directors and to fulfill other responsibilities established by the Board or the independent directors. Currently, our lead independent director's specific responsibilities include presiding at executive sessions of the Board and facilitating communication between Board members and the Chairman. Our lead director also communicates to the CEO on issues identified by the other independent directors. As a member of the Nominations and Governance Committee, Mr. Smith participates in the annual Board performance evaluation process and in the assessment of our company's Governance Policies. The lead independent director, and many of the other directors, communicates with the Chairman and Chief Executive Officer regarding appropriate agenda topics and other board related matters. In accordance with our Corporate Governance Policies, no director may serve as lead independent director for more than five consecutive years.

*Board Oversight of Risk.* Our company's policies and procedures relating to risk assessment and risk management are overseen by its Board of Directors. A fundamental part of risk assessment and risk management is not only understanding the risks a company faces and what steps management is taking to manage those risks, but also understanding what level of risk is appropriate for our company. The involvement of the Board in setting our company's business strategy is a key part of its assessment of management's risk tolerance and what constitutes an appropriate level of risk for our company. The Board of Directors considers risk management to varying degrees regularly at its meetings. The Board will adjust its practices with respect to risk oversight whenever it determines it

needs to do so and will involve itself in particular areas or business circumstances where its proper exercise of oversight requires it.

While the Board of Directors has the ultimate oversight responsibility for the risk management process, various committees of the Board also have responsibility for risk assessment and risk management. The Audit Committee is required under its charter to inquire of management and the independent auditor concerning significant financial risks or exposures and to assess the steps management has taken to minimize such risks. The Audit Committee also oversees our company's internal audit function and reviews with the General Counsel any legal matters, including litigation, that may have a material impact on our company's financial statements, financial condition or results of operations. In addition, the Compensation Committee assesses compensation related risk and the Nominations and Governance Committee addresses management and governance risk, including through its oversight of the succession planning process. Each of these Board committees reports to the full Board with respect to its risk oversight functions. At the management level, our company has established a disclosure committee to monitor our company's compliance with its disclosure obligations under law and Nasdaq regulations and an executive review committee to monitor and approve certain transactions or other corporate matters that deviate from our company's standard practices. The senior management of our company report to the Board or Board committees regarding risk issues, including those identified by the foregoing committees. In accordance with our company's Corporate Governance Policies, the Board has complete and open access to any member of our company's management and any of our company's employees, as well as any outside advisors or independent advisors retained by the Board. In addition, our company's Chief Financial Officer and General Counsel are available at Board and committee meetings to answer questions relating to risk oversight. Further, because the Chief Executive Officer and Chief Operating Officer are directors, they bring a unique perspective on our company's risk profile and risk assessment to Board deliberations based on their day to day management responsibilities.

*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, 2010. 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. From time to time, consultants, including Radford Surveys + Consulting, also provide additional services at the request of our company. In fiscal year 2010, these services included assistance and advice in the formulation of our company's equity compensation program and the calculation of restricted stock awards and appropriate target awards for participants, which services were provided at the request of management and which were not approved by the Board or the Compensation Committee.

The Compensation Committee operates under a written charter. The Compensation Committee met 4 times in the year ended March 31, 2010. Also, the Compensation Committee, or a sub-committee thereof, acted by unanimous written

consent 13 times during fiscal year 2010. 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 our 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 or took action 3 times in the year ending March 31, 2010.



*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).

*Board Diversity.* The Board of Directors has adopted a policy on Board diversity to be implemented by the Nominations and Governance Committee. This policy requires the Nominations and Governance Committee to consider diversity in professional experience, skills, broad-based business knowledge, understanding of our company's business environment and training when recommending Director nominees to the Board, with the objective of achieving a board with diverse business and educational backgrounds. It is the goal of this policy for the Board to be composed of members with individual backgrounds that, when combined, provide a portfolio of experience and knowledge that will serve our company's governance and strategic needs. In accordance with our company's Corporate Governance Guidelines, the Nominations and Governance Committee will consider the interplay of the director candidate's experience and skills with those of other Board members, as well as the extent to which the candidate would be a desirable addition to the Board and any Committees of the Board. When recommending nominees for Director, the Nominations and Governance Committee does not discriminate against candidates based on gender, ethnicity, religion or national origin. Our company's Board diversity policy specifies that the Nominations and Governance Committee will review the skills and attributes of Board members within the context of the current make-up of the full Board from time to time as the Nominations and Governance Committee deems appropriate. In connection with its deliberations with respect to Director nominations for our company's 2010 annual meeting, the Nominations and Governance Committee assessed that it effectively nominates candidates for Director in accordance with the above described standards, with the current Board being composed of individuals with finance, accounting, technology, management and international experience. See each nominee's and director's biography appearing earlier in this proxy statement for a description of the specific experience that each such individual brings to the Board.

#### **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 persons disclosure requirements ( Related Persons 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 Persons Transactions during the year ended March 31, 2010.

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, 2010, and upon the written representations received by us from certain of our directors and executive officers, we believe that our officers and 10% stockholders complied with all Section 16(a) filing requirements on a timely basis during the year ended March 31, 2010. Our directors each had one late filing related to the receipt of their partial year equity award.

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

The following table shows, as of June 30, 2010, 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.

	<b>Shares of Common Stock Owned</b>	<b>Percent of Common Stock Outstanding</b>
<b>Directors</b>		
N. Robert Hammer(1)	4,099,318	9.2%
Alan G. Bunte(2)	824,948	1.9%
Frank J. Fanzilli, Jr.(3)	105,938	*
Armando Geday(4)	90,438	*
Keith Geeslin(5)	39,938	*
F. Robert Kurimsky(6)	105,938	*
Daniel Pulver(7)	75,938	*
Gary B. Smith(8)	52,438	*
David F. Walker(9)	42,438	*
<b>Named Executive Officers</b>		
Louis F. Miceli(10)	306,736	*
Ron Miiller(11)	274,102	*
David R. West(12)	199,381	*
All directors and named executive officers and directors as a group(13)	6,217,551	13.5%

\* Less than 1%.

(1) Includes options to acquire 1,486,720 shares of

common stock which are exercisable within 60 days of June 30, 2010 and 1,250 restricted stock units which vest within 60 days of June 30, 2010. Includes 390,000 shares of common stock that are pledged as security.

(2) Includes options to acquire 527,181 shares of common stock which are exercisable within 60 days of June 30, 2010 and 2,112 restricted stock units which vest within 60 days of June 30, 2010. Includes 60,000 shares of common stock that are pledged as security.

(3) Includes options to acquire 100,843 shares of common stock which are exercisable within 60 days of June 30, 2010 and 4,000 restricted stock units which vest within 60 days of June 30, 2010.

- (4) Includes options to acquire 29,843 shares of common stock which are exercisable within 60 days of June 30, 2010 and 4,000 restricted stock units which vest within 60 days of June 30, 2010.

