citrix™

2020 Annual Report

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Notice of

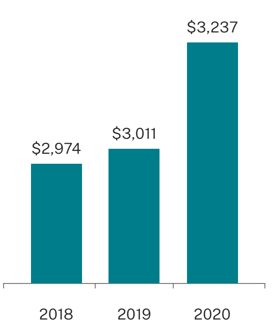
2021 Annual Meeting of Shareholders and Proxy Statement

Financial highlights

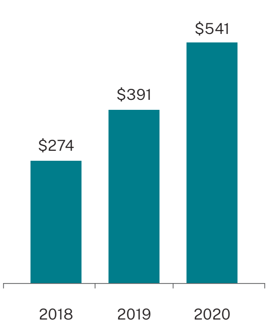
Year ended December 31

(In thousands, except per share data)	2020	2019	2018
Revenues:			
Subscription	**1,114,798**	650,810	455,276
Product and license	**444,437**	583,474	734,495
Support and services	**1,677,465**	1,776,280	1,784,132
Total net revenues	**3,236,700**	3,010,564	2,973,903
Cost of net revenues	**498,546**	464,047	433,803
Gross margin	**2,738,154**	2,546,517	2,540,100
Operating expenses	**2,129,346**	2,010,399	1,862,140
Income from operations	**608,808**	536,118	677,960
Other expense, net	**(53,928)**	(26,618)	(48,505)
Income from operations before income taxes	**554,880**	509,500	629,455
Income tax expense (benefit)	**50,434**	(172,313)	53,788
Net income	**504,446**	681,813	575,667
Net earnings per share—diluted	**4.00**	5.03	3.94
Weighted average shares outstanding—diluted	**126,152**	135,495	145,934

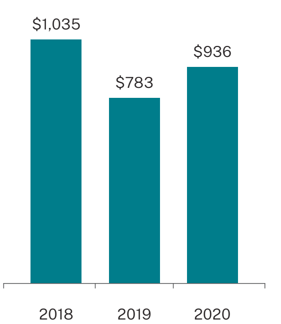
Revenue
(millions)



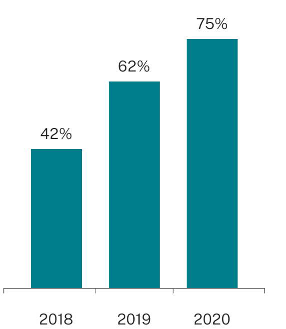
SaaS revenue
(millions)



Operating cash flow
(millions)



Subscription bookings mix



In 2020, Citrix revenue grew by 8%.

To our stakeholders:

The year 2020 was one of transformation, as people and organizations around the world faced unparalleled challenges on a variety of fronts—from public health and social justice to the ongoing threat of climate change. Following the wildfires that began the year—reminding us of the devastating effects of climate change—a pandemic invoked a global crisis, forcing millions of people to shift to working from home in a matter of weeks. Then, in the wake of the onset of the pandemic, we saw the human toll of systemic racial inequality spark mass protests calling for long overdue action. A year later, we are still grappling with these issues. Although it has taken a concerted effort, I am extremely proud of how quickly we were able to respond and help our employees, customers, and partners drive meaningful change during these times.

In response to the pandemic, we took decisive actions aimed at making an impact in the most pressing areas: keeping employees safe, helping our customers ensure business continuity, and supporting the communities in which we live and work. Early last March, Citrix employees shifted to remote work seamlessly. We put measures in place to help our teams and neighborhoods by extending benefits for employees directly affected by COVID-19, establishing a relief fund for nonprofits in our local communities, and doubling our match limit for employees' charitable donations.

For our customers, there's no doubt that the pandemic accelerated their digital transformation roadmaps, move to the cloud, and adoption of flexible and hybrid workstyles. Citrix solutions help organizations deliver a consistent and secure work experience to all users, across all devices in any location. This value proposition became increasingly important—particularly for our customers in the healthcare, supply chain, and public sector verticals. Through the pandemic, we have proudly helped customers around the world and across industries transition to remote work and maintain business operations with minimal disruption.

In response to the racial and social injustices experienced in the past year and through the course of time, Citrix remains committed to working toward an equitable future for all. This starts with our own organization—our racial demographics should reflect the world in which we live and the customers we serve. We have implemented a racial equity strategy to

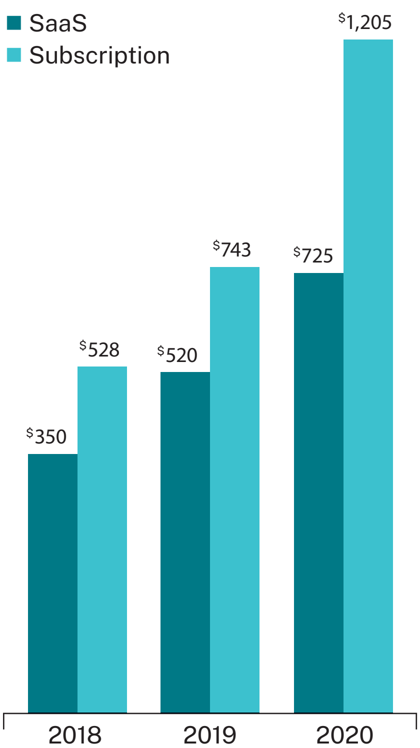
David J. Henshall
President and CEO

I believe more than ever in our ability to change the way the world works. Our strong core values and customer-centric culture have positioned us to deliver innovative solutions to an increasing base of users.

increase Black and African American representation within Citrix and to assess our internal processes to eliminate biases and ensure equality. We are steadfast in our commitment to create lasting impact. In addition, we are investing in STEM programs, scholarships, and youth mentoring to support a diverse talent pipeline for our future and reflect our commitment to long-term systemic change.

And finally, as organizations evaluate their future work environments, they are increasingly committed to sustainability—a trend accelerated by the pandemic as we see how widespread remote work and reduced commuting and travel can quickly reduce environmental impacts. Because Citrix solutions increase employee engagement and productivity while working remotely, we can support our customers' sustainability goals by decreasing energy consumption and greenhouse gas (GHG) emissions—through both the use of energy efficient devices and, longer term, the reduction of real estate needs. In 2020, we also accelerated our environmental, social, and governance (ESG) initiatives—evaluating our own global operations to identify opportunities for improvement—and have set targets tied to executive compensation to further encourage achievement. Moving forward, we are committed to continuing to increase transparency through our ESG-related disclosures.

Annualized recurring revenue
(millions)



2020 business performance

While 2020 was a challenging year in many ways, our financial performance exceeded expectations, and we made considerable progress in our subscription model transition. In 2020, subscription revenue increased 71 percent year over year, and our future committed revenue, or the combination of deferred and unbilled revenue[1], increased 18 percent, to $2.9 billion. Our subscription ARR[2] balance reached over $1.2 billion, up 62 percent year over year, and the SaaS component of ARR increased 39 percent, with an ending balance of $725 million. We exited the year with subscription bookings representing 85 percent of our total product bookings, and 95 percent of our Workspace product bookings in the fourth quarter of 2020, up from 69 percent and 73 percent respectively in the fourth quarter of 2019. We are continuing to grow our recurring, predictable, sustainable revenue and cash flow by delivering both Workspace and Application Delivery and Security solutions through subscription offerings.

1. Unbilled revenue primarily represents future billings under our subscription agreements that have not been invoiced and, accordingly, are not recorded in accounts receivable or deferred revenue within our consolidated financial statements.

2. Annualized Recurring Revenue, or ARR, is an operating metric that represents the contracted recurring value of all termed subscriptions normalized to a one-year period. It is calculated at the end of a reporting period by taking each contract's recurring total contract value and dividing by the length of the contract. ARR includes only active contractually committed, fixed subscription fees. Our definition of ARR includes contracts expected to recur and therefore excludes contracts with durations of 12 months or less where licenses were issued to address extraordinary business continuity events for our customers. All contracts are annualized, including 30-day offerings where we take monthly recurring revenue multiplied by 12 to annualize. ARR should be viewed independently of U.S. GAAP revenue, deferred revenue, and unbilled revenue and is not intended to be combined with or to replace those items. ARR is not a forecast of future revenue.

The onset of COVID-19 in early 2020 resulted in a rapid shift to remote work and a broad realization of hybrid workstyle benefits. We saw customers who already had an established cloud footprint quickly and easily scale capacity as needed with Citrix solutions. Specifically, Citrix Cloud enabled customers to deploy workloads significantly faster than those who ran workloads on-premises. Due to the urgency of remote work, the majority of on-premises customers chose to expand their seats with our on-premises subscription offering, rather than migrating workloads to the cloud.

Our Application Delivery and Security business reflects the secular shift to software from hardware-based solutions, and we expect this trend to continue over the longer term. Software accounted for 44 percent of total Application Delivery and Security revenue, up from 29 percent in 2019, with many customers utilizing our Application Delivery and Security solutions to optimize delivery of Citrix Workspace. Customers are seeing the value in our pooled-capacity subscription offering, which allows them to utilize capacity across various deployment models—whether on-premises, in the cloud, or in a hybrid infrastructure. Our solutions enable full visibility with an optimized user experience, while offering maximum protection to our customers' ecosystems.

I'm extremely proud of our team's performance and how we came together to support our customers. Whether operating in multiple clouds or on-premises, our customers were able to provide their employees a safe and productive work experience through Citrix Workspace, with optimized performance provided by Citrix Application Delivery and Security solutions.

Looking ahead

With our subscription licensing model transition largely complete, our focus is now on: 1) migrating our large installed customer base from on-premises to the cloud; 2) expanding our existing footprint with general purpose Workspace, Analytics, and Security solutions to reach more users within our customer base; and 3) successfully executing on our opportunity to accelerate growth with our recent acquisition of Wrike.

Ohio Department of Transportation

ODOT supports a mobile workforce and COVID-19 volunteers with Citrix Workspace

The Ohio Department of Transportation (ODOT) maintains one of the nation's largest transportation systems, with infrastructure assets valued at over $116 billion. To improve remote access to applications across a wide range of devices, ODOT uses Citrix Workspace to deliver a secure and unified experience for various employees, from roadway construction crews to bridge inspectors and highway maintenance workers. When the global pandemic was declared in early 2020, ODOT did not have a formal work-from-home policy in place. Within four days, Citrix solutions enabled 1,800 employees to work securely and productively at home.

ODOT was also able to support neighboring state agencies during the crisis. As Ohio saw unemployment numbers dramatically increase due to COVID-19, the Ohio Department of Jobs and Family Services did not have the capacity to handle the volume of calls and requested assistance from other state agencies. With a modernized workspace architecture powered by Citrix, ODOT quickly took action, and in three days supported more than 1,100 volunteers with the applications they needed, delivering vital support to Ohio citizens through Citrix Workspace.

Citrix Workspace unifies, secures, and simplifies work

Unify work

Reliable access to SaaS, web and mobile apps, virtual desktops, content, business services, and other resources needed to be productive wherever work needs to get done—in an office, on the road, or at home

Secure work

Contextual access security and app protection gives IT and organizations confidence that their information and applications will remain secure in today's distributed and hybrid work and IT environments

Simplify work

Intelligent experience with machine learning, micro-apps and workflows, virtual assistants, and search capabilities to guide, automate, and streamline work execution and collaboration

Accelerating the cloud migration: Organizations are looking to modernize their application infrastructure by both adopting SaaS applications and transitioning on-premises workloads to public clouds. As customers work through various stages of their cloud journey, Citrix solutions simplify their management of applications while offering a flexible, secure, and seamless experience to end users. That said, we know that a customer's decision to move an on-premises Citrix workload to the cloud is not made in a vacuum, and is often made in conjunction with other IT-related infrastructure decisions. This is one of the reasons why our partnerships with major cloud providers, like the expansion of our engagements with Microsoft, Google, and AWS last year, are so meaningful. One of our top priorities is accelerating the move of our installed base to the cloud, and our evolving partnerships play an important part in our customers' transition and ability to manage application delivery in a hybrid-cloud environment.

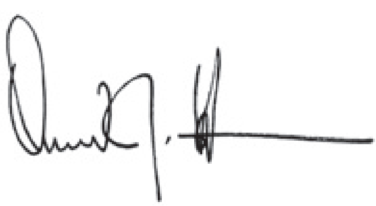
Increasing seat penetration: Historically, application and desktop virtualization has been a primary driver of our business. While this continues to be an opportunity for us to grow, we are confident that Citrix Workspace can benefit a broader base of users beyond virtualization, by increasing employee productivity with a unified, secure, and customized experience for all employees. Citrix Workspace streamlines workflows and connects users to the apps they need to get work done with less effort. And, Citrix's Secure Internet Access solutions ensure that enterprise applications and data are accessed securely, with high performance and reliability across all employees and devices types. Seat expansion across the enterprise provides us the opportunity to continue to innovate and create additional value on top of our seats with new modules, like analytics.

Accelerating growth with the acquisition of Wrike: The addition of Wrike's Collaborative Work Management solutions advances our general purpose workspace strategy, and enhances and further differentiates the Citrix Workspace platform. It automates and simplifies work execution and team-based collaboration on top of where employees go to access and organize their work in Citrix Workspace. We expect this acquisition to further drive our SaaS transition by providing an opportunity to cross-sell to our large customer base.

I believe more than ever in our ability to change the way the world works. Our strong core values and customer-centric culture have positioned us to deliver innovative solutions to an increasing base of users. We have invested in the long-term growth of the business while continuing to return capital to shareholders. We will continue to run the business for long-term sustainable growth to benefit all of our core constituents—our customers, partners, employees, and shareholders.

Consistent with this priority, we are setting long-term corporate sustainability goals, including our intention to reduce our total greenhouse gas emissions by 30 percent and reduce our emissions per unit of revenue by 50 percent by 2030, compared to our 2019 baseline year. Importantly, we are linking actions to reduce our carbon footprint—as well as diversity, inclusion, and belonging metrics—to our executive variable compensation incentive plan in 2021.

On behalf of the Board and our employees, thank you for your continued support and interest in Citrix.



David J. Henshall
President and CEO

Environmental, Social, and Governance (ESG)

Sustainability and business strategy

Sustainability at Citrix goes beyond the inherent environmental and social benefits that our products enable. ESG factors also influence our products, how we develop new solutions, and how we operate overall.

Our business strategy is informed by our key stakeholders—including our employees—to ensure that ESG factors influence how we operate. In July 2020, more than 3,000 Citrix employees (approximately 33 percent of our workforce) responded to a company-wide sustainability survey. Respondents overwhelmingly support Citrix's efforts to actively pursue improving environmental, social, and governance-related impact. Ninety percent of respondents agreed that working for an environmentally responsible company is important to them. We view these results as a mandate to further our strong commitment to sustainability throughout the company.

For detailed information about our ESG strategy and programs, please review our sustainability report at citrix.com/about/sustainability/2019-report/

Material ESG topics

In 2020, we engaged in a full materiality assessment to help identify, assess, and prioritize the relevant ESG risks and opportunities that are most important to our stakeholders and Citrix's business overall. This assessment, which informs our ESG strategy, targets, and reporting, resulted in the following core areas of focus:

Environmental

- Carbon emissions
- Climate change adaptation and resilience
- Energy consumption
- Product sustainability

Social

- Diversity and inclusion
- Health and wellness
- Supply chain sustainability
- Training and education

Governance

- Board composition
- Business continuity
- Data security and privacy
- Ethics and compliance

Enabling energy and emissions reduction

At Citrix, our role in reducing energy consumption starts with our products, which enable anyone to work from anywhere—reducing transportation emissions from commuting and enabling a shift to more energy-efficient devices. For example, Citrix Workspace eliminates the need for applications and data to reside on endpoint devices. This puts product sustainability into practice, allowing customers to transition away from more energy-intensive desktops with large screen displays and high-performance processors toward more energy-efficient laptops. And because no data is required to live on these devices, it can extend the useful life of an individual device by up to 40 percent. This can significantly decrease an organization's energy demand and reduce waste. Citrix Workspace — combined with flexible remote work policies — can drive down corporate office space needs and reduce employee commuting, further reducing a company's carbon footprint. When organizations deploy Citrix Workspace and manage client devices to optimize for energy efficiency, they can — depending on the size of their employee base — dramatically decrease the greenhouse gas emissions (GHG) associated with client computing.

> Citrix submits corporate climate data and strategy information to CDP, the voluntary global environmental disclosure platform.

Talent

Citrix solutions enable a better way to work and embrace the power of human difference. We provide a distributed and flexible work environment for our approximately 9,000 employees, aiding the recruitment and retention of a broader base of diverse talent. Our own diverse workforce spans multiple generations and lives and operates in more than 40 countries.

In strong support of the world's urgent transition to a low-carbon economy, Citrix has initiated targets to reduce our total absolute GHG emissions by 30% by 2030 and reduce our emissions per unit of revenue by 50% by 2030. These goals will use our 2019 emissions as a baseline for factors included and cover scopes 1, 2, and 3.

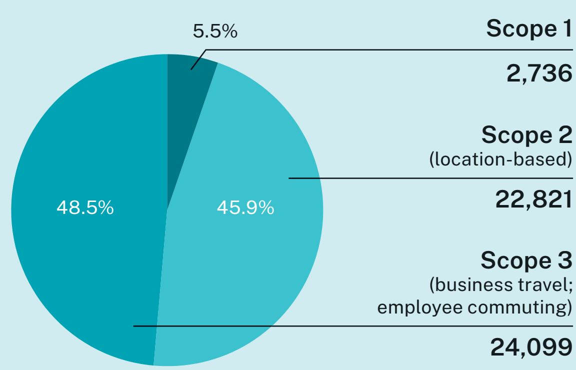
We expect to refine these targets over the next 1 to 2 years to receive approval from the Science Based Target initiative (SBTi) to ensure our targets are consistent with Citrix doing its part to keep global warming well below 2°C.

2019 GHG intensity

Total GHGs (Scope 1 and 2 MT CO^2e)	25,557
Revenue	$3.01 billion
GHG intensity (MT CO^2/revenue)	**.000009**

2019 emissions by scope

(metric tonnes CO^2e)



Total emissions: 49,656

Central to our long-term strategy is attracting, developing, and retaining the best talent globally, with the right skills to drive our success. During the COVID-19 pandemic, our primary focus has been on the safety and well-being of our employees and their families. A large majority of our workforce worked remotely and successfully throughout most of 2020. We provided our employees with a variety of tools, resources, and training to support effective remote working and employee well-being during this stressful and unprecedented time. We are taking what we've learned from being highly distributed teams during the pandemic and optimizing it for the future. For offices that reopened, we leveraged the advice and recommendations of medical experts to implement new protocols to ensure the safety of our employees, including face coverings, temperature checks, health certifications, social distancing, and capacity limits.

Diversity and inclusion

Diversity, inclusion, and belonging have long been a part of our culture, and we work to continually expand our diversity, inclusion, and belonging initiatives. In the area of human capital management, we have launched a number of diversity and inclusion (D&I) efforts, including an employee-run committee focused on D&I initiatives, which are supported by our executive leadership team. We recently expanded global parental leave benefits, gender pay equity initiatives, diversity-focused scholarships, and programs to support underrepresented minorities, veterans, and disabled workers. In addition, we asked all employees to complete unconscious bias training. The training helps Citrix employees to uncover biases that result in prejudices and stereotypes. We have also continued to build bias mitigation practices into our people processes. For example, removing gendered language from job postings, giving managers tools to mitigate bias before a performance review, and encouraging diverse interview panels to make objective decisions on candidates. Additionally, a cross-functional team worked together to remove biased language from our lexicon.

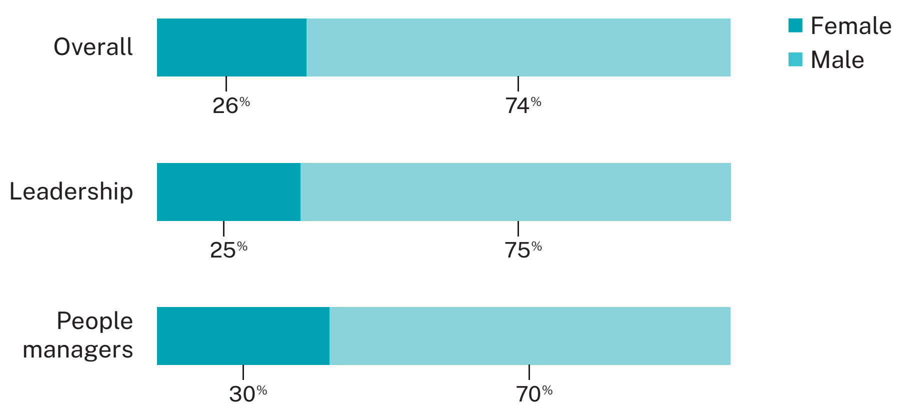
In 2020, we launched a racial equity strategy with the objectives of supporting black students and businesses, modifying our people processes to promote racial equity, and sharing data as we advance our journey and personal learning about systemic racism. We are committed to listening, learning, and making sustainable change to stand against racism, bias, and injustice.

Our employee resource groups (ERGs) support underrepresented groups of employees and build safe spaces for members, educate allies, and attract and retain talent. ERGs are an important component of our D&I efforts, addressing topics like career development, mentoring, advocacy, networking, and recruiting and interviewing candidates. To support the needs of parents and caregivers during the pandemic, we launched an ERG specifically focused on these employees; the group now has 600-plus members offering support and advice.

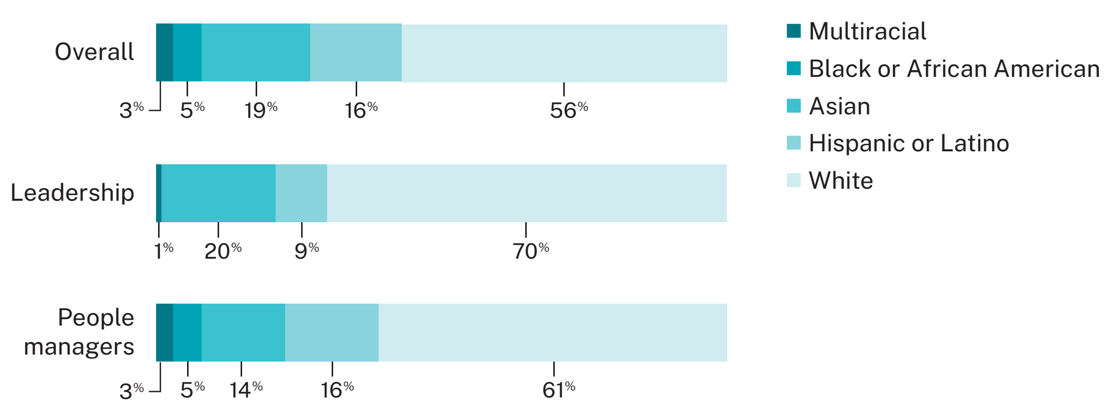
More than 2,300 employees are engaged with Citrix ERGs—approximately 25 percent of our employee base. We have ten ERGs with 29 chapters across nine offices in seven countries. Each ERG has the support of an Executive Leadership Team champion and a senior vice president or vice president–level sponsor to provide guidance, visibility, and support to the ERG's chair and broader membership.

ERGs benefit Citrix by connecting us around the globe, improving our work-force representation, and providing awareness and feedback that make us better as a company and as a steward in the communities we serve.

2020 global gender headcount



2020 U.S. race and ethnicity headcount



Total rewards, benefits, and wellness

We offer competitive benefits and compensation programs that meet the diverse needs of our employees. To attract, motivate, and retain top-performing employees, globally, Citrix offers a market-competitive compensation program, with the ability to increase compensation through performance-based incentives and career opportunities.

We provide health benefits and wellness programs for employees and their families. Due to COVID-19, we were unable to conduct our annual health fairs in person, but we continue to hold events virtually, including healthy cooking classes, wellness classes, and parenting information sessions. In addition to a competitive base salary or hourly wage, Citrix offers a company-matched 401(k), a performance-based bonus program, recognition awards, equity compensation, an employee stock purchase program, and appreciation events for employees.

We also offer benefits to support our employees' physical and mental health by providing tools and resources to help them improve or maintain their health status and encourage engagement in healthy behaviors. During 2020, we grew our mindfulness community. Practicing mindfulness can help employees strengthen their ability to focus, improve resilience, and navigate conflict.

Giving back to our communities is a vital part of our culture, and we do this through a combination of employee and Citrix donations. Employees receive paid time off to support the charitable organizations of their choice, and personal donations are matched through our charitable matching program. In 2020, we doubled our charitable match cap to support COVID-19 relief and social justice donations. Further, we support a number of community programs by donating meals, supporting education programs, and providing scholarships, among other important initiatives.

Growth, development, and engagement

At Citrix, we place a strong focus on career development and building the capabilities of our team members. We invest in our employees by offering a wide range of development opportunities that promote learning and growth. These include highly interactive core leadership programs geared toward different career stages; various mentoring and coaching programs; a large library of on-demand, virtual, and in-person courses that support professional and technical skills development; and our tuition reimbursement program.

We also believe in building organizational capability by practicing a growth mindset and by continuously listening to our employees to create a phenomenal employee experience. We survey our employees frequently, providing managers and teams with highly actionable data that allows them to focus on making improvements in areas that have the largest impact on engagement and team success.

Notice of

2021 Annual Meeting of Shareholders and Proxy Statement

citrix™

Letter from our CEO

Dear Shareholder, April 16, 2021

On behalf of Citrix, thank you for your continued investment. We value your support, which is essential to the success of our efforts to deliver long-term value to our shareholders.

Citrix solutions help organizations deliver a consistent and secure work experience to all users, across all devices in any location. This value proposition became increasingly important in the wake of the COVID-19 pandemic. Through the pandemic, we have proudly helped customers around the world and across industries transition to remote work and maintain business operations with minimal disruption.

I am proud of how quickly we were able to respond and help our employees, customers, and partners drive meaningful change during this most difficult time for our global community. You can read more about how we helped customers ensure business continuity, kept employees safe, and supported the communities in which we live and work in this year's Annual Report available at investors.citrix.com/financial-information/annual-reports.

I also direct you to my CEO letter in this year's Annual Report where I summarize our 2020 results — a year of strong financial performance and considerable progress in our subscription model transition. Further, I also discuss our opportunities to migrate our customers to the cloud, expand our existing footprint to reach more users within our customer base and execute on our opportunity to accelerate growth with our recent acquisition of Wrike.

At Citrix, we take corporate responsibility seriously and work together with all of our stakeholders — shareholders, employees, customers, partners and members of the communities in which we live and work — to provide a better tomorrow for the next generation. Citrix solutions aim to increase employee engagement and productivity while working remotely and as a result, we can support our customers' sustainability goals by decreasing energy consumption and greenhouse gas emissions with the use of energy efficient devices, and longer-term, reducing real estate needs.

We strive to build a diverse and inclusive culture, operate responsibly, and conduct our business in an ethical, transparent and accountable way. As discussed in my CEO letter, in 2020, we accelerated our own environmental, social and governance (ESG) initiatives. We evaluated our global operations to identify opportunities for improvement and set targets tied to executive compensation for 2021 to further encourage achievement. Further, we are committed to continuing to increase transparency through our ESG-related disclosures.

Please see ways you can vote your shares beginning on page 1 in this year's Proxy Statement. We appreciate your continued support of Citrix and encourage you to vote your shares in advance of the meeting.

Very truly yours,

DAVID J. HENSHALL
Chief Executive Officer, President
and Director

Letter from our Chairman

Dear Shareholder,

April 16, 2021

As Chairman, I would like to take the opportunity to share my perspective on several topics that I believe are important to Citrix's ability to create long-term sustainable value. These include Citrix's executive compensation practices, our diverse and experienced Board of Directors, our approach to cybersecurity risk management, as well as our focus on sustainable business practices and commitment to engaging with our shareholders.

Commitment to pay-for-performance. The Compensation Committee of the Board of Directors and the full Board continually reevaluate and take a thoughtful approach to aligning the metrics of performance-based awards with those that have driven and will continue to drive Citrix's business transformation. We are committed to pay-for-performance. For example:

- Beginning in 2018 and for 2019, the Compensation Committee linked performance-based equity awards with subscription bookings as a percentage of total subscription and product bookings to directly align performance-based awards to Citrix's multi-year strategic business transition to a cloud-based subscription business. During the second quarter of 2019, and as discussed in the company's earnings announcement in July 2019, Citrix gained significant momentum in its business transition to a subscription-based business.
- Given this increased momentum, the Compensation Committee determined that the company had a unique opportunity to increase the acceleration of its transition, which, if successful, would advance long-term value creation for shareholders. Accordingly, beginning in 2020, the Compensation Committee moved away from subscription bookings as a percentage of total subscription and product bookings and decided to link performance-based equity awards with annualized recurring revenue, or ARR,[1] growth, which, as we have discussed on our earnings calls, is the metric that we believe is best aligned with the company's business transition and strategy. In our view, ARR, in short, is the best indicator of the overall health and trajectory of the business because it captures the pace of Citrix's transition and is a forward-looking indicator of top line trends.
- As we enter fiscal year 2021 with a portion of our subscription model transition complete, we continue to focus on transitioning our customers to the cloud. As a result, the Compensation Committee decided to link performance-based equity awards granted during fiscal year 2021 with Software-as-a-Service ARR, or SaaS ARR, growth, rather than ARR growth, to further drive our business model transition to the cloud.

Prioritizing diversity and refreshment of the Citrix Board. We believe that diversity of perspectives and breadth of experience are important attributes of a well-functioning board. As such, our Board of Director nominees are a diverse group of individuals who possess a wide range of backgrounds and experience, including diversity of knowledge, skills and expertise, as well as diversity of personal characteristics, including gender, ethnicity, culture, thought and geography. The attributes of our directors help the Board of Directors to effectively oversee risks and provide guidance, positioning Citrix to continue to drive shareholder value and long-term sustainable growth. We have added a board skills matrix on page 22 of this Proxy Statement to highlight the breadth of experience of our Board of Directors and have included diversity characteristics. We believe that a diverse board is an effective board. Racially, ethnically or gender diverse directors currently comprise 36% of the total Board of Directors. Mr. Bob Knowling identifies as Black, Dr. Ajei Gopal identifies as Asian and Mses. Nanci Caldwell and Moira Kilcoyne identify as women.

Each time we evaluate our leadership structure, add a new director, or change the composition of our Board committees, we do so in a thoughtful manner to ensure that the right skills, experiences, and perspectives are brought to our meetings and discussions. Over the past five years, we have added five new independent directors. We are pleased that JD Sherman joined our Board of Directors in March 2020, bringing a strong technology focus and expertise in finance and operations and Bob Knowling joined our Board of Directors in October 2020, bringing

(1) See page 5 of this Proxy Statement for the definition of annualized recurring revenue, or ARR.

extensive leadership and management experience. As announced in April 2021, Robert D. Daleo will not be standing for re-election at the 2021 Annual Meeting. We thank Bob for his service on our Board of Directors over the last seven years. His many contributions as a Board member were valuable and appreciated as the company executed a significant shift in our strategy and business model.

Further enhancing cybersecurity risk management. Citrix solutions empower customers to do their best work — securely and efficiently, on any device, across any network, anywhere in the world. Effectively managing risks associated with cybersecurity and privacy is essential to our ability to deliver for our customers and our shareholders. We continue to be focused on cybersecurity risk management in light of the rapidly evolving threat landscape and an increasingly complex regulatory environment. As discussed in greater depth on page 32 in this year's Proxy Statement, the Technology, Data and Information Security Committee of the Board oversees information technology policies, plans and programs relating to enterprise cybersecurity and data protection risks, including risks associated with our products, services, and information technology infrastructure. This Committee works in coordination with the Audit Committee to oversee our management of risks related to information technology systems and processes, including any audits of our systems and processes. A management-level cross-functional internal committee chaired by our Chief Legal Officer is charged with security governance, coordination and monitoring of cyber risks, potential cyber incidents, and key mitigation initiatives. This internal management committee consolidates relevant information for the Board's Technology, Data and Information Security Committee and regularly meets with the Technology, Data and Information Security Committee. Additionally, findings from our internal audits of security controls are reported directly to the Technology, Data and Information Security Committee on a quarterly basis.

Commitment to environmental, social and governance oversight and disclosures. The Board continues to focus on oversight of Citrix's environmental and social practices and their impact on our business and key stakeholders. We believe that effective oversight of these matters is critical to Citrix's long-term success. Formal oversight of Citrix's policies and practices regarding corporate social responsibility and environmental, social and governance (ESG) is through the Nominating and Corporate Governance Committee. Our management team regularly updates the Nominating and Corporate Governance Committee regarding its expanded ESG program. Citrix is committed to continuing to increase transparency through ESG-related disclosures. I encourage you to read Citrix's most recent Sustainability Report available at https://www.citrix.com/content/dam/citrix/en_us/documents/about/sustainability-report.pdf and David Henshall's CEO letter in this year's Annual Report under the section titled *Environmental, Social and Governance (ESG)* for more details regarding Citrix's ESG program.

Ongoing commitment to shareholder engagement. Each year, members of the Board of Directors and senior management conduct outreach to a broad group of shareholders to better understand their perspectives on our strategy, as well as on our governance, compensation, and sustainability practices. We greatly value the feedback received through these conversations and the insights gained are shared with the Board of Directors on an ongoing basis. Members of the Board of Directors and senior management engaged with investors representing nearly 21% of shares outstanding in 2020. As detailed on page 41 of this Proxy Statement, these discussions covered a range of topics and the Board continues to use shareholder input to inform our practices and policies.

We look forward to our continued engagement with you and I encourage you to read this year's Proxy Statement and Annual Report. On behalf of the Board of Directors, thank you for your investment in, and continued support of, Citrix.

Very truly yours,

ROBERT M. CALDERONI
Chairman of the Board of Directors

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CITRIX SYSTEMS, INC.
851 West Cypress Creek Road
Fort Lauderdale, Florida 33309

NOTICE OF 2021 ANNUAL MEETING OF SHAREHOLDERS
To Be Held at 5:00 p.m. Eastern Time on Friday, June 4, 2021

To the shareholders of Citrix Systems, Inc.:

The 2021 Annual Meeting of Shareholders of Citrix Systems, Inc., a Delaware corporation, will be held virtually on Friday, June 4, 2021, at 5:00 p.m. Eastern time, for the following purposes:

1. to elect ten members to the Board of Directors, each to serve for a one-year term and until his or her successor has been duly elected and qualified or until his or her earlier death, resignation or removal;
2. to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2021;
3. to hold an advisory vote on the compensation of our Named Executive Officers;
4. to consider a shareholder proposal regarding simple majority voting provisions, if properly presented at the meeting; and
5. to transact such other business as may properly come before the 2021 Annual Meeting or any adjournments or postponements thereof.

The proposal for the election of directors relates solely to the election of ten 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 shareholder.

Only shareholders of record at the close of business on April 6, 2021 are entitled to notice of and to vote at the 2021 Annual Meeting and at any adjournment or postponement thereof.

All shareholders are cordially invited to attend the 2021 Annual Meeting. We are pleased this year to again conduct the 2021 Annual Meeting solely online via the Internet through a live webcast and online shareholder tools. We continue to use the virtual annual meeting format to facilitate shareholder attendance and participation by leveraging technology to communicate more effectively and efficiently with our shareholders. This format empowers shareholders to participate fully from any location around the world, at no cost. You will be able to attend the meeting by visiting www.virtualshareholdermeeting.com/CTXS2021 by using the 16-digit control number included in your proxy materials.

To ensure your representation at the 2021 Annual Meeting, we urge you to vote via the Internet at 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 Vote Processing, c/o 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 2021 Annual Meeting, you may vote electronically at the meeting even if you have previously returned your proxy card or have voted via the Internet or by telephone.

In addition to their availability at www.proxyvote.com, this Proxy Statement and our Annual Report to Shareholders are available for viewing, printing and downloading at investors.citrix.com/financial-information/annual-reports.

By Order of the Board of Directors,

Antonio Gomes

ANTONIO G. GOMES
Executive Vice President, Chief
Legal Officer and Secretary

Fort Lauderdale, Florida
April 16, 2021

WHETHER OR NOT YOU PLAN TO ATTEND THE 2021 ANNUAL MEETING, PLEASE PROMPTLY COMPLETE YOUR PROXY AS INDICATED ABOVE IN ORDER TO ENSURE REPRESENTATION OF YOUR SHARES. PLEASE REVIEW THE INSTRUCTIONS FOR EACH OF YOUR VOTING OPTIONS DESCRIBED IN THIS PROXY STATEMENT AND THE NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS YOU RECEIVED IN THE MAIL.

CITRIX SYSTEMS, INC.
851 West Cypress Creek Road
Fort Lauderdale, Florida 33309

PROXY STATEMENT
For the 2021 Annual Meeting of Shareholders
To Be Held on June 4, 2021

April 16, 2021

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 2021 Annual Meeting of Shareholders to be held virtually on Friday, June 4, 2021 at 5:00 p.m. Eastern time, or at any adjournments or postponements thereof. We are pleased this year to again conduct the 2021 Annual Meeting solely online via the Internet through a live webcast and online shareholder tools. We continue to use the virtual annual meeting format to facilitate shareholder attendance and participation by leveraging technology to communicate more effectively and efficiently with our shareholders. This format empowers shareholders to participate fully from any location around the world, at no cost. An Annual Report to Shareholders, containing financial statements for the year ended December 31, 2020, and this Proxy Statement are being made available to all shareholders entitled to vote at the 2021 Annual Meeting. The Notice of Internet Availability was mailed, and this Proxy Statement and the form of proxy were first made available, to shareholders on or about April 16, 2021.

The purposes of the 2021 Annual Meeting are to:

- elect ten directors for one-year terms;
- ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2021;
- hold an advisory vote to approve the compensation of our Named Executive Officers;
- consider a shareholder proposal regarding simple majority voting provisions, if properly presented at the meeting; and
- transact such other business as may properly come before the 2021 Annual Meeting or any adjournments or postponements thereof.

Only shareholders of record at the close of business on April 6, 2021, which we refer to as the record date, will be entitled to receive notice of and to vote at the 2021 Annual Meeting. As of that date, 124,164,115 shares of our common stock, $0.001 par value per share, were issued and outstanding. Shareholders are entitled to one vote per share on any proposal presented at the 2021 Annual Meeting.

Shareholders will be able to attend the 2021 Annual Meeting by visiting www.virtualshareholdermeeting.com/CTXS2021 by using the 16-digit control number included in their proxy materials. We have designed the virtual format to enhance shareholder access and participation and protect shareholder rights by providing the same rights to participants that they would have at an in-person meeting. During the 2021 Annual Meeting, shareholders may ask questions and will be able to vote their shares electronically. Although the live webcast is available only to shareholders at the time of the meeting, following completion of the 2021 Annual Meeting, a webcast replay and answers to all valid questions not answered on the live call will be posted after the meeting on our website at www.investors.citrix.com and will remain for at least one year.

- *Shareholders of record*: If you are a shareholder of record, in order to participate in the 2021 Annual Meeting, please log onto the meeting platform at www.virtualshareholdermeeting.com/CTXS2021. You will need your 16-digit control number included on the proxy notice, proxy card or the voting instruction form previously distributed to you.
- *Shareholders holding shares in "street" name*: If your shares are held in "street name" through a brokerage firm, bank, trust or other similar organization and you do not have a 16-digit control number, in order to participate in the 2021 Annual Meeting, you must first obtain a legal proxy from your broker, bank or other nominee reflecting the number of shares of Citrix common stock you held as of the record date, your name and email address.

Those without a control number may attend as guests of the 2021 Annual Meeting. If you are a guest, you will need to register by entering your name and email address. Guests will not have the option to vote or ask questions during the meeting.

You should ensure that you have a strong Internet connection and allow plenty of time to log in and ensure that you can hear streaming audio prior to the start of the 2021 Annual Meeting. We offer live technical support for all shareholders attending the meeting. Technical support phone numbers will be available on the virtual-only meeting platform at www.virtualshareholdermeeting.com/CTXS2021.

If you are a shareholder of record, you may vote electronically during the 2021 Annual Meeting by following the instructions available on www.virtualshareholdermeeting.com/CTXS2021. Whether or not you plan to attend the 2021 Annual Meeting online, we urge you to vote via the Internet at www.proxyvote.com or by telephone at 1-800-690-6903 by following the instructions on the Notice of Internet Availability of Proxy Materials or physical proxy card 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 are a shareholder who holds shares through a brokerage firm, bank, trust or other similar organization (that is, in “street name”), please refer to the instructions from the broker or organization holding your shares.

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:

- filing with our Secretary, before the taking of the vote at the 2021 Annual Meeting, a written notice of revocation bearing a later date than the proxy;
- properly casting a new vote via the Internet or by telephone at any time before the closure of the Internet or telephone voting facilities;
- 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 2021 Annual Meeting; or
- attending the 2021 Annual Meeting online and voting electronically during the meeting (although attendance at the 2021 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 our principal executive offices at Citrix Systems, Inc., 851 West Cypress Creek Road, Fort Lauderdale, Florida 33309, Attention: Secretary, before the taking of the vote at the 2021 Annual Meeting. If a broker, bank or other nominee holds your shares, you must contact them in order to find out how to revoke or change your vote.

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 2021 Annual Meeting is necessary to constitute a quorum for the transaction of business. Abstentions and broker non-votes (discussed below) will be counted as present or represented for purposes of determining the presence or absence of a quorum for the 2021 Annual Meeting. When a quorum is present at any meeting of shareholders, the holders of a majority of the stock present or represented and voting on a matter shall decide any matter to be voted upon by the shareholders at such meeting, except when a different vote is required by express provision of law, our amended and restated certificate of incorporation (as currently in effect, our “Certificate of Incorporation”) or our amended and restated bylaws (as currently in effect, our “Bylaws”).

For Proposal 1 (the election of ten 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 or her re-election is required to submit his or her 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 shareholder vote for the 2021 Annual Meeting.

For each of Proposal 2 (the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2021), Proposal 3 (the advisory vote to approve the compensation of our Named Executive Officers) and Proposal 4 (shareholder proposal if properly presented), an affirmative vote of a majority of the stock present, in person or represented by proxy, and voting on such matter is required for approval.

Broadridge Financial Solutions will tabulate the votes at the 2021 Annual Meeting. The vote on each matter submitted to shareholders will be tabulated separately.

Broker non-votes are shares held by a nominee (such as a bank or brokerage firm) which, although counted for purposes of determining a quorum, are not voted on a particular matter because voting instructions have not been received from the nominees' clients (who are the beneficial owners of such shares). Under national securities exchange rules, nominees who hold shares of common stock in street name for, and have transmitted our proxy solicitation materials to, their customers but do not receive voting instructions from such customers, are not permitted to vote such customers' shares on non-routine matters. Proposal 3 is considered a routine matter under such rules and nominees therefore have discretionary voting power as to Proposal 3. For non-routine matters, these broker non-votes shall not be counted as votes cast and therefore will have no effect on Proposals 1, 2 and 4. Similarly, abstentions are not counted as votes cast and thus will have no effect on any proposal.

The persons named as attorneys-in-fact in the proxies, David J. Henshall and Arlen R. Shenkman, were selected by the Board of Directors and are officers of Citrix. All properly executed proxies submitted in time to be counted at the 2021 Annual Meeting will be voted by such persons at the 2021 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 Proposal 1 (the election of each of the director nominees), FOR Proposal 2 (the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2021), and FOR Proposal 3 (the advisory vote to approve the compensation of our Named Executive Officers). If no specification is indicated on the proxy with respect to Proposal 4 (shareholder proposal regarding simple majority voting provisions), then the proxy holder will vote the shares represented by that proxy AGAINST such proposal.**

Aside from the proposals included in this Proxy Statement, our Board of Directors knows of no other matters to be presented at the 2021 Annual Meeting. If any other matter should be presented at the 2021 Annual Meeting upon which a vote may properly 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.

No dissenters' rights are available under the General Corporation Law of the State of Delaware, our Certificate of Incorporation or our Bylaws to any shareholder with respect to any of the matters proposed to be voted on at the 2021 Annual Meeting.

Unless otherwise indicated, references in this Proxy Statement to "Citrix," the "company," "we" and "us" refer to Citrix Systems, Inc., a Delaware corporation and its consolidated subsidiaries.

Proxy highlights

This summary should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2020 and the entire Proxy Statement.

2021 Annual Meeting of Shareholders

Date and time:
June 4, 2021, 5:00 p.m. Eastern time

Location:
virtualshareholdermeeting.com/CTXS2021

Record date:
April 6, 2021

Date of first distribution of proxy materials:
April 16, 2021

Accelerating our transformation

Citrix is an enterprise software company focused on helping organizations deliver a consistent and secure work experience no matter where work needs to get done — in the office, at home, or in the field. We do this by delivering a digital workspace solution that gives each employee the resources and space they need to do their best work. Our Workspace solutions are complemented by our App Delivery and Security (formerly Networking) solutions, by delivering the applications and data employees need across any network with security, reliability and speed.

Citrix believes that work is not a place — work is about business outcomes. We have helped organizations with digital transformation for many years. The challenges and complexities created by the proliferation of Software-as-a-Service (SaaS)-based applications and the emergence of hybrid multi-cloud infrastructure environments are now combined with the realities brought upon by the global COVID-19 pandemic — realities such as long-term remote and flexible work models and an increased need for risk mitigation and business continuity.

As a result, we believe organizations are accelerating their cloud and digital transformation plans to better position themselves to address these new challenges and embrace the opportunities that will arise from flexible work models. To do this, organizations rely on Citrix solutions for business agility, employee productivity, security and compliance, as well as cost and efficiency. Citrix solutions are focused on employee productivity and are designed to provide end-users with the simplicity of a common user experience while ensuring information technology, or IT, administrators are able to deliver applications and data with the security and controls necessary to protect the enterprise and its customers.

As an organization, we continue to evolve our business in three distinct and interrelated ways:

- Perpetual to Subscription: Our business model has shifted away from selling perpetual licenses towards subscription, or recurring contracts in the form of SaaS, on-premise term, and consumption-based agreements;
- On-Premise to Cloud: As the share of applications and data continues to move rapidly from on-premise data centers to the cloud, our product development and engineering has increasingly focused on delivering cloud-based solutions; and
- Point Products to Platform: Our offerings and our go-to-market activities are shifting away from selling individual point products towards a platform solution, in a tiered offering that provides us the ability to deliver a variety of value-enhancing modules to our customers in the future.

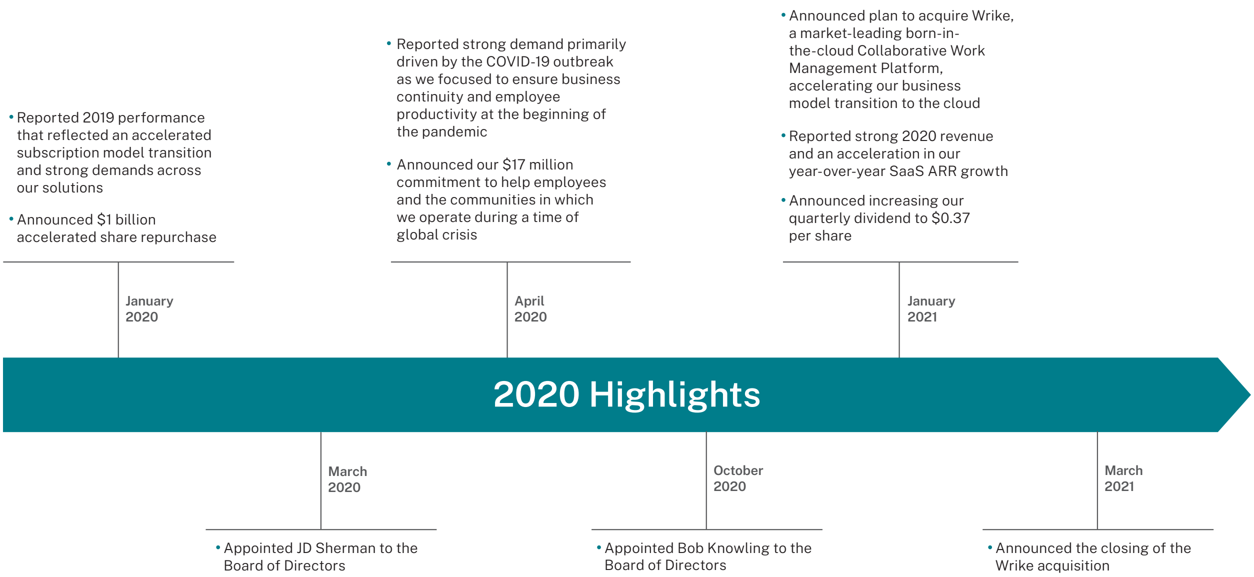
We believe execution of our strategic priorities will continue to drive results for our stakeholders. Exiting 2020, progress in our business transformation to a cloud-based subscription business was evidenced by:

- Subscription ARR[(1)] accelerated to $1.20 billion at the end of 2020, a 62% year-over-year increase, and SaaS ARR of $725 million at the end of 2020, up 39% year-over-year;
- Subscription revenue grew 71% year-over-year in 2020; and
- Subscription bookings as a percent of total product bookings increased to 75% in 2020, up from 62% in 2019.

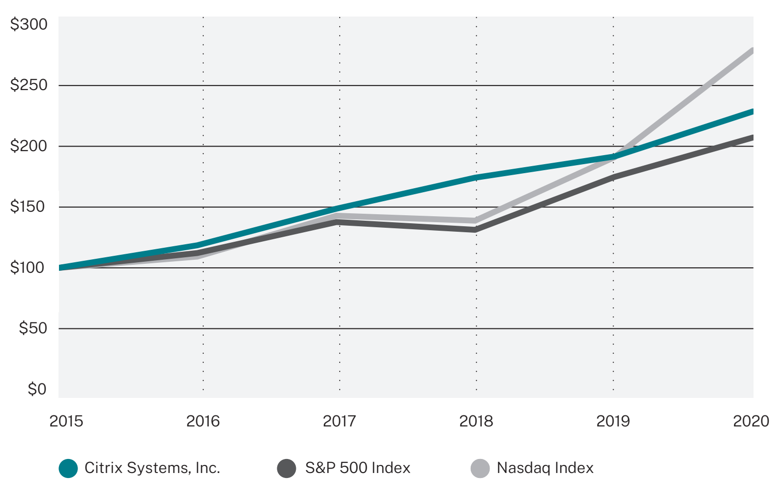
Further accelerating our business model transformation, in March 2021, we announced that we completed our acquisition of Wrike, a leading provider of SaaS collaborative work management solutions, for approximately $2.25 billion in cash. Through the acquisition, we expect to deliver the industry's most comprehensive cloud-based work platform to empower all employees and teams to securely access, collaborate and execute all work types in the most efficient and effective way possible — across any work channel, device, or location.

(1) Annualized recurring revenue, or ARR, is an operating metric that represents the contracted recurring value of all termed subscriptions normalized to a one-year period. It is calculated at the end of a reporting period by taking each contract's recurring total contract value and dividing by the length of the contract. ARR includes only active contractually committed, fixed subscription fees. Our definition of ARR includes contracts expected to recur and therefore excludes contracts with durations of 12 months or less where licenses were issued to address extraordinary business continuity events for our customers. All contracts are annualized, including 30-day offerings where we take monthly recurring revenue multiplied by 12 to annualize. ARR should be viewed independently of U.S. GAAP revenue, deferred revenue and unbilled revenue and is not intended to be combined with or to replace those items. ARR is not a forecast of future revenue.

2020 highlights:



As illustrated in the graph below, our total shareholder return (assuming reinvestment of dividends)(1)(2), or TSR, over the five-year period ended on December 31, 2020 was approximately 123%, outpacing the S&P 500 Index.



(1) For purposes of this graph, the reinvestment of Citrix's $0.35 per share cash dividend paid during the fourth quarter of 2018 and each quarter during both 2019 and 2020 was calculated using the closing price on Nasdaq on each quarterly dividend payment date.

(2) In January 2017, we completed the separation of our GoTo business and its subsequent merger with LogMeIn, Inc. For the purpose of this graph, the distribution of LogMeIn common stock to our shareholders in connection with such separation and merger is treated as a non-taxable cash dividend of $18.59 (equal to the opening price of LogMeIn common stock on February 1, 2017 multiplied by 0.1718 of a share of LogMeIn common stock). Such amount was deemed reinvested in Citrix common stock at the closing price on February 1, 2017 using the daily dividend reinvestment methodology. Other financial data providers may use different methodologies to adjust for the GoTo separation, which may produce different results.

Executive compensation highlights

The following table details the concepts guiding our compensation plan design and how we put them into practice, including actions taken by the Compensation Committee to reflect our compensation plan design and the company's accelerated transformation this past year to a cloud-based subscription business:

Concept	Implementation

Link executive target compensation directly with company performance	• To provide direct alignment with company performance and key drivers of shareholder value, target compensation(1) for our Named Executive Officers(2) was:
	  • 66%, on average, performance-based(3)
	  • 92%, on average, at risk(4)

Payout opportunity levels for our executive variable cash compensation plan should motivate performance that meets or exceeds our financial plan objectives	• In 2020, each executive officer's variable cash compensation plan award was based 100% on the achievement of financial operating targets consistent with our corporate operating plan • Based on 2020 company performance, executive variable cash compensation plan awards for 2020 paid out at 161.16% of the target amount • Over the past ten years, our variable cash compensation plan awards have paid out between 58.8% and 170.9% of target and paid above 100% less than half of the time
Our executives should be incentivized to achieve financial goals that are directly tied to our multi-year business strategy and drivers of growth and value creation for our shareholders	• At least 60% of annual equity awards to our Named Executive Officers are awarded as performance-based restricted stock units; and for 2020, these annual awards vest based on ARR growth to further align executive compensation with what we believe is the best indicator of the overall health and trajectory of our subscription business transition because it captures the pace of our transition and is a forward-looking indicator of top line trends
Our compensation program should be flexible to account for the specific challenges facing the company and the company's strategic initiatives at any given time while also maintaining a long-term focus on shareholder value and creation	• Each year, the Compensation Committee reviews our variable cash compensation plan and performance-based equity awards granted to executive officers to ensure that they fit our strategic and operational initiatives and reflect feedback we receive from our shareholders

(1) Includes 2020 base salary and target variable cash compensation, both in effect at the end of 2020, and the grant date fair value of equity compensation granted in 2020. Does not include the performance-based awards granted in April 2020 for retention purposes and that are included in the Summary Compensation Table, Grants of Plan-Based Awards Table and Outstanding Equity Awards at Year End Table as described herein.

(2) Excludes Woong Joseph Kim, who joined Citrix as Executive Vice President of Engineering and Chief Technology Officer on December 1, 2020.

(3) Performance-based compensation includes target variable cash compensation and the grant date fair value of performance-based restricted stock units granted in 2020, other than the performance-based awards granted in April 2020 for retention purposes. See *Equity-based long-term incentives* beginning on page 55.

(4) At risk compensation includes target variable cash compensation and the grant date fair value of equity compensation that was granted in 2020, other than the April 2020 retention awards.

See *Individual executive compensation decisions* beginning on page 62 for further details regarding our Named Executive Officers' compensation.

Governance highlights

The following summary of our governance policies and facts highlights our commitment to governance practices that protect shareholder rights:

✓ Proxy access	✓ Commitment to corporate responsibility and forward-looking ESG programs
✓ Annual elections of all directors	✓ Stock ownership guidelines for executive officers and directors
✓ Majority voting for director elections	✓ Policies prohibiting hedging, short selling and pledging of our common stock
✓ Lead independent director	✓ Commitment to Board refreshment and diversity of our Board of Directors
✓ Active shareholder engagement	✓ Independent directors regularly meet without management present
✓ Annual Board self-assessment process	✓ Board oversight of risk management
✓ Executive compensation recovery policy	✓ Annual say-on-pay vote

Shareholder engagement

Our executives regularly engage with shareholders to better understand their perspectives on a wide range of strategy, business and governance issues. Our Board of Directors and senior management team welcomes and values the views and insights of our shareholders and conducts an annual outreach effort to connect with our larger shareholders in order to ensure open lines of communication.

In 2020, we reached out to our largest shareholders and proxy advisory firms to understand their perspectives and discuss our business strategy, governance, sustainability and executive compensation policies with a goal of using feedback received during these meetings to inform our policies and practices. Over the course of the year, we held meetings with institutional shareholders representing nearly 21% of Citrix's outstanding common stock as well as proxy advisory firms.

These shareholder meetings covered a wide range of topics, including: our business model transition and strategy; corporate governance practices such as Board composition; our diversity and inclusion programs; our response to the COVID-19 pandemic and its impact on our business; cybersecurity and data privacy; succession planning; shareholder views regarding equity plan preferences and administration; and other matters of shareholder interest. Peter J. Sacripanti, the Chairperson of our Compensation Committee and a member of our Nominating and Corporate Governance Committee, participated in the majority of meetings along with senior executives of the company.

Members of the leadership team, the Chairperson of our Compensation Committee, and other members of our Board of Directors who participate in shareholder engagement meetings regularly discuss shareholder feedback with relevant Board committees and the full Board of Directors. In general, feedback from our shareholders regarding our compensation programs and corporate governance practices has been positive. The Board of Directors carefully considers the feedback from shareholders in assessing and updating our executive compensation and corporate governance practices.

Examples of how this feedback has informed our governance practices are shown below.

What we heard	How we responded
Investors shared their feedback on preferences with respect to burn rate, dilution and equity incentive plan duration and design as well as their desire to see robust disclosure of the company's overall equity compensation philosophy, including the impact of share repurchases and buybacks in prior years	Thoughtfully addressed shareholder feedback when considering and approving the Second Amended and Restated 2014 Equity Incentive Plan in March 2020 and recommending its approval to shareholders in June 2020, which permits Citrix to use equity compensation to recruit and retain talent which we believe will continue to accelerate our business transition
Investors wanted to ensure that our executive compensation metrics closely align with long-term shareholder interests and business transition goals	Incorporated an annualized recurring revenue (ARR) metric for our performance-based restricted stock awards in 2020 and then SaaS ARR in 2021, aligning long-term executive compensation with a key indicator of the overall health and trajectory of our subscription business transition and our focus on transitioning our customers to the cloud
Investors were interested in understanding the Board of Director's and management's approach to oversight of cybersecurity risk	Enhanced Board oversight of cybersecurity through the Technology, Data and Information Security Committee to oversee policies, plans and programs relating to enterprise cybersecurity and data protection risks and enhanced cybersecurity disclosure beginning on page 17
Investors were interested in understanding Citrix's ESG practices and how the Board of Directors exercises oversight of ESG topics including diversity, human capital management and corporate social responsibility	Increased our focus on ESG initiatives and Board-level oversight of our ESG program, including our diversity, belonging and inclusion programs. Further, we added an ESG component to our executive officer's variable cash compensation plan for 2021 that includes sustainability and diversity and inclusion objectives, among others

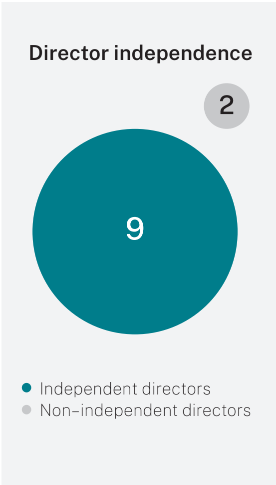
We believe it is important to continue to engage with our shareholders on a regular basis to understand their perspectives and to give them a voice in shaping our governance and executive compensation policies and practices. We also consider the shareholder advisory (say-on-pay) vote of our Named Executive Officer compensation when evaluating our compensation program. For more information, see *Evaluation process* beginning on page 46.

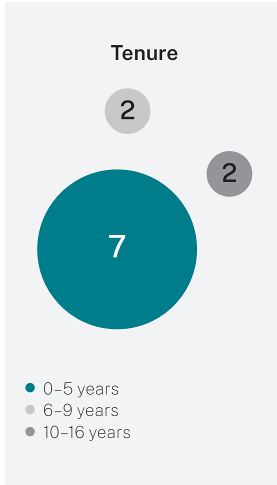
Our Board of Directors

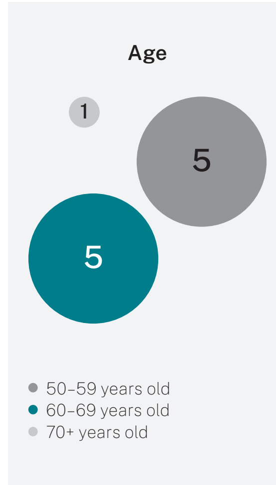
The following table provides summary information about each director and the standing committees on which they currently serve. In April 2021, we announced that Mr. Robert D. Daleo would not be standing for re-election at the 2021 Annual Meeting. Mr. Daleo advised the company that his decision not to stand for re-election did not involve any disagreement with the company. All remaining directors have been nominated for re-election at the 2021 Annual Meeting to serve for a one-year term.

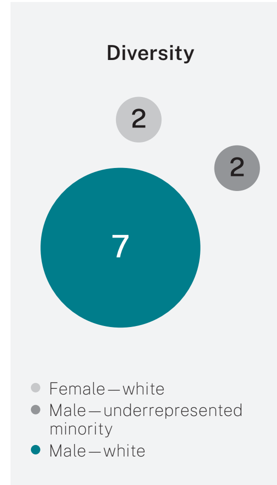
			Committee memberships			
Name	Experience	Other public company boards	Audit	Nominating and Corporate Governance	Compensation	Technology, Data and Information Security
Robert M. Calderoni Chairman	Former Executive Chairman, Citrix Former Chairman & CEO, Ariba	2				
Nanci E. Caldwell Lead Independent Director	Former EVP & CMO, PeopleSoft	2		● Chair	● Member	
Robert D. Daleo Independent	Former Vice Chairman, EVP & CFO, Thomson Reuters	0	● Member			● Member
Murray J. Demo Independent	Former EVP & CFO, Rubrik	0	● Chair			● Member
Ajei S. Gopal Independent	CEO, ANSYS	1		● Member		● Member
David J. Henshall President & CEO	Former EVP, CFO & COO, Citrix	1				
Thomas E. Hogan Independent	Managing Director, Vista Equity Partners	0	● Member	● Member		
Moira A. Kilcoyne Independent	Founder. MAK Management Consulting Former Managing Director/Chief Information Officer, Morgan Stanley	2				● Chair
Robert E. Knowling, Jr. Independent	Chairman, Eagles Landing Partners	2			● Member	
Peter J. Sacripanti Independent	Chairman Emeritus and Partner, McDermott Will & Emery	0		● Member	● Chair	
J. Donald Sherman Independent	CEO, Dashlane	0	● Member			

● Chair ● Member









Voting matters

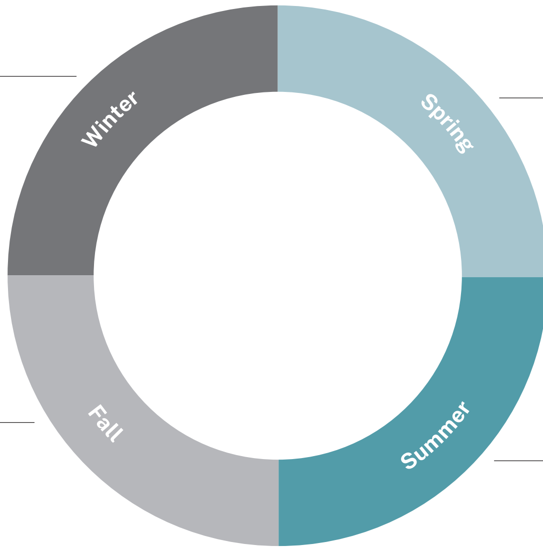
The proposals to be considered at the 2021 Annual Meeting are as follows:

		Board recommendation	See page number for more detail
PROPOSAL 1	Election of directors	FOR each Nominee	89
PROPOSAL 2	Ratification of appointment of independent registered public accounting firm for 2021	FOR	90
PROPOSAL 3	Advisory vote to approve the compensation of our Named Executive Officers (say-on-pay)	FOR	91
PROPOSAL 4	Shareholder proposal (if properly presented)	NO RECOMMENDATION	92

Part 1 Corporate governance

Corporate governance cycle

Our annual corporate governance cycle is shown below:



- We review input we've received through our shareholder outreach and communicate that input to the Board.
- We review key regulatory updates.
- The Board begins its self-assessment and evaluation focused on structure, process and culture.

- The Board discusses its evaluation results and reviews Board and Committee composition planning.
- We publish our annual communications to our shareholders, including our annual report and proxy statement.
- We hold our annual shareholders meeting.

- We review governance best practices and our key corporate governance policies and procedures considering shareholder feedback received during the year.

- During the fall and winter, we reach out to and speak with our largest shareholders about our governance and compensation practices and solicit input on topics that are important to them.

Independence of members of our Board

Our Board of Directors has determined that nine of our directors (Ms. Caldwell, Mr. Daleo, Mr. Demo, Dr. Gopal, Mr. Hogan, Ms. Kilcoyne, Mr. Knowling, Mr. Sacripanti, and Mr. Sherman) are independent within the meaning of the director independence standards of The Nasdaq Stock Market LLC, or Nasdaq, and the Securities and Exchange Commission, or the SEC, including Rule 10A-3(b)(1) under the Securities Exchange Act of 1934, as amended. Furthermore, our Board of Directors has determined that each member of each of our regular standing committees of the Board of Directors 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. The Board of Directors determined that each of Mr. Calderoni, who served as our Executive Chairman through December 31, 2018 and currently serves as our Chairman but no longer as an employee of the company, and Mr. Henshall, who is currently serving as our President and Chief Executive Officer, is not independent within these definitions.

Board leadership structure

Our Corporate Governance Guidelines provide our Board of Directors with flexibility to select the appropriate leadership structure based on the specific needs of our business and the best interests of our shareholders. Our Corporate Governance Guidelines set forth our general policy that the positions of Chairperson of the Board of Directors and Chief Executive Officer will be held by different persons. In certain circumstances, however, our Board of Directors may determine that it is in our best interests for the same person to hold the positions of Chairperson and Chief Executive Officer, or, in the case of Mr. Calderoni's appointment as Executive Chairman in July 2015, for the position of Chairperson to also be an executive role. In such event or if the Chair is otherwise held by a director who is not independent under the applicable Nasdaq and SEC rules, our Corporate Governance Guidelines provide that the

Board of Directors will appoint an independent member of our Board of Directors as the Lead Independent Director, who is currently Nanci E. Caldwell. While Mr. Calderoni ceased to be Executive Chairman on January 1, 2019, he continues as Chairman in a non-employee capacity, and Ms. Caldwell continues in the position of Lead Independent Director. The Chairperson or Lead Independent Director, as the case may be, will preside at executive sessions of the independent directors and will have such further responsibilities as the full Board of Directors may designate from time to time.

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 Messrs. Calderoni and Henshall, and the Lead Independent Director of our Board of Directors, Ms. Caldwell, is responsible for chairing the executive sessions.

Executive succession

Executive succession is regularly reviewed and discussed by our Board of Directors in Board meetings and in executive sessions of the Board of Directors. At least one Board meeting each year is focused on human capital, including formal reviews of executive talent, organizational structure and succession planning for the role of Chief Executive Officer and other senior executive roles. In these sessions, among other discussion topics, our Board of Directors reviews the assumptions, processes and strategy for various succession events and reviews potential internal and external successor candidates. The Board of Directors' goal is to have a long-term and continuing program for effective executive development and succession and to be prepared for both short-term unexpected loss of a key leader and permanent transitions.

Considerations governing director nominations

Director qualifications

The Nominating and Corporate Governance Committee of our Board of Directors is responsible for reviewing with the Board of Directors 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 in light of the 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:

- Highest ethical character
- Reputation consistent with our image
- Commitment to enhancing shareholder value, and representing the long-term interests of our shareholders as a whole
- Ability to exercise sound business judgment based on an objective perspective
- Substantial business or professional experience in areas that are relevant to our business
- Bachelor's degree from a qualified institution

The Nominating and Corporate Governance Committee may also 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.

Our Board of Directors believes that a diverse membership with varying perspectives and breadth of experience is an important attribute of a well-functioning Board and will enhance the quality of our directors' deliberations and decisions. As a result, the Nominating and Corporate Governance Committee will consider the diversity of background and experience of a director nominee (such as diversity of knowledge, skills, experience and expertise) as well as diversity of personal characteristics (such as diversity of gender, race, ethnicity, culture, thought and geography) among its members in the overall context of the composition of the Board of Directors. The Nominating and Corporate Governance Committee and the Board of Directors discuss the composition of our Board of Directors, including diversity of background and experience, as part of the annual Board of Directors evaluation process.

Process for identifying and evaluating director nominees

Our Board of Directors delegates the director 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 and the other directors, through the use of search firms or other advisers, through the recommendations submitted by shareholders 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 gathers 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. The Chairman of the Board of Directors assists the Nominating and Corporate Governance Committee with Board composition and evolution planning, including review of committee memberships.

Board evaluation program

Our Board of Directors undertakes an evaluation process each year. In early 2021, our Board of Directors, with the assistance of an outside adviser, conducted one-on-one interview discussions to assess the Board's performance and how to best serve the interests of our shareholders in the future. These one-on-one interview discussions focused on an assessment of the structure, composition, processes, roles, relationships and culture of our Board of Directors and its committees. The interview discussions also addressed Board composition and effectiveness, Board and committee leadership, the conduct of meetings, and perspectives on long-term corporate strategy. The results of the evaluation were shared with the Chairman of the Board of Directors and Lead Independent Director, and discussed in executive session with the full Board of Directors present.

Procedures for recommendation of director nominees by shareholders

The Nominating and Corporate Governance Committee will consider director nominee candidates who are recommended by our shareholders. Shareholders, in submitting recommendations to the Nominating and Corporate Governance Committee for director nominee candidates, shall follow the procedures described below.

Generally, the Secretary of the company 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 sent to shareholders in connection with our preceding year's annual meeting.

All recommendations for nomination must comply with the requirements for shareholder nominations set forth in our Bylaws, including that any such recommendation must be in writing and include the following:

- name and address of the shareholder 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 shareholder 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 Securities Exchange Act of 1934, as amended, 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 shareholder 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) 337-4607

Attn: Secretary of Citrix Systems, Inc.

Our Secretary will promptly forward any such nominations to the Nominating and Corporate Governance Committee. As a requirement for 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;
- a candidate must submit to the Board of Directors his or her written consent to serve as director if elected; and
- 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.

Our Bylaws also provide that shareholders satisfying certain requirements, including ownership and holding period requirements with respect to our common stock, may nominate directors for potential inclusion in our Proxy Statement. In general, a shareholder, or a group of up to twenty shareholders, owning three percent or more of our outstanding common stock continuously for at least three years may nominate and include in our proxy materials director nominees constituting up to two individuals, or 20% of the Board of Directors, whichever is greater, provided that the shareholder(s) and the nominee(s) satisfy the requirements specified in our Bylaws. See *Additional information — shareholder proposals* on page 94 for further information.

Policy governing director attendance at annual meetings of shareholders

All directors are invited to attend our Annual Meeting of Shareholders. Messrs. Calderoni and Henshall attended our Annual Meeting of Shareholders held in June 2020.

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 Securities Exchange Act of 1934, as amended, which we refer to as our Code of Business Conduct and which 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 https://www.citrix.com/about/governance.html.

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, to the extent required by rules and regulations, 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 https://www.citrix.com/about/governance.html. For more corporate governance information, you are invited to access the Corporate Governance section of our website available at https://www.citrix.com/about/governance.html.

Risk oversight

We view risk assessment and oversight as a primary component of our governance and management framework. To that end, our Board of Directors plays an active role in reviewing Citrix’s corporate strategy and priorities, and holds management accountable for creating a culture that actively manages risk.

Our Board of Directors, directly and through committees (as described below and as set forth in the relevant committee charters), is involved in risk oversight through direct decision-making authority with respect to significant matters as well as the ongoing oversight of management. Among other areas, the Board of Directors is directly involved in overseeing risks related to our corporate strategy, including product strategy, corporate development, and mergers and acquisitions, executive officer succession, business continuity, crisis preparedness and competitive and reputational risks. In addition, each committee of the Board of Directors oversees certain aspects of risk management and periodically reports and makes recommendations back to the full Board of Directors.

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

- **The Audit Committee** is responsible for overseeing our internal financial and accounting controls, work performed by our independent registered public accounting firm and our internal audit function, overseeing our enterprise risk management (ERM) program, and overseeing risks related to our investments, financing activities, capital allocation strategies and insurance programs. As part of its oversight function, the Audit Committee regularly reviews the compliance policies and processes by which our exposure to certain significant areas of risk is assessed and managed. The Audit Committee also 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, under the supervision of the Audit Committee, Citrix established a Helpline 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 Audit Committee.

