

CITRIX SYSTEMS INC  
Form DEF 14A  
April 15, 2011

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A INFORMATION**

**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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**Confidential, For Use of the Commission Only**  
**(as permitted by Rule 14a-6(e)(2))**

**Citrix Systems, Inc.**

**(Name of Registrant as Specified in Its Charter)**

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

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

2) Aggregate number of securities to which transaction applies:

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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.

Dear Stockholder:

April 15, 2011

You are cordially invited to attend the Annual Meeting of Stockholders of Citrix Systems, Inc. to be held on Thursday, May 26, 2011 at 4:00 p.m. PT, at our offices at 4988 Great America Parkway, Santa Clara, California 95054, United States.

At this Annual Meeting, the agenda includes the election of two (2) Class I directors for three-year terms, approval of an amendment to our Amended and Restated 2005 Equity Incentive Plan, approval of the material terms of the performance goals under that plan, the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2011, an advisory vote on the compensation of our named executive officers, and an advisory vote on the frequency of holding future advisory votes on the compensation of our named executive officers. The Board of Directors unanimously recommends that you vote FOR election of the director nominees, FOR approval of the amendment to our Amended and Restated 2005 Equity Incentive Plan, FOR approval of the material terms of the performance goals under that plan, FOR ratification of the appointment of Ernst & Young LLP, FOR approval, on an advisory basis, of the compensation of our named executive officers, and FOR approval, on an advisory basis, of the proposal to hold future advisory votes on the compensation of our named executive officers on an annual basis.

All stockholders are cordially invited to attend the Annual Meeting in person. Similar to last year, we are providing proxy material access to our stockholders via the Internet. Accordingly, you can access proxy materials and vote at [www.proxyvote.com](http://www.proxyvote.com). Details regarding the matters to be acted upon at this Annual Meeting are described in the Notice of Internet Availability of Proxy Materials you received in the mail. Please give the proxy materials your careful attention.

You may vote via the Internet or by telephone by following the instructions on your Notice of Internet Availability and on that website. In order to vote via the Internet or by telephone, you must have the stockholder identification number which is provided in your Notice. If you have requested a proxy card by mail, you may vote by signing, voting and returning that proxy card in the envelope provided. If you attend the Annual Meeting, you may vote in person even if you have previously returned your proxy card or have voted via the Internet or by telephone. Please review the instructions for each voting option described in the Notice and in this Proxy Statement. Your prompt cooperation will be greatly appreciated.

Very truly yours,

ANTONIO G. GOMES  
Vice President, Deputy General

Counsel and Secretary

**CITRIX SYSTEMS, INC.**

**851 West Cypress Creek Road**

**Fort Lauderdale, Florida 33309**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held on May 26, 2011**

To the Stockholders of Citrix Systems, Inc.:

The Annual Meeting of Stockholders of Citrix Systems, Inc., a Delaware corporation, will be held on Thursday, May 26, 2011, at 4:00 p.m. PT, at our offices at 4988 Great America Parkway, Santa Clara, California 95054, United States for the following purposes:

1. to elect two (2) Class I members to the Board of Directors as directors, each to serve for a three-year term and until his successor has been duly elected and qualified or until his earlier resignation or removal;
2. to approve an amendment to the Company's Amended and Restated 2005 Equity Incentive Plan to (i) increase the aggregate number of shares authorized for issuance under such plan by 5.5 million shares of the Company's common stock and (ii) increase the aggregate number of shares of the Company's common stock issuable pursuant to restricted stock, restricted stock units, performance units or stock grants by one million shares of the Company's common stock;
3. to approve the material terms of the performance goals under the Company's Amended and Restated 2005 Equity Incentive Plan for purposes of compensation deductibility under Internal Revenue Code Section 162(m);
4. to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2011;
5. to hold an advisory vote on the compensation of our named executive officers;
6. to hold an advisory vote on the frequency of holding future advisory votes on the compensation of our named executive officers; and
7. to transact such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof.

The proposal for the election of directors relates solely to the election of two (2) Class I directors nominated by the Board of Directors and does not include any other matters relating to the election of directors, including, without limitation, the election of directors nominated by any stockholder.

Only stockholders of record at the close of business on April 1, 2011 are entitled to notice of and to vote at the Annual Meeting and at any adjournment or postponement thereof.

All stockholders are cordially invited to attend the Annual Meeting in person. To assure your representation at the Annual Meeting, we urge you to vote via the Internet at [www.proxyvote.com](http://www.proxyvote.com) or by telephone by following the instructions on the Notice of Internet Availability of Proxy Materials you received in the mail and which instructions are also provided on that website, or, if you have requested a proxy card by mail, by signing, voting and returning your proxy card to Broadridge Financial Solutions, 51 Mercedes Way, Edgewood, New York 11717. For specific instructions on how to vote your shares, please review the instructions for each of these voting options as detailed in your Notice of Internet Availability and in this Proxy Statement. If you attend the Annual Meeting, you may vote in person even if you have previously returned your proxy card or have voted via the Internet or by telephone.

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In addition to their availability at [www.proxyvote.com](http://www.proxyvote.com), this Proxy Statement and our Annual Report to Stockholders are available for viewing, printing and downloading at [www.citrix.com/annualreport](http://www.citrix.com/annualreport).

By Order of the Board of Directors,

ANTONIO G. GOMES  
Vice President, Deputy General

Counsel and Secretary

Fort Lauderdale, Florida

April 15, 2011

WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING, PLEASE PROMPTLY COMPLETE YOUR PROXY AS INDICATED ABOVE IN ORDER TO ASSURE REPRESENTATION OF YOUR SHARES. PLEASE REVIEW THE INSTRUCTIONS FOR EACH OF YOUR VOTING OPTIONS DESCRIBED IN THIS PROXY STATEMENT AND THE NOTICE YOU RECEIVED IN THE MAIL.

**CITRIX SYSTEMS, INC.**

**851 West Cypress Creek Road**

**Fort Lauderdale, Florida 33309**

**PROXY STATEMENT**

**For the Annual Meeting of Stockholders**

**To Be Held on May 26, 2011**

**April 15, 2011**

This Proxy Statement is being furnished in connection with the solicitation of proxies by the Board of Directors of Citrix Systems, Inc., a Delaware corporation, for use at the Annual Meeting of Stockholders to be held on Thursday, May 26, 2011, at 4:00 p.m. PT, at our offices at 4988 Great America Parkway, Santa Clara, California 95054, United States, or at any adjournments or postponements thereof. An Annual Report to Stockholders, containing financial statements for the year ended December 31, 2010, and this Proxy Statement are being made available to all stockholders entitled to vote at the Annual Meeting. This Proxy Statement and the form of proxy were first made available to stockholders on or about April 15, 2011.

The purposes of the Annual Meeting are to:

elect two (2) Class I directors for three-year terms;

approve an amendment to our Amended and Restated 2005 Equity Incentive Plan;

approve the material terms of the performance goals under our Amended and Restated 2005 Equity Incentive Plan for purposes of compensation deductibility under Internal Revenue Code Section 162(m);

ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2011;

hold an advisory vote on the compensation of our named executive officers; and

hold an advisory vote on the frequency of holding future advisory votes on the compensation of our named executive officers.

Only stockholders of record at the close of business on April 1, 2011, which we refer to as the record date, will be entitled to receive notice of and to vote at the Annual Meeting. As of that date, 187,853,203 shares of common stock, \$.001 par value per share, were issued and outstanding. Stockholders are entitled to one vote per share on any proposal presented at the Annual Meeting. You may vote via the Internet at [www.proxyvote.com](http://www.proxyvote.com) or by telephone by following the instructions on the Notice you received in the mail and which are also provided on that website; or, if you have requested a proxy card by mail, by signing, voting and returning your proxy card. If you attend the Annual Meeting, you may vote in person even if you have previously voted by phone or via the Internet or returned a proxy card by mail.

Any proxy given pursuant to this solicitation may be revoked by the person giving it at any time before it is voted. Proxies may be revoked by:

- (a) filing with our Secretary, before the taking of the vote at the Annual Meeting, a written notice of revocation bearing a later date than the proxy;

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- (b) properly casting a new vote via the Internet or by telephone at any time before the closure of the Internet or telephone voting facilities;
- (c) duly completing a later-dated proxy relating to the same shares and delivering it to our Secretary before the taking of the vote at the Annual Meeting; or
- (d) attending the Annual Meeting and voting in person (although attendance at the Annual Meeting will not in and of itself constitute a revocation of a proxy).

Any written notice of revocation or subsequent proxy should be sent so as to be delivered to Citrix Systems, Inc., 851 West Cypress Creek Road, Fort Lauderdale, Florida 33309, Attention: Secretary, before the taking of the vote at the Annual Meeting.

The representation in person or by proxy of at least a majority of the outstanding shares of our common stock entitled to vote at the Annual Meeting is necessary to constitute a quorum for the transaction of business. Abstentions and broker non-votes are counted as present or represented for purposes of determining the presence or absence of a quorum for the Annual Meeting. A non-vote occurs when a nominee holding shares for a beneficial owner votes on one proposal but does not vote on another proposal because, with respect to such other proposal, the nominee does not have discretionary voting power and has not received instructions from the beneficial owner.

For Proposal 1, the election of two (2) Class I directors, each nominee shall be elected as a director if the votes cast for such nominee's election exceed the votes cast against such nominee's election. Any director who fails to receive the required number of votes for his re-election is required to submit his resignation to the Board of Directors. Our Nominating and Corporate Governance Committee (excluding any director nominee who failed to receive the required number of votes) will promptly consider any such director's resignation and make a recommendation to the Board of Directors as to whether such resignation should be accepted. The Board of Directors is required to act on the Nominating and Corporate Governance Committee's recommendation within 90 days of the certification of the stockholder vote for the Annual Meeting. For each of Proposal 2 (the approval of an amendment to our Amended and Restated 2005 Equity Incentive Plan), Proposal 3 (the approval of the material terms of the performance goals under our Amended and Restated 2005 Equity Incentive Plan), Proposal 4 (the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2011), and Proposal 5 (the advisory vote on the compensation of our named executive officers), an affirmative vote of a majority of the shares present, in person or represented by proxy, and voting on such matter is required for approval. For Proposal 6 (an advisory vote on the frequency of holding future advisory votes on the compensation of our named executive officers), in order for any of the alternatives regarding the frequency of such future advisory votes to be approved, it must receive the affirmative vote of a majority of the shares present, in person or represented by proxy, and voting on such matter. Broadridge Financial Solutions tabulates the votes. The vote on each matter submitted to stockholders is tabulated separately. Abstentions are included in the number of shares present or represented and voting on each matter. Broker non-votes are not considered voted for the particular matter and have the effect of reducing the number of affirmative votes required to achieve a majority for such matter by reducing the total number of shares from which the majority is calculated. Brokers and nominees will only have discretionary voting power as to Proposal 4 (the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2011).

The persons named as attorneys-in-fact in the proxies, Mark B. Templeton and David J. Henshall, were selected by the Board of Directors and are officers of Citrix. All properly executed proxies submitted in time to be counted at the Annual Meeting will be voted by such persons at the Annual Meeting. Where a choice has been specified on the proxy with respect to the foregoing matters, the shares represented by the proxy will be voted in accordance with the specifications. **If no such specifications are indicated, such proxies will be voted FOR election of the director nominees, FOR approval of our Amended and Restated 2005 Equity Incentive Plan, FOR ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2011, FOR the approval, on an advisory basis, of the compensation of our named executive officers and FOR the holding of future advisory votes on the compensation of our named executive officers on an annual basis.**

Aside from the proposals included in this Proxy Statement, the Board of Directors knows of no other matters to be presented at the Annual Meeting. If any other matter should be presented at the Annual Meeting upon which a vote properly may be taken, shares represented by all proxies received by the Board of Directors will be voted with respect to such matter in accordance with the judgment of the persons named as attorneys-in-fact in the proxies.



## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding beneficial ownership of our common stock as of the record date:

by each person who is known by Citrix to beneficially own more than 5% of our outstanding shares of common stock;

by each of our directors and nominees;

by each of our executive officers named in the Summary Compensation Table set forth below under *Executive and Director Compensation Summary of Executive Compensation*; and

by all of our directors and executive officers as a group.

Name of Beneficial Owner	Shares Beneficially Owned(1)	Percentage of Shares Beneficially Owned(2)
FMR LLC		
Edward C. Johnson 3d(3) 6400 Northwest Sixth Way  Fort Lauderdale, FL 33309	14,339,825	7.63%
BlackRock, Inc.(4) 40 East 52nd Street  New York, NY 10022	9,981,087	5.31%
Mark B. Templeton(5)	812,109	*
Stephen M. Dow(6)	470,110	*
David J. Henshall(7)	145,422	*
Thomas F. Bogan(8)	106,655	*
Nanci Caldwell(9)	81,225	*
J. Gordon Payne(10)	65,704	*
Gary E. Morin(11)	63,474	*
Asiff S. Hirji(12)	61,068	*
Murray J. Demo(13)	59,185	*
Godfrey R. Sullivan(14)	55,555	*
Alvaro J. Monserrat(15)	52,500	*
Brett M. Caine(16)	32,342	*
All executive officers, directors and nominees as a group (17)(14 persons)	2,135,729	1.13%

\* Represents less than 1% of the outstanding common stock.

- (1) Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission, or the SEC and includes voting and investment power with respect to shares. Unless otherwise indicated below, to our knowledge, all persons listed below have sole voting and dispositive power with respect to their shares of common stock, except to the extent authority is shared by spouses under applicable law. Pursuant to the rules of the SEC, the number of shares of common stock deemed outstanding includes shares issuable upon settlement of restricted stock units held by the respective person or group that will vest within 60 days of the record date and pursuant to options held by the respective person or group that are currently exercisable or may be exercised within 60 days of the record date, which we refer to as presently exercisable stock options.
- (2) Applicable percentage of ownership is based upon 187,853,203 shares of common stock outstanding as of the record date.
- (3) With respect to information relating to FMR LLC and Edward C. Johnson 3d, the Company has relied solely on information provided in an amended Schedule 13G filed jointly by FMR LLC and Edward C. Johnson 3d with the SEC on February 14, 2011. According to such amended Schedule 13G, FMR LLC and Edward C. Johnson 3d reported sole dispositive power as to 14,339,825 shares, sole voting power as to 693,448 and 14,339,825 of the shares, respectively, and shared voting power as to none of the shares. FMR LLC and Edward C. Johnson 3d reported that Fidelity Management & Research Company, a wholly-owned subsidiary of FMR LLC and an investment adviser registered under Section 203 of the Investment Advisers Act of 1940, is the

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beneficial owner of 13,616,977 shares or 7.25% of our outstanding common stock.

- (4) With respect to information relating to BlackRock, Inc., we have relied solely on information supplied by such entity on an amended Schedule 13G filed with the SEC on February 3, 2011.

- (5) Includes 629,061 shares of common stock issuable pursuant to presently exercisable stock options, 13,055 shares of common stock issuable upon settlement of restricted stock units that will vest within 60 days of the record date and 101,393 shares of common stock held by the Mark B. Templeton Revocable Trust, dated June 6, 2004, Mark B. Templeton, Trustee, or the Templeton Trust. Mr. Templeton has sole voting and dispositive power with respect to all of the shares held by the Templeton Trust.
- (6) Includes 129,322 shares of common stock issuable pursuant to presently exercisable stock options and 277 shares of common stock issuable upon settlement of restricted stock units that will vest within 60 days of the record date and 316,900 shares of common stock held by the Dow Family Trust and 7,500 shares of common stock held by Dow Investments I L.P. ( Dow LP ). Mr. Dow has sole voting and dispositive power with respect to all of the shares held by Dow LP and shared voting and dispositive power with respect to all of the shares held by the Dow Family Trust. Mr. Dow disclaims beneficial ownership of the shares of common stock held by Dow LP except to the extent of his pecuniary interest therein.
- (7) Includes 81,881 shares of common stock issuable pursuant to presently exercisable stock options and 6,527 shares of common stock issuable upon settlement of restricted stock units that will vest within 60 days of the record date.
- (8) Includes 64,167 shares of common stock issuable pursuant to presently exercisable stock options and 277 shares of common stock issuable upon settlement of restricted stock units that will vest within 60 days of the record date.
- (9) Includes 75,835 shares of common stock issuable pursuant to presently exercisable stock options and 277 shares of common stock issuable upon settlement of restricted stock units that will vest within 60 days of the record date.
- (10) Includes 31,149 shares of common stock issuable pursuant to presently exercisable stock options, 2,610 shares of common stock issuable upon settlement of restricted stock units that will vest within 60 days of the record date and 19,561 shares of common stock held by the John G. Payne and Lynley J. Payne, Trustees of the 2007 Payne Family Trust u/d/t March 29, 2007, or the Payne Trust. Mr. Payne has sole voting and dispositive power with respect to all of the shares held by the Payne Trust.
- (11) Includes 19,167 shares of common stock issuable pursuant to presently exercisable stock options and 277 shares of common stock issuable upon settlement of restricted stock units that will vest within 60 days of the record date.
- (12) Includes 39,167 shares of common stock issuable pursuant to presently exercisable stock options and 277 shares of common stock issuable upon settlement of restricted stock units that will vest within 60 days of the record date.
- (13) Includes 39,167 shares of common stock issuable pursuant to presently exercisable stock options and 277 shares of common stock issuable upon settlement of restricted stock units that will vest within 60 days of the record date.
- (14) Includes 39,167 shares of common stock issuable pursuant to presently exercisable stock options and 277 shares of common stock issuable upon settlement of restricted stock units that will vest within 60 days of the record date.
- (15) Includes 24,686 shares of common stock issuable pursuant to presently exercisable stock options and 1,566 shares of common stock issuable upon settlement of restricted stock units that will vest within 60 days of the record date.
- (16) Includes 17,466 shares of common stock issuable pursuant to presently exercisable stock options and 2,610 shares of common stock issuable upon settlement of restricted stock units that will vest within 60 days of the record date and 13,637 shares of common stock held by the Susan M. Caine and Brett M. Caine Trust, or the Caine Trust. Mr. Caine has sole voting and dispositive power with respect to all of the shares held by the Caine Trust.
- (17) Includes 1,249,079 shares of common stock issuable pursuant to presently exercisable stock options and 37,445 shares of common stock issuable upon settlement of restricted stock units that will vest within 60 days of the record date.