- (5) Includes options to acquire 34,843 shares of common stock which are exercisable within 60 days of June 30, 2010 and 4,000 restricted stock units which vest within 60 days of June 30, 2010.
- (6) Includes options to acquire 42,843 shares of common stock which are exercisable within 60 days of June 30, 2010 and 4,000 restricted stock units which vest within 60 days of June 30, 2010.
- (7) Includes options to acquire 42,343 shares of common stock which are exercisable within 60 days of June 30, 2010 and 4,000 restricted stock units which vest within 60 days of June 30, 2010.
- (8) Includes options to acquire 47,343 shares of

common stock  
which are  
exercisable  
within 60 days  
of June 30, 2010  
and 4,000  
restricted stock  
units which vest  
within 60 days  
of June 30,  
2010.

(9) Includes options  
to acquire  
37,343 shares of  
common stock  
which are  
exercisable  
within 60 days  
of June 30, 2010  
and 4,000  
restricted stock  
units which vest  
within 60 days  
of June 30,  
2010.

(10) Includes options  
to acquire  
226,431 shares  
of common  
stock which are  
exercisable  
within 60 days  
of June 30, 2010  
and 1,415  
restricted stock  
units which vest  
within 60 days  
of June 30,  
2010.

(11) Includes options  
to acquire  
262,652 shares  
of common  
stock which are  
exercisable  
within 60 days  
of June 30, 2010  
and 1,359

restricted stock units which vest within 60 days of June 30, 2010.

(12) Includes options to acquire 188,406 shares of common stock which are exercisable within 60 days of June 30, 2010 and 1,155 restricted stock units which vest within 60 days of June 30, 2010.

(13) Includes options to acquire 3,026,791 shares of common stock which are exercisable within 60 days of June 30, 2010 and 35,291 restricted stock units which vest within 60 days of June 30, 2010.

#### **Certain Other Stockholders**

The following table sets forth, as of June 30, 2010, 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 Common Stock Owned</b>	<b>Percent of Common Stock Outstanding</b>
Jennison Associates LLC (1) 466 Lexington Avenue New York, New York 10017	2,146,499	5.0%
Prudential Financial, Inc. (2) 751 Broad Street Newark, New Jersey 07102	2,253,693	5.2%

Waddell & Reed Investment Management Company (3) 6300 Lamar Avenue Overland Park, Kansas 66202	2,653,331	6.2%
BlackRock, Inc. (4) 40 East 52 <sup>nd</sup> Street New York, NY 10022	3,242,206	7.5%

- (1) Based solely on a Schedule 13G filing on February 12, 2010. 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.

- (2) Based solely on a Schedule 13G filing on February 3, 2010. Prudential Financial, Inc. through its beneficial ownership of the Prudential Insurance Company of America ( PICOA ) may be deemed to presently hold 6,900 shares of CommVault common stock for the benefit of PICOA's general account. 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  
2,246,793  
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.

- (3) Based solely on a Schedule 13G filed on February 12, 2010. 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.

- (4) Based solely on a Schedule 13G filed on January 29,

2010.  
BlackRock,  
Inc., on  
December 1,  
2009, completed  
its acquisition of  
Barclays Global  
Investors ( BGI )  
from Barclays  
Bank PLC. As a  
result,  
substantially all  
of the BGI  
entities are now  
included as  
subsidiaries of  
BlackRock, Inc.

## 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 our 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 our 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 2010. Also, the Compensation Committee, or a sub-committee thereof, acted by unanimous written consent 13 times during fiscal year 2010.

### **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 our 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 our 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 our 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 second quarter of fiscal 2010, the Company and our Compensation Committee jointly engaged Radford Surveys + Consulting (which we refer to as 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 our expected period of growth, 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 31 technology industry companies with annual revenue in the range of \$130 million to \$520 million. The list of companies included in the survey were 3PAR, Advent Software, Inc., Ariba, Inc., Blue Coat Systems, Inc., Concur Technologies, CSG Systems International, Inc., Cybersource, Data Domain, Digital River, Inc., Eclipsys Corp., Emulex, Exponent, Inc., Extreme Networks, Inc., I2 Technologies, Inc., Infinera Corp., Informatica Corp., Limelight Networks, Progress Software Corp., QAD, Inc., Radiant Systems, Inc., RightNow Technologies, Riverbed Technology, Inc., Rovi Corp., S1 Corp., Silicon Graphics Int'l Corp., SkillSoft Public Limited Co., SPSS, Inc., Synaptics, Inc., Syniverse Holdings, Inc., Websense, Inc., and Wind River Systems, Inc. The results of the Radford survey data and the subsequent recommendations were presented to the Compensation Committee as part of our fiscal 2010 executive compensation decisions for base salary and non-equity incentive compensation which were awarded in October 2009 and for long-term equity incentive compensation which was awarded in December 2009.

**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 50<sup>th</sup> - 75<sup>th</sup> percentile of the technology industry survey data obtained. We target this range 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. However, in April 2009 we elected not to increase the base salaries of our executive officers primarily as a result of the general state of the economy at that time. In October 2009, after it became increasingly clear that both the economy and our business was stabilizing, we performed a base salary merit review for each of our executive officers. 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 2009 and the first half of fiscal 2010; and the overall experience of each executive officer when approving the base salary levels that became effective in October 2009. For fiscal 2010, the base salaries accounted for approximately 21% of total compensation for our Chief Executive Officer and 29% for our other named executive officers. The table below shows the fiscal 2009 and 2010 base salary rates for each named executive officers:

<b>Name and Principal Position</b>	<b>Fiscal 2009 Salary</b>	<b>Fiscal 2010 Salary (1)</b>	<b>Amount of Increase (1)</b>	<b>Percentage Increase</b>
N. Robert Hammer (2) <i>Chairman, President and Chief Executive Officer</i>	\$ 449,000	\$ 467,000	\$ 18,000	4%
Alan G. Bunte (3) <i>Executive Vice President and Chief Operating Officer</i>	328,000	350,000	22,000	7%
Louis F. Miceli (4) <i>Vice President and Chief Financial Officer</i>	299,700	309,000	9,300	3%
Ron Miiller (5) <i>Vice President of Sales, Americas</i>	269,000	269,000		0%
David West (6) <i>Vice President of Marketing and Business Development</i>	255,000	260,000	5,000	2%

- (1) Fiscal 2010 base salary increases were effective in October 2009.
- (2) In fiscal 2010, Mr. Hammer's base salary was increased by \$18,000 to \$467,000 to align his base salary slightly above the 50<sup>th</sup> percentile of the technology industry survey data obtained.

- (3) In fiscal 2010, Mr. Bunte's base salary was increased by \$22,000 to \$350,000 to align his base salary at the 50<sup>th</sup> percentile of the technology industry survey data obtained.
- (4) In fiscal 2010, Mr. Miceli's base salary was increased by \$9,300 to \$309,000 which is slightly below the 50<sup>th</sup> percentile of the technology industry survey data obtained.
- (5) In fiscal 2010, Mr. Miiller did not receive an increase to his base salary. Mr. Miiller's base salary of \$269,000 is slightly higher than the 75<sup>th</sup> percentile of the technology industry survey data obtained. We believe that Mr. Miiller's role is larger in scope and accountability than that of the comparable market position.

We anticipate that Mr. Müller will continue to be a key contributor in our effort to achieve revenue growth that is in the top tier of companies in our industry.