- **The Compensation Committee** is responsible for overseeing our executive compensation practices within the context of our overall compensation philosophy, overseeing risks related to our cash and equity-based compensation programs and practices, and 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* below.
- **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, our corporate governance, and certain areas of regulatory compliance. In this regard, the Nominating and Corporate Governance Committee conducts an annual evaluation of the Board of Directors and its committees, plans for director and executive officer succession, reviews transactions between Citrix and our officers, directors, affiliates of officers and directors, or other related parties for conflicts of interest, and annually reviews our most significant governance policies. The Nominating and Corporate Governance Committee also periodically reviews reputational, and environmental, social and governance (ESG)-related risks with management.
- **The Technology, Data and Information Security Committee** is responsible for overseeing information technology policies, plans and programs relating to enterprise cybersecurity and data protection risks, including risks associated with our products, services, and information technology infrastructure. For a detailed discussion of our efforts to manage cybersecurity-related risks, see *Information security and privacy risk oversight* below.

Enterprise risk management (ERM)

As described above, the Audit Committee oversees our ERM program. ERM is a company-wide initiative that, with the oversight of the Audit Committee, involves Citrix management, including our Chief Legal Officer and our internal audit function, including our Vice President, Internal Audit in an integrated effort to (1) identify, assess, prioritize and monitor a broad range of risks and (2) formulate and execute plans to monitor and, to the extent possible, mitigate the effect of those risks.

Periodically throughout the year, the Audit Committee receives a report concerning our enterprise risk management efforts, with a full report out to the Board of Directors annually. These reports are designed to provide visibility to the Audit Committee and Board of Directors about the identification, assessment and management of critical risks and management's risk mitigation strategies. The reports address strategic, operational, financial reporting, talent, succession, cybersecurity, compliance, reputational, governance and other risks, as appropriate.

Information security and privacy risk oversight

Our Board of Directors is committed to protecting information belonging to the company, its customers, partners and employees. We continue to advance our information security oversight, risk management and governance programs, through organization, technical and operational investments, and internal and third-party validations.

In 2019, our Board of Directors formed a Technology, Data and Information Security Committee, chaired by Moira A. Kilcoyne, an experienced former Chief Information Officer. The primary purpose of the Technology, Data and Information Security Committee is to assist the Board in fulfilling its oversight responsibilities with respect to our information technology use and protection, including review and oversight of our policies, plans and programs relating to enterprise information and data protection risks. The Technology, Data and Information Security Committee is currently comprised of four independent directors, and meets at least quarterly to receive updates from management and outside experts concerning information security risk related to our infrastructure, products and services. In 2020, the Technology, Data and Information Security Committee held six meetings. The Technology, Data and Information Security Committee works in coordination with the Audit Committee to oversee our management of risks related to information technology systems and processes, including any audits of our systems and processes. For more information regarding our Technology, Data and Information Security Committee, please see the discussion beginning on page 32.

A management-level cross-functional internal committee chaired by our Chief Legal Officer is charged with security governance, coordination and monitoring of cyber risks, potential cyber incidents, and key mitigation initiatives. This committee meets monthly and, among other things, coordinates disclosure controls and procedures related to information security and privacy risk and consolidates relevant information for the Board's Technology, Data and Information Security Committee. Additionally, our internal audit team works with our security, IT and engineering functions to execute cyber risk governance initiatives, supported by regular independent auditing and testing of security controls. Findings from these internal audits of security controls are reported directly to the Technology, Data and Information Security Committee on a quarterly basis.

We maintain a comprehensive online Trust Center (https://www.citrix.com/about/trust-center/) to provide our customers, partners and other third parties with transparent information on our approach to managing and responding to information security, privacy, and data compliance risk. Included in the information available on our Trust Center are details concerning certifications for certain of our products and services, including Service and Organization Controls ("SOC") 2, Type 2, International Organization for Standardization/International Electrotechnical Commission ("ISO/IEC") 27001, Health Insurance Portability and Accountability Act ("HIPAA"), and Federal and Authorization Management Program ("FedRAMP") Ready, as well as other relevant privacy frameworks.

In 2020, we continued our practice of companywide annual security and privacy training for all employees, with more intensive training for our engineering and information technology teams. Additionally, in an effort to mitigate information security risk, we have secured insurance coverage intended to respond to certain network, cyber, and privacy risk events, and to defray the cost of data security incidents.

Compensation-related risk

We believe that our executive officer and employee compensation plans are appropriately structured so as not to incent excessive risk taking that would be 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 these areas:

- 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 opportunities. Our corporate operating 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 (for example, non-GAAP corporate operating expense) than other performance measures that we could select (for example, non-GAAP earnings per share).
- All of our executive and corporate variable cash compensation plans are capped at 200% of payout awards so as to prevent award payments in excess of specific returns to the business and our shareholders, even if we dramatically exceed our performance or financial targets.
- Payouts under our performance-based plans, if target performance metrics are not achieved, result in compensation at levels below full target payout, rather than an "all-or-nothing" approach, which could engender excessive risk taking.
- We implemented a performance-based restricted stock unit program for 2020, which awards our executive officers with restricted stock units based on annualized recurring revenue (ARR) growth during the relevant performance period, which we believe is an indicator of the success of our business transformation and a driver of value creation for our shareholders. This program has been capped at 200% of target awards to prevent excessive compensation even if we dramatically outperform our goals.

- Our base salary component of compensation does not encourage risk taking because it is a fixed amount.
- No opportunities for non-qualified deferrals of compensation were offered to our executive officers in 2020, and none will be offered in 2021.
- The Compensation Committee, or in the case of our President and Chief Executive Officer, the entire Board of Directors, determines achievement levels under our variable cash compensation plan and performance-based restricted stock unit awards after reviewing the company's performance.
- 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.
- Our executive officers are subject to a formal executive compensation recovery policy, or "clawback" policy, which allows us to recoup from our executive officers excess proceeds from certain incentive compensation received by such executive due to a material restatement of Citrix's financial results due to an executive officer engaging in an act of embezzlement, fraud, willful misconduct or breach of fiduciary duty.

Environmental, social and governance (ESG) program

At Citrix, we are committed to improving the lives of our employees, customers, partners, shareholders, and the communities in which we live and work. We believe that a strong focus on corporate social responsibility and conducting our business in an ethical, transparent and accountable way generates value for all our stakeholders.

Please refer to our Annual Report under the heading *Environmental, social and governance (ESG)* available at https://investors.citrix.com/financial-information/annual-reports and our most recent Sustainability Report available at https://www.citrix.com/content/dam/citrix/en_us/documents/about/sustainability-report.pdf, each of which describe our commitment to sustainability and corporate social responsibility efforts.

Further, as discussed on page 55 under the heading *ESG component added to 2021 variable cash compensation plan*, for 2021, the Compensation Committee introduced an operational metrics-focused modifier to our variable cash compensation plan for executives intended to further focus our executive officers on our multi-year initiatives related to sustainability and diversity, inclusion and belonging.

Policy governing shareholder communications with our Board

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) 337-4607

  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: Secretary of Citrix Systems, Inc.

  By facsimile to: (954) 337-4607

  Attn: Secretary of Citrix Systems, Inc.

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.

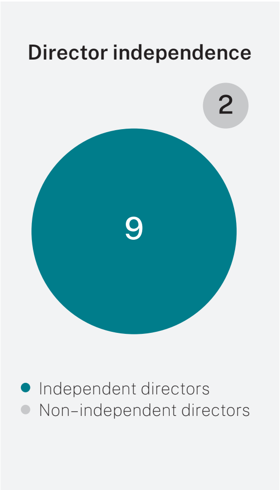
Part 2 Board of Directors

Our directors

The following table sets forth our current directors, ten of whom are being nominated for re-election at the 2021 Annual Meeting. In April 2021, we announced that Robert D. Daleo would not stand for re-election at the 2021 Annual Meeting, and therefore, our Board of Directors has nominated all directors other than Robert D. Daleo for re-election to one-year terms at the 2021 Annual Meeting.

Name	Position(s) with Citrix
Robert M. Calderoni	Chairman of the Board of Directors
Nanci E. Caldwell	Lead Independent Director
Robert D. Daleo	Director
Murray J. Demo	Director
Ajei S. Gopal	Director
David J. Henshall	Director, President and Chief Executive Officer
Thomas E. Hogan	Director
Moira A. Kilcoyne	Director
Robert E. Knowling, Jr.	Director
Peter J. Sacripanti	Director
J. Donald Sherman	Director

The following charts provide information about our current directors' independence, tenure, age and diversity.



Summary of director nominee experience and qualifications

All our directors have significant strategic, operational and risk management leadership experience and technology industry experience in global, complex organizations. Moreover, the matrix below summarizes what our Board of Directors believes are additional desirable qualifications, attributes and skills possessed by one or more of Citrix's directors, because of their particular relevance to our business. While all of these were considered by the Board of Directors in connection with this year's director nomination process, the following matrix does not encompass all experience, qualifications, attributes or skills of our directors. We consider experience in the identified functional areas as overseeing or serving in a senior management role for multiple years at a public company or other major complex organization. While a mark indicates an area of focus or expertise specifically identified by the Board, not having a mark does not mean the director does not possess that experience, qualification, attribute or skill.

	Calderoni	Caldwell	Demo	Gopal	Henshall	Hogan	Kilcoyne	Knowling	Sacripanti	Sherman
PRODUCT/ENGINEERING Experience in product development management or engineering	●			●	●	●	●	●		●
FINANCIAL REPORTING/ACCOUNTING Experience in finance and accounting	●		●		●	●				●
CYBERSECURITY Cybersecurity operational or oversight experience	●		●	●	●		●	●		●
HUMAN CAPITAL Experience overseeing human capital and executive compensation	●	●	●	●	●	●		●	●	●
SALES/MARKETING/BRAND MANAGEMENT Experience overseeing go-to-market, sales, marketing, or brand management initiatives	●	●		●	●	●		●		●
LAW/PUBLIC POLICY/REGULATORY Legal, public policy, and regulatory experience					●			●	●	
PUBLIC COMPANY BOARDS Number of other public company boards	2	2		1	1		2	2		
BOARD DIVERSITY Underrepresented group		Female		Asian			Female	Black		

Further, the biographical description below for each director nominee includes the specific experience, qualifications, attributes and skills that led to the conclusion by our Board of Directors that such person should serve as a director of Citrix.

Director nominees

Robert M. Calderoni

Chairman of Citrix; Former Executive Chairman of Citrix; Former Interim Chief Executive Officer and President of Citrix; Former Chairman and Chief Executive Officer of Ariba, Sunnyvale, CA (Software and IT services company)

Age**:** 61
Director Since**:** June 2014
Chairman Since**:** July 2015

Other boards**:** Since 2007, Mr. Calderoni has served on the Board of Directors of KLA-Tencor, a publicly-traded semiconductor equipment company; and since March 2020, Mr. Calderoni has served on the Board of Directors of ANSYS, Inc., a publicly-traded engineering simulation software provider.

Key director qualifications**:** Mr. Calderoni served as Chairman and Chief Executive Officer of Ariba, Inc., a cloud applications and business network company, from October 2001 until it was acquired by SAP, a publicly-traded software and IT services company, in October 2012, and then continued as Chief Executive Officer of Ariba following the acquisition until January 2014. Mr. Calderoni also served as a member of the global managing board at SAP AG between November 2012 and January 2014 and as President SAP Cloud at SAP AG from June 2013 to January 2014. Mr. Calderoni has also held senior finance roles at Apple and IBM and served as Chief Financial Officer of Avery Dennison Corporation. From October 2015 to January 2016, Mr. Calderoni served as the Interim Chief Executive Officer and President of Citrix. Mr. Calderoni served as Executive Chairman of Citrix from July 2015 through December 2018. Mr. Calderoni currently serves as Chairman of the Board of Citrix. Mr. Calderoni previously served on the Boards of Directors of Juniper Networks, Inc., a publicly-traded networking company from 2003 to 2019, and LogMeIn, Inc., a then publicly-traded remote access and remote software company, from 2017 to 2020.

The Board believes Mr. Calderoni’s qualifications to sit on our Board of Directors include his extensive leadership and business development experience as the leader of a publicly-traded Software-as-a-Service company and his deep financial, accounting, corporate finance and operations expertise, including business transition situations, gleaned through his experience in managing large-scale global enterprises.

Nanci E. Caldwell

Lead Independent Director, Citrix; former Executive Vice President and Chief Marketing Officer, PeopleSoft, Inc., Pleasanton, CA (Human resources management software company)

***Age*:** 63
***Director Since*:** July 2008
***Committees*:** Compensation; Nominating and Corporate Governance (Chair)

***Other boards*:** Since December 2015, Ms. Caldwell has served on the Board of Directors of Equinix, Inc., a publicly-traded IT data center company, and on the Board of Directors of Canadian Imperial Bank of Commerce, a publicly-traded financial institution.

***Key director qualifications*:** Since 2005, Ms. Caldwell has served as a member of a number of boards of both public and private technology companies, including Donnelley Financial Solutions, Inc., a publicly-traded financial communications and data services company from 2016 to 2020; Talend SA, a publicly-traded data integration company from 2017 to 2020; Deltek, Inc., a publicly-traded enterprise management software company from 2005 to 2012; Network General, now NetScout Inc., a publicly-traded provider of integrated network performance management solutions from 2005 to 2007; and Hyperion Solutions Corporation, a publicly-traded provider of performance management software acquired by Oracle in 2007, from 2006 to 2007. From April 2001 until it was acquired by Oracle in December 2004, Ms. Caldwell served as Executive Vice President and Chief Marketing Officer for PeopleSoft, Inc., a publicly-traded human resources management software company. In addition, from June 2009 to December 2014, Ms. Caldwell served as a member of the board of Tibco Software Inc., a publicly-traded business integration and process management software company.

The Board believes Ms. Caldwell's qualifications to sit on our Board of Directors include her extensive experience with technology and software companies in the areas of sales and marketing, and her executive leadership and management expertise with publicly-traded companies.

Murray J. Demo

Former Executive Vice President and Chief Financial Officer, Rubrik, Inc., Palo Alto, CA (Cloud data management company)

***Age*:** 59
***Director Since*:** February 2005
***Committees*:** Audit (Chair); Technology Data and Information Security

***Key director qualifications*:** From January 2018 to October 2020, Mr. Demo served as Executive Vice President and Chief Financial Officer of Rubrik, Inc., a privately-held cloud data management company. From October 2015 to January 2018, Mr. Demo served as Chief Financial Officer of Atlassian Corporation, a publicly-traded enterprise software company. Previously, Mr. Demo served as Executive Vice President and Chief Financial Officer of Dolby Laboratories, a publicly-traded global leader in entertainment technologies, from May 2009 until June 2012. Mr. Demo has also served as Executive Vice President and Chief Financial Officer of LiveOps, a privately-held virtual call center company, and as Executive Vice President and Chief Financial Officer of Postini, Inc., a security software company, which was acquired by Google in September 2007. Mr. Demo also held various executive-level finance roles at Adobe Systems, including Executive Vice President and Chief Financial Officer. Mr. Demo previously served on the board of Xoom Corporation, a formerly publicly-traded global online money transfer provider that was acquired by PayPal in November 2015, from May 2012 to November 2015; and from December 2011 to December 2015, Mr. Demo served on the Board of Directors of Atlassian Corporation.

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.

Ajei S. Gopal

President and Chief Executive Officer, ANSYS, Inc., Canonsburg, PA (Engineering simulation software provider)

Age: 59
Director Since: September 2017
Committees: Nominating and Corporate Governance; Technology, Data and Information Security

Other boards: Since February 2011, Dr. Gopal has served on the Board of Directors of ANSYS, Inc., a publicly-traded provider of engineering simulation software.

Key director qualifications: Since January 2017, Dr. Gopal has served as President and Chief Executive Officer of ANSYS, Inc., a publicly-traded provider of engineering simulation software. Dr. Gopal served as President and Chief Operating Officer of ANSYS from August 2016 through December 2016. Prior to joining ANSYS, Dr. Gopal served as an Operating Partner at Silver Lake Partners, a technology investment equity firm, from April 2013 to August 2016, including a secondment to serve as Interim President and Chief Operating Officer of Symantec Corporation from April 2016 to August 2016. Dr. Gopal has also served as Senior Vice President at Hewlett-Packard Company, a publicly-traded hardware, software and IT services company, from May 2011 to April 2013. Dr. Gopal has also served as Executive Vice President at CA Technologies, a publicly-traded business software company, from July 2006 to May 2011 and as Executive Vice President and Chief Technology Officer at Symantec Corporation, a publicly-traded cybersecurity software and services organization, from September 2004 to July 2006.

The Board believes Dr. Gopal's qualifications to sit on our Board of Directors include his experience in global operations, business growth strategies and investment discipline, as well as product development and innovation in large software and technology companies.

David J. Henshall

President and Chief Executive Officer, Citrix

Age: 52
Director Since: July 2017

Other boards: Since August 2020, Mr. Henshall has served on the Board of Directors of New Relic, Inc., a publicly-traded cloud-based performance tracking software development company.

Key director qualifications: Mr. Henshall has served as our President and Chief Executive Officer and as a member of our Board of Directors since July 2017. Mr. Henshall served as our Executive Vice President and Chief Financial Officer beginning in September 2011 and as our Chief Operating Officer beginning in February 2014. Mr. Henshall was appointed Acting Chief Executive Officer and President from October 2013 to February 2014. From January 2006 to September 2011, Mr. Henshall served as our Senior Vice President and Chief Financial Officer, and from April 2003 to January 2006, he served as our Vice President and Chief Financial Officer. Mr. Henshall previously served on the Board of Directors of LogMeIn, Inc. a then publicly-traded remote access and remote software company, from 2017 to 2020.

The Board believes Mr. Henshall's qualifications to sit on our Board of Directors include his decades of experience in the software industry, including his 18 years as an executive at Citrix, and his deep understanding of our historical and current business strategies, objectives, markets and products.

Thomas E. Hogan

Managing Director, Vista Equity Partners, Austin, TX (Private equity company)

***Age*:** 61
***Director Since*:** December 2018
***Committees*:** Audit; Nominating and Corporate Governance

***Key director qualifications*:** Since January 2021, Mr. Hogan has served as Managing Director of Vista Equity Partners, a private equity company. From September 2019 through February 2020, Mr. Hogan served as President of North America and a member of the Executive Committee of Temenos AG, a publicly-traded banking solutions software company. Prior to the acquisition of Kony, Inc., in September 2019 by Temenos, Mr. Hogan served as Chief Executive Officer of Kony, Inc., a privately-held digital strategy company since 2014. He served as Chairman of the board of Kony, Inc. from 2017 through its acquisition in 2019. Prior to joining Kony, Mr. Hogan served as Senior Vice President of Software at Hewlett Packard, a publicly-traded hardware, software and IT services company, from January 2006 to November 2009 and as Executive Vice President of Sales, Marketing, and Strategy from November 2009 to March 2011. Mr. Hogan has also served as President and Chief Executive Officer of Vignette, a publicly-traded enterprise content management company, from 2002 to 2006 and as Senior Vice President of Global Sales and Operations at Siebel Software, a publicly-traded customer relationship management application software company from January 1999 to January 2001. Mr. Hogan began his career at IBM in January 1982, where he held a variety of executive positions.

The Board believes Mr. Hogan's qualifications to sit on our Board of Directors include his decades of executive and operational experience with technology and software companies.

Moira A. Kilcoyne

Founder MAK Management Consulting, New York, NY (strategic management consulting company) and Former Managing Director/Chief Information Officer, Morgan Stanley, New York, NY (American multinational investment bank and financial services company)

***Age*:** 59
***Director Since*:** June 2018
***Committees*:** Technology, Data and Information Security (Chair)

***Other boards*:** Since December 2016, Ms. Kilcoyne has served on the Board of Directors of Quilter plc, a publicly-traded advice, investments and wealth management provider. Since November 2019, Ms. Kilcoyne has served on the Board of Directors of Arch Capital Group Ltd., a publicly-traded insurance, reinsurance and mortgage insurance writer.

***Key director qualifications*:** Ms. Kilcoyne held various senior management roles at Morgan Stanley between 1989 and 2016, including most recently serving as Global Co-Chief Information Officer and Managing Director and Co-Head of Global Technology and Data from 2013 until 2016, and as the Chief Information Officer of Brokerage Venture, Wealth and Investment Management and as a Managing Director from 2010 until 2013. During 2007, Ms. Kilcoyne served as Managing Director and Head of Corporate Systems at Merrill Lynch before returning to Morgan Stanley. Ms. Kilcoyne began her career at IBM, where she served in multiple technical roles before moving on to Morgan Stanley.

The Board believes Ms. Kilcoyne's qualifications to sit on our Board of Directors include her extensive global technology and operations experience, especially related to the financial industry.

Robert E. Knowling, Jr.

Chairman, Eagles Landing Partners, Glennville, GA (Strategic management consulting firm)

***Age*:** 65
***Director Since*:** October 2020
***Committees*:** Compensation

***Other boards*:** Since January 2018, Mr. Knowling has served on the Board of Directors of Stride, Inc., a publicly-traded for profit education company. Since October 2018, Mr. Knowling has served on the Board of Directors of Rite Aid Corporation., a publicly-traded drug store chain.

***Key director qualifications*:** Mr. Knowling currently serves as the Chairman of Eagles Landing Partners, a private strategic management consulting company. Mr. Knowling also serves as an advisor-coach to chief executive officers. Mr. Knowling previously served as Chief Executive Officer of Telwares, a private provider of telecommunications expense management solutions, from 2005 to 2009. Mr. Knowling served as Chief Executive Officer of the New York City Leadership Academy, an independent nonprofit corporation created by Chancellor Joel I. Klein and Mayor Michael R. Bloomberg that is chartered with developing the next generation of principals in the New York City public school system from 2001 to 2005. Mr. Knowling served as Chairman and Chief Executive Officer of SimDesk Technologies, Inc. from 2001 to 2003. Prior to this, Mr. Knowling served as Chairman, President and Chief Executive Officer of Covad Communications, a Warburg Pincus private equity-backed start-up company.

The Board believes Mr. Knowling's qualifications to sit on our Board of Directors include his extensive experience in executive management and leadership roles, including service on other board of directors of a number of publicly-traded companies.

Peter J. Sacripanti

Chairman Emeritus and Partner, McDermott Will & Emery, New York, NY (International law firm)

***Age*:** 65
***Director Since*:** December 2015
***Committees*:** Compensation (Chair); Nominating and Corporate Governance

***Key director qualifications*:** Since 1996, Mr. Sacripanti has served as a Partner at McDermott Will & Emery, an international law firm with 2,000 full-time employees in North America, Europe and Asia. In this position, he represents and defends major corporations and industry groups, including Fortune 500 companies. From 2009 to 2016, Mr. Sacripanti served as co-chairman of the firm's Executive Committee. Mr. Sacripanti previously served on the Board of Directors of LogMeIn, Inc. a then publicly-traded remote access and remote software company, from 2017 to 2020.

The Board believes Mr. Sacripanti's qualifications to sit on our Board of Directors include his management of an international business organization and his years of experience representing large corporations on a variety of legal matters.

J. Donald Sherman

Chief Executive Officer, Dashlane, Inc., New York, NY (Password management security provider)

***Age*:** 55
***Director Since*:** March 2020
***Committees*:** Audit

***Key director qualifications*:** Mr. Sherman has served as Chief Executive Officer of Dashlane, Inc., a provider of password management and security solutions since February 2021. From March 2012 to July 2020, Mr. Sherman served as President and Chief Operating Officer of HubSpot, Inc., a publicly-traded developer and marketer of software products for inbound marketing and sales. Prior to joining HubSpot, Mr. Sherman served as Chief Financial Officer of Akamai Technologies, a publicly-traded intelligent edge platform for securing and delivering digital experiences from 2005 to 2012. From 1990 to 2005, Mr. Sherman served in various positions at IBM including as Vice President of Financial Planning and Assistant Controller of Corporate Financial Strategy and Budgets. Mr. Sherman previously served on the board of Fiserv, Inc., a publicly-traded global provider of financial services technology from November 2015 to August 2019.

The Board believes Mr. Sherman's qualifications to sit on our Board of Directors include his extensive experience with finance and operational matters for global organizations in the technology industry, including the experience that he has gained in his roles as Chief Executive Officer, Chief Operating Officer and Chief Financial Officer of publicly-traded companies.

Meetings and meeting attendance

Our Board of Directors met nine times during the year ended December 31, 2020. 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 year 2020.

Our Board committees

Our Board of Directors has standing Audit, Compensation, Nominating and Corporate Governance, and Technology, Data and Information Security Committees. Each of the Audit, Compensation, Nominating and Corporate Governance, and Technology, Data and Information Security Committees has a written charter that has been approved by the Board of Directors. Each committee reviews the appropriateness of its charter at least annually. The table below provides current membership for each standing Board committee.

Name	Audit	Compensation	Nominating and Corporate Governance	Technology, Data and Information Security
Robert M. Calderoni				
Nanci E. Caldwell		● Member	● Chair	
Robert D. Daleo	● Member			● Member
Murray J. Demo	● Chair			● Member
Ajei S. Gopal			● Member	● Member
David J. Henshall				
Thomas E. Hogan	● Member		● Member	
Moira A. Kilcoyne				● Chair
Robert E. Knowling Jr.		● Member		
Peter J. Sacripanti		● Chair	● Member	
J. Donald Sherman	● Member			

● Chair ● Member

From time to time, our Board of Directors may form committees in addition to our standing committees.

Audit Committee

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 Securities Exchange Act of 1934, as amended. In addition, our Board of Directors has determined that each member of the Audit Committee is financially literate and that Messrs. Daleo, Demo and Sherman each qualify as an "audit committee financial expert" under the rules of the SEC. The Audit Committee met nine times during the year ended December 31, 2020. 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 https://www.citrix.com/about/governance.html.

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 shareholders 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 related rules and regulations promulgated by the SEC;
- 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;
- advises the Board of Directors on matters relating to our investment policies, financing activities and worldwide insurance program;
- engages advisers as necessary; and
- determines the funding from us that is necessary or appropriate to carry out the Audit Committee's duties.

Compensation Committee

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 a "non-employee" director as defined under Section 16 of the Securities Exchange Act of 1934, as amended. The Compensation Committee met eight times during the year ended December 31, 2020. 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 https://www.citrix.com/about/governance.html.

As described more fully in its charter, 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 preparing an annual report on executive compensation for inclusion in the Proxy Statement for our Annual Meeting of Shareholders 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 compensation, equity-based and other compensation arrangements of our 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 compensation, equity-based and other compensation arrangements of our President and Chief Executive Officer;
- selects a peer group to conduct a competitive analysis of the compensation paid to our executive officers and considers the composition of such peer group on an annual basis;
- appoints, retains, compensates, terminates and oversees the work of any independent experts, consultants and other advisers, reviews and approves the fees and retention terms for such experts, consultants and other advisers and considers at least annually the independence of such consultants;

- considers the independence of and potential conflicts of interests with compensation consultants, legal counsel or other advisers, including based on factors required to be considered by the SEC or Nasdaq;
- evaluates director compensation and recommends to the full Board of Directors appropriate levels of director compensation;
- 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;
- reviews and recommends for inclusion in our annual Proxy Statement the Compensation Discussion and Analysis section; and
- reviews and evaluates, on a periodic basis, our stock ownership guidelines for directors and executive officers and recommends any modifications to such guidelines to the Board of Directors for its approval.

The Compensation Committee has the authority to engage its own outside advisers, including experts in particular areas of compensation, as it determines appropriate, apart from counsel or advisers hired by management. For 2020, the Compensation Committee retained Semler Brossy Consulting Group, LLC, which we refer to as Semler Brossy, as its independent compensation consultant to assist the Compensation Committee in evaluating the compensation of our executive officers and directors.

Our Corporate Governance Guidelines and the charter of the Compensation Committee provide that any independent compensation consultant, such as Semler Brossy, engaged by the Compensation Committee works for the Compensation Committee, not our management, with respect to executive officer and director compensation matters. Please read the *Compensation Discussion and Analysis* included in this Proxy Statement for additional information on the role of Semler Brossy in the compensation review process for 2020.

Nominating and Corporate Governance Committee

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 six times during the year ended December 31, 2020. The Nominating and Corporate Governance 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 https://www.citrix.com/about/governance.html.

As described more fully in its charter, the Nominating and Corporate Governance Committee:

- reviews and makes recommendations to our Board of Directors regarding the Board’s 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 Shareholders;
- reviews and assesses our policies and practices regarding corporate social responsibility and ESG;
- 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 shareholders. As described above in the section entitled *Procedures for recommendation of director nominees by shareholders*, the Nominating and Corporate Governance Committee will consider nominees recommended by shareholders.

Technology, Data and Information Security Committee

In September 2019, our Board of Directors formed the Technology, Data and Information Security Committee. Our Board of Directors has determined that each member of the Technology, Data and Information Security Committee meets the independence requirements promulgated by Nasdaq. The Technology, Data and Information Security Committee met six times during the year ended December 31, 2020. The Technology, Data and Information Security 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 https://www.citrix.com/about/governance.html.

As described more fully in its charter, the Technology, Data and Information Security Committee:

- oversees and assesses the quality and effectiveness of our cybersecurity team, technology, policies and procedures protecting our information technology systems, data, products and services across all business functions;
- oversees and reviews periodically our controls to prevent, detect and respond to cyber attacks or data breaches involving our information technology systems, data, products and services, taking into account the potential for external and internal threats to the company and its customers, partners, vendors and employees;
- reviews and approves our incident response plans, policies and frameworks, including policies for the escalation and reporting of significant security incidents to our Board of Directors, regulatory agencies and law enforcement, as appropriate;
- oversees our compliance with global data privacy and security regulations and requirements applicable to the data we receive, collect, create, use, process and maintain (including personal information and information regarding customers, partners and vendors) and assesses the effectiveness of the systems, controls and procedures used to ensure compliance with applicable global data privacy and security regulations and requirements;
- reviews with management our business continuity and disaster recovery capabilities, our business continuity and disaster recovery plans, policies and frameworks;
- in coordination with the Audit Committee, oversees the company's management of risks related to its information technology systems and processes, including privacy, network security and data security, and any audits of such systems and processes;
- reviews our strategies and operational plans relating to the development, deployment, integration and servicing of products, services, applications and systems (including policies, procedures and controls related thereto) to identify and mitigate data security and privacy risks in such strategies and programs;
- oversees the company's funding and resourcing of its information technology and security functions; and
- monitors and discusses, with management, emerging security, data protection and privacy trends in the technology landscape.

Director compensation

Non-employee director cash compensation

It is our policy that any employee directors do not receive cash or equity compensation for their service as members of our Board of Directors.

The Compensation Committee, with assistance from its independent compensation consultant, Semler Brossy, oversees director compensation and reviews the appropriateness of our non-employee directors' compensation on a regular basis. In January 2020, after review and discussion of comprehensive market analysis of our non-employee director cash compensation program against the compensation programs offered by our peer companies with the Compensation Committee's independent compensation consultant and consideration of the amount of work required by our directors and applicable committee members, our Compensation Committee approved, effective January 1, 2020, the non-employee director cash compensation program indicated in the tables below. Most recently, in December 2020, Semler Brossy prepared updated market analysis of our non-employee director cash compensation program against the compensation programs offered by our peer companies and reviewed this market analysis in detail with the Compensation Committee.

Under our non-employee director cash compensation program, non-employee members of our Board of Directors receive retainer fees, which are paid in cash in semi-annual installments (pro-rated if a director joins mid-year). Each non-employee director was entitled to receive the retainers detailed in the tables below (provided that committee Chairpersons were only entitled to receive a retainer as committee chair and were not entitled to the non-chair membership retainer for the committee(s) he or she chairs). In addition, non-employee directors are reimbursed for their reasonable out-of-pocket expenses incurred in attending meetings of our Board of Directors or any of its committees that are conducted in person.

The following table summarizes our 2020 non-employee director cash compensation program:

Board retainers

Compensation element	2020 annual cash compensation
Annual Board member retainer	$70,000
Annual retainer for Chairman of the Board	$100,000 (in addition to annual Board member retainer)
Annual retainer for Lead Independent Director	$40,000 (in addition to annual Board member retainer)

Committee retainers

	2020 annual cash compensation	
Committee	chair	member
Audit Committee	$42,500	$17,500
Compensation Committee	$32,500	$15,000
Nominating and Corporate Governance Committee	$25,000	$10,000
Technology, Data and Information Security Committee	$42,500	$17,500

In connection with *ad hoc* committees that may be formed from time to time, committee fees, if any, are determined by the Board of Directors upon the recommendation of the Compensation Committee with advice from its independent compensation consultant.

Non-employee director equity-based compensation

Equity awards to our non-employee directors

The Compensation Committee, with assistance from its independent compensation consultant, reviews the appropriateness of equity awards granted to our non-employee directors under the company's Second Amended and Restated 2014 Equity Incentive Plan, which we refer to as the Second Amended and Restated 2014 Plan or the 2014 Plan, on a regular basis. In December 2020, Semler Brossy prepared a comprehensive market analysis of our non-employee director equity awards against the equity awards offered by our peer companies and reviewed this market analysis in detail with the Compensation Committee.

For 2020, each non-employee director was eligible to receive an annual grant on the first business day of the month following our annual shareholders' meeting consisting of restricted stock units valued at $250,000 that vest annually on the earlier of the first anniversary of the award date or the day immediately prior to the company's next regular meeting of shareholders following the award date. Each newly appointed director (i.e., directors appointed prior to the annual shareholders' meeting) is entitled to a pro-rated annual grant upon election to the Board of Directors. Such grant will be an award valued at $250,000 and pro-rated based on the director's date of appointment and the current annual vesting period. Such pro-rated grant will vest at the conclusion of the current annual vesting period.

Outside directors' deferred compensation program for non-employee directors

We offer our non-employee directors an outside directors' deferred compensation program to defer restricted stock units awarded to them under the Second Amended and Restated 2014 Plan and cash compensation. In advance of payment of cash compensation or a restricted stock unit award and in compliance with the program's requirements, a non-employee director may elect to defer the receipt of all of his or her cash compensation and/or restricted stock units until ninety days after such director's separation from service from us or upon a change in control. Deferred cash compensation is converted into a number of deferred stock units on the date that the cash compensation would otherwise be paid and upon the vesting of deferred awards of restricted stock units, any amounts that would otherwise have been paid in shares of common stock are converted to deferred stock units on a one-to-one basis. In each case, the deferred stock units are credited to the director's deferred account.

Matching gifts program

Our non-employee directors are eligible to participate in the company's charitable matching gifts program pursuant to which we match donations made to qualifying tax-exempt 501(c)(3) charitable and non-governmental organizations on a one-for-one basis. In 2020, we increased our match up to $20,000 per year for executives and non-employee directors under this program.

Director stock ownership guidelines

To further align the interests of members of our Board of Directors with our shareholders, our Board of Directors adopted stock ownership guidelines for our non-employee directors. Pursuant to these guidelines, each non-employee director is required to own shares of our common stock (which includes vested but deferred restricted stock units) equal in value to at least five times the Board member's annual cash retainer. New directors are expected to meet the standards set forth in the guidelines within five years after the date of his or her election to our Board of Directors. Shares owned by directors are valued at the current market value.

Director compensation limits

The Second Amended and Restated 2014 Plan provides for a limitation of $795,000 with respect to the value of the annual equity compensation grant that may be awarded to any non-employee director and a limitation of $500,000 with respect to the value of any annual cash compensation that may be paid to any non-employee director.

The following table sets forth a summary of the compensation earned by, or paid to, our non-employee directors in 2020:

DIRECTOR COMPENSATION TABLE FOR FISCAL YEAR 2020

Name	Fees earned or paid in cash ($)	Stock awards ($) (1)(2)(3)	All other compensation ($)(4)	Total ($)
Robert M. Calderoni	170,000	261,266	40,877	472,143
Nanci E. Caldwell	150,000	261,266	66,209	477,475
Jesse A. Cohn(5)	34,252(6)	—	18,870	53,122
Robert D. Daleo	115,403(7)	261,266	80,040	456,709
Murray J. Demo	101,933	261,266	1,599	364,798
Ajei S. Gopal	102,500	261,266	37,478	401,244
Thomas E. Hogan	93,265	261,266	21,599	376,130
Moira A. Kilcoyne	115,512	261,266	1,599	378,377
Robert E. Knowling, Jr.(8)	16,721	152,878	20,468	190,067
Peter J. Sacripanti	112,500	261,266	38,453	412,219
J. Donald Sherman(9)	72,439	353,377	21,226	447,042

(1) These amounts represent the aggregate grant date fair value of the stock 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 8 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2020, which was filed with the SEC on February 8, 2021. These amounts do not represent the actual amounts paid to or realized by our directors for these awards during fiscal year 2020.

(2) Consists solely of restricted stock units. During 2020, each continuing non-employee director was entitled to an annual grant consisting of a number of restricted stock units equaling $250,000 in value vesting annually on the earlier of the first anniversary of the award date or the day immediately prior to the company's next regular meeting of shareholders following the award date. Such value of restricted stock units is converted into a number of restricted stock units on the grant date using the 20-day trailing average price of Citrix common stock. Pursuant to our outside directors' deferred compensation program for non-employee directors, each of Messrs. Daleo and Knowling and Dr. Gopal elected to defer settlement of his 2020 annual restricted stock unit award. Please see the discussion above under the heading *Outside directors' deferred compensation program for non-employee directors* for additional details on our deferral program.

(3) As of December 31, 2020, our non-employee directors held the following number of unvested restricted stock units: Mr. Calderoni, 1,758.121 restricted stock units; Ms. Caldwell, 1,758.121 restricted stock units; Mr. Daleo, 1,758.121 restricted stock units; Mr. Demo, 1,758.121 restricted stock units; Dr. Gopal, 1,758.121 restricted stock units; Mr. Hogan, 1,758.121 restricted stock units; Ms. Kilcoyne, 1,758.121 restricted stock units; Mr. Knowling, 1,339.523 restricted stock units, Mr. Sacripanti, 1,758.121 restricted stock units, and Mr. Sherman 1,758.121 restricted stock units. As of December 31, 2020, our non-employee directors held the following number of vested deferred restricted stock units: Mr. Calderoni, 17,454.600 restricted stock units; Ms. Caldwell, 32,072.581 restricted stock units; Mr. Daleo, 42,900.173 restricted stock units; Dr. Gopal, 11,684.303 restricted stock units; and Mr. Sacripanti, 12,117.564 restricted stock units

(4) Reflects the total value of restricted stock units issued as a result of the quarterly dividends paid on March 20, 2020, June 19, 2020, September 25, 2020 and December 22, 2020 ($25,877 for Mr. Calderoni; $46,209 for Ms. Caldwell; $18,870 for Mr. Cohn; $60,040 for Mr. Daleo; $1,599 for Mr. Demo; $17,478 for Dr. Gopal; $1,599 for Mr. Hogan; $1,599 for Ms. Kilcoyne; $468 for Mr. Knowling; $18,453 for Mr. Sacripanti; and $1,226 for Mr. Sherman) and the company's 2020 matching charitable donations made under our matching charitable gift program that is available to our employees, executives and directors ($15,000 for Mr. Calderoni; $20,000 for Ms. Caldwell; $20,000 for Mr. Daleo; $20,000 for Dr. Gopal; $20,000 for Mr. Hogan; $20,000 for Mr. Knowling; $20,000 for Mr. Sacripanti; and $20,000 for Mr. Sherman).

(5) Mr. Cohn was not nominated for re-election at the Annual Meeting held in June 2020.

(6) Pursuant to our outside directors' deferred compensation program for non-employee directors, Mr. Cohn elected to defer his cash fees in 2020. Mr. Cohn received 229 deferred stock units based on fees of $33,880 foregone, with no matching or premium given in calculating the number of stock units awarded and an amount of $8.38 was held in a deferred cash account in lieu of fractional shares. In September 2020, Mr. Cohn received 27,189 shares of Citrix common stock upon vesting of his deferred stock units and $372 in cash, which represented the total amount of deferred cash that was held in his deferred cash account in lieu of fractional shares during his tenure on the Citrix Board of Directors.

(7) Pursuant to our outside directors' deferred compensation program for non-employee directors, Mr. Daleo elected to defer his cash fees in 2020. Mr. Daleo received 828 deferred stock units based on fees of $115,403 foregone, with no matching or premium given in calculating the number of stock units awarded and an amount of $111 is held in a deferred cash account in lieu of fractional shares.

(8) Mr. Knowling was elected to the Board of Directors on October 21, 2020. In connection with his appointment, on November 2, 2020, Mr. Knowling received a pro-rated annual grant of restricted stock units valued at $173,973, which was converted into a number of restricted stock units using the 20-day trailing average price of Citrix common stock on the date of grant.

(9) Mr. Sherman was elected to the Board of Directors on March 4, 2020. In connection with his appointment, on April 1, 2020, Mr. Sherman received a pro-rated annual grant of restricted stock units valued at $82,192, which was converted into a number of restricted stock units using the 20-day trailing average price of Citrix common stock on the date of grant. Mr. Sherman also received an annual grant on July 1, 2020.

Part 3 Executive management

Our leadership team

The following table sets forth our executive officers and the positions currently held by each such person within Citrix. The biographical descriptions below outline the relevant experience, qualifications, attributes and skills of each executive officer.

Name	Position
David J. Henshall	President, Chief Executive Officer and Director
Arlen R. Shenkman	Executive Vice President and Chief Financial Officer
Mark J. Ferrer	Executive Vice President and Chief Revenue Officer
Antonio G. Gomes	Executive Vice President, Chief Legal Officer and Secretary
Paul J. Hough	Executive Vice President and Chief Product Officer
Woong Joseph Kim	Executive Vice President of Engineering and Chief Technology Officer
Donna N. Kimmel	Executive Vice President and Chief People Officer
Hector M. Lima	Executive Vice President of Customer Experience
Sridhar Mullapudi	Executive Vice President of Product Management
Timothy A. Minahan	Executive Vice President, Business Strategy and Chief Marketing Officer
Mark J. Schmitz	Executive Vice President and Chief Operating Officer

David J. Henshall

Age: 52
Mr. Henshall has served as our President and Chief Executive Officer and as a member of our Board of Directors since July 2017. Mr. Henshall served as our Executive Vice President and Chief Financial Officer from September 2011 until July 2017 and as our Chief Operating Officer from February 2014 until July 2017. Mr. Henshall was appointed Acting Chief Executive Officer and President from October 2013 to February 2014. From January 2006 to September 2011, Mr. Henshall served as our Senior Vice President and Chief Financial Officer, and from April 2003 to January 2006, he served as our Vice President and Chief Financial Officer.

Arlen R. Shenkman

Age: 50
Mr. Shenkman has served as our Executive Vice President and Chief Financial Officer since September 2019. Prior to joining Citrix, Mr. Shenkman served as Executive Vice President and Global Head of Business Development and Ecosystems of SAP from May 2017 to August 2019, where he was responsible for driving business development by building new ecosystems, fostering strategic partnerships, incubating new business models, and overseeing investments and mergers and acquisitions. Prior to that role from January 2015 to May 2017, Mr. Shenkman served as Chief Financial Officer of SAP North America, SAP's largest business unit, responsible for all finance functions in North America, including forecasting and planning, identifying efficiencies, and ensuring the region's overall financial health. Mr. Shenkman previously served as SAP's Global Head of Corporate Development from January 2012 to January 2015 and was a principal architect of SAP's rapid transformation into a cloud company.

Mark J. Ferrer

Age: 61
Mr. Ferrer has served as our Executive Vice President and Chief Revenue Officer since October 2017. Prior to joining Citrix, Mr. Ferrer served as Chief Operating Officer and Executive Vice President of Global Customer Operations of SAP from August 2011 to September 2017, where he led the go-to market and customer engagement initiatives for one of the largest sales forces in the technology industry.

Antonio G. Gomes

Age: 55
Mr. Gomes has served as our Executive Vice President, Chief Legal Officer and Secretary since October 2019. Mr. Gomes served as our Executive Vice President, General Counsel, Secretary and Chief Legal Compliance Officer from April 2015 to September 2019, and as our Vice President and Deputy General Counsel, Secretary and Chief Legal Compliance Officer from February 2008 to March 2015. Prior to joining Citrix, Mr. Gomes was a Partner in the corporate practice of Goodwin Procter LLP, an international law firm, from February 2005 to January 2008.

Paul J. Hough

Age: 56
Mr. Hough has served as our Executive Vice President and Chief Product Officer since October 2016. Prior to joining Citrix, Mr. Hough served as Corporate Vice President, Developer Division at Microsoft from September 2012 to August 2015. Prior to that, Mr. Hough served in a variety of roles in the Microsoft Office Division driving vision and execution for the program management of Office suite culminating with the introduction of Office365. Mr. Hough holds 11 patents.

Woong Joseph Kim

Age: 42
Mr. Kim has served as our Executive Vice President of Engineering and Chief Technology Officer since December 2020. Prior to joining Citrix, Mr. Kim served as Executive Vice President, Engineering and Chief Technology Officer at SolarWinds, Inc., a publicly-traded IT infrastructure management software company, from July 2017 to November 2020. From February 2016 to July 2017, Mr. Kim served as Senior Vice President and Chief Technology Officer at SolarWinds. Mr. Kim was the General Manager of Hewlett Packard Enterprise Company's Transform business unit from November 2014 to February 2016, and the Chief Technology Officer for HP Software's Application Delivery Management (ADM) and IT operations management businesses from April 2013 to November 2014.

Donna N. Kimmel

Age: 58

Ms. Kimmel has served as our Executive Vice President and Chief People Officer since November 2015. Prior to joining Citrix, Ms. Kimmel served as Senior Vice President, Human Resources at GTECH and IGT from February 2014 to November 2015. Prior to that, Ms. Kimmel served as Senior Vice President and Chief Human Resources Officer of Sensata Technologies, a private-to-public spinoff from Texas Instruments from April 2006 to December 2012.

Hector M. Lima

Age: 46

Mr. Lima has served as our Executive Vice President of Customer Experience since December 2020. Mr. Lima served as our Senior Vice President of Customer Success from January 2019 to December 2020 and as our Vice President, Americas Consulting and Education from August 2013 to January 2019. Mr. Lima has been with Citrix for more than 20 years and during his tenure he has held a number of leadership roles in our professional services, consulting and education organizations.

Timothy A. Minahan

Age: 51

Mr. Minahan has served as our Executive Vice President, Business Strategy and Chief Marketing Officer since July 2017. Mr. Minahan served as our Senior Vice President and Chief Marketing Officer from November 2015 to July 2017. Prior to joining Citrix, Mr. Minahan served as Senior Vice President and Chief Marketing Officer of SAP Cloud from June 2013 to July 2015, where he led their effort to transition to the cloud.

Sridhar Mullapudi

Age: 43

Mr. Mullapudi has served as our Executive Vice President of Product Management since December 2020. Mr. Mullapudi served as our Senior Vice President of Product Management from August 2018 to December 2020. In his more than 20 years at Citrix, Mr. Mullapudi has held a variety of leadership roles across both product management and engineering.

Mark J. Schmitz

Age: 46

Mr. Schmitz has served as our Executive Vice President and Chief Operating Officer since July 2019. Mr. Schmitz served as our Senior Vice President of Business Operations from September 2016 to July 2019. Prior to joining Citrix, from January 2015 to September 2016, Mr. Schmitz served as Chief Operating Officer for SAP SucessFactors, and from January 2014 to January 2015, Mr. Schmitz served as Chief Operating Officer, SAP Cloud, where he led business operations and was responsible for the deployment of SAP's cloud vision. From October 2012 to December 2013, Mr. Schmitz served as Senior Vice President and Chief Operating Officer, SAP Ariba.

Our executive officers are appointed by the Board of Directors on an annual basis.

Part 4 Executive compensation

Compensation Discussion and Analysis

Purpose of Compensation Discussion and Analysis

This Compensation Discussion and Analysis provides comprehensive information about the 2020 compensation for the following executive officers (who we refer to as our Named Executive Officers):

- David J. Henshall, President and Chief Executive Officer
- Arlen R. Shenkman, Executive Vice President and Chief Financial Officer
- Antonio G. Gomes, Executive Vice President, Chief Legal Officer and Secretary
- Paul J. Hough, Executive Vice President and Chief Product Officer
- Woong Joseph Kim, Executive Vice President of Engineering and Chief Technology Officer

NAVIGATING THE COMPENSATION DISCUSSION AND ANALYSIS

2020 highlights

Accelerating our transformation

Citrix is an enterprise software company focused on helping organizations deliver a consistent and secure work experience no matter where work needs to get done — in the office, at home, or in the field. We do this by delivering a digital workspace solution that gives each employee the resources and space they need to do their best work. Our Workspace solutions are complemented by our App Delivery and Security (formerly Networking) solutions, by delivering the applications and data employees need across any network with security, reliability and speed.

Citrix believes that work is not a place — work is about business outcomes. We have helped organizations with digital transformation for many years. The challenges and complexities created by the proliferation of Software-as-a-Service (SaaS)-based applications and the emergence of hybrid multi-cloud infrastructure environments are now combined with the realities brought upon by the global COVID-19 pandemic — realities such as long-term remote and flexible work models and an increased need for risk mitigation and business continuity.

As a result, we believe organizations are accelerating their cloud and digital transformation plans to better position themselves to address these new challenges and embrace the opportunities that will arise from flexible work models. To do this, organizations may rely on Citrix solutions for business agility, employee productivity, security and compliance, as well as cost and efficiency. Citrix solutions are focused on employee productivity and are designed to provide end-users with the simplicity of a common user experience while ensuring information technology, or IT, administrators are able to deliver applications and data with the security and controls necessary to protect the enterprise and its customers.

As an organization, we continue to evolve our business in three distinct and interrelated ways:

- Perpetual to Subscription: Our business model has shifted away from selling perpetual licenses towards subscription, or recurring contracts in the form of SaaS, on-premise term, and consumption-based agreements;

- On-Premise to Cloud: As the share of applications and data continues to move rapidly from on-premise data centers to the cloud, our product development and engineering has increasingly focused on delivering cloud-based solutions; and

- Point Products to Platform: Our offerings and our go-to-market activities are shifting away from selling individual point products towards a platform solution, in a tiered offering that provides us the ability to deliver a variety of value-enhancing modules to our customers in the future.

We believe execution of our strategic priorities will continue to drive results for our stakeholders. Exiting 2020, progress in our business transformation to a cloud-based subscription business was evidenced by:

- Subscription ARR[1] accelerated to $1.20 billion at the end of 2020, a 62% year-over-year increase, and SaaS ARR of $725 million at the end of 2020, up 39% year-over-year;

- Subscription revenue grew 71% year-over-year in 2020; and

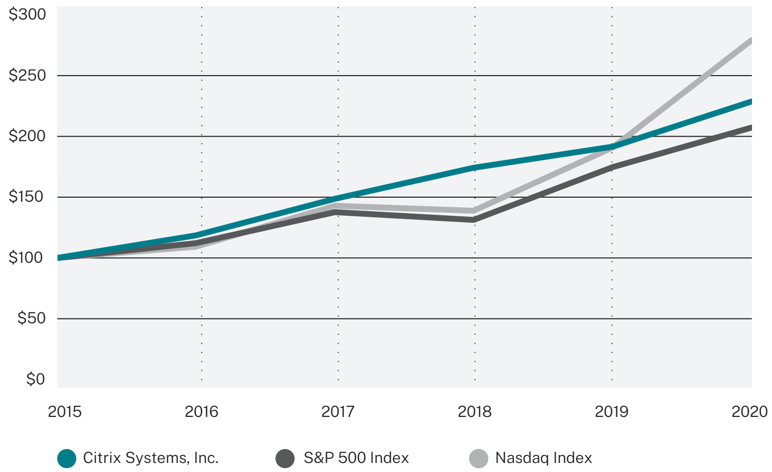
- Subscription bookings as a percent of total product bookings increased to 75% in 2020, up from 62% in 2019.

Further accelerating our business model transformation, in March 2021, we announced that we completed our acquisition of Wrike, a leading provider of SaaS collaborative work management solutions, for approximately $2.25 billion in cash. Through the acquisition, we expect to deliver the industry's most comprehensive cloud-based work platform to empower all employees and teams to securely access, collaborate and execute all work types in the most efficient and effective way possible — across any work channel, device, or location.

2020 highlights:

(1) Annualized recurring revenue, or ARR, is an operating metric that represents the contracted recurring value of all termed subscriptions normalized to a one-year period. It is calculated at the end of a reporting period by taking each contract's recurring total contract value and dividing by the length of the contract. ARR includes only active contractually committed, fixed subscription fees. Our definition of ARR includes contracts expected to recur and therefore excludes contracts with durations of 12 months or less where licenses were issued to address extraordinary business continuity events for our customers. All contracts are annualized, including 30-day offerings where we take monthly recurring revenue multiplied by 12 to annualize. ARR should be viewed independently of U.S. GAAP revenue, deferred revenue and unbilled revenue and is not intended to be combined with or to replace those items. ARR is not a forecast of future revenue.

As illustrated in the graph below, our total shareholder return (assuming reinvestment of dividends)[1][2], or TSR, over the five-year period ended on December 31, 2020 was approximately 123%, outpacing the S&P 500 index.



(1) For purposes of this graph, the reinvestment of Citrix's $0.35 per share cash dividend paid during the fourth quarter of 2018 and each quarter during both 2019 and 2020 was calculated using the closing price on Nasdaq on each quarterly dividend payment date.

(2) In January 2017, we completed the separation of our GoTo business and its subsequent merger with LogMeIn, Inc. For the purpose of this graph, the distribution of LogMeIn common stock to our shareholders in connection with such separation and merger is treated as a non-taxable cash dividend of $18.59 (equal to the opening price of LogMeIn common stock on February 1, 2017 multiplied by 0.1718 of a share of LogMeIn common stock). Such amount was deemed reinvested in Citrix common stock at the closing price on February 1, 2017 using the daily dividend reinvestment methodology. Other financial data providers may use different methodologies to adjust for the GoTo separation, which may produce different results.

Shareholder engagement

Our executives regularly engage with shareholders to better understand their perspectives on a wide range of strategy, business and governance issues. Our Board of Directors and senior management team welcomes and values the views and insights of our shareholders and conducts an annual outreach effort to connect with our larger shareholders in order to ensure open lines of communication.

In 2020, we reached out to our largest shareholders and proxy advisory firms to understand their perspectives and discuss our business strategy, governance, sustainability and executive compensation policies with a goal of using feedback received during these meetings to inform our policies and practices. Over the course of the year, we held meetings with institutional shareholders representing nearly 21% of Citrix's outstanding common stock as well as proxy advisory firms.

These shareholder meetings covered a wide range of topics, including: our business model transition and strategy; corporate governance practices such as Board composition; our diversity and inclusion programs; our response to the COVID-19 pandemic and its impact on our business; cybersecurity and data privacy; succession planning; shareholder views regarding equity plan preferences and administration; and other matters of shareholder interest. Peter J. Sacripanti, the Chairperson of our Compensation Committee and a member of our Nominating and Corporate Governance Committee, participated in the majority of meetings along with senior executives of the company.

Members of the leadership team, the Chairperson of our Compensation Committee, and other members of our Board of Directors who participate in shareholder engagement meetings regularly discuss shareholder feedback with relevant Board committees and the full Board of Directors. In general, feedback from our shareholders regarding our compensation programs and corporate governance practices has been positive. The Board of Directors carefully considers the feedback from shareholders in assessing and updating our executive compensation and corporate governance practices.

Examples of how this feedback has informed our governance practices are shown below.

What we heard	How we responded
Investors shared their feedback on preferences with respect to burn rate, dilution and equity incentive plan duration and design as well as their desire to see robust disclosure of the company's overall equity compensation philosophy, including the impact of share repurchases and buybacks in prior years	Thoughtfully addressed shareholder feedback when considering and approving the Second Amended and Restated 2014 Equity Incentive Plan in March 2020 and recommending its approval to shareholders in June 2020, which permits Citrix to use equity compensation to recruit and retain talent which we believe will continue to accelerate our business transition
Investors wanted to ensure that our executive compensation metrics closely align with long-term shareholder interests and business transition goals	Incorporated an annualized recurring revenue (ARR) metric for our performance-based restricted stock awards in 2020 and then SaaS ARR in 2021, aligning long-term executive compensation with a key indicator of the overall health and trajectory of our subscription business transition and our focus on transitioning our customers to the cloud
Investors were interested in understanding the Board of Director's and management's approach to oversight of cybersecurity risk	Enhanced Board oversight of cybersecurity through the Technology, Data and Information Security Committee to oversee policies, plans and programs relating to enterprise cybersecurity and data protection risks and enhanced cybersecurity disclosure beginning on page 17
Investors were interested in understanding Citrix's ESG practices and how the Board of Directors exercises oversight of ESG topics including diversity, human capital management and corporate social responsibility	Increased our focus on ESG initiatives and Board-level oversight of our ESG program, including our diversity, belonging and inclusion program. Further, we added an ESG component to our executive officer's variable cash compensation plan for 2021 that includes sustainability and diversity and inclusion objectives, among others

We believe it is important to continue to engage with our shareholders on a regular basis to understand their perspectives and to give them a voice in shaping our governance and executive compensation policies and practices. We also consider the shareholder advisory (say-on-pay) vote of our Named Executive Officer compensation when evaluating our compensation program. For more information, see *Evaluation process* beginning on page 46.

Objectives and elements of our executive compensation programs

The compensation that we offer our executive officers is designed to reflect our principles of integrity, fairness and transparency — concepts that have continually underscored the design and delivery of compensation opportunities 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 effectiveness. We also believe that lavish perquisites, excessive severance and bonuses unrelated to performance or recruitment are inconsistent with our executive compensation principles. Furthermore, while the establishment of variable cash compensation targets for our executive officers necessarily involves judgment, the actual payouts against those targets are based on pre-determined, objective financial criteria reflective of our corporate operating plan.

For more than a decade, the objectives of our executive compensation programs have been to:

- provide competitive compensation that attracts, retains and engages high-performing talent; and
- align the long-term interests of executive officers with those of our shareholders by linking a significant portion of total cash and equity compensation to company performance and value creation.

These objectives have guided the Compensation Committee's decision-making around compensation decisions over the past several years. The Compensation Committee has taken a thoughtful approach to aligning the metrics of performance-based awards with those that have driven and will continue to drive our transformation. For example:

- Beginning in 2018 and for 2019, the Compensation Committee linked performance-based equity awards with subscription bookings as a percentage of total subscription and product bookings to directly align performance-based awards to Citrix's multi-year strategic business transition to a cloud-based subscription business. During the second quarter of 2019, and as discussed in the company's earnings announcement in July 2019, Citrix gained significant momentum in its business transition to a subscription-based business.

- Given this increased momentum, the Compensation Committee determined that the company had a unique opportunity to increase the acceleration of its transition, which, if successful, would advance long-term value creation for shareholders. Accordingly, beginning in 2020, the Compensation Committee moved away from subscription bookings as a percentage of total subscription and product bookings and other operational metrics and decided to link performance-based equity awards with ARR[1] growth, which, as we have discussed on our earning calls, is the metric best aligned with the company's business transition and strategy. ARR, in short, is the best indicator of the overall health and trajectory of the business because it captures the pace of Citrix's transition and is a forward-looking indicator of top line trends.
- As we enter fiscal year 2021 with a portion of our subscription model transition complete, we continue to focus on transitioning our installed base to the cloud. As a result, the Compensation Committee decided to link performance-based equity awards granted during fiscal year 2021 with SaaS ARR growth, rather than ARR growth, to further drive our business model transition to the cloud.

(1) See page 40 of this Proxy Statement for the definition of annualized recurring revenue, or ARR.

The following table details the concepts guiding our compensation plan design and how we put them into practice, including actions taken by the Compensation Committee to reflect in our compensation plan design the company's accelerated transformation this past year to a cloud-based subscription business:

Concept	Implementation

Link executive target compensation directly with company performance	• To provide direct alignment with company performance and key drivers of shareholder value, target compensation(1) for our Named Executive Officers(2) was:
	  • 66%, on average, performance-based(3)
	  • 92%, on average, at risk(4)

Payout opportunity levels for our executive variable cash compensation plan should motivate performance that meets or exceeds our financial plan objectives	• In 2020, each executive officer's variable cash compensation plan award was based 100% on the achievement of financial operating targets consistent with our corporate operating plan • Based on 2020 company performance, executive variable cash compensation plan awards for 2020 paid out at 161.16% of the target amount • Over the past ten years, our variable cash compensation plan awards have paid out between 58.8% and 170.9% of target and paid above 100% less than half of the time
Our executives should be incentivized to achieve financial goals that are directly tied to our multi-year business strategy and drivers of growth and value creation for our shareholders	• At least 60% of annual equity awards to our Named Executive Officers are awarded as performance-based restricted stock units; and for 2020, these annual awards vest based on ARR growth to further align executive compensation with what we believe is the best indicator of the overall health and trajectory of our subscription business transition because it captures the pace of our transition and is a forward-looking indicator of top line trends
Our compensation program should be flexible to account for the specific challenges facing the company and the company's strategic initiatives at any given time while also maintaining a long-term focus on shareholder value and creation	• Each year, the Compensation Committee reviews our variable cash compensation plan and performance-based equity awards granted to executive officers to ensure that they fit our strategic and operational initiatives and reflect feedback we receive from our shareholders

(1) Includes 2020 base salary and target variable cash compensation, both in effect at the end of 2020, and the grant date fair value of equity compensation granted in 2020. Does not include the performance-based awards granted in April 2020 for retention purposes and that are included in the Summary Compensation Table, Grants of Plan-Based Awards Table and Outstanding Equity Awards at Year End Table as described herein.
(2) Excludes Woong Joseph Kim, who joined Citrix as Executive Vice President of Engineering and Chief Technology Officer on December 1, 2020.
(3) Performance-based compensation includes target variable cash compensation and the grant date fair value of performance-based restricted stock units granted in 2020, other than the performance-based awards granted in April 2020 for retention purposes. See *Equity-based long-term incentives* beginning on page 55.
(4) At risk compensation includes target variable cash compensation and the grant date fair value of equity compensation that was granted in 2020, other than the April 2020 retention awards.

See *Individual executive compensation decisions* beginning on page 62 for further details regarding our Named Executive Officers' compensation.

Further, we engage in the following practices to ensure our executive compensation program achieves our objectives and is aligned with shareholders' interests.

✓ What we do	✗ What we don't do
• Review compensation practices of peers aligned with Citrix's business and those with whom we regularly compete for executive, managerial and technical talent • Use equity awards for long-term incentive and retention • Design compensation programs to align at least 60% of Named Executive Officer's annual target compensation with company performance • Conduct annual executive officer evaluations and self-evaluation process • Provide for compensation clawbacks pursuant to an executive compensation recovery policy • Require significant share ownership by executive officers	• No discretion applied to measuring performance under our variable cash compensation plans or performance-based awards • No re-pricing of stock options • No guaranteed bonuses • No hedging, short selling or pledging of equity awards • No single-trigger or modified single-trigger change in control agreements • No excessive perquisites

The elements of compensation that we use to accomplish our objectives, with the details of each for fiscal year 2020, are as follows:

Element	Component	Description
Base Salary	Cash	• Evaluated on an annual basis
Variable cash compensation	Cash	For 2020, variable cash compensation was based on: • 70% product and subscription bookings on an annual contract value (ACV) basis • 30% non-GAAP corporate operating expense
Long-term equity incentives	Performance-based restricted stock units (PRSUs)	• Based on annualized recurring revenue (ARR) growth from January 1, 2020 to December 31, 2022 • Cliff vest after a three-year period based on achievement of performance criteria • No vesting for performance below threshold and maximum vesting of 200%
	Time-based restricted stock units (TRSUs)	• Vests in three equal annual installments over a three-year period

We also provide benefits as part of our compensation program.

How executive pay decisions are made

Compensation process and criteria

Evaluation process

The compensation packages for our executive officers are reviewed by our Compensation Committee and include an analysis of all elements of compensation separately and in the aggregate. In 2020, the Compensation Committee continued its engagement of Semler Brossy as its independent compensation consultant to assist with its oversight of executive compensation during the annual executive compensation cycle.

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.

During early 2020, the Compensation Committee held meetings with management, our human resources department and representatives of Semler Brossy to:

- review our compensation objectives;
- evaluate and develop our executive compensation peer group;
- review the actual and target compensation of our executive officers and compensation packages for new 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 our shareholders (this included, among other things, modeling amounts payable under proposed plan structures against various scenarios);
- assess our equity-based awards programs against our objectives of executive engagement, retention and alignment with shareholder interests;
- review market analysis for our executive cash compensation and equity-based awards programs;
- review recommendations for 2020 target direct compensation for appropriateness relative to our compensation objectives; and
- review retention incentive levels for our executive officers to support our strategic and operational initiatives.

At several meetings throughout the first quarter of 2020, the Compensation Committee reviewed proposed compensation programs and packages for our executive officers for 2020, which were prepared by management working in conjunction with our human resources department and Semler Brossy and evaluated by our finance department for alignment with our corporate operating plan. In March 2020, the Compensation Committee approved the proposed 2020 executive variable cash compensation plan, which we refer to as the variable cash compensation plan. Also, in March 2020, the Compensation Committee approved individual compensation packages for our executive officers. Our Board of Directors approved the 2020 compensation of our President and Chief Executive Officer, upon the recommendation of the Compensation Committee.

In evaluating our 2020 executive compensation program in the first quarter of 2020, the Compensation Committee considered several factors when determining compensation packages for our executive officers as discussed elsewhere in the Compensation Discussion and Analysis section of this Proxy Statement, including the shareholder advisory ("say-on-pay") vote on our Named Executive Officer compensation for 2018, which reflects our shareholders' support for our executive officer compensation packages. The 2018 say-on-pay vote was approved by over 89% of the votes cast at our Annual Meeting of Shareholders held in June 2019, which was the most recent shareholder advisory vote on executive compensation available to the Compensation Committee at the time.

Evaluation criteria

In determining the amount and mix of the target compensation elements, the Compensation Committee relies upon its judgment regarding the scope and strategic impact of each individual executive officer's role. In setting final compensation targets for our executive officers in 2020, the Compensation Committee considered many factors, including:

- the performance and experience of each individual;
- the scope and strategic impact of the executive officer's role;
- our past business and financial performance and future expectations;
- our long-term goals and strategies;
- difficulty in, and the cost of, replacing high performing leaders with in-demand skills;
- past compensation levels of each individual and of our executive officers as a group;
- relative levels of compensation among our executive officers;
- the amount of each compensation component in the context of the executive officer's target total compensation and other benefits;
- the retention levels and holding power for each of our executive officers based on outstanding equity awards and recommended equity awards;
- for each executive officer, other than our President and Chief Executive Officer, the evaluation and recommendation of our President and Chief Executive Officer;
- for our President and Chief Executive Officer, the evaluation of our Board of Directors, a self-evaluation by our President and Chief Executive Officer and feedback from his direct reports; and
- the competitiveness of the compensation packages relative to the selected market data as highlighted by the independent compensation consultant's analysis.

President and Chief Executive Officer evaluation

As discussed above, one of the factors the Compensation Committee considers when determining compensation targets for our President and Chief Executive Officer is the performance evaluation of our President and Chief Executive Officer. Our President and Chief Executive Officer completes a self-evaluation, and our Board of Directors and each of our President and Chief Executive Officer's direct reports provides written feedback assessing our President and Chief Executive Officer's contributions to our company. Aligned with the objectives of our multi-year transition to a cloud-based subscription business and the importance of fostering an innovative, collaborative and inclusive culture, our President and Chief Executive Officer's performance for 2019 was evaluated on the following:

- drives and ensures financial results;
- establishes near-term and long-term strategy with employee engagement that drives the needs of customers, partners and shareholders;
- leads and inspires the organization, ensures Citrix employees live our core values, and drives a diverse and inclusive culture;
- builds effective external stakeholder relationships; and
- drives a collaborative relationship with our Board of Directors.

The Compensation Committee considered our President and Chief Executive Officer's evaluation results for 2019 in a holistic manner, in addition to other factors, including those listed above under the section titled *Evaluation criteria*, when setting our President and Chief Executive Officer's amount and mix of target compensation for 2020.

Role of the independent compensation consultant

During 2020, Semler Brossy reported directly to the Compensation Committee for purposes of advising the Compensation Committee on executive compensation matters. The Compensation Committee provided Semler Brossy with preliminary instructions regarding the goals of our compensation program and the parameters of the competitive review of executive officer total direct compensation packages to be conducted by Semler Brossy. Semler Brossy was instructed to review and provide guidance on our peer group development. Semler Brossy was then instructed to provide a market analysis of all components of compensation for all executive officer positions, including base salary, target total cash (base salary plus target variable cash compensation) and equity-based long-term incentive awards. The Compensation Committee also instructed Semler Brossy 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 to our actual compensation practices.

During the first quarter of 2020, Semler Brossy 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 Semler Brossy, working in conjunction with our human resources department, completed its preliminary analysis of our executive officer compensation, their analysis was presented to the Compensation Committee, which was discussed at the Compensation Committee's March 2020 meeting.

Similarly, the Compensation Committee provided Semler Brossy with instructions regarding compensation packages for new and promoted executive officers during 2020, as well as retention and incentive programs to support our strategic and operational initiatives. Semler Brossy was instructed to provide a market analysis of the relevant compensation components for these items and also advise the Compensation Committee on market practices in similar circumstances. Semler Brossy attended meetings of the Compensation Committee, with executive sessions being held at most meetings, and interacted with members of our human resources, legal and finance departments with respect to certain of these matters.

Independence of compensation consultant

In connection with Semler Brossy's continued appointment in 2020, the Compensation Committee evaluated Semler Brossy's independence and considered our policy on independence of the Compensation Committee's consultant and other advisers, contained in our Corporate Governance Guidelines and the Compensation Committee's charter. The Compensation Committee also considered the six independence factors as required by Nasdaq and the SEC, which are specified in the following table. After analyzing each of these factors indicated in the following table, information provided by Semler Brossy, and our policy on independence relative to Semler Brossy's engagement, the Compensation Committee concluded that Semler Brossy is independent and that there were no conflicts of interest.

Independence factor	Information considered
Other services provided to Citrix by Semler Brossy	None
Citrix fees received by Semler Brossy, as a percentage of Semler Brossy's total revenue	Modest and represents less than 2% of Semler Brossy's total revenue
Semler Brossy's policies and procedures that are designed to prevent conflicts of interest	Semler Brossy maintains a number of internal mechanisms and policies designed to prevent conflicts of interest
Business or personal relationships between the Compensation Committee's individual compensation adviser and members of the Compensation Committee	The Compensation Committee's individual compensation adviser has no direct business or personal relationships with any member of the Compensation Committee. Semler Brossy has provided consulting services to one company that is affiliated with members of the Compensation Committee
Citrix stock owned by the Compensation Committee's individual compensation adviser	The Compensation Committee's individual compensation adviser does not directly own any Citrix stock, and the practice is prohibited under Semler Brossy's policies
Business or personal relationships between the Compensation Committee's individual compensation adviser, or Semler Brossy, with a Citrix executive officer	No compensation adviser to Citrix has any other relationships to the Compensation Committee or Citrix executive officers

Our use of market and peer group analysis

Each year, we conduct a competitive analysis of the compensation paid to our executive officers and review the compensation practices of our peer group. As in prior years, the analysis for 2020 measured our compensation opportunities for executive officers 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 the Radford Global Technology Survey and the Radford Global Sales Survey; and
- market analysis prepared by Semler Brossy using commercially available survey data and information from publicly filed reports from a group of peer technology companies, or the peer group, specifically identified by the Compensation Committee.

Each year, we evaluate the composition of our peer group and adjust the composition of our peer group for factors such as recent acquisitions of peer companies, new markets that we have entered or changes in the technology market landscape. For 2020, with assistance from Semler Brossy, we again focused on developing a peer group to address the dynamics in the markets for talent in which we compete. Based on this assessment, in the third quarter of 2019, our Compensation Committee revised our compensation peer group for 2020 to include Open Text Corporation and PTC Inc., which each have an increased focus on subscription-based revenue and are appropriate from a size and scope perspective, and to remove CA, Inc. and Red Hat, Inc., which each have been acquired. Our peer group includes:

- publicly-traded companies that represent an appropriate range from a size and scope perspective;
- innovative companies that operate in virtualization, cloud, Software-as-a-Service and networking markets; and
- companies with whom we compete for talent.

We believe that our peer group continues to be aligned with our strategic vision and positions us to attract, retain and engage high performing leaders. Moreover, our peer group, with its inclusion of a full array of companies with whom we compete for talent, maintains Citrix's position at approximately the group median across revenue and other key financial metrics we view as important in selecting a peer group. The table below lists the companies in our 2020 peer group indicating the peers with whom we regularly compete for executive, managerial and technical talent. We believe that our 2020 peer group is composed of innovative, software-focused businesses operating on a global scale, like Citrix, and are the companies with whom we look to align our executive compensation practices.

