OPNET TECHNOLOGIES INC
Form DEF 14A
July 27, 2010

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

Filed by the Registrant x 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))**

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to (S) 240.14a-12

OPNET TECHNOLOGIES, 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):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

¨ Fee paid previously with preliminary materials.

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

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

OPNET TECHNOLOGIES, INC.

7255 WOODMONT AVENUE

BETHESDA, MARYLAND 20814

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON MONDAY, SEPTEMBER 13, 2010

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of OPNET Technologies, Inc. will be held at our principal executive offices, 7255 Woodmont Avenue, Bethesda, Maryland 20814, on Monday, September 13, 2010 at 10:00 a.m., local time (the ***Annual Meeting***), for the purpose of considering and voting upon the following matters:

1. To elect one Class I director to hold office until the 2013 Annual Meeting of Stockholders;

2. To ratify the Audit Committee s appointment of Deloitte & Touche LLP as the Company s independent registered public accounting firm for the fiscal year ending March 31, 2011; and

3. To transact such other business, if any, as may properly come before the Annual Meeting or any adjournments thereof.

The Board of Directors has no knowledge of any other business to be transacted at the Annual Meeting.

Holders of record of our common stock at the close of business on July 20, 2010 are entitled to notice of and to vote at the Annual Meeting and at any adjournments thereof. A list of our stockholders is open for examination to any stockholder at our principal executive offices, 7255 Woodmont Avenue, Bethesda, Maryland 20814 and will be available at the Annual Meeting.

Pursuant to rules adopted by the Securities and Exchange Commission, we are providing access to our proxy materials over the Internet. As a result, we are mailing to our stockholders a Notice of Internet Availability of Proxy Materials (the ***Notice***). The Notice contains instructions on how stockholders can access those documents over the Internet and vote their shares. The Notice also contains instructions on how each of those stockholders can receive a printed set of proxy materials. We believe this process will expedite stockholders receipt of proxy materials, lower the costs of the Annual Meeting and conserve natural resources.

By Order of the Board of Directors,

/s/ Marc A. Cohen
Marc A. Cohen
Chairman of the Board, Chief Executive Officer and Secretary

Bethesda, Maryland

July 27, 2010

YOUR VOTE IS IMPORTANT.

WHETHER OR NOT YOU EXPECT TO ATTEND THE ANNUAL MEETING, YOU MAY VOTE YOUR SHARES EITHER: (I) OVER THE INTERNET AS INSTRUCTED IN THESE MATERIALS; OR (II) IF YOU RECEIVED A PAPER COPY OF THESE MATERIALS, BY SIGNING, DATING AND RETURNING THE PROXY CARD AS PROMPTLY AS POSSIBLE IN ORDER TO ENSURE YOUR REPRESENTATION AT THE ANNUAL MEETING. IF YOU RECEIVE THE PROXY MATERIALS BY MAIL, A RETURN ENVELOPE (WHICH IS POSTAGE PREPAID IF MAILED IN THE UNITED STATES) IS ENCLOSED FOR YOUR

CONVENIENCE. STOCKHOLDERS WHO EXECUTE A PROXY CARD OR VOTE ON THE INTERNET MAY NEVERTHELESS ATTEND THE ANNUAL MEETING, REVOKE THEIR PROXY AND VOTE THEIR SHARES IN PERSON. PLEASE NOTE, HOWEVER, THAT IF YOUR SHARES ARE HELD OF RECORD BY A BROKER, BANK OR OTHER NOMINEE AND YOU WISH TO VOTE AT THE ANNUAL MEETING, YOU MUST OBTAIN A PROXY ISSUED IN YOUR NAME FROM THAT RECORD HOLDER.

OPNET TECHNOLOGIES, INC.

7255 WOODMONT AVENUE

BETHESDA, MARYLAND 20814

PROXY STATEMENT FOR THE ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON MONDAY, SEPTEMBER 13, 2010

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors (the ***Board***) of OPNET Technologies, Inc., a Delaware corporation (the ***Company***), of proxies for use at the Annual Meeting of Stockholders to be held at the principal executive offices of the Company, 7255 Woodmont Avenue, Bethesda, Maryland 20814, on September 13, 2010 at 10:00 a.m., local time, and at any adjournments thereof (the ***Annual Meeting***).

All executed proxies will be voted in accordance with the stockholders instructions, and if no choice is specified, executed proxies will be voted in favor of the matters set forth in the accompanying Notice of Meeting. Any proxy may be revoked by a stockholder at any time before its exercise by delivery of written revocation or a subsequently dated proxy to the Secretary of the Company or by voting in person at the Annual Meeting. Attendance at the Annual Meeting will not itself be deemed to revoke a proxy unless the stockholder gives affirmative notice at the Annual Meeting that the stockholder intends to revoke the proxy and vote in person.

The Board has fixed July 20, 2010 as the record date (the ***Record Date***) for determining holders of the Company s common stock, $0.001 par value per share (the ***Common Stock***), who are entitled to vote at the Annual Meeting. At the close of business on the Record Date, there were outstanding and entitled to vote an aggregate of 21,390,935 shares of Common Stock. Each share of Common Stock entitles the record holder thereof to one vote on each of the matters to be voted on at the Annual Meeting.

QUESTIONS AND ANSWERS ABOUT PROXY MATERIAL AND VOTING

What is the Notice of Internet Availability of Proxy Materials and why am I receiving it?