- (6) In fiscal 2010, Mr. West's base salary was increased by \$5,000 to \$260,000 which is slightly below the 50<sup>th</sup> percentile of the technology industry survey data obtained.

***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 2010, 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. Prior to fiscal 2010, only one time in the previous five fiscal years had any of our named executive officers achieved a non-equity incentive plan award that was greater than 100% of their target. During fiscal 2010, our actual revenue and profitability growth rates resulted in non-equity incentive awards ranging from 96% to 115% of the targets set for our named executive officers.

***Mr. Hammer Fiscal 2010 Non-Equity Incentive Compensation***

Our Chief Executive Officer, Mr. Hammer, is eligible for non-equity incentive plan compensation with a target bonus potential equal to 100% of his \$467,000 base salary for fiscal 2010. Mr. Hammer's target bonus is based on our 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. The Compensation Committee evaluates Mr. Hammer 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. The terms of Mr. Hammer's fiscal 2010 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 surpassing the performance metrics. Specifically, actual results below 75% of revenue and below 60% of non-GAAP income from operations

result in no payment for the respective target. Actual results at 75% of the revenue target result in a 50% payout for that component and actual results at 60% of non-GAAP income from operations result in a 60% payout for that component. For fiscal 2010, the total revenue achievement needed to obtain the minimum threshold payout of \$116,750 on the revenue component was \$198.8 million. For each additional \$13.2 million, or 5%, that the revenue achievement is above \$198.8 million, the resulting payout increases by approximately \$23,350. The total non-GAAP income from operations achievement needed to obtain the minimum threshold payout of \$140,100 on the non-GAAP income from operations component was \$23.8 million. For each additional \$4.0 million, or 10%, that the non-GAAP income from operations achievement is above \$23.8 million, the resulting payout increases by approximately \$23,350.

Actual revenue for fiscal 2010 was \$271.0 million and actual non-GAAP income from operations was \$47.3 million. As a result, Mr. Hammer was awarded \$522,442, or approximately 112% of his fiscal 2010 target bonus amount, related to achievement against his total revenue and non-GAAP income from operations performance targets.

*Mr. Bunte and Mr. Miceli Fiscal 2010 Non-Equity Incentive Compensation*

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 2010, Mr. Bunte's target bonus was 75% of his \$350,000 base salary and Mr. Miceli's target bonus was 50% of his \$309,000 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 for fiscal 2010, Messrs. Bunte and Miceli were measured against the same performance objectives as Mr. Hammer. However, Mr. Hammer also considers achievement against qualitative objectives which are subjective in nature. Therefore, the ultimate non-equity incentive compensation achievement percentage awarded to Messrs. Bunte and Miceli may be either higher or lower than that of Mr. Hammer's strictly quantitative calculation. Mr. Hammer does not use a specific formula or apply specific weights when evaluating performance and the resulting impact that such qualitative objectives have on the overall non-equity incentive compensation payout. Instead, Mr. Hammer uses his business judgment to determine an appropriate award after considering both the quantitative and qualitative objectives. Among the most important qualitative factors that Mr. Hammer uses to evaluate the performance of Messrs. Bunte and Miceli are: innovation; leadership; strategic planning; product development initiatives and achievements; financial and operational excellence; customer satisfaction; and staff development.

Mr. Hammer awarded Mr. Bunte a fiscal 2010 non-equity incentive award that was 115% of his target bonus amount resulting in a non-equity incentive plan compensation of \$301,875, or 86%, of his base salary. In determining Mr. Bunte's bonus award, Mr. Hammer considered the following achievements in addition to the financial performance of our company. During fiscal 2010, Mr. Bunte continued to successfully lead the product development team in making significant progress in our next generation software release. We believe that our next generation software release will be the largest release in our history and will dramatically enhance our leading technology positions in both data and information management. In addition, Mr. Bunte led our business and finance operation teams throughout fiscal 2010 in making critical resource and related investment decisions during the economic downturn in order to manage overall spending and increase profitability. Finally, during fiscal 2010, Mr. Bunte continued to strengthen our best in class customer support organization by maintaining customer satisfaction ratings that we believe are significantly higher than industry average. Mr. Hammer awarded Mr. Miceli a fiscal 2010 non-equity incentive award that was 102% of his target bonus amount resulting in a non-equity incentive plan compensation of \$157,590, or 51%, of his base salary. In determining Mr. Miceli's bonus award, Mr. Hammer considered the following achievements in addition to the financial performance of our company. Mr. Miceli successfully led CommVault's worldwide finance organization during fiscal 2010 and worked closely with Mr. Hammer and Mr. Bunte to lead company-wide efforts focused on cost reductions to help offset the impact that the worldwide economic downturn had on CommVault's financial results. In addition, during fiscal 2010 Mr. Miceli led significant enhancements to CommVault's control environment and transactional processes such as additional streamlining of CommVault's customer support renewal process and providing other revenue enhancement opportunities.

*Mr. Miiller Fiscal 2010 Non-Equity Incentive Compensation*

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. 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 2010 was \$67,250 per quarter, or a total annual amount equal to 100% of his base salary. No payment is made for less than 70% achievement of the target software revenue amount. The following table details the relationship between the percentage of the software revenue target achieved to the percentage of the

\$67,250 quarterly commission award earned.

	Target Achieved in Relation to Commission Award Earned						
Percentage of target software revenue achieved	70%	75%	80%	85%	90%	95%	100%
Percentage of commission award earned	40%	50%	60%	70%	80%	95%	100%

The maximum quarterly commission payout allowed under Mr. Miiller's compensation plan is 100% of the applicable software revenue target. In addition, half of any commission dollar amount not earned in a particular quarter due to underperformance is added to the following quarter's targeted commission amount that is eligible to be earned. 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 contains an additional pay-out up to \$100,000, or approximately 37% of his base salary.

Mr. Miiller was awarded \$274,632, or 102% of his target commission award for fiscal 2010. In addition, Mr. Miiller qualified for an additional \$50,000 for his over-achievement against his fiscal 2010 targeted software revenue. As a result, Mr. Miiller earned a total of \$324,632, or 121% of his target commission award, in non-equity incentive plan compensation for fiscal 2010.

For our executives with geographic specific incentive plans, we do not disclose the specific quarterly targets and related achievement against such quarterly targets. Our geographic software revenue targets are highly confidential and are not reported publicly. Disclosing specific geographic business unit targets would cause substantial harm to our competitive position as it would allow our competitors to reach conclusions related to geographic plans for growth, profitability, allocation of resources and changes in direction. We believe this would give competitors an unfair advantage and could result in a materially adverse impact on our stock price and negatively affect our stockholders. We believe that the performance targets set for Mr. Miiller are challenging and require substantial effort in order to be attained which is evidenced by Mr. Miiller's historical achievements against his software revenue target of 88% in fiscal 2008, 79% in fiscal 2009 and 102% in fiscal 2010. Mr. Miiller's compensation plan includes quarter over quarter sequential growth targets that we believe are important to sustain consistent software revenue growth over prior year actual amounts.