Peer Group Comparison

	Revenues ($ in millions)[(1)]	Net Income (loss) ($ in millions)[(1)]	Approx. No. of Employees[(1)]	Software-Focused Global Business	Compete for Talent
Akamai	3,198.2	557.1	8,368	●	●
AUTODESK	3,790.4	1,208.2	11,500	●	●
cadence	2,682.9	590.6	8,800	●	●
(Dropbox)	1,913.9	-256.3	2,760	●	●
f5	2,350.8	307.4	6,109	●	●
intuit	7,679	1,826	10,600	●	●
Juniper Networks	4,445.1	257.8	9,950	●	●
NetApp	5,412	819	10,800	●	●
NortonLifeLock	2,490	3,887	3,600	●	●
opentext	3,109.7	234.2	14,400	●	●
paloalto Networks	3,408.4	-267	8,014	●	●
ptc	1,458.4	130.7	6,243	●	●
servicenow	4,519.5	118.5	13,000	●	●
synopsys	3,685.3	663.5	15,036	●	●
vmware	11,767	2,058	34,000	●	●
(Workday)	4,318	-282.4	12,500	●	●
CITRIX	3,236.7	504.4	9,000	●	●

Trademarks are property of their respective owners.

(1) Fiscal year end data presented in the table is for fiscal year ending in 2020, other than Autodesk, Inc., VMware, Inc, and Workday, Inc. each of whose fiscal year end data is for its fiscal year ended in January 2021.

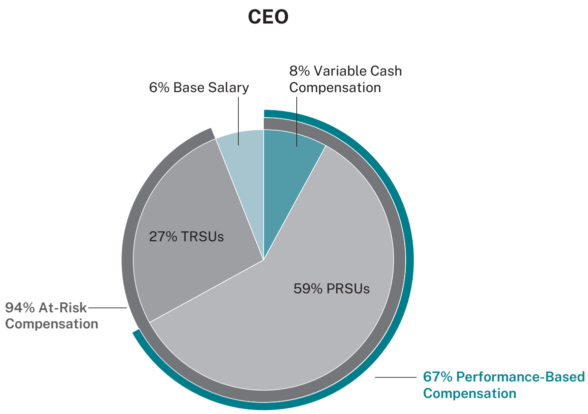
We use peer group analysis as one of several factors that inform our judgment of appropriate compensation parameters for base salary, variable cash compensation and equity-based, long-term incentives. Our executive compensation decisions are made on a case-by-case basis, and market analysis is just one consideration within our holistic approach to executive compensation. Based on a regular review of our peer group, in September 2020 in connection with discussions regarding 2021 compensation, our Compensation Committee, after consultation with Semler Brossy determined to make no changes to the peer group for fiscal year 2021.

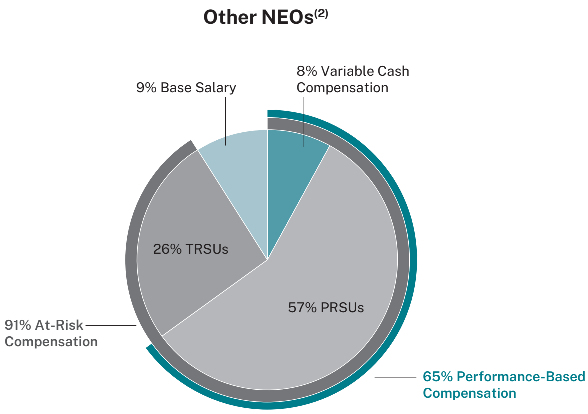
Components of compensation

Commitment to performance-based cash and equity compensation

Our key executive compensation guiding principle continues to be closely aligning the compensation of our executive officers with the creation of long-term value for our shareholders by tying a significant portion of target total direct compensation opportunity to our performance. The following pie charts show the 2020 target total direct compensation mix for our President and Chief Executive Officer, Mr. Henshall, and the average target total direct compensation mix for our other Named Executive Officers, other than Mr. Kim, who joined Citrix as Executive Vice President of Engineering and Chief Technology Officer on December 1, 2020. For 2020, our President and Chief Executive Officer's target total direct compensation was 67% performance-based and 94% at risk as shown below. Also as shown below, approximately 65% of the target total direct compensation of our other Named Executive Officers, on average, was performance-based and 91% was at risk. We consider compensation to be "at risk" if vesting or payout is subject to achievement of performance targets or the value received is dependent on our stock price.

Compensation Mix(1)





(1) Target total direct compensation includes: (a) 2020 base salary in effect at the end of fiscal year 2020, (b) target 2020 annual variable cash compensation in effect at the end of fiscal year 2020, and (c) grant date fair value of TRSUs and PRSUs granted during fiscal year 2020 as part of the annual compensation cycle. Does not include the performance-based awards granted in April 2020 for retention purposes that were granted in connection with the February 2019 performance-based awards that were forfeited by executives in January 2020 that are included in the Summary Compensation Table, Grants of Plan-Based Awards Table and Outstanding Equity Awards at Year End Table as described herein.

(2) Excludes Woong Joseph Kim, who joined Citrix as Executive Vice President of Engineering and Chief Technology Officer on December 1, 2020.

Base salary

Salary levels for our executive officers are based on several factors, including individual performance and experience, the scope of the role and competitive ranges informed by compensation data reported for similar roles at companies in our peer group.

In 2020, based on the objectives of our executive compensation program, our evaluation criteria for individual performance, Citrix's overall performance and other factors described above, the base salaries of our Named Executive Officers as noted below became effective April 1, 2020, unless otherwise indicated:

	2019 base salary ($)	2020 base salary ($)	Increase/ decrease (%)
David J. Henshall President and Chief Executive Officer	1,000,000	1,000,000	—
Arlen R. Shenkman Executive Vice President and Chief Financial Officer	575,000	575,000	—
Antonio G. Gomes Executive Vice President, Chief Legal Officer and Secretary	500,000	500,000	—
Paul J. Hough Executive Vice President and Chief Product Officer	500,000	513,000	2.6
Woong Joseph Kim(1) Executive Vice President of Engineering and Chief Technology Officer	—	500,000	—

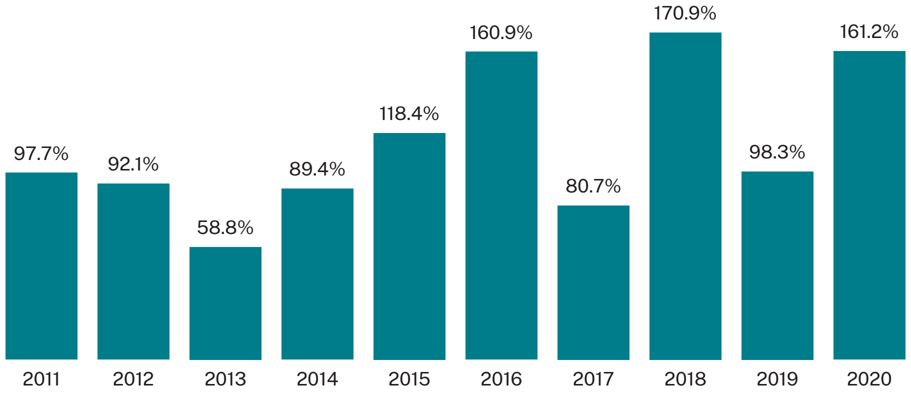
(1) Mr. Kim joined Citrix effective December 1, 2020.

Variable cash compensation

Our Compensation Committee oversees our variable cash compensation plan, with administrative tasks delegated to the leadership team. We believe that for an annual cash compensation plan to be effective, it should be easy to understand. Accordingly, we use a limited number of financial targets that focus our executive officers on the key metrics underlying our strategic plan and align performance pay strictly with financial results.

Over the past ten years, our variable cash compensation plan has paid between 58.8% and 170.9% and has paid above 100% four times, as shown below:

Achievement of variable cash compensation



As discussed below, we tailor our variable cash compensation plan to our strategic and business objectives and our results vary based on achievement of those objectives. The Compensation Committee and our Board of Directors retain the discretion to decrease or increase payout of our variable cash compensation plan to account for extraordinary circumstances and to balance the interests of the plan participants with the interests of our shareholders. Over the ten years summarized in the graph above, we did not apply discretion to increase or decrease plan payouts, and no bonuses or awards were granted to make-up for forfeited variable cash awards.

Target total cash compensation

For 2020, our compensation evaluation processes during our annual cycle and in connection with any promotions or executive hires during the year resulted in target awards for our Named Executive Officers under our variable cash compensation plan that ranged from 90% to 150% of base salary, based on the factors discussed above.

Our Named Executive Officer compensation packages had the following target cash compensation in 2020, with the target variable cash portion expressed both as a percentage of base salary and in dollars. The base salaries and target variable cash percentage of our Named Executive Officers included in the table below reflect the increased base salaries and any increases in variable cash percentage, effective April 1, 2020, unless otherwise indicated below:

Name	Base salary ($)	Target variable cash		Total ($)
		As a % of base salary	Target variable cash amount ($)	
David J. Henshall President and Chief Executive Officer	1,000,000	150%	1,500,000	2,500,000
Arlen R. Shenkman Executive Vice President and Chief Financial Officer	575,000	100%	575,000	1,150,000
Antonio G. Gomes Executive Vice President, Chief Legal Officer and Secretary	500,000	90%	450,000	950,000
Paul J. Hough Executive Vice President and Chief Product Officer	513,000	90%	461,700	974,700
Woong Joseph Kim Executive Vice President of Engineering and Chief Technology Officer(1)	500,000	90%	450,000	950,000

(1) Mr. Kim joined Citrix on December 1, 2020.

2020 variable cash compensation plan

For 2020, each executive officer's variable cash compensation plan award was based 100% on the achievement of financial targets established by the Compensation Committee. For 2020, as discussed below, our Compensation Committee determined to align achievement with product and subscription bookings on an annual contract value (ACV) basis (excluding cloud renewals and ACV bookings acquired in merger and acquisition activity) and non-GAAP corporate operating expense.

To ensure the integrity of our operating plan, and to safeguard shareholder value, the payout levels under our variable cash compensation plan are designed to motivate performance that meets or exceeds our financial plan objectives. Our program is designed to provide incentives to our executive officers aligned to our business strategy and our financial performance.

We rigorously test our plan design to ensure that the structure and possible outcomes do not incentivize our executive officers to take unnecessary or excessive risks that could negatively impact the company's long-term value.

During 2020, we focused heavily on new growth to drive long-term value creation. This is reflected in our 2020 executive variable cash compensation plan that applies a 70% weighting to product and subscription bookings on an annual contract value (ACV) basis (excluding cloud renewals and ACV bookings acquired in merger and acquisition activity). ACV is an operating metric, which represents the annualized value of a customer contract. There were no ACV bookings as a result of merger and acquisition activity during 2020. Cloud renewals occur when a customer of our cloud-based solutions reaches the end of their contract term and elects to continue consuming the service of our cloud-based solutions by renewing their contract.

We also focused on expense management, reflected by a 30% weighting on non-GAAP corporate operating expense excluding any transaction costs and expenses in connection with merger and acquisition activity. Our Compensation Committee moved from non-GAAP operating margin in the 2020 variable cash compensation plan, which was used in prior years, to focus on a metric that is controllable by all employees and incentivizes employees to reduce corporate operating expense.

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 chart shows the maximum performance amounts that would have resulted in a payout of 200% of the target amount, the performance amounts that would have resulted in a payout of 100% of the target amount and the minimum performance requirements that needed to be met before any award could be earned.

	Weighting	Minimum performance (0% payout)	Target performance (100% payout)	Maximum performance (200% payout)
Product and subscription bookings (ACV) (excluding cloud renewals)	70%	$760 million	$886 million	$913 million
Non-GAAP corporate operating expense	30%	$1,893 million	$1,762 million	$1,705 million

When actual performance falls between the threshold and the target performance levels or between the target and maximum performance levels, payouts are calculated using a graduated slope. This payout structure recognizes that, in a business of this scale, while overachievement merits a greater reward, any underachievement should result in a reduced award.

Determination of awards

Early in the first quarter of 2021, our finance team reviewed and approved the calculations of financial target attainment levels, which were based on and consistent with our publicly reported financial results for 2020, and the 2020 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 meetings held in January 2021, our Compensation Committee approved (or, in the case of our President and Chief Executive Officer, recommended to the Board of Directors for approval) the payouts to our executive officers under our 2020 variable cash compensation plan. As in the past, we did not adjust the resulting payouts under our variable cash compensation plan for 2020.

The results of the 2020 variable cash compensation plan resulted in a total weighted payout of 161.16%, based on the achievement of the metrics as described below.

	Target	Actual	Attainment	Payout (pre-weighting)	Weighting	Weighted payout
	(amounts are approximate due to rounding)					
Product and subscription bookings (ACV) (excluding cloud renewals)	$886 million	$1,021 million	115.21%	200%	70%	140.00%
Non-GAAP corporate operating expense	$1,762 million	$1,820 million	96.82%	71%	30%	21.16%
Total weighted payout %						161.16%

Consistent with the way we calculate and publicly report our financial results, the financial targets and attainment levels for corporate operating expense are adjusted to exclude certain GAAP measurements in accordance with Citrix's past practices, including amortization of intangible assets primarily related to business combinations, non-cash charges associated with the expensing of equity-based compensation, charges or benefits related to patent litigation, charges related to restructuring programs, charges related to separation activities, the tax effects related to these items and any other items adjusted from our GAAP results in Citrix's reported earnings as approved by our Audit Committee. There were no transaction costs and expenses excluded in connection with merger and acquisition activity in fiscal year 2020.

The table below summarizes the payments approved by our Compensation Committee (or, in the case of our President and Chief Executive Officer, approved by the Board of Directors) under our variable cash compensation plan compared to each executive officer's target award for 2020. Each Named Executive Officer listed below received 161.16% of his target award for 2020, except as noted.

	Target variable cash compensation award ($)(1)	Actual variable cash compensation award paid ($)	Percentage of target award paid (%)
David J. Henshall President and Chief Executive Officer	1,500,000	2,417,400	161.16
Arlen R. Shenkman Executive Vice President and Chief Financial Officer	575,000	926,670	161.16
Antonio G. Gomes Executive Vice President, Chief Legal Officer and Secretary	450,000	725,220	161.16
Paul J. Hough Executive Vice President and Chief Product Officer	458,791	739,388	161.16
Woong Joseph Kim(2) Executive Vice President of Engineering and Chief Technology Officer	38,115	61,426	161.16

(1) All target variable cash compensation awards are pro-rated to reflect changes in compensation during 2020, if applicable, and are based on the actual base salary paid to the Named Executive Officer in 2020.
(2) Mr. Kim's target variable cash compensation and his actual variable cash compensation award are pro-rated to reflect less than a full year of service. Mr. Kim joined Citrix as Executive Vice President of Engineering and Chief Technology Officer as of December 1, 2020.

ESG component added to 2021 variable cash compensation plan

Each year, the Compensation Committee reviews our variable cash compensation plan to ensure that it fits our strategic and operational initiatives and to reflect feedback we receive from our shareholders. For 2021, the Compensation Committee introduced an operational metrics-focused modifier to our variable cash compensation plan intended to further focus our executive officers on our multi-year initiatives related to sustainability and diversity, inclusion and belonging. These initiatives are designed, among other things, to:

- Reduce our greenhouse gases (GHGs) by 30% by 2030 (from a baseline level in 2019);
- Decrease our carbon intensity per unit of revenue by 50% by 2030 (from a baseline level in 2019);
- Achieve a diverse workforce made up of 45% underrepresented groups[1] globally by the end of 2025; and
- Sustain our strong year-over-year engagement and inclusivity scores and pay equity ratios.

The modifier could result in up to a 10% increase or decrease in our executive officers' variable cash compensation for 2021 based on the Compensation Committee's assessment of our progress toward sustainability goals (including those related to implementation of an environmental management process, remote work opportunities, and solar panel installations) and diversity, inclusion and belonging goals (including those related to diversity in our workforce, employee engagement and inclusivity, and pay equity) established by our Compensation Committee.

Details regarding our 2021 variable cash compensation plan will be included in the Proxy Statement for our 2022 Annual Meeting of Shareholders.

Equity-based long-term incentives

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

[1] Includes woman on a global basis and African-American/Black, Asian/Pacific Islander, American Indian/Alaskan Native and Latino in the U.S.

Approach to equity-based awards

Since 2017, our annual equity grant program for executives has consisted entirely of restricted stock units. Our portfolio of equity awards granted to executive officers on an annual basis has been a mix of just two equity elements, at least half of which has been tied to long-term performance.

Our Compensation Committee regularly reviews our equity compensation program. Based on feedback from our shareholders and with the assistance and guidance of its independent compensation consultant, our Compensation Committee has for the past several years approved awards with an operating metric for our performance-based restricted stock units that incentivize our executives to achieve a financial goal that is directly tied to our multi-year business transition that is described further below. Further, beginning in 2019 for our President and Chief Executive Officer, and in 2020 for our other executive officers, at least 60% of the equity awards granted to executive officers as part of our annual grant cycle is tied to long-term performance operating metrics to continue to shift a greater proportion of executive officer compensation to performance-based compensation.

The exclusive use of restricted stock units, rather than stock options or other equity awards, granted to our executive officers 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 while continuing to provide incentives for our high performers to remain with us and continue to perform at a high level. Also, the inclusion of performance-based restricted stock units based on the achievement of an operational metric that is directly tied to our multi-year business transition is designed to drive success of our transition and be a driver of value creation for our shareholders.

Equity-based award grant levels

When establishing equity-based award grant levels for our executive officers, our Compensation Committee considers the existing value of unvested equity-based awards held by 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 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. In addition, our Compensation Committee considers the market competitive value of an executive officer's role leveraging current market analysis information as previously described, the relative level of impact the executive officer has or is expected to have on company performance, and the current and prospective performance of the executive officer in his or her role. During each annual compensation cycle, our Compensation Committee meets during the first quarter to review these factors for each of our executive officers and discusses proposed annual compensation, including equity-based award grant levels, with the Compensation Committee's independent compensation consultant. Based on the reviewed factors, including market analysis compensation data, an assessment of the executive's performance, and retention priorities, our Compensation Committee determines a targeted economic value for equity-based awards to be granted to each executive officer and approves a dollar value for such awards. The Compensation Committee also reviews the approximate number of Citrix shares expected to be granted as part of the annual compensation cycle to manage to our burn rate. At the time of grant, the approved dollar value for each executive officer is converted into a number of Citrix shares using the 20-day trailing average price of Citrix common stock to ensure executive officers are being granted equity awards that represent the previously-approved economic value based on Citrix's current stock price.

For equity-based promotion and new-hire awards, the Compensation Committee also considers market practices for such awards and the difficulty in recruiting high performing leaders with in-demand skills.

Adjustments to outstanding equity awards in connection with our quarterly dividend

In connection with our payment of a cash dividend in each quarter of 2020, we adjusted the number of our unvested outstanding restricted stock units to provide each holder thereof with additional restricted stock units reflecting the value of such dividend. The number of additional restricted stock units was determined by dividing (1) the product obtained by multiplying the cash dividend per share declared by our Board by the number of unvested restricted stock units, by (2) the closing price of Citrix common stock on the dividend payment date. These additional restricted stock units are subject to the same conditions regarding vesting and settlement as the underlying restricted stock units to which they relate. The value of these additional restricted stock units is reflected in the "All other compensation" column of the Summary Compensation Table, and the number of such additional restricted stock units is reflected in the Outstanding Equity Awards at Year End Table. Upon the final vesting date, any fractional unit will be rounded up to a whole share.

Restricted stock unit awards

Pursuant to the Second Amended and Restated 2014 Plan, we may grant executive officers various types of awards, including market performance-based restricted stock units, performance-based restricted stock units, and time-based restricted stock units. Once vested, each restricted stock unit represents the right to receive one share of our common stock.

Achievement of 2018 performance-based awards based on 2020 performance

As disclosed in our Proxy Statement for our 2019 Annual Meeting of Shareholders, our Compensation Committee tied vesting of our annual 2018 performance-based restricted stock units to subscription bookings as a percentage of total product and subscription bookings (excluding transition and trade-up bookings) measured from January 1, 2020 to December 31, 2020. Our executive officers received these performance-based restricted stock units having this performance metric in March 2018 as part of our annual grant cycle.

Our Compensation Committee determined to tie vesting of these performance-based restricted stock unit awards to subscription bookings as a percentage of total product and subscription bookings (excluding transition and trade-up bookings) to further incentivize our executives to achieve this financial goal that was directly tied to the multi-year business transition strategy at the time, which we reviewed with our shareholders in October 2017 and January 2018. The acceleration of moving our bookings mix significantly towards ratable subscriptions (that is, subscription bookings as a percentage of total product and subscription bookings) was a key indicator of our success in transitioning to a subscription business. The Compensation Committee set performance goals at definitive, rigorous and objective levels so as to require significant effort and achievement by our executive team. Specifically, the Compensation Committee set the payout curve for these performance-based awards to provide a maximum payout for subscription bookings as a percentage of product bookings that would exceed our internal operating plan.

The payout curve for the portion of these performance-based awards was as follows (utilizing straight-line interpolation between percentages):

Subscription bookings as a percentage of total product and subscription bookings	Percentage of target award vested
30% (threshold)	0%
60% (target)	100%
90% (maximum)	200%

No restricted stock units would vest if subscription bookings as a percentage of total product and subscription bookings was less than the threshold. For this purpose, "subscription bookings as a percentage of total product and subscription bookings" was calculated as Citrix's total term, cloud (SaaS), hybrid-cloud and Citrix Service Provider product subscription bookings or any other product bookings from subscription offerings, including subscription renewals, expansions, extensions, upgrades, updates, initial and add-on or multiple year terms of any of the foregoing, but excluding transition and trade-up bookings, over Citrix's total product and subscription bookings, excluding transition and trade-up bookings, in each case excluding ShareFile SMB bookings, measured as of the last fiscal year of the performance period (fiscal year 2020).

Early in the first quarter of 2021, our finance team reviewed and approved the calculations of financial target attainment levels. At a meeting held in January 2021, our Compensation Committee approved the payouts to our executive officers, and the Board of Directors with respect to our President and Chief Executive Officer, under our 2018 performance-based awards and determined that we achieved subscription bookings as a percentage of total product and subscription bookings (excluding transition and trade-up bookings) of 70.8%, resulting in a payout of 135.9% based on the payout curve described above.

Retention performance-based awards granted to align with accelerated transformation

In February 2019, in addition to our annual equity grant program, Mr. Henshall and certain of our other executive officers were awarded performance-based restricted stock units to promote retention of our leadership team and drive the achievement of company operational goals. These performance-based restricted stock units were granted with a free cash flow per share year-over-year growth metric measured over a performance period ending on December 31, 2020. We refer to such awards as the "February 2019 Awards."

The Compensation Committee carefully monitored the February 2019 Awards through the course of 2019. During the second quarter of 2019 and as discussed in our earnings announcement in July 2019, we gained significant momentum in our business transition to a cloud-based subscription business. Given this increased momentum, we had a unique opportunity to drive our transition at an accelerated pace, which would advance long-term value creation for shareholders. Since the announcement in July 2019 of our decision to accelerate our subscription transition, our stock price increased nearly 41% through April 6, 2021, which is our record date for the 2021 Annual Meeting.

Given the accelerated pace of the transition, in the third quarter of 2019, the Compensation Committee recognized that the February 2019 Awards were no longer aligned with our go-forward business strategy. At that point in our transition, free cash flow decreased in the short-term when subscription bookings accelerated. As a result, the free cash flow per share year-over-year growth metric that had been set in early 2019 no longer aligned our executive leadership with, nor incentivized execution of, the strategic business decisions made by our Board of Directors and management coming out of the second quarter of 2019.

As a result, the Compensation Committee asked our executive officers to forfeit their February 2019 Awards so that a better aligned performance-based award could be put in place — one that would incentivize our executive officers to drive our strategy and the transition to a subscription-based business. The forfeiture of the February 2019 Awards occurred in January 2020 and totaled $12.2 million, including restricted stock units earned as a result of the payment of our quarterly cash dividend, at the time of forfeiture.

In April 2020, Mr. Henshall and the executive officers who had previously received and subsequently forfeited the February 2019 Awards were granted performance-based awards that the Compensation Committee viewed as aligned with our business transition and strategy. We refer to these awards as the "April 2020 Awards."

The Compensation Committee determined annualized recurring revenue (ARR) growth to be the metric most aligned with our business transition and strategy at the time. As we have discussed in our earnings announcements beginning in the second quarter of 2019, we believe ARR is the best indicator of the overall health and trajectory of our business because it captures the pace of our transition and is a forward-looking indicator of top line trends.

To ensure that the performance period is aligned with our long-term strategy and to incentivize executives over a longer period, the Compensation Committee granted the April 2020 Awards with a performance period ending at the end of fiscal year 2021 rather than the original performance period of the February 2019 Awards, which had a performance period ending in 2020. The Committee determined to cap performance of the April 2020 Awards at 125% to limit the degree of overachievement so as to prevent excessive compensation even if we dramatically outperform our goals.

The Compensation Committee further decided that because the February 2019 Awards would have vested at the end of 2020, the Committee implemented an interim performance period for the April 2020 Awards based on ARR growth over 2020. The Compensation Committee determined that 50% of the April 2020 Awards would be eligible to vest following an interim one-year performance period and 50% would be eligible to vest at the end of the full two-year performance period. The interim performance period payout was also capped at 125%.

The interim payout curve for these performance-based awards that could be earned at the end of the one-year interim performance period based on annual ARR growth is as follows (utilizing straight-line interpolation between percentages).

Annualized recurring revenue growth %	Percentage of interim target award vested
32% (threshold)	75%
34% (target)	100%
36% (maximum)	125%

No restricted stock units would have vested following the interim payout period if ARR growth had been less than the threshold. For this purpose, ARR growth was calculated using an annual growth formula with ARR representing the contracted recurring value for all term subscriptions normalized to a one-year period as reported in Citrix's quarterly earnings releases.

Early in the first quarter of 2021, our finance team reviewed and approved the calculations of financial target attainment levels. At meetings held in January 2021, our Compensation Committee approved the interim payouts to our executive officers under the April 2020 Awards and determined that we achieved ARR growth of 62.1%, resulting in an interim payout of 125% based on the payout curve described above. This payout was applied to the first 50% of the awards. This significant overachievement during the interim one-year period was due to Subscription ARR growth driven by increased customer demand for our subscription offerings for Citrix Workspace and pooled capacity App Delivery and Security offerings, and our decision to end broad availability of perpetual Citrix Workspace licenses during the third quarter of 2020.

The remaining 50% of these performance-based awards may be earned at the end of the two-year performance period based on compounded ARR growth as follows (utilizing straight-line interpolation between percentages).

Annualized recurring revenue growth %(1)	Percentage of target award vested
Threshold (94% of target)	75%
Target	100%
Maximum (106% of target)	125%

(1) Disclosing ARR growth targets for future periods would cause competitive harm without adding meaningfully to the understanding of our business. Disclosing such metrics would reveal specifics regarding our transition to a cloud-based subscription business that a competitor may use against us. However, like performance targets for all metrics, the Compensation Committee sets performance goals at definitive, rigorous and objective levels so as to require significant effort and achievement by our executive team. We will disclose these metrics and actual achievement against these metrics at the end of the performance period once performance has been determined.

None of the remaining restricted stock units will vest if compounded ARR growth is less than the threshold. For this purpose, ARR growth is calculated using a compounded annual growth formula with ARR representing the contracted recurring value for all term subscriptions normalized to a one-year period as reported in Citrix's quarterly earnings releases.

2020 performance-based awards

When designing the 2020 performance-based awards to be granted to our executive officers in April 2020 as part of our annual grant cycle, our Compensation Committee considered the following objectives:

- providing an incentive that has clear performance measures;
- directly aligning performance-based awards to our multi-year business transition strategy to a cloud-based subscription business; and
- responding to shareholder feedback.

To achieve the objectives described above, our Compensation Committee tied vesting of the 2020 performance-based restricted stock units awarded in April 2020 to ARR growth measured over the performance period of January 1, 2020 to December 31, 2022. Our Compensation Committee determined to award performance-based restricted stock units tied to this operational metric to further incentivize our executives to achieve this financial goal that is directly tied to our multi-year business transition strategy. At the beginning of 2020 when the Compensation Committee set the metrics for the 2020 performance-based restricted stock units, like the April 2020 Awards, the Compensation Committee determined annualized recurring revenue (ARR) growth to be the metric most aligned with our business transition and strategy at the time and a key indicator of the success of our strategy.

The payout curve for these performance-based awards that may be earned at the end of the performance period based on compounded ARR growth is as follows (utilizing straight-line interpolation between percentages).

Annualized recurring revenue growth %(1)	Percentage of target award vested
Threshold (83% of target)	50%
Target	100%
Maximum (117% of target)	200%

(1) Disclosing ARR growth targets for future periods would cause competitive harm without adding meaningfully to the understanding of our business. Disclosing such metrics would reveal specifics regarding our transition to a cloud-based subscription business that a competitor may use against us. However, like performance targets for all metrics, the Compensation Committee set performance goals at definitive, rigorous and objective levels so as to require significant effort and achievement by our executive team. Specifically, the Compensation Committee set the payout curve for these performance-based awards to provide a maximum payout for ARR growth that would exceed our internal operating plan. We will disclose these metrics and actual achievement against these metrics at the end of the performance period once performance has been determined.

No restricted stock units will vest if ARR growth is less than the threshold. For this purpose, ARR growth is calculated using a compound annual growth formula with ARR representing the contracted recurring value for all term subscriptions normalized to a one-year period as reported in Citrix's quarterly earnings releases.

These performance-based awards are intended to ensure that a meaningful share of our executives' equity compensation is contingent upon a successful transition to a cloud-based subscription business. The restricted stock units underlying these awards cliff vest after a three-year period based on the performance of Citrix over the performance period, with no opportunity for any interim period payout.

Our executive officers received these performance-based restricted stock units having this performance metric in April 2020 as part of our annual grant cycle.

2020 time-based awards

Consistent with our past practice, in April 2020, we also entered into restricted stock unit agreements with our executive officers with respect to time-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. These restricted stock unit awards represented 40% of the equity grants under the annual equity grant program for our executive officers, including our President and Chief Executive Officer.

Vesting of these time-based restricted stock units is subject to the continued employment of the executive officer with Citrix through the applicable vesting date.

The equity-based awards indicated in the table below that were granted as part of our annual equity award program reflect an equity portfolio mix with respect to such annual awards for our Named Executive Officers, including our President and Chief Executive Officer, of 60% performance-based and 40% time-based restricted stock units. The table below includes the April 2020 Awards, as applicable. In addition, Mr. Kim received a grant of time-based restricted stock units upon joining the company. For further details regarding these equity awards, see *Individual executive compensation decisions* beginning on page 62.

The following tables summarize our 2020 equity-based awards granted to our Named Executive Officers, including the total targeted economic value approved by the Compensation Committee for each executive. The first table summarizes our annual equity-based awards and the second table summarizes the retention performance-based restricted stock units as described above.

Name and principal position	Total targeted economic value of annual restricted stock unit awards($)	Time-based restricted stock units granted	Target performance-based restricted stock units granted
David J. Henshall President and Chief Executive Officer	10,500,000	33,779	50,668
Arlen R. Shenkman Executive Vice President and Chief Financial Officer	3,850,000	12,386	18,579
Antonio G. Gomes Executive Vice President, Chief Legal Officer and Secretary	3,250,000	10,456	15,683
Paul J. Hough Executive Vice President and Chief Product Officer	3,200,000	10,295	15,442
Woong Joseph Kim(1) Executive Vice President of Engineering and Chief Technology Officer	8,000,000	67,154	—

(1) In connection with joining Citrix on December 1, 2020, Mr. Kim was granted a new-hire equity award on December 1, 2020 with a value of $8,000,000 consisting of 67,154 time-based restricted stock units 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.

Name and principal position	Total targeted economic value of retention restricted stock unit awards($)	Target performance-based restricted stock units granted
David J. Henshall President and Chief Executive Officer	2,400,000	18,696
Antonio G. Gomes Executive Vice President, Chief Legal Officer and Secretary	1,850,000	14,412
Paul J. Hough Executive Vice President and Chief Product Officer	1,850,000	14,412

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 first or last business day of the purchase period, whichever is lower (determined by reference to the closing price of our common stock on each such date). Further, we offer a 401(k) plan that includes a Roth feature. The 401(k) plan allows our employees to invest in a wide array of funds and provides for matching contributions by 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, are eligible for relocation assistance upon joining our company and have access to financial counseling and tax services benefits. Our executive officers are eligible to participate in our charitable matching gifts program pursuant to which we match donations made to qualifying tax-exempt 501(c)(3) charitable and non-governmental organizations on a one-for-one basis. We match up to $20,000 per year for executives under this program. During 2020, we did not offer any non-qualified deferred compensation plans or supplemental retirement plans to our executive officers. For more information, please refer to the Summary Compensation Table and the Nonqualified Deferred Compensation Table below. We have always limited the perquisites that are generally made available to our executive officers.

Individual executive compensation decisions

Next, we discuss how we apply the policies and practices described above and the resulting compensation paid or awarded to each of our Named Executive Officers for the year ended December 31, 2020 as set forth in the Summary Compensation Table and the Grants of Plan-Based Awards Table.

President and Chief Executive Officer compensation

Chief Executive Officer compensation

Our President and Chief Executive Officer is responsible for overseeing all of our corporate functions, product strategy and development, go-to-market activities and the attainment of our strategic, operational and financial goals. Working in concert with the leadership team and our Board of Directors, our President and Chief Executive Officer formulates current and long-term strategic plans and objectives and is our chief spokesperson to our employees, customers, partners and shareholders.

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 executive officers, placing less emphasis on base salary and, instead, driving greater performance-based alignment through equity-based long-term and variable cash compensation. In assessing the compensation paid to our President and Chief Executive Officer, the Compensation Committee relies on the advice of its independent compensation consultant, market analysis and its judgment with respect to the factors described above and specific factors described below.

Mr. Henshall’s employment agreement provides for a minimum base salary of $1,000,000, which is subject to annual review and may be increased but not decreased. In addition, Mr. Henshall is eligible to receive variable cash incentive compensation as determined by performance goals established by the Board of Directors upon consultation with Mr. Henshall, with a maximum variable cash compensation payment of 200% of his base salary. The actual amount is determined in the discretion of the Compensation Committee based on Citrix’s performance and the individual performance of Mr. Henshall.

In March 2020, as part of our annual compensation review process, our Board of Directors met in executive session to review Mr. Henshall’s annual compensation, including the minimum compensation provided for by his employment agreement, and to assess his performance for 2019. Our Board of Directors considered Mr. Henshall’s performance and the demands on, and responsibilities of, a leader of a global organization of the scale and complexity of Citrix, especially given that our company is going through a significant business transition. Further, our Compensation Committee, with assistance from its independent compensation consultant, conducted a comprehensive review of compensation for Chief Executive Officers at our peer companies.

As a result of that review, our Board of Directors approved a 2020 target compensation package for Mr. Henshall that was competitive with target total direct compensation for Chief Executive Officers at peer companies. Target total direct compensation includes base salary, target variable cash compensation and the value of time-based restricted stock units and performance-based restricted stock units.

Our Board of Directors maintained Mr. Henshall’s base salary of $1,000,000 for 2020. As a result, Mr. Henshall received base salary compensation of $1,000,000 in 2020. Mr. Henshall’s target variable cash compensation award as a percentage of base salary was set at 150% of his base salary, consistent with the rate in effect at the end of 2019. For 2020, Mr. Henshall was awarded variable cash compensation of $2,417,400, in accordance with our 2020 executive variable cash compensation plan.

Our Board of Directors approved annual equity-based awards valued at $10,500,000 for 2020, of which 60% were to be granted as performance-based restricted stock units and 40% were granted as time-based restricted stock units. At the time of grant on April 1, 2020, the approved dollar value for Mr. Henshall was converted into a number of Citrix shares using the 20-day trailing average price of Citrix common stock to ensure Mr. Henshall was being granted equity awards that represent the previously-approved economic value based on Citrix’s then-current stock price. As a result, Mr. Henshall was granted 33,779 time-based restricted stock units and 50,668 performance-based restricted stock units. Also, Mr. Henshall was granted 18,696 performance-based restricted stock units on April 6, 2020, which are described under the heading *Retention performance-based awards granted to align with accelerated transformation* beginning on page 57.

Our Board of Directors approved Mr. Henshall's 2020 compensation package, including his equity awards as described above, upon the recommendation of the Compensation Committee.

Other Named Executive Officers' cash compensation – base salary and variable cash compensation

Executive Vice President and Chief Financial Officer

As Chief Financial Officer, Mr. Shenkman is responsible for all of our financial and capital management strategies, budgeting and planning, financial accounting, tax and treasury, and investor relations, as well as our strategic alliances and mergers and acquisitions functions.

Mr. Shenkman's annual base salary was set at $575,000, and he received base salary compensation of $575,000 in 2020. Mr. Shenkman's 2020 target variable cash compensation award as a percentage of base salary was set at 100% of his base salary, consistent with the rate in effect at the end of 2019. For 2020, Mr. Shenkman was awarded variable cash compensation of $926,670 in accordance with our 2020 executive variable cash compensation plan.

In connection with joining our company, Mr. Shenkman was awarded a sign-on bonus of $500,000 to be paid 180 days following the commencement of his employment as Executive Vice President and Chief Financial Officer. The sign-on bonus was paid on March 13, 2020.

In March 2020, the Compensation Committee approved a $15,000 per month stipend to cover Mr. Shenkman's housing, commuting and other related costs associated with traveling to our headquarters in Florida. For 2020, Mr. Shenkman received $15,000 per month from January to April, and then such stipend was reduced to $13,300 for May through August, and then it was suspended for the remainder of the year as a result of the reduced traveling costs associated with the COVID-19 pandemic. For 2020, Mr. Shenkman received monthly stipends totaling $113,200.

Executive Vice President, Chief Legal Officer and Secretary

As our Executive Vice President, Chief Legal Officer and Secretary, Mr. Gomes is responsible for leading a multidisciplinary team and oversees our global legal, compliance, digital risk, and internal audit functions to advance our objectives while managing risk.

For 2020, Mr. Gomes' annual base salary was $500,000. As a result, Mr. Gomes received base salary compensation of $500,000 in 2020. For 2020, Mr. Gomes' target variable cash compensation opportunity was 90% of his base salary, consistent with the rate in effect at the end of 2019. For 2020, Mr. Gomes was awarded variable cash compensation of $725,220 in accordance with our 2020 executive variable cash compensation plan.

Executive Vice President and Chief Product Officer

As Executive Vice President and Chief Product Officer, Mr. Hough was responsible for providing direction for the company's current and future technology, including driving product alignment, innovation and growth across our product portfolio. Effective December 1, 2020, Mr. Hough transitioned his role from the day-to-day operations of the product function to an externally-focused product strategy role. In this capacity, he continues to drive the company's product strategy with a focus on working with our strategic customers and expanding key technology partnerships of the company.

Effective April 1, 2020, Mr. Hough's annual base salary was increased from $500,000 to $513,000. As a result, Mr. Hough received base salary compensation of $509,750 in 2020. Mr. Hough's target variable cash compensation award as a percentage of base salary was set at 90% of his base salary, consistent with the rate in effect at the end of 2019. For 2020, Mr. Hough was awarded variable cash compensation of $739,388, in accordance with our 2020 executive variable cash compensation plan.

In July 2017, the Compensation Committee approved a $15,000 per month stipend for up to three years, ending July 2020, to cover Mr. Hough's housing, commuting and other related costs. Mr. Hough received $15,000 per month from January to April, and then such stipend was reduced to $7,900 per month from May through July in light of the reduced traveling costs associated with the COVID-19 pandemic. For 2020, Mr. Hough received monthly stipends totaling $83,700.

Executive Vice President of Engineering and Chief Technology Officer

Mr. Kim joined Citrix on December 1, 2020 as our Executive Vice President of Engineering and Chief Technology Officer. As Executive Vice President of Engineering and Chief Technology Officer, Mr. Kim is responsible for the development and delivery of all Citrix technology solutions.

Mr. Kim's initial annual base salary was set at $500,000, and he received base salary compensation of $41,667 in 2020. Mr. Kim's 2020 target variable cash compensation award as a percentage of his base salary was set at 90% of his base salary. For 2020, Mr. Kim was awarded variable cash compensation of $61,426 in accordance with our 2020 executive variable cash compensation plan and pro-rated for his start date on December 1, 2020.

In connection with joining our company, Mr. Kim was awarded a sign-on bonus of $400,000 payable upon commencement of his employment as Executive Vice President of Engineering and Chief Technology Officer. The sign-on bonus was paid in December 2020.

Other Named Executive Officers' equity – long-term incentive compensation

As previously discussed, our Compensation Committee considers the market competitive value of an executive officer's role leveraging current market analysis information, the relative level of impact the executive officer has or is expected to have on company performance, and the current and prospective performance of the executive officer in his or her role, among other things. Our Compensation Committee met during the first quarter of 2020 to review these factors for each of our executive officers and discussed proposed annual compensation, including equity-based award grant levels, with the Compensation Committee's independent compensation consultant. Based on the reviewed factors, including market analysis compensation data, an assessment of the executive's performance, and retention priorities, our Compensation Committee determined a targeted economic value for equity-based awards to be granted to each executive officer and approved a dollar value for such awards, which is reflected in the table below. In April 2020, at the time of grant, the approved dollar value for each executive officer is converted into a number of restricted stock units using the 20-day trailing average price of Citrix common stock to ensure the executive officers were being granted equity awards that represent the previously-approved economic value based on Citrix's current stock price.

For Mr. Kim's new hire equity-based awards, the Compensation Committee considered market practices for such awards and the difficulty in recruiting Mr. Kim. The Compensation Committee awarded time-based restricted stock units valued at $8,000,000, to replace the majority of the amount of equity Mr. Kim was forfeiting by leaving his former employer. At the time of grant on December 1, 2020, the approved dollar value for Mr. Kim's equity award was converted into a number of Citrix shares using the 20-day trailing average price of Citrix common stock to ensure Mr. Kim was being granted an equity award that represents the previously-approved economic value based on Citrix's then-current stock price.

The table below shows the total targeted economic value approved by the Compensation Committee for each executive, other than Mr. Kim who joined Citrix in December 2020, of which 60% was awarded in performance-based restricted stock units and 40% was awarded in time-based restricted stock units. For the performance-based restricted stock units, attainment levels will be determined within 60 days of the end of the performance period (i.e., within 60 days of December 31, 2022). The time-based restricted stock units vest in three equal annual installments.

Name and principal position	Total targeted economic value of annual restricted stock unit awards($)	Time-based restricted stock units granted	Target performance-based restricted stock units granted
Arlen R. Shenkman Executive Vice President and Chief Financial Officer	3,850,000	12,386	18,579
Antonio G. Gomes Executive Vice President, Chief Legal Officer and Secretary	3,250,000	10,456	15,683
Paul J. Hough Executive Vice President and Chief Product Officer	3,200,000	10,295	15,442
Woong Joseph Kim(1) Executive Vice President of Engineering and Chief Technology Officer	8,000,000	67,154	—

(1) In connection with joining Citrix on December 1, 2020, Mr. Kim was granted a new-hire equity award on December 1, 2020 with a value of $8,000,000 consisting of 67,154 time-based restricted stock units 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.

Also, on April 6, 2020 Messrs. Gomes and Hough were granted retention performance-based restricted stock units. See section titled *Retention performance-based awards granted to align with accelerated transformation* for more information.

Name and principal position	Total targeted economic value of retention restricted stock unit awards($)	Target performance-based restricted stock units granted
Antonio G. Gomes Executive Vice President, Chief Legal Officer and Secretary	1,850,000	14,412
Paul J. Hough Executive Vice President and Chief Product Officer	1,850,000	14,412

Other compensation policies and information

Executive agreements

We have entered into executive agreements with certain members of our senior leadership team, including the Named Executive Officers (other than Mr. Henshall). The Compensation Committee believes that it is in the best interests of our shareholders to extend these severance benefits to our executives to reinforce and encourage retention and focus on shareholder value creation without distraction. Mr. Henshall has an individual employment agreement with Citrix that provides for similar benefits in the event of the termination of his employment under certain circumstances. See *Potential payments upon termination or change in control* beginning on page 75 for further information.

Equity award grant policy

In 2007, the Compensation Committee adopted the Citrix 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 pre-determining the dates on which awards will be made. The Awards Policy establishes the date on which annual grants are made and provides guidelines for grant dates for new hire and performance grants. Such new hire and performance grants will be made on the first trading day of the month following the month in which all processing and approvals for such equity awards are timely completed in accordance with the stock grant processing timeline as set by our Executive Vice President and Chief People Officer. A copy of our Awards Policy is available on the Corporate Governance section of our website at https://www.citrix.com/about/governance.html under Governance Documents.

Executive stock ownership guidelines

To align the interests of our executive officers with the interests of our shareholders, our Board of Directors has established stock ownership guidelines for our executive officers. Under our current guidelines, our executive officers are expected to own shares of our common stock equal in value to a multiple of base salary as indicated in the table below

Position	Stock ownership value (multiple of base salary)
President and Chief Executive Officer	6 times
Other Executive Officers who report to the President and Chief Executive Officer	4 times

To comply with these guidelines, each executive officer is required to retain an amount equal to one-third (1/3) of the net shares (those shares remaining after shares are deducted or withheld to cover any exercise price or tax obligations arising in connection with the exercise, vesting or payment of an equity award) received as a result of the exercise, vesting or payment of any equity-based award granted to the executive officer by the company unless such executive officer holds the applicable guideline value of shares. Each of our executive officers is expected to hold such shares for so long as he or she is one of our executive officers. Failure to satisfy the stock ownership 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 units (including vested but deferred restricted stock units) count towards the satisfaction of the stock ownership guidelines.

Policy concerning hedging and pledging transactions

Certain transactions in Citrix securities (such as buying or selling puts, calls or other derivative securities of Citrix securities, or any derivative securities that provide the economic equivalent of ownership of any Citrix securities or an opportunity, direct or indirect, to profit from any change in the value of Citrix securities, or engaging in any other hedging transactions with respect to Citrix securities) create a heightened compliance risk or could create the appearance of misalignment between management and shareholders. As a result, our insider trading policy prohibits our employees, including our executive officers and directors, from engaging in hedging transactions, such as short sales and/or other derivative transactions, purchasing Citrix securities on margin, holding Citrix securities in an account that is, or is linked to, a margin account, and pledging Citrix securities as collateral for a loan.

Policy regarding change in control arrangements

It is our policy that we will not enter into any agreements with our executive officers that provide the executive officer with payments following a change in control unless such agreements provide for a double-trigger termination event (that is, upon the termination of the executive officer's employment without cause or for good reason following a change in control).

Policy regarding recovery of executive compensation

Citrix executive officers are subject to a formal executive compensation recovery policy, or "clawback" policy, which allows Citrix to recoup from its executive officers excess proceeds from certain incentive compensation received by such executive due to a material restatement of Citrix's financial results due to an executive officer engaging in an act of embezzlement, fraud, willful misconduct or breach of fiduciary duty. Excess compensation includes any cash or equity-based compensation if the payment, grant or vesting of such compensation is predicated on the achievement of financial performance goals or financial metrics (excluding any incentive-based compensation based on total shareholder return or any similar stock price-based metric). The Compensation Committee intends to periodically review this policy and, as appropriate, conform it to any applicable final rules adopted pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Summary of executive compensation

The following table sets forth certain information with respect to compensation for the years ended December 31, 2020, 2019 and 2018 earned by or paid to our President and Chief Executive Officer, Executive Vice President and Chief Financial Officer, and our three other most highly-compensated executive officers, collectively referred to as our Named Executive Officers, as determined in accordance with applicable SEC rules.

SUMMARY COMPENSATION TABLE
FOR THE 2020, 2019 AND 2018 FISCAL YEARS

Name and principal position	Year	Salary ($)*	Bonus ($)	Stock awards ($)(1)(2)(3)	Non-equity incentive plan compensation ($)	All other compensation ($)	Total ($)
David J. Henshall President and Chief Executive Officer	2020	1,000,000	—	18,685,309	2,417,400	493,789(4)	22,596,498
	2019	1,000,000	—	11,482,590	1,474,500	556,766	14,513,856
	2018	1,000,000	—	15,648,049	2,458,726	151,327	19,258,102
Arlen R. Shenkman(5) Executive Vice President and Chief Financial Officer	2020	575,000	500,000(6)	5,590,607	926,670	270,880(7)	7,863,157
	2019	179,688	—	6,000,050	176,536	78,773	6,435,047
Antonio G. Gomes Executive Vice President, Chief Legal Officer and Secretary	2020	500,000	—	7,370,063	725,220	178,138(8)	8,773,421
	2019	500,000	—	3,909,690	442,350	194,487	5,046,527
	2018	492,500	—	4,865,259	728,134	73,062	6,158,955
Paul J. Hough Executive Vice President and Chief Product Officer	2020	509,750	—	7,297,497	739,388	252,764(9)	8,799,399
	2019	487,500	—	3,909,690	431,443	368,720	5,197,353
	2018	445,000	—	4,865,259	684,720	237,050	6,232,029
Woong Joseph Kim(10) Executive Vice President of Engineering and Chief Technology Officer	2020	41,667	400,000(11)	8,433,871	61,426(12)	23,608(13)	8,960,572

* Each year, our salary levels are determined during our first fiscal quarter and become effective April 1, except in connection with promotions and new hires. 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 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 8 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2020, which was filed with the SEC on February 8, 2021. These amounts do not represent the actual amounts paid to or realized by the executive officer for these awards during fiscal years 2020, 2019 or 2018. The value as of the grant date for restricted stock unit 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 for this purpose is estimated using the company's financial projections as of the grant date. The fair value of awards at the maximum level of achievement for performance-based restricted stock units included in this table for 2020 is as follows: Mr. Henshall, $25,391,533; Mr. Shenkman, $7,734,438; Mr. Gomes, $9,842,332; and Mr. Hough, $9,742,004. For details regarding how restricted stock units are valued as part of our Compensation Committee's executive compensation planning process, see section titled *Equity-based award grant levels* on page 56.

(2) Includes performance-based restricted stock units awarded to Messrs. Henshall, Gomes and Hough in April 2020 having performance-based vesting based on annualized recurring revenue (ARR) growth. For a description of these awards, see section titled *Retention performance-based awards granted to align with accelerated transformation*.

(3) For a detailed description of Mr. Henshall's equity awards and how such stock awards were valued in connection with our Compensation Committee's CEO compensation planning process, see *President and Chief Executive Officer compensation* on page 62. For a detailed description of equity awards granted to the Named Executive Officers, other than Mr. Henshall, and how such stock awards were valued in connection with our Compensation Committee's executive compensation planning process, see *Other Named Executive Officers' equity — long-term incentive compensation on* page 64.

(4) Includes restricted stock units issued as a result of the quarterly dividends paid during fiscal year 2020 ($428,917), the value of company-covered financial services available to each executive officer ($16,400), 401(k) matching contributions made by our company ($8,550), the value of a company-covered physical examination available to each executive officer ($5,000), premiums for split-dollar life insurance and disability policies ($34,822), and compensation in connection with the forfeiture of performance-based restricted stock units granted in February 2019 ($100).

(5) Mr. Shenkman joined Citrix in September 2019.
(6) Reflects a $500,000 cash bonus award to Mr. Shenkman in connection with his joining Citrix which was paid on March 13, 2020 (180 days following the commencement of his employment as Executive Vice President and Chief Financial Officer).
(7) Includes restricted stock units issued as a result of the quarterly dividends paid during fiscal year 2020 ($113,329), a $15,000 per month stipend from January 2020 through April 2020 and a $13,300 per month stipend from May 2020 through August 2020 to cover housing and commuter expenses in 2020 ($113,200), the value of company-covered financial services available to each executive officer ($16,101), 401(k) matching contributions made by our company ($7,354), the value of a company-covered physical examination available to each executive officer ($5,000), premiums for split-dollar life insurance and disability policies ($13,896) and charitable donations made under the company's matching gift program ($2,000).
(8) Includes restricted stock units issued as a result of the quarterly dividends paid in fiscal year 2020 ($112,969), the value of company-covered financial services available to each executive officer ($16,400), 401(k) matching contributions made by our company ($8,550), the value of a company-covered physical examination available to each executive officer ($5,000), premiums for split-dollar life insurance and disability policies ($15,119), charitable donations made under the company's matching gift program ($20,000), and compensation in connection with the forfeiture of performance-based restricted stock units granted in February 2019 ($100).
(9) Includes restricted stock units issued as a result of the quarterly dividends paid in fiscal year 2020 ($112,546), a $15,000 per month stipend from January 2020 through April 2020 and a $7,900 per month stipend from May 2020 through July 2020 to cover housing and commuter expenses in 2020 ($83,700), the value of company-covered financial services available to each executive officer ($16,373), 401(k) matching contributions made by our company ($1,500), the value of a company-covered physical examination available to each executive officer ($5,000), premiums for split-dollar life insurance and disability policies ($13,545), charitable donations made under the company's matching gift program ($20,000), and compensation in connection with the forfeiture of performance-based restricted stock units granted in February 2019 ($100).
(10) Mr. Kim joined Citrix on December 1, 2020.
(11) Reflects a $400,000 cash bonus award to Mr. Kim upon joining Citrix.
(12) Mr. Kim's non-equity incentive award was pro-rated to reflect less than one year of service as Executive Vice President of Engineering and Chief Technology Officer in 2020.
(13) Includes restricted stock units issued as a result of the quarterly dividends paid in fiscal year 2020 ($23,504), and premiums for split-dollar life insurance and disability policies ($104).

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, 2020 to the Named Executive Officers. Grants of equity awards to each Named Executive Officer were made pursuant to our Amended and Restated 2014 Plan or our Second Amended and Restated 2014 Plan, as applicable. There can be no assurance that the Grant Date Fair Value of the Stock Awards listed below will ever be realized.

GRANTS OF PLAN-BASED AWARDS TABLE FOR THE 2020 FISCAL YEAR

Name	Grant date	Comp. Comm. action date	Estimated future payouts under non-equity incentive plan awards Threshold ($)	Target ($)(1)	Maximum ($)	Estimated future payouts under equity incentive plan awards Threshold (#)	Target (#)(2)	Maximum (#)	All other stock awards: number of shares of stock or units (#)	Grant date fair value of stock awards ($)(3)
David J. Henshall	4/1/20	3/4/20	—	—	—	25,334	50,668(4)	101,336	—	10,546,544
	4/1/20	3/4/20	—	—	—	—	—	—	33,779	4,700,010
	4/6/20	4/6/20	—	—	—	14,022	18,696(5)	23,370	—	3,438,755
	—	3/4/20	0	1,500,000	3,000,000	—	—	—	—	—
Arlen R. Shenkman	4/1/20	3/31/20	—	—	—	9,290	18,579(4)	37,158	—	3,867,219
	4/1/20	3/31/20	—	—	—	—	—	—	12,386	1,723,388
	—	3/31/20	0	575,000	1,150,000	—	—	—	—	—
Antonio G. Gomes	4/1/20	3/31/20	—	—	—	7,842	15,683(4)	31,366	—	3,264,416
	4/1/20	3/31/20	—	—	—	—	—	—	10,456	1,454,848
	4/6/20	2/17/20	—	—	—	10,809	14,412(5)	18,015	—	2,650,799
	—	3/31/20	0	450,000	900,000	—	—	—	—	—
Paul J. Hough	4/1/20	3/31/20	—	—	—	7,721	15,442(4)	30,884	—	3,214,252
	4/1/20	3/31/20	—	—	—	—	—	—	10,295	1,432,446
	4/6/20	2/17/20	—	—	—	10,809	14,412(5)	18,015	—	2,650,799
	—	3/31/20	0	461,700	923,400	—	—	—	—	—
Woong Joseph Kim(6)	12/1/20	10/22/20	—	—	—	—	—	—	67,154	8,433,871
	—	10/22/20	0	450,000	900,000	—	—	—	—	—

(1) Reflects target variable cash compensation awards in effect at December 31, 2020. On January 27, 2021, the Compensation Committee determined that the reported ACV Bookings (excluding cloud extensions) target was 140% attained and the non-GAAP corporate operating expense target was 21.16% attained, resulting in a payout of 161.16% and in the following variable cash compensation awards: Mr. Henshall received $2,417,400; Mr. Shenkman received $926,670; Mr. Gomes received $725,220; Mr. Hough received $739,388; and Mr. Kim received $61,426. See the column labelled "Non-equity incentive plan compensation" in the Summary Compensation Table included in this Proxy Statement. Mr. Kim's variable cash compensation was pro-rated based on the date he began service as Executive Vice President of Engineering and Chief Technology Officer. Mr. Hough's variable cash compensation award was pro-rated to reflect the increase in his base salary effective April 1, 2020 through December 31, 2020.

(2) The "Estimated future payouts under equity incentive plan awards" columns represent the minimum, target, and maximum number of restricted stock units that may vest pursuant to the applicable performance-based restricted stock unit agreements.

(3) The "Grant date fair value of stock awards" in this column reflects the fair value of such stock awards, excluding estimated forfeitures. The assumptions we used for calculating the grant date fair value are set forth in Note 8 to the financial statements filed with our Annual Report on Form 10-K for the fiscal year ended December 31, 2020, which was filed with the SEC on February 8, 2021. In the case of performance-based restricted stock units, the fair value is reported for the probable outcome after the performance period, which for this purpose is based on the company's financial projections as of the grant date.

(4) The number of restricted stock units vested as a percentage of the target award shall be determined based on compounded annualized recurring revenue (ARR) growth for the three-year performance period ending on December 31, 2022.

(5) The number of restricted stock units vested as a percentage of the target award shall be determined based on annualized recurring revenue (ARR) growth. 50% of the target award was determined based on ARR growth for the one-year performance period ending December 31, 2020 and 50% of the target award will be determined based on compounded ARR growth for the two-year performance period ending December 31, 2021.

(6) Mr. Kim joined our company on December 1, 2020. His target and maximum variable cash compensation were pro-rated to $38,115 and $76,230, respectively, to reflect less than a full year of service.

Outstanding equity awards

The following table sets forth certain information with respect to the outstanding equity awards at December 31, 2020 for each of the Named Executive Officers.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END 2020 TABLE

	Stock awards			
Name	Number of shares or units of stock that have not vested (#)(1)	Market value of shares or units of stock that have not vested ($)(2)	Equity incentive plan awards; number of unearned shares, units or other rights that have not vested (#)(1)	Equity incentive plan awards; market or payout value of unearned or other rights that have not vested ($)(2)
David J. Henshall	19,039.497(3)	2,477,039		
	27,329.068(4)	3,555,512		
	34,037.344(5)	4,428,258		
			77,624.000(6)	10,098,882
			61,488.654(7)	7,999,674
			51,055.512(8)	6,642,322
			21,194.493(9)	2,757,404
Arlen R. Shenkman	42,228.981(10)	5,493,990		
	12,480.729(5)	1,623,743		
			18,721.094(8)	2,435,614
Antonio G. Gomes	5,235.287(3)	681,111		
	10,419.152(4)	1,355,532		
	10,535.968(5)	1,370,729		
			21,347.000(6)	2,777,245
			15,628.694(7)	2,033,293
			15,802.945(8)	2,055,963
			16,338.112(9)	2,125,588
Paul J. Hough	5,235.287(3)	681,111		
	10,419.152(4)	1,355,532		
	10,373.737(5)	1,349,623		
			21,347.000(6)	2,777,245
			15,628.694(7)	2,033,293
			15,560.102(8)	2,024,369
			16,338.112(9)	2,125,588
Woong Joseph Kim(11)	67,331.094(12)	8,759,775		

(1) Includes restricted stock units issued as a result of the quarterly dividends paid during the fourth quarter of fiscal year 2018 and each quarter during fiscal year 2019 and fiscal year 2020, as applicable. The shares reported in this table are reported on a post-adjusted basis as of December 31, 2020. Upon final vesting, any fractional unit will be rounded to a whole share.

(2) Based on a per share price of $130.10, which was the closing price per share of our common stock on the last business day of the 2020 fiscal year (December 31, 2020). Values have been rounded to the nearest whole dollar.

(3) Restricted stock units that vest in three annual installments, with 33.4% having vested on March 29, 2019, 33.3% having vested on March 29, 2020, and 33.3% having vested on March 29, 2021.

(4) Restricted stock units that vest in three annual installments, with 33.4% having vested on April 1, 2020, 33.3% having vested on April 1, 2021, and 33.3% vesting on April 1, 2022.

(5) Restricted stock units that vest in three annual installments, with 33.4% having vested on April 1, 2021, 33.3% vesting on April 1, 2022, and 33.3% vesting on April 1, 2023.

(6) Represents the actual number of restricted stock units that vested on December 31, 2020 based on the company's subscription bookings as a percentage of total product and subscription bookings. On January 27, 2021, it was determined that a 135.90% payout was achieved.

(7) Represents the target number of restricted stock units that will vest based on subscription bookings as a percentage of total product and subscription bookings for the last year of the performance period ending on December 31, 2021.

(8) Represents the number of restricted stock units that will vest based on annualized recurring revenue (ARR) growth over the three-year performance period ending on December 31, 2022.

(9) Represents 50% of the target number of restricted stock units that will vest based on ARR growth over a two-year performance period ending on December 31, 2021 and the actual number of restricted stock units that vested on December 31, 2020 based on ARR growth over a one-year interim performance period with respect to the other 50% of the target number of restricted stock units. On January 27, 2021, it was determined that 125% payout for the first 50% of the target restricted stock units vested based on ARR growth over the interim performance period.

(10) Restricted stock units that vest in three annual installments, with 33.4% having vested on October 1, 2020, 33.3% vesting on October 1, 2021, and 33.3% vesting on October 1, 2022.

(11) Mr. Kim joined our company on December 1, 2020.

(12) Restricted stock units that vest in three annual installments, with 33.4% vesting on December 1, 2021, 33.3% vesting on December 1, 2022, and 33.3% vesting on December 1, 2023.

Stock vested

The following table sets forth certain information regarding restricted stock unit vesting, during the year ended December 31, 2020 under our equity incentive plans for our Named Executive Officers.

STOCK VESTED TABLE
FOR THE 2020 FISCAL YEAR

	Stock awards	
Name	Number of shares acquired on vesting (#)(1)	Value realized on vesting ($)(2)
David J. Henshall	107,277	14,171,585
Arlen R. Shenkman	21,058	2,931,274
Antonio G. Gomes	35,823	4,782,952
Paul J. Hough	35,823	4,782,952
Woong Joseph Kim	—	—

(1) Includes additional restricted stock units vested during 2020 that were acquired in connection with the company's quarterly cash dividends. See *Adjustments to outstanding equity awards in connection with our quarterly dividend* on page 56 for more information.

(2) Based on the closing price per share of our common stock on the date upon which the restricted stock units vested or, if the vesting date is not a trading day, based on the closing price on the last trading day immediately preceding the vesting date.

Nonqualified deferred compensation

The following table sets forth certain information regarding non-tax qualified compensation deferred during the year ended December 31, 2020, under our equity incentive plans for our Named Executive Officers. The deferred compensation consists of shares of our common stock that will be issued with respect to vested restricted stock units under a long-term incentive program, or LTIP, that we instituted in 2009.

The LTIP's design and structure were intended to, and ultimately did, reward executive officers for generating both relative and absolute shareholder returns. The number of vested restricted stock units was determined after the conclusion of a three-year period ending December 31, 2011, subject to employment of the executive officer by us throughout the three-year period. The number of shares of common stock issuable upon settlement of the LTIP restricted stock units was determined by comparing the performance of our common stock to the performance of the specified market indices over the same three-year period. Although the LTIP stock units have vested, the units will not be settled in shares of our common stock until the earliest of six months and one day following termination of the executive officer's employment for any reason other than cause, the executive officer's death, or the effective date of a change in control of our company.

NONQUALIFIED DEFERRED COMPENSATION TABLE FOR THE 2020 FISCAL YEAR

Name	Executive contributions in last FY ($)	Registrant contributions in last FY ($)	Aggregate earnings in last FY ($)	Aggregate withdrawals/ distributions ($)	Aggregate balance at last FYE ($)
David J. Henshall	—	—	—	—	6,428,640(1)
Arlen R. Shenkman	—	—	—	—	—
Antonio G. Gomes	—	—	—	—	—
Paul J. Hough	—	—	—	—	—
Woong Joseph Kim	—	—	—	—	—

(1) Based on a per share price of $130.10, which was the closing price per share of our common stock on December 31, 2020, the last business day of the 2020 fiscal year, and reflects the balance of restricted stock units currently outstanding that were issued under the LTIP that vested on December 31, 2011, net of any underlying shares that were withheld to satisfy minimum tax withholding obligations that arose upon vesting. The number of restricted stock units on a net basis for each of the Named Executive Officers is as follows: Mr. Henshall, 49,413.064 units which includes additional restricted stock units received as a result of adjustments made to outstanding equity awards in connection with our quarterly cash dividends paid in the fourth quarter of 2018 and each of fiscal years 2019 and 2020. None of Messrs. Shenkman, Gomes, Hough, or Kim participated in the LTIP program. The grant date fair value of the LTIP awards was included in the "*Stock awards*" column of the Summary Compensation Table for 2009.

Potential payments upon termination or change in control

We have change in control and severance arrangements with our Named Executive Officers that provide severance and other benefits to our Named Executive Officers in the event of the termination of their employment under certain circumstances. Set forth below is a summary of these arrangements.

President and Chief Executive Officer

In July 2017, we entered into an employment agreement with Mr. Henshall in connection with his appointment as our President and Chief Executive Officer. The employment agreement has a term of three years, with one-year extensions thereafter unless written notice of non-renewal is given by either party not less than 180 days prior to the end of the then current term. The employment agreement was amended, effective as of March 1, 2021, in connection with the Compensation Committee's annual review of our executive officers' compensation to reflect the change in Mr. Henshall's target variable cash compensation since the date of such agreement.

Mr. Henshall's employment agreement provides for a minimum base salary of $1,000,000, which is subject to annual review and may be increased but not decreased. In addition, Mr. Henshall is eligible to receive variable cash incentive compensation as determined by performance goals established by the Board of Directors upon consultation with Mr. Henshall, with a maximum variable cash compensation payment of 200% of his base salary. The actual amount is determined in the discretion of the Compensation Committee based on Citrix's performance and the individual performance of Mr. Henshall. Mr. Henshall also is eligible to receive annual equity awards with a minimum target value of $8,000,000, and to participate in all of our employee benefit plans and programs that are generally available to our senior executive employees.

Upon a termination of Mr. Henshall's employment without cause or for good reason before a change in control, Mr. Henshall will be entitled to severance pay and benefits as follows:

- salary continuation in an amount equal to two times the sum of (a) Mr. Henshall's base salary and (b) his target variable cash compensation;
- continued health insurance coverage for 18 months; and
- acceleration of unvested equity awards with time-based vesting then scheduled to vest over 24 months.

In such event, his performance-based equity awards will remain outstanding and may be earned on a pro-rata basis at the end of the relevant performance period based on actual performance.

The definitions of "cause", "good reason" and "change in control" included in Mr. Henshall's employment agreement are substantially the same as the definitions included in the executive agreements for the other Named Executive Officers described below, except that it will be considered a substantial reduction in Mr. Henshall's duties or responsibilities for purposes of the definition of "good reason" if he is not nominated for re-election to the Board or, in the event of a change in control, if he is no longer serving as President and Chief Executive Officer for the ultimate parent of the resulting company or such parent is not a publicly-traded company.

In the event Mr. Henshall's employment is terminated without cause or if he resigns his position for good reason in the 18-month period following a change in control, he will be entitled to receive:

- a lump sum payment equal to 300% of the sum of (a) his annual base salary and (b) his target variable cash compensation;
- continued health insurance coverage for 18 months; and
- accelerated vesting of all unvested equity awards with time-based vesting.

Mr. Henshall's currently outstanding equity awards with performance-based vesting provide that they will be deemed earned at the time of a change in control based on maximum achievement of 200% (or 125% with respect to his April 2020 Award), subject to time-based vesting over the remaining measurement period, with full vesting if Mr. Henshall is terminated without cause or resigns for good reason following a change in control.

Upon Mr. Henshall's death or disability, all unvested equity awards with time-based vesting held by Mr. Henshall will immediately vest, and any equity awards with performance-based vesting will remain outstanding and may be earned on a pro-rata basis at the end of the relevant performance period based on actual performance. Mr. Henshall (or his estate, if applicable) also will be entitled to receive his target variable cash compensation on a pro-rata basis for such year. For purposes of his employment agreement, "disability" means that he is unable to perform the essential functions of his then existing position or positions under the agreement (or is expected, based on a reasonable degree of medical certainty, to be unable to perform such functions) with or without reasonable accommodation for a period of 180 days (which need not be consecutive) in any 12-month period.

All severance payments and benefits under Mr. Henshall's employment agreement are subject to the execution of a separation and release agreement by Mr. Henshall containing, among other provisions, a general release of claims in favor of Citrix.

In the event that any payments made to Mr. Henshall in connection with a change in control or termination would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, the payments to Mr. Henshall would be reduced to the maximum amount that can be paid without the imposition of an excise tax under Section 4999 of the Internal Revenue Code of 1986, but only if such reduction provides a higher benefit on an after-tax basis to Mr. Henshall. The employment agreement does not provide for any tax gross-up payments.

Other Named Executive Officers

We have entered into executive agreements with the members of our senior leadership team, including Messrs. Shenkman, Gomes, Hough and Kim. The executive agreements have a term of three years and automatically renew for one-year periods, unless written notice of non-renewal is given by either party at least 180 days prior to the end of the term. In the event of a change in control, the term will be automatically extended until 12 months after the change in control.

Under the executive agreements, if an executive's employment is terminated by Citrix without cause or by the executive for good reason, in either case before a change in control, he or she will be entitled to receive:

- a lump sum payment equal to the sum of his or her then-current annual base salary plus the higher of (a) a percentage of his or her then-current annual base salary (100% for Mr. Shenkman and 90% for each of Mr. Hough, Mr. Gomes and Mr. Kim) or (b) the amount of variable cash compensation paid to him or her for the fiscal year prior to termination;
- continued health insurance coverage for 12 months;
- accelerated vesting of the unvested portion of his or her equity awards with time-based vesting that would have vested within the 12-month period following his or her date of termination; and
- 12 months of executive-level outplacement services.

In addition, the executive agreements provide for certain benefits in the event that the executive's employment is terminated following a change in control of Citrix. In the event that an executive's employment is terminated without "cause" or if he or she resigns his or her position for "good reason", in either case, within the 12-month period following a "change in control", he or she will be entitled to receive:

- a lump sum payment equal to 150% of the sum of (a) his or her annual base salary and (b) his or her variable cash compensation target for the then-current fiscal year;
- continued health insurance coverage for 18 months;
- accelerated vesting of the unvested portion of any equity awards with time-based vesting; and
- 18 months of executive-level outplacement services.

The company's currently outstanding equity awards with performance-based vesting provide that they will be deemed earned at the time of a change in control based on maximum achievement of 200% (or 125% with respect to the April 2020 Awards), subject to time-based vesting over the remaining measurement period, with full vesting if the executive is terminated without cause or resigns for good reason following the change in control as described above.

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

- any "person," as defined in the Securities Exchange Act of 1934, 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 shareholders would beneficially own less than 50% of the voting securities of the resulting entity or its ultimate parent after such transaction;
- our incumbent directors cease to constitute a majority of our Board of Directors;
- any other acquisition of the business of Citrix in which a majority of our Board of Directors votes in favor of a decision that a change in control has occurred; or
- our shareholders approve a plan or proposal for our liquidation or dissolution.

Termination of the executive's employment by Citrix for "cause" includes a termination of the executive's employment as a result of:

- an indictment for the commission of any felony or a misdemeanor involving deceit, material dishonesty or fraud, or any willful conduct that would reasonably be expected to result in material injury or reputational harm to Citrix if the executive were retained in his or her position;
- willful disclosure of material trade secrets or other material confidential information related to our business;
- willful and continued failure substantially to perform the executive's duties with Citrix, other than any such failure resulting from the executive's incapacity due to physical or mental illness (subject to notice and a period for the executive to cure such failure);
- willful and knowing participation in releasing false or materially misleading financial statements or submission of a false certification to the Securities and Exchange Commission; or
- failure to cooperate with a bona fide internal investigation by regulatory or law enforcement authorities.

Termination of the executive's employment by the executive for "good reason" includes a termination of the executive's employment as a result of:

- a substantial reduction, not consented to by the executive, in the nature or scope of the executive's responsibilities, authorities, powers, functions or duties;
- a reduction in the executive's annual base salary or target variable cash compensation;
- failure to provide the executive with any payments, rights and other entitlements under the applicable agreement, including upon a change in control;
- following a change in control, a material breach by Citrix of any agreements, plans, policies and practices relating to the executive's employment with Citrix;
- the relocation of our offices at which the executive is principally employed by more than 35 miles; or
- Citrix's issuance to the executive of a notice of non-renewal of the agreement (as applicable).

In addition, it will be considered a substantial reduction in Mr. Shenkman's or Mr. Gomes' duties or responsibilities for purposes of the definition of "good reason" if, in the event of a change in control, he is no longer serving as Chief Financial Officer or General Counsel, respectively, for the ultimate parent of the resulting company or such parent is not a publicly-traded company.

The severance payments and benefits described above are subject to the execution of a separation and release agreement containing, among other provisions, a general release of claims in favor of Citrix.