We are providing access to our proxy materials in a fast and efficient manner via the Internet. Accordingly, on July 28, 2010, we began mailing a Notice of Internet Availability of Proxy Materials (the ***Notice***) to all stockholders of record as of the close of business on the Record Date, and posted our proxy materials on the website referenced in the Notice (www.proxyvote.com). As more fully described in the Notice, all stockholders may choose to access our proxy materials on the website referred to in the Notice. In addition, the Notice and website provide information regarding how you may request to receive proxy materials in printed form by mail or electronically by e-mail on an ongoing basis.

What am I voting on?

There are two matters scheduled for a vote:

Proposal 1, to elect one Class I director to hold office until the 2013 Annual Meeting of Stockholders; and

Proposal 2, to ratify the Audit Committee s appointment of Deloitte & Touche LLP as the Company s independent registered public accounting firm for the fiscal year ending March 31, 2011.

Will any other matters be voted on?

We do not know of any other matters that will be brought before the stockholders for a vote at the Annual Meeting. If any other matter is properly brought before the meeting, your signed or electronic proxy card gives authority to each of Alain J. Cohen, Mel F. Wesley and Dennis R. McCoy to vote on such matters in their discretion.

How do I vote?

Stockholders of Record

If you are a stockholder of record, you may vote in person at the Annual Meeting, by proxy on the Internet or by using a proxy card that you may request or that we may elect to deliver at a later time. Whether or not you plan to attend the meeting, we urge you to vote using one of the methods listed below to ensure your vote is counted. You may still attend the meeting and vote in person even if you have already voted by proxy.

To vote in person, come to the Annual Meeting, and we will give you a ballot when you arrive.

To vote on the Internet, follow the instructions in the Notice or go to www.proxyvote.com to complete an electronic proxy card. You will be asked to provide the company number and control number from the Notice. Your vote must be received by 11:59 p.m. Eastern time on September 12, 2010 to be counted.

To vote using the proxy card, simply complete, sign and date the proxy card that may be delivered and return it promptly in the envelope provided. If you return your signed proxy card to us before the Annual Meeting, we will vote your shares as you direct.

Street Name Holders

Shares which are held in a brokerage account in the name of the broker are said to be held in street name. If your shares are held in street name, simply follow the voting instructions in the Notice to ensure that your vote is counted. Alternatively, you may vote over the Internet as instructed by your broker or bank. To vote in person at the Annual Meeting, you must obtain a valid proxy from your broker, bank, or other agent. Follow the instructions from your broker or bank, or contact your broker or bank to request a proxy form.

We provide Internet proxy voting to allow you to vote your shares online, with procedures designed to ensure the authenticity and correctness of your proxy vote instructions. However, please be aware that you must bear any costs associated with your Internet access, such as usage charges from Internet access providers and telephone companies.

Who is entitled to vote at the meeting?

Only stockholders of record at the close of business on the Record Date are entitled to receive notice of and to participate in the Annual Meeting. If you were a stockholder of record on that date, you will be entitled to vote all of the shares that you held on that date at the meeting, or any postponements or adjournments of the meeting.

How many votes do I have?

You will have one vote for every share of our Common Stock you owned on the Record Date.

How many votes can be cast by all stockholders?

A total of 21,390,935 votes may be cast at the meeting, consisting of one vote for each share of our Common Stock outstanding on the Record Date.

How many votes must be present to hold the meeting?

The holders of a majority of the aggregate voting power of our Common Stock outstanding on the Record Date, or 10,695,468 votes, must be present in person, or by proxy, at the meeting in order to constitute a quorum necessary to conduct the meeting.

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If you vote, your shares will be part of the quorum. Abstentions and broker non-votes will also be counted in determining the quorum. A broker non-vote occurs when a bank or broker holding shares in street name submits a proxy that states that the broker does not vote for some or all of the proposals, because the broker has not received instructions from the beneficial owners on how to vote on the proposals and does not have discretionary authority to vote in the absence of instructions.

We urge you to vote by proxy even if you plan to attend the meeting so that we will know as soon as possible that a quorum has been achieved.

How many votes are needed to approve each proposal?

For Proposal 1, the election of directors, the one nominee receiving the most For votes (from the holders of votes of shares present in person or represented by proxy and entitled to vote on the election of directors) will be elected. Only votes For or Withheld will affect the outcome.

For Proposal 2, the ratification of the appointment of Deloitte & Touche LLP as the Company s independent registered public accounting firm, the affirmative vote of the holders of shares of Common Stock representing a majority of the votes cast on the matter.

Shares which abstain from voting as to a particular matter, and shares held in street name by brokers or nominees who indicate on their proxies that they do not have discretionary authority to vote such shares as to a particular matter, will not be counted as votes in favor of such matter, and will also not be counted as shares voting on such matter. Accordingly, abstentions and broker non-votes will have no effect on the voting on matters that require the affirmative vote of a certain percentage of the votes cast or the shares voting on the matter.

Can I change my vote or revoke my proxy?

Yes. You can revoke your proxy at any time before the final vote at the Annual Meeting. If you are the record holder of your shares, you may revoke your proxy in any one of the following ways:

You may submit another properly completed proxy card with a later date.

You may grant a subsequent proxy through the Internet.

You may send a timely written notice that you are revoking your proxy to the Company s Secretary at 7255 Woodmont Avenue, Bethesda, Maryland 20814.