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, requires our directors, executive officers and holders of more than 10% of our common stock to file with the Securities and Exchange Commission, or the SEC, initial reports of ownership and reports of changes in ownership of our common stock. Based on our review of the copies of such filings for the year ended December 31, 2010, we believe that all Section 16(a) filing requirements were complied with during the year ended December 31, 2010, except that: David R. Friedman, David J. Henshall, Peter Levine, Alvaro Monserrat and Gordon Payne each filed two Form 4s reporting one reportable transaction later than required; Brett Caine, Mark B. Templeton and Wesley Wasson each filed one Form 4 reporting one reportable transaction later than required; and Nanci Caldwell filed one Form 4 reporting one reportable transaction later than required.

**PROPOSAL 1****ELECTION OF DIRECTOR NOMINEES**

Our Board of Directors currently consists of eight members. Our By-laws divide the Board of Directors into three classes. One class is elected each year for a term of three years. The Board of Directors, upon the recommendation of the Nominating and Corporate Governance Committee, has nominated Murray J. Demo and Asiff S. Hirji and recommended that each be elected to the Board of Directors as a Class I director, each to hold office until the Annual Meeting of Stockholders to be held in the year 2014 and until his successor has been duly elected and qualified or until his earlier death, resignation or removal. Messrs. Demo and Hirji are Class I directors whose terms expire at this Annual Meeting. The Board of Directors is also composed of:

three Class II directors (Thomas F. Bogan, Nanci Caldwell and Gary E. Morin), whose terms expire upon the election and qualification of directors at the Annual Meeting of Stockholders to be held in 2012; and

three Class III directors (Mark B. Templeton, Stephen M. Dow and Godfrey R. Sullivan), whose terms expire upon the election and qualification of directors at the Annual Meeting of Stockholders to be held in 2013.

Mr. Bogan serves as the Chairperson of the Board of Directors.

The Board of Directors knows of no reason why any of the nominees would be unable or unwilling to serve, but if any nominee should for any reason be unable or unwilling to serve, the proxies will be voted for the election of such other person for the office of director as the Board of Directors may recommend in the place of such nominee. Unless otherwise instructed, the proxy holders will vote the proxies received by them for the nominees named below.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS****A VOTE FOR THE NOMINEES LISTED BELOW**

This proposal for the election of directors relates solely to the election of two (2) Class I directors nominated by our Board of Directors and does not include any other matters relating to the election of directors, including, without limitation, the election of directors nominated by any of our stockholders.

The following table sets forth the nominees to be elected at the Annual Meeting and our continuing directors, the year each such nominee or continuing director was first elected a director, the positions with Citrix currently held by each nominee and continuing director, the year each nominee's or continuing director's current term will expire and each nominee's and continuing director's current class:

**Nominee's or Director's Name**

<b>and Year First Became a Director</b>	<b>Position(s) with Citrix</b>	<b>Year Current Term Will Expire</b>	<b>Current Class of Director</b>
<b>Nominees for Class I Directors:</b>			
Murray J. Demo 2005	Director	2011	I
Asiff S. Hirji 2006	Director	2011	I
<b>Continuing Directors:</b>			
Thomas F. Bogan 2003	Director and Chairperson	2012	II
Nanci Caldwell 2008	Director	2012	II
Gary E. Morin 2003	Director	2012	II
Mark B. Templeton 1998	President, Chief Executive Officer and Director	2013	III

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Stephen M. Dow 1989	Director	2013	III
Godfrey R. Sullivan 2005	Director	2013	III

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**DIRECTORS AND EXECUTIVE OFFICERS**

Assuming the election of all of the director nominees above, the following table sets forth our directors and executive officers, their ages, and the positions currently held by each such person with Citrix. The biographical description below for each director nominee includes the specific experience, qualifications, attributes and skills that led to the conclusion by the Board of Directors that such person should serve as a director of Citrix. The biographical description of each director who is not standing for election includes the specific experience, qualifications, attributes and skills that the Board of Directors would expect to consider if it were making a conclusion currently as to whether such person should serve as a director. The Board of Directors did not currently evaluate whether these directors should serve as directors, as the terms for which they have been previously elected continue beyond the Annual Meeting.

<b>Name</b>	<b>Age</b>	<b>Position</b>
Mark B. Templeton	58	President, Chief Executive Officer and Director
Brett M. Caine	51	Senior Vice President, Online Services Division
David R. Friedman	49	General Counsel and Senior Vice President, Human Resources
David J. Henshall	42	Senior Vice President and Chief Financial Officer
Alvaro J. Monserrat	43	Senior Vice President, Sales and Services
John Gordon Payne	49	Senior Vice President, Desktop Division
Wesley R. Wasson	44	Senior Vice President, Chief Marketing Officer
Thomas F. Bogan(1)(4)(5)(6)(10)	59	Director
Nanci Caldwell(1)(4)	53	Director
Murray J. Demo(2)(3)(4)(5)(8)(9)	49	Director
Stephen M. Dow(2)(3)(4)(5)(11)	55	Director
Asiff S. Hirji(2)(3)(4)	44	Director
Gary E. Morin(1)(4)(7)	62	Director
Godfrey R. Sullivan(2)(3)(4)	57	Director

- (1) Member of Compensation Committee
- (2) Member of Audit Committee
- (3) Member of Finance Committee
- (4) Member of Nominating and Corporate Governance Committee
- (5) Member of Strategy Committee
- (6) Chairperson of the Board of Directors
- (7) Chairperson of the Compensation Committee
- (8) Chairperson of the Audit Committee
- (9) Chairperson of the Finance Committee
- (10) Chairperson of the Nominating and Corporate Governance Committee
- (11) Chairperson of the Strategy Committee

*Mark B. Templeton* has served as our President since January 1998 and as our Chief Executive Officer from June 2001 to the present. He was elected to our Board of Directors in May 1998. Mr. Templeton is a member of the Board of Directors of Equifax, Inc., a publicly-traded credit reporting company. The Board of Directors believes Mr. Templeton's qualifications to sit on our Board of Directors include his decades of experience in the software industry, including 12 years as our President and/or Chief Executive Officer, and his deep understanding of our historical

and current business strategies, objectives and products.

*Brett M. Caine* has served as Senior Vice President, Online Services Division since October 2007. From July 2005 to October 2007, Mr. Caine served as Group Vice President of the Online Group. From August 2004 to July 2005, Mr. Caine served as President, Citrix Online. From March 2004 to August 2004, Mr. Caine served as Vice President, Worldwide Sales, Citrix Online.



*David R. Friedman* has served as our General Counsel and Senior Vice President, Human Resources since April 2006 and also served as our Secretary from October 2002 to February 2008. From October 2002 to April 2006, Mr. Friedman served as our General Counsel, Corporate Vice President and Secretary.

*David J. Henshall* has served as our Senior Vice President and Chief Financial Officer since January 2006. From April 2003 to January 2006, Mr. Henshall served as our Vice President and Chief Financial Officer.

*Alvaro J. Monserrat* has served as our Senior Vice President, Sales and Services since July 2008. From July 2007 to July 2008, Mr. Monserrat served as our Vice President of Channels and Emerging Products. Mr. Monserrat also served as our Vice President of North America Sales from October 2003 to July 2007, as our Vice President of Worldwide Field Services from March 2002 to October 2003, as our Vice President of Consulting Services from December 2001 to March 2002, and as Director of Consulting Services from February 2000 to December 2001.

*John Gordon Payne* has served as our Senior Vice President and General Manager of our Desktop Division since August 2007. From January 2007 to August 2007, Mr. Payne served as Group Vice President and General Manager of our Advanced Solutions Group. Mr. Payne also served as Product Line Executive, Emerging Products of our Virtual Systems Group from April 2006 to December 2006, and as Vice President of Marketing for our Advanced Solutions Group from December 2004 to December 2006. From January 2000 to December 2004, Mr. Payne served as the Chief Marketing Officer and Chief Financial Officer of Net6, Inc., a privately-held software company acquired by Citrix in 2004.

*Wesley R. Wasson* has served as our Senior Vice President and Chief Marketing Officer since October 2007. From September 2006 to October 2007, he served as our Corporate Vice President, Worldwide Marketing. From August 2005 to September 2006, Mr. Wasson served as the Vice President of our Application Networking Group. Prior to joining Citrix, Mr. Wasson served as Vice President of Worldwide Marketing at NetScaler, Inc., a privately-held software company acquired by Citrix in 2005.

From August 2002 to December 2004, Mr. Wasson served as the Chief Strategy Officer of NetContinuum, an application security company based in Silicon Valley.

*Thomas F. Bogan* has served as a director of Citrix since January 2003 and as Chairperson of our Board of Directors since May 2005. Since January 2010, Mr. Bogan has been a Venture Partner at Greylock Partners, a venture capital firm. From May 2004 to December 2009, Mr. Bogan was a Partner at Greylock Partners. Prior to serving at Greylock, Mr. Bogan was President of Rational Software, an S&P 500 enterprise software company, from 2000 until its sale to IBM in 2003. He previously had served Rational as its Chief Operating Officer and as General Manager of its testing business from 1996 to 2000. Prior to working at Rational, Mr. Bogan was President and Chief Executive Officer of two early stage technology companies that focused on networking and peripheral products. Mr. Bogan's earlier background was in finance, and he served as a financial officer in public and private companies as well as positions in public accounting. The Board believes Mr. Bogan's qualifications to sit on our Board of Directors include his decades of senior management experience in the software industry, both as a chief executive officer and a venture capital investor, during which time he has gained significant strategic, operational and corporate governance expertise.

*Nanci Caldwell* has served as a director of Citrix since July 2008. Since 2005, Ms. Caldwell has served as a member of a number of Boards of technology companies and currently serves on the Board of Directors of Deltek, Inc., a publicly-traded enterprise management software company, and Tibco Software Inc., a publicly-traded leading business integration and process management software company. During 2005 and 2006, Ms. Caldwell worked as a project-based technology consultant. From April 2001 to December 2004, Ms. Caldwell was Executive Vice President and CMO for PeopleSoft, Inc., a publicly-held human resource management software company, until it was acquired by Oracle Corporation, or Oracle, a publicly-traded software company, in December 2004. Ms. Caldwell also served as a member of the Board of Directors of Network General, now NetScout Inc., a publicly-traded provider of integrated network performance management solutions, from 2005 to 2007 and



Hyperion, Inc., a provider of performance management software acquired by Oracle in 2007, from 2006 to 2007. Ms. Caldwell also has served since 2007 as a member of the Board of Directors and the Audit Committee of LiveOps, a privately-held virtual call center. The Board believes Ms. Caldwell's qualifications to sit on our Board of Directors include her extensive experience with technology and software companies, including in the areas of sales and marketing, as well as her executive leadership and management expertise.

*Murray J. Demo* has served as a director of Citrix since February 2005. Mr. Demo is currently Executive Vice President and Chief Financial Officer of Dolby Laboratories, a publicly-traded global leader in entertainment technologies. From September 2007 to June 2008, Mr. Demo served as Executive Vice President and Chief Financial Officer of LiveOps, a privately-held virtual call center company. Mr. Demo served as Executive Vice President and Chief Financial Officer of Postini, Inc., a security software company, from May 2007 until it was acquired by Google Inc. in September 2007. Mr. Demo served as Executive Vice President and Chief Financial Officer from April 2005 to May 2006, Senior Vice President and Chief Financial Officer from June 2000 to April 2005, Vice President and Corporate Controller from October 1999 to June 2000, Corporate Controller from July 1998 to October 1999, Sr. Director of Finance, Product Divisions from February 1998 to July 1998 and Director of Operations Finance from August 1996 to February 1998 for Adobe Systems Incorporated, a computer software company. The Board believes Mr. Demo's qualifications to sit on our Board of Directors include his extensive experience with finance and accounting matters for global organizations in the technology industry, including the experience that he has gained in his roles as Chief Financial Officer of publicly-traded companies.

*Stephen M. Dow* has served as a director of Citrix since July 1989 and served as our Board's Chairperson from May 2002 to May 2005. Since 1983, Mr. Dow has served as a general partner of Sevin Rosen Funds, a venture capital investment firm. Mr. Dow serves on the Board of Directors of Cytokinetics, Inc., a publicly-traded biopharmaceutical company. The Board believes Mr. Dow's qualifications to sit on our Board of Directors include his experience in leading a venture

capital investment firm, during which time he has gained significant expertise in evaluating investment opportunities and overseeing management development and operations of portfolio companies, as well as the deep understanding of Citrix's organization and products that he has acquired during his more than 20 years of service on our Board of Directors.

*Asiff S. Hirji* has served as a director of Citrix since May 2006. Since April 2007, Mr. Hirji has served as a Partner of TPG Capital, L.P., a global private investment firm. From October 2006 to April 2007, Mr. Hirji served as the President, Client Group, of TD Ameritrade Holding Company, a publicly-traded provider of securities brokerage services. Mr. Hirji served as Chief Operating Officer of TD Ameritrade from July 2005 until October 2006 and as Chief Information Officer of Ameritrade from April 2003 until July 2005. The Board believes Mr. Hirji's qualifications to sit on our Board of Directors include his extensive experience with global companies, his financial and investment expertise, and his years of experience providing strategic advice to complex organizations.

*Gary E. Morin* has served as a director of Citrix since January 2003. From September 2005 until March 2006, Mr. Morin served as Executive Vice President of Lexmark International, Inc., a publicly-traded laser and inkjet printer and supplies company. From 2000 until September 2005, Mr. Morin served as Executive Vice President and Chief Financial Officer of Lexmark. Mr. Morin has served as a director of Sealy Corp., a publicly-traded bedding manufacturer, since 2006 and as a director of Infogroup Inc. from October 2008 until July 2010, a publicly-traded compiler of proprietary databases, until it was acquired by CCMP Capital Advisors in July 2010, which took Infogroup Inc. private. The Board believes Mr. Morin's qualifications to sit on our Board of Directors include his years of executive experience at publicly-traded companies, as well as his financial expertise.

*Godfrey R. Sullivan* has served as a director of Citrix since February 2005. Mr. Sullivan is the President and Chief Executive Officer of Splunk, Inc., a privately-held information technology search software company. Prior to Splunk, Mr. Sullivan worked for Hyperion Solutions Corporation, a

publicly-traded software company, where he served as President and Chief Operating Officer from 2001 through 2004 and as President and Chief Executive Officer from July 2004 until its acquisition by Oracle in April 2007. Mr. Sullivan serves on the Board of Directors of Informatica Corporation, a publicly-traded data integration company. The Board believes Mr. Sullivan's qualifications to sit on our Board of

Directors include his decades of executive and operational experience, including as a CEO, with technology and software companies.

Our executive officers are elected by the Board of Directors on an annual basis and serve until their successors have been duly elected and qualified.