*Mr. West Fiscal 2010 Non-Equity Incentive Compensation*

Our Vice President of Marketing and Business Development, David West, is eligible for non-equity incentive plan compensation with a target bonus potential equal to 70% of his \$260,000 base salary for fiscal 2010. Mr. West's non-equity incentive compensation plan award is calculated based on a percentage of worldwide software revenue; software revenue specifically generated through our original equipment manufacturers; software revenue generated specifically from our operations in China; and funnel inflow. Software revenue generated through our original equipment manufacturers primarily relate to our agreements with Dell and Hitachi Data Systems. Our original equipment manufacturers sell our software applications and in some cases incorporate our data and information management software into systems that they sell. Funnel inflow is defined as the net new forecasted software revenue opportunities being tracked by our sales and marketing teams on a worldwide basis during the fiscal year. Mr. West's non-equity incentive plan compensation is calculated on a semi-annual basis but is paid on an annual basis. Mr. West's non-equity incentive plan was most heavily weighted toward software revenue because he is primarily responsible for supporting our software revenue growth. As a result, Mr. West's fiscal 2010 non-equity incentive plan was weighted 57% to worldwide software revenue; 22% to software revenue specifically generated through our original equipment manufacturers; 14% to software revenue specifically generated through our operations in China; and 7% to worldwide funnel inflow.

Under the terms of Mr. West's fiscal 2010 non-equity incentive plan, no payment is made for less than 70% achievement of each applicable targeted amount. The following table details the relationship between the achievement percentage of each performance metric to the non-equity incentive plan award earned.

Target Achieved in Relation to Award Earned

*Each individual*

*performance metrics*

Percentage of target achieved	70%	75%	80%	85%	90%	95%	100%	110%	115%	120%	125%
Percentage of award earned	40%	50%	60%	75%	80%	95%	100%	110%	115%	120%	125%



The maximum annual payout allowed under Mr. West's non-equity incentive plan is 125% of the applicable targeted amount. In addition, half of any semi-annual bonus amount not earned at the mid-year calculation due to underperformance is added to the second half targeted bonus amount that is eligible to be earned. Mr. West was awarded \$175,000, or 96% of his target non-equity incentive award for fiscal 2010.

For our executives with geographic and operational specific incentive targets, we do not disclose the specific targets and related achievement against such targets. Our geographic software revenue and operational specific targets are highly confidential and are not reported publicly in a manner consistent with Mr. West's non-equity incentive plan compensation. Disclosing specific geographic business unit and operational targets would cause substantial harm to our competitive position as it would allow our competitors to reach conclusions related to geographic plans for growth, profitability, allocation of resources and changes in direction. We believe this would give competitors an unfair advantage and could result in a materially adverse impact on our stock price and negatively affect our stockholders. We believe that the performance targets set for Mr. West are challenging and require substantial effort in order to be attained which is evidenced by Mr. West's historical consolidated achievement against such targets of 62% in fiscal 2008, 57% in fiscal 2009 and 96% in fiscal 2010. Mr. West's non-equity incentive plan compensation includes sequential growth targets that we believe are important to sustain consistent revenue growth over prior year actual amounts.

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 our company's common stock. As of March 31, 2010, 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 our company.

We account for equity compensation paid to all of our employees under the rules of ASC 718 Compensation - Stock Compensation, 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 our 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. We generally grant follow-on equity awards on an annual basis. The terms of the award and the number of shares granted are established to ensure a meaningful incentive to remain an employee of our 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 to our executives during fiscal 2010. This grant occurred in December 2009 and was considered to be part of our fiscal 2011 long-term equity incentive award. Twenty-five percent of these long-term equity awards vest on April 1, 2011 and the remaining seventy-five percent vests in equal quarterly amounts thereafter through April 1, 2014. This vesting schedule aligns these long-term equity incentive compensation awards with the objective of being related to fiscal 2011. We anticipate that our next long-term equity incentive awards granted to our executives will be granted in October 2010, as we transition our annual long-term equity award grant program to a mid fiscal year grant and such awards will vest over four years in equal annual increments from the date of grant. As a result, we considered the long-term equity incentive awards granted in December 2009 to be partial year awards and the values ascribed to these awards were approximately 50% of a typical annual long-term equity incentive award as more fully described below.

In anticipation of this equity award granted in December 2009, we utilized the technology industry survey data described above in the "Peer Analysis of Executive Compensation" section to obtain comparable market data. The long-term equity incentive awards granted in December 2009 were 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 awards granted in December 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 a full equity award for the chief executive officer compensation should be approximately \$2.0 million and approximately 0.4% of the common shares outstanding. As a result, the long-term equity award granted to our chief executive officer had a fair value of approximately \$1.0 million and represented approximately 0.2% of the common shares outstanding after considering the 50% factor for a partial year award.

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 84,154 stock options and 9,350 restricted stock units.

Using similar methodology, we awarded Messrs. Bunte, Miceli, Miiller and West with each a long-term equity incentive award with an estimated dollar value of approximately \$0.8 million, \$0.3 million, \$0.4 million, and \$0.3 million, respectively. The estimated value of Mr. Bunte's equity award granted in December 2009 was allocated 75% to stock options and 25% to restricted stock units. The estimated value of Messrs. Miceli, Miiller and West equity award granted in December 2009 was allocated 60% to stock options and 40% to restricted stock units. As a result, Mr. Bunte was granted 64,167 stock options and 7,130 restricted stock units; Mr. Miceli was granted 18,177 stock options and 4,039 restricted stock units; Mr. Miiller was granted 23,731 stock options and 5,274 restricted stock units; and Mr. West was granted 16,326 stock options and 3,628 restricted stock units.

In addition to the long-term equity incentive award granted to each of our executive officers in December 2009, we also granted Mr. West an additional 15,000 stock options in July 2009. This award was a discretionary award based on the recent performance of Mr. West and vests over a four year period from July 2009 to July 2013.

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 award grants with the release of material non-public information. We anticipate that equity grants will generally occur in the third fiscal quarter. 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 our company.

**Stock Ownership Guidelines**

We currently require our independent directors and our CEO to acquire an equity ownership interest in our common stock within five years of the date of our adoption of the policy (or five years from the date that they first became a director or CEO, as applicable) that, in the case of the independent directors is equal to five (5) times their base annual retainer, or in the case of our CEO is equal to five (5) times the CEO's current annual base salary. The compensation committee is satisfied that this level of equity ownership among our independent directors and our CEO, and the equity ownership interests of our other directors and executive officers, is sufficient to provide motivation and to align these groups' 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 our 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	Stock Awards(1)	Option Awards(2)	All		Total
					Non-Equity Incentive Plan Compensation(3)	Other Compensation(4)	
N. Robert Hammer <i>Chairman, President and Chief Executive Officer</i>	2010	\$ 457,307	\$ 211,217	\$ 865,372	\$ 522,442	\$ 89,612	\$ 2,145,950
	2009	449,000	222,400	909,936	170,516	80,967	1,832,819
	2008	415,000	287,704	1,169,694	391,769	78,421	2,342,588
Alan G. Bunte <i>Executive Vice President and Chief Operating Officer</i>	2010	338,154	161,067	659,842	301,875		1,460,938
	2009	328,000	166,800	682,452	149,240		1,326,492
	2008	312,500	472,872	1,376,965	191,755		2,354,092
Louis F. Miceli <i>Vice President and Chief Financial Officer</i>	2010	303,992	91,241	186,918	157,590	17,879	757,620
	2009	299,700	121,308	248,165	89,910	14,216	773,299
	2008	280,700	353,092	782,624	132,494	16,576	1,565,486