You may attend the Annual Meeting and vote in person. Simply attending the meeting will not, by itself, revoke your proxy.

Your most current proxy card or Internet proxy vote is the one that is counted. If your shares are held by your broker or bank as a nominee or agent, you should follow the instructions provided by your broker or bank.

Who can attend the Annual Meeting?

Any stockholder of record as of the close of business on the Record Date may attend the meeting. If you own shares in street name, you should ask your broker or bank for a legal proxy to bring with you to the meeting. If you do not receive the legal proxy in time, bring your most recent brokerage statement so that we can verify your ownership of our stock and admit you to the meeting. However, you will not be able to vote your shares at the meeting without a legal proxy.

What if I return a proxy card or otherwise vote but do not make specific choices?

If you submit a signed and dated proxy card or otherwise vote without indicating your vote, your shares will be voted as follows:

- For the election of the one nominee for director; and
- in accordance with the recommendation of management on any other matter that may properly be brought before the meeting and any adjournment or postponement of the meeting.

Who pays for the proxy solicitation and how will we solicit votes?

We will bear all costs of soliciting proxies. In addition to solicitations by mail, our directors, officers and regular employees may, without additional remuneration, solicit proxies by telephone, telegraph, facsimile and personal interviews, and we reserve the right to retain outside agencies for the purpose of soliciting proxies. We will also request brokers, custodians and fiduciaries to forward the proxy soliciting material to the owners of stock held in their names, and, as required by law, we will reimburse them for their out-of-pocket expenses in this regard.

Is a list of stockholders available?

A list of stockholders entitled to vote at the Annual Meeting will be available at our principal executive offices, during normal business hours, for a period of ten days prior to the Annual Meeting and at the Annual Meeting itself for examination by any stockholder.

How do I find out the voting results?

Preliminary voting results will be announced at the Annual Meeting. In addition, final voting results will be published in a current report on Form 8-K that we expect to file within four business days after the Annual Meeting. If final voting results are not available to us in time to file a Form 8-K within four business days after the meeting, we intend to file a Form 8-K to publish preliminary results and, within four business days after the final results are known to us, file an additional Form 8-K to publish the final results After the Form 8-K is filed, you may obtain a copy by visiting the SEC s website or our website or by contacting our Investor Relations department by calling (240) 497-3000.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding the beneficial ownership of the Company s Common Stock as of July 20, 2010 by:

each person known to the Company to beneficially own more than 5% of the outstanding shares of Common Stock;

each director and nominee for director of the Company;

each of the executive officers of the Company; and

all executive officers, directors and nominees for director of the Company as a group.

Except as set forth herein, the business address of the named beneficial owner is c/o OPNET Technologies, Inc., 7255 Woodmont Avenue, Bethesda, Maryland 20814, and each person or entity named in the table has sole voting power and investment power (or shares such power with his spouse) with respect to all shares of Common Stock indicated as owned by such person or entity. Applicable percentages are based on 21,390,935 shares outstanding as of July 20, 2010.

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned (1)	Percent of Class
Executive Officers and Directors		
Marc A. Cohen	2,864,894(2)	13.3%
Alain J. Cohen	4,695,435	22.0%
Mel F. Wesley	23,037(3)	*
Steven G. Finn	107,000(4)	*
Ronald W. Kaiser	54,000(5)	*
William F. Stasior	129,000(6)	*
All executive officers, directors and nominees for director, as a group (6 persons)	7,873,366(7)	36.0%
5% Holders		
Wasatch Advisors, Inc.(8)	1,300,052	6.0%
Persons associated with AWM Investment Company, Inc.(9)	1,485,394	6.9%

* Less than 1%.

(1) The number of shares beneficially owned by each director, nominee for director, executive officer and stockholder is determined under rules promulgated by the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares as to which the individual has sole or shared voting power or investment power and also any shares which the individual has the right to acquire within 60 days after July 20, 2010 through the exercise of any stock option or other right. The inclusion herein of such shares, however, does not constitute an admission that the named stockholder is a direct or indirect beneficial owner of such shares.

(2) Includes 198,000 shares of Common Stock issuable upon exercise of options that are currently exercisable or exercisable within 60 days after July 20, 2010.

(3) Includes 10,000 shares of Common Stock issuable upon exercise of options that are currently exercisable or exercisable within 60 days after July 20, 2010.

(4) Includes 75,000 shares of Common Stock issuable upon exercise of options that are currently exercisable or exercisable within 60 days after July 20, 2010.

(5) Includes 45,000 shares of Common Stock issuable upon exercise of options that are currently exercisable or exercisable within 60 days after July 20, 2010.

(6) Includes 75,000 shares of Common Stock issuable upon exercise of options that are currently exercisable or exercisable within 60 days after July 20, 2010.

(7) Includes 403,000 shares of Common Stock issuable upon exercise of options that are currently exercisable or exercisable within 60 days after July 20, 2010.

(8) This information has been obtained from a Schedule 13G/A filed with the SEC on February 16, 2010 by Wasatch Advisors, Inc. (Wasatch). The principal business address of Wasatch is 150 Social Hall Avenue, Salt Lake City, UT 84111.