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## CORPORATE GOVERNANCE

### **Independence of Members of the Board of Directors**

Our Board of Directors has determined that each of our non-employee directors (Messrs. Bogan, Demo, Dow, Hirji, Morin and Sullivan, and Ms. Caldwell) is independent within the meaning of the director independence standards of The Nasdaq Stock Market LLC, or Nasdaq, and the SEC, including Rule 10A-3(b)(1) under the Exchange Act. Furthermore, our Board of Directors has determined that each member of each of the committees of the Board is independent within the meaning of Nasdaq's and the SEC's director independence standards. In making this determination, our Board of Directors solicited information from each of our directors regarding whether such director, or any member of his or her immediate family, had a direct or indirect material interest in any transactions involving Citrix, was involved in a debt relationship with Citrix or received personal benefits outside the scope of such person's normal compensation. Our Board of Directors considered the responses of our directors, and independently considered the commercial agreements, acquisitions, and other material transactions entered into by Citrix during 2010.

### **Board Leadership Structure**

Our Corporate Governance Guidelines provide our Board of Directors with flexibility to select the appropriate leadership structure at a particular time based on the specific needs of our business and what is in the best interests of our stockholders. Our Corporate Governance Guidelines set forth our general policy that the positions of Chairperson of the Board of Directors and Chief Executive Officer, or CEO, will be held by different persons. In certain circumstances, however, our Board may determine that it is in our best interests for the same person to hold the positions of Chairperson and CEO. In such event, the Board will appoint an independent member of our Board as the Lead Independent Director. Our general policy is that the position of Chairperson or Lead Independent Director, as the case may be, will be held by an independent member of our Board of Directors. The Chairperson (or Lead Independent Director) will preside at executive sessions of the independent directors and will bear such further responsibilities as the full Board of Directors may designate from time to time.

Since 2002, we have separated the roles of Chairperson and CEO. Our Board of Directors believes that this leadership structure is appropriate for Citrix at the current time, as it provides an appropriate balance between the two roles. Our CEO is responsible for setting the strategic direction for Citrix and day-to-day leadership, while the Chairperson of our Board of Directors provides guidance to our CEO and presides over meetings of the full Board of Directors. Thus, our Board of Directors believes that the current structure balances the need for our CEO to run Citrix on a day-to-day basis, with the benefit provided to us by significant involvement of an independent member of our Board of Directors.

### **Executive Sessions of Independent Directors**

Executive sessions of the independent directors are held at least four times a year following regularly scheduled in-person meetings of our Board of Directors. Executive sessions do not include Mr. Templeton, and the Chairperson of our Board of Directors is responsible for chairing the executive sessions.

### **Considerations Governing Director Nominations**

#### *Director Qualifications*

The Nominating and Corporate Governance Committee of our Board of Directors is responsible for reviewing with the Board from time to time the appropriate qualities, skills and characteristics desired of members of the Board of Directors in the context of the needs of the business and current make-up of our Board of Directors. This assessment includes consideration of the following minimum qualifications that the Nominating and Corporate Governance Committee believes must be met by all directors:

directors must be of the highest ethical character and share the values of Citrix as reflected in our Code of Business Conduct;

directors must have reputations, both personal and professional, consistent with our image and reputation;



directors must have a commitment to enhancing stockholder value and representing the long-term interests of our stockholders as a whole, not just one particular constituency;

directors must have the ability to exercise sound business judgment based on an objective perspective;

directors must have substantial business or professional experience in areas that are relevant to our business and be able to offer meaningful advice and guidance to our management based on that experience; and

directors must have received a bachelor's degree from a qualified institution.

The Nominating and Corporate Governance Committee also may consider numerous other qualities, skills and characteristics when evaluating director nominees, such as:

an understanding of and experience in software, hardware or services, technology, accounting, governance, finance and/or marketing;

leadership experience with public companies or other major complex organizations;

experience on another public company board; and

the specific needs of our Board of Directors and the Committees of our Board of Directors at that time.

Neither the Nominating and Corporate Governance Committee nor the Board of Directors has a specific policy with regard to the consideration of diversity in identifying director nominees. However, both may consider the diversity of background and experience of a director nominee in the context of the overall composition of the Board of Directors at that time, such as diversity of knowledge, skills and experience. In general, the Nominating and Corporate Governance Committee seeks director nominees with the talents and backgrounds that provide the Board of Directors with an appropriate mix of knowledge, skills and experience for the needs of our business. The Nominating and Corporate Governance Committee and the Board of Directors discuss the

composition of directors on our Board, including diversity of background and experience, as part of the annual Board evaluation process.

#### *Process for Identifying and Evaluating Director Nominees*

Our Board of Directors delegates the selection and nomination process to the Nominating and Corporate Governance Committee, with the expectation that other members of the Board of Directors, and of management, will be requested to take part in the process as appropriate. Generally, the Nominating and Corporate Governance Committee identifies candidates for director nominees in consultation with management, through the use of search firms or other advisors, through the recommendations submitted by stockholders or through such other methods as the Nominating and Corporate Governance Committee deems to be helpful to identify candidates. Once candidates have been identified, the Nominating and Corporate Governance Committee confirms that the candidates meet all of the minimum qualifications for director nominees established by the Nominating and Corporate Governance Committee.

The Nominating and Corporate Governance Committee may gather information about the candidates through interviews, detailed questionnaires, comprehensive background checks or any other means that the Nominating and Corporate Governance Committee deems to be helpful in the evaluation process. The Nominating and Corporate Governance Committee then meets as a group to discuss and evaluate the qualities and skills of each candidate, both on an individual basis and taking into account the overall composition and needs of our Board of Directors. Based on the results of the evaluation process, the Nominating and Corporate Governance Committee recommends candidates for the Board of Directors' approval as director nominees for election to our Board of Directors. The Nominating and Corporate Governance Committee also recommends candidates to the Board of Directors for appointment to the committees of the Board of Directors.

#### *Procedures for Recommendation of Director Nominees by Stockholders*

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The Nominating and Corporate Governance Committee will consider director nominee candidates who are recommended by our stockholders.

Stockholders, in submitting recommendations to the Nominating and Corporate Governance Committee for director nominee candidates, shall follow the procedures described below.

Generally, the Nominating and Corporate Governance Committee must receive any such recommendation for nomination not later than the close of business on the 120th day nor earlier than the close of business on the 150th day prior to the first anniversary of the date the proxy statement was delivered to stockholders in connection with our preceding year's annual meeting.

All recommendations for nomination must be in writing and include the following:

name and address of the stockholder making the recommendation, as they appear on our books and records, and of such record holder's beneficial owner;

number of shares of our capital stock that are owned beneficially and held of record by such stockholder and such beneficial owner;

name of the individual recommended for consideration as a director nominee;

all other information relating to the recommended candidate that would be required to be disclosed in solicitations of proxies for the election of directors or is otherwise required, in each case pursuant to Regulation 14A under the Exchange Act, including the recommended candidate's written consent to being named in the proxy statement as a nominee and to serving as a director if approved by our Board of Directors and elected; and

a written statement from the stockholder making the recommendation stating why such recommended candidate meets Citrix's criteria and would be able to fulfill the duties of a director.

Nominations must be sent to the attention of our Secretary by one of the two methods listed below:

By U.S. mail (including courier or expedited delivery service) to:

Citrix Systems, Inc.

851 West Cypress Creek Road

Fort Lauderdale, FL 33309

Attn: Secretary of Citrix Systems, Inc.

By facsimile to: (954) 267-2862

Attn: Secretary of Citrix Systems, Inc.

Our Secretary will promptly forward any such nominations to the Nominating and Corporate Governance Committee. As a requirement to being considered for nomination to our Board of Directors, a candidate will need to comply with the following minimum procedural requirements:

a candidate must undergo a comprehensive private investigation background check by a qualified firm of our choosing;

a candidate must complete a detailed questionnaire regarding his or her experience, background and independence; and

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a candidate must submit to our Board of Directors a statement to the effect that (1) if elected, he or she will tender promptly following his or her election an irrevocable resignation effective upon his or her failure to receive the required vote for re-election at the next meeting at which he or she would face re-election, and (2) upon acceptance of his or her resignation by our Board of Directors, in accordance with our Corporate Governance Guidelines, he or she shall resign as a member of the Board of Directors.

Once the Nominating and Corporate Governance Committee receives the nomination of a candidate and the candidate has complied with the minimum procedural requirements above, such candidacy will be evaluated and a recommendation with respect to such candidate will be delivered to our Board of Directors.



**Policy Governing Security Holder Communications with our Board of Directors**

Our Board of Directors provides to every security holder the ability to communicate with the Board of Directors as a whole and with individual directors on the Board of Directors through an established process for security holder communication as follows:

For communications directed to our Board of Directors as a whole, security holders may send such communications to the attention of the Chairperson of the Board of Directors by one of the two methods listed below:

By U.S. mail (including courier or expedited delivery service) to:

Citrix Systems, Inc.

851 West Cypress Creek Road

Fort Lauderdale, FL 33309

Attn: Chairperson of the Board of Directors,

c/o Secretary

By facsimile to: (954) 267-2862

Attn: Chairperson of the Board of Directors, c/o Secretary

For security holder communications directed to an individual director in his or her capacity as a member of our Board of Directors, security holders may send such communications to the attention of the individual director by one of the two methods listed below:

By U.S. mail (including courier or expedited delivery service) to:

Citrix Systems, Inc.

851 West Cypress Creek Road

Fort Lauderdale, FL 33309

Attn: [Name of the director], c/o Secretary

By facsimile to: (954) 267-2862

Attn: [Name of the director], c/o Secretary

We will forward any such security holder communication to the Chairperson of the Board of Directors, as a representative of the Board of Directors, or to the director to whom the

communication is addressed, on a periodic basis. We will forward such communications by certified U.S. mail to an address specified by each director and the Chairperson of the Board of Directors for such purposes or by secure electronic transmission.

**Policy Governing Director Attendance at Annual Meetings of Stockholders**

We conduct an Annual Meeting of Stockholders, and all directors are offered the opportunity to attend at our expense. Five members of the Board of Directors attended our Annual Meeting of Stockholders held in 2010.

**Board of Directors Evaluation Program and Succession Planning**

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Our Board of Directors annually undertakes a formal evaluation process consisting of an overall Board of Directors evaluation, committee evaluations, and peer evaluations by each member. As part of the evaluation process, our Board of Directors assesses its structure, processes, culture and effectiveness. The evaluation process also includes consideration of the appropriate Board size, committee composition and the technical, business and organizational skills required of future Board members.

### **Code of Ethics**

We have adopted a code of ethics, as defined by regulations promulgated under the Securities Act of 1933, as amended, and the Exchange Act, that applies to all of our directors and employees worldwide, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. A current copy of our Code of Business Conduct is available in the Corporate Governance section of our website at

<http://www.citrix.com/site/aboutCitrix/governance/>. A copy of our Code of Business Conduct may also be obtained, free of charge, upon a request directed to: Citrix Systems, Inc., 851 West Cypress Creek Road, Fort Lauderdale, Florida 33309, Attention: Investor Relations. We intend to disclose any amendment to or waiver of a provision of our Code of Business Conduct that applies to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, by posting such information on our website available at

<http://www.citrix.com/site/aboutCitrix/governance/>.

For more corporate governance information, you are invited to access the Corporate Governance section of our website available at

<http://www.citrix.com/site/aboutCitrix/governance/>.

### **Risk Oversight**

Assessing and managing risk is the responsibility of Citrix's management. Our Board of Directors oversees and reviews certain aspects of our risk management efforts. Our Board of Directors is involved in risk oversight through direct decision-making authority with respect to significant matters and the oversight of management by the Board of Directors and its committees. Among other areas, the Board is directly involved in overseeing risks related to our overall corporate strategy, including product, go-to-market and sales strategy, executive officer succession, business continuity, crisis preparedness and competitive and reputational risks.

The committees of the Board execute their oversight responsibility for risk management as follows:

The Audit Committee has responsibility for overseeing our internal financial and accounting controls, work performed by our independent registered public accounting firm and our internal audit function. As part of its oversight function, the Audit Committee regularly discusses with management and our independent registered public accounting firm our major financial and controls-related risk exposures and steps that management has taken to monitor and control such exposures. In addition, we have, under the supervision of the Audit Committee, established procedures available to all employees for the anonymous and confidential submission of complaints relating to any matter to encourage employees to report questionable activities directly to our senior management and the Audit Committee.

The Finance Committee is responsible for overseeing risks related to our investments, financing activities and world-wide insurance programs.

The Compensation Committee is responsible for overseeing risks related to our cash and equity-based compensation programs and practices as well as for evaluating whether our compensation plans encourage participants to take excessive risks that are reasonably likely to have a material adverse effect on Citrix. For a detailed discussion of our efforts to manage compensation related risks, see *Compensation Related Risk Assessment*.

The Nominating and Corporate Governance Committee is responsible for overseeing risks related to the composition and structure of our Board of Directors and its committees and our corporate governance. In this regard, the Nominating and Corporate Governance Committee conducts an annual evaluation of the Board and its committees, plans for Board member and executive officer succession and reviews transactions between Citrix and our officers, directors, affiliates of officers and directors or other related parties for conflicts of interest.

The Strategy Committee is responsible for overseeing risks related to our significant strategic transactions, including mergers and acquisitions and licensing transactions.

Currently, the roles of Chairman of the Citrix Board of Directors and CEO are held by separate individuals. We believe that this leadership structure helps facilitate the Board's risk oversight function. For example, our CEO, in his dual role as the member of management responsible for setting the overall strategic direction of Citrix and as a member of the Board, can provide valuable insight to the Board concerning the strategic risks facing Citrix while our independent Chairman provides independent leadership of the Board's risk oversight responsibilities.

In 2010, we instituted an Enterprise Risk Management, or ERM, program to more formally identify, scope, communicate and manage risks across Citrix. Our Senior Director of Internal Audit facilitates the ERM program through a cross-functional committee acting with executive sponsorship. The ERM committee's key functions are to assess and prioritize risks that we face and to monitor certain of our risk management programs as part of our strategic planning process. Annually the Audit Committee receives a report concerning our ERM efforts.



### Compensation Related Risk Assessment

We believe that our executive and employee compensation plans are appropriately structured so as not to incent excessive risk taking and are not reasonably likely to have a material adverse effect on our business. In particular, the Compensation Committee considered the following aspects of our compensation plans and policies when evaluating whether our plans and policies encourage our executives and employees to take unreasonable risks:

Our base salary component of compensation does not encourage risk taking because it is a fixed amount.

Our Board of Directors annually approves a corporate operating plan with goals that it believes are appropriate and reasonable in light of past performance and current market conditions. Our annual operational plan is the basis for the performance targets in our annual variable cash compensation plans.

For our variable cash compensation plans, awards are based on the achievement of at least two objective performance measures, thus diversifying the risk associated with any single indicator of performance.

For our variable cash compensation plans, we select performance measures that we believe are less susceptible to manipulation than other performance measures that we could select (for example, earnings per share).

We model amounts payable under proposed variable cash compensation plan structures against various scenarios and assess those payouts as a percentage of non-GAAP earnings per share, non-GAAP corporate operating income and other variables.

All of our executive and corporate variable cash compensation plans are capped at 200% of target awards so as to prevent award payments in excess of specific returns to the business and our stockholders, even if we dramatically exceed our performance or financial targets.

We use restricted stock units as well as stock options for equity awards to provide a balanced equity portfolio to our executives creating a level of diversification to withstand market fluctuations that might incent unreasonable risk taking if holdings were limited to one form of equity.

Assuming achievement of a threshold level of performance, payouts under our performance-based plans result in some compensation at levels below full target achievement, rather than an all-or-nothing approach, which could engender excessive risk taking.

We have implemented a performance-vesting restricted stock unit program that awards our executives with restricted stock units based on operational performance consistent with our annual operating plan. This program is capped at 125% of target awards to prevent excessive compensation or risk taking on the part of the participants.

We have implemented a Long Term Incentive Plan which awards our executives with restricted stock units based on the performance of our common stock over a three-year period providing executives with strong incentives to increase stockholder value over the long-term. Stock performance targets are relative, and the plan is capped at 200% of target awards to prevent excessive compensation or risk taking on the part of the participants.

The Compensation Committee, or in the case of our President and Chief Executive Officer, the independent members of our Board of Directors, determine achievement levels under our variable cash compensation plan and performance-vesting restricted stock unit awards after reviewing the company's and the executives' performance.

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Our executive stock ownership policy requires executives to hold significant levels of stock, which aligns an appropriate portion of their personal wealth to our long-term performance.

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**OUR BOARD OF DIRECTORS AND ITS COMMITTEES**

**Board of Directors**

Our Board of Directors met nine times during the year ended December 31, 2010. Each of the directors attended at least 75% of the aggregate of the total number of meetings of our Board of Directors and the total number of meetings of all committees of our Board of Directors on which he or she served during fiscal 2010. Our Board of Directors has standing Audit, Compensation, Finance, Nominating and Corporate Governance and Strategy committees. Each committee has a written charter that has been approved by the Board of Directors. Each committee reviews the appropriateness of its charter at least annually.