Ron Müller	2010	269,000	119,140	244,031	324,632	956,803
<i>Vice President of Sales,</i>	2009	269,000	111,200	277,484	162,570	820,254
<i>Americas</i>	2008	260,000	353,092	782,624	226,200	1,621,916
David R. West	2010	257,308	81,957	278,393	175,000	792,658
<i>Vice President of Marketing and</i>	2009	255,000	101,092	206,803	106,500	669,395
<i>Business Development</i>	2008	245,000	282,480	626,101	113,000	1,266,581

(1) The amounts in these column represent the grant date fair value of restricted stock units and non-qualified stock options granted during the fiscal year indicated as computed in accordance with FASB ASC Topic 718. The amounts shown disregard estimated forfeitures related to service-based vesting conditions. See Note 8 to 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 grant date fair value of such awards.



- (2) The amounts reported in this column consist of awards earned in fiscal 2010 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 and Miceli, none of our named executive officers received other annual compensation exceeding \$10,000 for fiscal 2010, fiscal 2009 or fiscal 2008.
- (4) Mr. Hammer's other annual compensation in fiscal 2010 included our payment of \$39,494 for airfare for Mr. Hammer mainly between his residence in Florida and our headquarters in Oceanport, New Jersey, \$31,334 related to housing costs for the

rental of an apartment for Mr. Hammer in New Jersey and \$18,784 primarily for transportation related costs.

### Fiscal 2010 salary and non-equity incentive compensation in proportion to total compensation

The amount of salary and non-equity incentive compensation earned in fiscal 2010 in proportion to the total compensation reported for each of our named executive officers was:

N. Robert Hammer: 46%

Alan G. Bunte: 44%

Louis F. Miceli: 61%

Ron Miiller: 62%

David R. West: 55%

### Grants of Plan Based Awards

The following table sets forth information as to grants of awards to the named executive officers in fiscal 2010:

Name	Grant Date	Approval Date	Estimated Future Payouts under Non-Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares or Units(4)	All Other Options Awards: Number of Securities Underlying Awards(5)	Exercise or Base Price of Option (\$/Sh)	Grant Date Fair Value of Stock and Option Awards(6)
			Threshold (1)	Target (2)	Maximum (3)				
N. Robert Hammer			\$ 256,850	\$ 467,000	\$				
	12/14/09	12/09/09				9,350			211,217
Alan G. Bunte	12/14/09	12/09/09		262,500			84,154	22.59	865,372
	12/14/09	12/09/09				7,130	64,167	22.59	161,067
Louis F. Miceli	12/14/09	12/09/09		154,500					659,842
	12/14/09	12/09/09				4,039	18,177	22.59	91,241
Ron Miiller	12/14/09	12/09/09	107,600	269,000	369,000				186,918
	12/14/09	12/09/09				5,274	23,731	22.59	119,140
David R. West	12/14/09	12/09/09							244,031
	7/15/09	7/10/09	72,300	180,750	225,938		15,000	16.53	110,509
	12/14/09	12/09/09				3,628			81,957

12/14/09	12/09/09	16,326	22.59	167,884
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- (1) Represents the total threshold amount with respect to each applicable metric under the fiscal 2010 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. Miller's non-equity incentive compensation plan includes individual quarterly threshold amounts for software revenue in his region.
- Mr. West's non-equity incentive compensation plan includes

individual  
threshold  
amounts for  
software  
revenue;  
software  
revenue  
specifically  
generated  
through our  
original  
equipment  
manufacturers;  
software  
revenue  
generated  
specifically  
from our  
operations in  
China; and  
worldwide  
funnel inflow.  
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 West are entitled to non-equity incentive plan compensation based on tiered 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 units granted during fiscal 2010 to a named executive officer

under our LTIP.

- (5) Amounts in this column reflect non-qualified stock options granted during fiscal 2010 to a named executive officer under our LTIP.
- (6) The amounts in this column represent the grant date fair value of restricted stock units and non-qualified stock options granted during the fiscal year indicated as computed in accordance with FASB ASC Topic 718. The amounts shown disregard estimated forfeitures related to service-based vesting conditions. See Note 8 to 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 grant date fair value of such awards.

**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, 2010:

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		
	328,125	21,875(2)	4.70	9/19/2015		
	93,752	93,750(3)	13.81	3/14/2018	10,416(6)	222,382
		180,000(4)	11.12	12/12/2018	20,000(7)	427,000
Alan G. Bunte		84,154(5)	22.59	12/14/2019	9,350(8)	199,623
	85,000		6.00	5/2/2012		
	100,000		4.00	7/31/2013		
	100,000		4.70	9/19/2015		
	70,312	4,688(9)	4.70	9/19/2015		
	58,168	26,439(10)	16.99	5/22/2017	5,875(14)	125,431
	50,001	50,000(11)	13.81	3/14/2018	5,555(15)	118,599
		135,000(12)	11.12	12/12/2018	15,000(16)	320,250
Louis F. Miceli		64,167(13)	22.59	12/14/2019	7,130(17)	152,226
	75,000		6.00	5/2/2012		
	15,000		7.20	1/29/2014		
	46,875	3,125(18)	4.70	9/19/2015		
	36,355	16,524(19)	16.99	5/22/2017	3,672(23)	78,397
	25,001	25,000(20)	13.81	3/14/2018	5,555(24)	118,599
		49,091(21)	11.12	12/12/2018	10,909(25)	232,907
		18,177(22)	22.59	12/14/2019	4,039(26)	86,233

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)
Ron Miiller	10,000		7.20	1/29/2014		
	10,000		5.30	11/3/2014		
	75,000		5.30	1/27/2015		
	25,000		5.30	1/27/2015		
	25,000		4.70	7/29/2015		
	30,468	2,032(27)	4.70	9/19/2015		
	36,355	16,524(28)	16.99	5/22/2017	3,672(32)	78,397
	25,001	25,000(29)	13.81	3/14/2018	5,555(33)	118,599
David R. West		45,000(30)	11.12	12/12/2018	10,000(34)	213,500
		23,731(31)	22.59	12/14/2019	5,274(35)	112,600
	25,000		6.00	2/6/2012		
	2,500		4.00	1/30/2013		
	37,500		5.00	11/7/2013		
	25,000		4.70	7/29/2015		
	23,437	1,563(36)	4.70	9/19/2015		
	29,084	13,220(37)	16.99	5/22/2017	2,938(42)	62,726
20,000	20,000(38)	13.81	3/14/2018	4,444(43)	94,879	
	40,909(39)	11.12	12/12/2018	9,091(44)	194,093	
	15,000(40)	16.53	7/15/2019			
	16,326(41)	22.59	12/14/2019	3,628(45)	77,458	

(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 2010. 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 March 31, 2010, the closing price of our common stock was \$21.35 per share.