In the event that any payments made in connection with a change in control or termination would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986 (or, the Code), the payments to these executives would be reduced to the maximum amount that can be paid without the imposition of an excise tax under Section 4999 of the Code, but only if such reduction provides a higher benefit on an after-tax basis to the executives. The executive agreements do not provide any “gross-up” payments in connection with a change in control.

With respect to the performance-based equity awards granted to these Named Executive Officers, the award agreements provide that if the executive’s employment with our company terminates as a result of the executive’s death, disability (defined under our long-term disability plan) or retirement (defined as termination of employment after attainment of age 65 and provided that the executive officer has at least four years of service with our company), the executive will remain eligible to earn such performance-based awards on a pro-rata basis at the end of the performance period based on our achievement of the applicable performance metrics. As of December 31, 2020, none of our Named Executive Officers were eligible for retirement under our policy. In addition, our Compensation Committee adopted a policy applicable to these Named Executive Officers providing for the acceleration of vesting of outstanding time-based restricted stock units upon death or disability.

Each of our Named Executive Officers is also subject to the terms of a non-solicitation, non-compete and confidentiality and employee non-disclosure agreement with us. The non-solicitation and non-compete obligations, where enforceable, survive the termination of the executive’s employment for a period of one year.

Potential payments

The following table shows potential payments and benefits that would have been provided to each of Messrs. Henshall, Shenkman, Gomes, Hough and Kim upon the occurrence of a change in control and/or certain termination triggering events, assuming such change in control and/or termination event occurred on December 31, 2020.

The amounts shown in this table do not include payments and benefits to the extent they have been earned prior to the termination of employment or are provided on a non-discriminatory basis to employees upon termination of employment. These include:

- accrued salary and vacation pay;
- distribution of plan balances under our 401(k) plan and the non-qualified deferred compensation plan (see *Nonqualified deferred compensation* on page 74 for the balances, if any, of each Named Executive Officer); and
- life insurance proceeds in the event of death.

The closing market price of our common stock on December 31, 2020 was $130.10 per share.

Benefit	Involuntary not for cause termination / good reason termination ($)	Involuntary not for cause termination / good reason termination following change in control ($)(1)	Death or disability ($)(2)
David J. Henshall			
Severance	5,000,000	7,500,000	1,500,000(3)
Unvested Equity Awards	28,775,908(2)	57,671,118	30,252,023
Benefits Continuation	24,823	24,823	—
Outplacement Services	—	—	—
Total	**33,800,731**	**65,195,941**	**31,752,023**
Arlen R. Shenkman			
Severance	1,150,000	1,725,000	—
Unvested Equity Awards	3,288,408	11,989,105	7,929,725
Benefits Continuation	24,409	36,613	—
Outplacement Services	21,250	21,250	—
Total	**4,484,067**	**13,771,968**	**7,929,725**
Antonio G. Gomes			
Severance	950,000	1,425,000	—
Unvested Equity Awards	1,815,936	17,972,014	9,868,605
Benefits Continuation	25,131	37,697	—
Outplacement Services	21,250	21,250	—
Total	**2,812,317**	**19,455,961**	**9,868,605**
Paul J. Hough			
Severance	974,700	1,462,050	—
Unvested Equity Awards	1,808,910	17,950,938	9,847,529
Benefits Continuation	25,131	37,697	—
Outplacement Services	21,250	21,250	—
Total	**2,829,991**	**19,471,935**	**9,847,529**
Woong Joseph Kim			
Severance	950,000	1,425,000	—
Unvested Equity Awards	2,919,964	8,759,893	8,759,893
Benefits Continuation	14,480	21,720	—
Outplacement Services	21,250	21,250	—
Total	**3,905,694**	**10,227,863**	**8,759,893**

(1) The value of any performance-based awards included in this column was calculated using maximum achievement of 200% (or 125% with respect to the April 2020 Awards).

(2) The value of any performance-based awards was calculated using the target award level except for performance awards where the performance period ended December 31, 2020, in which case the value was calculated using actual performance achieved. For each performance-based award for which the performance period is not complete as of termination, the number of shares earned will be calculated based on actual performance during the performance period and pro-rated for the number of months that elapsed in the performance period prior to such termination.

(3) Mr. Henshall (or his estate, if applicable) would be entitled to receive his target variable cash compensation on a pro-rata basis for such year.

Compensation Committee report

This report is submitted by the Compensation Committee of the Board of Directors. The Compensation Committee has reviewed the Compensation Discussion and Analysis included in this Proxy Statement and discussed it with management. Based on its review of the Compensation Discussion and Analysis and its discussions with management, the Compensation Committee has recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement.

No portion of this Compensation 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 of 1933, as amended, or the Securities Exchange Act of 1934, as amended.

Respectfully submitted by the Compensation Committee,

Nanci E. Caldwell
Ajei S. Gopal (served on Compensation Committee until April 2021)
Robert E. Knowling, Jr.
Peter J. Sacripanti

Compensation Committee interlocks and insider participation

From January through December 2020, Ms. Caldwell, Dr. Gopal and Mr. Sacripanti served as members of the Compensation Committee. Mr. Knowling joined the Compensation Committee in October 2020. No member of our Compensation Committee was an employee or former employee of our company or any of our subsidiaries. During the past year, none of our executive officers served as: (1) a member of the Compensation Committee (or other committee of the Board of Directors performing equivalent functions or, in the absence of any such committee, the entire Board of Directors) of another entity, one of whose executive officers served on our Compensation Committee; (2) a director of another entity, one of whose executive officers served on our Compensation Committee; or (3) a member of the Compensation Committee (or other committee of the Board of Directors performing equivalent functions or, in the absence of any such committee, the entire Board of Directors) of another entity, one of whose executive officers served as a director on our Board of Directors.

Pay ratio disclosure

Pay ratio disclosure

We strive to provide competitive benefits and compensation programs that meet the diverse needs of our employees. Our compensation and benefits philosophy and the overall structure of our compensation and benefit programs are broadly similar across the organization to encourage and reward all employees who contribute to our success. We strive to ensure that the compensation of every Citrix employee reflects the level of their job responsibilities and is competitive with our peer group. Our team is global, with over half our workforce located outside of the United States, and we believe it is important to be consistent in how employees are rewarded. We have differences in our programs to meet competitive needs and comply with local customs and laws, and strive to provide offerings that reflect local market practices. Compensation rates are benchmarked and set to be market-competitive in the country in which the jobs are performed.

Each part of our compensation program encourages and rewards both individual performance and the company's results and can include base salary, variable cash compensation, commissions, equity awards and other benefits.

Under the rules adopted by the SEC pursuant to the Dodd-Frank Act of 2010, Citrix is required to calculate and disclose the total compensation paid to its median paid employee, as well as the ratio of the total compensation paid to the median employee as compared to the total compensation paid to Citrix's Chief Executive Officer. We describe our methodology and the resulting CEO pay ratio below.

The SEC rules for identifying the median paid employee and calculating the pay ratio based on that employee's annual total compensation allow companies to adopt a variety of methodologies, to apply certain exclusions, and to make reasonable estimates and assumptions that reflect their employee populations and compensation practices. As a result, the pay ratio reported by other companies may not be comparable to our Chief Executive Officer pay ratio, as other companies have offices in different countries, have different employee populations and compensation practices and may utilize different methodologies, exclusions, estimates and assumptions in calculating their CEO pay ratios.

Pay ratio methodology

Median employee determination

We determined that as of December 31, 2020, we had approximately 9,050 employees globally at Citrix, of which approximately 46% were in the United States and 54% were in our international locations. In determining the identity of our median employee, we excluded 447 employees based in China, which represents less than 5% of our workforce. After excluding China and our employees based there, we determined the identity of our median employee from a population of 8,603 employees.

Under the relevant rules, we are required to identify the median employee using a "consistently applied compensation measure" ("CACM"). We chose a CACM that closely approximates the annual total direct cash compensation of our employees. Specifically, we identified the median employee using all elements of cash compensation. We excluded the value of benefits that were not paid in cash. We did not adjust the compensation paid to part-time employees to calculate what they would have been paid on a full-time basis. We did, however, annualize the compensation of all permanent full-time employees who were hired in 2020 but did not work for Citrix for the full year. We did not make any cost-of-living adjustments in identifying the median employee. For purposes of this calculation, we converted all local currency to U.S. dollars (USD) based on the average exchange rates over the twelve months ended December 31, 2020.

Using this methodology, we determined that the median employee was a full-time salaried employee located in Ireland who was awarded variable cash compensation and equity awards during 2020.

Calculating the total annual compensation of the median employee and the pay ratio for 2020

Using the 2020 median employee, we calculated that employee's total annual compensation in the same manner we calculate our Chief Executive Officer's total annual compensation in the 2020 Summary Compensation Table on page 68. We converted the median employee's annual compensation from Euro to USD using the average exchange rate over the twelve months ended December 31, 2020. We determined that the median employee's 2020 annual total compensation was $129,724. Our Chief Executive Officer's annual total compensation as reported in the 2020 Summary Compensation Table was $22,596,499. As a result, the ratio of the annual total compensation of our Chief Executive Officer to the annual total compensation of the median employee was 174 to 1.

Neither the Compensation Committee nor Citrix management used this pay ratio measure in making compensation decisions. Given the differences in calculation methodology, our pay ratio should not be used as a basis for comparison across companies.

Related party transactions policies and procedures and transactions with related persons

In accordance with its charter, the Nominating and Corporate Governance Committee reviews, approves and ratifies any related person transaction. The term “related person transaction” refers to any transaction required to be disclosed in our filings with the SEC pursuant to Item 404 of Regulation S-K.

In considering any related person transaction, the Nominating and Corporate Governance Committee considers the facts and circumstances regarding such transaction, including, among other things, the amounts involved, the relationship of the related person (including those persons identified in the instructions to Item 404(a) of Regulation S-K) with our company and the terms that would be available in a similar transaction with an unaffiliated third-party. The Nominating and Corporate Governance Committee also considers its fiduciary duties, our obligations under applicable securities law, including disclosure obligations and director independence rules, and other applicable law in evaluating any related person transaction. The Nominating and Corporate Governance Committee reports its determination regarding any related person transaction to our full Board of Directors.

Since the beginning of 2020, there were no related person transactions, and there are not currently any proposed related person transactions, that would require disclosure under SEC rules.

Security ownership of certain beneficial owners and management

The following table sets forth certain information regarding beneficial ownership of our common stock as of February 28, 2021:

- 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 director nominees;
- by each of our Named Executive Officers; and
- by all of our directors and executive officers as a group.

Name and address of beneficial owner(1)	Shares beneficially owned(2)(3)	Percentage of shares beneficially owned(4)
The Vanguard Group(5) 100 Vanguard Boulevard Malvern, PA 19355	13,875,501	11.28%
BlackRock, Inc.(6) 55 East 52nd Street New York, NY 10055	12,836,128	10.43%
T. Rowe Price Associates, Inc.(7) 100 E. Pratt Street Baltimore, MD 21202	10,198,394	8.29%
David J. Henshall(8)	274,341	*
Antonio G. Gomes(9)	108,097	*
Paul J. Hough(10)	70,337	*
Robert M. Calderoni(11)	30,718	*
Arlen R. Shenkman(12)	12,935	*
Murray J. Demo	11,336	*
Moira A. Kilcoyne	4,908	*
Thomas E. Hogan	3,934	*
J. Donald Sherman	662	*
Nanci E. Caldwell(13)	426	*
Robert D. Daleo(14)	181	*
Peter J. Sacripanti(15)	10	*
Ajei S. Gopal(16)	—	*
Woong Joseph Kim(17)	—	*
Robert E. Knowling, Jr.(18)	—	*
All executive officers, directors and nominees as a group (21 persons)(19)	751,122	*

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

(1) The address of each of the directors and executive officers is 851 West Cypress Creek Road, Fort Lauderdale, Florida 33309.

(2) Beneficial ownership is determined in accordance with the rules of the SEC and includes voting and investment power with respect to shares. Unless otherwise indicated below, to our knowledge, all persons listed in the table 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 February 28, 2021 and pursuant to options held by the respective person or group that are currently exercisable or may be exercised within 60 days of February 28, 2021. Pursuant to our outside directors' deferred compensation program for non-employee directors, our non-employee directors may elect to defer their annual equity awards and cash fees and as a result, this table reflects no beneficial ownership for certain non-employee directors who have elected deferral. Please see the discussion above under the heading *Outside directors' deferred compensation program for non-employee directors* for additional details on our deferral program.

(3) Shares of common stock issuable upon settlement of restricted stock units that will vest within 60 days of February 28, 2021 as detailed in the footnotes to this table may vary slightly as a result of rounding of fractional shares upon vesting.

(4) Applicable percentage of ownership is based upon 123,021,212 shares of common stock outstanding as of February 28, 2021.

(5) With respect to information relating to The Vanguard Group, we have relied solely on information supplied by such entity on a Schedule 13G/A filed with the SEC on February 10, 2021. Per the Schedule 13G/A, Vanguard held shared voting power over 244,518 shares, sole dispositive power over 13,296,394 shares, and shared dispositive power over 579,107 shares.

(6) With respect to information relating to BlackRock, Inc., we have relied solely on information supplied by such entity on a Schedule 13G/A filed with the SEC on January 27, 2021. Per the Schedule 13G/A, BlackRock held sole voting power over 11,378,243 shares and sole dispositive power over 12,836,128 shares.
(7) With respect to information relating to T. Rowe Price Associates, Inc., we have relied solely on information supplied by such entity on a Schedule 13G filed with the SEC on February 16, 2021. Per the Schedule 13G, T. Rowe Price held sole voting power over 3,925,186 shares and sole dispositive power over 10,198,394 shares.
(8) Includes 44,170 shares of common stock issuable upon settlement of restricted stock units that will vest within 60 days of February 28, 2021.
(9) Includes 13,996 shares of common stock issuable upon settlement of restricted stock units that will vest within 60 days of February 28, 2021.
(10) Includes 13,941 shares of common stock issuable upon settlement of restricted stock units that will vest within 60 days of February 28, 2021.
(11) Includes 30,718 shares of common stock held in The 2019 Calderoni Family Trust. Mr. Calderoni disclaims beneficial ownership of all of the shares held by The 2019 Calderoni Family Trust, except to the extent of his pecuniary interest therein. In addition, as of February 28, 2021, Mr. Calderoni holds 17,454.600 vested restricted stock units pursuant to our outside directors' deferred compensation program for non-employee directors.
(12) Includes 4,172 shares of common stock issuable upon settlement of restricted stock units that will vest within 60 days of February 28, 2021.
(13) In addition, as of February 28, 2021, Ms. Caldwell holds 32,072.581 vested deferred restricted stock units pursuant to our outside directors' deferred compensation program for non-employee directors.
(14) In addition, as of February 28, 2021, Mr. Daleo holds 42,900.173 vested deferred restricted stock units pursuant to our outside directors' deferred compensation program for non-employee directors.
(15) In addition, as of February 28, 2021, Mr. Sacripanti holds 12,117.564 vested deferred restricted stock units pursuant to our outside directors' deferred compensation program for non-employee directors.
(16) As of February 28, 2021, Dr. Gopal holds 11,684.303 deferred vested restricted stock units pursuant to our outside directors' deferred compensation program for non-employee directors.
(17) Mr. Kim joined the company on December 1, 2020 and does not own any company securities or have any restricted stock units vesting within 60 days of February 28, 2021.
(18) Mr. Knowling was elected as a director of the company on October 21, 2020. He did not own any company securities as of February 28, 2021 or as of the date of his election.
(19) Includes 141,131 shares of common stock issuable upon settlement of restricted stock units that will vest within 60 days of February 28, 2021.

Delinquent section 16(a) reports

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our executive officers and directors, and persons who own more than ten percent of a registered class of our equity securities, to file reports of ownership and changes in ownership with the SEC and the Nasdaq Stock Market. Our officers and directors and greater than ten percent beneficial owners are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file. To our knowledge, based solely on our review of the copies of such reports furnished to us and written representations from our executive officers and directors that no other reports were required during the fiscal year ended December 31, 2020, all Section 16(a) filing requirements applicable to our executive officers, directors and greater than ten percent beneficial owners were satisfied on a timely basis.

Securities authorized for issuance under equity compensation plans

The following table provides information as of December 31, 2020, with respect to the securities authorized for issuance to our employees and directors under our equity compensation plans, consisting of:

- Amended and Restated 2005 Equity Incentive Plan (which we refer to as the 2005 Stock Plan);
- Second Amended and Restated 2014 Plan; and
- 2015 Employee Stock Purchase Plan.

EQUITY COMPENSATION PLAN INFORMATION TABLE

Plan category	(A) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(B) Weighted-average exercise price of outstanding options, warrants and rights	(C) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (A))
Equity compensation plans approved by security holders(1)	5,234,457	$—	26,027,414
Equity compensation plans not approved by security holders	—	$—	—
Total	5,234,457	$—	26,027,414

(1) Includes securities issuable upon rights that were granted pursuant to our 2005 Stock Plan. No additional awards will be granted under this plan. Additionally, balance includes securities issuable upon rights that have been issued pursuant to the Second Amended and Restated 2014 Plan, which is currently available for future grants. Also includes securities remaining available for future issuance under our 2015 Employee Stock Purchase Plan.

In connection with Citrix's acquisition of Wrike, which was completed on February 26, 2021, Citrix assumed (i) each outstanding option under the Wrike, Inc. Amended and Restated 2013 Stock Plan; (ii) each outstanding option under the Wrangler Topco, LLC Second Amended and Restated 2018 Equity Incentive Plan and (iii) shares reserved and authorized for issuance under the terms of the Wrangler Topco, LLC Second Amended and Restated 2018 Equity Incentive Plan. Also, in connection with Citrix's acquisition of Wrike, on February 17, 2021, our Board of Directors approved the Citrix Systems, Inc. 2021 Inducement Plan and granted restricted stock units pursuant to such plan. Details regarding these plans will be included in the Proxy Statement for our 2022 Annual Meeting of Shareholders.

Equity compensation plans

We are currently granting stock-based awards from our Second Amended and Restated 2014 Plan, our Wrangler Topco, LLC Second Amended and Restated 2018 Equity Incentive Plan and our 2015 Employee Stock Purchase Plan, which are overseen by the Compensation Committee of our Board of Directors. Further, on March 1, 2021, we granted awards from the Citrix Systems, Inc. 2021 Inducement Plan in connection with our acquisition of Wrike.

Part 5 Audit Committee matters

Report of the Audit Committee

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. 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, 2020, 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 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 Securities Exchange Act of 1934, as amended. Messrs. Daleo, Demo and Sherman (who was elected to our Board of Directors on March 4, 2020) each qualify as an "audit committee financial expert" under the rules of the SEC.

The Audit Committee has reviewed Citrix's audited consolidated financial statements at December 31, 2020 and 2019 and for each of the years in the three-year period ended December 31, 2020 and has discussed them with both management and Ernst & Young. The Audit Committee also discussed with Ernst & Young the overall scope and plan for their annual audit for 2020. The Audit Committee met separately with Ernst & Young in its capacity as Citrix's independent registered public accounting firm, 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 reviewed and discussed with Ernst & Young the matters required to be discussed by Auditing Standard No. 1301, *Communications with Audit Committees*, as adopted by the Public Company Accounting Oversight Board, or 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 and letter from independent accountants required by PCAOB Rule 3526 and considered the compatibility of non-audit services with the registered public accountants' independence.

Based on the Audit Committee's review of the financial statements and the reviews and discussions referred to above, it concluded that it would be reasonable to recommend, and on that basis did recommend, to the Board of Directors that the audited consolidated financial statements be included in Citrix's Annual Report on Form 10-K for the year ended December 31, 2020.

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 of 1933, as amended, or the Securities Exchange Act of 1934, as amended.

Respectfully submitted by the Audit Committee,

Robert D. Daleo
Murray J. Demo
Thomas E. Hogan
J. Donald Sherman

Fees paid to Ernst & Young

The following table shows the aggregate fees for professional services rendered to us by Ernst & Young during the fiscal years ended December 31, 2020 and December 31, 2019.

	2020	2019
Audit fees	$ 5,167,000	$ 5,914,360
Audit-related fees	$ 494,000	$ 50,500
Tax fees	$ 2,297,000	$ 2,949,710
All other fees	$ 210,000	$ 10,000
Total	**$8,168,000**	**$8,924,570**

Audit fees

Audit fees consist of fees for professional services associated with the annual consolidated financial statements audit, review of the interim financial statements included in our quarterly reports on Form 10-Q, and services in connection with international statutory audits, regulatory filings, and accounting consultations. Audit fees for both years also include fees for professional services rendered for the audit of the effectiveness of internal control over financial reporting as promulgated by Section 404 of the Sarbanes-Oxley Act.

Audit-related fees

Audit-related fees for 2020 and 2019 consist of fees for services for the annual audits of employee benefit plans and acquisition-related due diligence services for fiscal year 2020.

Tax fees

Tax fees consist of fees for professional services rendered for assistance with federal, state, local and international tax compliance and consulting. Tax compliance fees were $810,490 for 2020 and $833,230 for 2019. Tax fees also include fees of $1,486,510 for 2020 and $2,116,480 for 2019 for services rendered for tax examination assistance, tax research and tax planning services in the countries in which we do business.

Other fees

Other fees for 2020 and 2019 consist of fees for publications and on-line subscriptions and materials. Other fees for 2020 also include permissible advisory services, including consulting projects, other than those disclosed above.

Annual evaluation

The Audit Committee annually evaluates the performance of Citrix's independent registered accounting firm and assessed Ernst & Young's performance as independent auditor, including the performance of the Ernst & Young lead audit partner and the audit engagement team. As part of its assessment during fiscal year 2020, the Audit Committee considered several factors, including, among other things:

- Audit engagement team skills and responsiveness;
- Audit approach, including effectiveness of overall approach, identification and communication of risks and use of technology;
- Appropriateness and transparency of fees and hours worked;
- Complex accounting and auditing matters, including availability and use of national resources and subject matters experts;
- Nature and quality of communication with the Audit Committee;
- Quality of services provided by Ernst & Young;
- Appropriateness of internal audit reliance;

- An annual report from Ernst & Young describing the independent registered accounting firm's internal quality control procedures; and
- Ernst & Young's independence and integrity.

Audit partner rotation

In accordance with SEC rules and Ernst & Young policies, audit partners are subject to rotation requirements to limit the number of consecutive years an individual partner may provide service to Citrix. For lead and concurring audit partners, the maximum number of consecutive years of service in that capacity is five years. The process for selection of our lead audit partner pursuant to this rotation policy involves meetings among the Chair of the Audit Committee, our Chief Financial Officer and the candidate for the role, as well as discussion by the full Audit Committee and with other members of management.

Policy on Audit Committee pre-approval of audit and permissible non-audit services of independent auditor

The Audit Committee has implemented procedures under our Audit Committee Pre-Approval Policy for Audit and Non-Audit Services, which we refer to as the Pre-Approval Policy, to ensure that all audit and permitted non-audit services to be provided to Citrix have been pre-approved by the Audit Committee. Specifically, the Audit Committee pre-approves the use of our independent registered public accounting firm for specific audit and non-audit services, within approved monetary limits. If a proposed service has not been pre-approved pursuant to the Pre-Approval Policy, then it must be specifically pre-approved by the Audit Committee before the service may be provided by our independent registered public accounting firm. Any pre-approved services exceeding the pre-approved monetary limits require specific approval by the Audit Committee. All of the audit-related, tax and all other services provided to us by Ernst & Young in 2020 and 2019 were approved by the Audit Committee by means of specific pre-approvals or pursuant to the procedures contained in the Pre-Approval Policy. All non-audit services provided in 2020 and 2019 were reviewed with the Audit Committee, which concluded that the provision of such services by Ernst & Young was compatible with the maintenance of that firm's independence in the conduct of its auditing functions. For additional information concerning the Audit Committee and its activities with Ernst & Young, see *Our Board committees* beginning on page 29.

Part 6 Proposals to be voted on at the meeting

Proposal 1
Election of director nominees

Our Board of Directors currently consists of eleven members. In April 2021, we announced that Robert D. Daleo would not be standing for re-election at the 2021 Annual Meeting. As a result, the size of our Board of Directors is expected to decrease to ten members after the 2021 Annual Meeting. The table below sets forth the ten nominees for directors at the 2021 Annual Meeting.

The Board of Directors, upon the recommendation of the Nominating and Corporate Governance Committee, has nominated the ten Board members, listed in the chart below, for re-election and has recommended that each be elected to the Board of Directors, each to hold office until the Annual Meeting of Shareholders to be held in the year 2022 and until his or her successor has been duly elected and qualified or until his or her earlier death, resignation or removal. All of the nominees are current directors whose terms expire at the 2021 Annual Meeting. 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.

This proposal for the election of directors relates solely to the election of ten 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 shareholders.

Recommendation of the Board

THE BOARD UNANIMOUSLY RECOMMENDS A VOTE "FOR" THE FOLLOWING NOMINEES:

Nominee's or director's name	Director since	Position(s) with Citrix
Robert M. Calderoni	2014	Chairman
Nanci E. Caldwell	2008	Lead Independent Director
Murray J. Demo	2005	Director
Ajei S. Gopal	2017	Director
David J. Henshall	2017	President, Chief Executive Officer and Director
Thomas E. Hogan	2018	Director
Moira A. Kilcoyne	2018	Director
Robert E. Knowling, Jr.	2020	Director
Peter J. Sacripanti	2015	Director
J. Donald Sherman	2020	Director

Proposal 2
Ratification of appointment of independent registered public accounting firm

The Audit Committee has retained the firm of Ernst & Young LLP to serve as our independent registered public accounting firm for the fiscal year ending December 31, 2021. Ernst & Young has served as our independent registered public accounting firm since 1989. The Audit Committee reviewed and discussed the prior performance of Ernst & Young and its selection of Ernst & Young for the fiscal year ending December 31, 2021. As a matter of good corporate governance, the Audit Committee has determined to submit its selection to our shareholders for ratification. Even if the selection of Ernst & Young is ratified, the Audit Committee, in its discretion, may select a different independent registered public accounting firm at any time during the year, if it determines that such a change would be in the best interests of Citrix and our shareholders.

We expect that a representative of Ernst & Young will attend our 2021 Annual Meeting, and the representative will have an opportunity to make a statement if he or she so desires. The representative will also be available to respond to appropriate questions from shareholders.

Recommendation of the Board

THE BOARD UNANIMOUSLY RECOMMENDS THAT YOU VOTE “FOR” THE RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG AS CITRIX’S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2021.

Proposal 3
Advisory vote to approve the compensation of our Named Executive Officers

Pursuant to requirements under Section 14A of the Securities Exchange Act of 1934, as amended, put into place by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, known as the Dodd-Frank Act, this proposal, commonly known as a say-on-pay proposal, gives our shareholders the opportunity to vote to approve or not approve, on an advisory basis, the compensation of our Named Executive Officers. This vote is not intended to address any specific item of compensation or the compensation of any particular officer, but rather the overall compensation of our Named Executive Officers and our compensation philosophy, policies and practices.

As discussed under the Compensation Discussion and Analysis beginning on page 39, we believe that our executive compensation programs emphasize sustainable growth through a pay-for-performance orientation and a commitment to both operational and organizational effectiveness. We believe that our compensation programs for our Named Executive Officers are instrumental in helping us achieve our strategic and financial performance and, during this transition period for our company, to retain our Named Executive Officers in order to drive execution of our strategic and operational initiatives. Accordingly, we are asking our shareholders to vote "FOR" the following resolution at our 2021 Annual Meeting:

> "RESOLVED, that Citrix's shareholders approve, on an advisory basis, the compensation of Citrix's Named Executive Officers, as disclosed pursuant to the SEC's compensation disclosure rules (which disclosure includes the Compensation Discussion and Analysis, the compensation tables and the narrative disclosures that accompany the compensation tables)."

The vote is advisory, and therefore not binding on Citrix, the Compensation Committee or our Board of Directors. However, our Board of Directors and our Compensation Committee value the opinions of our shareholders and will take into account the outcome of the vote when considering future compensation decisions for our Named Executive Officers.

Recommendation of the Board

THE BOARD UNANIMOUSLY RECOMMENDS THAT YOU VOTE "FOR" THE APPROVAL OF, ON AN ADVISORY BASIS, THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS AS DISCLOSED IN THIS PROXY STATEMENT.

Proposal 4
Shareholder proposal

In accordance with SEC rules, we have set forth below a shareholder proposal and supporting statement from John Chevedden, of 2215 Nelson Ave., No. 205, Redondo Beach, California 90278. Mr. Chevedden has notified us that he is the beneficial owner of 50 shares of our common stock since September 2019 and intends for the following proposal to be presented at the 2021 Annual Meeting. In accordance with Rule 14a-8(h) of the Exchange Act, the shareholder proposal is required to be voted on at the 2021 Annual Meeting only if properly presented by the shareholder proponent or his qualified representative at the meeting. The text of the shareholder's resolution and the statement that the shareholder furnished to us in support thereof appear below, exactly as submitted, and we are not responsible for any inaccuracies or omissions therein.

"Proposal 4 — Simple Majority Vote

RESOLVED, Shareholders request that our Board of Directors take each step necessary so that each voting requirement in our charter and bylaws (that is explicit or implicit due to default to state law) that calls for a greater than simple majority vote be eliminated, and replaced by a requirement for a majority of the votes cast for and against applicable proposals, or a simple majority in compliance with applicable laws. If necessary, this means the closest standard to a majority of the votes cast for and against such proposals consistent with applicable laws.

Shareholders are willing to pay a premium for shares of companies that have excellent corporate governance. Supermajority voting requirements have been found to be one of 6 entrenching mechanisms that are negatively related to company performance according to "What Matters in Corporate Governance" by Lucien Bebchuk, Alma Cohen and Allen Ferrell of the Harvard Law School. Supermajority requirements are used to block initiatives supported by most shareowners but opposed by a status quo management.

This proposal topic won from 74% to 88% support at Weyerhaeuser, Alcoa, Waste Management, Goldman Sachs and FirstEnergy. These votes would have been higher than 74% to 88% if more shareholders had access to independent proxy voting advice. The proponents of these proposals included Ray T. Chevedden and William Steiner.

Adding simple majority vote can be another step to make the corporate governance of Citrix Systems, more competitive and unlock shareholder value.

In anticipation of overwhelming shareholder support for this proposal topic an enlightened Governance Committee, chaired by Ms. Nanci Caldwell, could expedite adoption of this proposal topic by giving shareholders an opportunity to vote on a binding management proposal on this topic at our 2021 annual meeting. Hence adoption could take place in 2021 instead of 2022.

The current supermajority vote requirement does not make sense. Our current 75% *super* supermajority rule means that 93% of the shares, that typically vote at our annual meeting, would have to approve certain modernization steps for our company.

With our 75% super majority vote rule at an election calling for an 75% shareholder approval in which 80% of shares cast ballots (as was the case with CTXS in 2020) – then 6% of shares opposed to certain modernization proposal topics would prevail over the 74% of shares that vote in favor.

It currently takes a 75% vote to remove a director under certain circumstances. A 51% vote rule might be more of an incentive for better performance by our directors. For instance, Mr. Robert Calderoni, Chairman, received the most negative votes of any CTXS director in 2020.

Please vote yes:

Simple Majority Vote — Proposal 4"

Board of Director's Response:

We have considered the proposal set forth above relating to the removal of supermajority voting standards in our Certificate of Incorporation and Bylaws and have determined to make no voting recommendation to our shareholders. The proposal is advisory in nature only. Shareholders should note that approval of this proposal would not, by itself, implement a majority voting standard as described in the proposal, and our Board of Directors and shareholders would need to take subsequent action to amend our Certificate of Incorporation or our Bylaws.

A majority of votes cast, or a simple majority, is already the voting standard for nearly all matters voted upon by our shareholders. Pursuant to our Bylaws, when a quorum is present at any meeting of shareholders, the holders of a majority of the stock present or represented and voting 'for' and 'against' a matter shall decide any matter to be voted upon by the shareholders at such meeting, except when a different vote is required by express provision of law, our Certificate of Incorporation or our Bylaws. Our use of supermajority voting standards, which apply only to a small number of fundamental corporate matters as set forth in our Certificate of Incorporation and our Bylaws (such as the removal of a director without cause, amendment of certain provisions of our Certificate of Incorporation, and amendment of our Bylaws), has been appropriately limited and has been approved by our shareholders on multiple occasions, most recently at our 2013 Annual Meeting when shareholders approved our current Amended and Restated Certificate of Incorporation by 93% of shares present at the meeting. We believe higher voting requirements are appropriate in limited circumstances because certain fundamental matters should require broad support and consensus from our shareholders. In addition, under a majority voting standard as proposed, holders of a significant minority of our outstanding shares could approve certain fundamental corporate changes without broad shareholder support, as a mere majority of the votes cast at a meeting could in many cases represent significantly less than a majority of our shares outstanding.

However, we recognize that some shareholders prefer a universal majority voting standard. As such, we want to use this proposal as an opportunity for shareholders to express their views on this subject. We will consider the voting results on this proposal, together with additional shareholder input received in the course of our regular shareholder engagement program, in our future deliberations regarding the appropriate voting standards within our Certificate of Incorporation and our Bylaws. If a quorum is present at the 2021 Annual Meeting, approval of this proposal will require the affirmative vote of the holders of a majority of the stock present or represented by proxy and voting on the matter at the 2021 Annual Meeting.

Recommendation of the Board

THE BOARD TAKES NO POSITION AND MAKES NO RECOMMENDATION ON THIS PROPOSAL. PROXIES RETURNED WITHOUT VOTING INSTRUCTIONS WILL BE VOTED AGAINST THIS PROPOSAL.

Part 7 Additional information

Other matters

The Board of Directors knows of no other matters to be brought before the 2021 Annual Meeting. If any other matters are properly brought before the 2021 Annual Meeting, the persons appointed in the accompanying proxy intend to vote the shares represented thereby in accordance with their best judgment on such matters, under applicable laws.

Shareholder proposals

Proposals of shareholders intended for inclusion in the Proxy Statement to be furnished to all shareholders entitled to vote at our 2021 Annual Meeting of Shareholders, pursuant to Rule 14a-8 promulgated under the Securities Exchange Act of 1934, as amended, must be received at our principal executive offices not later than December 17, 2021. All such proposals must comply with Rule 14a-8 under the Securities Exchange Act of 1934, as amended.

In order to be properly brought before the 2022 Annual Meeting, a shareholder's notice of (a) nomination of a director candidate to be included in our Proxy Statement and proxy pursuant to Section 1.11 of our Bylaws (a "proxy access nomination") or (b) any proposal other than a matter brought pursuant to Rule 14a-8 or a proxy access nomination, must be received by our Secretary at our principal executive offices between November 17, 2021 and December 17, 2021. However, in the event that an annual meeting is called for a date that is more than 30 days before or more than 60 days after the first anniversary of the date of the Proxy Statement furnished to shareholders in connection with the preceding year's annual meeting, then, in order to be timely, a shareholder's notice must be received by our Secretary not earlier than the close of business on the 90th day prior to such annual meeting and not later than the close of business on the later of (1) the 60th day prior to such annual meeting or (2) the close of business on the 10th day following the day on which we first publicly announce the date of such annual meeting. A shareholder's notice to our Secretary must set forth the information required by our Bylaws with respect to such proxy access nomination or proposal. If a shareholder makes a timely notification, discretionary voting authority with respect to the shareholder's proposal may be conferred upon the persons selected by management to vote the proxies under circumstances consistent with the SEC's proxy rules.

Any proposal described above should be mailed to our principal executive offices at Citrix Systems, Inc., 851 West Cypress Creek Road, Fort Lauderdale, Florida 33309, Attention: Secretary. In order to curtail controversy as to the date on which a notice is received by Citrix, it is suggested that proponents submit their proposals by Certified Mail, Return Receipt Requested.

Expenses and solicitation

The cost of solicitation of proxies will be borne by Citrix and, in addition to soliciting shareholders by mail and via the Internet through our regular employees, we may request banks, brokers and other custodians, nominees and fiduciaries to solicit their customers who have stock of Citrix registered in the names of a nominee and, if so, will reimburse such banks, brokers and other custodians, nominees and fiduciaries for their reasonable out-of-pocket costs. Solicitation by our officers and employees may also be made of some shareholders in person or by mail, telephone, e-mail or telegraph following the original solicitation. We have retained MacKenzie Partners, a proxy solicitation firm, to assist in the solicitation of proxies for a fee not to exceed $20,000, plus reimbursement of expenses.

Delivery of documents to shareholders sharing an address

If you share an address with any of our other shareholders, your household might receive only one copy of the Proxy Statement, Annual Report and Notice, as applicable. To request individual copies of any of these materials for each shareholder in your household, please contact Investor Relations, Citrix Systems, Inc., 851 West Cypress Creek Road, Fort Lauderdale, Florida 33309 (telephone: 954-229-5990) (email: investorrelations@citrix.com). We will deliver copies of the Proxy Statement, Annual Report and/or Notice promptly following your written or oral request. To ask that only one copy of any of these materials be mailed to your household, please contact your broker.

Note regarding forward-looking statements

This Proxy Statement contains forward-looking statements which are made pursuant to the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The forward-looking statements in this Proxy Statement do not constitute guarantees of future performance. Investors are cautioned that statements in this Proxy Statement, which are not strictly historical statements, including, without limitation, statements regarding our plans, strategies, business initiatives, and goals and objectives, expectations regarding future performance or needs of our business, our transition to a subscription-based business model, our expansion of cloud-delivered services, changes in our product and service offerings and features, statements regarding the acquisition of Wrike and the potential benefits of the business combination, the impacts of the COVID-19 pandemic and related market and economic conditions on our business, results of operations and financial condition, expectations regarding remote work, and the expected benefits of acquisitions, constitute forward-looking statements. In some cases, you can identify forward-looking statements by terms such as "may," "will," "should," "could," "goal," "would," "expect," "plan," "anticipate," "believe," "estimate," "project," "predict," "potential" and similar expressions intended to identify forward-looking statements. The forward-looking statements in this Proxy Statement are not guarantees of future performance. Such forward-looking statements are subject to a number of risks and uncertainties that could cause actual results to differ materially from those anticipated by the forward-looking statements, including, without limitation: the ability of Citrix to realize the potential benefits of the acquisition of Wrike; customer acceptance of Citrix and Wrike offerings; potential disruptions to Citrix's and Wrike's operations, distraction of management and other risks related to Citrix's integration of Wrike's business, team, and technology; the ability of Citrix's sales professionals and distribution partners to sell Wrike's product and service offerings; the ability of Wrike to retain key customers post-transaction, and to achieve the anticipated rate of growth in annualized recurring revenue; risks related to Citrix's additional debt in connection with the Wrike acquisition, which will increase the risks with respect to Citrix's current debt; risks related to the expansion of cloud-delivered services, Citrix's ability to advance our transition from on-premises to the cloud and effectiveness of Citrix's transition and trade-up effort; Citrix's ability to forecast future financial performance during its business model transition; the concentration of customers in Citrix's App Delivery and Security business; the ability to continue to grow the company's Workspace business, further develop Citrix Workspace and continued demand for Citrix Workspace; the introduction of new products by competitors or the entry of new competitors into the markets for Citrix's products and services; maintaining the security of Citrix's products, services, and networks, including securing data and cyber-related risks that are enhanced as a result of COVID-19; the potential impact of COVID-19 on Citrix's business, the broader global economy, and the company's ability to forecast future financial performance as a result of COVID-19; Citrix's transition from a perpetual licenses to a subscription-based business model and ability of Citrix to further advance its transformation from perpetual to subscription; conditions affecting the IT market, including uncertainty in IT spending, including as a result of COVID-19 and changes in the markets for Citrix's products, including the Workspace market; regulation of privacy and data security; changes in Citrix's pricing and licensing models, including its short-term license program, promotional programs and product mix, all of which may impact Citrix's revenue recognition; unpredictability of sales cycles and seasonal fluctuations in Citrix's business; reliance on indirect distribution channels and major distributors; failure to successfully partner with key distributors, resellers, system integrators, service providers and strategic and technology partners; transitions in key personnel and succession risk; reliance on third party hardware providers; the impact of the global economic and political environment on Citrix's business, volatility in global stock markets and foreign exchange rate volatility; Citrix's ability to expand our customer base and attract more users within our customer base; Citrix's ability to protect innovations and intellectual property, including in higher-risk markets; the company's ability to innovate and develop new products and services; changes in revenue mix towards products and services with lower gross margins; the ability of Citrix to make suitable acquisitions on favorable terms in the future; Citrix's acquisitions and divestitures, including failure to further develop and successfully market the technology and products of acquired companies, failure to achieve or maintain anticipated revenues and operating performance contributions from acquisitions, which could dilute earnings, and risks related to financing necessary to complete acquisitions; bankruptcies, insolvencies or other economic conditions that limit Citrix's customers' ability to pay for our services or limit the ability for us to collect payments, including unbilled revenue, which may be enhanced as a result of the COVID-19 pandemic; ability to effectively manage our capital structure and the impact of related changes on our operating results and financial condition; the effect of new accounting pronouncements on revenue and expense recognition; failure to comply with federal, state and international regulations; risks related to Citrix's international presence; litigation and disputes, including challenges to intellectual property rights or allegations of infringement of the intellectual property rights of others; the ability to maintain and protect Citrix's collection of brands; risks related to use of open source software; risks related to access to third-party licenses; charges in the event of a write-off or impairment of acquired assets, underperforming businesses, investments or licenses; risks related to servicing debt; tax rates fluctuation and uncertainty; political uncertainty and social turmoil, natural disasters and pandemics, including COVID-19; and other risks detailed in Citrix's filings with the Securities and Exchange Commission. Citrix assumes no obligation to update any forward-looking information contained in this Proxy Statement.

Note regarding references to Citrix website

Information contained on or connected to our website is not incorporated by reference into this Proxy Statement and should not be considered a part of this Proxy Statement or any other filing or submission that we make with the SEC.

Form 10-K

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

Form 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2020

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to __________.

Commission File Number 0-27084

CITRIX SYSTEMS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**75-2275152**
(State or other jurisdiction of incorporation or organization)	*(IRS Employer Identification No.)*
851 West Cypress Creek Road	
Fort Lauderdale	
Florida	**33309**
(Address of principal executive offices)	*(Zip Code)*

Registrant's Telephone Number, Including Area Code:
(954) 267-3000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock, par value $.001 per share	CTXS	The NASDAQ Global Select Market

Securities registered pursuant to Section 12(g) of the Act: NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in 12b-2 of the Exchange Act.

☒	Large accelerated filer	☐	Accelerated filer
☐	Non-accelerated filer	☐	Smaller reporting company
		☐	Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of Common Stock held by non-affiliates of the registrant computed by reference to the price of the registrant's Common Stock as of the last business day of the registrant's most recently completed second fiscal quarter (based on the last reported sale price on The Nasdaq Global Select Market as of such date) was $18,003,842,231. As of February 1, 2021, there were 122,963,727 shares of the registrant's Common Stock, $.001 par value per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

The registrant intends to file a definitive proxy statement pursuant to Regulation 14A within 120 days of the end of the fiscal year ended December 31, 2020. Portions of such definitive proxy statement are incorporated by reference into Part III of this Annual Report on Form 10-K.

CITRIX SYSTEMS, INC.

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NOTE REGARDING FORWARD-LOOKING STATEMENTS

From time to time, information provided by us or statements made by our employees contain "forward-looking" information that involves risks and uncertainties. In particular, statements contained in this Annual Report on Form 10-K for the year ended December 31, 2020, and in the documents incorporated by reference into this Annual Report on Form 10-K for the year ended December 31, 2020, that are not historical facts, including, but not limited to, statements concerning our strategy and operational and growth initiatives, our expansion of cloud-based solutions (as opposed to traditional on-premises delivery of our products) and our efforts to transition our customers from on-premises to the cloud, including the pace of the transition, our transition to a subscription-based business model, changes in our product and service offerings and features, financial information and results of operations for future periods, revenue trends, the impacts of the novel coronavirus (COVID-19) pandemic and related market and economic conditions on our business, results of operations and financial condition, business continuity, risk mitigation and expectations regarding remote work, the resiliency of our solutions and business model, customer demand, seasonal factors or ordering patterns, stock-based compensation, international operations, investment transactions and valuations of investments and derivative instruments, restructuring charges, reinvestment or repatriation of foreign earnings, fluctuations in foreign exchange rates, tax estimates and other tax matters, liquidity, stock repurchases and dividends, our debt, including our expected debt in connection with the acquisition of Wrike, Inc., changes in accounting rules or guidance, acquisitions (including our pending acquisition of Wrike, Inc.), litigation matters, and the security of our network, products and services, constitute forward-looking statements and are made under the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements are neither promises nor guarantees. Readers are directed to the risks and uncertainties identified below under "Risk Factors" and elsewhere in this report for additional detail regarding factors that may cause actual results to be different than those expressed in our forward-looking statements. Such factors, among others, could cause actual results to differ materially from those contained in forward-looking statements made in this Annual Report on Form 10-K for the year ended December 31, 2020, in the documents incorporated by reference into this Annual Report on Form 10-K or presented elsewhere by our management from time to time. Such factors, among others, could have a material adverse effect upon our business, results of operations and financial condition. We caution readers not to place undue reliance on any forward-looking statements, which only speak as of the date made. We undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made.

References in this Annual Report on Form 10-K to "Citrix," the "Company, "we," "our" or "us" refer to Citrix Systems, Inc., including as the context requires, its direct and indirect subsidiaries.

SUMMARY OF RISK FACTORS

The following is a summary of the principal risks described below in Part I, Item 1A "Risk Factors" in this Annual Report on Form 10-K. We believe that the risks described in the "Risk Factors" section are material to investors, but other factors not presently known to us or that we currently believe are immaterial may also adversely affect us. The following summary should not be considered an exhaustive summary of the material risks facing us, and it should be read in conjunction with the "Risk Factors" section and the other information contained in this Annual Report on Form 10-K.

Risks Related to our Business and Industry

- The expansion of cloud-based solutions (as opposed to traditional on-premises delivery of our products) and our efforts to transition our customers from on-premises to the cloud, including the pace of the transition, has and will introduce a number of risks and uncertainties unique to such a shift in delivery.

- Our multi-year transition from a perpetual licenses to a subscription-based business model is subject to numerous risks and uncertainties that could have a negative impact on our business, results of operations and financial condition.

- A significant portion of our revenues historically has come from our Application Virtualization and Virtual Desktop Infrastructure, or VDI, solutions and our App Delivery and Security products, and decreases in sales for these solutions could adversely affect our results of operations and financial condition.

- If our Workspace strategy is not successful in addressing our customers' evolving needs beyond traditional Application Virtualization and VDI solutions or we face substantial technological or implementation challenges with our Workspace offerings, we may be unable to expand our user base.

- We face intense competition, which could result in customer loss, fewer customer orders and reduced revenues and margins.

- Actual or perceived security vulnerabilities in our products and services or cyberattacks on our services infrastructure or corporate networks could have a material adverse impact on our business, results of operations and financial condition.
- The effects of the COVID-19 pandemic are uncertain, and such effects will depend on future developments.
- Our business could be adversely impacted by conditions affecting the information technology market in which we operate.
- Regulation of privacy and data security may adversely affect sales of our products and services and result in increased compliance costs.
- Our solutions could contain errors that could delay the release of new products or otherwise adversely impact our products and services.
- Certain of our offerings have long and/or unpredictable sales cycles, which could cause significant variability and unpredictability in our revenue and operating results for any particular period, and changes to our licensing or subscription renewal programs, or bundling of our solutions, could negatively impact the timing of our recognition of revenue.
- Sales and renewals of our support solutions constitute a large portion of our deferred revenue.
- We rely on indirect distribution channels and major distributors that we do not control.
- Our App Delivery and Security business could suffer if there are any interruptions or delays in the supply of hardware or hardware components from our third-party sources.
- In order to be successful, we must attract, engage, retain and integrate key employees and have adequate succession plans in place.
- Our international presence subjects us to additional risks that could harm our business, including our exposure to fluctuations in foreign currency exchange rates.
- Adverse changes in global economic conditions could adversely affect our operating results.

Risks Related to Acquisitions, Strategic Relationships and Divestitures

- Acquisitions and divestitures present many risks, and we may not realize the financial and strategic goals we anticipate.
- If we determine that any of our goodwill or intangible assets, including technology purchased in acquisitions, are impaired, we would be required to take a charge to earnings.
- Our inability to maintain or develop our strategic and technology relationships could adversely affect our business.

Risks Related to Intellectual Property and Brand Recognition

- Our efforts to protect our intellectual property may not be successful.
- Our solutions and services, including solutions obtained through acquisitions, could infringe third-party intellectual property rights, which could result in material litigation costs.
- Our use of “open source” software could negatively impact our ability to sell our solutions and subject us to possible litigation.
- If we lose access to third-party licenses, releases of our solutions could be delayed.
- Our business depends on maintaining and protecting the strength of our collection of brands.

Risks Related to our Liquidity, Taxation and Capital Return

- Servicing our debt will require a significant amount of cash. We may not have sufficient cash flow from our business to make payments on our debt or repurchase our outstanding notes upon certain events.

- Our portfolios of liquid securities and other investments may lose value or become impaired.
- Changes in our tax rates or our exposure to additional income tax liabilities could affect our operating results and financial condition.
- There can be no assurance that we will continue to return capital to our stockholders through the payment of cash dividends and/or the repurchase of our stock.

General Risks

- We are involved in litigation, investigations and regulatory inquiries and proceedings.
- Our stock price could be volatile, and you could lose the value of your investment.
- Changes or modifications in financial accounting standards may have a material adverse impact on our reported results of operations or financial condition.
- Natural disasters, climate-related impacts, or other unanticipated catastrophes may negatively impact our operations.

This section contains forward-looking statements. You should refer to the explanation of the qualifications and limitations on forward-looking statements described above.

PART I

ITEM 1. *BUSINESS*

Business Overview

What We Do

Citrix is an enterprise software company focused on helping organizations deliver a consistent and secure work experience no matter where work needs to get done — in the office, at home, or in the field. We do this by delivering a digital workspace solution that gives each employee the resources and space they need to do their best work. Our Workspace solutions are complemented by our App Delivery and Security (formerly Networking) solutions, by delivering the applications and data employees need across any network with security, reliability and speed.

Citrix believes that work is not a place —work is about business outcomes. We have helped organizations with digital transformation for many years. The challenges and complexities created by the proliferation of Software-as-a-Service (SaaS)-based applications and the emergence of hybrid multi-cloud infrastructure environments are now combined with the realities brought upon by the global COVID-19 pandemic—realities such as long-term remote and flexible work models and an increased need for risk mitigation and business continuity.

As a result, we believe organizations are accelerating their cloud and digital transformation plans to better position themselves to address these new challenges and embrace the opportunity that may arise from flexible work models. To do this, organizations may rely on Citrix solutions for business agility, employee productivity, security and compliance, as well as cost and efficiency. Citrix solutions are focused on employee empowerment and are designed to provide end-users with the simplicity of a common user experience while ensuring information technology, or IT, administrators are able to deliver applications and data with the security and controls necessary to protect the enterprise and its customers.

Our Business Transformation

Citrix's business is evolving in three distinct and interrelated ways:

- Perpetual to Subscription: Our business model has shifted away from selling perpetual licenses towards subscription, or recurring contracts in the form of SaaS, on-premise term, and consumption-based agreements;
- On-Premise to Cloud: As the share of applications and data continues to move rapidly from on-premise data centers to the cloud, our product development and engineering resources have increasingly focused on delivering cloud-based solutions; and
- Point Products to Platform: Our offerings and our go-to-market activities are shifting away from selling individual point products towards our platform solution, in a tiered offering that provides us the ability to deliver a variety of value-enhancing modules to our customers in the future.

Citrix was incorporated in Delaware on April 17, 1989.

Proposed Acquisition of Wrike

On January 16, 2021, we entered into a definitive agreement to acquire Wrike, Inc. ("Wrike"), a leader in the SaaS collaborative work management space, for $2.25 billion in cash. The transaction, which has been unanimously approved by the board of directors of both Citrix and Wrike, is expected to close in the first half of 2021, subject to regulatory approvals and other customary closing conditions. We believe this acquisition will allow us to accelerate our strategy to build on and expand beyond the growing virtualization market by delivering a cloud-based digital workspace experience empowering all employees to securely access, collaborate, and execute work in the most effective way across any work channel, device or location.

Solutions and Services

We offer digital workspace solutions and services that enable companies to deliver a consistent work experience by providing secure and reliable access to the systems and information employees need to do their best work, no matter where work needs to get done — in the office, at home, or in the field. Our offerings empower organizations to accelerate business performance by harnessing technology to enhance employee engagement, boost productivity, and drive innovation.

Workspace

The Citrix Workspace platform encompasses a broad range of features and functionalities that tie together the myriad of applications that reside within enterprises. Citrix Workspace helps employees minimize distractions and focus, enabling them to do their best work, elevating employee productivity and employee engagement, and improving an enterprise's security profile. Citrix Workspace delivers a unified, secure and intelligent workspace with single sign-on access to all the applications and content employees use in one unified platform. Citrix Workspace enables IT administrators to proactively manage security threats in complex, distributed, hybrid, multi-cloud and multi-device environments, and it empowers IT administrators to deliver applications to end users more securely than operating them natively. Intelligent analytics and user behavior insights are derived to enable enhanced security, management, orchestration, and automation of workspaces and application delivery.

Citrix Workspace comes with ready integrations with widely-used business applications, including Salesforce, Workday, SAP Ariba and SAP Concur, ServiceNow, Microsoft Outlook and Google Workspace (formerly G Suite) and is compatible with identity and access management providers, including Okta, Ping, Radius, and GoogleID. Citrix Workspace can be delivered on-premise, running in a customers' datacenter, or in the cloud. Pricing for the Citrix Workspace platform is tiered based on the level of functionalities provided. Capabilities offered as part of the platform include:

- Citrix Workspace - delivers an intelligent experience that customizes and streamlines user workflows by creating microapps through low-code tooling, enabling organizations to organize, guide and automate work, tasks and functions, and allows end users to perform actions across various applications directly within the Citrix Workspace.
- Citrix Virtual Apps and Desktops - gives employees the freedom to work anywhere on any device while cutting IT costs and securely delivering Windows, Linux, Web and SaaS apps, and full virtual desktops. Citrix Virtual Apps and Desktops offers a choice of deployment options ranging from a turnkey desktop-as-a-service solution running on the Microsoft Azure cloud to a host of premium options running in the cloud, hybrid, or on-premises.
- Citrix Analytics for Security - continuously assesses the behavior of Citrix Virtual Apps and Desktops users and Citrix Workspace users and applies actions to protect sensitive corporate information. The aggregation and correlation of data across networks, virtualized applications and desktops, and content collaboration tools enables the generation of valuable insights and more focused actions to address user security threats.
- Citrix Analytics for Performance - uses machine learning to quantify user experience, providing end-to-end visibility and enabling capacity planning and proactive response to performance degradation.
- Citrix Content Collaboration - provides a secure, cloud-based file sharing, digital transaction and storage solution built to give users enterprise-class data services across all corporate and personal devices.
- Citrix Endpoint Management - provides unified endpoint management allowing IT administrators to adhere to security and compliance requirements for "bring your own device" programs and corporate devices while enabling user productivity. Centralizes the management of mobile devices, traditional desktops, laptops and Internet of Things, or IoT, through a single platform, directly integrating with Microsoft EMS/Intune to extend mobility and device management capabilities.

- Citrix Secure Workspace Access - provides an end-to-end solution to implement Zero Trust principles (i.e., required verification of all users whether inside or outside of a network), avoiding the gaps left from relying on assorted point solutions. It reduces the attack surface by protecting the user and the apps inside the workspace, where work actually gets done.

- Citrix Secure Internet Access - provides a solution that protects direct internet access for branch and remote workers using unsanctioned apps.

App Delivery and Security

Our App Delivery and Security solutions optimize the performance of Citrix Workspace. They enable organizations to deliver applications and data with security, reliability, and speed. Our App Delivery and Security products can be consumed via perpetual license or under pooled licensing agreements that give customers flexibility to consume in either a hardware form factor or as software, over the term of the agreement. Our App Delivery and Security capabilities include:

- Citrix ADC - an application delivery controller and load balancing solution for web, traditional and cloud-based applications regardless of where they are hosted.

- Citrix SD-WAN and Secure Access Service Edge (SASE) - a next-generation WAN Edge solution that delivers flexible, automated, secure connectivity and performance for the workspace.

Customer Success

We offer support and services to help our customers and business partners get more value, achieve their business outcomes, minimize risk, and keep their solutions running at peak performance:

- Customer Success Management (CSM) - available to all customers with a valid SaaS or subscription entitlement. The CSM team, comprised of Customer Success Managers and Customer Success Engineers, guides business and technical outcomes. Through success planning, technical and onboarding guidance, and internal advocacy, the CSM team helps customers accelerate their implementation and maximize the value of their Citrix solutions.

- Customer Success Services - features a choice of tiered offerings combining technical support, product version upgrades, guidance, enablement, and proactive monitoring to help customers and partners fully realize their business goals and maximize their Citrix investments. Additionally, customers may upgrade to receive personalized support from a dedicated team led by an assigned account manager.

- Hardware Maintenance - features a choice of tiered offerings including technical support, software upgrades, and replacement of malfunctioning appliances to keep Citrix hardware running optimally. Premium support services are available as add-ons.

- Citrix Consulting - guides the successful design and implementation of Citrix solutions, removing the barriers to desired business outcomes. Our in-house consultants bring technical expertise with proven methodologies, tools and leading practices to improve adoption and enhance security.

- Product Training & Certification - enables customers and partners to attain self-sufficiency, increase productivity, maximize product capabilities, and advance their career with flexible training options to suit all learners and certifications to validate knowledge and skills.

Customers

Our customers are businesses of all sizes and include the largest enterprises and institutions in the world spanning every major industry vertical, including healthcare, financial services, technology, manufacturing, consumer, and government agencies. Our largest customers are often our longest tenured customers.

Technology Relationships

We have a number of technology relationships in place to accelerate the development of existing and future solutions and our go-to-market initiatives. These relationships include cross-licensing, original equipment manufacturer (OEM), resell, joint reference architectures, and other arrangements that result in better solutions for our customers.

Microsoft

For over 30 years, Citrix and Microsoft have maintained a strategic partnership spanning product development, go-to-market initiatives and partner development, enabling our mutual customers' secure, high-performance delivery of applications, desktops and data to their employees. Together, Citrix and Microsoft offer solutions and services that aid and accelerate the transition from on-premises IT infrastructure and practices to emerging hybrid-cloud and multi-cloud delivery models for the full breadth of legacy and modern applications.

Citrix and Microsoft provide joint tools and services to simplify and speed the transition of on-premises Citrix customers to Microsoft Azure. The companies have a connected roadmap to enable a consistent and optimal flexible work experience that includes joint solutions sold through their direct sales forces via the Azure Marketplace and a robust community of channel partners.

Google

Citrix and Google Cloud have been strategic partners for over eight years. We offer end-to-end user experience solutions for Citrix Workspace with Google Cloud Platform, Chrome Enterprise, and Google Workspace (formerly G Suite), as well as complementary App Delivery and Security. These solutions enable companies to deliver unified access to all of the apps employees need and prefer to use on Google devices and operating systems.

Global System Integrators

We continue to invest in partnerships with Global System Integrators who provide solutions and services that build on Citrix Workspace and Citrix App Delivery and Security solutions to improve employee experience and engagement, including Capgemini, Deloitte, DXC, Fujitsu, Hewlett Packard Enterprises, IBM and Wipro. These partnerships help our customers develop effective digital workspace strategies that enable them to deliver a consistent work experience across work channels and locations.

Citrix Ready

We continue to provide an easy way for our customers to locate compatible solutions and our channel partners to evaluate and deploy joint offerings through our Citrix Ready program. The Citrix Ready Program is a technology partner program that helps software and hardware vendors of all types develop and integrate their products with Citrix technology. It includes partners like AWS, Cisco, Google, and Microsoft and hundreds of other technology companies. With work happening on a proliferation of devices, companies have a whole new set of security concerns they must address. To help them do it, we expanded the Citrix Ready Workspace Security Program to include Zero Trust solutions from trusted and verified partners. This expansion will allow companies to simplify the selection of vendors and leverage their existing investments to design a modern security framework that delivers Zero Trust outcomes.

Research and Development

Our research and development efforts focus on developing new functionalities across our solutions, while continuing to invest in purposeful improvements to our core technologies. We solicit extensive feedback concerning product development from customers and through our channel distributors and partners, as well as our alliance partners. We believe that our global software development teams and our core technologies represent a significant competitive advantage for us. As of December 31, 2020, we held a worldwide portfolio of approximately 3,500 patents and had approximately 1,800 additional patent applications pending. We incurred research and development expenses of $538.1 million in 2020, $518.9 million in 2019 and $440.0 million in 2018.

Sales, Marketing and Services

We market and license our solutions through multiple channels worldwide, including selling through resellers, direct and over the Web. Our partner community comprises thousands of value-added resellers, or VARs, known as Citrix Solution Advisors, value-added distributors, or VADs, system integrators, or SIs, independent software vendors, or ISVs, OEMs, and Citrix Service Providers, or CSPs. Distribution channels are managed by our worldwide sales and services organization. Partners receive training and certification opportunities to support our portfolio of solutions and services.

We reward our partners that identify new business, and provide sales expertise, services delivery, customer education, technical implementation and support of our portfolio of solutions through our incentive program. We continue to focus on increasing the productivity of our existing partners, while also adding new transacting partners, building capacity through targeted recruitment, and introducing programs to increase partner mindshare, limit channel conflict, and increase partner loyalty to us.

As our customers shift workloads to the cloud, we have been cultivating a global base of technology partners within our CSP program. Our CSP program provides subscription-based services in which the CSP partners host software services to their end users. Our CSP partners, consisting of managed service providers, ISVs, Citrix Solution Advisors, hosting providers and telcos, among others, license certain of our offerings on a monthly consumption basis. With our software, these partners then create differentiated offerings of their own, consisting of cloud-hosted applications and cloud-hosted desktops, which they manage for various customers, ranging from SMBs to enterprise IT. Besides supplying technology, we are actively engaged in assisting these partners in developing their hosted businesses either within their respective data centers or leveraging public cloud infrastructure by supplying business and marketing assistance.

Online marketplaces, including Cloud Marketplaces and Cloud Service Brokers have become a strategic channel for customers to streamline the discovery, acquisition, deployment, and operations of services enabling them to adapt quickly to changing market conditions. Growth in the use of online marketplaces has been driven by the increased focus on-cloud services and the increase in demand for work-at-home, business continuity, and remote access to services and data.

We are present in three key cloud marketplaces, Amazon Web Services ("AWS"), Azure and Google, that enable customers to easily deploy licenses acquired through multiple channels, quickly acquire new services and software, and expand as their needs grow. We provide both public and private options to drive customer and partner success.

Engagement with SIs and ISVs continues to be a substantial part of our strategic roadmap within large enterprise and government markets. Our integrator partnerships include organizations such as DXC, Fujitsu, IBM, Wipro and others, who all deliver consultancy or global offerings powered by the Citrix Workspace. The ISV program maintains a strong representation across targeted industry verticals including healthcare, financial services and telecommunications. Members in the ISV program include Allscripts, Cerner Corporation and Epic Systems Corporation. For all of our channels, we regularly take actions to improve the effectiveness of our partner programs and further strengthen our channel relationships through management of non-performing partners, recruitment of partners with expertise in selling into new markets and forming additional strategic global and national partnerships.

Our corporate marketing organization provides an integrated global approach to sales and industry event support, digital and social marketing, sales enablement tools and collateral, advertising, direct mail, industry analyst relations and public relations coverage to market our solutions. Our efforts in marketing are focused on generating leads for our sales organization and our indirect channels to acquire net new accounts and expand our presence with existing customers, as well as building general brand awareness in the market. Our partner development organization actively supports our partners to improve their commitment and capabilities with Citrix solutions. Our customer sales organization consists of field-based sales engineers and corporate sales professionals who work directly with our largest customers, and coordinate integration services provided by our partners. Additional sales personnel, working in central locations and in the field, provide support including recruitment of prospective partners and technical training with respect to our solutions.

In fiscal year 2020, 2019 and 2018, one distributor accounted for 17%, 15% and 14% respectively, of our total net revenues. The Company's arrangements with the distributor consist of several non-exclusive, independently negotiated agreements with its respective subsidiaries, each of which covers different countries or regions. See “Management's Discussion and Analysis of Financial Condition and Results of Operations-Critical Accounting Policies and Estimates” and Note 2 to our consolidated financial statements included in this Annual Report on Form 10-K for the year ended December 31, 2020 for information regarding our revenue recognition policy.

International revenues (sales outside the United States) accounted for 50.5% of our net revenues for the year ended December 31, 2020, 48.2% of our net revenues for the year ended December 31, 2019, and 47.0% of our net revenues for the year ended December 31, 2018. For detailed information on our international revenues, please refer to Note 12 to our consolidated financial statements included in this Annual Report on Form 10-K for the year ended December 31, 2020.

Segment Revenue

We operate under one reportable segment. For additional information, see Note 12 to our consolidated financial statements included in this Annual Report on Form 10-K for the year ended December 31, 2020.

Operations

For our cloud-based solutions, we use a combination of co-located hosting facilities and increasingly use Microsoft Azure and AWS as well as other infrastructure-as-a-service providers. For our App Delivery and Security products, we use independent contractors to provide a redundant source of manufacture and assembly capabilities. Independent contractors provide us with the flexibility needed to meet our product quality and delivery requirements. We have manufacturing relationships that we enter into in the ordinary course of business, primarily with Flextronics, under which we have subcontracted the majority of our hardware manufacturing activity, generally on a purchase order basis. These third-party contract manufacturers also provide final test, warehousing and shipping services. This subcontracting activity extends from prototypes to full production and includes activities such as material procurement, final assembly, test, control, shipment to our customers and repairs. Together with our contract manufacturers, we design, specify and monitor the tests that are required to meet internal and external quality standards. Our contract manufacturers produce our products based on forecasted demand for our solutions. Each of the contract manufacturers procures components necessary to assemble the products in our forecast and test the products according to our specifications. We dual-source our components; however, in some instances, those sources may be located in the same geographic area. Accordingly, if a natural disaster occurs in one of those areas, we may need to seek additional sources. Products are then shipped to our distributors, VARs or end-users. If the products go unsold for specified periods of time, we may incur carrying charges or obsolete material charges for products ordered to meet our forecast or customer orders. In 2020, we did not experience any material difficulties or significant delays in the manufacture and assembly of our products.

While it is generally our practice to promptly ship our products upon receipt of properly finalized orders, at any given time, we have confirmed product license orders that have not shipped and are unfulfilled. Backlog includes the aggregate amounts we expect to recognize as point-in-time revenue in the following quarter associated with contractually committed amounts for on-premise subscription software licenses, as well as confirmed product license orders that have not shipped and are unfulfilled. As of December 31, 2020 and 2019, the amount of backlog was not material. We do not believe that backlog, as of any particular date, is a reliable indicator of future performance.

We believe that our fourth quarter revenues and expenses are affected by a number of seasonal factors, including the lapse of many corporations' fiscal year budgets and an increase in amounts paid pursuant to our sales compensation plans due to compensation plan accelerators that are often triggered in the fourth quarter. We believe that these seasonal factors are common within our industry. Historically, our revenue for the fourth quarter of any year is typically higher than the revenue for the first quarter of the subsequent year. We expect this trend to continue through the first quarter of 2021. However, during the three months ended March 31, 2020, this trend was impacted by the COVID-19 pandemic, and our revenues in the first quarter of 2020 were higher than in the fourth quarter of 2019 due to our decision to make limited use Workspace licenses of Citrix Workspace available in the form of shorter-duration, discounted on-premises term offerings to quickly help our customers with their immediate business needs. In addition, our European operations usually generate lower revenues in the summer months because of the generally reduced economic activity in Europe during the summer. This seasonal factor also typically results in higher fourth quarter revenues on a sequential basis.

Competition

We sell our solutions in intensely competitive markets. Some of our competitors and potential competitors have significantly greater financial, technical, sales and marketing and other resources than we do. As the markets for our solutions and services continue to develop, additional companies, including those with significant market presence in the computer appliances, software, cloud services and App Delivery and Security industries, could enter the markets in which we compete and further intensify competition. In addition, we believe price competition could become a more significant competitive factor in the future. As a result, we may not be able to maintain our historic prices and margins, which could adversely affect our business, results of operations and financial condition. See our “Technology Relationships” discussion above and “Risk Factors” below.

Workspace

Our primary competitors for various components of and services delivered through our Workspace offering include VMware, Okta, Box, Dropbox, AWS, Nutanix, MobileIron and Microsoft. We believe Citrix Workspace and our services, including Citrix Virtual Apps and Desktops, Citrix Endpoint Management and Citrix Content and Collaboration, are differentiated by the completeness of the offerings, and the advanced technology and end-user experience, as compared to competitive offerings by VMware, AWS, Microsoft, Nutanix, AirWatch by VMware, MobileIron, Blackberry, Dropbox, Box, and others.

App Delivery and Security

Our Citrix ADC hardware products compete in traditional data-center-deployed application environments against other established competitors, including F5 Networks, Radware, A10 Networks and Cisco. In addition, for cloud-integrated and software-centric use cases, large cloud providers, such as AWS and Microsoft Azure, provide customers with competitive ADC solutions built into their public cloud platforms. We continue to expand our open source integrations with leading companies to enhance feature capability and invest in go-to-market resources to market Citrix ADC to our existing customer base and new potential customers.

Technology and Intellectual Property

We believe that innovation is a core Citrix competency. Our success is dependent upon our solutions, which are based on intellectual property and core proprietary and open source technologies. These technologies include innovations that optimize the end-to-end user experience, through cloud-managed workspaces and analytics, in virtual desktop and virtual application environments, and enhance App Delivery and Security capabilities to deliver a holistic and secure content collaboration and mobile computing experience.

We have been awarded numerous domestic and foreign patents and have numerous pending patent applications in the United States and foreign countries. Certain of our technology is also protected under copyright laws. Additionally, we rely on trade secret protection and confidentiality and proprietary information agreements to protect our proprietary technology. We have established proprietary trademark rights in markets across the globe, and own hundreds of U.S. and foreign trademark registrations and pending registration applications for marks comprised of or incorporating the Citrix name. See our "Research and Development" discussion above and “Risk Factors” below.

Our People

Citrix solutions enable a better way to work and embrace the power of human difference, and we are guided by our core values of Integrity, Respect, Curiosity, Courage and Unity. As of December 31, 2020, we had approximately 9,000 employees, of which approximately 46% were in the United States and 54% were in our international locations. We have a broad base of diverse talent in more than 40 countries and we believe that attracting, developing and retaining the best talent is critical to our success and achievement of our strategic objectives. Our voluntary attrition rate was approximately 8% during fiscal year 2020, which is lower than our historical attrition rate. This lower attrition rate is in part due to the COVID-19 pandemic, which we believe has led to fewer people leaving their jobs during 2020.

We encourage you to review our Sustainability Report under the headings “Talent” and “Social Equality” for more detailed information regarding our human capital programs and initiatives. Nothing in our Sustainability Report shall be deemed incorporated by reference into this Annual Report on Form 10-K.

Leadership and Governance

Our Executive Vice President and Chief People Officer is responsible for developing and executing the company’s human capital strategy. This includes directing our global policies and programs for leadership and talent development, compensation, benefits, staffing and workforce planning, human resources systems, skills training and organizational development, workplace strategies, and global sourcing and indirect procurement, and ensuring effective and efficient internal company operations. Our Chief People Officer is responsible for developing and integrating our diversity, inclusion and belonging priorities and strategy, and we have a dedicated team of people with executive leadership participation to implement such strategies.

Our Compensation Committee oversees our company-wide compensation programs and practices, and our Chief Executive Officer and President and Chief People Officer regularly update our Board of Directors and the Compensation Committee on human capital matters.

Compensation and Benefits

Our team is global, and we offer competitive and meaningful compensation and benefits programs that meet the diverse needs of our employees, while also reflecting local market practices. In addition to competitive salaries and bonuses, we offer a robust employment total rewards package that promotes employee well-being and includes retirement planning, health care, extended parental leave, paid time off, and appreciation events for employees. For example, we offer paid leave of up to 18 weeks for all new parents (moms, dads and partners) to care for a newborn or newly adopted child. This paid leave is in addition to the nine paid holidays and other paid time-off from Citrix for family-focused time.

Equity-based compensation is also a key component in attracting, retaining and motivating our employees. We grant equity-based compensation to a significant portion of our employees. We also provide the opportunity for equity ownership through our employee stock purchase plan.

Additionally, we offer benefits to support our employees’ physical and mental health by providing tools and resources to help them improve or maintain their health and encourage healthy behaviors.