**Audit Committee**

The Audit Committee of our Board of Directors currently consists of Messrs. Demo (Chair), Dow, Hirji and Sullivan, each of whom served on the Audit Committee throughout 2010. Our Board of Directors has determined that each member of the Audit Committee meets the independence requirements promulgated by Nasdaq and the SEC, including Rule 10A-3(b)(1) under the Exchange Act. In addition, our Board of Directors has determined that each member of the Audit Committee is financially literate and that Mr. Demo qualifies as an audit committee financial expert under the rules of the SEC. Stockholders should understand that this designation is a disclosure requirement of the SEC related to Mr. Demo's experience and understanding with respect to certain accounting and auditing matters. The designation does not impose upon Mr. Demo any duties, obligations or liability that are greater than are generally imposed on him as a member of the Audit Committee and the Board of Directors, and his designation as an audit committee financial expert pursuant to this SEC requirement does not affect the duties, obligations or liability of any other member of the Audit Committee or the Board of Directors.

The Audit Committee met ten times during the year ended December 31, 2010. The Audit Committee operates under a written charter adopted by our Board of Directors, a current copy of which is available in the Corporate Governance section of our website at

<http://www.citrix.com/site/aboutCitrix/governance/>.

As described more fully in its charter, the Audit Committee oversees our accounting and financial reporting processes, internal controls and audit functions. In fulfilling its role, the Audit Committee:

reviews the financial reports and related disclosure provided by us to the SEC, our stockholders or the general public;

reviews our internal financial and accounting controls;

oversees the appointment, compensation, retention and work performed by any independent registered public accounting firms we engage;

oversees procedures designed to improve the quality and reliability of the disclosure of our financial condition and results of operations;

oversees our internal audit function;

serves as the Qualified Legal Compliance Committee of Citrix in accordance with Section 307 of the Sarbanes-Oxley Act of 2002, and the rules and regulations promulgated by the SEC thereunder;

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recommends, establishes and monitors procedures designed to facilitate (1) the receipt, retention and treatment of complaints relating to accounting, internal accounting controls or auditing matters, and (2) the receipt of confidential, anonymous submissions by employees of concerns regarding questionable accounting or auditing matters;

engages advisors as necessary; and

determines the funding from us that is necessary or appropriate to carry out the Audit Committee's duties.

### **Finance Committee**

The Finance Committee of the Board of Directors currently consists of Messrs. Demo (Chair), Dow, Hirji and Sullivan, each of whom served on both the Finance Committee and the Audit Committee throughout 2010. The Finance Committee advises the Board of Directors and, in certain instances, acts on behalf of our Board of Directors, on matters relating



to our investment policies, financing activities and world-wide insurance programs.

Our Board of Directors has determined that each member of the Finance Committee meets the independence requirements promulgated by Nasdaq. Because the members of the Finance Committee serve on the Audit Committee, the Finance Committee met jointly with the Audit Committee once during the year ended December 31, 2010 to, among other items, review our investment policy. The Finance Committee operates under a written charter adopted by our Board of Directors, a current copy of which is available at the Corporate Governance section of our website at

<http://www.citrix.com/site/aboutCitrix/governance/>.

### **Compensation Committee**

The Compensation Committee currently consists of Messrs. Bogan and Morin (Chair), and Ms. Caldwell, each of whom served on the Compensation Committee throughout 2010. The Compensation Committee is responsible for determining and making recommendations with respect to all forms of compensation to be granted to our executive officers and producing an annual report on executive compensation for inclusion in the proxy statement for our annual meeting of stockholders in accordance with applicable rules and regulations.

In fulfilling its role, the Compensation Committee also:

reviews and makes recommendations to our management on company-wide compensation programs and practices;

approves the salary, variable cash, equity-based and other compensation arrangements of our senior executive officers reporting directly to our President and Chief Executive Officer;

recommends, subject to approval by the entire Board of Directors, the salary, variable cash, equity-based and other compensation arrangements of our President and Chief Executive Officer;

appoints, retains, terminates and oversees the work of any independent experts and consultants and reviews and approves the fees and retention terms for such consultants;  
establishes policies and procedures for the grant of equity-based awards and periodically reviews our equity award grant policy;

recommends, subject to approval by the entire Board of Directors, any equity-based plans and any material amendments to those plans;

evaluates whether our compensation plans encourage participants to take excessive risks that are reasonably likely to have a material adverse effect on Citrix;

evaluates our compensation philosophy and reviews actual compensation for consistency with our compensation philosophy; and

reviews and recommends for inclusion in our annual proxy statement the Compensation Discussion and Analysis section.

The Compensation Committee has the authority to engage its own outside advisors, including experts in particular areas of compensation, as it determines appropriate, apart from counsel or advisors hired by management. In 2010, the Compensation Committee retained Radford Consulting, an independent compensation consultant, which we refer to as Radford, to assist the committee in evaluating the compensation of our executive officers and directors. Our Corporate Governance Guidelines provide that any independent compensation consultant, such as Radford, engaged by the Compensation Committee works for the Compensation Committee, not our management, with respect to executive and director compensation matters. Please read the *Compensation Discussion and Analysis* included in this Proxy Statement for additional information on the role of Radford in the compensation review process.

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Our Board of Directors has determined that each of the members of the Compensation Committee is independent as defined by the Nasdaq rules. In addition, each member of the Compensation Committee is an "outside director" as defined in Section 162(m) of the Internal Revenue Code, and is a "non-employee" director as defined under Section 16 of the Exchange Act.

The Compensation Committee met seven times during the year ended December 31, 2010. The

Compensation Committee operates under a written charter adopted by our Board of Directors, a current copy of which is available in the Corporate Governance section of our website at

<http://www.citrix.com/site/aboutCitrix/governance/>.

#### **Nominating and Corporate Governance Committee**

The Nominating and Corporate Governance Committee of our Board of Directors currently consists of all of our independent directors, Messrs. Bogan (Chair), Demo, Dow, Hirji, Morin, Sullivan and Ms. Caldwell, each of whom served on the Nominating and Corporate Governance Committee throughout 2010.

The Nominating and Corporate Governance Committee:

reviews and makes recommendations to our Board of Directors regarding the Board of Directors composition and structure;

establishes criteria for membership on the Board of Directors and evaluates corporate policies relating to the recruitment of members of the Board of Directors;

recommends to our Board of Directors the nominees for election or re-election as directors at our Annual Meeting of Stockholders;

reviews policies and procedures with respect to transactions between Citrix and our officers, directors, affiliates of officers and directors or other related parties; and

establishes, implements and monitors policies and processes regarding principles of corporate governance in order to assist the Board of Directors in complying with its fiduciary duties to us and our stockholders. As described above in the section entitled *Policies Governing Director Nominations*, the Nominating and Corporate Governance Committee will consider nominees recommended by stockholders.

Our Board of Directors has determined that each member of the Nominating and Corporate Governance Committee meets the independence requirements promulgated by Nasdaq. The Nominating and Corporate Governance Committee

met three times during the year ended December 31, 2010. The Nominating and Corporate Governance Committee operates under a written charter adopted by our Board of Directors, a current copy of which is available at the Corporate Governance section of our website at

<http://www.citrix.com/site/aboutCitrix/governance/>.

#### **Strategy Committee**

The Strategy Committee currently consists of Messrs. Bogan, Demo and Dow (Chair). The Strategy Committee is responsible for overseeing matters relating to potential mergers, acquisitions, divestitures and other key strategic transactions outside the ordinary course of our business.

In fulfilling its role, the Strategy Committee also:

reviews, and provides guidance to management and our Board of Directors with respect to, our strategy for corporate strategic transactions;

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assists management and our Board of Directors with the review of proposals made by management for corporate strategic transactions, when and as appropriate;

periodically reviews with management prospective candidates for corporate strategic transactions, when and as appropriate;

reviews periodic reports from management on completed corporate strategic transactions;

reviews, considers and makes recommendations to our Board of Directors regarding corporate strategic transactions having a transaction price as estimated by management to be greater than that delegated to management under any delegation of authority from our Board of Directors;

provides periodic reports to our Board of Directors of any corporate strategic transactions being considered, or authorized and approved, by management;

notifies the Nominating and Corporate Governance Committee of our Board of Directors of any conflict of interest or related party transaction that comes to the

attention of the Committee in the exercise of its duties under the charter;

reviews and assesses the adequacy of the charter periodically as conditions dictate and recommends any modifications to the charter, if and when appropriate, to our Board of Directors for its approval;

is authorized to appoint, retain, terminate and oversee the work of any advisors and approve such advisors' fees and retention terms; and

performs any other activities or responsibilities as may be delegated to the Committee, from time to time, by our Board of Directors. Our Board of Directors has determined that each member of the Strategy Committee meets the independence requirements promulgated by Nasdaq. The Strategy Committee met twice during the year ended December 31, 2010. The Strategy Committee operates under a written charter adopted by our Board of Directors, a current copy of which is available at the Corporate Governance section of our website at

<http://www.citrix.com/site/aboutCitrix/governance/>.

For more corporate governance information, you are invited to access the Corporate Governance section of our website available at

<http://www.citrix.com/site/aboutCitrix/governance/>.

#### **Report of the Audit Committee of the Board of Directors**

This report is submitted by the Audit Committee of the Board of Directors. The Audit Committee currently consists of Messrs. Demo (Chair), Dow, Hirji and Sullivan, each of whom served on the Audit Committee throughout 2010. The Board of Directors has determined that each member of the Audit Committee meets the independence requirements promulgated by Nasdaq and the SEC, including Rule 10A-3(b)(1) under the Exchange Act. Mr. Demo qualifies as an audit committee financial expert under the rules of the SEC. In May 2010, the Audit Committee reviewed the adequacy of its charter. In accordance with the Sarbanes-Oxley Act, the Audit Committee has ultimate authority and responsibility to select, compensate, evaluate and, when appropriate, replace Citrix's independent registered public accountants. The Audit Committee has the

authority to engage its own outside advisors, including experts in particular areas of accounting, as it determines appropriate, apart from counsel or advisors hired by management.

During the year ended December 31, 2010, Citrix's independent registered public accounting firm was Ernst & Young LLP. Ernst & Young was responsible for performing an independent audit of Citrix's consolidated financial statements and an independent audit of the effectiveness of Citrix's internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board, or PCAOB. Ernst & Young also performed audit-related services, tax services and other permissible non-audit services for Citrix during 2010, as described more fully below.

The Audit Committee oversees the accounting and financial reporting processes of Citrix and the audits of the consolidated financial statements of Citrix on behalf of the Board of Directors. Management has the primary responsibility for the consolidated financial statements and the reporting process, including Citrix's systems of internal controls. In fulfilling its oversight responsibilities, the Audit Committee reviewed with management the audited consolidated financial statements in Citrix's Annual Report on Form 10-K for the year ended December 31, 2010, and discussed with management the quality, not just the acceptability, of the accounting principles, the reasonableness of significant estimates and judgments, critical accounting policies and accounting estimates resulting from the application of these policies, and the substance and clarity of disclosures in the financial statements, and reviewed Citrix's disclosure controls and procedures and internal control over financial reporting. The Audit Committee reviewed with Ernst & Young, who is responsible for expressing an opinion on the fairness of Citrix's consolidated financial statements in conformity with accounting principles generally acceptable in the United States, Ernst & Young's judgments as to the quality, not just the acceptability, of Citrix's accounting principles and such other matters as independent registered public accountants are required to discuss with the Audit Committee under auditing standards of the PCAOB. In addition, the Audit Committee has reviewed the services provided by Ernst & Young and discussed with Ernst & Young its independence from management and Citrix,

including the matters in the written disclosures required by PCAOB Rule 3526 and considered the compatibility of non-audit services with the registered public accountants' independence.

The Audit Committee discussed with Ernst & Young the overall scope and plan for their annual audit for 2010. The Audit Committee met separately with Ernst & Young in its capacity as Citrix's independent registered public accountants, with and without management present, to discuss the results of Ernst & Young's procedures, its evaluations of Citrix's internal control over financial reporting, and the overall quality of its financial reporting, as applicable.

The Audit Committee has reviewed Citrix's audited consolidated financial statements at December 31, 2010 and 2009 and for each of the years in the three-year period ended December 31, 2010 and has discussed them with both management and Ernst & Young. In connection with Citrix's Annual Report on Form 10-K for the year ended December 31, 2010, the Audit Committee discussed with management the results of our certification process relating to the certification of financial statements under Sections 302 and 906 of the Sarbanes-Oxley Act. The Audit Committee has also discussed with Ernst & Young the matters required to be discussed by Statement on Auditing Standards No. 61, as amended by AICPA, Professional Standards, Vol. 1. AU section 380 as adopted by PCAOB in Rule 3200T, as may be modified or supplemented. This discussion included, among other things, a review with management of the quality of its accounting principles, the reasonableness of significant estimates and judgments, and the clarity of disclosure in Citrix's financial statements, including the disclosures related to its critical accounting policies and practices. Based on the Audit Committee's review of the financial statements and these discussions, it concluded that it would be reasonable to recommend, and on that basis did recommend, to the Board of Directors the audited consolidated financial statements included in Citrix's Annual Report on Form 10-K for the year ended December 31, 2010.

The Audit Committee also reviewed Citrix's quarterly financial statements during 2010 and discussed them with both Citrix's management and Ernst & Young prior to including such interim financial statements in Citrix's quarterly reports on Form 10-Q. In connection with Citrix's quarterly

reports on Form 10-Q for Citrix's first, second and third fiscal quarters of 2010, the Audit Committee discussed with management the results of Citrix's certification process relating to the certification of financial statements under Sections 302 and 906 of the Sarbanes-Oxley Act.

During the course of the year ended December 31, 2010, management completed the documentation, testing and valuation of Citrix's system of internal control over financial reporting in response to the requirements set forth in Section 404 of the Sarbanes-Oxley Act and related regulations. The Audit Committee was kept apprised of the progress of the evaluation and provided oversight and advice to management during the process. In connection with this oversight, the Audit Committee received periodic updates provided by management and Ernst & Young at Audit Committee meetings held throughout the year. At the conclusion of the process, management provided the Audit Committee with, and the Audit Committee reviewed, a report on the effectiveness of Citrix's internal control over financial reporting. The Audit Committee also reviewed the report of management contained in Citrix's Annual Report on Form 10-K for the year ended December 31, 2010 filed with the SEC, as well as Ernst & Young's Reports of Independent Registered Public Accounting Firm included in Citrix's Annual Report on Form 10-K related to its audits of Citrix's consolidated financial statements and financial statement schedule and the effectiveness of internal control over financial reporting. The Audit Committee continues to oversee Citrix's efforts related to its internal control over financial reporting and management's preparations for the evaluation in the fiscal year ending December 31, 2011.

The Audit Committee monitors the activity and performance of Ernst & Young. All services provided by Ernst & Young have been pre-approved by the Audit Committee. The Audit Committee's evaluation of the performance of Ernst & Young included, among other things, the amount of fees paid to Ernst & Young for audit and permissible non-audit services in 2010. Information about Ernst & Young's fees for 2010 is discussed below in this Proxy Statement under *Ratification and Appointment of Independent Registered Public Accounting Firm*.

No portion of this Audit Committee Report shall be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended,

or the Securities Exchange Act of 1934, as amended, through any general statement incorporating by reference in its entirety the Proxy Statement in which this report appears, except to the extent that Citrix specifically incorporates this report or a portion of it by reference. In addition, this report shall not be deemed filed under either the Securities Act or the Exchange Act.

Respectfully submitted by the Audit Committee,

Murray J. Demo (Chair)

Stephen M. Dow

Asiff S. Hirji

Godfrey R. Sullivan

## EXECUTIVE AND DIRECTOR COMPENSATION

### Compensation Discussion and Analysis

#### *Purpose of Compensation Discussion and Analysis*

This Compensation Discussion and Analysis provides comprehensive information about the 2010 compensation for the following executive officers (who we refer to as our Named Executive Officers):

Mark B. Templeton, President and Chief Executive Officer

David J. Henshall, Senior Vice President and Chief Financial Officer

Alvaro J. Monserrat, Senior Vice President, Sales and Services

Brett M. Caine, Senior Vice President, Online Services Division

John Gordon Payne, Senior Vice President, Desktop Division

#### *Objectives of Our Executive Compensation Programs*

The compensation that we offer our executives is designed to reflect our principles of integrity, fairness and transparency concepts that have continually underscored the design and delivery of the compensation opportunity at Citrix. We believe our compensation programs should emphasize sustainable corporate growth through a pay-for-performance orientation and a commitment to both operational and organizational execution. We also believe that lavish perquisites, excessive severance, and bonuses unrelated to performance are inconsistent with our executive compensation principles. Furthermore, while the establishment of variable compensation targets for our executives necessarily involves judgment, the actual payouts against those targets are based on pre-determined, objective financial criteria reflective of our annual operating plan and indicative of positive business growth.