(9) This information has been obtained from a Schedule 13G/A filed by Austin W. Marxe (Marxe) and David M. Greenhouse (Greenhouse) filed with the SEC on February 12, 2010. According to the Schedule 13G/A, Marxe and Greenhouse, in their capacity as the controlling principals of AWM Investment Company, Inc. (AWM), may be deemed to beneficially own, through shared voting and dispositive power, 1,485,394 shares of common stock. AWM is the general partner of and investment adviser to Special Situations Cayman Fund, L.P. (Cayman). AWM also serves as the general partner of MGP Advisers Limited Partnership (MGP), the general partner of Special Situations Fund III QP, L.P. (SSFQP). Marxe and Greenhouse are also members of SST Advisers, L.L.C. (SSTA), the general partner of Special Situations Technology Fund, L.P. (Technology) and the Special Situations Technology Fund II, L.P. (Tech II). AWM serves as the investment adviser to SSFQP, Technology and Tech II. The principal business address of Marxe and Greenhouse is 527 Madison Avenue, Suite 2600, New York, NY 10022.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires the Company s directors, executive officers and holders of more than 10% of the Common Stock (collectively, ***Reporting Persons***) to file with the SEC initial reports of ownership and reports of changes in ownership of Common Stock and other equity securities of the Company. Reporting Persons are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file.

To the Company s knowledge, based solely on its review of the copies of such reports filed by the Reporting Persons furnished to the Company and on the representations of the Reporting Persons, the Company believes that during the fiscal year ended March 31, 2010 the Reporting Persons complied with all Section 16(a) filing requirements.

PROPOSAL 1 ELECTION OF DIRECTORS

The Company has a classified Board currently consisting of one Class I director, two Class II directors and two Class III directors. The Class I, Class II and Class III directors will serve until the annual meeting of stockholders to be held in 2010, 2011 and 2012, respectively, and until their respective successors are duly elected and qualified. At each annual meeting of stockholders, directors are elected for a full term of three years to succeed those directors whose terms are expiring.

Shares represented by executed proxies will be voted to elect Ronald W. Kaiser as the Class I director, unless authority to vote for Mr. Kaiser is withheld by such proxies. The Class I director will be elected to hold office until the 2013 annual meeting of stockholders (subject to the election and qualification of his successor and to his earlier death, resignation or removal).

Mr. Kaiser has indicated his willingness to serve, if elected, but if he should be unable to serve, the person acting under the proxy may vote the proxy for a substitute nominee designated by the Board. The Board has no reason to believe that Mr. Kaiser will be unable to serve if elected.

For each member of the Board whose term of office as a director continues after the Annual Meeting, including Mr. Kaiser, there follows information given by that director concerning his principal occupation and business experience for at least the past five years, the names of other publicly held companies of which he currently serves or has served during the past five years as a director and his age and length of service as a director of the Company. There are no family relationships among any of the directors, nominees for director and executive officers of the Company, except that Marc A. Cohen and Alain J. Cohen are brothers. Information with respect to the number of shares of Common Stock beneficially owned by each director and the nominee for director, directly or indirectly, as of July 20, 2010 appears under the heading Security Ownership of Certain Beneficial Owners and Management.

Nominee for Term Expiring in 2010 (Class I Director)

Ronald W. Kaiser is 56 years old and has served as a member of the Board since October 2003. Since November 2009, Mr. Kaiser has been Chairman of the Board and Chief Executive Officer of MobileAccess Networks, Inc., a privately held manufacturing company. From January 2008 to October 2009, he was an independent consultant and board member for companies in the technology and life sciences fields. From January 2007 through December 2007, Mr. Kaiser served as Chief Financial Officer of Sucampo Pharmaceuticals, Inc., a specialty pharmaceutical company. Mr. Kaiser served as Chief Financial Officer of Pharmathene, Inc., a privately held bio-defense company from April 2005 through December 2006. Mr. Kaiser served as Chief Financial Officer, Treasurer and Secretary of Air Cargo, Inc., a privately held provider of United States and European cargo transportation logistics from February 2003 through March 2005. Air Cargo filed for Chapter 11 bankruptcy on December 7, 2004. Mr. Kaiser served as Chief Financial Officer and Treasurer of OTG Software, Inc. (***OTG***), from June 1998 until the sale of OTG to Legato Systems, Inc. in May 2002. OTG was a publicly traded corporation that provided online data storage and data access software products for business applications, e-mail management and related services. Mr. Kaiser serves on the board of directors of Vocus, Inc., a provider of public relations management software. The Nominating Committee and the Board believe the characteristics that qualify Mr. Kaiser for service on the Board include his extensive experience as a senior executive with technology companies, and particularly his financial expertise.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE

DIRECTOR NOMINEE LISTED ABOVE.

Directors Whose Terms Expire in 2011 (Class II Directors)

Alain J. Cohen, one of the Company s founders, is 43 years old and has served as the Company s President and Chief Technology Officer and as a member of the Board since the Company s inception in 1986. Mr. Cohen received a bachelor s degree in electrical engineering from the Massachusetts Institute of Technology (***M.I.T.***). The Board believes the characteristics that qualify Alain Cohen for service on the Board include his role as a co-founder of the Company, his long-time service to the Company and his deep knowledge of the Company s products and technology.

Steven G. Finn is 64 years old and has served as a member of the Board since March 1998. Mr. Finn has been a principal research scientist and lecturer at M.I.T. since 1991. Mr. Finn has also served as a consultant with Matrix Partners, a venture capital firm, since 1991. The Board believes the characteristics that qualify Mr. Finn for service on the Board include his history of working with technology companies and his extensive expertise and reputation in the networking field.