Growth, Development and Engagement

At Citrix, we have a strong focus on career development and building the capabilities of our team members. We invest in our employees by offering a wide range of development opportunities that promote learning and growth, including five highly interactive core leadership programs geared towards different career stages, various mentoring and coaching programs, a large library of on-demand, virtual and in-person courses that support professional and technical skills development and our tuition reimbursement program. We also believe in building organizational capability through practicing a growth mindset and continuously listening to our employees in order to create desirable employee experiences. We survey our employees frequently, providing managers and teams with highly actionable data that allows us to focus on making improvements in areas that have the largest impact on engagement and team success.

Diversity, Inclusion and Belonging

Diversity, inclusion and belonging have long been a part of our culture, and we work to continually expand our diversity, inclusion and belonging initiatives. We have an employee-run committee focused on diversity, inclusion and belonging initiatives, and our diversity, inclusion and belonging initiatives are supported by our executive leadership team. For example, we recently expanded global parental leave benefits, gender pay equity initiatives and diversity-focused scholarships and programs to support underrepresented minorities, veterans and disabled workers. In 2019, we launched "Cultivating a Culture of Belonging" for our employees, a learning series to explore our own identities, share best practices and offer support as we champion inclusiveness and belonging across the enterprise. The program helps employees encourage an inclusive work environment and learn which factors foster diversity in the workplace.

Our employee resource groups (ERGs) support underrepresented groups of employees and are an important component of our diversity, inclusion and belonging efforts, addressing topics like career development, mentoring, recruiting and interviewing candidates, advocacy and networking. As of December 31, 2020, we had ten ERGs with 29 chapters across nine offices in seven countries.

Also, in 2020, we launched a racial equity strategy with the objectives of supporting black students and businesses, modifying our people processes to promote racial equity, transparently sharing data as we progress on our journey, and personal learning about systemic racism. We are committed to listening, learning, and making sustainable change to stand against racism, bias and violence.

COVID-19 Response

During the COVID-19 pandemic, our primary focus has been on the safety and well-being of our employees and their families. A large majority of our workforce worked remotely and successfully throughout most of 2020. For offices that re-opened, we leveraged the advice and recommendations of medical experts to implement new protocols to ensure the safety of our employees, including face coverings, temperature checks, health certifications, social distancing and capacity limits. We supported our employees through programs and benefits provided throughout the year, pivoting all of our people programs and practices to enable business continuity in the current environment. For example, we provided a $1,000 stipend to all employees, globally, below the vice president level to support them as they transitioned to a work-from-home environment. We also extended paid time-off and sick leave benefits for employees directly impacted by COVID-19.

Importantly, our response to the COVID-19 pandemic reflects our belief that work is a measure of output and accomplishment—not a place—and flexible work means people are most productive when they match their work environment to the outcomes they are trying to deliver. Our success in implementing this work philosophy during the pandemic has driven an evolution in our flexible work approach. Starting in 2021, time in the office will no longer be prescribed, and individuals and teams are empowered to determine how they work best, based on their role, while being accountable for achieving individual and team outcomes.

Available Information

Our Internet address is http://www.citrix.com. We make available, free of charge, on or through our website our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act as soon as reasonably practicable after such material is electronically filed with or furnished to the Securities and Exchange Commission. The information on our website is not part of this Annual Report on Form 10-K for the year ended December 31, 2020.

ITEM 1A. *RISK FACTORS*

RISKS RELATED TO OUR BUSINESS AND INDUSTRY

The expansion of cloud-based solutions (as opposed to traditional on-premises delivery of our products) and our efforts to transition our customers from on-premise to the cloud, including the pace of that transition, has and will introduce a number of risks and uncertainties unique to such a shift in delivery, which could adversely affect our business, results of operations and financial condition.

Expansion of our cloud-based solutions has required, and may continue to require, a considerable investment in resources, including technical, financial, legal, sales, information technology and operational systems. Additionally, market acceptance of such offerings is affected by a variety of factors, including but not limited to: security, service availability, reliability, availability of tools to automate cloud migration, scalability, integration with public cloud platforms, customization, availability of qualified third-party service providers to assist customers in transitioning to our cloud-based solutions, performance, current license terms, customer preference, customer concerns with entrusting a third party to store and manage their data, public concerns regarding privacy and the enactment of restrictive laws or regulations.

We may not meet our financial and strategic objectives if the pace that our customers transition to cloud-based solutions is slower than predicted. For instance, the transition of customers from our on-premises subscriptions to cloud-based offerings did not progress during the first half of 2020 at the rate we had anticipated at the beginning of the year, as many of our customers chose our on-premises subscriptions rather than migrating their Citrix Workspace deployments to our cloud-based offerings. To address the challenges in transitioning our customers to the cloud, we continue to invest in innovation and feature development, simplified cloud migration, and performance and reliability, as well as other cloud customer success and sales initiatives. There can be no assurance, however, that these initiatives will result in an increase in the transition of our customers from on-premises to our cloud-based solutions. If we are unable to transition our customers to cloud-based solutions at the pace we expect, we may experience a negative impact on our overall financial performance.

In addition, our cloud-based solutions are primarily operated through third-party cloud service providers, which we do not control and which may be subject to actual or perceived damage, interruption, vulnerabilities and other cyber-related risks. Customers of our cloud-based solutions need to be able to access our platform at any time, without interruption or degradation of performance, and we provide them with service level commitments with respect to uptime. Third-party cloud providers run their own platforms that we access, and therefore, we are, vulnerable to their service interruptions. We may experience interruptions, delays and outages in service and availability from time to time as a result of problems with our third-party cloud providers' infrastructure. Lack of availability of this infrastructure could be due to a number of potential causes including technical failures, natural disasters, fraud or security attacks that we cannot predict or prevent. Such outages could lead to the triggering of our service level agreements and the issuance of credits to our cloud offering customers, which may impact our business, results of operations and financial condition. In addition, if our security, or that of any of these third-party cloud providers, is compromised, our software is unavailable or our customers are unable to use our software within a reasonable amount of time or at all, then our business, results of operations and financial condition could be adversely affected. In some instances, we may not be able to identify the cause or causes of these performance problems within a period of time acceptable to our customers. It is possible that our customers and potential customers would hold us accountable for any breach of security affecting a third-party cloud provider's infrastructure and we may incur significant liability from those customers and from third parties with respect to any breach affecting these systems. We may not be able to recover a material portion of our liabilities to our customers and third parties from a third-party cloud provider. It may also become increasingly difficult to maintain and improve our performance, especially during peak usage times, as our software becomes more complex and the usage of our software increases.

Our cloud-based solutions provide customers with increased visibility into the level of active use of such solutions by the customers' employees or other end users. This enhanced visibility may adversely impact renewal rates, if enough users in a customer organization do not actively engage with our solutions.

In addition, the pace of adoption by our customers of cloud-based solutions as opposed to on-premises delivery of our products has and will introduce a number of risks unique to such a shift, including:

- we may not be able to meet customer demand or solution requirements for cloud-based solutions;
- we may incur costs at a higher than forecasted rate as we expand our cloud-based solutions thereby decreasing our gross margins;
- we may encounter customer concerns regarding changes to pricing, service availability, and security; and
- we may experience unpredictability in revenue as a result of usage fluctuations within our cloud service provider business.

Further, the success in transitioning our customers to our cloud-based solutions is dependent on our ability to effectively align, prioritize and allocate our engineering and other resources to balance the needs of maintaining our existing products, while also innovating in future products and features, and ensuring security and resiliency.

Any of the above circumstances or events may harm our business, results of operations and financial condition.

Our multi-year transition from a perpetual licenses to a subscription-based business model is subject to numerous risks and uncertainties which could have a negative impact on our business, results of operations and financial condition.

We have been transitioning to a subscription-based business model over the past several years. We discontinued broad availability of perpetual licenses for Citrix Workspace in October 2020 and a large portion of our new business has transitioned to the subscription-based model. We offer our customers the option to acquire new Citrix Workspace licenses in the form of an on-premises subscription or cloud-based subscriptions. However, we will continue to support and renew existing maintenance contracts for the foreseeable future.

As we continue to transition our customers from perpetual licenses to subscriptions, we expect an impact on the timing of revenue recognition and potential reductions in operating margin and cash flows. Because subscription revenue related to our cloud-based solutions is typically recognized over time, we expect to continue to experience a near-term reduction in revenue and revenue growth as more customers move away from perpetual licenses to subscriptions. We also expect the mix shift within our App Delivery and Security business away from hardware towards software-based solutions will create pressure on reported App Delivery and Security revenue over time.

Further, while many of our subscription-based offerings involve multi-year commitments, ultimately our subscription customers may decide not to renew their subscriptions for our solutions after the expiration of the subscription term, or to renew only for a portion of our solutions or on pricing terms that are less favorable to us. Our customers' renewal rates may decline, fluctuate, or not improve as a result of a number of factors, including their level of satisfaction with our solutions, their ability to continue their operations and spending levels, the pricing of our solutions and the availability of competing solutions. If our customers do not renew their subscriptions for our solutions, demand pricing or other concessions prior to renewal, or if our renewal rates fluctuate or decline, our total bookings and revenue will fluctuate or decline, and our business and financial results will be negatively affected.

In addition, the metrics we use to gauge the status of our business may evolve over the course of the transition as significant trends emerge. For example, we began reporting annualized recurring revenue in the second quarter of 2019 as a key performance indicator of the health and trajectory of our business. We believe that annualized recurring revenue represents the pace of our transition and serves as a leading indicator of revenue trends. Further, we continue to evaluate the metrics and key performance indicators that we use to measure our business internally and those that we provide as external disclosures, and there can be no guarantees that the metrics and key performance indicators that we use internally or disclose externally will prove successful in helping us manage our business or understand important trends. The transition to a subscription-based business model also means that our historical results, especially those achieved before we began the transition, may be difficult to compare to our future results. As a result, investors and financial analysts may have difficulty understanding the shift in our business model, resulting in changes in financial estimates or failure to meet investor expectations. Moreover, we forecast our future revenue and operating results and provide financial projections based on a number of assumptions, including a forecasted rate of subscription bookings, as well as the mix within subscription of on-premise versus cloud. If any of our assumptions about our business model transition or the estimated mix within subscription of on-premise versus cloud are incorrect, our revenue and operating results may be impacted and could vary materially from those we provide as guidance or from those anticipated by investors and analysts. If we are unable to navigate our transition in light of the foregoing risks and uncertainties, our business, results of operations and financial condition could be negatively impacted.

A significant portion of our revenues historically has come from our Application Virtualization and VDI solutions and our App Delivery and Security products, and decreases in sales for these solutions could adversely affect our results of operations and financial condition.

A significant portion of our revenues has historically come from our Application Virtualization and VDI solutions and App Delivery and Security products. We continue to anticipate that sales of these solutions and products and related enhancements and upgrades will constitute a majority of our revenue for the near future. Declines and variability in sales of certain of these solutions and products could occur as a result of:

- new competitive product releases and updates to existing products delivered as on premises solutions, especially cloud-based products;
- industry trend to focus on the secure delivery of applications on mobile devices;
- introduction of new or alternative technologies, products or service offerings by third parties;

- termination or reduction of our product offerings and enhancements;
- potential market saturation;
- failure to enter new markets;
- price and product competition resulting from rapid and frequent technological changes and customer needs;
- general economic conditions;
- complexities and cost in implementation;
- failure to deliver satisfactory technical support;
- failure of our technology to advance our customers' energy efficiency and greenhouse gas emissions goals;
- dissatisfied customers; or
- lack of commercial success of our technology relationships.

We have experienced increased competition in the Application Virtualization and VDI business from directly competing solutions, alternative products and products on new platforms. For example, AWS and VMware both provide offerings that compete with our solutions, among numerous other competitors. Also, there continues to be an increase in the number of alternatives to Windows operating system powered desktops, in particular mobile devices such as Chromebooks, smartphones and tablets. Users may increasingly turn to these devices to perform functions that would have been traditionally performed on desktops and laptops, which in turn may reduce the market for our Application Virtualization and VDI solutions. Further, increased use of certain SaaS applications may result in customers relying less on Windows applications. If sales of our Application Virtualization and VDI solutions decline as a result of these or other factors, our revenue would decrease and our results of operations and financial condition would be adversely affected.

Similarly, we have experienced increased competition for our App Delivery and Security products, including our core Citrix ADC solution. For example, there are an increasing number of alternatives to traditional ADC hardware solutions, enabling our customers to build internal solutions, rely on open source technology or leverage software and cloud-based offerings. In addition, our App Delivery and Security business generates a substantial portion of its revenues from a limited number of customers with uneven and declining purchasing patterns. As a result, the potential for declining sales within our App Delivery and Security business may not be offset by gains in our other businesses, which could result in our operations and financial condition being adversely affected.

If our Workspace strategy is not successful in addressing our customers' evolving needs beyond traditional Application Virtualization and VDI solutions or we face substantial technological or implementation challenges with our Workspace offerings, we may be unable to expand our user base and our financial performance could be adversely impacted.

Our success depends on customer and user adoption of our newer products and services. Increased adoption will depend on our ability to deliver a Workspace platform that provides value and use cases beyond traditional Application Virtualization and VDI solutions. The market for solutions that meet our customers' needs in accessing and organizing their work in a secure way is evolving and dynamic.

Further, our growth strategy with respect to our Workspace offerings includes expanding the use of our platform through integrations with a variety of network, hardware and software systems, including human resource information and enterprise resource planning and customer relationship management systems, including through the interaction of application programming interfaces (APIs). While we have established relationships with providers of complementary technology offerings and software integrations, we may be unsuccessful in maintaining relationships with these providers or establishing relationships with new providers. Third-party providers of complementary technology offerings and software integrations may decline to enter into, or may later terminate, relationships with us; change their features or platforms; restrict our access to their applications and platforms; or alter the terms governing use of and access to their applications and APIs in an adverse manner. Such changes could functionally limit or terminate our ability to use these third-party technology offerings and software integrations with our platform, which could negatively impact our offerings and harm our business. Further, we recently have undertaken efforts to build a developer community around our Workspace platform. However, our developer community is new and it remains unclear if it will successfully generate third-party developer interest in creating new integrations or additional uses for our services.

Delivering our new solutions and our Workspace vision presents technological and implementation challenges, and may fail to meet our customers' needs. Significant investments continue to be required to develop or acquire solutions to address those challenges. To the extent that our newer products and services are adopted more slowly or are displaced by competitive solutions offered by other companies, our revenue growth rates may slow materially or our revenue may decline substantially, we may fail to realize returns on our investments in new initiatives and our operating results could be materially adversely affected.

We face intense competition, which could result in customer loss, fewer customer orders and reduced revenues and margins.

We sell our solutions and services in intensely competitive markets. Some of our competitors and potential competitors have significantly greater financial, technical, sales and marketing and other resources than we do. We compete based on our ability to offer to our customers the most current and desired solution and services features. We expect that competition will continue to be intense, and there is a risk that our competitors' products may be less costly, more heavily discounted or free, provide better performance or include additional features when compared to our solutions. Additionally, there is a risk that our solutions may become outdated or that our market share may erode. Further, the announcement of the release, and the actual release, of new solutions incorporating similar features to our solutions could cause our existing and potential customers to postpone or cancel plans to license certain of our existing and future solution and service offerings. Existing or new solutions and services that provide alternatives to our solutions and services could materially impact our ability to compete in these markets. As the markets for our solutions and services, especially those solutions in early stages of development, continue to develop, additional companies, including companies with significant market presence in the computer hardware, software, cloud, networking, mobile, data sharing and related industries, could enter, or increase their footprint in, the markets in which we compete and further intensify competition. In addition, we believe price competition will remain a significant competitive factor in the future. As a result, we may not be able to maintain our historic prices and margins, which could adversely affect our business, results of operations and financial condition.

We expect to continue to face additional competition as new participants enter our markets and as our current competitors seek to increase market share. Further, we may see new and increased competition in different geographic regions. The generally low barriers to entry in certain of our businesses increase the potential for challenges from new industry competitors, whether small and medium-sized businesses or larger, more established companies. Smaller companies new to our market may have more flexibility to develop on more agile platforms and have greater ability to adapt their strategies and cost structures, which may give them a competitive advantage with our current or prospective customers. We may also experience increased competition from new types of solutions as the options for Workspace and App Delivery and Security offerings increase. Further, as our industry evolves and if our company grows, companies with which we have strategic alliances may become competitors in other product areas, or our current competitors may enter into new strategic relationships with new or existing competitors, all of which may further increase the competitive pressures we face.

In addition, the industry has been volatile and there has been a trend toward industry consolidation in our markets for several years. We expect companies will attempt to strengthen or hold their market positions in an evolving and volatile industry. For example, some of our competitors have made acquisitions or entered into partnerships or other strategic relationships to offer a more comprehensive solution than they had previously offered. Additionally, as IT companies attempt to strengthen or maintain their market positions in the evolving digital workspace services, networking and data sharing markets, these companies continue to seek to deliver comprehensive IT solutions to end users and combine enterprise-level hardware and software solutions that may compete with our Workspace and App Delivery and Security solutions. These consolidators or potential consolidators may have significantly greater financial, technical and other resources and brand loyalty than we do, and may be better positioned to acquire and offer complementary solutions and services. The companies resulting from these possible combinations may create more compelling solution and service offerings and be able to offer greater pricing flexibility or sales and marketing support for such offerings than we can. These heightened competitive pressures could result in a loss of customers or a reduction in our revenues or revenue growth rates, all of which could adversely affect our business, results of operations and financial condition.

Refer to Part I, Item 1 "Business" included in this Annual Report on Form 10-K for the year ended December 31, 2020 for a description of our competition.

Actual or perceived security vulnerabilities in our products and services or cyberattacks on our services infrastructure or corporate networks could have a material adverse impact on our business, results of operations and financial condition.

Use of our products and services has and may involve the transmission and/or storage of data, including in certain instances our own and our customers' and other parties' business, financial and personal data. As we continue to evolve our products and features, we expect to host, transmit or otherwise have access to increasing amounts of potentially sensitive data. For example, we have recently added, and expect to continue to add, intelligence features to our Workspace offering that involve connections into a customer's systems and applications, including enterprise resource planning and human resource management tools. Maintaining the security of our products, computer networks and data storage resources is important and service vulnerabilities could result in loss of and/or unauthorized access to confidential information. We have in the past, and may in the future, discover vulnerabilities in our products or underlying technology, which could expose our reputation, our operations and our customers to risk. In addition, to the extent we are diverting our resources to address and mitigate these vulnerabilities, it may hinder our ability to deliver and support our products and customers in a timely manner. For example, in December 2019, we discovered a vulnerability in our Citrix Application Delivery Controller, Citrix Gateway and certain deployments of Citrix SD-WAN that would have allowed an unauthenticated attacker to perform arbitrary code execution. In response, we published a security advisory with detailed mitigations designed to stop a potential attack across all known scenarios and also developed and made available fixes to address this vulnerability, and such efforts required significant investment of resources across the company.

As a more general matter, unauthorized parties may attempt to misappropriate, alter, disclose, delete or otherwise compromise our confidential information or that of our employees, partners, customers or their end users, create system disruptions, product or service vulnerabilities or cause shutdowns. These unauthorized parties are becoming increasingly sophisticated, particularly those funded by or acting as formal or informal representatives of, or acting in conjunction with, nation states. Perpetrators of cyberattacks also may be able to develop and deploy viruses, worms, malware and other malicious software programs that directly or indirectly attack our products, services, infrastructure (including third-party cloud service providers - such as Microsoft Azure, AWS and Google Cloud Platform - upon which we rely), third-party software and applications that we deploy in our internal network. Because techniques used by these perpetrators to sabotage or obtain unauthorized access to our systems change frequently and sometimes are not recognized until long after being launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. Despite our efforts to build secure services, we can make no assurance that we will be able to detect, prevent, timely and adequately address, or mitigate the negative effects of cyberattacks or other security compromises. Like many enterprises, we experience attempted attacks on our network and services, and certain of those attacks have resulted in successful unauthorized access to our networks and services, including a “password spraying” attack in 2019 and a “credential stuffing” attack in 2018.

These misappropriations, cyberattacks or any other compromises of our security measures (or those of one of our customers) as a result of third-party action, malware, employee error, vulnerabilities, theft, malfeasance or otherwise could result in (among other consequences):

- loss or destruction of customer, employee, partner and other Citrix intellectual property or business data;
- disruptions in the operation of our business, such as interruption in the delivery of our cloud and other services;
- costs associated with investigating, responding to and remediating the root cause, including additional monitoring of systems for unauthorized activity;
- negative publicity and harm to our reputation or brand, which could result in lost trust from our customers, partners and employees and could lead some customers to seek to cancel subscriptions, stop using certain of our products or services, reduce or delay future purchases of our products or services, or use competing products or services;
- individual and/or class action lawsuits, due to, among other things, the compromise of sensitive employee or customer information, which could result in financial judgments against us or the payment of settlement amounts and cause us to incur legal fees and costs;
- regulatory enforcement action in the United States at both the federal and state level (such as by the Federal Trade Commission and/or state attorneys general) or globally under the growing number of data protection legal regimes, including without limitation the General Data Protection Regulation, or GDPR, and the California Consumer Privacy Act, or CCPA, or other similar federal, state or local laws, which could result in significant fines and/or penalties or other sanctions and which would cause us to incur legal fees and costs;
- costs associated with responding to those impacted by such issues, such as: costs of providing data owners, consumers or others with notice; legal fees; costs of any additional fraud detection activities required by such customers' credit card issuers; and costs incurred by credit card issuers associated with the compromise;
- disputes with our insurance carriers concerning coverage for the costs associated with responding to, and mitigating an incident; and/or
- longer-term remediation and security enhancement expenses.

Any of these actions could materially and adversely impact our business, results of operations and financial condition. Further, while we maintain multiple layers of oversight over enterprise cybersecurity and data protection risks associated with our products, services, information technology infrastructure and related operations – including our management-level cybersecurity risk oversight committee comprised of senior executives across core functions, as well as our Technology, Data and Information Security Committee of the Board – there is no guarantee that this oversight framework will be successful in providing the necessary governance to prevent or adequately respond to the actions described above.

The effects of the COVID-19 pandemic are uncertain and could adversely affect our business, results of operations, financial condition and cash flows, and such effects will depend on future developments.

The COVID-19 pandemic has created significant worldwide uncertainty, volatility and economic disruption. The ultimate impact of the COVID-19 pandemic on our business, results of operations, financial condition and cash flows is dependent on future developments, including the duration of the pandemic, the severity of the disease and outbreak, the impact of new strains of the virus, effectiveness and availability of a vaccine, future and ongoing actions that may be taken by governmental authorities, the impact on the businesses of our customers and partners, and the length of its impact on the global economy, which are uncertain and are difficult to predict at this time. The potential effects of the COVID-19 pandemic, each of which could adversely affect our business, results of operations, financial condition and cash flows, include:

- the rate of IT spending and the ability of our customers to purchase our offerings could be adversely impacted. Further, the impact of the COVID-19 pandemic could delay prospective customers' purchasing decisions and cause them to become less inclined to trade-up from existing solutions, impact customers' pricing expectations for our offerings, lengthen payment terms, reduce the value or duration of their subscription contracts, or adversely impact renewal rates;
- we could experience disruptions in our operations as a result of continued office closures, risks associated with our employees working remotely, a significant portion of our workforce suffering illness and travel restrictions. Starting in early 2020, we temporarily closed Citrix offices, instituted a global remote work mandate and instituted significant travel restrictions. While we have begun to re-open some of our offices, the vast majority of our employees continue to work remotely and for our offices that have begun to re-open, we have implemented significant new safety protocols, which may limit the effectiveness and productivity of our employees;
- we may be unable to collect amounts due on billed and unbilled revenue if our customers or partners delay payment or fail to pay us under the terms of our agreements as a result of the impact of the COVID-19 pandemic on their businesses, including their seeking bankruptcy protection or other similar relief. As a result, our cash flows could be adversely impacted, which could affect our ability to fund future product development and acquisitions or return capital to shareholders. Further, our ability to obtain outside financing or raise additional capital may be limited as a result of volatility in the financial markets during and following the COVID-19 pandemic;
- if we do not generate sufficient cash flow or our financial condition deteriorates, we may be unable to service our debt arrangements or comply with the covenants set forth in our debt arrangements;
- we may experience disruptions or delays to our supply chain or fulfillment and delivery operations as a result of the COVID-19 pandemic. For example, we rely on a concentrated number of third-party suppliers and delivery vendors for our App Delivery and Security products, and may experience disruptions from the temporary closure of third-party supplier and manufacturer facilities, interruptions in product supply, restrictions on export or shipment or disruptions in product fulfillment due to closure or delays of our delivery vendors;
- our marketing effectiveness and demand generation efforts may be impacted due to the cancelling of customer events or shifting events to virtual-only experiences. For example, we made the decision to replace our largest annual customer and partner event, Synergy, with a series of virtual-only events. We may need to postpone or cancel other customer, employee or industry events or other marketing initiatives in the future;
- our business is dependent on attracting and retaining highly skilled employees, and our ability to attract and retain such employees may be adversely impacted by intensified restrictions on travel, immigration, or the availability of work visas during the COVID-19 pandemic;
- increased cyber incidents during the COVID-19 pandemic and our increased reliance on a remote workforce could increase our exposure to potential cybersecurity breaches and attacks; and/or
- our results of operations are subject to fluctuations in foreign currency exchange rates, which risks may be heightened due to increased volatility of foreign currency exchange rates as a result of COVID-19.

Further, our forecasted revenue, operating results and cash flows could vary materially from those we provide as guidance or from those anticipated by investors and analysts if the assumptions on which we base our financial projections are inaccurate as a result of the unpredictability of the impact that the COVID-19 pandemic will have on our businesses, our customers' and partners' businesses and the global markets and economy or we make changes to our licensing programs or payment terms in connection with COVID-19. For example, we experienced increased demand for our solutions in the first half of 2020 primarily as a result of our decision to make limited use Workspace licenses of Citrix Workspace available in the form of shorter-duration, discounted on-premises term offerings in response to the COVID-19 pandemic. However, the transition of customers from on-premises subscriptions to cloud-based offerings did not progress during the first half of 2020 at the rate we had anticipated at the beginning of the year, as many of our customers chose on-premises subscriptions rather than migrating their Citrix Workspace deployments to cloud-based subscriptions, which we believe was primarily a consequence of our customers' priorities in light of the early phases of the pandemic. While this global health crisis may cause companies and their employees to change the way they think about remote work over the longer-term, demand for our products may decrease as a vaccine becomes widely available and social distancing restrictions abate. As a result, the revenue growth of any prior quarterly or annual period is not an indication of our future performance.

In the aftermath of the pandemic, we are preparing for the likelihood that an increasing number of our employees may continue to work remotely, and may not require physical office space in order to perform their work. If so, we may reduce our physical office space requirements resulting in the possibility of additional near-term expense and accounting charges.

To the extent the COVID-19 pandemic adversely affects our business, results of operations, financial condition and cash flows, it may also heighten many of the other risks described in this “Risk Factor” Section.

Our business could be adversely impacted by conditions affecting the information technology market in which we operate.

The markets for our solutions and services are characterized by:

- rapid technological change;
- evolving industry standards;
- fluctuations in customer demand;
- changing customer business models and increasingly sophisticated customer needs; and
- frequent new solution and service introductions and enhancements.

The demand for our solutions and services depends substantially upon the general demand for business-related computer appliances and software, which fluctuates based on numerous factors, including capital spending levels, the spending levels and growth of our current and prospective customers, and general economic conditions. As we continue to grow our subscription service offerings, we must continue to innovate and develop new solutions and features to meet changing customer needs. Our failure to respond quickly to technological developments or customers’ increasing technological requirements could lower the demand for any solutions and services and/or make our solutions uncompetitive and obsolete. Moreover, the purchase of our solutions and services is often discretionary and may involve a significant commitment of capital and other resources. We need to continue to develop our skills, tools and capabilities to capitalize on existing and emerging technologies, which will require us to devote significant resources.

U.S. economic forecasts for the IT sector are uncertain and continue to highlight an industry in transition from legacy platforms to mobile, cloud, data analytics and social solutions. If our current and prospective customers cut costs, they may significantly reduce their IT expenditures. Additionally, if our current and prospective customers shift their IT spending more rapidly towards newer technologies and solutions as mobile, cloud, data analytics and social platforms evolve, the demand for our solutions and services most aligned with legacy platforms (such as our desktop virtualization solutions) could decrease. Fluctuations in the demand for our solutions and services could have a material adverse effect on our business, results of operations and financial condition.

Regulation of privacy and data security may adversely affect sales of our products and services and result in increased compliance costs.

There has been, and we believe that there will continue to be, increased regulation with respect to the collection, use and handling of personal, financial, government and other information. An increasing number of regulatory authorities in the United States and around the world have recently passed or are currently considering a number of legislative and regulatory proposals concerning data protection, privacy and data security. This includes the California Consumer Privacy Act, or CCPA, which came into effect in January 2020, the GDPR, which is a European Union-wide legal framework to govern data collection, use and sharing and related consumer privacy rights that became effective in May 2018, and the U.S. Department of Defense Cybersecurity Maturity Model Certification framework. The CCPA provides for civil penalties for violations, as well as a private right of action for data breaches that may increase data breach litigation. The GDPR provides significant penalties for non-compliance (up to 4% of global revenue). European data protection authorities have already imposed fines for GDPR violations up to, in some cases, hundreds of millions of Euros. Many states in the United States are also considering their own privacy laws that, in the absence of a preemptive Federal privacy law, could impose burdensome and conflicting requirements. The interpretation and application of consumer and data protection laws, as well as cybersecurity requirements, and industry standards in the United States, Europe and elsewhere can be uncertain and currently is in flux. Cloud-based solutions may be subject to further regulation, including data localization requirements and other restrictions concerning international transfer of data, the operational and cost impact of which cannot be fully known at this time. In addition to the possibility of fines, application of these existing laws in a manner inconsistent with our data and privacy practices could result in an order requiring that we change our data and privacy practices, which could have an adverse effect on our business and results of operations. Complying with these various laws could cause us to incur substantial implementation and compliance costs and/or require us to change our business practices in a manner adverse to our business. Also, any new law or regulation, or interpretation of existing law or regulation, imposing greater fees or taxes or restriction on the collection, use or transfer of information or data internationally or over the Web, could result in a decline in the use and adversely affect sales of our solutions and our results of operations. Finally, as a technology vendor, our customers and regulators will expect that we can demonstrate compliance with current data privacy and security regulations as well as our privacy policies and the information we make available to our customers and the public about our data handling practices, and our inability to do so may adversely impact sales of our solutions and services to certain customers, particularly customers in highly-regulated industries, and could result in regulatory actions, fines, legal proceedings and negatively impact our brand, reputation and our business.

Our solutions could contain errors that could delay the release of new products or otherwise adversely impact our products and services.

Despite significant testing by us and by current and potential customers, our products and services, especially new products and services or releases or acquired products or services, do contain errors or "bugs". In some cases, these errors are not discovered until after commercial shipments or deployments have been made. Errors in our products or services could delay the development or release of new products or services and could adversely affect market acceptance of our products and services. Additionally, our products and services use, integrate with and otherwise depend on third-party products, which third-party products could contain defects and could reduce the performance of our products or render them useless. Because our products and services are often used in mission-critical applications, errors in our products or services or the products or services of third parties upon which our products or services rely could give rise to warranty or other claims by our customers, which could have a material adverse effect on our business, financial condition and results of operations.

Certain of our offerings have sales cycles which are long and/or unpredictable which could cause significant variability and unpredictability in our revenue and operating results for any particular period.

Generally, a substantial portion of our large and medium-sized customers implement our solutions on a departmental or enterprise-wide basis. We have a long sales cycle for these departmental or enterprise-wide sales because:

- our sales force generally needs to explain and demonstrate the benefits of a large-scale deployment of our solution to potential and existing customers prior to sale;
- our service personnel typically spend a significant amount of time assisting potential customers in their testing and evaluation of our solutions and services;
- our customers are typically large and medium-sized organizations that carefully research their technology needs and the many potential projects prior to making capital expenditures for software infrastructure; and
- before making a purchase, our potential customers usually must get approvals from various levels of decision makers within their organizations, and this process can be lengthy.

Our long sales cycle for these solutions makes it difficult to predict when these sales will occur, and we may not be able to sustain these sales on a predictable basis. In addition, the long sales cycle for these solutions makes it difficult to predict the quarter in which sales will occur. Delays in sales could cause significant variability in our bookings, revenue and/or operating results for any particular period, and large projects with significant IT components may fail to meet our customers' business requirements or be canceled before delivery, which likewise could adversely affect our revenue and operating results for any particular period.

Overall, the timing of our revenue is difficult to predict. Our quarterly sales have historically reflected an uneven pattern in which a disproportionate percentage of a quarter's total sales occur in the last month, weeks and days of each quarter. In addition, our business is subject to seasonal fluctuations and such fluctuations are generally most significant in our fourth fiscal quarter, which we believe is due to the impact on revenue from the availability (or lack thereof) in our customers' fiscal year budgets and an increase in expenses resulting from amounts paid pursuant to our sales compensation plans as performance milestones are often triggered in the fourth quarter. We believe that these seasonal factors are common within our industry. In addition, our European operations generally generate lower sales in the summer months because of the generally reduced economic activity in Europe during the summer.

Changes to our licensing or subscription renewal programs, or bundling of our solutions, could negatively impact the timing of our recognition of revenue.

We continually re-evaluate our licensing programs and subscription renewal programs, including specific license models, delivery methods, and terms and conditions, to market our current and future solutions and services. We could implement new licensing programs and subscription renewal programs, including promotional trade-up programs or offering specified enhancements to our current and future solution and service lines. Such changes could result in deferring revenue recognition until the specified enhancement is delivered or at the end of the contract term as opposed to upon the initial shipment or licensing of our software solution. We could implement different licensing models in certain circumstances, for which we would recognize licensing fees over a longer period, including offering additional solutions in a SaaS model. Changes to our licensing programs and subscription renewal programs, including the timing of the release of enhancements, upgrades, maintenance releases, the term of the contract, discounts, promotions, auto-renewals and other factors, could impact the timing of the recognition of revenue for our solutions, related enhancements and services and could adversely affect our operating results and financial condition.

Sales and renewals of our support solutions constitute a large portion of our deferred revenue.

We anticipate that sales and renewals of our support solutions will continue to constitute a substantial portion of our deferred revenue. Our ability to continue to generate both recognized and deferred revenue from our support solutions will depend on our customers continuing to perceive value in automatic delivery of our software upgrades and enhancements. The discontinued broad availability of perpetual licenses for Citrix Workspace in October 2020 resulted in the loss of future opportunities to sell support solutions. Additionally, a decrease in demand for our support solutions could occur as a result of a decrease in demand for our Workspace and App Delivery and Security solutions or transition to our subscription-based solutions. If our customers do not continue to purchase our support solutions, our deferred revenue would decrease significantly and our results of operations and financial condition would be adversely affected.

We rely on indirect distribution channels and major distributors that we do not control.

We rely significantly on independent distributors and resellers to market and distribute our solutions and services. Our distributors generally sell through resellers. Our distributor and reseller base is relatively concentrated. We maintain and periodically revise our sales incentive programs for our independent distributors and resellers, and such program revisions may adversely impact our results of operations. Changes to our sales incentive programs can result from a number of factors, including our transition to a subscription-based business model. Our competitors may in some cases be effective in providing incentives to current or potential distributors and resellers to favor their products or to prevent or reduce sales of our solutions. The loss of or reduction in sales to our distributors or resellers could materially reduce our revenues. Further, we could maintain individually significant accounts receivable balances with certain distributors. The financial condition of our distributors could deteriorate and distributors could significantly delay or default on their payment obligations. Any significant delays, defaults or terminations could have a material adverse effect on our business, results of operations and financial condition.

We are in the process of diversifying our base of channel relationships by adding and training more channel partners with abilities to reach larger enterprise customers and additional mid-market customers and to sell our newer solutions and services. We are also in the process of building relationships with new types of channel partners, such as systems integrators and service providers. In addition to this diversification of our partner base, we will need to maintain a healthy mix of channel members who service smaller customers. We may need to add and remove distribution partners to maintain customer satisfaction, support a steady adoption rate of our solutions, and align with our transition to a subscription-based business model, which could increase our operating expenses, credit risk, and adversely impact our go-to-market effectiveness. In addition, our newer Workspace offerings may require additional technical capabilities to efficiently implement our solutions, and there is no guarantee we will be able to find a sufficient number of capable partners who can support these efforts. We also bear the risk that our existing or newer channel partners will fail to comply with US or international anti-corruption or anti-competition laws, in which case we might be fined or otherwise penalized as a result of the agency relationship with such partners. We are currently investing, and intend to continue to invest, significant resources to develop these channel relationships, which could adversely impact our results of operations if such channels do not result in increased revenues.

Our App Delivery and Security business could suffer if there are any interruptions or delays in the supply of hardware or hardware components from our third-party sources.

We rely on a concentrated number of third-party suppliers, who provide hardware or hardware components for our App Delivery and Security products, and contract manufacturers. If we are required to change suppliers, there could be a delay in the supply of our hardware or hardware components and our ability to meet the demands of our customers could be adversely affected, which could cause the loss of App Delivery and Security sales and existing or potential customers and delayed revenue recognition all of which could adversely affect our results of operations. While we have not, to date, experienced any material difficulties or delays in the manufacture and assembly of our App Delivery and Security products, our suppliers may encounter problems during manufacturing due to a variety of reasons, including failure to follow specific protocols and procedures, failure to comply with applicable regulations, or the need to implement costly or time-consuming protocols to comply with applicable regulations (including regulations related to conflict minerals), equipment malfunction, natural disasters and environmental factors, any of which could delay or impede their ability to meet our demand.

In order to be successful, we must attract, engage, retain and integrate key employees and have adequate succession plans in place, and failure to do so could have an adverse effect on our ability to manage our business.

Our success depends, in large part, on our ability to attract, engage, retain, and integrate qualified executives and other key employees throughout all areas of our business. Identifying, developing internally or hiring externally, training and retaining a diverse, global population of highly-skilled engineering, technical and security professionals, and managerial, sales and services, finance and marketing personnel are critical to our future, and global competition for experienced and diverse employees can be intense. In order to attract and retain executives and other key employees in a competitive marketplace, we must provide a competitive compensation package, including cash and equity-based compensation. If we do not obtain the stockholder approval needed to continue granting equity compensation in a competitive manner, our ability to attract, retain, and motivate executives and key employees could be weakened or we would otherwise need to increase our use of cash-based compensation and awards to achieve the same attraction, retention and motivation benefits. In order to attract and retain executives and other key employees in a competitive marketplace, we must also provide a diverse and inclusive environment, and offer benefits to support our employees' physical and mental health. Our inability to do so may limit our effectiveness in attracting, retaining and motivating our executives and key employees. Failure to successfully hire executives and key employees or the loss of any executives and key employees could have a significant impact on our operations. Competition for qualified personnel in our industry is intense because of the limited number of people available with the necessary technical skills and understanding of solutions in our industry. The loss of services of any key personnel, the inability to retain and attract qualified personnel in the future or delays in hiring may harm our business and results of operations.

Effective succession planning is also important to our long-term success. We have experienced significant changes in our senior management team over the past several years, including the appointments of Mark Schmitz as our Executive Vice President and Chief Operating Officer in 2019, Arlen R. Shenkman as our Executive Vice President and Chief Financial Officer in 2019, Sridhar Mullapudi as our Executive Vice President, Product Management in 2020, Hector Lima as our Executive Vice President, Customer Experience in 2020, and Woong Joseph Kim as our Executive Vice President and Chief Technology Officer in 2020. Failure to ensure effective transfer of knowledge and smooth transitions involving key employees could hinder our strategic planning and execution. Further, changes in our management team may be disruptive to our business, and any failure to successfully integrate key new hires or promoted employees could adversely affect our business and results of operations.

Our international presence subjects us to additional risks that could harm our business.

We conduct significant sales and customer support, development and engineering operations in countries outside of the United States. During the year ended December 31, 2020, we derived 50.5% of our net revenues from sales outside the United States. Potential growth and profitability could require us to further expand our international operations. To successfully maintain and expand international sales, we may need to establish additional foreign operations, hire additional personnel and recruit additional international resellers. Our international operations are subject to a variety of risks, which could adversely affect the results of our international operations. These risks include:

- compliance with foreign regulatory and market requirements, including the requirement to submit additional technical information for product registration in order to sell in certain countries;
- variability of foreign economic, political, labor conditions and global policy uncertainty, including re-locating operations internationally;
- changing restrictions imposed by regulatory requirements, tariffs or other trade barriers or by U.S. export laws;
- regional data privacy, security, secrecy and related laws that apply to the transmission of and protection of our and our customers' data across international borders;
- health or similar issues such as pandemic or epidemic;
- difficulties in staffing and managing international operations;
- longer accounts receivable payment cycles;
- potentially adverse tax consequences;
- difficulties in enforcing and protecting intellectual property rights, including increased difficulty as a foreign entity in those international locations;
- providing technical information in order to obtain foreign filing licenses for filing our patent applications in certain countries;
- increased risk of non-compliance by foreign employees, partners, distributors, resellers and agents or other intermediaries with both U.S. and foreign laws, including antitrust regulations, the Foreign Corrupt Practices Act, the U.K. Bribery Act, U.S. or foreign sanctions regimes and export or import control laws and any trade regulations ensuring fair trade practices;
- burdens of complying with a wide variety of foreign laws;
- the impact of the COVID-19 pandemic internationally and related legal restrictions imposed in foreign nations;
- expansion of cloud-based products and services may increase risk in countries where cloud computing infrastructures are more susceptible to data intrusions or may be controlled directly or indirectly by foreign governments;
- our software and data of our customers being stored in foreign jurisdictions, which could lead to us being required to disclose or provide access to data or intellectual property to a foreign government pursuant to national security or other laws of such foreign jurisdiction; and
- as we generate cash flow in non-U.S. jurisdictions, if required, we may experience difficulty transferring such funds to the U.S. in a tax efficient manner.

Additionally, an increasing number of jurisdictions are imposing data localization laws, which require personal information, or certain subcategories of personal information, to be stored in the jurisdiction of origin. These regulations may deter customers from using cloud-based services such as ours, and may inhibit our ability to expand into those markets or prohibit us from continuing to offer services in those markets without significant additional costs. Specifically, we operate in Russia where there is a local residency requirement for personal data. We do not own or operate servers in Russia. As such, to-date, we have not offered our cloud-based offerings in Russia. Further, if we complete our acquisition of Wrike, our employee presence in Russia will increase, thereby adding to our exposure to certain of the risks identified herein, including risks related to the political, security and policy uncertainty between the United States and Russia.

We operate and do business in China. Under the China Cyber Security Law, or CSL, network operators are required to provide technical support and assistance to public and state security authorities in national security and criminal investigations. The law does not provide details on the extent of technical support and assistance that may be required. There is the possibility that network operators may be required to disclose or provide access to information or data communicated or transmitted through the network owned, utilized or managed by the network operator to comply with the support and assistance requirement of the CSL. While we do not consider Citrix to be a network operator, there is the possibility that China could decide to treat Citrix as a network operator, and we would need to comply with this law.

We have had and may, from time to time, enter into strategic partnerships, joint ventures, OEM or similar business relationships with entities in foreign jurisdictions, including governmental or quasi-governmental entities, pursuant to which we may be required to license or transfer certain of our intellectual property rights to such entities. Such relationships could expose us to increased risks inherent in such activities, such as protection of our intellectual property, economic and political risks, and contractual enforcement issues.

We are also monitoring developments related to the decision by the British government to leave the European Union (EU) following a referendum in June 2016 in which voters in the United Kingdom approved an exit from the EU (often referred to as "Brexit"), which could have implications for our business. The United Kingdom ceased to be a member state of the EU on January 31, 2020, and the transition period provided for in the withdrawal agreement entered into by the United Kingdom and the EU ended on December 31, 2020. Brexit could lead to economic and legal uncertainty, including volatility in global stock markets and currency exchange rates, and increasingly divergent laws, regulations and licensing requirements. Any of these effects of Brexit, among others, could adversely affect our operations and financial results.

Our success depends, in part, on our ability to anticipate and address these risks. We cannot guarantee that these or other factors will not adversely affect our business or results of operations.

Adverse changes in global economic conditions could adversely affect our operating results.

As a globally operated company, we are subject to the risks arising from adverse changes in global economic and market conditions. Economic uncertainty and volatility in our significant geographic locations, including the potential impact resulting from "Brexit", a US-China trade war or other international trade disputes, or military conflict may adversely affect sales of our solutions and services and may result in longer sales cycles, slower adoption of technologies and increased price competition. For example, if the U.S. or the European Union countries were to experience an economic downturn, these adverse economic conditions could contribute to a decline in our customers' spending on our solutions and services. Additionally, in response to economic uncertainty, we expect that many governmental organizations that are current or prospective customers for our solutions and services would cutback spending significantly, which would reduce the amount of government spending on IT and demand for our solutions and services from government organizations. Adverse economic conditions also may negatively impact our ability to obtain payment for outstanding debts owed to us by our customers or other parties with whom we do business.

RISKS RELATED TO ACQUISITIONS, STRATEGIC RELATIONSHIPS AND DIVESTITURES

Acquisitions and divestitures present many risks, and we may not realize the financial and strategic goals we anticipate.

We have in the past addressed, and may continue to address, the development of new solutions and services and enhancements to existing solutions and services through acquisitions of other companies, product lines and/or technologies. For example, on January 16, 2021, we entered into a definitive agreement to acquire Wrike, a SaaS collaborative work management solution company. Completion of the acquisition of Wrike is subject to various regulatory approvals and closing conditions. No assurance can be given that the required approvals will be obtained or that the required conditions to closing will be satisfied. Any delay in completing the merger could cause the combined company not to realize, or to be delayed in realizing, some or all of the benefits of the merger. Refer to Part I, Item 1 "Business" and Note 19 to our consolidated financial statements included in this Annual Report on Form 10-K for the year ended December 31, 2020 for a description of our pending acquisition of Wrike.

Acquisitions, including those of high-technology companies, such as Wrike, are inherently risky. We cannot provide any assurance that any of our acquisitions or future acquisitions will be successful in helping us reach our financial and strategic goals. The risks we commonly encounter in undertaking, managing and integrating acquisitions, including Wrike, are:

- an uncertain revenue and earnings stream from the acquired company, which could dilute our earnings;
- difficulties and delays integrating the personnel, operations, technologies, solutions and systems of the acquired companies;
- difficulties operating acquired companies as a stand-alone business, if desired, to further our objectives and strategy;
- undetected errors or unauthorized use of a third-party's code in solutions of the acquired companies;
- our ongoing business may be disrupted and our management's attention may be diverted by acquisition, transition or integration activities;
- challenges with implementing adequate and appropriate controls, procedures and policies in the acquired business;
- difficulties managing or integrating an acquired company's technologies or lines of business;
- potential difficulties in completing projects associated with purchased in-process research and development;
- entry into markets in which we have no or limited direct prior experience and where competitors have stronger market positions and which are highly competitive;
- the potential loss of key employees of the acquired company;
- potential difficulties integrating the acquired solutions and services into our sales channel or challenges selling acquired products;
- assuming pre-existing contractual relationships of an acquired company that we would not have otherwise entered into, the termination or modification of which may be costly or disruptive to our business;
- being subject to unfavorable revenue recognition or other accounting treatment as a result of an acquired company's practices;
- potential difficulties securing financing necessary to consummate substantial acquisitions;
- incurring a significant amount of debt to finance an acquisition, which would increase our debt service requirements, expense and leverage;
- issuing shares of our stock, which may be dilutive to our stockholders;
- issuing equity awards to, or assuming existing equity awards of, acquired employees, which may more rapidly deplete share reserves available under our shareholder-approved equity incentive plans;
- intellectual property claims or disputes; and
- litigation arising from the transaction.

Our failure to successfully integrate acquired companies due to these or other factors could have a material adverse effect on our business, results of operations and financial condition. In addition, if we fail to identify and successfully complete and integrate transactions, or successfully operate acquired companies on a stand-alone basis, that further our strategic objectives, we may be required to expend resources to develop products, services and technology internally, which may put us at a competitive disadvantage. For example, with respect to the pending acquisition of Wrike, we may not be able to accelerate our strategy and cloud transition, enhance our growth or accelerate Wrike's growth expectations, provide complementary solutions that are purchased by our or Wrike's customers, reach new users and expand our customer base, compete effectively in Wrike's markets, or realize other expected benefits of the merger if we are unable to successfully integrate and operate Wrike if the acquisition is completed.

Any future divestitures we make may also involve risks and uncertainties. Any such divestitures could result in disruption to other parts of our business, potential loss of employees or customers, exposure to unanticipated liabilities or result in ongoing obligations and liabilities to us following any such divestiture. For example, in connection with a divestiture, we may enter into transition services agreements or other strategic relationships, including long-term services arrangements, or agree to provide certain indemnities to the purchaser in any such transaction, which may result in additional expense. Further, if we do not realize the expected benefits or synergies of such transactions, our operating results and financial conditions could be adversely affected.

If we determine that any of our goodwill or intangible assets, including technology purchased in acquisitions, are impaired, we would be required to take a charge to earnings, which could have a material adverse effect on our results of operations.

We have a significant amount of goodwill and other intangible assets, such as product related intangible assets, from our acquisitions. We do not amortize goodwill and intangible assets that are deemed to have indefinite lives. However, we do amortize certain product related technologies, trademarks, patents and other intangibles and we periodically evaluate them for impairment. We review goodwill for impairment annually, or sooner if events or changes in circumstances indicate that the carrying amount could exceed fair value, at the reporting unit level, which for us also represents our operating segments. Significant judgments are required to estimate the fair value of our goodwill and intangible assets, including estimating future cash flows, determining appropriate discount rates, estimating the applicable tax rates, foreign exchange rates and interest rates, projecting the future industry trends and market conditions, and making other assumptions. Although we believe the assumptions, judgments and estimates we have made have been reasonable and appropriate, different assumptions, judgments and estimates, materially affect our results of operations. Changes in these estimates and assumptions, including changes in our reporting structure, could materially affect our determinations of fair value. In addition, due to uncertain market conditions and potential changes in our strategy and product portfolio, it is possible that the forecasts we use to support our goodwill and other intangible assets could change in the future, which could result in non-cash charges that would adversely affect our results of operations and financial condition. Also, we may make divestitures of businesses in the future. If we determine that any of the intangible assets associated with our acquisitions is impaired or goodwill is impaired, then we would be required to reduce the value of those assets or to write them off completely by taking a charge to current earnings. If we are required to write down or write off all or a portion of those assets, or if financial analysts or investors believe we may need to take such action in the future, our stock price and operating results could be materially and adversely affected.

Our inability to maintain or develop our strategic and technology relationships could adversely affect our business.

We have several strategic and technology relationships with large and complex organizations, such as Microsoft, Google and other companies with which we work to offer complementary solutions and services. We depend on the companies with which we have strategic relationships to successfully test our solutions, to incorporate our technology into their products and to market and sell those solutions. There can be no assurance we will realize the expected benefits from these strategic relationships or that they will continue in the future. If successful, these relationships may be mutually beneficial and result in industry growth. However, such relationships carry an element of risk because, in most cases, we must compete in some business areas with a company with which we have a strategic relationship and, at the same time, cooperate with that company in other business areas. Also, if these companies fail to perform or if these relationships fail to materialize as expected, we could suffer delays in product development, reduced sales or other operational difficulties and our business, results of operations and financial condition could be materially adversely affected.

RISKS RELATED TO INTELLECTUAL PROPERTY AND BRAND RECOGNITION

Our efforts to protect our intellectual property may not be successful, which could materially and adversely affect our business.

We rely primarily on a combination of copyright, trademark, patent and trade secret laws, confidentiality procedures and contractual provisions to protect our source code, innovations and other intellectual property, all of which offer only limited protection. The loss of any material trade secret, trademark, tradename, patent or copyright could have a material adverse effect on our business. Despite our precautions, it could be possible for unauthorized third parties to infringe our intellectual property rights or steal, or misappropriate, copy, disclose or reverse engineer our proprietary information, including certain portions of our solutions or to otherwise obtain and use our proprietary source code. We have sought to protect our intellectual property through offensive litigation and may seek other avenues for enforcement or for return on our investment in our patent portfolio, which may be costly and unsuccessful and/or subject us to successful counterclaims or challenges to our intellectual property rights. In addition, our ability to monitor and control theft, misappropriation or infringement is uncertain, particularly in countries outside of the United States. If we cannot protect our intellectual property from infringement and our proprietary source code against unauthorized theft, copying, disclosure or use, we could lose market share, including as a result of unauthorized third parties' development of solutions and technologies similar to or better than ours.

The scope of our patent protection may be affected by changes in legal precedent and patent office interpretation of these precedents. Software-based patents are difficult to obtain and enforce in many jurisdictions and there may also be limits on recovery for damages in those jurisdictions. Further, any patents owned by us could be invalidated, circumvented or challenged. Any of our pending or future patent applications, whether or not being currently challenged, may not be issued with the scope of protection we seek, if at all; and if issued, may not provide any meaningful protection or competitive advantage.

Our ability to protect our proprietary rights could be affected by differences in international law and the enforceability of licenses. The laws of some foreign countries do not protect our intellectual property to the same extent as do the laws of the United States and Canada. For example, we derive a significant portion of our sales from licensing our solutions under "click-to-accept" license agreements that are not signed by licensees and through electronic enterprise customer licensing arrangements that are delivered electronically, all of which could be unenforceable under the laws of many foreign jurisdictions in which we license our solutions. Moreover, with respect to the various confidentiality, license or other agreements we utilize with third parties related to their use of our solutions and technologies, there is no guarantee that such parties will abide by the terms of such agreements.

Our solutions and services, including solutions obtained through acquisitions, could infringe third-party intellectual property rights, which could result in material litigation costs.

We are routinely subject to patent infringement claims and may in the future be subject to an increased number of claims, including claims alleging the unauthorized use of a third-party's code in our solutions. This may occur for a variety of reasons, including:

- the expansion of our product lines through product development and acquisitions;
- the volume of patent infringement litigation commenced by non-practicing entities;
- an increase in the number of competitors in our industry segments and the resulting increase in the number of related solutions and services and the overlap in the functionality of those solutions and services;
- an increase in the number of our competitors and third parties that use their own intellectual property rights to limit our freedom to operate and exploit our solutions, or to otherwise block us from taking full advantage of our markets;
- our reliance on the technology of others and, therefore, the requirement to obtain intellectual property licenses from third parties in order for us to commercialize our solutions or services, which licenses we may not be able to obtain or continue to obtain from these third parties on reasonable terms; and
- the unauthorized or improperly licensed use of third-party code in our solutions.

Further, responding to any infringement claim, regardless of its validity or merit, could result in costly litigation. Intellectual property litigation could compel us to do one or more of the following:

- pay damages (including the potential for treble damages), license fees or royalties (including royalties for past periods) to the party claiming infringement;
- cease selling solutions or services that use the challenged intellectual property;
- obtain a license from the owner of the asserted intellectual property to sell or use the relevant technology, which license may not be available on reasonable terms, or at all; or
- redesign the challenged technology, which could be time consuming and costly, or not be accomplished.

If we were compelled to take any of these actions, our business, results of operations or financial condition may be adversely impacted.

Our use of "open source" software could negatively impact our ability to sell our solutions and subject us to possible litigation.

The solutions or technologies acquired, licensed or developed by us may incorporate so-called "open source" software, and we may incorporate open source software into other solutions in the future. Such open source software is generally licensed by its authors or other third parties under open source licenses, including, for example, the GNU General Public License, the GNU Lesser General Public License, the Apache license (version 2), "BSD-style" licenses, "MIT-style" licenses and other open source licenses. Even though we attempt to monitor our use of open source software in an effort to avoid subjecting our solutions to conditions we do not intend, it is possible that not all instances of our open source code usage are properly reviewed. Additionally, software purchased through the supply chain may contain open source software of which we are unaware that could present license rights and/or security risk. Further, although we believe that we have complied with our obligations under the various applicable licenses for open source software that we use such that we have not triggered any of these conditions, there is little or no legal precedent governing the interpretation or enforcement of many of the terms of these types of licenses. If an author or other third party that distributes open source software were to allege that we had not complied with the conditions of one or more of these licenses, we could be required to incur significant legal expenses defending against such allegations. If our defenses were not successful, we could be subject to significant damages, enjoined from the distribution of our solutions that contained open source software, and required to comply with the terms of the applicable license, which could disrupt the distribution and sale of some of our solutions. In addition, if we combine our proprietary software with open source software in an unintended manner, under some open source licenses we could be required to publicly release the source code of our proprietary software, offer our solutions that use the open source software for no cost, make available source code for modifications or derivative works we create based upon incorporating or using the open source software, and/or license such modifications or derivative works under the terms of the particular open source license.

In addition to risks related to license requirements, usage of open source software can lead to greater risks than use of third-party commercial software, as open source licensors generally do not provide technology support, maintenance, warranties or assurance of title or controls on the origin of the software. Open source software may also present risks of unforeseen or unmanaged security vulnerabilities that could potentially unintentionally be introduced into our solutions.

If we lose access to third-party licenses, releases of our solutions could be delayed.

We believe that we will continue to rely, in part, on third-party licenses to enhance and differentiate our solutions. Third-party licensing arrangements are subject to a number of risks and uncertainties, including:

- undetected errors or unauthorized use of another person's code in the third party's software;
- disagreement over the scope of the license and other key terms, such as royalties payable and indemnification protection;
- infringement actions brought by third-parties;
- the creation of solutions by third parties that directly compete with our solutions; and
- termination or expiration of the license.

If we lose or are unable to maintain any of these third-party licenses or are required to modify software obtained under third-party licenses, it could delay the release of our solutions. Any delays could have a material adverse effect on our business, results of operations and financial condition.

Our business depends on maintaining and protecting the strength of our collection of brands.

The Citrix solution and service brands that we have developed have significantly contributed to the success of our business. Maintaining and enhancing the Citrix solution and service brands is critical to expanding our base of customers and partners. We may be subject to reputational risks and our brand loyalty may decline if others adopt the same or confusingly similar marks in an effort to misappropriate and profit on our brand name and do not provide the same level of quality as is delivered by our solutions and services. Also, others may rely on false comparative advertising and customers or potential customers could be influenced by false advertising. Additionally, we may be unable to use some of our brands in certain countries or unable to secure trademark rights in certain jurisdictions where we do business. In order to police, maintain, enhance and protect our brands, we may be required to make substantial investments that may not be successful. If we fail to police, maintain, enhance and protect the Citrix brands, if we incur excessive expenses in this effort or if customers or potential customers are confused by others' trademarks, our business, operating results, and financial condition may be materially and adversely affected.

RISKS RELATED TO OUR LIQUIDITY, TAXATION AND CAPITAL RETURN

Servicing our debt will require a significant amount of cash, which could adversely affect our business, financial condition and results of operations. We may not have sufficient cash flow from our business to make payments on our debt or repurchase our 2027 Notes or 2030 Notes upon certain events.

As of December 31, 2020, we had aggregate indebtedness of $1.73 billion that we have incurred in connection with the issuance of our unsecured senior notes due December 1, 2027 (the "2027 Notes"), the issuance of our unsecured senior notes due March 1, 2030 (the "2030 Notes"), under the credit agreement for our unsecured revolving credit facility entered into in November 2019 (the "Credit Agreement"), and under the credit agreement for our term loan credit facility entered into in February 2020 (the "Term Loan Credit Agreement").

Our ability to make scheduled payments of the principal of, to pay interest on or to refinance our indebtedness, depends on our future performance, which is subject to general economic, financial, competitive and other factors beyond our control. Our business may not generate cash flow from operations in the future sufficient to service our debt and to make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, reducing capital expenditures, restructuring debt or obtaining additional equity or debt financing on terms that may be onerous or highly dilutive. Our ability to refinance our indebtedness, as applicable, will depend on the capital markets and our financial condition at such time. We may not be able to sell assets, restructure our indebtedness or obtain additional equity or debt financing on terms that are acceptable to us or at all, which could result in a default on our debt obligations. See "Management's Discussion and Analysis of Financial Condition and Results of Operations-Liquidity and Capital Resources" and Note 13 to our consolidated financial statements included in this Annual Report on Form 10-K for the year ended December 31, 2020 for information regarding our 2030 Notes, 2027 Notes, our Credit Agreement and our Term Loan Credit Agreement.

In addition, if a change in control repurchase event occurs with respect to the 2027 Notes or the 2030 Notes, we will be required, subject to certain exceptions, to offer to repurchase the 2027 Notes or 2030 Notes, as applicable at a repurchase price equal to 101% of the principal amount of the 2027 Notes or 2030 Notes, as applicable, repurchased, plus accrued and unpaid interest, if any. In such event, we may not have enough available cash or be able to obtain financing to fund the required repurchase of the 2027 Notes or 2030 Notes, as applicable, or making such payments could adversely affect our liquidity. Our ability to repurchase the 2027 Notes or 2030 Notes may be limited by law, by regulatory authority or by agreements governing our other indebtedness.

Further, we are required to comply with the covenants set forth in the indentures governing the 2027 Notes and 2030 Notes, the Credit Agreement and the Term Loan Credit Agreement. In particular, each of the Credit Agreement and Term Loan Credit Agreement requires us to maintain certain leverage and interest ratios and contains various affirmative and negative covenants, including covenants that limit or restrict our ability to grant liens, merge or consolidate, dispose of all or substantially all of our assets, change our business or incur subsidiary indebtedness. The indenture governing our 2027 Notes and 2030 Notes contains covenants limiting our ability and the ability of our subsidiaries to create certain liens, enter into certain sale and leaseback transactions, and consolidate or merge with, or sell, assign, convey, lease, transfer or otherwise dispose of all or substantially all of our assets, taken as a whole, to, another person. If we fail to comply with these covenants or any other provision of the agreements governing our indebtedness and do not obtain a waiver from the lenders or noteholders, then, subject to applicable cure periods, our outstanding indebtedness may be declared immediately due and payable. Additionally, a default under an indenture, the Credit Agreement or Term Loan Credit Agreement could lead to a default under the other agreements governing our current and any future indebtedness. If the repayment of the related indebtedness were to be accelerated, we may not have enough available cash or be able to obtain financing to repay the indebtedness.

Our indebtedness, combined with our other financial obligations and contractual commitments, could have other important consequences. For example, it could:

- make us more vulnerable to adverse changes in general U.S. and worldwide economic, industry and competitive conditions and adverse changes in government regulation;
- limit our flexibility in planning for, or reacting to, changes in our business and our industry;
- place us at a disadvantage compared to our competitors who have less debt; and
- limit our ability to borrow additional amounts to fund acquisitions, for working capital and for other general corporate purposes.

Any of these factors could materially and adversely affect our business, financial condition and results of operations. In addition, if we incur additional indebtedness, the risks related to our business and our ability to service or repay our indebtedness would increase. Also, changes by any rating agency to our credit rating may negatively impact the value and liquidity of both our debt and equity securities, as well as the potential costs associated with any potential refinancing of our indebtedness. Downgrades in our credit rating could also restrict our ability to obtain additional financing in the future and could affect the terms of any such financing.

On January 16, 2021, we obtained a commitment for a senior unsecured 364-day term loan facility in an aggregate principal amount of $1.45 billion to finance the cash consideration for the acquisition of Wrike in the event that the permanent debt financing is not available on or prior to the closing of the acquisition of Wrike (the “Bridge Facility”), which Bridge Facility is subject to customary conditions in connection with the pending acquisition of Wrike. We expect to replace the Bridge Facility prior to the closing of the acquisition of Wrike with permanent financing, which may include the issuance of debt securities and/or one or more senior term loan facilities, including the 2021 Term Loan Credit Agreement, as defined below; however such permanent financing may not be available in the timeframe expected or on favorable terms.

On February 5, 2021, we entered into a term loan credit agreement (the “2021 Term Loan Credit Agreement”), which provides us with a facility to borrow a term loan on an unsecured basis in an aggregate principal amount of up to $1.00 billion (the “2021 Term Loan”). The proceeds of borrowings under the 2021 Term Loan Credit Agreement will be used to finance a portion of the purchase price to be paid in connection with the acquisition of Wrike.

Taking on additional indebtedness in connection with the Wrike acquisition, as a result of the Bridge Facility, the 2021 Term Loan Credit Agreement and/or other permanent financing, will increase the risks we now face with our current indebtedness. For example, in January 2021, we committed to a goal of maintaining our investment grade credit rating and indicated that we plan to return to historical leverage levels within 24 months. If we are unable to achieve these commitments as a result of the additional indebtedness we are expecting to incur in connection with the Wrike acquisition or otherwise, our ability to obtain additional financing or to re-finance our existing indebtedness in the future, and the terms of any such financing, could be adversely affected.

To the extent the COVID-19 pandemic adversely affects our business, results of operations, financial condition and cash flows as described elsewhere in this “Risk Factors” section, it may also heighten these risks related to servicing our debt.

Our portfolios of liquid securities and other investments may lose value or become impaired.

Our investment portfolio consists of agency securities, corporate securities, money market funds, government securities and commercial paper. Although we follow an established investment policy and seek to minimize the credit risk associated with investments by investing primarily in investment grade, highly liquid securities and by limiting exposure to any one issuer depending on credit quality, we cannot give assurances that the assets in our investment portfolio will not lose value, become impaired, or suffer from illiquidity.

Changes in our tax rates or our exposure to additional income tax liabilities could affect our operating results and financial condition.

Our future effective tax rates could be favorably or unfavorably affected by changes in the valuation of our deferred tax assets and liabilities, the geographic mix of our revenue, or by changes in tax laws, including changes proposed by the new Presidential administration, or their interpretation. Significant judgment is required in determining our worldwide provision for income taxes. In addition, we are subject to the continuous examination of our income tax returns by tax authorities, including the IRS. We regularly assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for income taxes. There can be no assurance, however, that the outcomes from these continuous examinations will not have an adverse effect on our operating results and financial condition. Evolving or revised tax laws and regulations globally, including the 2017 Tax Cuts and Jobs Act (the “2017 Tax Act”) and the 2019 Swiss Federal Act on Tax Reform and AHV Financing (“TRAF”), as well as any changes in the application or interpretation by the U.S. Treasury Department, the Swiss federal and cantonal authorities, and other U.S. federal and legislative bodies of these regulations may have an adverse effect on our business or on our results of operations.

There can be no assurance that we will continue to return capital to our stockholders through the payment of cash dividends and/or the repurchase of our stock.

From time to time, our Board of Directors authorizes the payment of cash dividends or additional share repurchase authority under our ongoing stock repurchase program as part of our capital return to stockholders. The amount and timing of cash dividends and stock repurchases are subject to capital availability and our determination that such cash dividends or stock repurchases are in the best interest of our stockholders and are in compliance with all respective laws and our applicable agreements. Our ability to pay cash dividends or repurchase stock will depend upon, among other factors, our cash balances and potential future capital requirements for strategic transactions, debt service, capital expenditures, working capital and other general corporate purposes, as well as our results of operations, financial condition and other factors that we may deem relevant. Moreover, a reduction in, or the completion of, our stock repurchase program could have a negative effect on our stock price. We can provide no assurance that we will continue to pay cash dividends or repurchase stock at favorable prices, if at all.

GENERAL RISKS

We are exposed to fluctuations in foreign currency exchange rates, which could adversely affect our future operating results.

Our results of operations are subject to fluctuations in exchange rates, which could adversely affect our future revenue and overall operating results. In order to minimize volatility in earnings associated with fluctuations in the value of foreign currency relative to the U.S. dollar, we use financial instruments to hedge our exposure to foreign currencies as we deem appropriate for a portion of our expenses, which are denominated in the local currency of our foreign subsidiaries. We generally initiate our hedging of currency exchange risks one year in advance of anticipated foreign currency expenses for those currencies to which we have the greatest exposure. When the dollar is weak, foreign currency denominated expenses will be higher, and these higher expenses will be partially offset by the gains realized from our hedging contracts. If the dollar is strong, foreign currency denominated expenses will be lower. These lower expenses will in turn be partially offset by the losses incurred from our hedging contracts. There is a risk that there will be fluctuations in foreign currency exchange rates beyond the one year timeframe for which we hedge our risk and there is no guarantee that we will accurately forecast the expenses we are hedging. Further, a substantial portion of our overseas assets and liabilities are denominated in local currencies. To protect against fluctuations in earnings caused by changes in currency exchange rates when remeasuring our balance sheet, we utilize foreign exchange forward contracts to hedge our exposure to this potential volatility. There is no assurance that our hedging strategies will be effective. In addition, as a result of entering into these contracts with counterparties who are unrelated to us, the risk of a counterparty default exists in fulfilling the hedge contract. Should there be a counterparty default, we could be unable to recover anticipated net gains from the transactions.

We are involved in litigation, investigations and regulatory inquiries and proceedings that could negatively affect us.

From time to time, we are involved in various legal, administrative and regulatory proceedings, claims, demands and investigations relating to our business, which may include claims with respect to commercial, product liability, intellectual property, cybersecurity, privacy, data protection, antitrust, breach of contract, employment, class action, whistleblower, mergers and acquisitions and other matters. In the ordinary course of business, we also receive inquiries from and have discussions with government entities regarding the compliance of our contracting and sales practices with laws and regulations. These matters can be time-consuming, divert management's attention and resources and cause us to incur significant expenses. Allegations made in the course of regulatory or legal proceedings may also harm our reputation, regardless of whether there is merit to such claims. Furthermore, because litigation and the outcome of regulatory proceedings are inherently unpredictable, our business, financial condition or operating results could be materially affected by an unfavorable resolution of one or more of these proceedings, claims, demands or investigations.

Refer to Note 10 to our consolidated financial statements included in this Annual Report on Form 10-K for the year ended December 31, 2020 for a description of our legal proceedings and contingencies.

Our stock price could be volatile, particularly during times of economic uncertainty and volatility in domestic and international stock markets, and you could lose the value of your investment.

Our stock price has been volatile and has fluctuated significantly in the past. The trading price of our stock is likely to continue to be volatile and subject to fluctuations in the future. Your investment in our stock could lose some or all of its value. Some of the factors that could significantly affect the market price of our stock include:

- actual or anticipated variations in operating and financial results, including the failure to meet key operational metrics;
- analyst reports or recommendations;
- rumors, announcements, or press articles regarding our or our competitors' operations, management, organization, financial condition, or financial statements; and
- other events or factors, many of which are beyond our control.

The stock market in general, The Nasdaq Global Select Market, and the market for software companies and technology companies in particular, have experienced extreme price and volume fluctuations. We believe that these fluctuations have often been unrelated or disproportionate to operating performance. These fluctuations may continue in the future and could materially and adversely affect the market price of our stock, regardless of operating performance.

Changes or modifications in financial accounting standards may have a material adverse impact on our reported results of operations or financial condition.

A change or modification in accounting policies can have a significant effect on our reported results and may even affect our reporting of transactions completed before the change is effective. New pronouncements and varying interpretations of existing pronouncements have occurred with frequency and may occur in the future. Changes to existing rules, or changes to the interpretations of existing rules, could lead to changes in our accounting practices, and such changes could materially adversely affect our reported financial results or the way we conduct our business.

Natural disasters, climate-related impacts, or other unanticipated catastrophes that result in a disruption of our operations could negatively impact our results of operations.

Our worldwide operations are dependent on our network infrastructure, internal technology systems and website. Significant portions of our computer equipment, intellectual property resources and personnel, including critical resources dedicated to research and development and administrative support functions are presently located at our corporate headquarters in Fort Lauderdale, Florida, an area of the country that is particularly prone to hurricanes, and at our various locations in California, an area of the country that is particularly prone to earthquakes and wildfires. We also have operations in various domestic and international locations that expose us to additional diverse risks. The occurrence of natural disasters, such as extreme weather, hurricanes, floods or earthquakes; pandemics, such as the COVID-19 pandemic; or other unanticipated catastrophes, such as telecommunications failures, cyberattacks, fires or terrorist attacks, at any of the locations in which we or our key partners, suppliers and customers do business, could cause interruptions in our operations. For example, hurricanes have passed through southern Florida causing extensive damage to the region. In addition, even in the absence of direct damage to our operations, large disasters, terrorist attacks, pandemics or other casualty events could have a significant impact on our partners', suppliers' and customers' businesses, which in turn could result in a negative impact on our results of operations. Extensive or multiple disruptions in our operations, or our partners', suppliers' or customers' businesses, due to natural disasters, pandemics, such as the COVID-19 pandemic, or other unanticipated catastrophes could have a material adverse effect on our results of operations.

ITEM 1B. ***UNRESOLVED STAFF COMMENTS***

We have received no written comments regarding our periodic or current reports from the staff of the Securities and Exchange Commission that were issued 180 days or more preceding the end of our 2020 fiscal year that remain unresolved.

ITEM 2. ***PROPERTIES***

We lease and sublease office space in the Americas, which is comprised of the United States, Canada and Latin America, EMEA, which is comprised of Europe, the Middle East and Africa, and APJ, which is comprised of Asia-Pacific and Japan. The following table presents the location and square footage of our leased office space as of December 31, 2020:

	Square footage
Americas	777,064
EMEA	265,696
APJ	599,620
Total	1,642,380

In addition, we own land and buildings in Fort Lauderdale, Florida with approximately 317,000 square feet of office space used for our corporate headquarters and approximately 41,000 square feet of office space in Chalfont St. Peter, United Kingdom.