Over the last decade, the objectives of our executive compensation programs have been to:

provide competitive compensation that attracts, motivates and retains high-performing talent; and

align the long-term interests of management with those of our stockholders by linking a significant portion of total cash and equity compensation to financial performance and/or the achievement of strategic goals.

These objectives still hold true today and are reflected in the compensation decisions we made in 2010. We believe that our executive compensation program played a meaningful role in helping us achieve strong financial performance in 2010.

#### *Year in Review*

We achieved strong results in 2010, both in terms of our financial performance and the achievement of certain key strategic objectives for our company. Among the strategic objectives that we accomplished in 2010 were the following:



furthered our leadership position in the Desktop Virtualization market;

accelerated our Cloud Solutions business;

increased our market share in the web collaboration market;

increased sales of our Desktop Solutions, both through direct and indirect sales channels; and

expanded our brand awareness in the virtualization, networking and cloud computing spaces, raising our presence as a strategic vendor.

We believe that our success in meeting these strategic objectives, as well as our continued focus on delivering innovative and high-value solutions, helped us to achieve our strong financial results for the year. For fiscal year 2010, our annual revenues increased approximately 16.1% to \$1.87 billion, as compared to \$1.61 billion in the previous year. Net income for 2010 was \$277 million, or \$1.46 per diluted share, compared to \$191 million, or \$1.03 per diluted share in 2009. Our strong earnings and operational performance helped drive a cash and marketable securities balance at the end of 2010 of \$1.7 billion, an increase of 39.6% over the prior year end. As a result, we had the flexibility to repurchase over 8 million, or about 4%, of our outstanding shares. Our total stockholder returns over the prior one, three and five year periods were 64%, 80% and 138%, respectively. Overall, our 2010 business performance demonstrates the growing momentum in our core growth markets and excellence in execution.

As in prior years, we followed our established annual process of compensation analysis and planning, continued our practice of full Board engagement in the evaluation and compensation review of our President and Chief Executive Officer, and made no discretionary adjustments in performance targets. In 2010, we looked to focus our executives on our strategy of profitable growth and to retain our high performing executive team. Because of our historical success and the unique skills of our executives in the new and meaningful virtualization markets, our executives are highly attractive candidates for roles at larger companies or more senior roles at smaller companies. Therefore, in 2010, we modestly increased the base salaries and variable cash compensation potential for our executive officers, keeping in mind Citrix's performance in 2009 and the executive-level salary freeze that was in effect in 2009.

At the same time that we made these changes, we also raised our targets for performance-based compensation, reweighted the financial targets in our variable cash compensation program so as to more strongly emphasize revenue achievement, and redesigned the payout slopes of our variable cash compensation program to reward overachievement and more heavily penalize underachievement. In addition, we decided not to utilize a management-by-objective, or MBO, component in

our variable cash compensation program. As a result, the performance-based components of our compensation program in 2010 were aligned strictly with financial results. Finally, in order to enhance retention and focus our executives on the long-term sustainability of our business, we granted our executive officers a special service-based restricted stock unit award that vests in its entirety three years from the date of the award. We believe these measures ensured that the compensation packages for 2010 remained consistent with our strategy of profitable growth and the alignment of interests between our executives and our stockholders.

#### *Elements of Compensation*

The elements of compensation that the Compensation Committee uses to accomplish our objectives include:

base salary;

variable cash compensation;

equity-based long-term incentives; and

benefits.

The Compensation Committee considered each of these items in determining the individual compensation package for our executive officers.

### *Compensation Evaluation Processes and Criteria*

#### *Evaluation Process*

The compensation packages for our executive officers are reviewed by the Compensation Committee and include an analysis of all elements of compensation separately and in the aggregate. In establishing compensation levels for each executive officer, the Compensation Committee has the authority to engage the services of outside experts to assist it. In 2010, Radford Consultants, a global compensation services firm, was retained to provide advisory services to aid the Compensation Committee in its oversight of executive compensation. In addition, our legal, finance and human resources departments support the Compensation Committee in its work and act in accordance with the direction given to them to administer our compensation programs.

Throughout 2010, the Compensation Committee held meetings with management, our human resources department and representatives of Radford to:

review our compensation objectives;

review the actual compensation of our executive officers for consistency with our objectives;

analyze trends in executive compensation;

assess our variable cash compensation structure, as well as the plan components and mechanics, to ensure an appropriate correlation between pay and performance with resulting compensation opportunities that balance returns to the business and stockholders. Among other things, this included modeling amounts payable under proposed plan structures against various scenarios and assessing those payouts as a percentage of non-GAAP earnings per share and non-GAAP corporate operating income and other variables;

assess our equity-based awards programs against our objectives of executive incentive, retention and alignment with stockholder interests;

benchmark our executive cash compensation and equity-based awards programs, and assess our pay versus performance against our peer group; and

review recommendations for 2010 compensation for appropriateness relative to our compensation objectives.

Beginning in November 2009, and at several meetings throughout the first quarter of 2010, the Compensation Committee reviewed proposed compensation programs and packages for our executive officers for 2010, which were prepared by management and evaluated by our finance department for consistency with our operating plan. In March 2010, the Compensation Committee approved the proposed 2010 Variable Cash Compensation Plan and also approved individual compensation packages for our executive officers, and recommended to the Board of Directors a compensation package for our President and Chief Executive Officer. Thereafter the package recommended by the Compensation Committee was approved by our Board of Directors.

#### *Evaluation Criteria*

In determining the amount and mix of the target compensation elements, the Compensation Committee relies upon its judgment about the scope and strategic impact of each individual executive officer's role. In setting final compensation targets for our executive officers in 2010, the Compensation Committee considered many factors, including:

the performance and experience of each individual;

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the scope and strategic impact of the executive officer's responsibilities;

our past business and segment performance and future expectations;

our long-term goals and strategies;

past compensation levels of each individual and of our executives as a group;

relative levels of compensation among the officers;

the amount of each compensation component in the context of the executive officer's total compensation and other benefits;

for each executive officer, other than our President and Chief Executive Officer, the evaluations and recommendations of our President and Chief Executive Officer and each executive officer's self-evaluation;

the amount of each compensation component in the context of the executive officer's total compensation and other benefits;

for each executive officer, other than our President and Chief Executive Officer, the evaluations and recommendations of our President and Chief Executive Officer and each executive officer's self-evaluation;

for our President and Chief Executive Officer, his self-evaluation and the evaluations of each of his direct reports and from each member of our Board of Directors; and

the competitiveness of the compensation packages relative to the selected benchmarks as highlighted by the independent compensation consultant's analysis.

***Role of the Independent Compensation Consultant***

During 2010, Radford reported directly to the Compensation Committee for purposes of advising it on executive compensation matters. The Compensation Committee provided Radford with preliminary instructions regarding the goals of our compensation program and the parameters of the competitive review of executive total direct compensation packages to be conducted by Radford. In particular, for all executive officer positions, Radford was instructed to benchmark all components of compensation, including base salary, total target compensation (base salary plus variable cash compensation), total actual cash compensation and equity-based long-term incentive awards. Next, the Compensation Committee instructed Radford to review the public disclosure by our peer companies concerning their executive compensation practices and to review our internal compensation model and guidelines and compare them to our peer companies and actual compensation practices. Finally, Radford was instructed to test whether the compensation packages for each of our executive officers was competitive with the market and reasonable given our performance relative to our peers as measured by revenue growth, operating income growth, diluted earnings per share growth and total stockholder return, each on a one-and three-year basis.

Throughout the fourth quarter of 2009 and the first quarter of 2010, Radford attended meetings of the

Compensation Committee, both with and without members of management present, and interacted with members of our human resources department with respect to its assessment of the compensation packages of our executive officers. Once Radford, working in conjunction with our human resources department, completed its preliminary analysis of our executive compensation, they presented a report to the Compensation Committee in February 2010, and the Compensation Committee reviewed the analysis and provided Radford with feedback and further direction for follow-up analysis.

***Other Services Performed by Affiliates of Radford***

During 2010, our accounting department engaged Aon Consulting, an affiliate of Aon, Radford's parent company, as a resource to verify assumptions we use to determine the fair value of our equity-based awards. Additionally, our treasury department retained Aon to serve as our broker of record for our world-wide insurance lines. Finally, our human resources department engaged Radford for consulting services provided directly to our management. The Compensation Committee considered these fees paid to Radford and Aon and our policy on independence of the Compensation Committee's consultant, which is contained in our Corporate Governance Guidelines, and concluded that Radford is independent. The services purchased from Aon in

2010 were overseen by the Audit Committee of our Board of Directors and were not approved by the Compensation Committee. In total, fees paid to Aon during 2010 for services not related to Radford's work with our Compensation Committee were approximately \$329,400.

***Our Use of Benchmarks and Peer Group Analysis***

The Compensation Committee annually conducts a competitive analysis of the compensation paid to our executive officers and reviews the compensation practices of our peer group and of the software industry overall. As in prior years, the analysis for 2010 measured our compensation opportunities for executives and actual compensation paid against information from the following sources:

independent, commercially available surveys on executive compensation within the software industry, tailored to reflect our relative market capitalization and revenue, including:

i the Radford High Technology Executive Report;

i the Radford Sales Compensation Report; and

i the Radford International Compensation Report.

an internally-prepared benchmark analysis using commercially available survey data and information from publicly filed reports from a group of 17 peer technology companies, or the peer group, specifically identified by the Compensation Committee.

This peer group was limited to technology companies that are our competitors or those that are close comparisons in terms of sales, industry and/or market capitalization and who may compete with us for executive talent. Our Compensation Committee annually evaluates the composition of the peer group and adjusts the composition of the peer group for factors such as recent acquisitions of peer companies or new markets that we have entered. The companies in the 2010 peer group were:

Company Name	Ticker	Mkt Cap		FY End	
		as of March 31, 2011 (\$ in millions)	Revenues (\$ in millions)(1)	Assets (\$ in millions)	FY End Employees
Citrix Systems, Inc.	CTXS	\$ 14,067.6	\$ 1,874.7	\$ 3,703.6	5,637
Adobe Systems Inc.	ADBE	\$ 16,736.8	\$ 3,800.0	\$ 8,141.2	9,117
Autodesk Inc.	ADSK	\$ 10,052.7	\$ 1,713.7	\$ 2,447.2	6,800
BMC Software Inc.	BMC	\$ 9,029.0	\$ 1,911.2	\$ 4,137.6	6,100
CA Technologies	CA	\$ 12,425.2	\$ 4,353.0	\$ 11,838.0	13,800
Cognizant Technology Solutions Corp	CTSH	\$ 24,763.1	\$ 3,278.7	\$ 3,338.2	78,400
F5 Networks Inc	FFIV	\$ 8,292.8	\$ 882.0	\$ 1,362.2	2,012
Intuit Inc	INTU	\$ 16,864.3	\$ 3,455.0	\$ 5,198.0	7,700
Juniper Networks Inc	JNPR	\$ 22,509.5	\$ 4,093.3	\$ 8,467.9	8,772
McAfee, Inc.	MFE	(2)	\$ 1,927.0	\$ 3,963.2	6,100
Novell Inc	NOVL	\$ 2,084.9	\$ 811.9	\$ 2,226.0	3,400
Parametric Technology Corp	PMTI	\$ 2,650.6	\$ 1,010.0	\$ 1,307.1	5,317
Red Hat Inc	RHT	\$ 8,562.5	\$ 748.2	\$ 1,870.9	3,200
Riverbed Technology, Inc	RVBD	\$ 5,681.5	\$ 394.1	\$ 505.3	1,013
Salesforce.com Inc	CRM	\$ 17,752.8	\$ 1,305.6	\$ 2,460.2	3,969
Sybase Inc.	SY	(3)	\$ 1,170.6	\$ 2,467.9	3,819
Symantec Corp.	SYMC	\$ 14,811.4	\$ 5,985.0	\$ 11,232.0	17,400
Synopsys Inc.	SNPS	\$ 4,128.1	\$ 1,380.7	\$ 3,286.5	6,707
Verisign Inc.	VRSN	\$ 6,280.7	\$ 1,030.6	\$ 2,470.1	2,328
VMware, Inc.	VMW	\$ 34,105.9	\$ 2,857.3	\$ 6,797.3	9,000

(1) Fiscal year end or fiscal year data presented in the table above is for fiscal year 2010, with the exception of the data for Sybase (which is for fiscal year 2009) and Autodesk and Salesforce (which is for fiscal year 2011).

(2) Acquired by Intel in February, 2011.

(3) Acquired by SAP in July, 2010.

We use the benchmarks as one of several factors to determine appropriate compensation parameters for base salary, variable cash compensation and equity-based, long-term incentives. Our executive compensation decisions are made on a case-by-case basis, and specific benchmark results do not, in and of themselves, determine individual targets.

The Compensation Committee anticipates that it will continue to conduct similar annual reviews of our executive compensation practices and use independent outside consultants for similar services in the future.

### Components of Compensation

*Base Salary*

Salary levels for our executive officers are based on an analysis of compensation data reported for similar positions and roles for companies in our peer group. In determining the actual salaries and incentive targets provided to executives, we generally target the 50<sup>th</sup> percentile of salaries paid to executive officers with comparable responsibilities at the benchmarked peer group and surveyed companies and within the overall software and high technology industry. Whether individual compensation levels are below or above this position is determined largely by



the evaluation criteria mentioned above. In setting base salaries for our executive officers, other than our President and Chief Executive Officer, the Compensation Committee also considers the

recommendations of our President and Chief Executive Officer in addition to the factors described above.

Based on the objectives of our executive compensation programs, the evaluation criteria, Citrix's overall performance and other factors described above, the base salaries of our executive officers were increased, effective April 1, 2010, as follows:

	2009 Base Salary	2010 Base Salary	Increase
President and Chief Executive Officer	\$ 800,000	\$ 840,000	5.0%
Senior Vice President and Chief Financial Officer	\$ 435,000	\$ 485,000	11.5%
Senior Vice President, Sales and Services	\$ 375,000	\$ 410,000	9.3%
Senior Vice President, Online Services Division	\$ 325,000	\$ 350,000	7.7%
Senior Vice President, Desktop Division	\$ 325,000	\$ 350,000	7.7%

#### *Variable Cash Compensation*

Our variable cash compensation targets the 50<sup>th</sup> percentile of similar variable cash compensation provided to officers in similar positions at companies included in the selected benchmarks. For 2010, this translated into target awards that ranged from 75% to 112.5% of base salary, depending on the role of the executive and the other factors discussed above.

Our Variable Cash Compensation Plan is overseen by the Compensation Committee, and administrative tasks are delegated to management. Consistent with the way we calculate and publicly report our quarterly financial results, the financial targets and attainment levels for variable cash compensation are adjusted to exclude certain GAAP measurements, including amortization of intangible assets primarily related to business combinations, non-cash charges associated with the expensing of equity-based compensation, charges recorded in connection with our 2009 restructuring program and any other items adjusted from our GAAP results in our reported earnings. In addition, the Compensation Committee and our Board of Directors retain the discretion to decrease or increase payouts to account for extraordinary circumstances and to balance the interests of the plan participants with the interests of our stockholders. In 2010, the Compensation Committee did not adjust the resulting payouts under the Variable Compensation Plan or our 2010 performance based restricted stock unit awards discussed below.

Participants in our Variable Cash Compensation Plan received variable cash compensation awards for 2010

based upon the achievement of objective financial goals, including targets based on reported revenue and non-GAAP corporate operating margin. In prior years, awards to participants in our Variable Cash Compensation Plan were also based on achievement of MBOs relating to specific strategic, operational, organizational and individual goals that supported our annual corporate objectives. To align performance pay with strictly financial results, the Compensation Committee did not include an MBO component in the Variable Cash Compensation Plan in 2010.

To ensure the integrity of our operating plan, and to safeguard stockholder value, the payout levels under our Variable Cash Compensation Plan are designed to motivate performance that meets or exceeds our financial plan objectives while mitigating undue exposure for under-performance of these objectives. We rigorously test our plan design to ensure that the structure and possible outcomes do not create incentives for our executives to take unnecessary and excessive risks that would impact our long-term value.

Specifically, we model all potential award payouts generated by various performance attainment levels against corporate goals for revenue, non-GAAP earnings per share and non-GAAP corporate operating margin. We also model the likely impact on stockholder value based on achieving all possible revenue, non-GAAP earnings per share and corporate operating margin targets. We summarize this analysis in a heat map (please see the graphic below) which shows plan payouts for any combination of revenue (the *x* axis in the graphic below) and non-GAAP

corporate operating margin (the y axis in the graphic below) achievement. The dark gray area in the graphic below represents achievement which results in no payout under the Variable Cash Compensation Plan while the area of lightest gray represents the maximum payout under the plan of 200%. The medium gray rectangle in the middle of the graphic represents the area of actual plan payouts over the last five years. Our heatmap modeling helps to

inform threshold, target and maximum payout levels

for the plan and ensures that awards, when viewed relative to non-GAAP earnings per share and corporate operating margin goals, are consistent with our overall operating plan for the year and provide the right balance of compensation to our executives for actual results versus returns to the business and our stockholders.