Directors Whose Terms Expire in 2012 (Class III Directors)

Marc A. Cohen*,** one of the Company s founders, is 47 years old and has served as the Chairman of the Board since the Company s inception in 1986 and as the Company s Chief Executive Officer since 1994. From 1986 to 1992, Mr. Cohen was also a consultant with Booz Allen Hamilton Inc. (***Booz Allen), an international management and consulting company. Mr. Cohen received a bachelor s degree in engineering science from Harvard University and a master s degree in electrical engineering from Stanford University. Mr. Cohen also serves as a Trustee and as a member of the board of directors of the Dana-Farber Cancer Institute in Boston, Massachusetts. The Board believes the characteristics that qualify Marc Cohen for service on the Board include his leadership experience and business judgment, his role in leading the growth of the Company since its founding, and his deep knowledge of the Company and its operations and products.

William F. Stasior is 69 years old and has served as a member of the Board since March 1998. Since October 1999, he has served as senior chairman of Booz Allen. From 1991 to 1999, he served as Chairman and Chief Executive Officer of Booz Allen. Mr. Stasior currently serves on the board of directors of SkyTerra Communications, Inc., a telecommunications service provider. The Board believes the characteristics that qualify Mr. Stasior for service on the Board include his service as the chief executive officer of a large company and his knowledge of the consulting services business.

INFORMATION REGARDING THE BOARD OF DIRECTORS AND CORPORATE GOVERANANCE

Board Determination of Independence

Under the rules of the Nasdaq Global Select Market, a director of the Company will only qualify as an independent director if, in the opinion of the Board, that person does not have a relationship which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. The Board has determined that none of Messrs. Finn, Kaiser or Stasior has a relationship which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is an independent director as defined under Nasdaq Exchange Rule 5605 (a)(2).

Board Meetings and Attendance

The Board met four times (including by teleconference) during fiscal 2010. Each director attended at least 75% of the aggregate of the meetings of the Board and meetings of the committees on which he then served.

Director Attendance at the Annual Meeting

The Board does not have a policy with regard to attendance by directors at annual meetings. Three of the directors attended the 2009 annual meeting of stockholders.

Board Leadership Structure

The Company s Board of Directors is currently chaired by the Chief Executive Officer of the Company, Marc Cohen. The Board has also appointed Mr. Stasior as lead independent director.

The Company believes that combining the positions of Chief Executive Officer and Board Chair helps to ensure that the Board and management act with a common purpose. In the Company s view, separating the positions of Chief Executive Officer and Board Chair has the potential to give rise to divided leadership, which could interfere with cohesive decision-making or weaken the Company s ability to develop and implement strategy. Instead, the Company believes that combining the positions of Chief Executive Officer and Board Chair provides a single, clear chain of command to execute the Company s strategic initiatives and business plans. In addition, the Company believes that a combined Chief Executive Officer/Board Chair is better positioned to act as a bridge between management and the Board, facilitating the regular flow of information. The Company also believes that it is advantageous to have a Board Chair with an extensive history with and knowledge of the Company (as is the case with the Company s Chief Executive Officer).

The Board appointed Mr. Stasior as the lead independent director to help reinforce the independence of the Board as a whole. The position of lead independent director has been structured to serve as an effective balance to a combined Chief Executive Officer and Board Chair. The lead independent director is empowered to, among other duties and responsibilities, approve agendas and meeting schedules for regular Board meetings, preside over Board meetings in the absence of the Chair, preside over and establish the agendas for meetings of the independent directors, act as liaison between the Chair and the independent directors, approve information sent to the Board, preside over any portions of Board meetings at which the evaluation or compensation of the Chief Executive Officer is presented or discussed and, as appropriate, upon request, act as a liaison to stockholders. In addition, it is the responsibility of the lead independent director to coordinate between the Board and management with regard to the determination and implementation of responses to any problematic risk management issues. As a result, the Company believes that the lead independent director can help ensure the effective independent functioning of the Board in its oversight responsibilities. In addition, the Company believes that the lead independent director is better positioned to build a consensus among directors and to serve as a conduit between the other independent directors and the Board Chair, for example, by facilitating the inclusion on meeting agendas of matters of concern to the independent directors. In light of the Chief Executive Officer s extensive history with and knowledge of the Company, and because the Board s lead independent director is empowered to play a significant role in the Board s leadership and in reinforcing the independence of the Board, the Company believes that it is advantageous for the Company to combine the positions of Chief Executive Officer and Board Chair.

Role of the Board in Risk Oversight

One of the Board s key functions is informed oversight of the Company s risk management process. The Board does not have a standing risk management committee, but rather administers this oversight function directly through the Board as a whole, as well as through various Board standing committees that address risks inherent in their respective areas of oversight. In particular, the Board is responsible for monitoring and assessing strategic risk exposure, including a determination of the nature and level of risk appropriate for the Company. The Audit Committee has the responsibility to consider and discuss the major financial risk exposures to the Company and the steps our management has taken to monitor and control these exposures, including guidelines and policies to govern the process by which risk assessment and management is undertaken. The Audit Committee also monitors compliance with legal and regulatory requirements. The Nominating Committee monitors the effectiveness of our corporate governance guidelines, including whether they are successful in preventing illegal or improper liability-creating conduct. The Compensation Committee assesses and monitors whether any of our compensation policies and programs has the potential to encourage excessive risk-taking. The Board and its committees receive regular reports from members of senior management on areas of material risk to the Company.