We believe that our existing facilities are adequate for our current needs. As additional space is needed in the future, we believe that suitable space will be available in the required locations on commercially reasonable terms.

ITEM 3. ***LEGAL PROCEEDINGS***

Information with respect to this item may be found in Note 10, "Commitments and Contingencies-Legal Matters", to our consolidated financial statements in Item 8 of Part II, which is incorporated herein by reference.

ITEM 4. ***MINE SAFETY DISCLOSURES***

Not applicable.

PART II

ITEM 5. *MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES*

Market for Common Stock and Dividend Policy

Our common stock is currently traded on The Nasdaq Global Select Market under the symbol CTXS. As of February 1, 2021, there were 477 holders of record of our common stock.

We currently intend to retain any earnings for use in our business, for investment in acquisitions to repurchase shares of our common stock, and to pay future dividends. On October 22, 2020, we announced that our Board of Directors approved a quarterly cash dividend of $0.35 per share which was paid on December 22, 2020 to all shareholders of record as of the close of business on December 8, 2020. Additionally, on January 19, 2021, we announced that our Board of Directors approved a quarterly cash dividend of $0.37 per share. This dividend is payable on March 26, 2021 to all shareholders of record as of the close of business on March 12, 2021. Our Board of Directors will continue to review our capital allocation strategy and will determine whether to repurchase shares of our common stock and/or declare future dividends on a quarterly basis based on our financial performance, business outlook and other considerations.

Recent Sales of Unregistered Securities

None.

Issuer Purchases of Equity Securities

Our Board of Directors has authorized an ongoing stock repurchase program, of which $1.00 billion was approved in January 2020. We may use the approved dollar authority to repurchase stock at any time until the approved amount is exhausted. The objective of our stock repurchase program is to improve stockholders' returns and mitigate earnings per share dilution posed by the issuance of shares related to employee equity compensation awards. At December 31, 2020, $625.6 million was available to repurchase common stock pursuant to the stock repurchase program. All shares repurchased are recorded as treasury stock. We are authorized to make purchases of our common stock using general corporate funds through open market purchases, pursuant to a Rule 10b5-1 plan or in privately negotiated transactions.

The following table shows the monthly activity related to our repurchases of common stock for the quarter ended December 31, 2020.

	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate dollar value of Shares that may yet be Purchased under the Plans or Programs (in thousands)(2)
October 1, 2020 through October 31, 2020	310,561	$ 122.65	227,526	$ 687,140
November 1, 2020 through November 30, 2020	508,194	$ 118.40	507,425	$ 627,061
December 1, 2020 through December 31, 2020	56,241	$ 126.68	11,992	$ 625,561
Total	874,996	$ 120.44	746,943	$ 625,561

(1) Includes 128,053 shares withheld from restricted stock units that vested in the fourth quarter of 2020 to satisfy minimum tax withholding obligations that arose on the vesting of restricted stock units.
(2) Shares withheld from restricted stock units that vested to satisfy minimum tax withholding obligations that arose on the vesting of such awards do not deplete the dollar amount available for purchases under the repurchase program.

Securities Authorized for Issuance Under Equity Compensation Plans

Information about our equity compensation plans is incorporated herein by reference to Item 12 of Part III of this Annual Report on Form 10-K.

ITEM 6. *SELECTED FINANCIAL DATA*

The following selected consolidated financial data is derived from our consolidated financial statements. This data should be read in conjunction with the consolidated financial statements and notes thereto included in this Annual Report on Form 10-K for the year ended December 31, 2020, and with Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations.

	Year Ended December 31,				
	2020	2019	2018	2017(a)(b)	2016(a)(b)
	(In thousands, except per share data)				
Consolidated Statements of Income Data:					
Net revenues	$ 3,236,700	$ 3,010,564	$ 2,973,903	$ 2,824,686	$ 2,736,080
Cost of net revenues[(c)]	498,546	464,047	433,803	439,646	404,889
Gross margin	2,738,154	2,546,517	2,540,100	2,385,040	2,331,191
Operating expenses[(d)]	2,129,346	2,010,399	1,862,140	1,814,043	1,771,027
Income from operations	608,808	536,118	677,960	570,997	560,164
Interest income	3,108	18,280	40,030	27,808	16,686
Interest expense	(64,687)	(45,974)	(80,162)	(51,609)	(44,949)
Other income (expense), net	7,651	1,076	(8,373)	3,150	(4,131)
Income from continuing operations before income taxes	554,880	509,500	629,455	550,346	527,770
Income tax expense (benefit)	50,434	(172,313)	53,788	528,361	57,915
Income from continuing operations	504,446	681,813	575,667	21,985	469,855
(Loss) income from discontinued operations, net of income tax expense	—	—	—	(42,704)	66,257
Net income (loss)	$ 504,446	$ 681,813	$ 575,667	$ (20,719)	$ 536,112
Diluted earnings (loss) per share:					
Income from continuing operations	4.00	5.03	3.94	0.14	2.99
(Loss) income from discontinued operations	—	—	—	(0.27)	0.42
Diluted net earnings (loss) per share	$ 4.00	$ 5.03	$ 3.94	$ (0.13)	$ 3.41
Weighted average shares outstanding - diluted	126,152	135,495	145,934	155,503	157,084

	December 31,				
	2020	2019	2018	2017	2016
	(In thousands)				
Consolidated Balance Sheet Data[(e)(f)]:					
Total assets	$ 4,890,347	$ 4,388,926	$ 5,136,049	$ 5,820,176	$ 6,390,227
Total equity	112,143	837,656	551,519	992,461	2,608,727

(a) The selected financial data for fiscal years ended December 31, 2017 and 2016 has been adjusted to be presented on a continuing operations basis.

(b) The selected financial data for fiscal years ended December 31, 2017 and 2016 has not been adjusted under the modified retrospective method of adoption of the revenue recognition standard.

(c) Cost of net revenues includes amortization and impairment of product related intangible assets of $32.8 million, $51.3 million, $47.1 million, $65.7 million, and $55.4 million in 2020, 2019, 2018, 2017 and 2016, respectively.

(d) Operating expenses includes amortization and impairment of other intangible assets of $2.8 million, $15.9 million, $15.9 million, $17.2 million, and $15.1 million in 2020, 2019, 2018, 2017 and 2016, respectively. Operating expenses also include restructuring charges of $12.0 million, $22.2 million, $16.7 million, $72.4 million and $67.4 million in 2020, 2019, 2018, 2017 and 2016, respectively.

(e) Balance Sheet amounts prior to 2017 include amounts for the GoTo Business.

(f) Balance Sheet amounts prior to 2019 have not been adjusted under the modified retrospective method of adoption of the lease accounting standard.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our operating results and financial condition have varied in the past and could in the future vary significantly depending on a number of factors. The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. See "Note Regarding Forward-Looking Statements" and Part I, Item 1A "Risk Factors" in this Annual Report on Form 10-K for a discussion of certain risks and uncertainties that may cause these differences.

Overview

Citrix is an enterprise software company focused on helping organizations deliver a consistent and secure work experience no matter where work needs to get done — in the office, at home, or in the field. We do this by delivering a digital workspace solution that gives each employee the resources and space they need to do their best work. Our App Delivery and Security (formerly Networking) solutions, which can be consumed via hardware or software, complement our Workspace solutions by delivering the applications and data employees need across any network with security, reliability and speed.

Executive Summary

Our 2020 results reflect continued execution against our strategy – including strong demand for the Citrix Workspace and an acceleration of our customers adopting our cloud offerings to manage their workspace environments. We believe that the COVID-19 pandemic has accelerated the trends driving distributed teams and hybrid-work, emphasizing the importance of an organization's ability to securely deliver all of the work resources employees need in one unified experience.

As we previously announced, we discontinued broad availability of perpetual licenses for Citrix Workspace beginning on October 1, 2020. Going forward, customers will have the option of acquiring new Citrix Workspace seats in the form of SaaS or on-premises subscription offerings. However, we will continue to support and renew existing maintenance contracts for the foreseeable future.

Through the first half of 2020, many customers focused on near-term business critical needs as their workforces adapted to remote work precipitated by the pandemic. As such, these customers have often chosen on-premises subscriptions rather than immediately migrating their Citrix Workspace deployments directly to the cloud. Primarily as a result of this near-term focus of customers on business critical needs and other cloud migration challenges, the transition of customers from on-premise to our cloud offerings did not progress during the first half of 2020 at the rate we had anticipated at the beginning of the year. To address the challenges in transitioning our customers to the cloud, we continue to invest in innovation and feature development, simplified cloud migration, and performance and reliability, as well as other cloud customer success initiatives. As we exited 2020, the transition of our customers to our cloud offerings had regained momentum.

Longer term, our subscription transition is expected to result in more sustainable, recurring revenue growth over time as less revenue comes from one-time product and licensing streams and more revenue comes from predictable, recurring streams that will be recognized in future periods. We believe that this dynamic is best captured in our Subscription and SaaS Annualized Recurring Revenue, or ARR.

This operating metric represents the contracted recurring value of all termed subscriptions normalized to a one-year period. It is calculated at the end of a reporting period by taking each contract's recurring total contract value and dividing by the length of the contract. ARR includes only active contractually committed, fixed subscription fees. Our definition of ARR includes contracts expected to recur and therefore excludes contracts with durations of 12 months or less where licenses were issued to address extraordinary business continuity events for our customers. All contracts are annualized, including 30 day offerings where we take monthly recurring revenue multiplied by 12 to annualize. ARR may be influenced by seasonality within the year. ARR should be viewed independently of U.S. GAAP revenue, deferred revenue and unbilled revenue and is not intended to be combined with or to replace those items. ARR is not a forecast of future revenue. As we continue through this business model transition, we believe ARR is a key indicator of the overall health and trajectory of our business. Management uses ARR to monitor the growth of our subscription business.

On February 25, 2020, we issued $750.0 million of unsecured senior notes due March 1, 2030 (the "2030 Notes"). The net proceeds from this offering were approximately $738.1 million, after deducting the underwriting discount and estimated offering expenses payable by us. Net proceeds from this offering were primarily used to repay amounts outstanding under our $1.00 billion term loan credit facility (the "Term Loan Credit Agreement").

On January 16, 2021, we entered into a definitive agreement to acquire Wrike, a leader in the SaaS collaborative work management space, for $2.25 billion in cash. We expect to fund the transaction with a combination of new debt and existing cash and investments and have obtained a commitment from JPMorgan Chase Bank, N.A. for a $1.45 billion senior unsecured 364-day bridge loan facility (the “Bridge Facility”). We expect to replace the Bridge Facility prior to the closing of the acquisition of Wrike with permanent financing, which may include the issuance of debt securities and/or one or more senior term loan facilities, including the 2021 Term Loan Credit Agreement as described below. The transaction, which has been unanimously approved by the board of directors of both Citrix and Wrike, is expected to close in the first half of 2021, subject to regulatory approvals and other customary closing conditions. Upon closing of the transaction, we expect a favorable impact to fiscal year 2021 SaaS revenues and SaaS ARR, as well as increases in cost of net revenues and operating expenses.

On February 5, 2021, we entered into a term loan credit agreement (the “2021 Term Loan Credit Agreement”), which provides us with a facility to borrow a term loan on an unsecured basis in an aggregate principal amount of up to $1.00 billion (the “2021 Term Loan”). The proceeds of borrowings under the 2021 Term Loan Credit Agreement will be used to finance a portion of the purchase price to be paid in connection with the acquisition of Wrike.

On January 19, 2021, we announced that our Board of Directors declared a dividend of $0.37 per share, an increase of $0.02, payable March 26, 2021 to all shareholders of record as of the close of business on March 12, 2021.

Impact of the COVID-19 Pandemic

In March 2020, the World Health Organization declared the outbreak of COVID-19 to be a pandemic, which continues to spread throughout the U.S. and the world. The impact from the rapidly changing market and economic conditions due to the COVID-19 pandemic remains uncertain. It has disrupted the business of our customers and partners, has and will likely continue to impact our business and consolidated results of operations and could impact our financial condition in the future. While we have not incurred significant disruptions thus far from the COVID-19 pandemic, we are unable to accurately predict the full impact that the COVID-19 pandemic will have due to numerous uncertainties, including the potential emergence of new variants of the disease, the duration of the outbreak, actions that may be taken by governmental authorities, the impact to the business of our customers and partners and other factors identified in Part I, Item 1A “Risk Factors” in this Annual Report on Form 10-K. We also believe that our financial resources will allow us to manage the anticipated impact of the COVID-19 pandemic on our business operations for the foreseeable future, which could include reductions in revenue and delays in payments from customers and partners. However, we are continuing to monitor the situation and are reviewing our preparedness plans should we begin to experience material impacts.

Impact of the COVID-19 Pandemic on our Results

To provide a flexible solution to help our customers manage through this period, in the first quarter of 2020, we created a short-term on-premises term subscription license at discounted prices. This limited-use license program was intended to help our customers manage through the shock to the system created by the pandemic. We phased out this short-term license program at the end of April 2020. The contribution from this limited-use license program was not material for the remaining three quarters of 2020.

Impact of the COVID-19 Pandemic on our Outlook and Liquidity

With respect to 2021, the broader toll the COVID-19 pandemic may take on the global economy and the slope of the economic recovery is unknown. We believe that our solutions and our business model are resilient. Longer term, we believe this global health crisis will cause companies and their employees to change the way they think about remote work. We expect business continuity and risk mitigation to rise as areas of importance in boardroom discussions and on IT priority lists. We believe a greater number of employees will expect to continue to be able to work remotely, at least some of the time, even as social distancing restrictions abate.

Cash from operations, accounts receivable and revenues could also be affected by various risks and uncertainties, including, but not limited to, the effects of the COVID-19 pandemic and other risks detailed in Part I, Item 1A titled “Risk Factors” of this Annual Report on Form 10-K. However, based on our current revenue outlook, we believe that existing cash balances, together with funds generated from operations and amounts available under our revolving credit facility, will be sufficient to finance our operations and meet our foreseeable cash requirements through at least the next twelve months. We have availed ourselves of certain tax deferrals allowed pursuant to the Coronavirus Aid, Relief & Economic Security ("CARES") Act in the United States and certain tax deferrals in Switzerland, and may continue to do so in the future. We are evaluating the impact of global COVID-19-related laws and proposed laws, and while there is an impact on the timing of cash flow, no material impact to our financial results is expected as a result of legislation enacted to date. In addition, while the pandemic has not materially impacted our liquidity and capital resources to date, it has led to increased disruption and volatility in capital markets and credit markets which could adversely affect our liquidity and capital resources in the future.

Other Impacts of the COVID-19 Pandemic

In March 2020, we directed our global workforce to work from home and severely limited all international and domestic travel. We have extended our paid time-off and sick leave benefits for employees directly impacted by the COVID-19 pandemic or caring for children or a member of their household impacted by the COVID-19 pandemic. We provided $1,000 per employee below the Vice President level to cover expenses related to transitioning to a work from home environment, helping support local restaurants and small businesses or charities, or lessening any other potential hardship. We also offer local employee assistance program resources if needed. Certain of our offices have re-opened and we continue to monitor developments at the local level and follow mandates as required by law. For offices that have re-opened, we have implemented new protocols to ensure the safety of our employees, including face coverings, temperature checks, social distancing and capacity limits.

In response to the COVID-19 pandemic, we held our largest customer and partner event, Synergy, as a series of virtual events, and we may deem it advisable to similarly alter, postpone or cancel additional customer, employee or industry events in the future.

We have also increased funding for corporate citizenship directed donations and created a relief recovery fund for the COVID-19 pandemic, doubled our charitable match for employee donations, continued to pay vendors no longer providing on-site services, and set up virtual volunteering opportunities.

Summary of Results

For the year ended December 31, 2020 compared to the year ended December 31, 2019, we delivered the following financial performance:

- Subscription revenue increased 71.3% to $1.11 billion;
- SaaS revenue increased 38.4% to $540.8 million;
- Product and license revenue decreased 23.8% to $444.4 million;
- Support and services revenue decreased 5.6% to $1.68 billion;
- Gross margin as a percentage of revenue remained consistent at 84.6%;
- Operating income increased 13.6% to $608.8 million;
- Diluted net income per share decreased from $5.03 to $4.00;
- Deferred and unbilled revenue increased $438.0 million to $2.94 billion;
- Subscription ARR increased $461.6 million to $1.20 billion;
- SaaS ARR increased $204.9 million to $724.6 million; and
- Operating cash flows increased $152.7 million to $935.8 million.

Our Subscription revenue increased primarily due to an increase in on-premise license demand from our Workspace offerings and our App Delivery and Security offerings, mostly from pooled capacity. Also contributing to the increase is continued customer adoption of our solutions delivered via the cloud, mostly from our Workspace offerings. Our Product and license revenue decreased primarily due to lower sales of our perpetual App Delivery and Security products and Workspace solutions as customers continue to shift to our subscription offerings. The decrease in Support and services revenue was primarily due to decreased sales of maintenance services across our perpetual App Delivery and Security and Workspace offerings, as more of the revenue is reported in the Subscription revenue line commensurate with our subscription model transition. We currently expect total revenue to decrease when comparing the first quarter of 2021 to the first quarter of 2020, as the first quarter of 2020 included revenue directly attributable to business continuity needs as a result of the COVID-19 pandemic. When comparing the 2021 fiscal year to the 2020 fiscal year, we currently expect total revenue to increase. Gross margin as a percentage of revenue remained consistent. The increase in operating income was primarily due to an increase in gross margin, partially offset by higher operating expenses. The decrease in diluted net income per share was primarily due to an increase in income tax expense as a result of a benefit related to Swiss tax reform in 2019, partially offset by a decrease in the number of weighted average shares outstanding due to share repurchases and an increase in operating income. Both Subscription and SaaS ARR increased due to an increase in subscription sales.

Critical Accounting Policies and Estimates

Our discussion and analysis of financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent liabilities. We base these estimates on our historical experience and on various other assumptions that we believe to be reasonable under the circumstances, and these estimates form the basis for our judgments concerning the carrying values of assets and liabilities that are not readily apparent from other sources. We periodically evaluate these estimates and judgments based on available information and experience. Actual results could differ from our estimates under different assumptions and conditions. If actual results significantly differ from our estimates, our financial condition and results of operations could be materially impacted.

We believe that the accounting policies described below are critical to understanding our business, results of operations and financial condition because they involve more significant judgments and estimates used in the preparation of our consolidated financial statements. An accounting policy is deemed to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, and if different estimates that could have been used, or changes in the accounting estimates that are reasonably likely to occur periodically, could materially impact our consolidated financial statements. We have discussed the development, selection and application of our critical accounting policies with the Audit Committee of our Board of Directors and our independent auditors, and our Audit Committee has reviewed our disclosure relating to our critical accounting policies and estimates in this “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

Note 2 to our consolidated financial statements included in this Annual Report on Form 10-K for the year ended December 31, 2020 describes the significant accounting policies and methods used in the preparation of our consolidated financial statements.

Revenue Recognition

We generate all of our revenues from contracts with customers. At contract inception, we assess the solutions or services, or bundles of solutions and services, obligated in the contract with a customer to identify each performance obligation within the contract, and then evaluate whether the performance obligations are capable of being distinct and distinct within the context of the contract. Solutions and services that are not both capable of being distinct and distinct within the context of the contract are combined and treated as a single performance obligation in determining the allocation and recognition of revenue.

The standalone selling price is the price at which we would sell a promised product or service separately to the customer. For the majority of our software licenses and hardware, CSP and on-premise subscription software licenses, we use the observable price in transactions with multiple performance obligations. For the majority of our support and services, and cloud-hosted subscription offerings, we use the observable price when we sell that support and service and cloud-hosted subscription separately to similar customers. If the standalone selling price for a performance obligation is not directly observable, we estimate it. We estimate the standalone selling price by taking into consideration market conditions, economics of the offering and customers’ behavior. We maximize the use of observable inputs and apply estimation methods consistently in similar circumstances. We allocate the transaction price to each distinct performance obligation on a relative standalone selling price basis.

Revenues are recognized when control of the promised products or services are transferred to customers, in an amount that reflects the consideration that we expect to receive in exchange for those products or services. See Note 2 and Note 3 to our consolidated financial statements included in this Annual Report on Form 10-K for the year ended December 31, 2020 for further information on our revenue recognition.

Valuation and Classification of Investments

The authoritative guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Our available-for-sale debt investments are measured to fair value on a recurring basis. In addition, we hold direct investments in privately-held companies which are accounted for at cost, less impairment plus or minus adjustments resulting from observable price changes in orderly transactions for an identical or a similar investment of the same issuer. These investments are periodically reviewed for impairment and when indicators of impairment exist, are measured to fair value as appropriate on a non-recurring basis. We also hold equity interests in certain private equity funds which are accounted for under the net asset value practical expedient. The net asset value of these investments is determined using quarterly capital statements from the funds which are based on our contributions to the funds, allocation of profit and loss and changes in fair value of the underlying fund investments. In determining the fair value of our investments, we are sometimes required to use various alternative valuation techniques. The authoritative guidance establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available.

The authoritative guidance establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows: Level 1, observable inputs such as quoted prices in active markets for identical assets or liabilities, Level 2, inputs, other than quoted prices in active markets, that are observable either directly or indirectly, and Level 3, unobservable inputs in which there is little or no market data, which requires us to develop our own assumptions. Observable inputs are those that market participants would use in pricing the asset or liability that are based on market data obtained from independent sources, such as market quoted prices. When Level 1 observable inputs for our investments are not available to determine their fair value, we must then use other inputs which may include indicative pricing for securities from the same issuer with similar terms, yield curve information, benchmark data, prepayment speeds and credit quality or unobservable inputs that reflect our estimates of the assumptions market participants would use in pricing the investments based on the best information available in the circumstances. When valuation techniques, other than those described as Level 1 are utilized, management must make estimations and judgments in determining the fair value for its investments. The degree to which management's estimation and judgment is required is generally dependent upon the market pricing available for the investments, the availability of observable inputs, the frequency of trading in the investments and the investment's complexity. If we make different judgments regarding unobservable inputs, we could potentially reach different conclusions regarding the fair value of our investments.

Effective January 1, 2020, we adopted the new credit losses standard which changed the impairment model for available-for-sale debt securities, eliminating the concept of other than temporary impairment and requiring credit losses to be recorded through an allowance for credit losses. The allowance for credit losses on our investments in available-for-sale debt securities is determined using a quantitative discounted cash flow analysis if impairment triggers exist after a qualitative screen is completed. Impairment on available-for-sale debt securities is determined on an individual security basis and the security is subject to impairment when its fair value declines below its amortized cost basis. If the fair value is less than the amortized cost basis, management must then determine whether it intends to sell the security or whether it is more likely than not that it will be required to sell the security before it recovers its value. If we intend to sell the security or will more-likely-than-not be required to sell the impaired security before it recovers its value, a credit loss is recorded to Other income (expense), net in the accompanying consolidated statements of income. If we do not intend to sell the security, nor will we more-likely-than-not be required to sell the security before the security recovers its value, we must then determine whether the loss is due to credit loss or other factors. For impairment indicators due to credit loss factors, we establish an allowance for credit losses with a charge to Other income (expense), net. For impairment indicators due to other factors, we record the loss with a charge to Other comprehensive income in the accompanying consolidated balance sheets. See Note 2 to our consolidated financial statements included in this Annual Report on Form 10-K for the year ended December 31, 2020 for additional information on the new credit losses standard.

For our investments in privately-held companies accounted for at cost, less impairment plus or minus adjustments resulting from observable price changes in orderly transactions for an identical or a similar investment of the same issuer, we periodically review for impairment and observable price changes on a quarterly basis, and adjust the carrying value accordingly. See Notes 4, 5 and 6 to our consolidated financial statements included in this Annual Report on Form 10-K for the year ended December 31, 2020 for more information on our investments.

Intangible Assets

We have product related technology assets and other intangible assets from acquisitions and other third party agreements. We allocate the purchase price of intangible assets acquired through third party agreements based on their estimated relative fair values. We allocate a portion of the purchase price of acquired companies to the product related technology assets and other intangible assets acquired based on their estimated fair values. We typically engage third party appraisal firms to assist us in determining the fair values and useful lives of product related technology assets and other intangible assets acquired. Such valuations and useful life determinations require us to make significant estimates and assumptions. These estimates are based on historical experience and information obtained from the management of the acquired companies and are inherently uncertain. Critical estimates in determining the fair value and useful lives of the product related technology assets include, but are not limited to, future expected cash flows earned from the product related technology and discount rates applied in determining the present value of those cash flows. Critical estimates in valuing certain other intangible assets include, but are not limited to, future expected cash flows from customer contracts, customer retention rates, customer lists, distribution agreements, patents, brand awareness and market position, as well as discount rates.

Management's estimates of fair value are based upon assumptions believed to be reasonable. Unanticipated events and circumstances may occur which may affect the accuracy or validity of such assumptions, estimates or actual results.

We monitor acquired intangible assets for impairment on a periodic basis by reviewing for indicators of impairment. If an indicator exists, we compare the estimated net realizable value to the carrying value of the intangible asset as of the reporting period. The recoverability of the intangible assets is primarily dependent upon our ability to commercialize solutions utilizing the acquired technologies, retain existing customers and customer contracts, and maintain brand awareness. The estimated net realizable value of the acquired intangible assets is based on the estimated undiscounted future cash flows derived from such intangible assets. Our assumptions about future revenues and expenses require significant judgment associated with the forecast of the performance of our solutions, customer retention rates and ability to secure and maintain our market position. Actual revenues and costs could vary significantly from these forecasted amounts. If these solutions are not ultimately accepted by our customers and distributors, and there is no alternative future use for the technology; or if we fail to retain acquired customers or successfully market acquired brands, we could determine that some or all of the remaining $81.5 million carrying value of our acquired intangible assets is impaired. In the event of impairment, we would record an impairment charge to earnings that could have a material adverse effect on our results of operations.

Goodwill

The excess of the fair value of the purchase price over the fair values of the identifiable assets and liabilities from our acquisitions is recorded as goodwill. At December 31, 2020, we had $1.80 billion in goodwill related to our acquisitions under one reportable unit. Our revenues are derived from sales of our Workspace solutions and App Delivery and Security products, and related support. See Note 12 to our consolidated financial statements included in this Annual Report on Form 10-K for the year ended December 31, 2020 for additional information regarding our reportable segment.

We account for goodwill in accordance with the Financial Accounting Standards Board's authoritative guidance, which requires that goodwill and certain intangible assets are not amortized, but are subject to an annual impairment test. We complete our goodwill and certain intangible assets impairment tests on an annual basis, during the fourth quarter of our fiscal year, or more frequently, if changes in facts and circumstances indicate that an impairment in the value of goodwill and certain intangible assets recorded on our balance sheet may exist.

In the fourth quarter of 2020, we performed a qualitative assessment to determine whether further quantitative impairment testing for goodwill and certain intangible assets is necessary, and we refer to this assessment as the Qualitative Screen. In performing the Qualitative Screen, we are required to make assumptions and judgments including but not limited to the following: the evaluation of macroeconomic conditions as related to our business, industry and market trends, and the overall future financial performance of our reporting unit and future opportunities in the markets in which it operates. If after performing the Qualitative Screen impairment indicators are present, we would perform a quantitative impairment test to estimate the fair value of goodwill and certain intangible assets. In doing so, we would estimate future revenue, consider market factors and estimate our future cash flows. Based on these key assumptions, judgments and estimates, we determine whether we need to record an impairment charge to reduce the value of the goodwill and certain intangible assets carried on our balance sheet to their estimated fair value. Assumptions, judgments and estimates about future values are complex and often subjective and can be affected by a variety of factors, including external factors such as industry and economic trends, and internal factors such as changes in our business strategy or our internal forecasts. Although we believe the assumptions, judgments and estimates we have made have been reasonable and appropriate, different assumptions, judgments and estimates could materially affect our results of operations. As a result of the Qualitative Screen, no further quantitative impairment test was deemed necessary. There was no impairment of goodwill as a result of the annual impairment tests completed during the fourth quarters of 2020 and 2019.

Income Taxes

We are required to estimate our income taxes in each of the jurisdictions in which we operate as part of the process of preparing our consolidated financial statements. At December 31, 2020, we had $383.3 million in net deferred tax assets. The authoritative guidance requires a valuation allowance to reduce the deferred tax assets reported if, based on the weight of the evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized. We review deferred tax assets periodically for recoverability and make estimates and judgments regarding the expected geographic sources of taxable income and gains from investments, as well as tax planning strategies in assessing the need for a valuation allowance. At December 31, 2020, we determined that a $151.8 million valuation allowance relating to deferred tax assets for net operating losses and tax credits was necessary. If the estimates and assumptions used in our determination change in the future, we could be required to revise our estimates of the valuation allowances against our deferred tax assets and adjust our provisions for additional income taxes.

In the ordinary course of global business, there are transactions for which the ultimate tax outcome is uncertain; thus judgment is required in determining the worldwide provision for income taxes. We provide for income taxes on transactions based on our estimate of the probable liability. We adjust our provision as appropriate for changes that impact our underlying judgments. Changes that impact provision estimates include such items as jurisdictional interpretations on tax filing positions based on the results of tax audits and general tax authority rulings. Due to the evolving nature of tax rules combined with the large number of jurisdictions in which we operate, it is possible that our estimates of our tax liability and the realizability of our deferred tax assets could change in the future, which may result in additional tax liabilities and adversely affect our results of operations, financial condition or cash flows.

Results of Operations

In this section, we discuss the results of our operations for the year ended December 31, 2020 compared to the year ended December 31, 2019. For a discussion of the year ended December 31, 2019 compared to the year ended December 31, 2018, please refer to Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2019 which was filed with the SEC on February 14, 2020.

The following table sets forth our consolidated statements of income data and presentation of that data as a percentage of change from year-to-year (in thousands other than percentages):

	Year Ended December 31,				
	2020	2019	2018	2020 vs. 2019	2019 vs. 2018
Revenues:					
Subscription	$ 1,114,798	$ 650,810	$ 455,276	71.3 %	42.9 %
Product and license	444,437	583,474	734,495	(23.8)	(20.6)
Support and services	1,677,465	1,776,280	1,784,132	(5.6)	(0.4)
Total net revenues	3,236,700	3,010,564	2,973,903	7.5	1.2
Cost of net revenues:					
Cost of subscription, support and services	389,612	310,255	266,495	25.6	16.4
Cost of product and license revenues	76,152	102,452	120,249	(25.7)	(14.8)
Amortization and impairment of product related intangible assets	32,782	51,340	47,059	(36.1)	9.1
Total cost of net revenues	498,546	464,047	433,803	7.4	7.0
Gross margin	2,738,154	2,546,517	2,540,100	7.5	0.3
Operating expenses:					
Research and development	538,080	518,877	439,984	3.7	17.9
Sales, marketing and services	1,224,377	1,132,956	1,074,234	8.1	5.5
General and administrative	352,109	320,429	315,343	9.9	1.6
Amortization of other intangible assets	2,799	15,890	15,854	(82.4)	0.2
Restructuring	11,981	22,247	16,725	(46.1)	33.0
Total operating expenses	2,129,346	2,010,399	1,862,140	5.9	8.0
Income from operations	608,808	536,118	677,960	13.6	(20.9)
Interest income	3,108	18,280	40,030	(83.0)	(54.3)
Interest expense	(64,687)	(45,974)	(80,162)	40.7	(42.6)
Other income (expense), net	7,651	1,076	(8,373)	*	*
Income before income taxes	554,880	509,500	629,455	8.9	(19.1)
Income tax (benefit) expense	50,434	(172,313)	53,788	*	*
Net income	$ 504,446	$ 681,813	$ 575,667	(26.0)%	18.4 %

* Not meaningful

Revenues

Net revenues include Subscription, Product and license and Support and services revenues.

Subscription revenue relates to fees for SaaS, which are generally recognized ratably over the contractual term, and non-SaaS, which are generally recognized at a point in time. SaaS primarily consists of subscriptions delivered via a cloud-hosted service whereby the customer does not take possession of the software, hybrid subscription offerings and the related support. Non-SaaS consists primarily of on-premise licensing, hybrid subscription offerings, CSP services and the related support. Our hybrid subscription offerings are allocated between SaaS and non-SaaS. In addition, our CSP program provides subscription-based services in which the CSP partners host software services to their end users. The fees from the CSP program are recognized based on usage and as the CSP services are provided to their end users.

Product and license revenue primarily represents fees related to the perpetual licensing of the following major solutions:

- Workspace is primarily comprised of our Application Virtualization solutions, which include Citrix Virtual Apps and Desktops, our unified endpoint management solutions, which include Citrix Endpoint Management, Citrix Content Collaboration, and Citrix Workspace; and
- App Delivery and Security products, which primarily include Citrix ADC and Citrix SD-WAN.

We offer incentive programs to our VADs and VARs to stimulate demand for our solutions. Product and license and Subscription revenues associated with these programs are partially offset by these incentives to our VADs and VARs.

Support and services revenue consists of maintenance and support fees primarily related to our perpetual offerings and include the following:

- Customer Success Services, which gives customers a choice of tiered support offerings that combine the elements of technical support, product version upgrades, guidance, enablement and proactive monitoring to help our customers and our partners fully realize their business goals. Fees associated with this offering are recognized ratably over the term of the contract; and
- Hardware Maintenance fees for our perpetual App Delivery and Security products, which include technical support and hardware and software maintenance, are recognized ratably over the contract term; and
- Fees from consulting services related to the implementation of our solutions, which are recognized as the services are provided; and
- Fees from product training and certification, which are recognized as the services are provided.

	Year Ended December 31,				
	2020	**2019**	**2018**	**2020 vs. 2019**	**2019 vs. 2018**
			(In thousands)		
Revenues:					
Subscription	$ 1,114,798	$ 650,810	$ 455,276	$ 463,988	$ 195,534
Product and license	444,437	583,474	734,495	(139,037)	(151,021)
Support and services	1,677,465	1,776,280	1,784,132	(98,815)	(7,852)
Total net revenues	$ 3,236,700	$ 3,010,564	$ 2,973,903	$ 226,136	$ 36,661

Subscription

Subscription revenue increased during 2020 compared to 2019 primarily due to an increase in on-premise license demand of $314.0 million, mostly from Workspace offerings of $191.7 million and our App Delivery and Security offerings of $122.3 million, mainly from pooled capacity. Also contributing to the increase is continued customer cloud adoption of our solutions delivered via the cloud of $150.0 million, primarily from Workspace offerings. We currently expect our Subscription revenue to increase when comparing the first quarter of 2021 to the first quarter of 2020 and the fiscal year 2021 to the fiscal year 2020 due to our continued transition to a subscription-based business model.

Product and license

Product and license revenue decreased during 2020 when compared to 2019 primarily due to a decrease in sales of our perpetual App Delivery and Security products of $110.5 million and a decrease in sales of our perpetual Workspace solutions of $28.5 million as customers continue to shift to our subscription offerings. We currently expect Product and license revenue to decrease when comparing the first quarter of 2021 to the first quarter of 2020 and the fiscal year 2021 to the fiscal year 2020 as customers continue to shift to our subscription offerings and away from our App Delivery and Security hardware products, as well as our decision to discontinue offering new perpetual licenses for Citrix Workspace beginning on October 1, 2020.

Support and services

Support and services revenue decreased when comparing 2020 to 2019 primarily due to a decrease in sales of maintenance services across our App Delivery and Security perpetual offerings of $40.2 million and Workspace perpetual offerings of $39.1 million, as more of the revenue is reported in the Subscription revenue line commensurate with our subscription model transition. We currently expect Support and services revenue to decrease when comparing the first quarter of 2021 to the first quarter of 2020 and the fiscal year 2021 to the fiscal year 2020 as customers continue to shift to our subscription offerings.

Deferred Revenue, Unbilled Revenue and Backlog

Deferred revenue is primarily comprised of Support and services revenue from maintenance fees, which include software and hardware maintenance, technical support related to our perpetual offerings and services revenue related to our consulting contracts. Deferred revenue also includes Subscription revenue from our Content Collaboration and cloud-based subscription offerings, as well as on-premise subscription offerings.

Deferred revenue consists of billings or payments received in advance of revenue recognition and is recognized in our consolidated balance sheets and statements of income as the revenue recognition criteria are met. Unbilled revenue primarily represents future billings under our subscription agreements that have not been invoiced and, accordingly, are not recorded in accounts receivable or deferred revenue within our consolidated financial statements. Deferred revenue and unbilled revenue are influenced by several factors, including new business seasonality within the year, the specific timing, size and duration of customer subscription agreements, annual billing cycles of subscription agreements, and invoice timing. Fluctuations in unbilled revenue may not be a reliable indicator of future performance and the related revenue associated with these contractual commitments.

The following table presents the amounts of deferred and unbilled revenue (in thousands):

	December 31, 2020	December 31, 2019	2020 vs. 2019
Deferred revenue	$ 1,902,576	$ 1,795,791	$ 106,785
Unbilled revenue	1,036,072	704,829	331,243

Deferred revenues increased approximately $106.8 million as of December 31, 2020 compared to December 31, 2019 primarily due to an increase from subscription of $223.5 million, mostly from our cloud-based subscription offerings of $127.6 million and on-premise subscription license updates and maintenance of $125.3 million. These increases are partially offset by a decrease in maintenance and support of $117.6 million, mostly from Workspace perpetual software maintenance of $63.1 million and App Delivery and Security perpetual hardware maintenance of $49.7 million. Unbilled revenue as of December 31, 2020 increased $331.2 million from December 31, 2019 primarily due to increased customer adoption of multi-year subscription agreements.

While it is generally our practice to promptly ship our products upon receipt of properly finalized orders, at any given time, we have confirmed product license orders that have not shipped and are wholly unfulfilled. Backlog includes the aggregate amounts we expect to recognize as point in time revenue in the following quarter associated with contractually committed amounts for on-premise subscription software licenses, as well as confirmed product license orders that have not shipped and are wholly unfulfilled. As of December 31, 2020 and 2019, the amount of backlog was not material. We do not believe that backlog, as of any particular date, is a reliable indicator of future performance.

International Revenues

International revenues (sales outside the United States) accounted for 50.5% and 48.2% of our net revenues for the years ended December 31, 2020 and 2019, respectively. The change in our international revenues as a percentage of our net revenues for the year ended December 31, 2020 as compared to the year ended December 31, 2019 was primarily due to higher revenues in our EMEA region, mainly from Subscription. For detailed information on international revenues, please refer to Note 12 to our consolidated financial statements included in this Annual Report on Form 10-K for the year ended December 31, 2020.

Cost of Net Revenues

	Year Ended December 31,				
	2020	2019	2018	2020 vs. 2019	2019 vs. 2018
			(In thousands)		
Cost of subscription, support and services	$ 389,612	$ 310,255	$ 266,495	$ 79,357	$ 43,760
Cost of product and license revenues	76,152	102,452	120,249	(26,300)	(17,797)
Amortization and impairment of product related intangible assets	32,782	51,340	47,059	(18,558)	4,281
Total cost of net revenues	$ 498,546	$ 464,047	$ 433,803	$ 34,499	$ 30,244

Cost of subscription, support and services revenues consists primarily of compensation and other personnel-related costs of providing technical support, consulting and cloud capacity costs, as well as the costs related to providing our offerings delivered via the cloud and hardware costs related to certain on-premise subscription offerings. Cost of product and license revenues consists primarily of hardware, shipping expense, royalties, product media and duplication, manuals and packaging materials. Also included in cost of net revenues is amortization and impairment of product related intangible assets.

Cost of subscription, support and services revenues increased during 2020 when compared to 2019 primarily due to an increase in costs related to providing our subscription offerings. We currently expect cost of subscription, support and services revenues to increase when comparing the first quarter of 2021 to the first quarter of 2020 and the fiscal year 2021 to the fiscal year 2020, consistent with the expected increases in Subscription revenue as discussed above.

Cost of product and license revenues decreased during 2020 when compared to 2019 primarily due to lower overall sales of our perpetual App Delivery and Security products, which contain hardware components that have a higher cost than our software products. We currently expect cost of product and license revenues to decrease when comparing the first quarter of 2021 to the first quarter of 2020 and the fiscal year 2021 to the fiscal year 2020, consistent with the expected decrease in product and license revenue.

Amortization and impairment of product related intangible assets decreased during 2020 as compared to 2019 primarily due to the impairments of certain acquired intangible assets, primarily developed technology, in 2019.

Gross Margin

Gross margin as a percent of revenue was 84.6% for 2020 and 2019. Gross margin as a percent of revenue remained consistent during 2020 as compared to 2019.

Operating Expenses

Foreign Currency Impact on Operating Expenses

The functional currency for all of our wholly-owned foreign subsidiaries is the U.S. dollar. A substantial majority of our overseas operating expenses and capital purchasing activities are transacted in local currencies and are therefore subject to fluctuations in foreign currency exchange rates. In order to minimize the impact on our operating results, we generally initiate our hedging of currency exchange risks up to 12 months in advance of anticipated foreign currency expenses. Generally, when the dollar is weak, foreign currency denominated expenses will be higher, and these higher expenses will be partially offset by the gains realized from our hedging contracts. Conversely, if the dollar is strong, foreign currency denominated expenses will be lower. These lower expenses will in turn be partially offset by the losses incurred from our hedging contracts. There is a risk that there will be fluctuations in foreign currency exchange rates beyond the time frame for which we hedge our risk.

Research and Development Expenses

	Year Ended December 31,				
	2020	2019	2018	2020 vs. 2019	2019 vs. 2018
			(In thousands)		
Research and development	$ 538,080	$ 518,877	$ 439,984	$ 19,203	$ 78,893

Research and development expenses consist primarily of personnel related costs and facility and equipment costs directly related to our research and development activities. We expensed substantially all development costs included in the research and development of our products.

Research and development expenses increased during 2020 as compared to 2019 primarily due to compensation and other employee-related costs of $12.2 million due to a net increase in headcount, and an increase in professional fees of $4.5 million.

Sales, Marketing and Services Expenses

	Year Ended December 31,				
	2020	2019	2018	2020 vs. 2019	2019 vs. 2018
			(In thousands)		
Sales, marketing and services	$ 1,224,377	$ 1,132,956	$ 1,074,234	$ 91,421	$ 58,722

Sales, marketing and services expenses consist primarily of personnel related costs, including sales commissions, pre-sales support, the costs of marketing programs aimed at increasing revenue, such as brand development, advertising, trade shows, public relations and other market development programs and costs related to our facilities, equipment, information systems and pre-sale demonstration related cloud capacity costs that are directly related to our sales, marketing and services activities.

Sales, marketing and services expenses increased during 2020 compared to 2019 primarily due to the impact from the COVID-19 pandemic, which included an increase in variable compensation of $80.0 million driven by an increase in demand of limited use licenses and ongoing business continuity sales, and an increase in marketing programs of $23.1 million due to our new brand launch. These increases were partially offset by a decrease in costs of $12.6 million related to the cancellation of in-person events in response to the COVID-19 pandemic, including our largest customer and partner event, Synergy, and replacing them with virtual events or postponing to future periods.

General and Administrative Expenses

	Year Ended December 31,				
	2020	2019	2018	2020 vs. 2019	2019 vs. 2018
			(In thousands)		
General and administrative	$ 352,109	$ 320,429	$ 315,343	$ 31,680	$ 5,086

General and administrative expenses consist primarily of personnel related costs and expenses related to outside consultants assisting with information systems, as well as accounting and legal fees.

General and administrative expenses increased during 2020 compared to 2019 primarily due to increases in compensation and other employee-related costs of $18.2 million related to a net increase in headcount, stock-based compensation of $15.8 million, and credit loss expense of $8.5 million. These increases were partially offset by a decrease in professional fees of $7.2 million.

Amortization of Other Intangible Assets

	Year Ended December 31,				
	2020	2019	2018	2020 vs. 2019	2019 vs. 2018
			(In thousands)		
Amortization of other intangible assets	$ 2,799	$ 15,890	$ 15,854	$ (13,091)	$ 36

Amortization of other intangible assets consists of amortization of customer relationships, trade names and covenants not to compete primarily related to our acquisitions.

The decrease in Amortization of other intangible assets when comparing 2020 to 2019 was primarily due to certain intangible assets becoming fully amortized in 2019.

For more information regarding our intangible assets, see Note 2 to our consolidated financial statements included in this Annual Report on Form 10-K for the year ended December 31, 2020.

Restructuring Expenses

	Year Ended December 31,				
	2020	2019	2018	2020 vs. 2019	2019 vs. 2018
			(In thousands)		
Restructuring	$ 11,981	$ 22,247	$ 16,725	$ (10,266)	$ 5,522

Restructuring expenses decreased during 2020 compared to 2019, primarily due to a net decrease in employee severance and related costs of $16.5 million, as well as the consolidation of certain leased facilities of $2.7 million during 2019, partially offset by the impairment of a right-of-use asset related to a restructuring facility of $8.9 million as a result of the COVID-19 pandemic during the year ended December 31, 2020.

For more information regarding our restructuring, see Note 17 to our consolidated financial statements included in this Annual Report on Form 10-K for the year ended December 31, 2020.

2021 Operating Expense Outlook

When comparing the first quarter of 2021 to the first quarter of 2020 and the fiscal year 2021 to the fiscal year 2020, we currently expect operating expenses to slightly increase.

Interest income

	Year Ended December 31,				
	2020	2019	2018	2020 vs. 2019	2019 vs. 2018
			(In thousands)		
Interest income	$ 3,108	$ 18,280	$ 40,030	$ (15,172)	$ (21,750)

Interest income primarily consists of interest earned on our cash, cash equivalents and investment balances. Interest income decreased during 2020 compared to 2019 primarily due to lower average balances of cash, cash equivalents and investments as a result of the repayment of the outstanding principal balance of our 0.500% Convertible Notes due 2019 (the “Convertible Notes”) on April 15, 2019, as well as lower yields on investments, due to lower interest rates. For more information regarding our investments, see Note 5 to our consolidated financial statements included in this Annual Report on Form 10-K for the year ended December 31, 2020.

Interest Expense

	Year Ended December 31,				
	2020	2019	2018	2020 vs. 2019	2019 vs. 2018
			(In thousands)		
Interest expense	$ (64,687)	$ (45,974)	$ (80,162)	$ (18,713)	$ 34,188

Interest expense primarily consists of interest paid on our 2027 and 2030 Notes, Term Loan Credit Agreement and our credit facility. When comparing 2020 and 2019, the increase is primarily due to interest expense from our outstanding 2030 Notes and Term Loan Credit Agreement of $29.5 million, partially offset by a decrease in interest expense from our Convertible Notes of $10.8 million due to the repayment of the outstanding principal balance on April 15, 2019. We currently expect interest expense to increase when comparing the first quarter of 2021 to the first quarter of 2020 and the fiscal year 2021 to the fiscal year 2020, in anticipation of financing related to the proposed acquisition of Wrike.

For more information regarding our debt and proposed acquisition, see Note 13 and Note 19, respectively, to our consolidated financial statements included in this Annual Report on Form 10-K for the year ended December 31, 2020.

Other income (expense), net

	Year Ended December 31,				
	2020	2019	2018	2020 vs. 2019	2019 vs. 2018
			(In thousands)		
Other income (expense), net	$ 7,651	$ 1,076	$ (8,373)	$ 6,575	$ 9,449

Other income (expense), net is primarily comprised of gains (losses) from remeasurement of foreign currency transactions, sublease income, realized losses related to changes in the fair value of our investments that have a decline in fair value and recognized gains (losses) related to our investments, which was not material for all periods presented.

The change in Other income (expense), net when comparing 2020 to 2019 is primarily driven by the remeasurement and settlement of foreign currency transactions.

Income Taxes

We are required to estimate our income taxes in each of the jurisdictions in which we operate as part of the process of preparing our consolidated financial statements. We maintain certain strategic management and operational activities in overseas subsidiaries and our foreign earnings are taxed at rates that are generally lower than in the United States.

Our effective tax rate generally differs from the U.S. federal statutory rate primarily due to tax credits and lower tax rates on earnings generated by our foreign operations that are taxed primarily in Switzerland.

Our effective tax rate was approximately 9.1% for the year ended December 31, 2020 and (33.8)% for the year ended December 31, 2019. The increase in the effective tax rate when comparing the year ended December 31, 2020 to the year ended December 31, 2019 was primarily due to tax items unique to the year ended December 31, 2019. The 2019 unique tax items include tax benefits of $112.1 million and $99.9 million attributable to the cantonal and federal impact of the Swiss Federal Act on Tax Reform and AHV Financing ("TRAF"), respectively.

We are subject to tax in the U.S. and in multiple foreign tax jurisdictions. Our U.S. liquidity needs are currently satisfied using cash flows generated from our U.S. operations, borrowings, or both. We also utilize a variety of tax planning strategies in an effort to ensure that our worldwide cash is available in locations in which it is needed. We expect to repatriate a substantial portion of our foreign earnings over time, to the extent that the foreign earnings are not restricted by local laws or result in significant incremental costs associated with repatriating the foreign earnings. See Note 11 to our consolidated financial statements included in this Annual Report on Form 10-K for the year ended December 31, 2020 for income tax information.

Liquidity and Capital Resources

During 2020, we generated operating cash flows of $935.8 million. These operating cash flows related primarily to net income of $504.4 million, adjusted for, among other things, non-cash charges, including stock-based compensation expense of $307.7 million and depreciation and amortization expenses of $207.9 million. Partially offsetting these changes was a change in operating assets and liabilities of $88.7 million, net of effects of acquisitions. The change in our net operating assets and liabilities was primarily a result of an outflow in accounts receivable of $151.8 million mostly due to an increase in sales, an outflow in other assets of $119.8 million mostly due to an increase in capitalized commissions from higher subscription sales and an outflow in income taxes, net of $51.5 million. These outflows were partially offset by an inflow in accrued expenses of $161.5 million, primarily due to increases in employee-related accruals and an inflow in deferred revenue of $106.8 million. Our investing activities used $138.3 million of cash consisting primarily of net purchases of investments of $88.3 million and cash paid for the purchase of property and equipment of $41.4 million. Our financing activities used cash of $595.2 million, primarily for stock repurchases of $1.29 billion, cash dividends paid on common stock of $172.0 million and cash paid for tax withholding on vested stock awards of $121.7 million. These outflows are partially offset by net proceeds from the issuance of our 2030 Notes of $738.1 million and net borrowings from our Term Loan Credit Agreement of $248.8 million.

During 2019, we generated operating cash flows of $783.1 million. These operating cash flows related primarily to net income of $681.8 million, adjusted for, among other things, non-cash charges, including stock-based compensation expense of $278.9 million, depreciation and amortization expenses of $139.3 million and amortization of operating lease right-of-use assets of $50.2 million. Partially offsetting these changes was a deferred income tax benefit of $244.9 million and a change in operating assets and liabilities of $190.5 million, net of effects of acquisitions. The change in our net operating assets and liabilities was primarily a result of an outflow in other assets of $74.2 million mostly due to an increase in capitalized commissions from higher subscription sales, an outflow in accounts receivable of $39.0 million mostly due to an increase in sales and changes in deferred revenue of $38.8 million. Our investing activities provided $1.04 billion of cash consisting primarily of net proceeds from investments of $1.10 billion, partially offset by cash paid for the purchase of property and equipment of $63.5 million. Our financing activities used cash of $1.89 billion, primarily for the cash repayment of the outstanding principal balance of our Convertible Notes of $1.16 billion, stock repurchases of $453.9 million, repayment of borrowings under our credit facility of $200.0 million, cash dividends paid on common stock of $182.9 million and cash paid for tax withholding on vested stock awards of $89.2 million. These outflows are partially offset by borrowings from our credit facility of $200.0 million.

Term Loan Credit Agreement

On January 21, 2020, we entered into a $1.00 billion Term Loan Credit Agreement, consisting of a $500.0 million 364-day term loan facility (the "364-day Term Loan"), and a $500.0 million 3-year term loan facility (the "3-year Term Loan"). During the year ended December 31, 2020, we used borrowings from the Term Loan Credit Agreement to enter into an aggregate $1.00 billion accelerated share repurchase transaction.

Senior Notes

On February 25, 2020, we issued $750.0 million of unsecured senior notes due March 1, 2030, or the 2030 Notes. The 2030 Notes accrue interest at a rate of 3.300% per annum, which is due semi-annually on March 1 and September 1 of each year, beginning on September 1, 2020. The net proceeds from this offering were $738.1 million.

During the year ended December 31, 2020, we used the net proceeds from the 2030 Notes and cash to repay $500.0 million under the 364-day Term Loan and $250.0 million under the 3-year Term Loan. As of December 31, 2020, $250.0 million was outstanding under the 3-year Term Loan.

On November 15, 2017, we issued $750.0 million of unsecured senior notes due December 1, 2027, or the 2027 Notes. The 2027 Notes accrue interest at a rate of 4.500% per annum, which is due semi-annually on June 1 and December 1 of each year.

Credit Facility

On November 26, 2019, we entered into a $250.0 million five-year unsecured revolving credit facility under an amended and restated credit agreement, or the Credit Agreement. We may elect to increase the revolving credit facility by up to $250.0 million if existing or new lenders provide additional revolving commitments in accordance with the terms of the Credit Agreement. As of December 31, 2020, no amounts were outstanding under the credit facility.

Bridge Facility, Take-Out Facility Commitment Letter and 2021 Credit Facility

On January 16, 2021, we entered into a bridge facility and take-out facility commitment letter (the "Commitment Letter") pursuant to which JPMorgan Chase Bank, N.A., has (1) committed to provide a senior unsecured 364-day term loan facility in an aggregate principal amount of $1.45 billion to finance the cash consideration for our pending acquisition of Wrike in the event that permanent debt financing is not available on or prior to the closing and (2) agreed to use commercially reasonably efforts to assemble a syndicate of lenders to provide the necessary commitments for the senior term loan facility. We currently expect to replace the bridge facility prior to the closing of the acquisition with permanent financing, which may include the issuance of debt securities and/or one or more senior term loan facilities, including the 2021 Term Loan Credit Agreement as described below; however, such permanent financing may not be available in the timeframe expected or on favorable terms. The commitment is subject to customary terms and conditions precedent for such borrowing as set forth in the Commitment Letter, including, among others, the execution and delivery of definitive documentation consistent with the Commitment Letter.

On February 5, 2021 (the "Closing Date"), we entered into the 2021 Term Loan Credit Agreement with JPMorgan Chase Bank, N.A., as administrative agent, and the other lenders party thereto from time to time (collectively, the "2021 Lenders"). The 2021 Term Loan Credit Agreement provides us with a facility to borrow a term loan on an unsecured basis in an aggregate principal amount of up to $1.00 billion. The 2021 Term Loan is available to be made by the 2021 Lenders from the Closing Date through July 8, 2021, in a single borrowing, subject to satisfaction of certain conditions set forth in the 2021 Term Loan Credit Agreement. The 2021 Term Loan matures on the date that is three years after the 2021 Term Loan is drawn. The proceeds of borrowings under the 2021 Term Loan Credit Agreement will be used to finance a portion of the purchase price to be paid in connection with the acquisition of Wrike.

See Notes 9, 13 and 19 to our consolidated financial statements included in this Annual Report on Form 10-K for the year ended December 31, 2020 for additional details on the accelerated share repurchase, debt agreements, the Commitment Letter and the 2021 Term Loan Credit Agreement, respectively.

Historically, significant portions of our cash inflows were generated by our operations. We currently expect this trend to continue in 2021. We believe that our existing cash and investments together with cash flows expected from operations will be sufficient to meet expected operating and capital expenditure requirements and service our debt obligations for the next 12 months. For additional information, see section titled *Impact of COVID-19 Pandemic* above. We continue to search for suitable acquisition candidates and could acquire or make investments in companies we believe are related to our strategic objectives. We could from time to time continue to seek to raise additional funds through the issuance of debt or equity securities for larger acquisitions and for general corporate purposes.

Cash, Cash Equivalents and Investments

	December 31, 2020	December 31, 2019	2020 vs. 2019
	(In thousands)		
Cash, cash equivalents and investments	$ 891,373	$ 605,456	$ 285,917

The increase in cash, cash equivalents and investments at December 31, 2020 as compared to December 31, 2019, is primarily due to cash received from debt offerings, net of repayments of $987.0 million and cash provided from operating activities of $935.8 million, partially offset by the cash paid for stock repurchases of $1.29 billion, cash dividends paid on common stock of $172.0 million, cash paid for tax withholding on vested stock awards of $121.7 million and purchases of property and equipment of $41.4 million. As of December 31, 2020, $350.7 million of the $891.4 million of cash, cash equivalents and investments was held by our foreign subsidiaries. Under current U.S. federal tax law, the cash, cash equivalents and investments held by our foreign subsidiaries can be repatriated without incurring any additional U.S. federal tax. Upon repatriation of these funds, we could be subject to foreign and U.S. state income taxes, as well as additional foreign withholding taxes. The amount of taxes due is dependent on the amount and manner of the repatriation, as well as the locations from which the funds are repatriated and received. We generally invest our cash and cash equivalents in investment grade, highly liquid securities to allow for flexibility in the event of immediate cash needs. Our short-term and long-term investments primarily consist of interest-bearing securities.

Stock Repurchase Program

Our Board of Directors authorized an ongoing stock repurchase program, of which $1.00 billion was approved in January 2020. We may use the approved dollar authority to repurchase stock at any time until the approved amounts are exhausted. The objective of the stock repurchase program is to improve stockholders' returns and mitigate earnings per share dilution posed by the issuance of shares related to employee equity compensation awards. At December 31, 2020, $625.6 million was available to repurchase common stock pursuant to the stock repurchase program. All shares repurchased are recorded as treasury stock.

On January 30, 2020, we used the proceeds from the Term Loan Credit Agreement and entered into accelerated share repurchase ("ASR") transactions with a group of dealers for an aggregate amount of $1.00 billion. Under the ASR transactions, we received an initial share delivery of 6.5 million shares of its common stock in January 2020 and received delivery of an additional 0.8 million shares of its common stock in August 2020 in final settlement of the ASR Agreement.

In addition to the ASR transactions, during the year ended December 31, 2020, we expended $288.5 million on open market purchases under the stock repurchase program, repurchasing 2.5 million shares of outstanding common stock at an average price of $116.40. We also withheld 893,479 shares from equity awards that vested to satisfy tax withholding obligations that arose on the vesting of equity awards of $121.7 million. These shares are reflected as treasury stock in our consolidated balance sheets included in this Annual Report on Form 10-K for the year ended December 31, 2020.

See Note 9 to our consolidated financial statements included in this Annual Report on Form 10-K for the year ended December 31, 2020 for additional details on the ASR and treasury stock.

Contractual Obligations and Off-Balance Sheet Arrangements

Contractual Obligations

The following table summarizes our significant contractual obligations at December 31, 2020 and the future periods in which such obligations are expected to be settled in cash. Additional details regarding these obligations are provided in the notes to our consolidated financial statements (in thousands):

	Payments due by period				
	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Operating lease obligations	$ 276,283	$ 57,981	$ 98,210	$ 82,657	$ 37,435
Total long-term debt[(1)]	1,750,000	—	250,000	—	1,500,000
Purchase obligations[(2)]	978,695	47,943	—	—	930,752
Transition tax payable[(3)]	259,391	27,304	78,500	153,587	—
Total contractual obligations[(4)]	$ 3,264,369	$ 133,228	$ 426,710	$ 236,244	$ 2,468,187

[(1)] The amount above represents the balances to be repaid under our 2027 Notes, 2030 Notes, and Term Loan Credit Agreement. See Note 13 to our consolidated financial statements included in this Annual Report on Form 10-K for the year ended December 31, 2020 for further information.

[(2)] Purchase obligations represent non-cancelable commitments to purchase inventory ordered before year-end 2021 of approximately \$8.8 million and a contingent obligation to purchase inventory of approximately \$19.9 million. It also includes a remaining purchase obligation for our use of certain cloud services with one third-party provider of \$950.0 million, of which \$19.3 million is due in less than one year. See Note 10 to our consolidated financial statements included in this Annual Report on Form 10-K for the year ended December 31, 2020 for further information.

[(3)] Represents transition tax payable on deemed repatriation of deferred foreign income incurred as a result of the 2017 Tax Act. See Note 11 to our consolidated financial statements included in this Annual Report on Form 10-K for the year ended December 31, 2020 for further information.

[(4)] Total contractual obligations do not include agreements where our commitment is variable in nature or where cancellations without payment provisions exist and excludes \$74.7 million of liabilities related to uncertain tax positions recorded in accordance with authoritative guidance, because we could not make reasonably reliable estimates of the period or amount of cash settlement with the respective taxing authorities. See Note 11 to our consolidated financial statements included in this Annual Report on Form 10-K for the year ended December 31, 2020 for further information.

As of December 31, 2020, we did not have any individually material finance lease obligations or other material long-term commitments reflected on our consolidated balance sheets.

Off-Balance Sheet Arrangements

We do not have any special purpose entities or off-balance sheet financing arrangements.

ITEM 7A. ***QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK***

The following discussion about our market risk includes "forward-looking statements" that involve risks and uncertainties. Actual results could differ materially from those projected in the forward-looking statements. The analysis methods we used to assess and mitigate risk discussed below should not be considered projections of future events, gains or losses.

We are exposed to financial market risks, including changes in foreign currency exchange rates and interest rates that could adversely affect our results of operations or financial condition. To mitigate foreign currency risk, we utilize derivative financial instruments. The counterparties to our derivative instruments are major financial institutions. All of the potential changes noted below are based on sensitivity analyses performed on our financial position as of December 31, 2020. Actual results could differ materially.

Discussions of our accounting policies for derivatives and hedging activities are included in Notes 2 and 14 to our consolidated financial statements included in this Annual Report on Form 10-K for the year ended December 31, 2020.

Exposure to Exchange Rates

A substantial majority of our overseas expense and capital purchasing activities are transacted in local currencies, including Euros, British pounds sterling, Japanese yen, Australian dollars, Swiss francs, Indian rupees, Hong Kong dollars, Canadian dollars, Singapore dollars and Chinese yuan renminbi. To reduce the volatility of future cash flows caused by changes in currency exchange rates, we have established a hedging program. We use foreign currency forward contracts to hedge certain forecasted foreign currency expenditures. Our hedging program significantly reduces, but does not entirely eliminate, the impact of currency exchange rate movements.

At December 31, 2020 and 2019, we had in place foreign currency forward sale contracts with a notional amount of $317.9 million and $285.9 million, respectively, and foreign currency forward purchase contracts with a notional amount of $149.7 million and $154.8 million, respectively. At December 31, 2020, these contracts had an aggregate fair value asset of $2.6 million and at December 31, 2019, these contracts had an aggregate fair value liability of $0.4 million. Based on a hypothetical 10% appreciation of the U.S. dollar from December 31, 2020 market rates, the fair value of our foreign currency forward contracts would increase by $14.0 million. Conversely, a hypothetical 10% depreciation of the U.S. dollar from December 31, 2020 market rates would decrease the fair value of our foreign currency forward contracts by $14.0 million. In these hypothetical movements, foreign operating costs would move in the opposite direction. This calculation assumes that each exchange rate would change in the same direction relative to the U.S. dollar. In addition to the direct effects of changes in exchange rates quantified above, changes in exchange rates could also change the dollar value of sales and affect the volume of sales as the prices of our competitors' products become more or less attractive. We do not anticipate any material adverse impact to our consolidated financial position, results of operations, or cash flows as a result of these foreign exchange forward contracts.

Exposure to Interest Rates

We have interest rate exposures resulting from our interest-based available-for-sale investments. We maintain available-for-sale investments in debt securities and we limit the amount of credit exposure to any one issuer or type of instrument. The securities in our investment portfolio are not leveraged. The securities classified as available-for-sale are subject to interest rate risk. The modeling technique used measures the change in fair values arising from an immediate hypothetical shift in market interest rates and assumes that ending fair values include principal plus accrued interest and reinvestment income. If market interest rates were to increase by 100 basis points from December 31, 2020 and 2019 levels, the fair value of the available-for-sale portfolio would decline by approximately $0.6 million and $0.4 million, respectively. If market interest rates were to decrease by 100 basis points from December 31, 2020 and 2019 levels, the fair value of the available-for-sale portfolio would increase by approximately $0.2 million and $0.4 million, respectively. These amounts are determined by considering the impact of the hypothetical interest rate movements on our available-for-sale investment portfolios. This analysis does not consider the effect of credit risk as a result of the changes in overall economic activity that could exist in such an environment.

We are also exposed to the impact of changes in interest rates as they affect our Term Loan Credit Agreement, which bears interest at a rate equal to either a customary base rate formula plus an applicable margin or LIBOR plus an applicable margin. As of December 31, 2020, we had $250.0 million outstanding under the Term Loan Credit Agreement. Because interest rates applicable to the Term Loan Credit Agreement are variable, we are exposed to market risk from changes in the underlying index rates, which affects our interest expense. A hypothetical increase of 100 basis points in interest rates would result in an increase in interest expense of $2.5 million.

ITEM 8. ***FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA***

Our consolidated financial statements, together with the report of independent registered public accounting firm, appear at pages F-1 through F-44 of this Annual Report on Form 10-K for the year ended December 31, 2020.

ITEM 9. ***CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE***

None.

ITEM 9A. ***CONTROLS AND PROCEDURES***

Evaluation of Disclosure Controls and Procedures

As of December 31, 2020, our management, with the participation of our President and Chief Executive Officer and our Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15(b) promulgated under the Securities Exchange Act of 1934, as amended, or the Exchange Act. Based upon that evaluation, our President and Chief Executive Officer and our Chief Financial Officer concluded that, as of December 31, 2020, our disclosure controls and procedures were effective in ensuring that material information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, including ensuring that such material information is accumulated and communicated to our management, including our President and Chief Executive Officer and our Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

During the quarter ended December 31, 2020, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Exchange Act Rule 13a–15(f). Our internal control system was designed to provide reasonable assurance to our management and the Board of Directors regarding the preparation and fair presentation of published financial statements. All internal control systems, no matter how well designed have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2020. In making this assessment, our management used the criteria set forth in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013, or the COSO criteria. Based on our assessment we believe that, as of December 31, 2020, our internal control over financial reporting was effective based on those criteria. The effectiveness of our internal control over financial reporting as of December 31, 2020 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report which appears below.

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors of Citrix Systems, Inc.

Opinion on Internal Control Over Financial Reporting

We have audited Citrix Systems, Inc.'s internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Citrix Systems, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020 based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2020 and 2019, the related consolidated statements of income, comprehensive income, equity and cash flows for each of the three years in the period ended December 31, 2020, and the related notes and financial statement schedule listed in the Index at Item 15(a) and our report dated February 8, 2021 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Boca Raton, Florida

February 8, 2021

ITEM 9B. ***OTHER INFORMATION***

Rule 10b5-1 Trading Plans

The Company's policy governing transactions in Citrix securities by the Company's directors, officers and employees permits its officers, directors and certain other persons to enter into trading plans complying with Rule 10b5-1 under the Exchange Act. The Company has been advised that Tim Minahan, its Executive Vice President, Business Strategy and Chief Marketing Officer and Hector Lima, its Executive Vice President of Customer Experience, each entered into a new trading plan in the fourth quarter of 2020 in accordance with Rule 10b5-1 and the Company's policy governing transactions in its securities. The Company undertakes no obligation to update or revise the information provided herein, including for revision or termination of an established trading plan.

2021 Term Loan Credit Agreement

On February 5, 2021 (the “Closing Date”), the Company entered into the 2021 Term Loan Credit Agreement with JPMorgan Chase Bank, N.A., as administrative agent, and the other lenders party thereto from time to time, or the 2021 Lenders. The 2021 Term Loan Credit Agreement provides the Company with a facility to borrow a term loan on an unsecured basis in an aggregate principal amount of up to $1.00 billion, or the 2021 Term Loan. The 2021 Term Loan is available to be made by the 2021 Lenders from the Closing Date through July 8, 2021, in a single borrowing, subject to satisfaction of certain conditions set forth in the 2021 Term Loan Credit Agreement. The 2021 Term Loan matures on the date that is three years after the 2021 Term Loan is drawn. The proceeds of borrowings under the 2021 Term Loan Credit Agreement will be used to finance a portion of the purchase price to be paid in connection with the acquisition of Wrike.

Borrowings under the 2021 Term Loan Credit Agreement will bear interest at a rate equal to (a) either (i) a customary LIBOR formula or, upon a phase-out of LIBOR, an alternative benchmark rate as provided in the 2021 Term Loan Credit Agreement, or (ii) a customary base rate formula, plus (b) the applicable margin with respect thereto, which initially will be determined based on the Company’s consolidated leverage ratio but may, if so elected by the Company, be based on the Company’s non-credit enhanced, senior unsecured long-term debt rating as determined by Moody’s Investors Service, Inc., Standard & Poor’s Financial Services, LLC and Fitch Ratings Inc., in each case as set forth in the 2021 Term Loan Credit Agreement.

The 2021 Term Loan Credit Agreement includes a covenant limiting the Company’s consolidated leverage ratio to not more than 4.0:1.0, subject to a mandatory step-down after the fifth fiscal quarter ending after the date of the initial borrowing of the 2021 Term Loan to 3.75:1.0, and further subject to, upon the occurrence of a qualified acquisition in any quarter on or after the fifth fiscal quarter ending after the Closing Date, if so elected by the Company, a step-up to 4.25:1.0 for the four fiscal quarters following such qualified acquisition. The 2021 Term Loan Credit Agreement also includes a covenant limiting the Company’s consolidated interest coverage ratio to not less than 3.0:1.0. The 2021 Term Loan Credit Agreement includes customary events of default, with corresponding grace periods in certain circumstances, including, without limitation, payment defaults, cross-defaults, the occurrence of a change of control of the Company and bankruptcy-related defaults. The 2021 Lenders are entitled to accelerate repayment of the loans under the 2021 Term Loan Credit Agreement upon the occurrence of any of the events of default. In addition, the 2021 Term Loan Credit Agreement contains customary affirmative and negative covenants, including covenants that limit or restrict the ability of the Company to grant liens, merge or consolidate, dispose of all or substantially all of its assets, change its business and incur subsidiary indebtedness, in each case subject to customary exceptions. The 2021 Term Loan Credit Agreement also contains representations and warranties customary for an unsecured financing of this type.

Certain 2021 Lenders and/or their affiliates have provided and may continue to provide commercial banking, investment management and other services to the Company, its affiliates and employees, for which they receive customary fees and commissions.

The foregoing description of the 2021 Term Loan Credit Agreement does not purport to be complete and is subject to, and qualified in its entirety by, the full text of the 2021 Term Loan Credit Agreement, which is attached hereto as Exhibit 10.34 and is incorporated herein by reference.

Amendments to Credit Agreement and Term Loan Credit Agreement

On February 5, 2021 (the “Amendment Date”), the Company entered into (i) a first amendment to term loan credit agreement (the “Term Loan Amendment”), which amends the Company’s Term Loan Credit Agreement and (ii) a first amendment to credit agreement (the “Revolver Amendment” and together with the Term Loan Amendment, the “Credit Agreement Amendments”), which amends the Company’s Credit Agreement. Each of the Credit Agreement Amendments amends, among other things, the covenant limiting the Company’s consolidated leverage ratio. After giving effect to the Credit

Agreement Amendments, the covenant limiting the Company's consolidated leverage ratio in each of the Term Loan Credit Agreement and the Credit Agreement will be consistent with the covenant limiting the Company's consolidated leverage ratio contained in the 2021 Term Loan Credit Agreement, and will be limited to not more than 4.0:1.0, subject to a mandatory step-down after the fifth fiscal quarter ending after the initial borrowing of the 2021 Term Loan under the 2021 Term Loan Credit Agreement (or such earlier date as the Company may elect by written notice to Bank of America, N.A., in its capacity as administrative agent under each of the Term Loan Credit Agreement and Credit Agreement) (the "Leverage Ratio Step-Down") to 3.75:1.0, and further subject to, upon the occurrence of a qualified acquisition in any quarter on or after the fifth fiscal quarter ending after the Leverage Ratio Step-Down, if so elected by the Company, a step-up to 4.25:1.0 for the four fiscal quarters following such qualified acquisition.

The foregoing description of the Credit Agreement Amendments does not purport to be complete and is subject to, and qualified in its entirety by, the full text of the Term Loan Amendment and the Revolver Amendment, which are attached hereto as Exhibit 10.35 and Exhibit 10.36, respectively, and which are incorporated herein by reference.

PART III

ITEM 10. *DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE*

The information required under this item is incorporated herein by reference to the Company's definitive proxy statement pursuant to Regulation 14A, which proxy statement will be filed with the Securities and Exchange Commission not later than 120 days after the close of the Company's fiscal year ended December 31, 2020.

ITEM 11. *EXECUTIVE COMPENSATION*

The information required under this item is incorporated herein by reference to the Company's definitive proxy statement pursuant to Regulation 14A, which proxy statement will be filed with the Securities and Exchange Commission not later than 120 days after the close of the Company's fiscal year ended December 31, 2020.