For 2010, each executive's Variable Cash Compensation Plan award was based 100% on the achievement of financial targets established by the Compensation Committee, consistent with our annual operating plan. Our Variable Cash Compensation Plan weighted these financial components as follows:

60% for achieving a reported revenue target of \$1.814 billion; and

40% for achieving a non-GAAP corporate operating margin target of 25.0%.

This represents both substantial increases in the revenue and profitability performance targets when compared to the targets of the 2009 Variable Cash Compensation Plan as well as a reweighting of the financial targets so as to emphasize revenue achievement while maintaining the objective of profitable growth.

Our Variable Cash Compensation Plan provided for a premium in the event of overachievement of targets, capped at 200% of the target payout amount, and a reduction in the event of underachievement of targets, depending on actual results. The following

maximum performance amounts would have resulted in a payout of 200% of the target amount:

achievement of a reported revenue of \$2.039 billion; and

achievement of a non-GAAP corporate operating margin of 28.1%.

Our Variable Cash Compensation Plan also contained minimum performance requirements that needed to be met before any award could be earned, including

achievement of a reported revenue of no less than \$1.631 billion; and

achievement of a non-GAAP corporate operating margin of no less than 22.5%.

In addition, no payouts could occur under our Variable Cash Compensation Plan, if the company achieved less than \$1.75 of non-GAAP earnings per share in 2010.

When actual performance falls between the threshold and the target performance level or between the



target and maximum performance level, payouts are calculated using a graduated slope to provide for the fair distribution of operating profit for overachievement and appropriate compensation reductions for underachievement, as applicable.

These 2010 premiums for overachievement and penalties for underachievement result from a redesign of the payout slopes in our variable cash compensation plan when compared to the payout slopes of our past Variable Cash Compensation Plans. Overall, this redesign recognizes that, in a business of this scale, overachievement merits a

greater reward while underachievement should be more heavily penalized than was the case in our past plans.

*Target Cash Compensation Mix*

The Compensation Committee's decision to increase base salaries for 2010, and the targets set under our Variable Cash Compensation Plan resulted in the following target mix of cash compensation for our executive officers, expressed both as a percentage of total targeted cash compensation and in dollars:

	Target Cash Compensation Mix (\$ and % of Total Target Cash Compensation)					
	Base Salary		Target Variable Cash Compensation		Total Target Cash Compensation	
	(\$)	(%)	(\$)	(%)	(\$)	(%)
President and Chief Executive Officer	840,000	47.1	945,000	52.9	1,785,000	100.0
Senior Vice President and Chief Financial Officer	485,000	57.1	363,750	42.9	848,750	100.0
Senior Vice President, Sales and Services	410,000	50.0	410,000	50.0	820,000	100.0
Senior Vice President, Online Services Division	350,000	52.6	315,000	47.4	665,000	100.0
Senior Vice President, Desktop Division	350,000	57.1	262,500	42.9	612,500	100.0

*Determination of Awards*

Early in the first quarter of 2011, our Senior Vice President and Chief Financial Officer reviewed and approved the calculations of financial target attainment levels, which were based on, and consistent with, our publicly reported financial results for 2010, and the 2010 award amounts

payable to executive officers that were generated by members of our human resources department in accordance with the terms of our Variable Cash Compensation Plan. At a meeting held in February 2011, our Compensation Committee approved the payouts under our 2010 Variable Cash Compensation Plan, including approval of the following award calculations:

	Goal	Actual	Attainment (%)	Payout (%)	Weighting (%)	Weighted Payout (%)
			<i>(amounts are approximate due to rounding)</i>			
Revenue	\$ 1.814 billion	\$ 1.874 billion	103.3%	126.7%	60.0%	76.0%
Non-GAAP Operating Margin %	25.0%	26.2%	104.5%	135.9%	40.0%	54.4%
<b>Total Weighted Payout %</b>						<b>130.4%</b>

The table below summarizes the payments approved by our Compensation Committee under our Variable Cash Compensation Plan expressed both in dollars and as a percentage of the overall target award for

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2010. We paid each of the executive officers listed below his variable cash compensation award in the first quarter of 2011.

	<b>Target Variable Cash Compensation Award (\$)</b>	<b>Actual Variable Cash Compensation Award Paid (\$)</b>	<b>Difference between Paid and Target Award (\$)</b>
President and Chief Executive Officer	945,000	1,231,850	286,850
Senior Vice President and Chief Financial Officer	363,750	474,164	110,414
Senior Vice President, Sales and Services	410,000	534,453	124,453
Senior Vice President, Online Services Division	315,000	410,616	95,616
Senior Vice President, Desktop Division	262,500	342,180	79,680

*Equity-Based Long-Term Incentives*

The purpose of our equity-based long-term incentives is to attract and retain high performing employees, further align employee and stockholder interests, and continue to closely link employee compensation with company performance. Our equity-based long-term incentive program is an essential component of the total compensation package offered to employees, reflecting the importance that we place on motivating and rewarding superior results with long-term and performance-based incentives.

*Portfolio Approach to Equity-Based Awards*

Since 2006, we have granted to executive officers a portfolio of equity-based awards consisting of a mix of both stock options and restricted stock units (both performance-based and service-based) pursuant to our 2005 Equity Incentive Plan, as amended and/or restated from time to time, or the 2005 Plan. We believe that a mix of stock options and restricted stock units provides an effective incentive for our high performers to remain with us and continue to perform at a high level. Furthermore, the portfolio offering of both options and restricted stock units has important benefits to our executives, our company and our stockholders. For executives, it provides portfolio diversification and leverages the advantages of each vehicle in motivating our executives to drive our business objectives. For our company and our stockholders, option value is driven by stock price appreciation (to align our interest with that of our stockholders), performance-based restricted stock units drive the achievement of key business objectives and service-based restricted stock units drive retention of our executives. In addition, the use of restricted stock units furthers our goals of reducing dilution, burn rate and overhang by reducing the number of shares of our common stock subject to equity-based awards.

Annually, the Compensation Committee reviews our targeted mix of stock options and restricted stock units and in 2010 found that our portfolio approach to equity-based compensation is reasonably designed to achieve our goals of retention, providing incentives for high performers, management of our shares outstanding and stockholder alignment. For 2010, the Compensation Committee decided to continue the established equity mix of stock options and restricted stock unit awards so that 50% of the value of the total

equity package was comprised of stock options and 50% was comprised of restricted stock units (30% of total value represented in performance-based restricted stock units and 20% of total value represented in service-based restricted stock units) to provide an appropriate balance among the elements of compensation awarded to our executive officers.

Because restricted stock units are full value awards, the number of restricted stock units that need to be granted to reach the 50% value threshold is less than the number of options that would be required to reach the same value level. The Compensation Committee has determined that each time-vesting share represented by a restricted stock unit is equivalent to three stock option shares, and each performance-vesting share represented by a restricted stock unit is equivalent to two and one-half stock option shares. Annually, the Compensation Committee reviews these ratios of option based instruments to full value awards to ensure an appropriately balanced portfolio of equity-based awards.

*Equity-Based Award Grant Levels*

When establishing equity grant levels for our executive officers, the Compensation Committee considers the existing number and value of vested and unvested stock, stock option and restricted stock unit ownership among the executive officers relative to each other and to our employees as a whole, previous grants of equity-based awards to our executive officers, our overhang of equity-based awards and targeted burn rates for equity-based awards and the vesting schedules of previously granted equity-based awards, as well as the various other factors described above. While our Compensation Committee is aware of the accounting costs of equity-based awards, that in itself is not a significant factor in determining individual equity-based awards. In addition, the Compensation Committee reviews the equity-based award grant levels of executive officers in our peer group. In 2010, the data from our benchmarking suggested that in the aggregate equity-based long-term incentive grants made in 2010 were at about the 50<sup>th</sup> percentile of reported equity-based awards made by our peer group companies. Individual awards are then determined generally using the same criteria used to set an executive's variable cash compensation.

*Stock Option Awards*

Our executive officers generally receive annual stock option awards in two grants, the timing of which is pre-determined to follow our quarterly earnings releases for our first and second fiscal quarters. See *Equity Award Grant Policy* below.

*Restricted Stock Unit Awards*

Pursuant to the 2005 Plan, we may grant executive officers both performance-based restricted stock units and service-based restricted stock units. Once vested, each restricted stock unit represents the right to receive one share of our common stock. The grants of restricted stock unit awards are based upon the same factors used to evaluate stock option grants.

In 2010, the performance criteria and attainment levels for grants of performance-based restricted stock units were based upon successful achievement of a non-GAAP corporate operating margin target of 25.0%. These performance-based restricted stock unit awards were awarded with a non-GAAP corporate operating margin target to closely link the executives' performance-based equity compensation with the overall financial performance of the company. The number of restricted stock units underlying a performance-based award is generally determined after the end of the fiscal year based on the achievement of the specific performance objective during the fiscal year. If the performance goal is less than 90% attained, then no performance-based restricted stock units will be issued pursuant to the authorized award. For performance at and above 90% attainment, the number of performance-based restricted stock units issued is based on a graduated slope, with the maximum number of performance-based restricted stock units issuable pursuant to the award capped, for 110% attainment, at 125% of the target number of restricted stock units set forth in the award agreement. Once the number of restricted stock units is determined, the units are subject to service-based vesting as described below.

In February 2011, our Compensation Committee determined that the non-GAAP corporate operating margin target of 25.0% under our 2010 performance-based restricted stock unit awards to our executive officers was 104.5% attained. Based on the graduated

payout slope, this attainment translated to a payout of 110% of the 2010 target award for performance-based restricted stock units, which restricted stock units were subject to additional service-based vesting and other requirements of the restricted stock unit agreements.

The performance-based restricted stock units vest over three years, with one-third of the units vesting on the first, second and third anniversaries of the date of the award agreement. Under the terms of the restricted stock unit agreements, no shares of stock may be issued to settle restricted stock units until the performance criteria has been met and the number of restricted stock units underlying the award is determined.

In addition to the performance-based restricted stock units described above, in 2006 we began granting service-based restricted stock units to our executive officers in accordance with the objectives outlined above. Consistent with this practice, in March 2010, we entered into restricted stock unit agreements with our executive officers for service-based restricted stock unit awards that were not subject to performance criteria and that vest over three years, with one-third of the units vesting on the first, second and third anniversaries of the date of the award agreement.

*Special, Retention-Focused Grant of Restricted Stock Units*

In order to enhance retention of our high performing executive team and to focus our executives on the long-term sustainability of our business, the Compensation Committee determined in March 2010 to award each of our senior executive officers, other than our President and Chief Executive Officer, a special service-based restricted stock unit award for 10,000 restricted stock units, in addition to the awards discussed above, which will vest in its entirety on the third anniversary of the date of the respective award agreement. Based upon the recommendation of the Compensation Committee, our Board of Directors approved a similar special service-based restricted stock unit award to our President and Chief Executive Officer for 25,000 restricted stock units, which will vest in its entirety on the third anniversary of the date of his award agreement.

The following table summarizes our 2010 equity-based awards to our Named Executive Officers:

	Stock Option Awards (#)	Performance- Based Restricted Stock Unit Awards (#)(1)	Service- Based Restricted Stock Unit Awards (#)	Special Retention Service- Based Restricted Stock Unit Awards (#)
President and Chief Executive Officer	165,000	43,560	22,000	25,000
Senior Vice President and Chief Financial Officer	75,000	19,800	10,000	10,000
Senior Vice President, Sales and Services	62,500	16,500	8,333	10,000
Senior Vice President, Online Services Division	62,500	16,500	8,333	10,000
Senior Vice President, Desktop Division	62,500	16,500	8,333	10,000

(1) Reflects actual number of restricted stock units our executive officers were determined to have earned under the terms of their 2010 performance-based restricted stock unit agreements.

#### *Long-Term Incentive Plan*

In 2009, we instituted a long-term incentive program, or LTIP, for our executive officers to provide further focus and alignment with our profitable growth strategy. Both the LTIP plan design and structure are intended to reinforce executive actions supportive of stockholder interests. Executives will be rewarded only if they generate both relative and absolute stockholder returns; and, as executives will be required to hold awarded shares until termination or retirement, they will be further motivated to take actions that foster sustainable growth and avoid unnecessary and excessive risks that may threaten our long-term value.

Under the LTIP, our executives have the opportunity to earn restricted stock units based on the performance of our common stock against a weighted average of specific market indices over a three-year period ending December 31, 2011. The number of shares of our common stock issuable upon settlement of these LTIP awards is generally determined after the end of the three-year period and is issuable to the executive only if the executive has remained employed by us throughout the three-year period. Further, after LTIP awards have vested at the end of the three-year period, the executive must hold the shares until the earlier of termination or retirement, and LTIP awards are forfeited if the executive is terminated for cause.

The number of shares of common stock issuable upon settlement of the LTIP restricted stock units is determined by comparing the performance of our common stock to the performance of a weighted average of specific market indices over the same

three-year period. We measure performance based on the difference between the average closing price for the last 30 business days of the three-year period and the closing price on the last business day before the start of the three-year period. If our common stock outperforms the market indices by 33% or more, each executive officer will vest in a number of restricted stock units equal to his target award multiplied by the percentage by which the appreciation of our common stock exceeded the appreciation of the market indices, up to a maximum of 200% if our common stock outperforms the market indices by 200% of the target award or more. If our common stock does not outperform the market indices by at least 33%, then no restricted stock units vest. Furthermore, to ensure that restricted stock units vest only if we increase stockholder value in absolute terms, no restricted stock units vest if our common stock does not appreciate by at least 10% during the three-year performance period.

In order to ensure that we are measuring our performance against both the market as a whole and companies within our industry, the Compensation Committee decided to measure our stock appreciation against the weighted average of the S&P 500 (GSPC) and the S&P North American Technology (S&P GSTI (IGM)) indices. The S&P 500 (GSPC) index provides a broad measure of market performance, and the S&P North American Technology index reflects the performance of technology companies, including members of our peer group. We place relatively more weight on the S&P 500 (GSPC) index (2/3) than on the S&P North American Technology index (1/3) because it provides a broader measure of overall market performance.





As of December 31, 2010, our stock price had outperformed the weighted average growth of the benchmark indices by more than 200%. For the restricted stock units awarded under the LTIP program in May 2009, the following table summarizes the shares of Citrix stock issuable at the

target level and the hypothetical payouts in shares of Citrix stock to our Named Executive Officers assuming the performance period ended on December 31, 2010. We did not grant any LTIP awards in 2010:

	<b>LTIP Target Awards (#)</b>	<b>LTIP Awards at Maximum (200% of Target) (#)</b>
President and Chief Executive Officer	60,000	120,000
Senior Vice President and Chief Financial Officer	20,300	40,600
Senior Vice President, Sales and Services	25,000	50,000
Senior Vice President, Online Services Division	15,167	30,334
Senior Vice President, Desktop Division	15,167	30,334

#### ***Equity Award Grant Policy***

In 2007, the Compensation Committee adopted the Citrix Systems, Inc. Equity Award Grant Policy, or the Awards Policy. The Awards Policy enhances our controls with respect to grants of equity awards by establishing procedures for approving and predetermining the dates on which awards will be made. Pursuant to the Awards Policy, unless a different date is set by our Board of Directors or the Compensation Committee, annual grants of stock options are made in two installments, with 50% being granted on the last business day in April and 50% being granted on the last business day in July, and annual grants of full value awards (for example, restricted stock and restricted stock units) are made 100% on the last business day in March on or prior to March 30th. The Awards Policy also establishes fixed grant dates for new hire and performance grants. An employee's eligibility to receive an award as of a particular, fixed grant date is subject to the time of the month in which the employee's employment begins or promotion is effective or, if later, the date on which all documentation necessary for the approval of the grant is obtained. A copy of our Awards Policy is available at the Corporate Governance section of our website at <http://www.citrix.com/site/aboutCitrix/governance/> under Governance Documents.