- (2) 21,875 of these options vested on 4/1/10.
- (3) 11,719 of these options vested on 6/14/10 and 11,719 of these options will vest on each quarterly anniversary thereafter through 3/14/12.
- (4) 45,000 of these options vested on 4/1/10, 11,250 of these options vest on 7/1/10 and 11,250 of these options will vest on each quarterly anniversary thereafter through 4/1/13.
- (5) 21,039 of these options will vest on 4/1/11 and 5,260 of these

options will vest on each quarterly anniversary thereafter through 4/1/14.

(6) 1,302 of these restricted stock units vested on 6/14/10 and 1,302 of these restricted stock units will vest on each quarterly anniversary thereafter through 3/14/12.

(7) 5,000 of these restricted stock units vested on 4/1/10, 1,250 of these restricted stock units vested on 7/1/10 and 1,250 of these restricted stock units will vest on each quarterly anniversary thereafter through 4/1/13.

(8) 2,338 of these restricted stock units will vest on 4/1/11 and 584 of these restricted stock units will vest on each quarterly anniversary thereafter through 4/1/14.

(9) 4,688 of these options vested

on 4/1/10.

- (10) 5,288 of these options vested on 5/22/10 and 5,288 of these options will vest on each quarterly anniversary thereafter through 5/22/11.

(11) 6,250 of these options vested on 6/14/10 and 6,250 of these options will vest on each quarterly anniversary thereafter through 3/14/12.

(12) 33,750 of these options vested on 4/1/10, 8,438 of these options vested on 7/1/10 and 8,438 of these options will vest on each quarterly anniversary thereafter through 4/1/2013.

(13) 16,042 of these options will vest on 4/1/11 and 4,010 of these options will vest on each quarterly anniversary thereafter through 4/1/14.

(14) 1,175 of these restricted stock units vested on 5/22/10 and 1,175 of these restricted stock units will vest on each quarterly anniversary thereafter through 5/22/11.

- (15) 694 of these restricted stock units vested on 6/14/10 and 694 of these restricted stock units will vest on each quarterly anniversary thereafter through 3/14/12.
  
- (16) 3,750 of these restricted stock units vested on 4/1/10, 938 of these restricted stock units vested on 7/1/10 and 938 of these restricted stock units will vest on each quarterly anniversary thereafter through 4/1/13.
  
- (17) 1,783 of these restricted stock units will vest on 4/1/11 and 446 of these restricted stock units will vest on each quarterly anniversary thereafter through 4/1/14.
  
- (18) 3,125 of these options vested on 4/1/10.
  
- (19) 3,305 of these options vested on 5/22/10 and 3,305 of these

options will vest  
on each  
quarterly  
anniversary  
thereafter  
through 5/22/11.

(20) 3,125 of these  
options vested  
on 6/14/10 and  
3,125 of these  
options will vest  
on each  
quarterly  
anniversary  
thereafter  
through 3/14/12.

(21) 12,273 of these  
options vested  
on 4/1/10, 3,068  
of these options  
vested on 7/1/10  
and 3,068 of  
these options  
will vest on  
each quarterly  
anniversary  
thereafter  
through 4/1/13.

(22) 4,545 of these  
options will vest  
on 4/1/11 and  
1,136 of these  
options will vest  
on each  
quarterly  
anniversary  
thereafter  
through 4/1/14.

(23) 734 of these  
restricted stock  
units vested on  
5/22/10 and 734  
of these  
restricted stock  
units will vest  
on each  
quarterly

anniversary  
thereafter  
through 5/22/11.

(24) 694 of these  
restricted stock  
units vested on  
6/14/10 and 694  
of these  
restricted stock  
units will vest  
on each  
quarterly  
anniversary  
thereafter  
through 3/14/12.

(25) 2,728 of these  
restricted stock  
units vested on  
4/1/10, 681 of  
these restricted  
stock units  
vested on 7/1/10  
and 682 of these  
restricted stock  
units will vest  
on each  
quarterly  
anniversary  
thereafter  
through 4/1/13.

(26) 1,010 of these  
restricted stock  
units will vest  
on 4/1/11 and  
252 of these  
restricted stock  
units will vest  
on each  
quarterly  
anniversary  
thereafter  
through 4/1/14.

(27) 2,032 of these  
options vested  
on 4/1/10.

(28)

3,305 of these options vested on 5/22/10 and 3,305 will vest on each quarterly anniversary thereafter through 5/22/11.

(29) 3,125 of these options vested on 6/14/10 and 3,125 of these options will vest on each quarterly anniversary thereafter through 3/14/12.

(30) 11,250 of these options vested on 4/1/10 and 2,813 of these options will vest on each quarterly anniversary thereafter through 4/1/13.

(31) 5,933 of these options will vest on 4/1/11 and 1,483 of these options will vest on each quarterly anniversary thereafter through 4/1/14.

(32) 735 of these restricted stock units vested on 5/22/10 and 734 of these restricted stock units will vest on each quarterly anniversary thereafter through 5/22/11.

(33) 694 of these restricted stock units vested on 6/14/10 and 694 of these restricted stock units will vest on each quarterly anniversary thereafter through 3/14/12.

(34) 2,500 of these restricted stock units vested on 4/1/10, 625 of these restricted stock units vested on 7/1/10 and 625 of these restricted stock units will vest on each

quarterly  
anniversary  
thereafter  
through 4/1/13.

(35) 1,319 of these  
restricted stock  
units will vest  
on 4/1/11 and  
330 of these  
restricted stock  
units will vest  
on each  
quarterly  
anniversary  
thereafter  
through 4/1/14.

(36) 1,563 of these  
options vested  
on 4/1/10.

(37) 2,644 of these  
options vested  
on 5/22/10 and  
2,644 of these  
options will vest  
on each  
quarterly  
anniversary  
thereafter  
through 5/22/11.

(38) 2,500 of these  
options vested  
on 6/14/10 and  
2,500 of these  
options will vest  
on each  
quarterly  
anniversary  
thereafter  
through 3/14/12.

(39) 10,228 of these  
options vested  
on 4/1/10, 2,557  
of these options  
vested on 7/1/10  
and 2,557 of  
these options

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

(40) 3,750 of these  
options will vest  
on 7/15/10 and  
938 of these  
options will vest  
each quarterly  
anniversary  
thereafter  
through 7/15/13.

(41) 4,082 of these  
options will vest  
on 4/1/11 and  
1,020 of these  
options will vest  
each quarterly  
anniversary  
thereafter  
through 4/1/14.

(42) 588 of these  
restricted stock  
units vested on  
5/22/10 and 588  
of these  
restricted stock  
units will vest  
each quarterly  
anniversary  
thereafter  
through 5/22/11.

(43) 555 of these  
restricted stock  
units vested on  
6/14/10 and 555  
of these  
restricted stock  
units will vest  
on each  
quarterly  
anniversary  
thereafter  
through 3/14/12.