ITEM 12. *SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS*

The information required under this item is incorporated herein by reference to the Company's definitive proxy statement pursuant to Regulation 14A, which proxy statement will be filed with the Securities and Exchange Commission not later than 120 days after the close of the Company's fiscal year ended December 31, 2020.

ITEM 13. *CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE*

The information required under this item is incorporated herein by reference to the Company's definitive proxy statement pursuant to Regulation 14A, which proxy statement will be filed with the Securities and Exchange Commission not later than 120 days after the close of the Company's fiscal year ended December 31, 2020.

ITEM 14. *PRINCIPAL ACCOUNTING FEES AND SERVICES*

The information required under this item is incorporated herein by reference to the Company's definitive proxy statement pursuant to Regulation 14A, which proxy statement will be filed with the Securities and Exchange Commission not later than 120 days after the close of the Company's fiscal year ended December 31, 2020.

PART IV

ITEM 15. *EXHIBITS, FINANCIAL STATEMENT SCHEDULES*

(a) 1. Consolidated Financial Statements.

For a list of the consolidated financial information included herein, see page F-1.

2. Financial Statement Schedules.

All other schedules have been omitted as the required information is not applicable or the information is presented in the Consolidated Financial Statements or notes thereto under Item 8. The following consolidated financial statement schedule is included herein:

Valuation and Qualifying Accounts

3. List of Exhibits.

Exhibit No.	Description
2.1	Separation and Distribution Agreement, dated as of July 26, 2016, by and among Citrix Systems, Inc., GetGo, Inc. and LogMeIn, Inc. (incorporated herein by reference to Exhibit 2.2 to the Company's Current Report on Form 8-K filed on July 28, 2016)**
2.2	Amended and Restated Tax Matters Agreement, dated as of September 13, 2016, by and among LogMeIn, Inc., Citrix Systems, Inc. and GetGo, Inc. (incorporated herein by reference to Exhibit 2.3 to the Company's Annual Report on Form 10-K filed on February 16, 2017)**
2.3	Agreement and Plan of Merger, dated as of January 16, 2021, by and among Citrix Systems, Inc., Wallaby Merger Sub, LLC, Wrangler Topco, LLC and Vista Equity Partners Management, LLC, as the representative (incorporated herein by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on January 19, 2021)**
3.1	Amended and Restated Certificate of Incorporation of the Company (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on May 29, 2013)
3.2	Amended and Restated By-laws of the Company (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on March 12, 2018)
4.1	Specimen certificate representing Common Stock (incorporated herein by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-1 (File No. 33-98542), as amended) (P)
4.2	Indenture, dated as of November 15, 2017, between Citrix Systems, Inc. and Wilmington Trust, National Association, as Trustee (incorporated herein by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on November 15, 2017)
4.3	Supplemental Indenture, dated as of November 15, 2017, between the Company and Wilmington Trust, National Association, as Trustee (incorporated herein by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on November 15, 2017)
4.4	Form of 4.500% Senior Notes due 2027 (included in Exhibit 4.3)
4.5	Second Supplemental Indenture dated as of February 25, 2020 between Citrix Systems, Inc. and Wilmington Trust, National Association, as trustee (incorporated herein by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on February 25, 2020)
4.6	Form of 3.300% Senior Note due 2030 (included in Exhibit 4.5)
4.7	Description of Securities (incorporated herein by reference to Exhibit 4.5 to the Company's Annual Report on Form 10-K filed on February 14, 2020)
10.1*	Amended and Restated 2005 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on May 5, 2010)
10.2*	First Amendment to Citrix Systems, Inc. Amended and Restated 2005 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on May 28, 2010)
10.3*	Second Amendment to the Citrix Systems, Inc. Amended and Restated 2005 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 2, 2011)
10.4*	Third Amendment to the Citrix Systems, Inc. Amended and Restated 2005 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on June 2, 2011)

Form 10-K

10.5*	Fourth Amendment to the Citrix Systems, Inc. Amended and Restated 2005 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K filed on May 31, 2012)
10.6*	Fifth Amendment to the Citrix Systems, Inc. Amended and Restated 2005 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.1 to the Company’s Quarterly Report on Form 10-Q filed on August 6, 2013)
10.7*	Sixth Amendment to the Citrix Systems, Inc. Amended and Restated 2005 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K filed on May 29, 2013)
10.8*	Form of Restricted Stock Unit Agreement For Non-Employee Directors under the Citrix Systems, Inc. Amended and Restated 2005 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.2 to the Company’s Quarterly Report on Form 10-Q filed on May 9, 2011)
10.9*	Form of Long Term Incentive Agreement under the Citrix Systems, Inc. Amended and Restated 2005 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.13 to the Company’s Annual Report on Form 10-K filed on February 19, 2015)
10.10*	Citrix Systems, Inc. Executive Bonus Plan (incorporated herein by reference to Exhibit 10.2 to the Company’s Annual Report on Form 10-K filed on February 20, 2014)
10.11*	Citrix Systems, Inc. Second Amended and Restated 2014 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K filed on June 5, 2020)
10.12*	2015 Employee Stock Purchase Plan (incorporated herein by reference to Exhibit 10.1 to the Company’s Current Report on Form 10-Q filed on August 7, 2015)
10.13*	Amendment to 2015 Employee Stock Purchase Plan, dated October 27, 2016 (incorporated herein by reference to Exhibit 10.39 to the Company’s Annual Report on Form 10-K filed on February 16, 2017)
10.14*	Amendment to Citrix Systems, Inc. 2015 Employee Stock Purchase Plan, dated December 10, 2018 (incorporated by reference to Exhibit 10.63 to the Company’s Annual Report on Form 10-K filed on February 15, 2019)
10.15*	Citrix Systems, Inc. Amended and Restated 2014 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K filed on June 27, 2017)
10.16*	Amendment to Citrix Systems, Inc. 2014 Amended and Restated Equity Incentive Plan (incorporated herein by reference to Exhibit 10.8 to the Company’s Quarterly Report on Form 10-Q filed on May 4, 2018)
10.17*	Second Amendment to Amended and Restated 2014 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K filed on June 6, 2019)
10.18*	Form of Indemnification Agreement by and between the Company and each of its Directors and executive officers (incorporated herein by reference to Exhibit 10.4 to the Company’s Quarterly Report on Form 10-Q filed on August 8, 2011)
10.19*	Form of Executive Agreement of Citrix Systems, Inc. by and between the Company and each of its executive officers (other than CEO) (incorporated herein by reference to Exhibit 10.2 to the Company’s Current Report on Form 8-K filed on January 20, 2017)
10.20*	Benefits Continuation Agreement, dated as of April 30, 2019, between the Company and Robert M. Calderoni (incorporated herein by reference to Exhibit 10.4 to the Company’s Quarterly Report on Form 10-Q filed on August 6, 2019)
10.21*	Employment Agreement, dated July 10, 2017, by and between Citrix Systems, Inc. and David J. Henshall (incorporated herein by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K filed on July 10, 2017)
10.22*	Form of Global Restricted Stock Unit Agreement under the Citrix Systems, Inc. 2014 Equity Incentive Plan (Time Based Awards - 2018 Annual Awards) (incorporated herein by reference to Exhibit 10.1 to the Company’s Quarterly Report on Form 10-Q filed on May 4, 2018)
10.23*	Form of Global Restricted Stock Unit Agreement under the Citrix Systems, Inc. 2014 Equity Incentive Plan (Performance Based Awards - 2018 Annual Awards) (incorporated herein by reference to Exhibit 10.2 to the Company’s Quarterly Report on Form 10-Q filed on May 4, 2018)
10.24*	Form of Global Restricted Stock Unit Agreement (Long Term Incentive) under the Citrix Systems, Inc. Amended and Restated 2014 Equity Incentive Plan (Interim Performance Period) (incorporated herein by reference to Exhibit 10.2 to the Company’s Quarterly Report on Form 10-Q filed on July 31, 2020)
10.25*	Form of Global Restricted Stock Unit Agreement (Long Term Incentive) under the Citrix Systems, Inc. Amended and Restated 2014 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.3 to the Company’s Quarterly Report on Form 10-Q filed on July 31, 2020)

10.26*	Form of Global Restricted Stock Unit Agreement under the Citrix Systems, Inc. Amended and Restated 2014 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q filed on July 31, 2020)
10.27*	Contract of Employment, dated as of May 1, 2020, between Citrix Systems Netherlands B.V. and Jeroen Van Rotterdam (incorporated herein by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q filed on July 31, 2020)
10.28*	Form of Forfeiture Agreement between Citrix Systems, Inc. and each of David Henshall, Antonio Gomes, P.J. Hough, Jeroen van Rotterdam and Timothy Minahan (incorporated herein by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q filed on May 5, 2020)
10.29	Amended and Restated Credit Agreement, dated as of November 26, 2019, by and among Citrix Systems, Inc., the initial lenders named therein, and Bank of America, N.A., as Administrative Agent. (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on November 27, 2019)
10.30	Term Loan Credit Agreement, dated as of January 21, 2020, by and among Citrix Systems, Inc., the initial lenders named therein, and Bank of America, N.A., as Administrative Agent (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on January 22, 2020)
10.31	Master Confirmation between Goldman Sachs & Co. LLC and Citrix Systems, Inc., dated January 30, 2020 (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on January 31, 2020)
10.32	Master Confirmation between Wells Fargo Bank, National Association and Citrix Systems, Inc., dated January 30, 2020 (incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on January 31, 2020)
10.33	Bridge and Take-Out Facility Commitment Letter, dated January 16, 2021, between JPMorgan Chase Bank, N.A. and Citrix Systems, Inc. (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on January 19, 2021)
10.34†	Term Loan Credit Agreement, dated as of February 5, 2021, by and among Citrix Systems, Inc., the initial lenders named therein, and JPMorgan Chase Bank, N.A., as Administrative Agent **
10.35†	First Amendment to Term Loan Credit Agreement, dated as of February 5, 2021, by and among Citrix Systems, Inc., the lenders named therein, and Bank of America, N.A., as Administrative Agent
10.36†	First Amendment to Credit Agreement, dated as of February 5, 2021, by and among Citrix Systems, Inc., the lenders named therein, and Bank of America, N.A., as Administrative Agent
21.1†	List of Subsidiaries
23.1†	Consent of Independent Registered Public Accounting Firm
24.1	Power of Attorney (included in signature page)
31.1†	Rule 13a-14(a) / 15d-14(a) Certification of Principal Executive Officer
31.2†	Rule 13a-14(a) / 15d-14(a) Certification of Principal Financial Officer
32.1††	Section 1350 Certification of Principal Executive Officer and Principal Financial Officer
101.SCH†	Inline XBRL Taxonomy Extension Schema Document
101.CAL†	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF†	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB†	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE†	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104†	Cover Page Interactive Data File (formatted as inline XBRL with applicable taxonomy extension information contained in Exhibits 101.*)

* Indicates a management contract or a compensatory plan, contract or arrangement.

** Schedules (or similar attachments) have been omitted pursuant to Item 601 of Regulation S-K. The registrant hereby undertakes to furnish supplemental copies of any of the omitted schedules (or similar attachments) upon request by the SEC.

† Filed herewith.

†† Furnished herewith.

(P) This exhibit has been paper filed and is not subject to the hyperlinking requirements of Item 601 of Regulation S-K.

(b) Exhibits.

The Company hereby files as part of this Annual Report on Form 10-K for the year ended December 31, 2020, the exhibits listed in Item 15(a)(3) above. Exhibits which are incorporated herein by reference can be accessed free of charge through the EDGAR database at the SEC's website at www.sec.gov.

(c) Financial Statement Schedule.

The Company hereby files as part of this Annual Report on Form 10-K for the year ended December 31, 2020 the consolidated financial statement schedule listed in Item 15(a) above, which is attached hereto.

ITEM 16. *FORM 10-K SUMMARY*

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in Fort Lauderdale, Florida on the 8th day of February, 2021.

CITRIX SYSTEMS, INC.

By: /s/ DAVID J. HENSHALL

David J. Henshall

President and Chief Executive Officer

POWER OF ATTORNEY AND SIGNATURES

We, the undersigned officers and directors of Citrix Systems, Inc., hereby severally constitute and appoint David J. Henshall and Arlen R. Shenkman, and each of them singly, our true and lawful attorneys, with full power to them and each of them singly, to sign for us in our names in the capacities indicated below, all amendments to this report, and generally to do all things in our names and on our behalf in such capacities to enable Citrix Systems, Inc. to comply with the provisions of the Securities Exchange Act of 1934, as amended, and all requirements of the Securities and Exchange Commission.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated below on the 8th day of February, 2021.

Signature	Title(s)
/S/ DAVID J. HENSHALL David J. Henshall	President, Chief Executive Officer and Director (Principal Executive Officer)
/S/ ARLEN R. SHENKMAN Arlen R. Shenkman	Executive Vice President and Chief Financial Officer (Principal Financial Officer)
/S/ JESSICA SOISSON Jessica Soisson	Vice President, Chief Accounting Officer and Corporate Controller (Principal Accounting Officer)
/S/ ROBERT M. CALDERONI Robert M. Calderoni	Chairman of the Board of Directors
/S/ NANCI E. CALDWELL Nanci E. Caldwell	Director
/S/ ROBERT D. DALEO Robert D. Daleo	Director
/S/ MURRAY J. DEMO Murray J. Demo	Director
/S/ AJEI S. GOPAL Ajei S. Gopal	Director
/S/ THOMAS E. HOGAN Thomas E. Hogan	Director
/S/ MOIRA A. KILCOYNE Moira A. Kilcoyne	Director
/S/ ROBERT E. KNOWLING, JR. Robert E. Knowling, Jr.	Director
/S/ PETER J. SACRIPANTI Peter J. Sacripanti	Director
/S/ J. DONALD SHERMAN J. Donald Sherman	Director

CITRIX SYSTEMS, INC.

List of Financial Statements and Financial Statement Schedule

The following consolidated financial statements of Citrix Systems, Inc. are included in Item 8:

The following consolidated financial statement schedule of Citrix Systems, Inc. is included in Item 15(a):

All other schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instructions or are inapplicable and therefore have been omitted.

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors of Citrix Systems, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Citrix Systems, Inc. (the Company) as of December 31, 2020 and 2019, the related consolidated statements of income, comprehensive income, equity and cash flows for each of the three years in the period ended December 31, 2020, and the related notes and financial statement schedule listed in the Index at Item 15(a) (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 8, 2021 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue Recognition – Identification of distinct performance obligations and standalone selling price

Description of the Matter	As described in Note 2 to the consolidated financial statements, the Company recognizes revenue when control of the promised products or services are transferred to customers, in an amount that reflects the consideration that the Company expects to receive in exchange for those products or services. The Company primarily derives revenues from subscription-based arrangements for cloud-hosted offerings, as well as software license agreements that include bundled support and maintenance services for the term of the license period. The Company's contracts with customers often contain bundles of solutions and services with multiple performance obligations or promises to transfer multiple products and services to a customer, including subscription, product and license, and support and services. At the contract inception, the Company evaluates whether the performance obligations are capable of being distinct and distinct within the context of the contract. Solutions and services that are not both capable of being distinct and distinct within the context of the contract are combined and treated as a single performance obligation in determining the allocation and recognition of revenue. The Company allocates the transaction price to each distinct performance obligation on a relative standalone selling price basis and recognizes revenue when control of the distinct performance obligation is transferred to customers. Auditing the Company's recognition of revenue was complex due to the effort required to analyze the accounting treatment for the Company's various software products and service offerings. This involved assessing the impact of terms and conditions of new or amended contracts with customers or new product or service offerings, evaluating whether products and services are considered distinct performance obligations that should be accounted for separately versus together, and the determination of the relative standalone selling prices for each distinct performance obligation and the timing of recognition of revenue.
How We Addressed the Matter in Our Audit	We obtained an understanding, evaluated the design and tested the operating effectiveness of the Company's internal controls over the identification of distinct performance obligations and the determination of the stand-alone selling price for each distinct performance obligation, including the Company's controls over the review of product and service offerings, contracts and pricing information used to estimate standalone selling prices. To test the Company's identification of distinct performance obligations and the Company's determination of estimated standalone selling prices, our audit procedures included, among others, reviewing significant individual contracts based on size or risk as well as reviewing a randomly selected sample of contracts from the remaining population. For the selected sample of customer agreements, we obtained and read contract source documents for each selection, tested the Company's identification of significant terms for completeness, including the identification of distinct performance obligations, and assessed whether the terms included within the customer's agreement were consistent with the Company's accounting policies. We sent contract confirmations directly to customers to confirm the terms and conditions of the selected arrangements. To test management's determination of relative standalone selling price for performance obligations, we performed audit procedures that included, among others, assessing the appropriateness of the methodology applied, testing the mathematical accuracy of the underlying data and calculations, and testing selections to corroborate the data underlying the Company's calculations. We also evaluated the Company's disclosures included in Note 2 to the consolidated financial statements.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 1989.

Boca Raton, Florida

February 8, 2021

CITRIX SYSTEMS, INC.

CONSOLIDATED BALANCE SHEETS

Assets	December 31, 2020	December 31, 2019
	(In thousands, except par value)	
Current assets:		
Cash and cash equivalents	$ **752,895**	$ 545,761
Short-term investments, available-for-sale	**124,113**	43,055
Accounts receivable, net of allowances of $25,868 and $9,557 at December 31, 2020 and 2019, respectively	**858,009**	720,359
Inventories, net	**20,089**	15,898
Prepaid expenses and other current assets	**236,000**	187,659
Total current assets	**1,991,106**	1,512,732
Long-term investments, available-for-sale	**14,365**	16,640
Property and equipment, net	**208,811**	231,894
Operating lease right-of-use assets, net	**187,129**	206,154
Goodwill	**1,798,408**	1,798,408
Other intangible assets, net	**81,491**	108,478
Deferred tax assets, net	**386,504**	361,814
Other assets	**222,533**	152,806
Total assets	$ **4,890,347**	$ 4,388,926
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ **92,266**	$ 84,538
Accrued expenses and other current liabilities	**507,185**	331,680
Income taxes payable	**42,760**	60,036
Current portion of deferred revenues	**1,510,216**	1,352,333
Total current liabilities	**2,152,427**	1,828,587
Long-term portion of deferred revenues	**392,360**	443,458
Long-term debt	**1,732,622**	742,926
Long-term income taxes payable	**232,086**	259,391
Operating lease liabilities	**195,767**	209,382
Other liabilities	**72,942**	67,526
Commitments and contingencies		
Stockholders' equity:		
Preferred stock at $.01 par value: 5,000 shares authorized, none issued and outstanding	**—**	—
Common stock at $.001 par value: 1,000,000 shares authorized; 321,964 and 318,760 shares issued and outstanding at December 31, 2020 and 2019, respectively	**322**	319
Additional paid-in capital	**6,608,018**	6,249,065
Retained earnings	**4,984,333**	4,660,145
Accumulated other comprehensive loss	**(3,649)**	(5,127)
	11,589,024	10,904,402
Less - common stock in treasury, at cost (199,443 and 188,693 shares at December 31, 2020 and 2019, respectively)	**(11,476,881)**	(10,066,746)
Total stockholders' equity	**112,143**	837,656
Total liabilities and stockholders' equity	$ **4,890,347**	$ 4,388,926

See accompanying notes.

CITRIX SYSTEMS, INC.

CONSOLIDATED STATEMENTS OF INCOME

	Year Ended December 31,		
	2020	**2019**	**2018**
	(In thousands, except per share information)		
Revenues:			
Subscription	**$ 1,114,798**	$ 650,810	$ 455,276
Product and license	**444,437**	583,474	734,495
Support and services	**1,677,465**	1,776,280	1,784,132
Total net revenues	**3,236,700**	3,010,564	2,973,903
Cost of net revenues:			
Cost of subscription, support and services	**389,612**	310,255	266,495
Cost of product and license revenues	**76,152**	102,452	120,249
Amortization and impairment of product related intangible assets	**32,782**	51,340	47,059
Total cost of net revenues	**498,546**	464,047	433,803
Gross margin	**2,738,154**	2,546,517	2,540,100
Operating expenses:			
Research and development	**538,080**	518,877	439,984
Sales, marketing and services	**1,224,377**	1,132,956	1,074,234
General and administrative	**352,109**	320,429	315,343
Amortization of other intangible assets	**2,799**	15,890	15,854
Restructuring	**11,981**	22,247	16,725
Total operating expenses	**2,129,346**	2,010,399	1,862,140
Income from operations	**608,808**	536,118	677,960
Interest income	**3,108**	18,280	40,030
Interest expense	**(64,687)**	(45,974)	(80,162)
Other income (expense), net	**7,651**	1,076	(8,373)
Income before income taxes	**554,880**	509,500	629,455
Income tax expense (benefit)	**50,434**	(172,313)	53,788
Net income	**$ 504,446**	$ 681,813	$ 575,667
Earnings per share:			
Basic	**$ 4.08**	$ 5.21	$ 4.23
Diluted	**$ 4.00**	$ 5.03	$ 3.94
Weighted average shares outstanding:			
Basic	**123,575**	130,853	136,030
Diluted	**126,152**	135,495	145,934

See accompanying notes.

CITRIX SYSTEMS, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended December 31,		
	2020	**2019**	**2018**
		(In thousands)	
Net income	**$ 504,446**	$ 681,813	$ 575,667
Other comprehensive income:			
Available for sale securities:			
Change in net unrealized gains (losses)	**128**	2,881	(1,770)
Less: reclassification adjustment for net (gains) losses included in net income	**(7)**	(580)	5,996
Net change (net of tax effect)	**121**	2,301	4,226
(Loss) gain on pension liability	**(1,337)**	(1,127)	1,569
Cash flow hedges:			
Change in unrealized gains (losses)	**2,363**	237	(3,842)
Less: reclassification adjustment for net losses included in net income	**331**	1,616	699
Net change (net of tax effect)	**2,694**	1,853	(3,143)
Other comprehensive income	**1,478**	3,027	2,652
Comprehensive income	**$ 505,924**	$ 684,840	$ 578,319

See accompanying notes.

CITRIX SYSTEMS, INC.
CONSOLIDATED STATEMENTS OF EQUITY

(In thousands)	Common Stock Shares	Common Stock Amount	Additional Paid In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Common Stock in Treasury Shares	Common Stock in Treasury Amount	Total Equity
Balance at December 31, 2017	305,751	306	4,883,670	3,509,484	(10,806)	(162,044)	(7,390,193)	992,461
Shares issued under stock-based compensation plans	2,258	3	161	—	—	—	—	164
Stock-based compensation expense	—	—	203,619	—	—	—	—	203,619
Common stock issued under employee stock purchase plan	461	—	33,462	—	—	—	—	33,462
Stock repurchases, net	—	—	—	—	—	(4,731)	(511,153)	(511,153)
Restricted shares turned in for tax withholding	—	—	—	—	—	(739)	(71,593)	(71,593)
Cash dividends declared	—	—	—	(46,799)	—	—	—	(46,799)
Other comprehensive income, net of tax	—	—	—	—	2,652	—	—	2,652
Settlement of convertible notes and hedges	1,291	1	138,231	—	—	(1,291)	(141,217)	(2,985)
Other	—	—	3,467	(2,111)	—	—	—	1,356
Accelerated stock repurchase program	—	—	150,000	—	—	(9,522)	(900,000)	(750,000)
Cumulative-effect adjustment from adoption of accounting standards	—	—	—	132,778	—	—	—	132,778
Temporary equity reclassification	—	—	(8,110)	—	—	—	—	(8,110)
Net income	—	—	—	575,667	—	—	—	575,667
Balance at December 31, 2018	309,761	310	5,404,500	4,169,019	(8,154)	(178,327)	(9,014,156)	551,519
Shares issued under stock-based compensation plans	2,603	3	(3)	—	—	—	—	—
Stock-based compensation expense	—	—	278,892	—	—	—	—	278,892
Common stock issued under employee stock purchase plan	471	—	39,469	—	—	—	—	39,469
Temporary equity reclassification	—	—	8,110	—	—	—	—	8,110
Stock repurchases, net	—	—	—	—	—	(4,534)	(453,853)	(453,853)
Restricted shares turned in for tax withholding	—	—	—	—	—	(882)	(89,213)	(89,213)
Cash dividends declared	—	—	—	(182,947)	—	—	—	(182,947)
Settlement of convertible notes and hedges	4,950	5	509,519	—	—	(4,950)	(509,524)	—
Settlement of warrants	975	1	—	—	—	—	—	1
Cumulative-effect adjustment from adoption of accounting standards	—	—	—	838	—	—	—	838
Other	—	—	8,578	(8,578)	—	—	—	—
Other comprehensive income, net of tax	—	—	—	—	3,027	—	—	3,027
Net income	—	—	—	681,813	—	—	—	681,813
Balance at December 31, 2019	318,760	319	6,249,065	4,660,145	(5,127)	(188,693)	(10,066,746)	837,656
Shares issued under stock-based compensation plans	2,721	3	(3)	—	—	—	—	—
Stock-based compensation expense	—	—	307,710	—	—	—	—	307,710
Common stock issued under employee stock purchase plan	483	—	44,635	—	—	—	—	44,635
Stock repurchases, net	—	—	—	—	—	(2,479)	(288,483)	(288,483)
Restricted shares turned in for tax withholding	—	—	—	—	—	(893)	(121,652)	(121,652)
Cash dividends declared	—	—	—	(172,006)	—	—	—	(172,006)
Accelerated stock repurchase program	—	—	—	—	—	(7,378)	(1,000,000)	(1,000,000)
Cumulative-effect adjustment from adoption of accounting standards	—	—	—	(1,641)	—	—	—	(1,641)
Other	—	—	6,611	(6,611)	—	—	—	—
Other comprehensive income, net of tax	—	—	—	—	1,478	—	—	1,478
Net income	—	—	—	504,446	—	—	—	504,446
Balance at December 31, 2020	321,964	322	6,608,018	4,984,333	(3,649)	(199,443)	(11,476,881)	112,143

See accompanying notes.

CITRIX SYSTEMS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
	2020	2019	2018
Operating Activities		(In thousands)	
Net income	$ 504,446	$ 681,813	$ 575,667
Adjustments to reconcile net income to net cash provided by operating activities:			
Amortization and impairment of intangible assets	35,581	67,230	62,913
Depreciation and amortization of property and equipment	65,125	72,079	78,983
Amortization of debt discount and transaction costs	2,905	10,219	39,099
Amortization of deferred costs	57,539	44,829	38,144
Amortization of operating lease right-of-use assets	49,704	50,163	—
Stock-based compensation expense	307,710	278,892	203,619
Deferred income tax benefit	(3,974)	(244,933)	(13,156)
Effects of exchange rate changes on monetary assets and liabilities denominated in foreign currencies	(20,796)	2,631	7,950
Other non-cash items	26,315	10,630	11,872
Total adjustments to reconcile net income to net cash provided by operating activities	520,109	291,740	429,424
Changes in operating assets and liabilities, net of the effects of acquisitions:			
Accounts receivable	(151,830)	(38,994)	18,703
Inventories	(4,220)	3,046	(8,239)
Prepaid expenses and other current assets	(44,447)	(7,129)	(7,855)
Other assets	(119,807)	(74,152)	(33,638)
Income taxes, net	(51,505)	(22,147)	(56,988)
Accounts payable	7,532	8,994	6,804
Accrued expenses and other current liabilities	161,454	(25,722)	36,967
Deferred revenues	106,785	(38,780)	69,499
Other liabilities	7,292	4,401	5,001
Total changes in operating assets and liabilities, net of the effects of acquisitions	(88,746)	(190,483)	30,254
Net cash provided by operating activities	935,809	783,070	1,035,345
Investing Activities			
Purchases of available-for-sale investments	(513,608)	(20,003)	(466,687)
Proceeds from sales of available-for-sale investments	157,248	942,985	455,417
Proceeds from maturities of available-for-sale investments	277,056	178,070	468,145
Purchases of property and equipment	(41,438)	(63,454)	(69,354)
Cash paid for acquisitions, net of cash acquired	—	—	(248,929)
Cash paid for licensing agreements, patents and technology	(8,581)	(3,500)	(3,210)
Other	(8,982)	1,651	(3,202)
Net cash (used in) provided by investing activities	(138,305)	1,035,749	132,180
Financing Activities			
Proceeds from issuance of common stock under stock-based compensation plans	—	—	164
Proceeds from term loan credit agreement, net of issuance costs	998,846	—	—
Repayment of term loan credit agreement	(750,000)	—	—
Proceeds from 2030 Notes, net of issuance costs	738,107	—	—
Proceeds from credit facility	—	200,000	—
Repayment of credit facility	—	(200,000)	—
Repayment of acquired debt	—	—	(5,674)
Repayment on convertible notes	—	(1,164,497)	(272,986)
Stock repurchases, net	(1,288,483)	(453,853)	(1,261,153)
Cash paid for tax withholding on vested stock awards	(121,652)	(89,213)	(71,593)
Cash paid for dividends	(172,006)	(182,947)	(46,799)
Net cash used in financing activities	(595,188)	(1,890,510)	(1,658,041)
Effect of exchange rate changes on cash and cash equivalents	4,818	(1,314)	(5,848)
Change in cash and cash equivalents	207,134	(73,005)	(496,364)
Cash and cash equivalents at beginning of year	545,761	618,766	1,115,130
Cash and cash equivalents at end of year	$ 752,895	$ 545,761	$ 618,766
Supplemental Cash Flow Information			
Cash paid for income taxes	$ 92,838	$ 86,460	$ 110,808
Cash paid for interest	$ 52,638	$ 37,667	$ 41,834

See accompanying notes.

1. BACKGROUND AND ORGANIZATION

Citrix Systems, Inc. ("Citrix" or the "Company"), is a Delaware corporation incorporated on April 17, 1989. Citrix is an enterprise software company focused on helping organizations deliver a consistent and secure work experience no matter where work needs to get done - in the office, at home, or in the field. Citrix does this by delivering a digital workspace solution that gives each employee the resources and space they need to do their best work.

Citrix markets and licenses its solutions through multiple channels worldwide, including selling through resellers, direct and over the Web. Citrix's partner community comprises thousands of value-added resellers, or VARs known as Citrix Solution Advisors, value-added distributors, or VADs, systems integrators, or SIs, independent software vendors, or ISVs, original equipment manufacturers, or OEMs and Citrix Service Providers, or CSPs.

The Company's revenues are derived from sales of its Workspace solutions, App Delivery and Security (formerly Networking) products and related Support and services. The Company operates under one reportable segment. The Company's chief operating decision maker (“CODM”) reviews financial information presented on a consolidated basis for purposes of allocating resources and evaluating financial performance. See Note 12 for more information on the Company's segment.

2. SIGNIFICANT ACCOUNTING POLICIES

Consolidation Policy

The consolidated financial statements of the Company include the accounts of its wholly-owned subsidiaries in the Americas; Europe, the Middle East and Africa (“EMEA”); and Asia-Pacific and Japan ("APJ"). All significant transactions and balances between the Company and its subsidiaries have been eliminated in consolidation.

Recent Accounting Pronouncements

Current Expected Credit Losses

In June 2016, the Financial Accounting Standards Board (“FASB”) issued an accounting standard update on the measurement of credit losses on financial instruments. Previously, credit losses were measured using an incurred loss approach when it was probable that a credit loss had been incurred. The new guidance changes the credit loss model from an incurred loss to an expected loss approach. It requires the application of a current expected credit loss (“CECL”) impairment model to financial assets measured at amortized cost (including trade accounts receivable) and certain off-balance-sheet credit exposures. Under the CECL model, lifetime expected credit losses on such financial assets are measured and recognized at each reporting date based on historical, current, and forecasted information. The standard also changes the impairment model for available-for-sale debt securities, eliminating the concept of other than temporary impairment and requiring credit losses to be recorded through an allowance for credit losses. The amount of the allowance for credit losses for available-for-sale debt securities is limited to the amount by which fair value is below amortized cost. The Company adopted this standard as of January 1, 2020 using the required modified retrospective adoption method. Results for periods beginning after January 1, 2020 are presented under the new guidance, while prior period amounts are not adjusted and continue to be reported under the previous accounting guidance. Adoption of the new standard did not have a material impact on the Company's consolidated financial position, results of operations and cash flows. See Note 4 for additional information regarding the Company’s allowance for credit losses.

Fair Value Measurements

In August 2018, the FASB issued an accounting standard update on fair value measurements. The new guidance modifies the disclosure requirements on fair value measurements by removing certain disclosure requirements related to the fair value hierarchy, modifying existing disclosure requirements related to measurement uncertainty, and adding new disclosure requirements. The Company adopted this standard as of January 1, 2020, and it did not have a material impact on the Company's consolidated financial position, results of operations and cash flows.

Income Taxes

In December 2019, the FASB issued an accounting standard update on income taxes. The new guidance eliminates certain exceptions related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. It also clarifies and simplifies other aspects of the accounting for income taxes. The Company adopted this standard effective January 1, 2021. The adoption of this standard is not expected to have a material impact on the Company's consolidated financial position, results of operations and cash flows.

Facilitation of the Effects of Reference Rate Reform on Financial Reporting

In March 2020, the FASB issued an accounting standard update to guidance applicable to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. This update provides optional guidance for a limited period of time to ease the potential burden in accounting for (or recognizing the effects of) reference rate reform on financial reporting. An entity may elect to apply the amendments for contract modifications by topic or industry subtopic of the codification as of any date from the beginning of an interim period that includes or is subsequent to March 12, 2020, or prospectively from a date within an interim period that includes or is subsequent to March 12, 2020, up to the date that the financial statements are available to be issued. The Company is currently evaluating the impact, but does not expect the standard to have a material impact on its consolidated financial position, results of operations and cash flows.

Reclassifications

Certain reclassifications of the prior years' amounts have been made to conform to the current year's presentation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Significant estimates made by management include estimation for reserves for legal contingencies, the standalone selling price related to revenue recognition, the provision for credit losses related to accounts receivable, contract assets, and available-for-sale debt securities, the provision to reduce obsolete or excess inventory to net realizable value, the provision for estimated returns, as well as sales allowances, the assumptions used in the valuation of stock-based awards and measurement of expense related to performance stock units, the assumptions used in the discounted cash flows to mark certain of its investments to market, the valuation of the Company’s goodwill, net realizable value of product related and other intangible assets, the provision for income taxes, valuation allowance for deferred tax assets, uncertain tax positions, and the amortization and depreciation periods for contract acquisition costs, intangible and long-lived assets. While the Company believes that such estimates are fair when considered in conjunction with the consolidated financial position and results of operations taken as a whole, the actual amounts of such items, when known, will vary from these estimates.

Cash and Cash Equivalents

Cash and cash equivalents at December 31, 2020 and 2019 include marketable securities, which are primarily money market funds, commercial paper, agency, and government securities and corporate securities with initial or remaining contractual maturities when purchased of three months or less.

Available-for-sale Investments

Short-term and long-term available for sale investments in debt securities at December 31, 2020 and 2019 primarily consist of agency securities, corporate securities and government securities. Investments classified as available-for-sale debt securities are stated at fair value with unrealized gains and losses, net of taxes, reported in Accumulated other comprehensive loss. The Company classifies its available-for-sale investments as current and non-current based on their actual remaining time to maturity. The Company does not recognize unrealized changes in the fair value of its available-for-sale debt securities in income unless a security is deemed to be impaired.

The Company’s investment policy is designed to limit exposure to any one issuer depending on credit quality. The Company uses information provided by third parties to adjust the carrying value of certain of its investments to fair value at the end of each period. Fair values are based on a variety of inputs and may include interest rates, known historical trades, yield curve information, benchmark data, prepayment speeds, credit quality and broker/dealer quotes. See Note 5 for additional information regarding the Company’s investments.

Inventory

Inventories are stated at the lower of cost or net realizable value on a standard cost basis, which approximates actual cost. The Company’s inventories primarily consist of finished goods as of December 31, 2020 and 2019.

Contract acquisition costs

The Company is required to capitalize certain contract acquisition costs, consisting primarily of commissions paid and related payroll taxes when contracts are signed. The asset recognized from capitalized incremental and recoverable acquisition costs is amortized over the expected period of benefit on a basis consistent with the pattern of transfer of the products or services to which the asset relates. The Company elects to apply a practical expedient to expense contract acquisition costs as incurred where the pattern of transfer is one year or less.

The Company's typical contracts include performance obligations related to subscription, product and licenses, and support and services. Contract acquisition costs are allocated to performance obligations using a portfolio approach. The Company assesses its sales compensations plans at least annually to evaluate whether contract acquisition costs for renewals and extensions are commensurate with those related to initial contracts. If concluded to be commensurate, the contract acquisition costs are amortized over the contractual term on a basis consistent with the pattern of transfer of the products or services to which the asset relates. If concluded not to be commensurate, the contract acquisition costs are amortized over the greater of the contractual term or estimated customer life on a basis consistent with the pattern of transfer of the products or services to which the asset relates. The Company estimates an average customer life of three years to five years, which it believes is appropriate based on consideration of the historical average customer life and the estimated useful life of the underlying product and license sold as part of the transaction.

For the years ended on December 31, 2020, 2019 and 2018, the Company recorded amortization of capitalized contract acquisition costs of $57.5 million, $44.8 million and $38.1 million, respectively, which are recorded in Sales, Marketing and Services expense in the accompanying consolidated statements of income. As of December 31, 2020 and 2019, the Company's short-term and long-term contract acquisition costs were $71.5 million and $124.7 million, and $50.4 million and $81.0 million respectively, and are included in Prepaid and other current assets and Other assets, respectively, in the accompanying consolidated balance sheets. There was no impairment loss in relation to costs capitalized during the years ended December 31, 2020, 2019 and 2018.

Derivatives and Hedging Activities

In accordance with the authoritative guidance, the Company records derivatives at fair value as either assets or liabilities on the balance sheet. For derivatives that are designated as and qualify as cash flow hedges, the unrealized gain or loss on the derivative instrument is reported as a component of Accumulated other comprehensive loss and reclassified into earnings as operating expense, net, when the hedged transaction affects earnings. Derivatives not designated as hedging instruments are adjusted to fair value through earnings as Other income (expense), net, in the period during which changes in fair value occur. The application of the authoritative guidance could impact the volatility of earnings.

The Company formally documents all relationships between hedging instruments and hedged items, as well as its risk-management objective and strategy for undertaking various hedge transactions. This process includes attributing all derivatives that are designated as cash flow hedges of forecasted transactions. The Company also formally assesses, both at the inception of the hedge and on an ongoing basis, whether each derivative is highly effective in offsetting changes in cash flows of the hedged item. Fluctuations in the value of the derivative instruments are generally offset by changes in the hedged item; however, if it is determined that a derivative is not highly effective as a hedge or if a derivative ceases to be a highly effective hedge, the Company will discontinue hedge accounting prospectively for the affected derivative.

The Company is exposed to risk of default by its hedging counterparties. Although this risk is concentrated among a limited number of counterparties, the Company's foreign exchange hedging policy attempts to minimize this risk by placing limits on the amount of exposure that may exist with any single financial institution at a time.

Property and Equipment

Property and equipment is stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which is generally three years for computer equipment; the lesser of the lease term or ten years for leasehold improvements, which is the estimated useful life; seven years for office equipment and furniture and the Company's enterprise resource planning systems; and forty years for buildings.

During 2020 and 2019, the Company retired $9.3 million and $10.9 million, respectively, in property and equipment that were no longer in use. At the time of retirement, the remaining net book value of the assets retired was not material and no material asset retirement obligations were associated with them.

Property and equipment consisted of the following:

	December 31, 2020	December 31, 2019
	(In thousands)	
Buildings	$ 76,152	$ 76,152
Computer equipment	209,605	205,063
Software	467,553	451,927
Equipment and furniture	88,019	85,356
Leasehold improvements	201,645	199,813
	1,042,974	1,018,311
Less: accumulated depreciation and amortization	(861,933)	(806,099)
Assets under construction	11,001	2,913
Land	16,769	16,769
Total	$ 208,811	$ 231,894

Long-Lived Assets

The Company reviews for impairment of long-lived assets and certain identifiable intangible assets to be held and used whenever events or changes in circumstances indicate that the carrying amount of such assets may not be fully recoverable. Determination of recoverability is based on an estimate of undiscounted future cash flows resulting from the use of the asset and its eventual disposition. Measurement of an impairment loss is based on the fair value of the asset compared to its carrying value. Long-lived assets and certain identifiable intangible assets to be disposed of are reported at the lower of carrying amount or fair value less costs to sell.

Goodwill

The Company accounts for goodwill in accordance with the authoritative guidance, which requires that goodwill and certain intangible assets are not amortized, but are subject to an annual impairment test. There was no impairment of goodwill or indefinite lived intangible assets as a result of the annual impairment analysis completed during the fourth quarters of 2020 and 2019. See Note 12 for more information regarding the Company's segment.

The following table presents the change in goodwill during 2020 and 2019 (in thousands):

	Balance at January 1, 2020	Additions	Other	Balance at December 31, 2020	Balance at January 1, 2019	Additions	Other	Balance at December 31, 2019
Goodwill	$1,798,408	$ —	$ —	$ 1,798,408	$ 1,802,670	$ —	$ (4,262) (1)	$1,798,408

(1) Amounts relate to adjustments to the purchase price allocation associated with 2018 business combinations.

Intangible Assets

The Company has intangible assets which were primarily acquired in conjunction with business combinations and technology purchases. Intangible assets with finite lives are recorded at cost, less accumulated amortization. Amortization is computed over the estimated useful lives of the respective assets, generally three years to seven years, except for patents, which are amortized over the lesser of their remaining life or seven years to ten years.

Intangible assets consist of the following (in thousands):

	December 31, 2020		
	Gross Carrying Amount	Accumulated Amortization	Weighted-Average Life (Years)
Product related intangible assets	$ 742,949	$ 665,798	6.06
Other	187,791	183,451	6.22
Total	$ 930,740	$ 849,249	6.09

	December 31, 2019		
	Gross Carrying Amount	Accumulated Amortization	Weighted-Average Life (Years)
Product related intangible assets	$ 734,973	$ 633,633	6.04
Other	187,173	180,035	6.23
Total	$ 922,146	$ 813,668	6.08

Amortization and impairment of product related intangible assets, which consists primarily of product-related technologies and patents, was $32.8 million and $51.3 million for the year ended December 31, 2020 and 2019, respectively, and is classified as a component of Cost of net revenues in the accompanying consolidated statements of income. Amortization of other intangible assets, which consist primarily of customer relationships, trade names and covenants not to compete was $2.8 million and $15.9 million for the year ended December 31, 2020 and 2019, respectively, and is classified as a component of Operating expenses in the accompanying consolidated statements of income.

The Company monitors its intangible assets for indicators of impairment. If the Company determines that impairment has occurred, it writes-down the intangible asset to its fair value. For certain intangible assets where the unamortized balances exceed the undiscounted future net cash flow, the Company measures the amount of the impairment by calculating the amount by which the carrying values exceed the estimated fair values, which are based on projected discounted future net cash flows. During the year ended December 31, 2019, the Company tested certain intangible assets for recoverability and, as a result, identified certain definite-lived intangible assets, primarily technology developed by Cedexis Inc., which was acquired by the Company on February 6, 2018, that were impaired and recorded non-cash impairment charges of $13.2 million to write down the intangible assets to their estimated fair value of $4.1 million. The impairment charge is included in Amortization and impairment of product related intangible assets in the accompanying consolidated statements of income. These non-recurring fair value measurements were categorized as Level 3, as significant unobservable inputs were used in the valuation analysis. Key assumptions used in the valuation include forecasts of revenue and expenses over an extended period of time, customer churn rates, rate of migration to future technology, tax rates, and estimated costs of debt and equity capital to discount the projected cash flows. Certain of these assumptions involve significant judgment, are based on management's estimate of current and forecasted market conditions and are sensitive and susceptible to change; therefore, further disruptions in the business could potentially result in additional amounts becoming impaired.

Estimated future amortization expense of intangible assets with finite lives as of December 31, 2020 is as follows (in thousands):

Year ending December 31,	
2021	$ 24,019
2022	21,820
2023	17,553
2024	6,518
2025	4,866
Thereafter	6,715
Total	$ 81,491

Software Development Costs

The authoritative guidance requires certain internal software development costs related to software to be sold to be capitalized upon the establishment of technological feasibility. The Company's software development costs incurred subsequent to achieving technological feasibility have not been significant and all software development costs have been expensed as incurred.

Internal Use Software

In accordance with the authoritative guidance, the Company capitalizes external direct costs of materials and services and internal costs such as payroll and benefits of those employees directly associated with the development of new functionality in internal use software. The amount of costs capitalized during the years ended 2020 and 2019 relating to internal use software was $2.1 million and $3.4 million, respectively. These costs are being amortized over the estimated useful life of the software, which is generally three years to seven years, and are included in property and equipment in the accompanying consolidated balance sheets. The total amounts charged to expense relating to internal use software was approximately $12.6 million, $19.7 million and $25.9 million, during the years ended December 31, 2020, 2019 and 2018, respectively.

The Company capitalized costs related to internally developed computer software to be sold as a service related to its Workspace offerings, incurred during the application development stage, of $22.3 million and $10.6 million, during the years ended December 31, 2020 and 2019, respectively, and is amortizing these costs once the project is completed and placed in service over the expected lives of the related services, which is generally two years to five years, and are included in property and equipment in the accompanying consolidated balance sheets. The total amounts charged to expense relating to internally developed computer software to be sold as a service was approximately $11.8 million, $13.0 million and $14.4 million, during the years ended December 31, 2020, 2019 and 2018, respectively, which are included in Cost of subscription, support and services.

Pension Liability

The Company provides retirement benefits to certain employees who are not U.S. based. Generally, benefits under these programs are based on an employee’s length of service and level of compensation. The majority of these programs are commonly referred to as termination indemnities, which provide retirement benefits in accordance with programs mandated by the governments of the countries in which such employees work.

The Company had accrued $14.0 million and $12.5 million for these pension liabilities at December 31, 2020 and 2019, respectively. Expenses for the programs for 2020, 2019 and 2018 amounted to $1.2 million, $1.6 million and $1.8 million, respectively.

Revenue

Significant Judgments

The Company generates all of its revenues from contracts with customers. At contract inception, the Company assesses the solutions or services, or bundles of solutions and services, obligated in the contract with a customer to identify each performance obligation within the contract, and then evaluates whether the performance obligations are capable of being distinct and distinct within the context of the contract. Solutions and services that are not both capable of being distinct and distinct within the context of the contract are combined and treated as a single performance obligation in determining the allocation and recognition of revenue.

The standalone selling price is the price at which the Company would sell a promised product or service separately to the customer. For the majority of the Company's software licenses and hardware, CSP and on-premise subscription software licenses, the Company uses the observable price in transactions with multiple performance obligations. For the majority of the Company’s support and services, and cloud-hosted subscription offerings, the Company uses the observable price when the Company sells that support and service and cloud-hosted subscription separately to similar customers. If the standalone selling price for a performance obligation is not directly observable, the Company estimates it. The Company estimates standalone selling price by taking into consideration market conditions, economics of the offering and customers’ behavior. The Company maximizes the use of observable inputs and applies estimation methods consistently in similar circumstances. The Company allocates the transaction price to each distinct performance obligation on a relative standalone selling price basis.

Revenues are recognized when control of the promised products or services are transferred to customers, in an amount that reflects the consideration that the Company expects to receive in exchange for those products or services.

Product Concentration

The Company derives a substantial portion of its revenues from its Workspace solutions, which include its Citrix Virtual Apps and Desktops solutions and related services, and anticipates that these solutions and future derivative solutions and product lines based upon this technology will continue to constitute a majority of its revenue. The Company could experience declines in demand for its Workspace solutions and other solutions, whether as a result of general economic conditions, including the impact of the novel coronavirus ("COVID-19"), the delay or reduction in technology purchases, new competitive product releases, price competition, and lack of success of its strategic partners, technological change or other factors. Additionally, the Company's App Delivery and Security products generate revenues from a limited number of customers. As a result, if the App Delivery and Security product grouping loses certain customers or one or more such customers significantly decreases its orders, the Company's business, results of operations and financial condition could be adversely affected.

Cost of Net Revenues

Cost of subscription, support and services revenues consists primarily of compensation and other personnel-related costs of providing technical support, consulting and cloud capacity costs, as well as the costs related to providing the Company's offerings delivered via the cloud and hardware costs related to certain on-premise subscriptions offerings.

Cost of product and license revenues consists primarily of hardware, royalties, product media and duplication, manuals, shipping expense, and packaging materials.

In addition, the Company is a party to licensing agreements with various entities, which give the Company the right to use certain software code in its solutions or in the development of future solutions in exchange for the payment of fixed fees or amounts based upon the sales of the related product. Costs related to these agreements are included in Cost of net revenues.

Also included in Cost of net revenues is amortization and impairment of product related intangible assets.

Foreign Currency

The functional currency for all of the Company’s wholly-owned foreign subsidiaries is the U.S. dollar. Monetary assets and liabilities of such subsidiaries are remeasured into U.S. dollars at exchange rates in effect at the balance sheet date, and revenues and expenses are remeasured at average rates prevailing during the year. Foreign currency transaction gains and losses are the result of exchange rate changes on transactions denominated in currencies other than the functional currency. The remeasurement of those foreign currency transactions is included in determining net income or loss for the period of exchange.

Advertising Costs

The Company expenses advertising costs as incurred. The Company has advertising agreements with, and purchases advertising from, online media providers to advertise its solutions. The Company also has strategic development funds and cooperative advertising agreements with certain distributors and resellers whereby the Company will reimburse distributors and resellers for qualified advertising of Company solutions. Reimbursement is made once the distributor, reseller or provider provides substantiation of qualified expenses. The Company estimates the impact of these expenses and recognizes them at the time of product sales as a reduction of net revenue in the accompanying consolidated statements of income. The total costs the Company recognized related to advertising were approximately $118.4 million, $90.4 million and $99.1 million, during the years ended December 31, 2020, 2019 and 2018, respectively.

Income Taxes

The Company and one or more of its subsidiaries are subject to U.S. federal income taxes in the United States, as well as income taxes of multiple state and foreign jurisdictions. The Company is currently under examination by the United States Internal Revenue Service for the 2017 and 2018 tax years. With few exceptions, the Company is generally not subject to examination for state and local income tax, or in non-U.S. jurisdictions by tax authorities for years prior to 2017.

In the ordinary course of global business, there are transactions for which the ultimate tax outcome is uncertain; thus, judgment is required in determining the worldwide provision for income taxes. The Company provides for income taxes on transactions based on its estimate of the probable liability. The Company adjusts its provision as appropriate for changes that impact its underlying judgments. Changes that impact provision estimates include such items as jurisdictional interpretations on tax filing positions based on the results of tax audits and general tax authority rulings. Due to the evolving nature of tax rules combined with the large number of jurisdictions in which the Company operates, estimates of its tax liability and the realizability of its deferred tax assets could change in the future, which may result in additional tax liabilities and adversely affect the Company’s results of operations, financial condition and cash flows.

The Company is required to estimate its income taxes in each of the jurisdictions in which it operates as part of the process of preparing its consolidated financial statements. The authoritative guidance requires a valuation allowance to reduce the deferred tax assets reported if, based on the weight of the evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized. The Company reviews deferred tax assets periodically for recoverability and makes estimates and judgments regarding the expected geographic sources of taxable income and gains from investments, as well as tax planning strategies in assessing the need for a valuation allowance.

Accounting for Stock-Based Compensation Plans

The Company has various stock-based compensation plans for its employees and outside directors and accounts for stock-based compensation arrangements in accordance with the authoritative guidance, which requires the Company to measure and record compensation expense in its consolidated financial statements using a fair value method. See Note 8 for further information regarding the Company’s stock-based compensation plans.

Earnings per Share

Basic earnings per share is calculated by dividing income available to stockholders by the weighted-average number of common shares outstanding during each period. Diluted earnings per share is computed using the weighted-average number of common and dilutive common share equivalents outstanding during the period. Dilutive common share equivalents consist of shares issuable upon the exercise or settlement of stock awards and shares issuable under the employee stock purchase plan (calculated using the treasury stock method) during the period they were outstanding and potential dilutive common shares from the conversion spread on the Company’s 0.500% Convertible Notes due 2019 (the “Convertible Notes”) and the Company's warrants during the period they were outstanding. The reconciliation of the numerator and denominator of the earnings per share calculation is presented in Note 15.

Leases

The Company leases certain office space and equipment under various leases. In addition to rent, the leases require the Company to pay for taxes, insurance, maintenance and other operating expenses. The Company determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use assets, accrued expenses and other current liabilities, and operating lease liabilities in the Company’s consolidated balance sheets. Finance leases are included in property and equipment, net, accrued expenses and other current liabilities and other long-term liabilities in the Company’s consolidated balance sheets. Finance leases were not material to the consolidated balance sheets as of December 31, 2020 and 2019, respectively.

Right-of-use ("ROU") assets represent the Company’s right to use an underlying asset for the lease term and lease liabilities represent its obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the later of the adoption date of the new standard or the commencement date. The lease liability is based on the present value of lease payments over the lease term (or the remaining term in the case of existing leases at time the Company adopted ASC 842). The Company uses the implicit rate when readily determinable. As most of the Company’s leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. The operating lease ROU asset is based on the lease liability, subject to adjustment, such as for initial direct costs, and excludes lease incentives. The Company’s lease terms include options to extend or terminate the lease when it is reasonably certain that it will exercise that option. For most operating leases, expense for lease payments is recognized on a straight-line basis over the lease term. Leases with an initial term of 12 months or less are not recorded on the balance sheet; the Company recognizes lease expense for these leases on a straight-line basis over the lease term.

The Company has lease agreements with lease components (e.g., fixed payments including rent, real estate taxes and insurance costs) and non-lease components (e.g., common-area maintenance costs), which are generally accounted for as a single lease component, such as for real estate leases. For certain equipment leases, such as colocation facilities, the Company accounts for the lease and non-lease components separately.

3. REVENUE

The following is a description of the principal activities from which the Company generates revenue.

Subscription

Subscription revenues primarily consist of cloud-hosted offerings which provide customers a right to access one or more of the Company’s cloud-hosted subscription offerings, with routine customer support, as well as revenues from the CSP program, on-premise subscription software licenses, and hybrid subscription offerings. For the Company’s cloud-hosted performance obligations, revenue is generally recognized on a ratable basis over the contract term beginning on the date that the Company's service is made available to the customer, as the Company continuously provides online access to the web-based software that the customer can use at any time. The CSP program provides subscription-based services in which the CSP partners host software services to their end users.

Product and license

Product and license revenues are primarily derived from perpetual offerings related to the Company’s Workspace solutions and App Delivery and Security products. For performance obligations related to perpetual software license agreements, the Company determined that its licenses are functional intellectual property that are distinct as the user can benefit from the software on its own.

Support and services

Support and services revenues include license updates, maintenance and professional services which are primarily related to the Company's perpetual offerings. License updates and maintenance revenues are primarily comprised of software and hardware maintenance, when and if-available updates and technical support. For performance obligations related to license updates and maintenance, revenue is generally recognized on a straight-line basis over the period of service because the Company transfers control evenly by providing a stand-ready service. The Company is continuously working on improving its products and pushing those updates through to the customer, and stands ready to provide software updates on a when and if-available basis. Services revenues are comprised of fees from consulting services primarily related to the implementation of the Company's products and fees from product training and certification.

The Company's typical performance obligations include the following:

Performance Obligation	When Performance Obligation is Typically Satisfied
Subscription	
Cloud-hosted offerings	Over the contract term, beginning on the date that service is made available to the customer (over time)
CSP	As the usage occurs (over time)
On-premise subscription software licenses	When software activation keys have been made available for download (point in time)
On-premise subscription license updates and maintenance	Ratably over the course of the service term (over time)
Product and license	
Software Licenses	When software activation keys have been made available for download (point in time)
Hardware	When control of the product passes to the customer; typically upon shipment (point in time)
Support and services	
License updates and maintenance for perpetual software licenses	Ratably over the course of the service term (over time)
Professional services	As the services are provided (over time)

Sales tax

The Company records revenue net of sales tax.

Timing of revenue recognition

	December 31,		
	2020	2019	2018
	(In Thousands)		
Products and services transferred at a point in time	$ 813,525	$ 722,324	$ 821,111
Products and services transferred over time	2,423,175	2,288,240	2,152,792
Total net revenues	$ 3,236,700	$ 3,010,564	$ 2,973,903

Contract balances

The Company's short-term and long-term contract assets, net of allowance for credit losses, were $37.3 million and $41.7 million, respectively, as of December 31, 2020, and $12.2 million and $20.5 million, respectively, as of December 31, 2019, and are included in Prepaid expenses and other current assets and Other assets, respectively, in the accompanying consolidated balance sheets. The increase in the Company's contract asset balances is primarily the result of unbilled amounts from multi-year on-premise licensing subscriptions where the revenue recognized exceeds the amount invoiced to the customer, and right to payment is not solely subject to the passage of time.

The Current portion of deferred revenues and the Long-term portion of deferred revenues were $1.51 billion and $392.4 million, respectively, as of December 31, 2020 and $1.35 billion and $443.5 million, respectively, as of December 31, 2019. The difference in the opening and closing balances of the Company's contract assets and liabilities primarily results from the timing difference between the Company's performance and the customer's payment. During the year ended December 31, 2020, the Company recognized $1.33 billion of revenue that was included in the deferred revenue balance as of December 31, 2019. During the year ended December 31, 2019, the Company recognized $1.33 billion of revenue that was included in the deferred revenue balance as of December 31, 2018.

The Company performs its obligations under a contract with a customer by transferring solutions and services in exchange for consideration from the customer. Accounts receivable are recorded when the right to consideration becomes unconditional. The timing of the Company's performance differs from the timing of the customer's payment, which results in the recognition of a contract asset or a contract liability. The Company recognizes a contract asset when the Company transfers products or services to a customer and the right to consideration is conditional on something other than the passage of time. The Company recognizes a contract liability when it has received consideration or an amount of consideration is due from the customer and the Company has a future obligation to transfer products or services. The Company had no material asset impairment charges related to contract assets for the years ended December 31, 2020 and 2019, respectively.

For the Company's software and hardware products, the timing of payment is typically upfront for its perpetual offerings and the Company's on-premise subscriptions. Therefore, deferred revenue is created when a contract includes performance obligations such as license updates and maintenance or certain professional services that are satisfied over time. For subscription contracts, the timing of payment is typically in advance of services, and deferred revenue is amortized as these services are provided over time.

A significant portion of the Company's contracts have an original duration of one year or less; therefore, the Company applies a practical expedient to determine whether a significant financing component exists and does not consider the effects of the time value of money. For multi-year contracts, the Company bills annually.

Transaction price allocated to the remaining performance obligations

The following table includes estimated revenue expected to be recognized in the future related to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period (in thousands):

	<1-3 years	3-5 years	5 years or more	Total
Subscription	$ 1,426,334	$ 84,728	$ 714	$ 1,511,776
Support and services	1,391,574	33,367	1,931	1,426,872
Total net revenues	$ 2,817,908	$ 118,095	$ 2,645	$ 2,938,648

4. CREDIT LOSSES

The Company is exposed to credit losses primarily through its accounts receivable, investments in available-for-sale debt securities, and contract assets. See Note 3 for additional information related to the Company's contract assets.

Accounts receivable, net

The Company's accounts receivable are attributable primarily to direct sales to end customers via the Web and through VARs known as Citrix Solution Advisors, VADs, SIs, ISVs, OEMs and CSPs. Collateral is generally not required.

The Company's accounts receivable, which are typically due within one year, consist of the following (in thousands):

	December 31, 2020
Accounts receivable, gross	$ 883,877
Less: allowance for returns	(10,449)
Less: allowance for credit losses	(15,419)
Accounts receivable, net	$ 858,009

The allowance for credit losses on accounts receivable is determined using a combination of specific reserves for accounts that are deemed to exhibit credit loss indicators and general reserves that are judgmentally determined using loss rates based on historical write-offs by geography and customer accounts subject to credit check versus non-credit check status and consideration of recent forecasted information, including underlying economic expectations. The credit loss reserves are updated quarterly for most recent write-offs and collections information and underlying economic expectations, which for the year ended December 31, 2020 included consideration of the current and expected future economic and market conditions surrounding the COVID-19 pandemic. The Company will compare its current estimate of expected credit losses with the estimate of credit losses from the prior period and will report in net income the amount necessary to adjust the allowance for current expected credit losses. Credit loss expense is included within General and administrative expenses in the accompanying consolidated statements of income.

The activity in the Company's allowance for credit losses for the year ended December 31, 2020 is summarized as follows (in thousands):

		Total
Balance of allowance for credit losses at January 1, 2020	$	6,161
Adjustment for credit losses standard adoption		1,245
Current period provision for expected losses		10,094
Write-offs charged against allowance		(2,149)
Recoveries of any amounts previously written off		68
Balance of allowance for credit losses at December 31, 2020	$	15,419

If the financial condition of a significant customer were to deteriorate, the Company's operating results could be adversely affected. As of December 31, 2020 and 2019, one distributor accounted for 19% and 14%, respectively, of the Company's total gross accounts receivable.

Available-for-sale Investments

The allowance for credit losses on the Company's investments in available-for-sale debt securities is determined using a quantitative discounted cash flow analysis if impairment triggers exist after a qualitative screen is completed. Impairment on available-for-sale debt securities is determined on an individual security basis and the security is subject to impairment when its fair value declines below its amortized cost basis. If the fair value is less than the amortized cost basis, management must then determine whether it intends to sell the security or whether it is more likely than not that it will be required to sell the security before it recovers its value. If management intends to sell the security or will more-likely-than-not be required to sell the impaired security before it recovers its value, a credit loss is recorded to Other income (expense), net in the accompanying consolidated statements of income. If management does not intend to sell the security, nor will it more-likely-than-not be required to sell the security before the security recovers its value, management must then determine whether the loss is due to credit loss or other factors. For impairment indicators due to credit loss factors, management establishes an allowance for credit losses with a charge to Other income (expense), net. For impairment indicators due to other factors, management records the loss with a charge to Accumulated other comprehensive loss in the accompanying consolidated balance sheets.

Upon adoption of the credit loss standard, the Company established an allowance for credit losses and did not have any credit loss expense recorded related to available-for-sale debt securities for the year ended December 31, 2020. See Note 5 for more information on allowances for credit losses related to available-for-sale debt securities.

The Company has available-for-sale debt securities that have fair values below amortized cost; however, the Company does not consider a credit allowance necessary as (i) the Company does not intend to sell the securities, (ii) it is not more-likely-than-not that the Company will be required to sell the investments before recovery of the amortized cost basis, and (iii) the unrealized losses are due to market factors rather than credit loss factors.

5. INVESTMENTS

Available-for-sale Investments

Investments in available-for-sale debt securities at fair value were as follows for the periods ended (in thousands):

	December 31, 2020				
Description of the Securities	**Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Allowance for Credit Losses**	**Fair Value**
Agency securities	$ 3,300	$ —	$ —	—	$ 3,300
Corporate securities	70,829	4	(2)	(147)	70,684
Government securities	64,494	1	(1)	—	64,494
Total	$ 138,623	$ 5	$ (3)	$ (147)	$ 138,478

	December 31, 2019			
Description of the Securities	**Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
Agency securities	$ 1,681	$ 1	$ —	$ 1,682
Corporate securities	49,027	6	(149)	48,884
Government securities	9,124	5	—	9,129
Total	$ 59,832	$ 12	$ (149)	$ 59,695

The change in net unrealized (losses) gains on available-for-sale securities recorded in Other comprehensive income includes unrealized (losses) gains that arose from changes in market value of specifically identified securities that were held during the period, gains (losses) that were previously unrealized, but have been recognized in current period net income due to sales and other than temporary impairments, as well as prepayments of available-for-sale investments purchased at a premium. See Note 16 for more information related to comprehensive income.

The average remaining maturities of the Company's short-term and long-term available-for-sale investments at December 31, 2020 were approximately two months and two years, respectively.

Realized and Unrealized Gains and Losses on Available-for-sale Investments

For the year ended December 31, 2020, the Company had no realized gains on available-for-sale investments. For the year ended December 31, 2019, the Company had realized gains on the sales of available-for-sale investments of $1.5 million.

Effective January 1, 2020, the new CECL guidance requires the recognition of an allowance for estimated credit losses on investments in available-for-sale debt securities. For the year ended December 31, 2020, the Company had no realized losses on available-for-sale investments. For the year ended December 31, 2019, the Company had realized losses on available-for-sale investments of $0.9 million. Realized losses primarily related to sales of these investments during the respective periods. All realized gains and losses related to the sales of available-for-sale investments are included in Other income (expense), net, in the accompanying consolidated statements of income.

As of December 31, 2019, the Company's gross unrealized losses on available-for-sale debt investments were $0.1 million and were not deemed to be other-than-temporarily impaired under the prior accounting guidance.

Equity Securities without Readily Determinable Fair Values

The Company held direct investments in privately-held companies of approximately $22.5 million and $12.3 million as of December 31, 2020, and 2019, respectively, which are accounted for at cost, less impairment plus or minus adjustments resulting from observable price changes in orderly transactions for an identical or a similar investment of the same issuer. These investments are included in Other assets in the accompanying consolidated balance sheets. The Company periodically reviews these investments for impairment and observable price changes on a quarterly basis, and adjusts the carrying value accordingly. The fair value of these investments represents a Level 3 valuation as the assumptions used in valuing these investments are not directly or indirectly observable. See Note 6 for detailed information on fair value measurements.

Equity Securities Accounted for at Net Asset Value

The Company held equity interests in certain private equity funds of $11.3 million and $11.2 million as of December 31, 2020, and 2019, respectively, which are accounted for under the net asset value practical expedient. These investments are included in Other assets in the accompanying consolidated balance sheets. The net asset value of these investments is determined using quarterly capital statements from the funds, which are based on the Company's contributions to the funds, allocation of profit and loss and changes in fair value of the underlying fund investments. These private equity funds focus on making venture capital investments, principally by investing in equity securities of early and late stage privately held corporations. The funds' general partner shall determine the amount, timing and form (whether cash or in kind) of all distributions made by the funds. The Company may only transfer its investments in private equity fund interests subject to the general partner's written consent and cannot trade its fund interests in established securities markets, secondary markets or equivalents thereof. The Company has unfunded commitments of $0.4 million as of December 31, 2020.

6. FAIR VALUE MEASUREMENTS

The authoritative guidance defines fair value as an exit price, representing the amount that would either be received to sell an asset or be paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, the guidance establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- *Level 1.* Observable inputs such as quoted prices in active markets for identical assets or liabilities;
- *Level 2*. Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and
- *Level 3*. Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

Available-for-sale securities included in Level 2 are valued utilizing inputs obtained from an independent pricing service (the "Service") which uses quoted market prices for identical or comparable instruments rather than direct observations of quoted prices in active markets. The Service applies a four level hierarchical pricing methodology to all of the Company's fixed income securities based on the circumstances. The hierarchy starts with the highest priority pricing source, then subsequently uses inputs obtained from other third-party sources and large custodial institutions. The Service's providers utilize a variety of inputs to determine their quoted prices. These inputs may include interest rates, known historical trades, yield curve information, benchmark data, prepayment speeds, credit quality and broker/dealer quotes. Substantially all of the Company's available-for-sale investments are valued utilizing inputs obtained from the Service and accordingly are categorized as Level 2 in the table below. The Company periodically independently assesses the pricing obtained from the Service and historically has not adjusted the Service's pricing as a result of this assessment. Available-for-sale securities are included in Level 3 when relevant observable inputs for a security are not available.

The Company's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the classification of assets and liabilities within the fair value hierarchy. In certain instances, the inputs used to measure fair value may meet the definition of more than one level of the fair value hierarchy. The input with the lowest level priority is used to determine the applicable level in the fair value hierarchy.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

	As of December 31, 2020	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		(in thousands)		
Assets:				
Cash and cash equivalents:				
Cash	$ 375,874	$ 375,874	$ —	$ —
Money market funds	23,089	23,089	—	—
Corporate securities	166,436	—	166,436	—
Government securities	187,496		187,496	—
Available-for-sale securities:				
Agency securities	3,300	—	3,300	—
Corporate securities	70,684	—	70,184	500
Government securities	64,494	—	64,494	—
Prepaid expenses and other current assets:				
Foreign currency derivatives	4,012	—	4,012	—
Total assets	$ 895,385	$ 398,963	$ 495,922	$ 500
Accrued expenses and other current liabilities:				
Foreign currency derivatives	1,447	—	1,447	—
Total liabilities	$ 1,447	$ —	$ 1,447	$ —

	As of December 31, 2019	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		(in thousands)		
Assets:				
Cash and cash equivalents:				
Cash	$ 474,756	$ 474,756	$ —	$ —
Money market funds	42,019	42,019	—	—
Agency securities	19,993	—	19,993	—
Corporate securities	8,993	—	8,993	—
Available-for-sale securities:				
Agency securities	1,682	—	1,682	—
Corporate securities	48,884	—	47,884	1,000
Government securities	9,129	—	9,129	—
Prepaid expenses and other current assets:				
Foreign currency derivatives	1,889	—	1,889	—
Total assets	$ 607,345	$ 516,775	$ 89,570	$ 1,000
Accrued expenses and other current liabilities:				
Foreign currency derivatives	1,390	—	1,390	—
Total liabilities	$ 1,390	$ —	$ 1,390	$ —

The Company's fixed income available-for-sale security portfolio generally consists of investment grade securities from diverse issuers with a minimum credit rating of A-/A3 and a weighted-average credit rating of AA-/Aa3. The Company values these securities based on pricing from the Service, whose sources may use quoted prices in active markets for identical assets (Level 1 inputs) or inputs other than quoted prices that are observable either directly or indirectly (Level 2 inputs) in determining fair value, and accordingly, the Company classifies the majority of its fixed income available-for-sale securities as Level 2.

The Company measures its cash flow hedges, which are classified as Prepaid expenses and other current assets and Accrued expenses and other current liabilities, at fair value based on indicative prices in active markets (Level 2 inputs).

Assets Measured at Fair Value on a Non-recurring Basis Using Significant Unobservable Inputs (Level 3)

During the year ended December 31, 2020, certain direct investments in privately-held companies with a combined carrying value of $6.3 million were determined to be impaired and written down to their fair values of $4.5 million, resulting in impairment charges of $1.8 million. The impairment charges were included in Other income (expense), net in the accompanying consolidated statements of income.

During the year ended December 31, 2019, certain direct investments in privately-held companies with a combined carrying value of $2.4 million were determined to be impaired and have been written down to their fair values of $0.4 million resulting in impairment charges of $2.0 million. The impairment charges were included in Other income (expense), net in the accompanying consolidated statements of income.

In determining the fair value of the investments, the Company considers many factors including but not limited to operating performance of the investee, the amount of cash that the investee has on-hand, the ability to obtain additional financing and the overall market conditions in which the investee operates.

During the year ended December 31, 2020, the Company determined there was an upward adjustment of $1.8 million to one of the Company's investments in a privately-held company without a readily determinable fair value based on an observable input, specifically its ability to obtain additional financing at a favorable valuation. During the year ended December 31, 2019, the Company determined that there were no material adjustments resulting from observable price changes to the Company’s investments in privately-held companies without a readily determinable fair value.

Additional Disclosures Regarding Fair Value Measurements

The carrying value of accounts receivable, accounts payable and accrued expenses approximate their fair value due to the short maturity of these items.

As of December 31, 2020, the fair value of the $750.0 million unsecured senior notes due March 1, 2030 (the "2030 Notes") and $750.0 million of unsecured senior notes due December 1, 2027 (the "2027 Notes") was determined based on inputs that are observable in the market (Level 2). Based on the closing trading price per $100 as of the last day of trading for the year ended December 31, 2020, the carrying value was as follows (in thousands):

	Fair Value	Carrying Value
2030 Notes	$ 828,278	$ 739,106
2027 Notes	$ 881,430	$ 743,816

See Note 13 for more information on the 2030 Notes and 2027 Notes.

7. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses consist of the following:

	December 31, 2020	December 31, 2019
	(In thousands)	
Accrued commissions	$ 115,459	$ 57,079
Accrued compensation and employee benefits	192,367	139,767
Other accrued expenses	199,359	134,834
Total	$ 507,185	$ 331,680

8. EMPLOYEE STOCK-BASED COMPENSATION AND BENEFIT PLANS

Plans

The Company’s stock-based compensation program is a long-term retention program that is intended to attract and reward talented employees and align stockholder and employee interests. As of December 31, 2020, the Company had one stock-based compensation plan under which it was granting equity awards. The Company is currently granting stock-based awards from its Second Amended and Restated 2014 Equity Incentive Plan (the "2014 Plan"), which was approved at the Company's Annual

Meeting of Stockholders on June 22, 2017. In March 2019, the Company's Board of Directors adopted an amendment to the 2014 Plan, which was approved at the Company's Annual Meeting of Stockholders on June 4, 2019. In April 2020, the Company's Board of Directors adopted a second amendment to the 2014 Plan, which was approved at the Company's Annual Meeting of Stockholders on June 3, 2020. The Company's superseded stock plans with outstanding awards include the Amended and Restated 2005 Equity Incentive Plan.