#### ***Executive Stock Ownership Guidelines***

In 2008, to further align the interests of our executive officers with the interests of our stockholders, our Board of Directors adopted stock ownership

guidelines for our executive officers. These guidelines were revised in March 2010 to increase our stock holding requirements. Pursuant to our current guidelines, our Chief Executive Officer is expected to own at least 100,000 shares of our common stock, our Chief Financial Officer is expected to own at least 25,000 shares and each other executive officer is expected to own at least 20,000 shares of our common stock. Each of our executive officers is expected to hold such shares for so long as he is one of our executive officers. Executive officers are expected to meet these guidelines within four years of the date of his appointment as an executive officer. Our current executive officers are permitted an additional two years from their original compliance deadline to comply with our increased stock holding requirements. Failure to satisfy the stock holding guidelines when required to do so will result in suspension of an executive officer's ability to sell shares of our common stock until the requisite ownership levels are reached. Our executive officers may accumulate shares of our common stock through stock option exercises, settlement of restricted stock units or other awards and open market purchases made in compliance with applicable securities laws, our policies or any other equity plans we may adopt from time to time. Shares of our common stock beneficially owned (unless the executive officer disclaims beneficial ownership of the shares) and vested restricted stock and LTIP units count towards the satisfaction of the ownership guidelines.

Additionally, under our policies, our employees, including our executive officers, and directors are not permitted to engage in the following transactions



with respect to our stock: sell short, buy or sell puts, calls or other derivatives of our common stock, buy our common stock on margin, hold an account containing our common stock that is, or is linked to, a margin account, or pledge our common stock as collateral for a loan.

***Policy Regarding Severance Payments***

In 2009, the Compensation Committee adopted a policy providing that we will not enter into any new agreements, or materially amend any existing agreements, with our executive officers that provide the executive officer with severance payments following a change in control, except in the case of a double-trigger termination event (that is, upon the termination of the executive's employment without cause or for good reason following a change in control).

***Benefits***

Our executive officers participate in our broad-based employee benefit plans on the same terms as eligible, non-executive employees, subject to any legal limits on the amounts that may be contributed or paid by executive officers under these plans. We offer a stock purchase plan, under which our employees may purchase shares of our common stock at a 15% discount from the fair market value of our common stock on the last business day of the purchase period

(determined by reference to the closing price of our common stock on such date), and a 401(k) plan, which allows our employees to invest in a wide array of funds on a pre-tax basis and which provides a matching contribution from our company. We also maintain insurance and other benefit plans for our employees. Our executive officers receive higher life, accidental death and dismemberment and disability insurance benefits than other employees, which reflects industry standards and their relative base salary levels. Our executive officers also receive reimbursement for annual health physicals. During 2010, we did not offer any non-qualified deferred compensation plans or supplemental retirement plans to our executives. For more information, please refer to the *Summary Compensation Table* below.

We have always limited the perquisites that are made available to our executives. Our executives are entitled to few benefits that are not otherwise available to all employees and generally provided to ensure comparable coverage levels for insurance and health care relative to market practice in our industry sector. In this regard, it should be noted that we do not provide pension arrangements or similar benefits to our executives or employees, other than a 401(k) program, in which all of our employees, including our executive officers, may participate and defined contribution plans required by applicable law in certain jurisdictions outside the United States, in which none of our Named Executive Officers participate.

**Summary of Executive Compensation**

The following table sets forth certain information with respect to compensation for the years ended December 31, 2010, 2009 and 2008 earned by or paid to our President and Chief Executive Officer, our Senior Vice President and Chief Financial Officer, and our three other most highly-compensated executive officers, referred to as our Named Executive Officers, as determined in accordance with applicable SEC rules (to the extent these individuals were Named Executive Officers for any such years).

**SUMMARY COMPENSATION TABLE****FOR THE 2010, 2009 AND 2008 FISCAL YEARS**

Name and Principal Position	Year	Salary (\$)*	Bonus (\$)	Stock Awards (\$)(1)	Option Awards (\$)(1)	Non-Equity	All Other Compensation (\$)	Total (\$)
						Incentive Plan Compensation (\$)		
<b>Mark B. Templeton</b> President and Chief Executive Officer	2010	830,000		4,155,934	2,005,700	1,231,850	19,863(2)	8,243,347
	2009	800,000		2,480,880	899,291	954,158	34,205	5,168,534
	2008	775,000		1,282,719	1,465,150	479,664	40,789	4,043,322
<b>David J. Henshall</b> Senior Vice President and Chief Financial Officer	2010	472,500		1,823,620	911,682	474,164	8,177(3)	3,690,143
	2009	435,000		902,956	359,717	325,107	16,502	2,039,282
	2008	425,000		641,343	617,903	162,286	12,252	1,858,784
<b>Alvaro J. Monserrat</b> Senior Vice President, Sales and Services	2010	401,250		1,599,651	759,735	534,453	19,455(4)	3,314,544
	2009	375,000		979,000	327,015	397,566	17,419	2,096,000
	2008	348,915	1,000	454,225	452,608	230,722	15,640	1,503,110
<b>Brett M. Caine</b> Senior Vice President, Online Services Division	2010	343,750		1,599,651	759,735	410,616	20,959(5)	3,134,711
<b>John Gordon Payne</b> Senior Vice President, Desktop Division	2010	343,750		1,599,651	759,735	342,180	11,500(6)	3,056,816
	2009	325,000		722,691	310,664	241,190	16,728	1,616,273
	2008							

\* Each year, our salary levels are determined during our first fiscal quarter and become effective April 1. The amounts represented in this table reflect salary actually paid during the fiscal year.

- (1) These amounts represent the aggregate grant date fair value of restricted stock unit and option awards in the year in which the grant was made. The assumptions we used for calculating the grant date fair value are set forth in Note 7 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2010, which was filed with the SEC on February 24, 2011. These amounts do not represent the actual amounts paid to or realized by the executive for these awards during fiscal years 2010, 2009 or 2008. The value as of the grant date for stock options and restricted stock awards is recognized over the number of days of service required for the grant to become vested. In the case of performance-based restricted stock units, the fair value is reported for the probable outcome, which is 100% achievement. The fair value of awards at the maximum level of achievement for performance-based restricted stock units for 2010 is as follows: Mr. Templeton \$2,375,505; Mr. Henshall \$1,079,775; and each of Mr. Monserrat, Mr. Caine, and Mr. Payne \$899,813.
- (2) Includes 401(k) matches made by our company (\$7,350) and premiums for split-dollar life insurance and disability policies (\$9,827).
- (3) Includes 401(k) matches made by our company (\$5,011) and premiums for split-dollar life insurance and disability policies (\$3,165).
- (4) Includes spousal travel reimbursement (\$9,543), 401(k) matches made by our company (\$7,350) and premiums for split-dollar life insurance and disability policies (\$2,561).
- (5) Includes spousal travel reimbursement (\$7,971), 401(k) matches made by our company (\$7,350) and premiums for split-dollar life insurance and disability policies (\$5,638).
- (6) Includes 401(k) matches made by our company (\$7,350) and premiums for split-dollar life insurance and disability policies (\$4,150).



## Grants of Plan-Based Awards

The following table sets forth certain information with respect to grants of plan-based awards for the year ended December 31, 2010 to the Named Executive Officers. Grants of equity incentive plan awards to each Named Executive Officer were made pursuant to the 2005 Plan and grants of non-equity incentive plan awards to each Named Executive Officer were made pursuant to our Variable Cash Compensation Plan. There can be no assurance that the Grant Date Fair Value of the Stock Awards and Stock Options listed below will ever be realized.

## GRANTS OF PLAN-BASED AWARDS TABLE

## FOR THE 2010 FISCAL YEAR

Name	Grant Date	Comp. Action Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$/Sh)(3)	Grant Date Fair Value of Stock and Option Awards \$(4)
			Threshold (\$)	Target \$(1)	Maximum (\$)	Threshold (#)	Target (#)(2)	Maximum (#)				
Mark B. Templeton	3/30/10	3/3/10				19,800	39,600	49,500				\$ 1,900,404
	3/30/10	3/3/10							22,000			\$ 1,055,780
	3/30/10	3/3/10							25,000			\$ 1,199,750
	4/30/10	3/3/10								82,500	\$ 47.03	\$ 909,006
	7/30/10	3/3/10								82,500	\$ 55.02	\$ 1,096,695
			283,500	945,000	1,890,000							
David J. Henshall	3/30/10	3/3/10				9,000	18,000	22,500				\$ 863,820
	3/30/10	3/3/10							10,000			\$ 479,900
	3/30/10	3/3/10							10,000			\$ 479,900
	4/30/10	3/3/10								37,500	\$ 47.03	\$ 413,185
	7/30/10	3/3/10								37,500	\$ 55.02	\$ 498,498
			109,125	363,750	727,500							
Alvaro J. Monserrat	3/30/10	3/3/10				7,500	15,000	18,750				\$ 719,850
	3/30/10	3/3/10							8,333			\$ 399,901
	3/30/10	3/3/10							10,000			\$ 479,900
	4/30/10	3/3/10								31,250	\$ 47.03	\$ 344,320
	7/30/10	3/3/10								31,250	\$ 55.02	\$ 415,415
			123,000	410,000	820,000							
Brett M. Caine	3/30/10	3/3/10				7,500	15,000	18,750				\$ 719,850
	3/30/10	3/3/10							8,333			\$ 399,901
	3/30/10	3/3/10							10,000			\$ 479,900
	4/30/10	3/3/10								31,250	\$ 47.03	\$ 344,320
	7/30/10	3/3/10								31,250	\$ 55.02	\$ 415,415
			94,500	315,000	630,000							
John Gordon Payne	3/30/10	3/3/10				7,500	15,000	18,750				\$ 719,850
	3/30/10	3/3/10							8,333			\$ 399,901
	3/30/10	3/3/10							10,000			\$ 479,900
	4/30/10	3/3/10								31,250	\$ 47.03	\$ 344,320
	7/30/10	3/3/10								31,250	\$ 55.02	\$ 415,415
			78,750	262,500	525,000							

- (1) On February 16, 2011, the Compensation Committee determined that the reported revenue target was 103.3% attained and the non-GAAP corporate operating margin was 104.5% attained, resulting in a payout of 130.4% and in the following variable cash compensation awards: Mr. Templeton received \$1,231,850; Mr. Henshall received \$474,164; Mr. Monserrat received \$534,453; Mr. Caine received \$410,616; and Mr. Payne received \$342,180. See *Non-Equity Incentive Plan Compensation* in the *Summary Compensation Table* included in this Proxy Statement.
- (2) On February 16, 2011, the Compensation Committee determined that the non-GAAP corporate operating margin target was 104.5% attained and awarded each participating executive restricted stock units pursuant to each restricted stock unit agreement. Based on the Compensation Committee's determination,

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each executive received 110% of the target number of performance-based restricted stock unit awards, resulting in the following awards: Mr. Templeton received 43,560 shares; Mr. Henshall received 19,800 shares; and each of Mr. Monserrat, Mr. Caine, and Mr. Payne received 16,500 shares.

- (3) The exercise price of all stock options granted under our 2005 Plan is equal to the closing price of our common stock on the date of grant.
- (4) The grant date fair value of awards in this column reflects the fair value of such awards, excluding estimated forfeitures. The assumptions we used for calculating the grant date fair value are set forth in notes 2 and 7 to the financial statements filed with our Annual Report on Form 10-K for the fiscal year ended December 31, 2010. In the case of performance-based restricted stock units, the fair value is reported for the probable outcome, which is 100% achievement. The fair value of awards for the actual level of achievement (110%) for performance-based restricted stock units for 2010 is as follows: Mr. Templeton \$2,090,444; Mr. Henshall \$950,202; and each of Mr. Monserrat, Mr. Caine and Mr. Payne \$791,835.



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**Discussion of Summary Compensation and Grants of Plan-Based Awards Tables**

Our executive compensation policies and practices, pursuant to which the compensation set forth in the *Summary Compensation Table* and the *Grants of Plan-Based Awards Table* was paid or awarded, are described above under *Compensation Discussion and Analysis*. A description of the application of those policies and practices to each of the Named Executive Officers for the year ended December 31, 2010 is set forth below.

***Cash Compensation Base Salary and Variable Cash Compensation***

***President and Chief Executive Officer***

As President and Chief Executive Officer, Mark Templeton is responsible for overseeing all of our corporate functions, product groups and divisions, go-to-market activities and the attainment of our revenue and profit goals. Working in concert with our Board of Directors, Mr. Templeton formulates current and long-term company plans and objectives and represents us in relations with our customers and the business and non-business communities. Based on a recommendation of the Compensation Committee, our Board of Directors determines compensation for our President and Chief Executive Officer using the same factors it uses for other executives, placing relatively less emphasis on base salary and, instead, creating greater performance-based opportunities through equity-based long-term and variable cash compensation. In assessing the compensation paid to Mr. Templeton, the Compensation Committee relies on both information from selected benchmarks and its judgment with respect to the factors described above.

In addition, the Compensation Committee uses a formal evaluation process, which includes meetings held in executive session, to help assess the performance of our President and Chief Executive Officer. This process consists of an annual self-evaluation by Mr. Templeton against the performance objectives and targets established at the beginning of the year by Mr. Templeton and our Board of Directors, which is submitted to the Chairman of the Compensation Committee and the Chairman of the Nominating and Corporate Governance Committee after the conclusion of each year. Each member of our Board of Directors and

each senior executive officer who reports directly to Mr. Templeton also annually completes an evaluation of Mr. Templeton's performance based upon our internal leadership standards. Following an assessment of Mr. Templeton's performance, the Compensation Committee reviews the total compensation package for Mr. Templeton, including base salary, variable cash compensation and equity-based compensation, as described below.

As discussed above, effective April 1, 2010, Mr. Templeton's annual base salary was increased from \$800,000 to \$840,000. As a result, in 2010, Mr. Templeton received base salary compensation of \$830,000.

Mr. Templeton was awarded variable cash compensation of \$1,231,850 in accordance with our 2010 Variable Cash Compensation Plan, an increase from his 2009 award of \$954,158. The increase in Mr. Templeton's 2010 variable cash compensation is primarily due to our 2010 operational performance, which, despite increased target performance metrics for 2010, led to a 130.4% payout of Mr. Templeton's target variable cash compensation award compared to a 106.0% payout in 2009.

For 2010, Mr. Templeton's target variable cash compensation award as a percentage of base salary remained at 112.5% of his base salary, the same level his target was set at for 2008 and 2009. This balance between base compensation and Mr. Templeton's target variable cash compensation award is consistent with our objective of placing relatively more emphasis on variable cash compensation for our President and Chief Executive Officer to ensure close alignment of his interests with the interests of our stockholders.

***Senior Vice President and Chief Financial Officer***

As Senior Vice President and Chief Financial Officer, David Henshall is responsible for overseeing our relations with our investors, budgeting and planning, financial accounting, financial operations, tax, treasury, information technology and supply chain management. Mr. Henshall is also responsible for our financial plans and policies and the establishment of our overall financial strategy. As Senior Vice President and Chief Financial Officer, Mr. Henshall works closely with our President and Chief Executive Officer to drive our overall growth and stockholder returns. As discussed above,

effective April 1, 2010, Mr. Henshall's annual base salary was increased from \$435,000 to \$485,000. As a result, in 2010, Mr. Henshall received base salary compensation of \$472,500.

For 2010, Mr. Henshall was awarded variable cash compensation of \$474,164 in accordance with our 2010 Variable Cash Compensation Plan, an increase from his 2009 award of \$325,107. The increase in Mr. Henshall's 2010 variable cash compensation is primarily due to an increase in his target variable cash compensation award as discussed below and our 2010 financial performance, which, despite increased target performance metrics for 2010, led to a 130.4% payout of Mr. Henshall's target variable cash compensation award compared to a 106.8% payout in 2009.

For 2010, Mr. Henshall's target variable cash compensation award as a percentage of base salary was increased to 75% of his base salary compared to 70% in 2009 and 2008.

*Senior Vice President, Sales and Services*

As Senior Vice President of our Sales and Services Division, Alvaro Monserrat is responsible for our worldwide sales efforts and our channel and distribution network. As discussed above, effective April 1, 2010, Mr. Monserrat's annual base salary was increased from \$375,000 to \$410,000. As a result, in 2010, Mr. Monserrat received base salary compensation of \$401,250.

For 2010, Mr. Monserrat was awarded variable cash compensation of \$534,453 in accordance with our 2010 Variable Cash Compensation Plan, an increase from his 2009 award of \$397,566. The increase in Mr. Monserrat's 2010 variable cash compensation is primarily due to an increase in his target variable cash compensation award as discussed below and our 2010 financial performance, which, despite increased target performance metrics for 2010, led to a 130.4% payout of Mr. Monserrat's target variable cash compensation award compared to a 106.0% payout in 2009.

For 2010, Mr. Monserrat's target variable cash compensation award as a percentage of base salary was maintained at 100% of his base salary, the same level as was set in 2009 and 2008.