Board Committees

The Board has established three standing committees Audit, Compensation and Nominating each of which operates under a charter that has been approved by the Board.

The Board has determined that all of the members of each of the Board s three standing committees are independent as defined under the rules of the Nasdaq Global Select Market including, in the case of all members of the Audit Committee, the independence requirements contemplated by Rule 10A-3 under the Exchange Act. In addition, all of the members of the Audit Committee satisfy all other Nasdaq eligibility requirements under the rules of the Nasdaq Global Select Market for Audit Committee membership.

The Audit Committee is currently composed of Messrs. Finn, Kaiser and Stasior. The Board has determined that Mr. Kaiser is an audit committee financial expert as defined in Item 401(h) of Regulation S-K. The Audit Committee met five times (including by teleconference) during fiscal 2010. The functions of the Audit Committee include:

- appointment of the Company s independent auditors;
- reviewing the independence of the independent auditors;

- reviewing the annual audit plan of the independent auditors, the results of the independent audit and the report and recommendations of the independent auditors;

- evaluating the adequacy of the Company s internal financial and accounting processes and controls; and

- reviewing with management and the independent auditors the annual and interim financial statements of the Company.

A copy of the charter of the Audit Committee is available in the Investor Relations section under the About Us tab of the Company s website at *www.opnet.com*.

The Compensation Committee, which is currently composed of Messrs. Finn, Kaiser, and Stasior, reviews executive salaries, administers the Company s bonus, incentive compensation and stock plans, and approves the salaries and other benefits of the Company s executive officers. In addition, the Compensation Committee consults with the Company s management regarding the Company s benefit plans and compensation policies and practices. The Compensation Committee met four times during fiscal 2010. A copy of the charter of the Compensation Committee is available in the Investor Relations section under the About Us tab of the Company s website at *www.opnet.com*.

The Nominating Committee is currently composed of Messrs. Finn, Kaiser, and Stasior. The Nominating Committee met once during fiscal 2010. The function of the Nominating Committee is to recommend to the Board the persons to be nominated for election as directors at any meeting of stockholders.

Director Candidates

Except where the Company is legally required to provide third parties the right to nominate directors, the Nominating Committee is responsible for recommending to the Board all nominees for election as directors at any meeting of stockholders and the persons to be elected by the Board to fill any vacancies on the Board. Stockholders have the right under the Company s Bylaws to directly nominate director candidates, without any action or recommendation on the part of the Board, by following the procedures set forth under Stockholder Proposals for 2010 Annual Meeting.

The criteria for selecting all director nominees are specified in the charter of the Nominating Committee. In selecting director nominees for recommendation to the Board the Nominating Committee considers: i) the nominee s reputation for integrity, honesty and adherence to high ethical standards, ii) the nominee s demonstrated business acumen, financial literacy, experience and ability to exercise sound judgments in matters that relate to the current and long-term objectives of the Company and iii) whether the nominee is willing and able to contribute positively to the decision-making process of the Company. A copy of the charter of the Nominating Committee is available in the Investor Relations section under the About Us tab of the Company s website at *www.opnet.com*.

In addition to those specified in its charter, the Nominating Committee typically considers diversity, age, skills and such other factors as it deems appropriate given the current needs of the Board and the Company, to maintain a balance of knowledge, experience and capability. In the case of incumbent directors whose terms of office are set to expire, the Nominating Committee reviews these directors overall service to the Company during their terms, including the number of meetings attended, level of participation, quality of performance and any other relationships and transactions that might impair the directors independence.

Stockholder Communications with the Board

Stockholders may communicate with the Board or any of the directors by sending written communications addressed to the Board or any of the directors, c/o Corporate Secretary, OPNET Technologies, Inc., 7255 Woodmont Avenue, Bethesda, MD 20814. The Chairman of the Board, with the assistance of the Company s General Counsel, is primarily responsible for monitoring communications from stockholders and for providing copies or summaries to the other directors.

Code of Business Conduct and Ethics

The Company has adopted a code of business conduct and ethics that applies to all Company directors, officers and employees, including the Company s principal executive officer, principal financial officer, and principal accounting officer or controller, or persons performing similar functions. A copy of the code of business conduct and ethics is posted on the Investor Relations section of the Company s website at *www.opnet.com.* The Company intends to satisfy the disclosure requirements under Item 10 of Form 8-K regarding amendments to, or waivers from, the code of business conduct and ethics by either providing such information on a Form 8-K filed with the SEC or by posting such information in the Investor Relations section under the About Us tab of the Company s website at *www.opnet.com*. Information contained on the Company s website is not part of this proxy statement.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table provides information about the securities authorized for issuance under the Company s equity compensation plans as of March 31, 2010:

Equity Compensation Plan Information

Plan Category	**Number of securities to be issued upon exercise of outstanding options, warrants and rights**	**Weighted-average exercise price of outstanding options, warrants and rights ($)**	**Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (1)**
Equity compensation plans approved by security holders	2,494,082	10.86	2,943,409(2)
Equity compensation plans not approved by security holders			
Total	2,494,082	10.86	2,943,409

(1) In addition to being available for future issuance upon exercise of options that may be granted after March 31, 2010, all of the remaining 2,131,488 shares under the Company s Amended and Restated 2010 Stock Incentive Plan (the ***2010 Incentive Plan***) may instead be issued in the form of restricted stock, stock appreciation rights or other stock-based awards.