(44) 2,273 of these restricted stock units vested on 4/1/10, 568 of these restricted stock units vested on 7/1/10 and 568 of these restricted stock units will vest on each quarterly anniversary thereafter through 4/1/13.

(45) 907 of these restricted stock units vested on 4/1/11 and 227 of these restricted stock units will vest on each quarterly anniversary thereafter through 4/1/14.

#### 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 2010 for the named executive officers.

Name	Option Awards		Stock Awards	
	Number of Shares	Value Realized	Number of Shares	Value Realized
	Acquired on Exercise	on Exercise (1)	Acquired on Vesting	on Vesting (2)
N. Robert Hammer		\$	5,208	\$ 106,243
Alan G. Bunte	60,000	1,014,548	7,478	144,152
Louis F. Miceli	39,037	566,518	5,716	111,353
Ron Miiller	50,000	852,463	5,716	111,353
David R. West	70,000	1,208,161	4,572	89,066

(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.

**Employment 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 provide 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 West 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 West 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 or Change in Control**

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, 2010, 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 Salary	Non-Equity Incentive Plan	Accelerated Vesting of Stock Options(1)	Vesting of Restricted Stock Units(2)	of Medical Benefits (Present Value)	Compensation and Benefits
<b>N. Robert Hammer</b>						
Death	\$	\$ 522,442	\$	\$	\$	\$ 522,442
Disability		522,442				522,442
Involuntary termination without cause or by non-extension of employment term	467,000	522,442			10,900	1,000,342
Change in Control	700,500	467,000	2,912,494	849,004	16,100	4,945,098
<b>Alan G. Bunte</b>						
Death		301,875				301,875
Disability		301,875				301,875
Involuntary termination without cause or by non-extension of employment term	350,000	301,875			13,200	665,075
Change in Control	525,000	149,240	1,951,379	716,506	19,500	3,361,625
<b>Louis F. Miceli</b>						
Death		157,590				157,590
Disability		157,590				157,590
Involuntary termination without cause or by non-extension of employment term	309,000	157,590			13,200	479,790
Change in Control	463,500	89,910	814,777	516,136	19,500	1,903,823
<b>Ron Müller</b>						
Death						
Disability						
Involuntary termination without cause or by non-extension of employment term						
Change in Control	269,000		754,728	523,096	13,200	1,560,024
<b>David R. West</b>						
Death						
Disability						

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

Change in Control	260,000	725,262	429,156	13,200	1,427,618
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(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 \$21.35 closing price of our common stock on March 31, 2010.

(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 \$21.35 of our common stock on March 31, 2010.

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.

In June 2009, our Compensation Committee engaged Radford to provide our Compensation Committee with an assessment of our non-employee director compensation and to provide peer analysis information for structuring our director compensation practices related to cash compensation, equity compensation and equity vesting. Radford provided compensation survey data from 18 technology industry companies. The list of companies included in the survey were Advent Software, Inc., Ariba, Inc., CSG Systems International, Inc., Dealer Track Holdings, Inc., Eclipsys Corp., Epicore Software Corp., I2 Technologies, Inc., Informatica Corp., Magma Design Automation, Inc., MSC Software Corp., Progress Software Corp., QAD, Inc., Radiant Systems, Inc., S1 Corp., SkillSoft Public Limited Co., SPSS, Inc., Websense, Inc., and Wind River Systems, Inc. The results of the Radford survey data and the subsequent recommendations were presented to the Compensation Committee as part of our fiscal 2010 executive compensation decisions for cash and equity compensation changes effective October 2009. Based on the Radford survey data we increased cash and equity compensation of our non-employee directors to be competitive against the 50<sup>th</sup> percentile of the technology industry survey data obtained.

The fiscal 2010 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:

### *Prior to July 1, 2009*

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 received an additional annual retainer of \$24,000, \$7,500 and \$7,500, respectively;

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

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

Each of the annual fees payable under this schedule was prorated to reflect the period from April 1, 2009 through June 30, 2009.

### *Subsequent to July 1, 2009*

Annual retainer of \$42,000 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 \$30,000, \$15,000 and \$12,000, respectively;

The lead director receives an additional annual retainer of \$20,000; and

Each committee member of the audit committee, compensation committee and governance committee receives an additional annual retainer of \$15,000, \$10,000 and \$5,000, respectively.

Each of the annual fees payable under this schedule was prorated to reflect the period from July 1, 2009 through March 31, 2010.

Non-employee directors are also eligible to receive equity compensation under our LTIP and historically all equity awards to non-employee directors vested over a four year period. Based on the results of the Radford peer analysis discussed above, we modified our annual equity award grant practices to our non-employee directors during fiscal 2010 in that equity awards granted to non-employee directors will generally now cliff vest, with the entire award vesting one year from the date of grant. In fiscal 2010, we made two equity grants to our non-employee directors. The first grant occurred in August 2009 was for our fiscal 2010 grant. This equity grant in August 2009 included 7,500 non-qualified stock options and 4,000 restricted stock units to each non-employee director in which the entire award will cliff vest in August 2010. The second grant occurred in March 2010 and was for the first half of fiscal 2011 because we anticipate that our next equity incentive award grant to our non-employee directors will be in October 2010 consistent with our executives which is more fully described above in the Long-Term Equity Incentive Awards section. As a result, we considered the equity awards granted in March 2010 to our non-employee directors to be partial year awards and the value ascribed to these awards was approximately 50% of a typical annual equity award. Therefore, the equity award granted to each non-employee director in March 2010 included 3,750 non-qualified stock options and 2,000 restricted stock units in which the entire award will cliff vest on September 30,

2010.

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 2010:

Name	Fees Earned or Paid in Cash	Stock Awards (1)	Option Awards (1)	All Other	
				Annual Compensation	Total
Frank J. Fanzilli, Jr.(2)	\$ 56,500	\$ 121,900	\$ 89,749	\$	\$ 268,149
Armando Geday(3)	54,500	121,900	89,749		266,149
Keith Geeslin(4)	60,125	121,900	89,749		271,774
F. Robert Kurimsky(5)	63,250	121,900	89,749		274,899
Daniel Pulver(6)	72,375	121,900	89,749		284,024
Gary B. Smith(7)	67,625	121,900	89,749		279,274
David F. Walker(8)	80,500	121,900	89,749		292,149

(1) The amounts in these column represent the grant date fair value of restricted stock units and non-qualified stock options granted during the fiscal year indicated as computed in accordance with FASB ASC Topic 718. The amounts shown disregard estimated forfeitures related to service-based vesting conditions. See Note 8 to 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  
grant date fair  
value of such  
awards

- (2) Mr. Fanzilli has 109,750 stock options and 6,676 restricted stock units outstanding as of March 31, 2010.
- (3) Mr. Geday has 109,750 stock options and 6,676 restricted stock units outstanding as of March 31, 2010.
- (4) Mr. Geeslin has 43,750 stock options and 6,676 restricted stock units outstanding as of March 31, 2010.
- (5) Mr. Kurimsky has a total of 61,750 stock options and 6,676 restricted stock units outstanding as of March 31, 2010.
- (6) Mr. Pulver has a total of 51,250 stock options and 6,676 restricted stock units

outstanding as  
of March 31,  
2010.