*Senior Vice President, Online Services Division*

As Senior Vice President of our Online Services Division, Brett Caine is responsible for meeting customers' needs and driving revenues for our suite of real-time on-demand access and collaboration services. As discussed above, effective April 1, 2010, Mr. Caine's annual base salary was increased from \$325,000 to \$350,000. As a result, in 2010, Mr. Caine received base salary compensation of \$343,750.

For 2010, Mr. Caine was awarded variable cash compensation of \$410,616 in accordance with our 2010 Variable Cash Compensation Plan which represents a 130.4% payout of Mr. Caine's target variable cash compensation award.

For 2010, Mr. Caine's target variable cash compensation award as a percentage of base salary was set at 90% of his base salary.

*Senior Vice President, Desktop Division*

As Senior Vice President of our Desktop Division, J. Gordon Payne is responsible for leading our largest product division. As discussed above, effective April 1, 2010, Mr. Payne's annual base salary was increased from \$325,000 to \$350,000. As a result, in 2010, Mr. Payne received base salary compensation of \$343,750.

For 2010, Mr. Payne was awarded variable cash compensation of \$342,180 in accordance with our 2010 Variable Cash Compensation Plan, an increase from his 2009 award of \$241,190. The increase in Mr. Payne's 2010 variable cash compensation is primarily due to an increase in his target variable cash compensation award as discussed below and our 2010 financial performance, which, despite increased target performance metrics for 2010, led to a 130.4% payout of Mr. Payne's target variable cash compensation award compared to a 106.0% payout in 2009.

For 2010, Mr. Payne's target variable cash compensation award as a percentage of base salary was increased to 75% of his base salary compared to 70% in 2009.

***Equity-Based Long-Term Incentive Compensation***

In March 2010, Mr. Templeton and Mr. Henshall were each respectively awarded options to purchase 165,000 and 75,000 shares of our common stock, with one-half being granted on April 30, 2010 and the other half being granted on July 31, 2010. In addition, Mr. Monserrat, Mr. Caine and Mr. Payne were each awarded options to purchase 62,500 shares of our common stock, with one-half being granted on April 30, 2010 and the other half being granted on July 31, 2010. These options are subject to our standard vesting schedule. Also, on March 10, 2010, each of Mr. Templeton, Mr. Henshall, Mr. Monserrat, Mr. Caine and Mr. Payne was awarded a performance-based restricted stock unit award pursuant to which each such executive was eligible to earn restricted stock units based on the achievement of our 2010 non-GAAP corporate operating margin target. In March 2011, these individuals were awarded the following restricted stock units based on our achieving 104.5% of our non-GAAP corporate operating margin target:

Mr. Templeton 43,560;

Mr. Henshall 19,800; and

each of Mr. Monserrat, Mr. Caine and Mr. Payne 16,500.

Our executives also were awarded service-based restricted stock units, which vest in three equal annual installments, and special service-based restricted stock units for retention purposes, which vest entirely on the third anniversary of the date of grant, as follows:

Mr. Templeton 22,000 service-based restricted stock units and 25,000 special service-based restricted stock units;

Mr. Henshall 10,000 service-based restricted stock units and 10,000 special service-based restricted stock units; and

each of Mr. Monserrat, Mr. Caine and Mr. Payne 8,333 service-based restricted stock units and 10,000 special service-based restricted stock units.

These awards were made in connection with our annual grant process. For Mr. Henshall, Mr. Monserrat, Mr. Caine and Mr. Payne, the Compensation Committee approved each award. For Mr. Templeton, our Board of Directors, upon the recommendation of the Compensation Committee, approved his awards. The size of these annual option grants and the number of restricted stock units potentially awardable under the executive's respective restricted stock unit awards were determined in accordance with the factors discussed above. See the *Grants of Plan-Based Awards Table*.

## Outstanding Equity Awards

The following table sets forth certain information with respect to the outstanding equity awards at December 31, 2010 for each of the Named Executive Officers.

### OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END 2010 TABLE

Name	Option Awards Number of Securities Underlying Unexercised Options (#)		Option Exercise Price (\$)	Option Expiration Date(1)	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested \$(2)	Stock Awards	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested \$(2)
	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested \$(2)						
Mark B. Templeton	112,183		\$ 35.49	8/01/2011(3)				
	12,480		\$ 5.60	8/01/2012(3)				
	55,296		\$ 5.60	8/01/2012(3)				
	14,843		\$ 12.00	3/04/2013(3)				
	2,344		\$ 12.00	3/04/2013(3)				
	17,339		\$ 18.05	8/01/2013(3)				
	67,495		\$ 39.92	4/28/2011(3)				
	70,000		\$ 31.77	7/31/2011(3)				
	100,000		\$ 39.86	10/01/2012(3)				
	20,313		\$ 34.71	2/01/2018				
	55,556	6,944	\$ 32.75	4/30/2013				
	50,348	12,152	\$ 26.64	7/31/2013				
	80,215	57,285	\$ 20.09	3/02/2014				
		82,500	\$ 47.03	4/30/2015				
		82,500	\$ 55.02	7/30/2015				
				13,055(4)	\$ 893,093			
				12,221(5)	\$ 836,039			
				22,000(6)	\$ 1,505,020			
				25,000(7)	\$ 1,710,250			
				43,560(8)	\$ 2,979,940			
						120,000(9)	\$ 8,209,200	
						21,999(5)	\$ 1,504,952	
David J. Henshall	29,648		\$ 14.36	4/14/2013(3)				
	12,500		\$ 39.86	10/01/2012(3)				
	2,778	3,472	\$ 32.75	4/30/2013				
	23,406	6,076	\$ 26.64	7/31/2013				
	32,090	22,910	\$ 20.09	3/02/2014				
		37,500	\$ 47.03	4/30/2015				
		37,500	\$ 55.02	7/30/2015				
					6,527(4)	\$ 446,512		
					4,888(5)	\$ 334,388		
					10,000(6)	\$ 684,100		
				10,000(7)	\$ 684,100			
				19,800(8)	\$ 1,354,518			
						40,600(9)	\$ 2,777,446	
						8,799(5)	\$ 601,940	
Alvaro J. Monserrat	208	832	\$ 32.75	4/30/2013				
	208	1,456	\$ 26.64	7/31/2013				
		7,498	\$ 30.03	9/02/2013				
		20,828	\$ 20.09	3/02/2014				
		31,250	\$ 47.03	4/30/2015				

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31,250    \$ 55.02    7/30/2015

1,566(5)	\$	107,130
4,443(5)	\$	303,946
8,333(6)	\$	570,061
10,000(7)	\$	684,100
3,333(10)	\$	228,011
16,500(8)	\$	1,128,765

50,000(9)	\$	3,420,500
7,999(5)	\$	547,212

Name	Option Awards				Stock Awards		Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)(2)
	Number of Securities Underlying Unexercised Options (#)		Option Exercise Price (\$)	Option Expiration Date(1)	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)(2)	
Brett M. Caine	20,000		\$ 39.86	10/01/2012(3)			
	15,000		\$ 36.83	12/03/2012(3)			
	11,112	1,388	\$ 32.75	4/30/2013			
	10,071	2,429	\$ 26.64	7/31/2013			
	26,254	18,746	\$ 20.09	3/02/2014			
		31,250	\$ 47.03	4/30/2015			
		31,250	\$ 55.02	7/30/2015			
					2,610(4)	\$ 178,550	
					3,999(5)	\$ 273,572	
					8,333(6)	\$ 570,061	
				10,000(7)	\$ 684,100		
				16,500(8)	\$ 1,128,765		
						30,334(9)	\$ 2,075,149
						7,199(5)	\$ 492,484
John Gordon Payne	1,041		\$ 36.83	12/03/2012(3)			
	694	1,388	\$ 32.75	4/30/2013			
	694	2,429	\$ 26.64	7/31/2013			
	7,715	19,785	\$ 20.09	3/02/2014			
		31,250	\$ 47.03	4/30/2015			
		31,250	\$ 55.02	7/30/2015			
					2,610(4)	\$ 178,550	
					4,221(5)	\$ 288,759	
					8,333(6)	\$ 570,061	
					10,000(7)	\$ 684,100	
				16,500(8)	\$ 1,128,765		
						30,334(9)	\$ 2,075,149
						7,599(5)	\$ 519,849

- (1) Unless otherwise indicated in the table, options vest at a rate of 1/3 of the shares underlying the stock option one year from the date of grant and at a rate of 1/36 monthly thereafter. Vesting, in all applicable cases, will be rounded up to the nearest whole share with the balance vesting on the last vesting date.
- (2) Based on a per share price of \$68.41, which was the closing price per share of our common stock on the last business day of the 2010 fiscal year (December 31, 2010).
- (3) These options vested at a rate of 25% of the shares underlying the option one year from the date of grant and at a rate of 2.08% monthly thereafter.
- (4) These units vest on April 30, 2011.
- (5) These units vest in two equal installments on March 2, 2011 and 2012.
- (6) These units vest in three annual installments with 33.4% vesting on March 30, 2011, and 33.3% vesting on each of March 30, 2012 and 2013.
- (7) These units vest on March 30, 2013.
- (8) Represents the actual number of restricted stock units earned in the first quarter of 2011 pursuant to agreements entered into in 2010. These units vest as to 33.4% of the award on March 30, 2011 and as to 33.3% of the award on each of March 30, 2012 and March 2, 2013.
- (9) As of December 31, 2010, our stock price had outperformed benchmark indices by more than 200%. Therefore the numbers reported represent the maximum payout of 200% of target.
- (10) These units vest on September 2, 2011.

**Option Exercises and Stock Vested**

The following table sets forth certain information regarding stock option exercises and restricted stock unit vesting, during the year ended December 31, 2010 under our equity incentive plans and the corresponding amounts realized by the Named Executive Officers.

**OPTION EXERCISES AND STOCK VESTED TABLE****FOR THE 2010 FISCAL YEAR**

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)(1)
Mark B. Templeton	80,322	\$ 2,521,969	48,542	\$ 2,603,641
David J. Henshall	184,620	\$ 4,848,597	17,138	\$ 859,328
Alvaro J. Monserrat	109,970	\$ 2,876,604	13,933	\$ 739,209
Brett M. Caine	42,320	\$ 914,516	10,220	\$ 501,830
John Gordon Payne	142,865	\$ 4,468,672	13,443	\$ 722,228

(1) Based on the closing price per share of our common stock on the date on which restricted stock units were settled.

**Potential Payments upon Termination or Change in Control**

Our executives are at will employees and are not offered contractual severance arrangements. We, however, have entered into change in control agreements with our President and Chief Executive Officer as well as with our other Named Executive Officers, referred to as our Senior Executive Officers.

Specifically, these agreements continue in full force until the earliest of (a) the date we terminate the employment of the executive for cause or the failure by the executive to perform his full-time duties by reason of his death or disability, (b) the resignation or termination of the executive's employment for any reason prior to a change in control, (c) the termination of the executive's employment with us after a change in control for any reason other than the occurrence of a terminating event, or (d) the date which is 18 months after a change in control if the executive is still employed by us.

These agreements are intended to provide for continuity of management during a change in control and align the interest of our executives with those of our stockholders so as to maximize the value to stockholders from any such change in control. These agreements provide for certain benefits in the event that the executive's employment is terminated following a change in control of our company,

including severance payments, benefit continuation and acceleration of vesting on outstanding equity-based awards.

In the event Mr. Templeton is terminated without cause or if Mr. Templeton resigns his position for any reason in the twelve-month period following a change in control, he is entitled to receive a lump sum payment equal to two times the sum of his annual base salary plus his target variable cash compensation, both determined as of the date his employment is terminated or, if higher, as of immediately prior to the change in control. Additionally, Mr. Templeton will receive certain benefits, including health, dental and life insurance, for two years following the date of termination. In 2009, we adopted a policy against entering into new single-trigger severance or change of control agreements.

In the event that, during the twelve-month period following a change in control, any of our Senior Executives are terminated, other than for cause, or any of our Senior Executives terminates his employment for good reason, such Senior Executive is entitled to receive a lump sum payment equal to one and a half times his annual base salary plus his target variable cash compensation, both determined as of the date such Senior Executive's employment is terminated or, if higher, as of immediately prior to the change in control. Additionally, our Senior Executives will receive





certain benefits, including health, dental and life insurance, for 18 months following the date of termination.

Under the change in control agreements, a change in control would include any of the following events:

any person, as defined in the Exchange Act, as amended, acquires 30% or more of our voting securities;

the consummation of a consolidation, merger or sale or other disposition of all or substantially all of our assets in which our stockholders would beneficially own less than 50% of our voting securities after such transaction;

a majority of our incumbent directors are replaced; and

our stockholders approve a plan or proposal for our liquidation or dissolution.

In addition, upon a change in control, all stock options and other equity-based awards, such as restricted stock units, granted to Mr. Templeton will immediately accelerate and become fully exercisable as of the effective date of the change-in-control. In the event that, during the twelve-month period following a change in control, any of our Senior Executives are terminated, other than for cause, or any of our Senior Executives terminates his employment for good reason, all stock options and other equity-based awards, such as restricted stock units, granted to our Senior Executives will immediately accelerate and become fully exercisable. Other than LTIP awards, for each performance equity-based award for which the number of options, units or shares has not yet been determined, the performance criteria set forth in the award agreement will be deemed to be 100% attained, and that executive will be issued the base number of options, units or shares set forth in his award agreement. For the LTIP awards, the number of shares issuable pursuant to the award will be determined based on the appreciation of our common stock for the period ending two business days before the effective date of

the change in control as compared to the weighted average of the specific market indices for the same period. The number of shares so determined will be further prorated based on the portion of the original three-year period beginning with the date of grant that actually elapsed before the change in control.

Each of Mr. Templeton and our Senior Executives is also subject to the terms of a Non-Solicitation, Non-Compete and Confidentiality and Employee Non-Disclosure Agreement with us, and the terms of these agreements survive the termination of the executive's employment after a change in control for a period of one year.

In the event that any payments made in connection with a change in control or termination would be subjected to the excise tax imposed by Section 4999 of the Internal Revenue Code, the payments to Mr. Templeton and our Senior Executives would be reduced to the maximum amount that can be paid under the Code without the imposition of an excise tax under Section 4999 of the Internal Revenue Code, but only if such reduction provides a higher benefit on an after-tax basis to Mr. Templeton and our Senior Executives. Under no circumstances would we provide any gross-up payments to Mr. Templeton or our Senior Executives in connection with a change in control.

Under the individual change in control agreements with Mr. Templeton and our Senior Executives, each executive officer would be entitled to receive the following estimated payments and benefits. These disclosed amounts are estimates only and do not necessarily reflect the actual amounts that would be paid to the executive officers, which would only be known at the time that they become eligible for payment and would only be payable if a change in control or termination, as applicable, were to occur. The table reflects the amount that could be payable under the change in control agreements with Mr. Templeton and our Senior Executives, assuming that the change in control and, if applicable, termination of the Senior Executive's employment, occurred at December 31, 2010.

Name	Severance Amount (\$)(1)	Value of Benefits (\$)	Early Vesting of Stock Options (\$)(2)	Early Vesting of Restricted Stock Units (\$)(2)	Early Vesting of LTIP Units (\$)(3)	Other	Total (\$)
Mark B. Templeton	3,570,000	35,321	6,391,748	9,429,292	4,560,667		23,987,028
David J. Henshall	1,273,125	18,521	2,788,492	4,105,558	1,543,026		9,728,722
Alvaro J. Monserrat	1,230,000	24,667	2,471,231	3,569,223	1,900,278		9,195,399
Brett M. Caine	997,500	18,098	2,143,325	3,327,531	1,152,861		7,639,315
John Gordon Payne	918,750	25,036	2,193,529	3,370,082	1,152,861		7,660,258

- (1) The severance amounts represent the maximum amounts payable under Mr. Templeton's and the Senior Executives' change in control agreements. These agreements provide that severance payments may be reduced to avoid the application of taxes imposed under the Internal Revenue Code, and therefore Mr. Templeton or the Senior Executives may elect to receive an amount less than the amount reflected in this table.
- (2) Based on a per share price of \$68.41, which was the closing price per share of our common stock on the last business day of the 2010 fiscal year (December 31, 2010). The value of the early vesting of stock options is calculated using the difference between the \$68.41 per share price and the option exercise price per share. For a detailed listing of the exercise prices of these options, please see the *Outstanding Equity Awards at Fiscal Year-End Table* above.
- (3) Based on a per share price of \$68.41, which was the closing price per share of our common stock on the last business day of the 2010 fiscal year (December 31, 2010) and prorated to 55.6%, which represents the prorated amount of the maximum LTIP award.

#### Director Compensation

The following table sets forth a summary of the compensation earned by or paid to our non-employee directors in 2010.

#### DIRECTOR COMPENSATION TABLE

#### FOR THE 2010 FISCAL YEAR

Name	Fees Earned or
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