(2) Includes 811,921 shares issuable under the OPNET Technologies, Inc. 2000 Employee Stock Purchase Plan, including shares issuable in connection with the current offering period which ends on July 31, 2010. Also includes 2,131,488 shares issuable under the 2010 Incentive Plan. Under the 2010 Incentive Plan, the number of shares available for issuance automatically increases on the first trading day of each calendar year by an amount equal to 3% of the shares of Common Stock outstanding on the last trading day of the preceding calendar year, not to exceed an annual increase of 1,000,000 shares, or a lesser amount determined by the Board.

Compensation Committee Interlocks and Insider Participation

The current members of the Compensation Committee are Messrs. Finn, Kaiser, and Stasior. No executive officer of the Company has served as a director or member of the compensation committee (or other committee serving an equivalent function) of any other entity, one of whose executive officers served as a director or member of the Compensation Committee of the Company.

Report of the Compensation Committee of the Board of Directors

The Compensation Committee has reviewed and discussed with management the following Compensation Discussion and Analysis. Based on this review and discussion, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement and incorporated into our Annual Report on Form 10-K for the fiscal year ended March 31, 2010.

By the Compensation Committee of the Board of Directors.

Steven G. Finn

Ronald W. Kaiser

William F. Stasior

COMPENSATION DISCUSSION AND ANALYSIS

The following discussion and analysis relates to our executive compensation program for the fiscal year ended March 31, 2010.

Compensation Philosophy

The goals of the Board and the Compensation Committee with respect to executive compensation are to align compensation with business objectives and performance, to enable us to attract, retain and reward executive officers and other key employees who contribute to our long-term success, and to establish an appropriate relationship between executive compensation and the creation of long-term stockholder value. To meet these goals, the Compensation Committee has adopted a mix among the compensation elements of salary, cash bonus and equity awards.

The Board and the Compensation Committee also believe that the compensation of the Chief Executive Officer and the other executive officers should be based to a substantial extent on our performance and on the executive officer s individual performance. Generally, when establishing salaries, bonus levels and stock awards for executive officers, the Compensation Committee considers: (i) our financial performance during the past year and recent quarters, (ii) the individual s performance during the past year and recent quarters and (iii) the salaries of executive officers in similar positions of companies of comparable size and capitalization and other companies within the network and application performance management software industry.

Historically, the most important company-wide performance factors considered by the Compensation Committee have been revenue, revenue growth, profitability and operating cash flow. The Compensation Committee has typically evaluated these measures against our operating budget for the related year. The Compensation Committee also considers the individual performance of each executive officer, based on subjective assessments of his performance during the past year and recent quarters. The Compensation Committee does not have a practice of establishing formal performance goals for each executive at the beginning of a year and then measuring his performance against those goals at the end of the year or the end of each quarter. Instead, the Compensation Committee makes a subjective determination of individual performance after the period is concluded. Because each of the executive officers has responsibilities that affect us on a company-wide basis, the Compensation Committee has typically measured their performance primarily on the basis of our achievement of company-wide goals and has given relatively less consideration to individual performance factors. While the Compensation Committee did not formally benchmark our compensation to that of other companies in fiscal 2010, the Compensation Committee does informally consider competitive market practices by speaking to recruitment agencies and reviewing publicly available information relating to compensation of executives at other companies in our industry and other data available to it.

Compensation Components

The four major components of our executive officer compensation program are (i) base salary, (ii) annual incentive awards in the form of discretionary cash bonuses, (iii) long-term, equity-based incentive awards, and (iv) employee benefits, such as 401(k) matching payments and health and life insurance.

The Compensation Committee has not adopted any formal or informal policy for allocating compensation between long-term and short-term compensation or between cash and non-cash compensation. We view each of the elements of our compensation program as related but distinct. Our decisions about each individual element do not necessarily affect the decisions we make about other elements. For example, we do not believe that significant compensation derived from one element of compensation should necessarily negate or reduce compensation from other elements.

Base Salary. The Compensation Committee meets periodically to set the base salary levels of our executive officers. When reviewing base salaries the Compensation Committee considers individual and corporate performance, levels of responsibility, prior experience, breadth of knowledge, and competitive pay practices. The Compensation Committee recognizes the importance of maintaining compensation practices and levels of compensation competitive with other software companies in our industry and anticipates reviewing compensation packages at least annually.

The Compensation Committee did not increase the salaries of our executive officers for fiscal 2010 from their fiscal 2009 levels. The Compensation Committee noted that the salaries of the executive officers had been meaningfully increased in fiscal 2009. Accordingly, the annual base salaries for fiscal 2010 for Marc Cohen and Alain Cohen remained at $325,000 and the annual base salary for Mel Wesley remained at $220,000. Effective April 2010, the Compensation Committee increased Marc Cohen s and Alain Cohen s annual base salaries to $365,000. Effective April 2010, the Compensation Committee increased Mel Wesley s annual base salary to $260,000.

Historically, the Compensation Committee has paid an equal amount of salary and other forms of compensation to Marc Cohen and Alain Cohen. This reflects the view of the Committee that both Marc and Alain Cohen have comparable duties and work closely together as co-managers to oversee our company and therefore that their compensation should be equal.

Discretionary Cash Bonus. The Compensation Committee has the authority to award discretionary cash bonuses to our executives from time to time. Our cash bonus program is designed to motivate executives to work effectively to achieve our financial performance objectives and to reward them when objectives are met.