(7) Mr. Smith has  
56,250 stock  
options and  
6,676 restricted  
stock units  
outstanding as  
of March 31,  
2010.

(8) Mr. Walker has  
46,250 stock  
options and  
6,676 restricted  
stock units  
outstanding as  
of March 31,  
2010.

**Compensation Policies and Practices as They Relate to Risk Management**

We have reviewed our compensation policies and practices for all employees and concluded that any risks arising from our policies and practices are not reasonably likely to have a material adverse effect on us.

**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, 2010, options to purchase 4,250,917 shares of common stock were outstanding at a weighted average exercise price of \$5.95 per share, 6,904,309 shares had been issued upon the exercise of outstanding options and 549,775 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, 2010, there were 3,819,168 options to purchase shares of common stock outstanding at a weighted average exercise price of \$15.32 per share and there were 1,010,917 shares of non-vested restricted stock awards outstanding. In addition, as of March 31, 2010, there were approximately 1,296,710 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 our company's annual report on Form 10-K for the year ended March 31, 2010 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, 2010 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, as amended (AU Section 380) as adopted by the PCAOB, 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, 2010 be included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2010 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, 2011, 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 2012 fiscal year, rather than the 2011 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 2010. 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, 2010 and 2009 by our principal accounting firm, Ernst & Young LLP ( Ernst & Young ):

	2010	2009
	(In thousands)	
Audit fees	\$ 1,052	\$ 1,073
Audit-related fees	42	13
Tax fees	374	294
All other fees		
	\$ 1,468	\$ 1,380

*Audit Fees* all services necessary to perform an audit of the consolidated financial statements of our company; the reviews of our 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, 2010 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 2011, the proposal must be received by March 11, 2011.

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

With respect to stockholder proposals not included in our 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 mailing of notice for the preceding year's annual meeting. Therefore, to be timely under our Bylaws, a proposal for the 2011 annual meeting not included by or at the direction of the Board of Directors must be received no later than April 10, 2011.

/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, 2010, 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. Directions to our Annual Meeting can be obtained by calling 732-870-4000. A copy of our annual report on form 10-K for the fiscal year ended March 31, 2010 is also being made available concurrently with the proxy statement at [www.cfpproxy.com/6030](http://www.cfpproxy.com/6030).

**PROOF**  
**1-800-866-1547**  
**(908) 241-9880**  
**Fax: (908) 241-5653**

Name: **Warren Mondschein** CSR: **Carol**

Company: **ComVault Systems, Inc.**

Fax Number: No. of Pages: **2**

Phone Number:

Email:

CUSTOMER: **ComVault Systems, Inc.**

JOB DESCRIPTION: **Proxy Sheet**

CFP JOB NO.: **109298** DATE: **06/29/10** PROOF #: **1**

PROPOSED MAIL DATE: **07/09/10** QUANTITY: **100** INK COLOR(S): **Black**

**PLEASE CHECK PROOF CAREFULLY**

*Although we make every attempt to create what you have given us to set, it is imperative that you proof the entire document received for accuracy. Your authorized signature to print is an indication that the document was proofed thoroughly for accuracy.*

**PLEASE NOTE: Any edits or approvals received after 5:00 pm EST will be considered received on the next business day. If this is a time sensitive job, we will proceed putting forth our BEST EFFORTS to get it processed.**

PLEASE CHECK OFF ONE OF THE BOXES, SIGN AND RETURN.

REVISED PROOF REQUIRED

O.K. TO PRINT

SIGNATURE: \_\_\_\_\_

**YOUR SIGNATURE IS NECESSARY TO PROCEED WITH PRINTING.**

*Please direct all questions and concerns to your CSR.*

**Prompt approval and return of this proof is essential to ensure the timely and cost-effective printing of your material. Due to scheduling constraints and heavy seasonal volumes, delays in the approval of your proof could result in printing delays. Also, please be advised that RUSH printing caused by delays will result in additional appropriate charges.**

We do not make any charges for correcting ordinary typographical errors. However, for changes of copy requiring resetting of type, repositioning of type, etc., we make an extra charge at the standard labor rate.

x **PLEASE MARK VOTES  
AS IN THIS EXAMPLE**

**REVOCABLE PROXY  
COMMVault SYSTEMS, INC.**

**ANNUAL MEETING OF STOCKHOLDERS  
AUGUST 25, 2010  
THIS PROXY IS SOLICITED ON BEHALF OF  
THE BOARD OF DIRECTORS**

**For All  
For with-hold Except**

1. The election as directors of all nominees listed (except as marked to the contrary below):

**ARMANDO GEDAY  
F . R O B E R T  
KURIMSKY  
DAVID F. WALKER**

**INSTRUCTION: To withhold authority to vote for any individual nominee, mark For All Except and write that nominee s name in the space provided below.**

The undersigned does hereby appoint N. Robert Hammer, Louis Miceli and Warren H. Mondschein, and either of them, with full power of substitution, as Proxies to vote, as directed on this card, or, if not so directed, in accordance with the Board of Directors recommendations, all shares of CommVault Systems, Inc. held of record by the undersigned at the close of business on July 1, 2010 and entitled to vote at the Annual Meeting of Stockholders of CommVault Systems, Inc. to be held at 9:00 a.m., local time, Wednesday, August 25, 2010, at the company s offices located at 2 Crescent Place, Oceanport, New Jersey or at any adjournment or postponement thereof, and to vote, in their discretion, upon such other matters as may properly come before the Annual Meeting.

**For Against Abstain**

2. Approve appointment of Ernst & Young LLP as independent public accountants for the fiscal year ending March 31, 2011.

3. In the discretion of the Proxies named herein, the Proxies are authorized to vote upon such other matters as may properly come before the meeting (or any adjournment or postponement thereof).

Please be sure to sign and date Date  
this Proxy in the box below.

Sign  
above

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF DIRECTORS AND FOR PROPOSAL 2.**

**THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED IN THE MANNER DIRECTED HEREIN. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR ITEMS 1 AND 2.**

**You are encouraged to specify your choices by marking the appropriate boxes, but you need not mark any boxes if you wish to vote in accordance with the Board of Directors' recommendations. The Proxies cannot vote your shares unless you sign and return this card.**

**Note:** Please sign exactly as your name or names appear on this proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by a duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by an authorized person.

**é Detach above card, sign, date and mail in postage paid envelope provided. é  
COMMVault SYSTEMS, INC.**

**PLEASE ACT PROMPTLY**

**PLEASE COMPLETE, DATE, SIGN, AND MAIL THIS PROXY CARD PROMPTLY IN THE ENCLOSED POSTAGE-PAID ENVELOPE.**

**IF YOUR ADDRESS HAS CHANGED, PLEASE CORRECT THE ADDRESS IN THE SPACE PROVIDED BELOW AND RETURN THIS PORTION WITH THE PROXY IN THE ENVELOPE PROVIDED.**

**PROXY MATERIALS ARE  
AVAILABLE ON-LINE AT:  
<http://www.cfpproxy.com/6030>**

**6030**