The Compensation Committee awarded cash bonuses for fiscal 2010 in the amounts of $125,000 for Marc Cohen and Alain Cohen and $60,000 for Mel Wesley.

Equity-Based Incentive Compensation. We use equity-based incentives to provide key employees, including executive officers, with an opportunity to share, along with our stockholders, in the long-term performance of our company. The Compensation Committee believes that a primary goal of the compensation program is to provide key employees who have significant responsibility for the management, growth and future success of our company with the opportunity to participate in the financial gain from price increases in our Common Stock. In addition, the vesting feature of our equity grants should further our goal of executive retention because this feature provides an incentive to our executives to remain in our employ during the vesting period.

Executives are eligible to receive stock options giving them the right to purchase shares of Common Stock in the future at a price equal to the fair market value at the date of grant. Historically, our equity awards typically took the form of stock options. Executives are also eligible to receive grants of restricted stock, and we have begun in recent years to rely much more significantly on restricted stock grants in lieu of stock options. We typically grant restricted stock awards at no cost to the executive. Because the shares have a built-in value at the time the restricted stock grants are made, we generally grant significantly fewer shares of restricted stock than the number of stock options we would grant for a similar purpose.

During fiscal 2010, we granted a stock option to acquire 40,000 shares of our Common Stock to Mel Wesley. This stock option was part of a larger grant to a number of senior employees of the Company to reload their options with a view to providing a retention incentive to the individuals. We did not grant any stock options to Marc Cohen or Alain Cohen during fiscal 2010.

We also have an executive incentive program whereby we make discretionary quarterly grants of restricted stock to our executives and other key employees. Under this program, following the end of each quarter, the Compensation Committee establishes a bonus pool, denominated in dollars, based primarily on our financial performance for the prior quarter and on other factors. The size of this bonus pool for each quarter, and whether to have a bonus pool at all, are entirely at the discretion of the Compensation Committee. In determining the amount of the quarterly bonus pool, the Compensation Committee considers a variety of factors. The Compensation Committee may consider any factor deemed by it to be relevant and the factors it considers may vary from quarter to quarter. Historically, the primary factor considered each quarter by the Compensation Committee has been our revenue for the prior quarter, but the Compensation Committee has also considered other factors, such as profitability, progress toward profitability, revenue growth rates and cash generation during the prior quarter. The Compensation Committee has primarily evaluated these measures against the amounts contained in our company-wide operating budget established at the beginning of each fiscal year. The Compensation Committee evaluates these measures retrospectively and does not establish particular performance metrics at the beginning of the year or quarter to which the bonus pool will be linked. It has been the practice of the Compensation Committee to limit the overall quarterly bonus pool to no more than 2% of our total revenue for the prior quarter.

Once the amount of the dollar-denominated quarterly bonus pool, if any, is decided, the Compensation Committee then determines its allocation among the executive officers and other key employees. Our Chief Executive Officer identifies proposed recipients of the quarterly bonus pool and makes a recommendation for the allocation of the quarterly bonus pool including himself and Alain Cohen. This recommendation is based primarily on his subjective judgment about the performance of each recipient he is proposing, input from Alain Cohen regarding the performance of those recipients with whom Alain Cohen has substantial interaction during the quarter, and his assessment of competitive pressures impacting the importance of retaining the respective recipients at our company. The Compensation Committee first determines how much of the bonus pool should be allocated to Marc and Alain Cohen, based on its assessment of the overall availability and size of the pool as described above and on its subjective assessment of the relative performance of each in contributing to the factors the Compensation Committee considered in determining the pool. The Compensation Committee then allocates the remainder of the pool to other employees after discussing the Chief Executive Officer s recommendations with him. Historically, because of the direct involvement the Chief Executive Officer has with recipients and his ability to assess each recipient s contribution to company-wide performance, the Compensation Committee has been largely deferential to the recommendations of the Chief Executive Officer with respect to employees who are not executive officers, adjusting his recommendations primarily when it appears to the Compensation Committee that a particular factor of evaluation is over or under-weighted. In keeping with its views of the relative contributions of Marc and Alain Cohen described above, the Compensation Committee has typically awarded a similar bonus under this program to each of them in any given quarter.

These dollar-denominated bonuses are subsequently translated into a number of shares of restricted stock based on the closing price of our Common Stock as reported on the Nasdaq Global Select Market on the third trading day following our quarterly earnings release, which is also the date of the actual restricted stock grant. Each of these grants to Marc Cohen, Alain Cohen, and Mel Wesley vests as to one-third of the shares on each of the second, third and fourth anniversaries of the grant date. If the executive ceases to be an employee, officer or director of, or consultant or advisor to, us or a parent or subsidiary of ours, any shares that are not then vested are subject to forfeiture without payment to the executive. In the event we experience a change-of-control event, as specified in the 2010 Incentive Plan, these grants automatically become vested in full.

During fiscal 2010, we granted 1,901 shares of restricted stock to Marc Cohen, 1,901 shares to Alain Cohen and 608 shares to Mel Wesley under this executive incentive program. The following table shows the amount of bonuses awarded under the incentive program for each quarter in fiscal 2010 to each of the executive officers and to other key employees who received a bonus in the respective quarter.

Name	**Q1**		**Q2**		**Q3**		**Q4**	
	$	**Shares**	**$**	**Shares**	**$**	**Shares**	**$**	**Shares**
Marc Cohen							25,283	