Under the terms of the 2014 Plan, the Company is authorized to grant incentive stock options ("ISOs"), non-qualified stock options ("NSOs"), non-vested stock, non-vested stock units, stock appreciation rights ("SARs"), and performance units and to make stock-based awards to full and part-time employees of the Company and its subsidiaries or affiliates, where legally eligible to participate, as well as to consultants and non-employee directors of the Company. ISOs, NSOs, and SARs are not currently being granted. The June 2019 amendment removes the fungible share adjustment used to determine shares available for issuance, while prior to the June 2019 amendment, shares available for issuance were adjusted by a 2.75 fungible share factor. Beginning on June 4, 2019, each share award granted under the 2014 Plan will reduce the share reserve by one share and all share awards granted on June 4, 2019 and thereafter that are later forfeited, canceled or terminated will be returned to the share reserve in the same manner. Pursuant to the June 2020 amendment, the maximum number of shares of common stock available for issuance under the 2014 Plan was increased to 51,300,000. In addition, the amendment extended the term of the 2014 Plan to June 3, 2030 and updated the vesting provisions from monthly to annual vesting for annual director awards, consistent with the Company's current compensation program for non-employee directors. Under the 2014 Plan, NSOs must be granted at exercise prices no less than fair market value on the date of grant. Non-vested stock awards may be granted for such consideration in cash, other property or services, or a combination thereof, as determined by the Company's Compensation Committee of its Board of Directors. Stock-based awards are generally exercisable or issuable upon vesting. The Company's policy is to recognize compensation cost for awards with only service conditions and a graded vesting schedule on a straight-line basis over the requisite service period for the entire award. As of December 31, 2020, there were 17,937,529 shares of common stock reserved for issuance pursuant to the Company's stock-based compensation plans including authorization under its 2014 Plan to grant stock-based awards covering 12,703,071 shares of common stock.

In December 2014, the Company's Board of Directors approved the 2015 Employee Stock Purchase Plan (the "2015 ESPP"), which was approved by stockholders at the Company's Annual Meeting of Stockholders held on May 28, 2015. Under the 2015 ESPP, all full-time and certain part-time employees of the Company are eligible to purchase common stock of the Company twice per year at the end of a six-month payment period (a "Payment Period"). During each Payment Period, eligible employees who so elect may authorize payroll deductions in an amount no less than 1% nor greater than 10% of his or her base pay for each payroll period in the Payment Period. At the end of each Payment Period, the accumulated deductions are used to purchase shares of common stock from the Company up to a maximum of 12,000 shares for any one employee during a Payment Period. Shares are purchased at a price equal to 85% of the fair market value of the Company's common stock, on either the first business day of the Payment Period or the last business day of the Payment Period, whichever is lower. Employees who, after exercising their rights to purchase shares of common stock in the 2015 ESPP, would own shares representing 5% or more of the voting power of the Company's common stock, are ineligible to continue to participate under the 2015 ESPP. The 2015 ESPP provides for the issuance of a maximum of 16,000,000 shares of common stock. As of December 31, 2020, 2,675,657 shares have been issued under the 2015 ESPP. The Company recorded stock-based compensation costs related to its employee stock purchase plan of $12.6 million, $12.4 million and $9.8 million for the years ended December 31, 2020, 2019 and 2018, respectively.

The Company used the Black-Scholes model to estimate the fair value of the 2015 ESPP awards with the following weighted-average assumptions:

	Year Ended		
	December 31, 2020	December 31, 2019	December 31, 2018
Expected volatility factor	0.21 - 0.35	0.22 - 0.29	0.26 - 0.29
Risk free interest rate	0.13% - 2.06%	2.06% - 2.49%	1.12% - 2.19%
Expected dividend yield	0.92% - 1.39%	1.27% - 1.39%	0% - 1.27%
Expected life (in years)	0.5	0.5	0.5

The Company determined the expected volatility factor by considering the implied volatility in six-month market-traded options of the Company's common stock based on third party volatility quotes. The Company's decision to use implied volatility was based upon the availability of actively traded options on the Company's common stock and its assessment that implied volatility is more representative of future stock price trends than historical volatility. The risk-free interest rate was based on a U.S. Treasury instrument whose term is consistent with the expected term of the stock options. The current dividend yield has been updated for expected dividend yield payout. The expected term is based on the term of the purchase period for grants made under the ESPP.

Expense Information

The Company recorded stock-based compensation costs, related deferred tax assets and tax benefits of $307.7 million, $61.0 million and $83.4 million, respectively, in 2020, $278.9 million, $54.4 million and $59.5 million, respectively, in 2019 and $203.6 million, $39.7 million and $49.7 million, respectively, in 2018.

The detail of the total stock-based compensation recognized by income statement classification is as follows (in thousands):

Income Statement Classifications	2020	2019	2018
Cost of subscription, support and services	$ 13,253	$ 10,921	$ 7,979
Research and development	108,032	104,553	66,154
Sales, marketing and services	102,765	95,535	72,406
General and administrative	83,660	67,883	57,080
Total	$ 307,710	$ 278,892	$ 203,619

Non-vested Stock Units

Service Based Stock Units

The Company also awards senior level employees, certain other employees and new non-employee directors, non-vested stock units granted under the 2014 Plan that vest based on service. The majority of these non-vested stock unit awards generally vest 33.33% on each of the first, second, and third anniversary subsequent to the grant date of the award. Each non-vested stock unit, upon vesting, represents the right to receive one share of the Company’s common stock. In addition, the Company awards non-vested stock units to all of its continuing non-employee directors, which represent the right to receive one share of the Company's common stock upon vesting. Previously, non-vested stock unit awards granted to the Company's continuing non-employee directors vested monthly in 12 equal installments. Beginning in 2020, new awards granted to non-employee directors will vest in full in one installment on the earlier of: (i) the first anniversary of the award date; or (ii) the day immediately prior to the Company’s next annual meeting of the stockholders following the award date.

Company Performance Stock Units

On April 1, 2020, the Company awarded senior level employees 294,605 non-vested performance stock unit awards granted under the 2014 Plan. The number of non-vested performance stock units that ultimately vest will be determined within sixty days following completion of the performance period ending December 31, 2022 and will be based on the achievement of specific corporate financial performance goals related to the Company’s annualized recurring revenue (ARR) growth measured during the period from January 1, 2020 to December 31, 2022. The number of non-vested stock units issued will be based on a graduated slope, with the maximum number of non-vested stock units issuable pursuant to the award capped at 200% of the target number of non-vested stock units set forth in the award agreement. The Company is required to estimate the attainment expected to be achieved related to the defined performance goals and the number of non-vested stock units that will ultimately be awarded in order to recognize compensation expense over the vesting period. Each non-vested stock unit, upon vesting, represents the right to receive one share of the Company’s common stock. Compensation expense is being recorded through the end of the performance period on December 31, 2022 if it is deemed probable that the performance goals will be met. If the performance goals are not met, no compensation cost will be recognized and any previously recognized compensation cost will be reversed.

On April 6, 2020, the Company awarded certain senior level employees 90,756 non-vested performance stock unit awards granted under the 2014 Plan that vest based on the Company’s ARR growth during the relevant performance periods, which span January 1, 2020 through December 31, 2021. The number of non-vested stock units issued upon the vesting of the award will be based on a graduated slope, with the maximum number of non-vested stock units issuable pursuant to the award capped at 125% of the target number of non-vested stock units set forth in the award agreement. The Company is required to estimate the attainment expected to be achieved related to the defined performance goals and the number of non-vested stock units that will ultimately be awarded in order to recognize compensation expense over the vesting period. Each non-vested stock unit, upon vesting, represents the right to receive one share of the Company’s common stock. Compensation expense is being recorded through the end of the performance period on December 31, 2021 if it is deemed probable that the performance goals will be met. If the performance goals are not met, no compensation cost will be recognized and any previously recognized compensation cost will be reversed. Finally, half of these awards vested on December 31, 2020, which corresponds to the award's interim performance period, and met the underlying performance metrics. The final payout approval related to these awards will be obtained within sixty days of the vesting date in accordance with the award provisions. The remaining unvested awards are subject to vesting by the end of the performance period on December 31, 2021. Accordingly, compensation expense on those unvested awards will be recorded through December 31, 2021.

In April 2019, the Company awarded senior level employees 293,991 non-vested performance stock unit awards granted under the 2014 Plan. The number of non-vested stock units underlying the award will be determined within sixty days following completion of the performance period ending December 31, 2021 and will be based on the achievement of specific corporate financial performance goals related to subscription bookings as a percentage of total subscription and product bookings measured during the period from January 1, 2021 to December 31, 2021. The number of non-vested stock units issued will be based on a graduated slope, with the maximum number of non-vested stock units issuable pursuant to the award capped at 200% of the target number of non-vested stock units set forth in the award agreement. The Company is required to estimate the attainment expected to be achieved related to the defined performance goals and the number of non-vested stock units that will ultimately be awarded in order to recognize compensation expense over the vesting period. Each non-vested stock unit, upon vesting, represents the right to receive one share of the Company's common stock. Compensation expense is being recorded through the end of the performance period on December 31, 2021 if it is deemed probable that the performance goals will be met. If the performance goals are not met, no compensation cost will be recognized and any previously recognized compensation cost will be reversed.

In February 2019, the Company had awarded certain senior level employees 93,500 non-vested performance stock units granted under the 2014 Plan. The number of non-vested stock units underlying the award were to be determined within sixty days following the completion of the performance period ending December 31, 2020 and were based on the achievement of specific corporate financial performance goals between the fiscal years ended December 31, 2018 and December 31, 2020. The Company was required to estimate the attainment expected to be achieved related to the defined performance goals and the number of non-vested stock units that would have ultimately been awarded in order to recognize compensation expense over the vesting period. Each non-vested stock unit, upon vesting, represented the right to receive one share of the Company's common stock. Compensation expense would have been recorded through the end of the performance period on December 31, 2020 if it was deemed probable that the performance goals would have been met. In January 2020, the non-vested performance stock units were cancelled pursuant to a forfeiture agreement executed by each holder in return for nominal cash consideration. The impact of the cancellation was not material to the consolidated financial statements.

In March 2018, the Company awarded senior level employees 268,729 non-vested performance stock unit awards granted under the 2014 Plan. The number of non-vested stock units underlying the award will be determined within sixty days following completion of the performance period ending December 31, 2020 and will be based on the achievement of specific corporate financial performance goals related to subscription bookings as a percentage of total product bookings measured during the period from January 1, 2020 to December 31, 2020. As defined in the applicable award agreements, total product bookings includes subscription bookings. The number of non-vested stock units issued will be based on a graduated slope, with the maximum number of non-vested stock units issuable pursuant to the award capped at 200% of the target number of non-vested stock units set forth in the award agreement. The Company is required to estimate the attainment expected to be achieved related to the defined performance goals and the number of non-vested stock units that will ultimately be awarded in order to recognize compensation expense over the vesting period. Each non-vested stock unit, upon vesting, represents the right to receive one share of the Company's common stock. Finally, these awards vested on December 31, 2020 and met the underlying performance metrics. As a result, compensation expense was recorded through the end of the performance period. The final payout approval related to the awards will be obtained within sixty days of the vesting date in accordance with the award provisions.

The Company recorded stock-based compensation costs related to its company performance stock units of $50.5 million, $40.2 million and $17.9 million for the years ended December 31, 2020, 2019 and 2018, respectively.

Modification of Market and Company Performance Stock Units

On April 22, 2019, the change in control provisions of the unvested and outstanding February 2019 and March 2018 company performance stock unit awards were modified such that if a change in control were to occur prior to the end of the award's performance period, the award would be deemed earned at 200% of the target award, subject to time-based vesting and the awardee's continuous employment through the end of the award's performance periods. Previously, the change in control provisions of these awards allowed for either pro rata vesting or vesting based on interim performance through the change in control date. No incremental compensation expense was recorded as a result of this modification given the improbable nature of a change in control event.

Non Vested Stock Unit Activity for the Year

The following table summarizes the Company's non-vested stock unit activity for the year ended December 31, 2020:

	Number of Shares	Weighted-Average Fair Value at Grant Date
Non-vested stock units at December 31, 2019	5,688,534	$ 96.68
Granted	2,728,869	137.95
Vested	(2,668,847)	97.41
Forfeited	(563,511)	108.62
Non-vested stock units at December 31, 2020	5,185,045	116.86

For the years ended December 31, 2020, 2019 and 2018, the Company recognized stock-based compensation expense of $295.1 million, $266.5 million and $193.8 million, respectively, over the vesting period of the respective stock units. The fair value of the stock units vested in 2020, 2019, and 2018 was $260.0 million, $246.7 million and $149.3 million, respectively. As of December 31, 2020, there was $416.3 million of total unrecognized compensation cost related to non-vested stock units. The unrecognized cost is expected to be recognized over a weighted-average period of 1.58 years.

Benefit Plan

The Company maintains a 401(k) benefit plan allowing eligible U.S.-based employees to contribute up to 90% of their annual eligible earnings to the plan on a pretax and after-tax basis, including Roth contributions, limited to an annual maximum amount as set periodically by the IRS. The Company, at its discretion, may contribute up to $0.50 for each dollar of employee contribution. The Company’s total matching contribution to an employee is typically made at 3% of the employee’s annual compensation. The Company’s matching contributions were $15.4 million, $14.4 million and $13.0 million in 2020, 2019 and 2018, respectively. The Company’s matching contributions vest immediately.

9. CAPITAL STOCK

Stock Repurchase Programs

The Company’s Board of Directors has authorized an ongoing stock repurchase program, of which $1.00 billion was approved in January 2020. The Company may use the approved dollar authority to repurchase stock at any time until the approved amount is exhausted. The objective of the Company’s stock repurchase program is to improve stockholders’ returns and mitigate earnings per share dilution posed by the issuance of shares related to employee equity compensation awards. At December 31, 2020, $625.6 million was available to repurchase common stock pursuant to the stock repurchase program. All shares repurchased are recorded as treasury stock. A portion of the funds used to repurchase stock over the course of the program was provided by net proceeds from the Convertible Notes, the 2027 Notes and the term loan credit agreement (the “Term Loan Credit Agreement”), as well as proceeds from employee stock awards and the related tax benefit. The Company is authorized to make purchases of its common stock using general corporate funds through open market purchases, pursuant to a Rule 10b5-1 plan or in privately negotiated transactions.

In February 2018, the Company entered into an ASR transaction with a counterparty to pay an aggregate of $750.0 million in exchange for the delivery of approximately 6.5 million shares of its common stock based on current market prices. The purchase price per share under the ASR was based on the volume-weighted average price of the Company's common stock during the term of the ASR, less a discount. The ASR was entered into pursuant to the Company's existing share repurchase program. Final settlement of the ASR agreement was completed in April 2018 and the Company received delivery of an additional 1.6 million shares of its common stock.

On January 30, 2020, the Company used the proceeds from its Term Loan Credit Agreement to enter into accelerated share repurchase transactions ("ASR") with each of Goldman Sachs & Co. LLC and Wells Fargo Bank, National Association (each, a "Dealer") for an aggregate of $1.00 billion. Under the ASR transactions, the Company received an initial share delivery of 6.5 million shares of its common stock, with the remainder delivered upon completion of the ASR transactions. The total number of shares of common stock that the Company repurchased under each ASR agreement was based on the average of the daily volume-weighted average prices of its common stock during the term of the applicable ASR agreement, less a discount. The Company received delivery of 0.8 million shares of its common stock in August 2020 in final settlement of the ASR Agreement. See Note 13 for detailed information on the Term Loan Credit Agreement.

In addition to the ASR, during the year ended December 31, 2020, the Company expended $288.5 million on open market purchases under the stock repurchase program, repurchasing 2.5 million shares of outstanding common stock at an average price of $116.40.

During the year ended December 31, 2019, the Company expended $453.9 million on open market purchases under the stock repurchase program, repurchasing 4.5 million shares of outstanding common stock at an average price of $100.11.

During the year ended December 31, 2018, the Company expended $511.2 million on open market purchases under the stock repurchase program, repurchasing 4.7 million shares of outstanding common stock at an average price of $108.05.

Shares for Tax Withholding

During the years ended December 31, 2020, 2019 and 2018, the Company withheld 893,479 shares, 882,078 shares and 739,522 shares, respectively, from equity awards that vested. Amounts withheld to satisfy minimum tax withholding obligations that arose on the vesting of equity awards was $121.7 million, $89.2 million and $71.6 million, for 2020, 2019 and 2018, respectively. These shares are reflected as treasury stock in the Company's consolidated balance sheets and the related cash outlays do not reduce the Company's total stock repurchase authority.

Preferred Stock

The Company is authorized to issue 5,000,000 shares of preferred stock, $0.01 par value per share. No shares of such preferred stock were issued and outstanding at December 31, 2020 or 2019.

Cash Dividend

The following table provides information with respect to quarterly dividends on common stock during the years ended December 31, 2020 and 2019.

Declaration Date	Dividends per Share	Record Date	Payable Date
Fiscal Year 2020			
January 22, 2020	$ 0.35	March 6, 2020	March 20, 2020
April 23, 2020	$ 0.35	June 5, 2020	June 19, 2020
July 23, 2020	$ 0.35	September 11, 2020	September 25, 2020
October 22, 2020	$ 0.35	December 8, 2020	December 22, 2020
Fiscal Year 2019			
January 23, 2019	$ 0.35	March 8, 2019	March 22, 2019
April 24, 2019	$ 0.35	June 7, 2019	June 21, 2019
July 24, 2019	$ 0.35	September 6, 2019	September 20, 2019
October 24, 2019	$ 0.35	December 6, 2019	December 20, 2019

Subsequent Event

On January 19, 2021, the Company announced that its Board of Directors approved a quarterly cash dividend of $0.37 per share. This dividend is payable on March 26, 2021 to all shareholders of record as of the close of business on March 12, 2021. Future dividends will be subject to Board approval.

10. COMMITMENTS AND CONTINGENCIES

Legal Matters

The Company accrues a liability for legal contingencies when it believes that it is both probable that a liability has been incurred and that it can reasonably estimate the amount of, or a range of, the loss. The Company reviews these accruals and adjusts them to reflect ongoing negotiations, settlements, rulings, advice of legal counsel and other relevant information. To the extent new information is obtained and the Company's views on the probable outcomes of any pending claims, suits, assessments, regulatory investigations, or other legal proceedings change, changes in the Company's accrued liabilities would be recorded in the period in which such determination is made. In addition, in accordance with the relevant authoritative guidance, for matters in which the likelihood of material loss is at least reasonably possible, the Company provides disclosure of the possible loss or range of loss. If a reasonable estimate cannot be made, however, the Company will provide disclosure to that effect.

Due to the nature of the Company's business, the Company is subject to patent infringement claims, including current litigation alleging infringement by various Company solutions and services. The Company believes that it has meritorious defenses to the allegations made in its pending litigation and intends to vigorously defend itself; however, it is unable currently to determine the ultimate outcome of these or similar matters or the potential exposure to loss, if any. In addition, the Company is subject to various other legal proceedings, including suits, assessments, regulatory actions and investigations generally arising out of the normal course of business. Although it is difficult to predict the ultimate outcomes of these matters, the Company believes that outcomes that will materially and adversely affect its business, financial position, results of operations or cash flows are reasonably possible but not estimable at this time.

On July 25, 2019, a class action lawsuit was filed against Citrix, LogMeIn, Inc. ("LogMeIn") and certain of their current and former directors and officers in the Circuit Court of the 15th Judicial Circuit, Palm Beach County, Florida. The complaint alleges that the defendants violated federal securities laws by making alleged misstatements and omissions in LogMeIn's Registration Statement and Prospectus filed in connection with the 2017 spin-off of Citrix's GoTo family of service offerings and subsequent merger of that business with LogMeIn. The complaint seeks among other things the recovery of monetary damages. On April 28, 2020, the defendants filed motions to dismiss the complaint, which remain pending. The Company believes that Citrix and its current and former directors named as defendants have meritorious defenses to these allegations; however, the Company is unable to currently determine the ultimate outcome of this matter or the potential exposure or loss, if any.

Guarantees

The authoritative guidance requires certain guarantees to be recorded at fair value and requires a guarantor to make disclosures, even when the likelihood of making any payments under the guarantee is remote. For those guarantees and indemnifications that do not fall within the initial recognition and measurement requirements of the authoritative guidance, the Company must continue to monitor the conditions that are subject to the guarantees and indemnifications, as required under existing generally accepted accounting principles, to identify if a loss has been incurred. If the Company determines that it is probable that a loss has been incurred, any such estimable loss would be recognized. The initial recognition and measurement requirements do not apply to the provisions contained in the majority of the Company's software license agreements that indemnify licensees of the Company's software from damages and costs resulting from claims alleging that the Company's software infringes the intellectual property rights of a third party. The Company has not made material payments pursuant to these provisions. The Company has not identified any losses that are probable under these provisions and, accordingly, the Company has not recorded a liability related to these indemnification provisions.

Purchase Obligations

The Company has agreements with suppliers to purchase inventory and estimates its non-cancelable obligations under these agreements for the fiscal year ended December 31, 2021 to be $8.8 million. The Company also has contingent obligations to purchase inventory for the fiscal year ended December 31, 2021 of $19.9 million. The Company does not have any such purchase obligations beyond December 31, 2021.

Other Purchase Commitments

In May 2020, the Company entered into an amended agreement with a third-party provider, in the ordinary course of business, for the use of certain cloud services through June 2029. Under the amended agreement, the Company is committed to a purchase of $1.00 billion throughout the term of the agreement. As of December 31, 2020, the Company had $950.0 million of remaining obligations under the purchase agreement.

11. INCOME TAXES

The Company is required to estimate its income taxes in each of the jurisdictions in which it operates as part of the process of preparing its consolidated financial statements. The Company maintains certain strategic management and operational activities in overseas subsidiaries and its foreign earnings are taxed at rates that are generally lower than in the United States.

On May 19, 2019, Swiss voters approved the Federal Act on Tax Reform and AHV Financing ("TRAF"), which provides for broad changes to federal and cantonal taxation in Switzerland effective January 1, 2020. The TRAF requires the abolishment of certain favorable tax regimes, provides for certain transitional relief, and directs the cantons to implement certain mandatory measures while other provisions are at the discretion of the canton. During the period ended December 31, 2019, the cantonal authority provided its guidance for the cantonal tax implications of the TRAF. As a result of the TRAF and the accompanying guidance from the Swiss taxing authorities, the Company recorded a deferred tax asset and related tax benefits of $145.6 million and $99.9 million attributable to the cantonal and federal impact of the TRAF, respectively. The

Company also recorded a valuation allowance of $33.5 million to reduce the cantonal deferred tax asset as it is not more likely than not the cantonal deferred tax asset will be fully realized. The income tax impact of the TRAF may be subject to change due to the issuance of further legislative guidance from the Swiss taxing authorities.

The United States and foreign components of income before income taxes are as follows:

	2020	2019	2018
		(In thousands)	
United States	$ 43,003	$ 31,932	$ 174,519
Foreign	511,877	477,568	454,936
Total	$ 554,880	$ 509,500	$ 629,455

The components of the provision for income taxes are as follows:

	2020	2019	2018
		(In thousands)	
Current:			
Federal	$ 5,513	$ 7,718	$ (19,461)
Foreign	49,862	63,205	70,146
State	(967)	1,697	16,259
Total current	54,408	72,620	66,944
Deferred:			
Federal	(10,940)	(35,932)	1,899
Foreign	4,160	(209,010)	(14,804)
State	2,806	9	(251)
Total deferred	(3,974)	(244,933)	(13,156)
Total provision	$ 50,434	$ (172,313)	$ 53,788

The following table presents the breakdown of net deferred tax assets:

	December 31,	
	2020	2019
	(In thousands)	
Deferred tax assets	$ 386,504	$ 361,814
Deferred tax liabilities	(3,185)	(2,630)
Total net deferred tax assets	$ 383,319	$ 359,184

The significant components of the Company's deferred tax assets and liabilities consisted of the following:

	December 31, 2020	December 31, 2019
	(In thousands)	
Deferred tax assets:		
Accruals and reserves	$ 59,515	$ 53,465
Deferred revenue	34,596	58,977
Tax credits	146,470	107,046
Net operating losses	54,882	56,156
Stock based compensation	45,346	40,182
Swiss tax reform	261,090	245,554
Acquired technology	2,346	—
Valuation allowance	(151,791)	(128,388)
Total deferred tax assets	452,454	432,992
Deferred tax liabilities:		
Acquired technology	—	(3,521)
Depreciation and amortization	(23,445)	(34,653)
Prepaid expenses	(42,717)	(29,775)
Other	(2,973)	(5,859)
Total deferred tax liabilities	(69,135)	(73,808)
Total net deferred tax assets	$ 383,319	$ 359,184

The authoritative guidance requires a valuation allowance to reduce the deferred tax assets reported if, based on the weight of the evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized. At December 31, 2020, the Company determined a $151.8 million valuation allowance was necessary, which relates to deferred tax assets for net operating losses, tax credits and the cantonal deferred tax asset recorded due to the TRAF that may not be realized.

At December 31, 2020, the Company retained $136.9 million of remaining net operating loss carry forwards in the United States from acquisitions. The utilization of these net operating loss carry forwards are limited in any one year pursuant to Internal Revenue Code Section 382 and may begin to expire in 2022. At December 31, 2020, the Company held $134.3 million of remaining net operating loss carry forwards in foreign jurisdictions that begin to expire in 2022. At December 31, 2020, the Company held $181.0 million of federal and state research and development tax credit carry forwards in the United States, a portion of which may begin to expire in 2022.

A reconciliation of the Company's effective tax rate to the statutory federal rate is as follows:

	Year Ended December 31, 2020	2019	2018
Federal statutory taxes	21.0 %	21.0 %	21.0 %
State income taxes, net of federal tax benefit	0.3	0.3	0.7
Foreign operations	(5.1)	(5.8)	(5.4)
Permanent differences	2.2	3.0	2.0
The 2017 Tax Act - tax rate impact on deferred taxes	—	—	(0.7)
The 2017 Tax Act - transition tax	—	—	(3.5)
Tax reform - Switzerland	—	(48.2)	—
Change in valuation allowance reserve	3.4	7.4	0.4
Change in deferred tax liability related to acquired intangibles	—	—	(0.1)
Tax credits	(8.1)	(8.4)	(5.8)
Stock-based compensation	(3.0)	(1.9)	(1.9)
Change in accruals for uncertain tax positions	(2.5)	(1.1)	1.8
Other	0.9	(0.1)	—
	9.1 %	(33.8)%	8.5 %

The Company’s effective tax rate generally differs from the U.S. federal statutory rate primarily due to lower tax rates on earnings generated by the Company’s foreign operations that are taxed primarily in Switzerland.

The Company's effective tax rate was approximately 9.1% and (33.8)% for the years ended December 31, 2020 and 2019, respectively. The increase in the effective tax rate when comparing the year ended December 31, 2020 to the year ended December 31, 2019, was primarily due to tax items unique to the period ended December 31, 2019. These amounts include an estimated income tax benefit of $112.1 million and $99.9 million attributable to the cantonal and federal impact of the TRAF, respectively, during the year ended December 31, 2019.

The Company's effective tax rate was approximately (33.8)% and 8.5% for the years ended December 31, 2019 and 2018, respectively. The decrease in the effective tax rate when comparing the year ended December 31, 2019 to the year ended December 31, 2018 was primarily due to tax items unique to each period including major changes to the tax regime in Switzerland and significant changes related to U.S. tax reform, as well as a change in the combination of income between the Company’s U.S. and foreign operations. For the year ended December 31, 2019, unique tax items include tax benefits of $112.1 million and $99.9 million attributable to the cantonal and federal impact of the TRAF, respectively, and a tax benefit of $20.1 million attributable to the 2015 U.S. federal income tax return statute of limitations closing. The results from the year ended December 31, 2018 also included unique tax items due to U.S. tax reform legislative changes including a tax benefit of $21.9 million to true up the provisional transition tax on deemed repatriation of foreign income and a tax benefit of $4.4 million to true up the provisional benefit for the remeasurement of U.S. deferred tax assets and liabilities because of the maximum U.S. federal corporate rate reduction from 35% to 21%.

A reconciliation of the beginning and ending amount of unrecognized tax benefits for the years ended December 31, 2020, 2019 and 2018 is as follows (in thousands):

Balance at December 31, 2017	$	77,849
Additions based on tax positions related to the current year		10,168
Additions for tax positions of prior years		10,325
Reductions related to the expiration of statutes of limitations		(8,436)
Balance at December 31, 2018		89,906
Additions based on tax positions related to the current year		11,244
Additions for tax positions of prior years		3,414
Reductions related to the expiration of statutes of limitations		(20,098)
Balance at December 31, 2019		84,466
Additions based on tax positions related to the current year		15,182
Additions for tax positions of prior years		13,765
Reductions related to the expiration of statutes of limitations		(15,553)
Reductions related to audit settlements		(19,975)
Reductions for tax positions of prior years		(3,203)
Balance at December 31, 2020	$	74,682

As of December 31, 2020, the Company's unrecognized tax benefits totaled approximately $74.7 million compared to $84.5 million as of December 31, 2019. At December 31, 2020, $62.3 million included in the balance for tax positions would affect the annual effective tax rate if recognized. The Company recognizes interest accrued related to uncertain tax positions and penalties in income tax expense. As of December 31, 2020, the Company has accrued $6.4 million for the payment of interest.

The Company and one or more of its subsidiaries are subject to U.S. federal income taxes in the United States, as well as income taxes of multiple state and foreign jurisdictions. The Company is currently under examination by the United States Internal Revenue Service for the 2017 and 2018 tax years. With few exceptions, the Company is generally not subject to examination for state and local income tax, or in non-U.S. jurisdictions by tax authorities for years prior to 2017.

On March 27, 2020, the United States enacted the Coronavirus Aid, Relief & Economic Security (“CARES”) Act. The CARES Act includes a wide variety of tax and non-tax provisions aimed to provide relief to individuals and businesses adversely affected by the COVID-19 pandemic. This legislation includes an array of tax benefits and incentives for businesses, including in part, the deferral of payment of certain employer payroll taxes. Similarly, the Swiss government enacted a number of measures to help mitigate the negative effects of COVID-19 on the Swiss economy. The Company is evaluating the impact of global COVID-19-related laws and proposed laws, however, no material impact to the Company's financial results is expected as a result of legislation enacted to date. The Company will review any guidance issued in the future by applicable tax authorities and continue to evaluate the impact of any new developments or legislation.

The Company's U.S. liquidity needs are currently satisfied using cash flows generated from its U.S. operations, borrowings, or both. The Company also utilizes a variety of tax planning strategies in an effort to ensure that its worldwide cash is available in locations in which it is needed. The Company expects to repatriate a substantial portion of its foreign earnings over time, to the extent that the foreign earnings are not restricted by local laws or result in significant incremental costs associated with repatriating the foreign earnings.

12. SEGMENT INFORMATION

Citrix has one reportable segment. The Company's CODM reviews financial information presented on a consolidated basis for purposes of allocating resources and evaluating financial performance. The Company's CEO is the CODM.

International revenues (sales outside of the United States) accounted for 50.5%, 48.2% and 47.0% of the Company's net revenues for the year ended December 31, 2020, 2019, and 2018, respectively.

Long-lived assets consist of property and equipment, net, and are shown below.

	December 31,	
	2020	2019
	(In thousands)	
Property and equipment, net:		
United States	$ 160,825	$ 178,956
United Kingdom	23,434	24,681
Other countries	24,552	28,257
Total property and equipment, net	$ 208,811	$ 231,894

In fiscal years 2020, 2019 and 2018, one distributor accounted for 17%, 15% and 14% respectively, of the Company's total net revenues. The Company's distributor arrangements with the distributor consist of several non-exclusive, independently negotiated agreements with its subsidiaries, each of which covers different countries or regions.

Revenues by product grouping were as follows for the years ended:

	December 31,		
	2020	2019	2018
	(In thousands)		
Net revenues:			
Workspace (1)	$ 2,402,587	$ 2,127,350	$ 2,024,289
App Delivery and Security (2)	720,749	750,268	817,193
Professional services (3)	113,364	132,946	132,421
Total net revenues	$ 3,236,700	$ 3,010,564	$ 2,973,903

(1) Workspace revenues are primarily comprised of sales from the Company's application virtualization solutions, which include Citrix Workspace, Citrix Virtual Apps and Desktops, the Company's unified endpoint management solutions, which include Citrix Endpoint Management and Citrix Content Collaboration.
(2) App Delivery and Security revenues primarily include Citrix ADC and Citrix SD-WAN
(3) Professional services revenues are comprised of revenues from consulting services primarily related to the Company's perpetual offerings and product training and certification services.

Revenues by Geographic Location

The following table presents revenues by geographic location, for the years ended:

	December 31,		
	2020	2019	2018
	(In thousands)		
Net revenues:			
Americas	$ 1,766,419	$ 1,704,763	$ 1,716,876
EMEA	1,147,731	991,216	956,365
APJ	322,550	314,585	300,662
Total net revenues	$ 3,236,700	$ 3,010,564	$ 2,973,903

Export revenue represents shipments of finished goods and services from the United States to international customers, primarily in Latin America and Canada. Shipments from the United States to international customers for 2020, 2019 and 2018 were $199.3 million, $161.2 million and $141.9 million, respectively.

Strategic Service Providers

The Company defines Strategic Service Providers (SSP) as its three historically largest hyperscale App Delivery and Security customers. The following table summarizes SSP revenue for the years ended:

	December 31,		
	2020	2019	2018
	(In thousands)		
Net revenues:			
SSP revenue	$ 90,800	$ 119,929	$ 152,995
Non-SSP revenue	3,145,900	2,890,635	2,820,908
Total net revenues	$ 3,236,700	$ 3,010,564	$ 2,973,903

Subscription Revenue

The Company's subscription revenue includes Software as a Service (SaaS), which is generally recognized ratably over time and non-SaaS, which is generally recognized at a point in time. The following table presents subscription revenues by SaaS and non-SaaS components, for the years ended:

	December 31,		
	2020	2019	2018
	(In thousands)		
Subscription:			
SaaS	$ 540,807	$ 390,774	$ 273,771
Non-SaaS	573,991	260,036	181,505
Total Subscription revenue	$ 1,114,798	$ 650,810	$ 455,276

13. DEBT

The components of the Company's long-term debt were as follows (in thousands):

	December 31, 2020	December 31, 2019
Term Loan Credit Agreement	$ 250,000	$ —
2027 Senior Notes	750,000	750,000
2030 Senior Notes	750,000	—
Total face value	1,750,000	750,000
Less: unamortized discount	(5,594)	(1,291)
Less: unamortized issuance costs	(11,784)	(5,783)
Total long-term debt	$ 1,732,622	$ 742,926

Term Loan Credit Agreement

On January 21, 2020, the Company entered into a Term Loan Credit Agreement with Bank of America, N.A., as administrative agent, and the other lenders party thereto from time to time (collectively, the "Lenders"). The Term Loan Credit Agreement provides the Company with facilities to borrow term loans on an unsecured basis in an aggregate principal amount of up to $1.00 billion, consisting of (i) a $500.0 million 364-day term loan facility (the "364-day Term Loan"), and (ii) a $500.0 million 3-year term loan (the "3-year Term Loan"), in each case in a single borrowing, subject to satisfaction of certain conditions set forth in the Term Loan Credit Agreement. On January 30, 2020, the Company borrowed $1.00 billion under the term loans and used the proceeds to enter into the ASR with each Dealer for an aggregate of $1.00 billion. See Note 9 for detailed information on the accelerated share repurchase.

Borrowings under the Term Loan Credit Agreement bear interest at a rate equal to (a) either (i) LIBOR or, upon a phase-out of LIBOR, an alternative benchmark rate as provided in the Term Loan Credit Agreement, or (ii) a customary base rate formula, plus (b) the applicable margin with respect thereto, which initially will be determined based on the Company's consolidated leverage ratio but may, if so elected by the Company, be based on the Company's non-credit enhanced, senior unsecured long-term debt rating as determined by Moody's Investors Service, Inc., Standard & Poor's Financial Services, LLC and Fitch Ratings Inc., in each case as set forth in the Term Loan Credit Agreement.

The Term Loan Credit Agreement includes a covenant limiting the Company's consolidated leverage ratio to not more than 3.5:1.0, subject to, upon the occurrence of a qualified acquisition, if so elected by the Company, a step-up to 4.0:1.0 for the four fiscal quarters following such qualified acquisition, and a covenant limiting the Company's consolidated interest coverage ratio to not less than 3.0:1.0. The Term Loan Credit Agreement includes customary events of default, with corresponding grace periods in certain circumstances, including, without limitation, payment defaults, cross-defaults, the occurrence of a change of control of the Company and bankruptcy-related defaults. The Lenders are entitled to accelerate repayment of the loans under the Term Loan Credit Agreement upon the occurrence of any of the events of default. In addition, the Term Loan Credit Agreement contains customary affirmative and negative covenants, including covenants that limit or restrict the ability of the Company to grant liens, merge or consolidate, dispose of all or substantially all of its assets, change its business and incur subsidiary indebtedness, in each case subject to customary exceptions. In addition, the Term Loan Credit Agreement requires the Company to make prepayments of any net cash proceeds received in connection with the Company issuing or incurring debt or issuing equity, subject to certain ordinary course exceptions described in the Term Loan Credit Agreement. The Term Loan Credit Agreement also contains representations and warranties customary for an unsecured financing of this type. The Company was in compliance with these covenants as of December 31, 2020.

Senior Notes

On February 25, 2020, the Company issued $750.0 million of unsecured senior notes due March 1, 2030. The 2030 Notes accrue interest at a rate of 3.300% per annum. Interest on the 2030 Notes is due semi-annually on March 1 and September 1 of each year, beginning on September 1, 2020. The net proceeds from this offering were $738.1 million, after deducting the underwriting discount and estimated offering expenses payable by the Company. Net proceeds from this offering were primarily used to repay amounts outstanding under the Company's unsecured Term Loan Credit Agreement. The 2030 Notes will mature on March 1, 2030, unless earlier redeemed in accordance with their terms prior to such date. The Company may redeem the 2030 Notes at its option at any time in whole or from time to time in part prior to December 1, 2029 at a redemption price equal to the greater of (i) 100% of the aggregate principal amount of the 2030 Notes to be redeemed and (ii) the sum of the present values of the remaining scheduled payments of such Notes under such 2030 Notes, plus in each case, accrued and unpaid interest to, but excluding, the redemption date. At any time on or after December 1, 2029, the redemption price shall be equal to 100% of the aggregate principal amount of the 2030 Notes to be redeemed, plus accrued and unpaid interest to, but excluding the redemption date. Among other terms, under certain circumstances, holders of the 2030 Notes may require the Company to repurchase their 2030 Notes upon the occurrence of a change of control prior to maturity for cash at a repurchase price equal to 101% of the principal amount of the 2030 Notes to be repurchased plus accrued and unpaid interest to, but excluding, the repurchase date.

During the year ended December 31, 2020, the Company used the net proceeds from the 2030 Notes and cash to repay $500.0 million under the 364-day Term Loan and $250.0 million under the 3-year Term Loan. As of December 31, 2020, $250.0 million in principal amount was outstanding under the 3-year Term Loan.

On November 15, 2017, the Company issued $750.0 million of unsecured senior notes due December 1, 2027. The 2027 Notes accrue interest at a rate of 4.500% per annum. Interest on the 2027 Notes is due semi-annually on June 1 and December 1 of each year, beginning on June 1, 2018. The net proceeds from this offering were approximately $741.0 million, after deducting the underwriting discount and estimated offering expenses payable by the Company. Net proceeds from this offering were used to repurchase shares of the Company's common stock through an ASR transaction which the Company entered into with Citibank, N.A. (the "ASR Counterparty") on November 13, 2017. The 2027 Notes will mature on December 1, 2027, unless earlier redeemed in accordance with their terms prior to such date. The Company may redeem the 2027 Notes at its option at any time in whole or from time to time in part prior to September 1, 2027 at a redemption price equal to the greater of (i) 100% of the aggregate principal amount of the 2027 Notes to be redeemed and (ii) the sum of the present values of the remaining scheduled payments under such 2027 Notes, plus in each case, accrued and unpaid interest to, but excluding, the redemption date. Among other terms, under certain circumstances, holders of the 2027 Notes may require the Company to repurchase their 2027 Notes upon the occurrence of a change of control prior to maturity for cash at a repurchase price equal to 101% of the principal amount of the 2027 Notes to be repurchased plus accrued and unpaid interest to, but excluding, the repurchase date.

Credit Facility

On November 26, 2019, the Company entered into an amended and restated credit agreement (the "Credit Agreement") with a group of financial institutions, which amends and restates the Company’s Credit Agreement, dated January 7, 2015. The Credit Agreement provides for a five year unsecured revolving credit facility in the aggregate amount of $250.0 million, subject to continued covenant compliance. The Company may elect to increase the revolving credit facility by up to $250.0 million if existing or new lenders provide additional revolving commitments in accordance with the terms of the Credit Agreement. A portion of the revolving line of credit (i) in the aggregate amount of $25.0 million may be available for issuances of letters of credit and (ii) in the aggregate amount of $10.0 million may be available for swing line loans, as part of, not in addition to, the aggregate revolving commitments. The credit facility bears interest at a rate equal to (a) either (i) a LIBOR or, upon a phase-out of LIBOR, an alternative benchmark rate as provided in the Credit Agreement, or (ii) a customary base rate formula, plus (b) the applicable margin with respect thereto, which initially will be determined based on the Company’s consolidated leverage ratio but may, if so elected by the Company, be based on the Company’s long-term debt rating as set forth in the Credit Agreement. In addition, the Company is required to pay a quarterly facility fee ranging from 0.11% to 0.20% of the aggregate revolving commitments under the credit facility and based on the ratio of the Company’s total debt to the Company’s consolidated EBITDA or long-term credit rating. During the year ended December 31, 2019, the Company borrowed and repaid $200.0 million under the credit facility. As of December 31, 2020 and 2019, no amounts were outstanding under the credit facility.

The Credit Agreement contains certain financial covenants that require the Company to maintain a consolidated leverage ratio of not more than 3.5:1.0, subject to, upon the occurrence of a qualified acquisition, if so elected by the Company, a step-up to 4.0:1.0 for the four fiscal quarters following such qualified acquisition, and a consolidated interest coverage ratio of not less than 3.0:1.0. In addition, the Credit Agreement contains customary affirmative and negative covenants, including covenants that limit or restrict the ability of the Company to grant liens, merge or consolidate, dispose of all or substantially all of its assets, change its business and incur subsidiary indebtedness, in each case subject to customary exceptions. The Company was in compliance with these covenants as of December 31, 2020.

Convertible Senior Notes

During 2014, the Company completed a private placement of approximately $1.44 billion principal amount of 0.500% Convertible Notes due 2019. All Convertible Notes were converted by their beneficial owners prior to their maturity on April 15, 2019. In accordance with the terms of the indenture governing the Convertible Notes, on April 15, 2019 the Company paid $1.16 billion in the outstanding aggregate principal amount of the Convertible Notes and delivered 4.9 million newly issued shares of its common stock in respect of the remainder of the Company's conversion obligation in excess of the aggregate principal amount of the Convertible Notes being converted, in full satisfaction of such converted notes. The Company received shares of its common stock under the Bond Hedges (as defined below) that offset the issuance of shares of common stock upon conversion of the Convertible Notes.

The following table includes total interest expense recognized related to the Term Loan Credit Agreement, the 2030 Notes, the 2027 Notes, and the Convertible Notes (in thousands):

	Year Ended December 31,		
	2020	2019	2018
Contractual interest expense	$ 61,359	$ 35,383	$ 40,151
Amortization of debt issuance costs	2,170	1,670	4,663
Amortization of debt discount	572	8,272	34,228
	$ 64,101	$ 45,325	$ 79,042

See Note 6 to the Company's consolidated financial statements for fair value disclosures related to the Company's 2030 Notes and 2027 Notes.

Convertible Note Hedge and Warrant Transactions

To minimize the impact of potential dilution upon conversion of the Convertible Notes, the Company entered into convertible note hedge transactions relating to approximately 16.0 million shares of common stock (the "Bond Hedges") and also entered into separate warrant transactions (the "Warrant Transactions") with each of the Option Counterparties relating to approximately 16.0 million shares of common stock to offset any payments in cash or shares of common stock at the Company’s election. As a result of the spin-off of its GoTo Business in January 2017, the number of shares of the Company's common stock covered by the Bond Hedges and Warrant Transactions was adjusted to approximately 20.0 million shares.

As noted above, the Bond Hedges reduced the dilution upon conversion of the Convertible Notes, as the market price per share of common stock, as measured under the terms of the Bond Hedges, was greater than the strike price of the Bond Hedges, which initially corresponded to the conversion price of the Convertible Notes and was subject to anti-dilution adjustments substantially similar to those applicable to the conversion rate of the Convertible Notes. The Warrant Transactions would have separately had a dilutive effect to the extent that the market value per share of common stock, as measured under the terms of the Warrant Transactions, exceeded the applicable strike price of the warrants issued pursuant to the Warrant Transactions (the “Warrants”).

The Warrants expired in ratable portions on a series of expiration dates that commenced on July 15, 2019 and concluded on November 18, 2019. During the year ended December 31, 2019, 14.9 million Warrants were exercised, and the Company delivered 1.0 million shares of its common stock as the volume weighted average stock price was above the Warrant strike price. Additionally, as of December 31, 2019, 5.4 million Warrants expired unexercised on various dates and no Warrants remain outstanding. The Warrants were not marked to market as the value of the Warrants were initially recorded in stockholders' equity and remained classified within stockholders' equity through their expiration.

14. DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives Designated as Hedging Instruments

As of December 31, 2020, the Company’s derivative assets and liabilities primarily resulted from cash flow hedges related to its forecasted operating expenses transacted in local currencies. A substantial portion of the Company’s overseas expenses are and will continue to be transacted in local currencies. To protect against fluctuations in operating expenses and the volatility of future cash flows caused by changes in currency exchange rates, the Company has established a program that uses foreign exchange forward contracts to hedge its exposure to these potential changes. The terms of these instruments, and the hedged transactions to which they relate, generally do not exceed 12 months.

Generally, when the dollar is weak, foreign currency denominated expenses will be higher, and these higher expenses will be partially offset by the gains realized from the Company’s hedging contracts. Conversely, if the dollar is strong, foreign currency denominated expenses will be lower. These lower expenses will in turn be partially offset by the losses incurred from the Company’s hedging contracts. Derivative instruments are recognized as either assets or liabilities and are measured at fair value. The accounting for changes in the fair value of a derivative depends on the intended use of the derivative and the resulting designation. Gains and losses on derivatives that are designated as cash flow hedges are initially reported as a component of Accumulated other comprehensive loss and are subsequently recognized in income when the hedged exposure is recognized in income. Gains and losses from changes in fair values of derivatives that are not designated as hedges are recognized in Other income (expense), net.

The total cumulative unrealized gain on cash flow derivative instruments was $3.6 million at December 31, 2020, and is included in Accumulated other comprehensive loss in the accompanying consolidated balance sheets. See Note 16 for more information related to comprehensive income. The net unrealized gain as of December 31, 2020 is expected to be recognized in income over the next 12 months at the same time the hedged items are recognized in income.

Derivatives not Designated as Hedging Instruments

A substantial portion of the Company's overseas assets and liabilities are and will continue to be denominated in local currencies. To protect against fluctuations in earnings caused by changes in currency exchange rates when remeasuring the Company's balance sheet, it utilizes foreign exchange forward contracts to hedge its exposure to this potential volatility.

These contracts are not designated for hedge accounting treatment under the authoritative guidance. Accordingly, changes in the fair value of these contracts are recorded in Other income (expense), net.

Fair Values of Derivative Instruments

	Asset Derivatives				Liability Derivatives			
	(In thousands)							
	December 31, 2020		December 31, 2019		December 31, 2020		December 31, 2019	
Derivatives Designated as Hedging Instruments	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Foreign currency forward contracts	Prepaid expenses and other current assets	$3,945	Prepaid expenses and other current assets	$1,335	Accrued expenses and other current liabilities	$75	Accrued expenses and other current liabilities	$371

	Asset Derivatives				Liability Derivatives			
	(In thousands)							
	December 31, 2020		December 31, 2019		December 31, 2020		December 31, 2019	
Derivatives Not Designated as Hedging Instruments	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Foreign currency forward contracts	Prepaid expenses and other current assets	$67	Prepaid expenses and other current assets	$554	Accrued expenses and other current liabilities	$1,372	Accrued expenses and other current liabilities	$1,019

The Effect of Derivative Instruments on Financial Performance

	For the Year ended December 31,				
	(In thousands)				
Derivatives in Cash Flow Hedging Relationships	Amount of Gain Recognized in Other Comprehensive Income		Location of Loss Reclassified from Accumulated Other Comprehensive Loss into Income	Amount of Loss Reclassified from Accumulated Other Comprehensive Loss	
	2020	2019		2020	2019
Foreign currency forward contracts	$ 2,694	$ 1,853	Operating expenses	$ (331)	$ (1,616)

There was no material ineffectiveness in the Company's foreign currency hedging program in the periods presented.

	For the Year ended December 31,		
	(In thousands)		
Derivatives Not Designated as Hedging Instruments	Location of Loss Recognized in Income on Derivative	Amount of Loss Recognized in Income on Derivative	
		2020	2019
Foreign currency forward contracts	Other income (expense), net	$ (18,069)	$ (1,135)

Outstanding Foreign Currency Forward Contracts

As of December 31, 2020, the Company had the following net notional foreign currency forward contracts outstanding (in thousands):

Foreign Currency	Currency Denomination
Australian Dollar	AUD 20,000
Brazilian Real	BRL 3,500
British Pounds Sterling	GBP 13,000
Canadian Dollar	CAD 750
Chinese Yuan Renminbi	CNY 41,692
Czech Koruna	CZK 14,600
Danish Krone	DKK 1,150
Euro	EUR 1,664
Hong Kong Dollar	HKD 12,600
Indian Rupee	INR 487,000
Japanese Yen	JPY 627,000
Korean Won	KRW 1,570,000
Singapore Dollar	SGD 13,400
Swiss Franc	CHF 166,132

15. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing income available to stockholders by the weighted-average number of common shares outstanding during each period. Diluted earnings per share is computed using the weighted-average number of common and dilutive common share equivalents outstanding during the period. Dilutive common share equivalents consist of shares issuable upon the exercise or settlement of stock awards and shares issuable under the employee stock purchase plan (calculated using the treasury stock method) during the period they were outstanding and potential dilutive common shares from the conversion spread on the Convertible Notes and the Warrants during the period they were outstanding.

The following table sets forth the computation of basic and diluted net income per share (in thousands, except per share information):

	Year Ended December 31,		
	2020	2019	2018
Numerator:			
Net income	$ 504,446	$ 681,813	$ 575,667
Denominator:			
Denominator for basic earnings per share - weighted-average shares outstanding	123,575	130,853	136,030
Effect of dilutive employee stock awards	2,577	2,196	2,653
Effect of dilutive Convertible Notes	—	1,422	5,769
Effect of dilutive warrants	—	1,024	1,482
Denominator for diluted earnings per share - weighted-average shares outstanding	126,152	135,495	145,934
Basic earnings per share	$ 4.08	$ 5.21	$ 4.23
Diluted earnings per share:	$ 4.00	$ 5.03	$ 3.94

For the year ended December 31, 2020, there were no weighted-average number of shares outstanding used in the computation of diluted earnings per share for the Warrants, as they expired on November 18, 2019. For the years ended December 31, 2019 and 2018, the weighted-average number of shares outstanding used in the computation of diluted earnings per share includes the dilutive effect of the Warrants, as the average stock price during the year was above the weighted-average warrant strike price of $94.42 and $94.94 per share, respectively. Anti-dilutive stock-based awards excluded from the calculations of diluted earnings per share were immaterial during the periods presented.

The Company uses the treasury stock method for calculating any potential dilutive effect of the conversion spread on its Convertible Notes on diluted earnings per share because upon conversion the Company paid cash up to the aggregate principal amount of the Convertible Notes converted and delivered shares of common stock in respect of the remainder of the Company's conversion obligation in excess of the aggregate principal amount of the Convertible Notes converted. The conversion spread had a dilutive impact on diluted earnings per share when the average market price of the Company's common stock for a given period exceeded the conversion price. For the year ended December 31, 2020, there was no dilution as the Convertible Notes matured on April 15, 2019. For the years ended December 31, 2019 and 2018, the average market price of the Company's common stock exceeded the conversion price, therefore, the dilutive effect of the Convertible Notes was included in the denominator of diluted earnings per share. See Note 13 to for detailed information on the Convertible Notes offering.

16. COMPREHENSIVE INCOME

The changes in Accumulated other comprehensive loss by component, net of tax, are as follows:

	Foreign currency	Unrealized loss on available-for-sale securities	Unrealized gain on derivative instruments	Other comprehensive loss on pension liability	Total
			(In thousands)		
Balance at December 31, 2019	$ (2,946)	$ (139)	$ 868	$ (2,910)	$ (5,127)
Other comprehensive income (loss) before reclassifications	—	128	2,363	(1,337)	1,154
Amounts reclassified from accumulated other comprehensive loss	—	(7)	331	—	324
Net current period other comprehensive income (loss)	—	121	2,694	(1,337)	1,478
Balance at December 31, 2020	$ (2,946)	$ (18)	$ 3,562	$ (4,247)	$ (3,649)

Income tax expense or benefit allocated to each component of other comprehensive income (loss) is not material.

Reclassifications out of Accumulated other comprehensive loss are as follows:

	For the Year Ended December 31, 2020	
	(In thousands)	
Details about accumulated other comprehensive loss components	Amount reclassified from Accumulated other comprehensive loss, net of tax	Affected line item in the Consolidated Statements of Income
Unrealized net gains on available-for-sale securities	$ (7)	Other income (expense), net
Unrealized net losses on cash flow hedges	331	Operating expenses *
	$ 324	

* Operating expenses amounts allocated to Research and development, Sales, marketing and services, and General and administrative are not individually significant.

17. RESTRUCTURING

The Company has implemented multiple restructuring plans to reduce its cost structure, align resources with its product strategy and improve efficiency, which has resulted in workforce reductions and the consolidation of certain leased facilities. All of the activities related to these restructuring plans are substantially complete.

For the years ended December 31, 2020, 2019 and 2018, restructuring charges were comprised of the following (in thousands):

	Year Ended December 31,		
	2020	2019	2018
Employee severance and related costs	$ 3,100	$ 19,581	$ 2,507
Consolidation of leased facilities	—	2,666	14,218
Right-of-use asset impairment	8,881	—	—
Total Restructuring charges	$ 11,981	$ 22,247	$ 16,725

The Company reviews for impairment of its long-lived assets, including ROU assets, whenever events or changes in circumstances indicate that the carrying amount of such assets may be impaired. Measurement of an impairment loss is based on the fair value of the asset compared to its carrying value. The fair value of the ROU assets is determined by utilizing the present value of the estimated future cash flows attributable to the assets. During the year ended December 31, 2020, in connection with the COVID-19 pandemic, the Company determined that a vacant facility partially impaired under a previous restructuring plan became fully impaired due to a reassessment of the timing and fees of the assumed sublease rentals and recorded impairment charges of $8.9 million. This non-recurring fair value measurement was categorized as Level 3, as significant unobservable inputs were utilized.

Restructuring accruals

The activity in the Company's restructuring accruals for the year ended December 31, 2020 is summarized as follows (in thousands):

	Total
Balance at January 1, 2020	$ 6,957
Employee severance and related costs	3,100
Payments	(8,766)
Balance at December 31, 2020	$ 1,291

18. LEASES

Leases

The Company leases certain office space and equipment under various operating leases. In addition to rent, the leases require the Company to pay for taxes, insurance, maintenance and other operating expenses. Certain of these leases contain stated escalation clauses while others contain renewal options. The Company recognizes rent expense on a straight-line basis over the term of the lease, excluding renewal periods, unless renewal of the lease is reasonably assured.

The components of lease expense were as follows (in thousands):

		December 31,	
		2020	2019
	Classification		
Operating lease cost	Operating expenses	$ 49,704	$ 50,163
Variable lease cost	Operating expenses	11,988	9,448
Sublease income	Other income (expense), net	(1,064)	(878)
Net lease cost		$ 60,628	$ 58,733

Operating lease expense for the year ended December 31, 2018 totaled approximately $73.8 million, of which $14.2 million related to charges for the consolidation of leased facilities related to restructuring activities.

Supplemental cash flow information related to leases was as follows (in thousands):

	December 31,	
	2020	2019
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 55,514	$ 54,690
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	$ 28,101	$ 49,264

Supplemental balance sheet information related to leases was as follows (in thousands):

Operating Leases	December 31,	
	2020	2019
Operating lease right-of-use assets	$ 187,129	$ 206,154
Accrued expenses and other current liabilities	$ 48,359	$ 47,025
Operating lease liabilities	195,767	209,382
Total operating lease liabilities	$ 244,126	$ 256,407

Lease Term and Discount Rate

	December 31,	
	2020	2019
Weighted-average remaining lease term (years)	5.5	6.1
Weighted-average discount rate	4.53 %	5.04 %

Maturities of lease liabilities as of December 31, 2020 were as follows (in thousands):

Year ending December 31,	Operating Leases
2021	$ 57,981
2022	52,024
2023	46,186
2024	44,746
2025	37,911
After 2025	37,435
Total lease payments	$ 276,283
Less: imputed interest	(32,157)
Present value of lease liabilities	$ 244,126

19. SUBSEQUENT EVENTS

Proposed Acquisition of Wrike

On January 16, 2021, the Company entered into an Agreement and Plan of Merger (the “Merger Agreement”) by and among Citrix, Wrangler Topco, LLC, a Delaware limited liability company (“Wrangler”), Wallaby Merger Sub, LLC, a Delaware limited liability company and a wholly-owned subsidiary of Citrix (“Merger Sub”), and Vista Equity Partners Management, LLC (“Vista”), solely in its capacity as the representative of the equityholders of Wrangler, pursuant to which Merger Sub will merge with and into Wrangler (the “Merger”), with Wrangler surviving the Merger and becoming a wholly-owned subsidiary of the Company. Wrangler is the parent entity of Wrike, Inc., a leader in the SaaS collaborative work management space.

Subject to the terms and conditions of the Merger Agreement, upon the consummation of the Merger, the Company will acquire all of the equity interests of Wrangler for $2.25 billion in cash, subject to certain adjustments as set forth in the Merger

Agreement (the "Merger Consideration"). Additionally, upon consummation of the Merger, $35.0 million of the Merger Consideration will be held in a third party escrow for up to one year following the consummation of the Merger to fund (1) potential payment obligations of the former equityholders of Wrangler with respect to post-closing adjustments to the Merger Consideration and (2) potential post-closing indemnification obligations of the former equityholders of Wrangler, in each case in accordance with the terms of the Merger Agreement.

Completion of the Merger is subject to various closing conditions, including, among other things, the expiration or termination of required waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended. The Merger Agreement contains certain customary termination rights for the Company and Wrangler, including the right to terminate if the Merger is not consummated on or before June 30, 2021. The Merger Agreement and the transactions contemplated thereby, including the Merger, have been approved by the Board of Directors of the Company and the Board of Managers of Wrangler, and subsequent to the execution of the Merger Agreement, by the requisite approval of Wrangler's equityholders.

Bridge Facility and Take-Out Facility Commitment Letter

On January 16, 2021, the Company entered into a bridge facility and take-out facility commitment letter (the "Commitment Letter") pursuant to which JPMorgan Chase Bank, N.A., has (1) committed to provide a senior unsecured 364-day term loan facility in an aggregate principal amount of $1.45 billion to finance the cash consideration for the Merger in the event that the permanent debt financing is not available on or prior to the Closing and (2) agreed to use commercially reasonably efforts to assemble a syndicate of lenders to provide the necessary commitments for the senior term loan facility. The Company currently expects to replace the bridge facility prior to the closing of the Merger with permanent financing, which may include the issuance of debt securities and/or one or more senior term loan facilities, including the 2021 Term Loan Credit Agreement described below. The commitment is subject to customary terms and conditions precedent for such borrowing as set forth in the Commitment Letter, including, among others, the execution and delivery by the Company of definitive documentation consistent with the Commitment Letter.

The facility bears interest at a rate equal to (a) either (i) a LIBOR or, upon a phase-out of LIBOR, an alternative benchmark rate as provided in the Commitment Letter, or (ii) a customary base rate formula, plus (b) the applicable margin with respect thereto, which initially will be determined based on the Company's consolidated leverage ratio but may, if so elected by the Company, be based on the Company's long-term debt rating as set forth in the Commitment Letter.

2021 Term Loan Credit Agreement

On February 5, 2021 (the "Closing Date"), the Company entered into a term loan credit agreement (the "2021 Term Loan Credit Agreement") with JPMorgan Chase Bank, N.A., as administrative agent, and the other lenders party thereto from time to time (collectively, the "2021 Lenders"). The 2021 Term Loan Credit Agreement provides the Company with a facility to borrow a term loan on an unsecured basis in an aggregate principal amount of up to $1.00 billion, or the 2021 Term Loan. The 2021 Term Loan is available to be made by the 2021 Lenders from the Closing Date through July 8, 2021, in a single borrowing, subject to satisfaction of certain conditions set forth in the 2021 Term Loan Credit Agreement. The 2021 Term Loan matures on the date that is three years after the 2021 Term Loan is drawn. The proceeds of borrowings under the 2021 Term Loan Credit Agreement will be used to finance a portion of the purchase price to be paid in connection with the acquisition of Wrike.

Borrowings under the 2021 Term Loan Credit Agreement will bear interest at a rate equal to (a) either (i) a customary LIBOR formula or, upon a phase-out of LIBOR, an alternative benchmark rate as provided in the 2021 Term Loan Credit Agreement, or (ii) a customary base rate formula, plus (b) the applicable margin with respect thereto, which initially will be determined based on the Company's consolidated leverage ratio but may, if so elected by the Company, be based on the Company's non-credit enhanced, senior unsecured long-term debt rating as determined by Moody's Investors Service, Inc., Standard & Poor's Financial Services, LLC and Fitch Ratings Inc., in each case as set forth in the 2021 Term Loan Credit Agreement.

The 2021 Term Loan Credit Agreement includes a covenant limiting the Company's consolidated leverage ratio to not more than 4.0:1.0, subject to a mandatory step-down after the fifth fiscal quarter ending after the date of the initial borrowing of the 2021 Term Loan to 3.75:1.0, and further subject to, upon the occurrence of a qualified acquisition in any quarter on or after the fifth fiscal quarter ending after the Closing Date, if so elected by the Company, a step-up to 4.25:1.0 for the four fiscal quarters following such qualified acquisition. The 2021 Term Loan Credit Agreement also includes a covenant limiting the Company's consolidated interest coverage ratio to not less than 3.0:1.0. The 2021 Term Loan Credit Agreement includes customary events of default, with corresponding grace periods in certain circumstances, including, without limitation, payment defaults, cross-defaults, the occurrence of a change of control of the Company and bankruptcy-related defaults. The 2021

Lenders are entitled to accelerate repayment of the loans under the 2021 Term Loan Credit Agreement upon the occurrence of any of the events of default. In addition, the 2021 Term Loan Credit Agreement contains customary affirmative and negative covenants, including covenants that limit or restrict the ability of the Company to grant liens, merge or consolidate, dispose of all or substantially all of its assets, change its business and incur subsidiary indebtedness, in each case subject to customary exceptions. The 2021 Term Loan Credit Agreement also contains representations and warranties customary for an unsecured financing of this type.

Certain 2021 Lenders and/or their affiliates have provided and may continue to provide commercial banking, investment management and other services to the Company, its affiliates and employees, for which they receive customary fees and commissions.

Amendments to Credit Agreement and Term Loan Credit Agreement

On February 5, 2021 (the "Amendment Date"), the Company entered into (i) a first amendment to term loan credit agreement (the "Term Loan Amendment"), which amends the Company's Term Loan Credit Agreement and (ii) a first amendment to credit agreement (the "Revolver Amendment" and together with the Term Loan Amendment, the "Credit Agreement Amendments"), which amends the Company's Credit Agreement. Each of the Credit Agreement Amendments amends, among other things, the covenant limiting the Company's consolidated leverage ratio. After giving effect to the Credit Agreement Amendments, the covenant limiting the Company's consolidated leverage ratio in each of the Term Loan Credit Agreement and the Credit Agreement will be consistent with the covenant limiting the Company's consolidated leverage ratio contained in the 2021 Term Loan Credit Agreement, and will be limited to not more than 4.0:1.0, subject to a mandatory step-down after the fifth fiscal quarter ending after the initial borrowing of the 2021 Term Loan under the 2021 Term Loan Credit Agreement (or such earlier date as the Company may elect by written notice to Bank of America, N.A., in its capacity as administrative agent under each of the Term Loan Credit Agreement and Credit Agreement) (the "Leverage Ratio Step-Down") to 3.75:1.0, and further subject to, upon the occurrence of a qualified acquisition in any quarter on or after the fifth fiscal quarter ending after the Leverage Ratio Step-Down, if so elected by the Company, a step-up to 4.25:1.0 for the four fiscal quarters following such qualified acquisition.

CITRIX SYSTEMS, INC.

SUPPLEMENTAL FINANCIAL INFORMATION
QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total Year
	(In thousands, except per share amounts)				
2020					
Net revenues	$ 860,945	$ 798,929	$ 767,170	$ 809,656	$ 3,236,700
Gross margin	745,368	676,689	639,884	676,213	2,738,154
Income from operations	201,547	143,671	128,305	135,285	608,808
Net income	181,222	112,906	98,227	112,091	504,446
Earnings per share - basic	1.45	0.91	0.80	0.91	4.08
Earnings per share - diluted	1.42	0.90	0.78	0.89	4.00

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total Year
	(In thousands, except per share amounts)				
2019					
Net revenues	$ 719,143	$ 748,697	$ 732,901	$ 809,823	$ 3,010,564
Gross margin	611,670	638,218	605,983	690,646	2,546,517
Income from operations	122,844	117,082	110,831	185,361	536,118
Net income	110,348	93,495	270,857	207,113	681,813
Earnings per share - basic	0.84	0.71	2.08	1.59	5.21
Earnings per share - diluted	0.78	0.70	2.04	1.56	5.03

The sum of the quarterly net income per share amounts may differ from the annual earnings per share amount due to the weighting of common and common equivalent shares outstanding during each of the respective periods.

CITRIX SYSTEMS, INC.

SCHEDULE II

VALUATION AND QUALIFYING ACCOUNTS

	Beginning of Period	Charged to Expense	Charged to Other Accounts		Deductions		Balance at End of Period
	(In thousands)						
2020							
Deducted from asset accounts:							
Allowance for credit losses	$ 6,161	$ 12,136	$ 2,184	(6)	$ 1,532	(2)	$ 18,949
Allowance for returns	3,396	—	11,249	(1)	4,196	(4)	10,449
Valuation allowance for deferred tax assets	128,388	—	23,403	(5)	—		151,791
2019							
Deducted from asset accounts:							
Allowance for doubtful accounts	$ 3,634	$ 3,626	$ —		$ 1,099	(2)	$ 6,161
Allowance for returns	896	—	5,307	(1)	2,807	(4)	3,396
Valuation allowance for deferred tax assets	85,400	—	42,988	(5)	—		128,388
2018							
Deducted from asset accounts:							
Allowance for doubtful accounts	$ 3,420	$ 3,586	$ 457	(3)	$ 3,829	(2)	$ 3,634
Allowance for returns	1,225	—	1,561	(1)	1,890	(4)	896
Valuation allowance for deferred tax assets	76,789	—	8,611	(5)	—		85,400

(1) Charged against revenues.
(2) Uncollectible accounts written off, net of recoveries.
(3) Adjustments from acquisitions.
(4) Credits issued for returns.
(5) Related to deferred tax assets on foreign tax credits, net operating loss carryforwards, and depreciation.
(6) Transition adjustment for adoption of credit loss standard.

Note regarding forward-looking statements

This Annual Report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. From time to time, information provided by us or statements made by our employees contain "forward-looking" information that involves risks and uncertainties. In particular, investors are cautioned that statements contained in this Annual Report for the year ended December 31, 2020, and in the documents incorporated by reference into this Annual Report, which are not strictly historical statements, including, without limitation, statements concerning our strategy and operational initiatives, including long-term sustainable growth, our business transformation, including our subscription model transition, recurring revenue and cash flow growth, the shift to software from hardware solutions, expectations regarding cloud migration and seat penetration, expectations with respect to the acquisition of Wrike, business continuity and impact of COVID-19 and associated business disruption, sustainability and ESG-related goals and activities, and other statements regarding management's plans, business initiatives, objectives, expectations regarding future performance or needs of our business constitute forward-looking statements. In some cases, you can identify forward-looking statements by terms such as "may," "will," "should," "could," "goal," "would," "expect," "plan," "anticipate," "believe," "estimate," "project," "predict," "potential," and similar expressions intended to identify forward-looking statements.

The forward-looking statements in this Annual Report and in the documents incorporated by reference into this Annual Report or presented elsewhere by our management from time to time are not guarantees of future performance. Such forward-looking statements are subject to a number of risks and uncertainties that could cause actual results to differ materially from those anticipated by the forward-looking statements, including, without limitation: risks related to the expansion of cloud-delivered services, our ability to advance our transition from on-premises to the cloud, and effectiveness of our transition and trade-up effort; the ability to forecast future financial performance during our business model transition; the concentration of customers in Citrix's App Delivery and Security business; the ability to continue to grow the Workspace business, further develop Citrix Workspace, and meet continued demand for Citrix Workspace; the introduction of new products by competitors or the entry of new competitors into the markets for our products and services; maintaining the security of our products, services, and networks, including securing data and cyber-related risks that are enhanced as a result of COVID-19; the potential impact of COVID-19 on our business, the broader global economy, and our ability to forecast future financial performance as a result of COVID-19; Citrix's transition from a perpetual licensing model to a subscription-based business model, and our ability to further advance its transformation from perpetual to subscription; conditions affecting the IT market, including uncertainty in IT spending, including as a result of COVID-19 and changes in the markets for our products, including the Workspace market; regulation of privacy and data security; the ability to realize the potential benefits of the acquisition of Wrike; customer acceptance of Citrix and Wrike offerings; potential disruptions to operations, distraction of management, and other risks related to Citrix's integration of Wrike's business, team, and technology;

the ability of our sales professionals and distribution partners to sell Wrike's product and service offerings; the ability of Wrike to retain key customers post-transaction, and to achieve the anticipated rate of growth in annualized recurring revenue; risks related to our additional debt in connection with the Wrike acquisition, which will increase the risks with respect to our current debt; changes in our pricing and licensing models, including its short-term license program, promotional programs, and product mix, all of which may impact revenue recognition; unpredictability of sales cycles and seasonal fluctuations in our business; reliance on indirect distribution channels and major distributors; failure to successfully partner with key distributors, resellers, system integrators, service providers, and strategic and technology partners; transitions in key personnel and succession risk; reliance on third-party hardware providers; the impact of the global economic and political environment on our business, volatility in global stock markets, and foreign exchange rate volatility; our ability to expand our customer base and attract more users within our customer base; our ability to protect innovations and intellectual property, including in higher-risk markets; our ability to innovate and develop new products and services; changes in revenue mix toward products and services with lower gross margins; our ability to make suitable acquisitions on favorable terms in the future; our acquisitions and divestitures, including failure to further develop and successfully market the technology and products of acquired companies, failure to achieve or maintain anticipated revenues and operating performance contributions from acquisitions, which could dilute earnings, and risks related to financing necessary to complete acquisitions; bankruptcies, insolvencies, or other economic conditions that limit our customers' ability to pay for our services or limit the ability for us to collect payments, including unbilled revenue, which may be enhanced as a result of the COVID-19 pandemic; ability to effectively manage our capital structure and the impact of related changes on our operating results and financial condition; the effect of new accounting pronouncements on revenue and expense recognition; failure to comply with federal, state, and international regulations; risks related to our international presence; litigation and disputes, including challenges to intellectual property rights or allegations of infringement of the intellectual property rights of others; the ability to maintain and protect our collection of brands; risks related to use of open source software; risks related to access to third-party licenses; charges in the event of a write-off or impairment of acquired assets, underperforming businesses, investments, or licenses; risks related to servicing debt; tax rate fluctuations and uncertainty; political uncertainty and social turmoil, natural disasters, and pandemics, including COVID-19; and other risks detailed in Citrix's filings with the Securities and Exchange Commission. Such factors, among others, could have a material adverse effect upon our business, results of operations, and financial condition. We caution readers not to place undue reliance on any forward-looking statements, which only speak as of the date made. We undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made.

Shareholder return

Total return to shareholders (includes reinvestment of dividends[1])

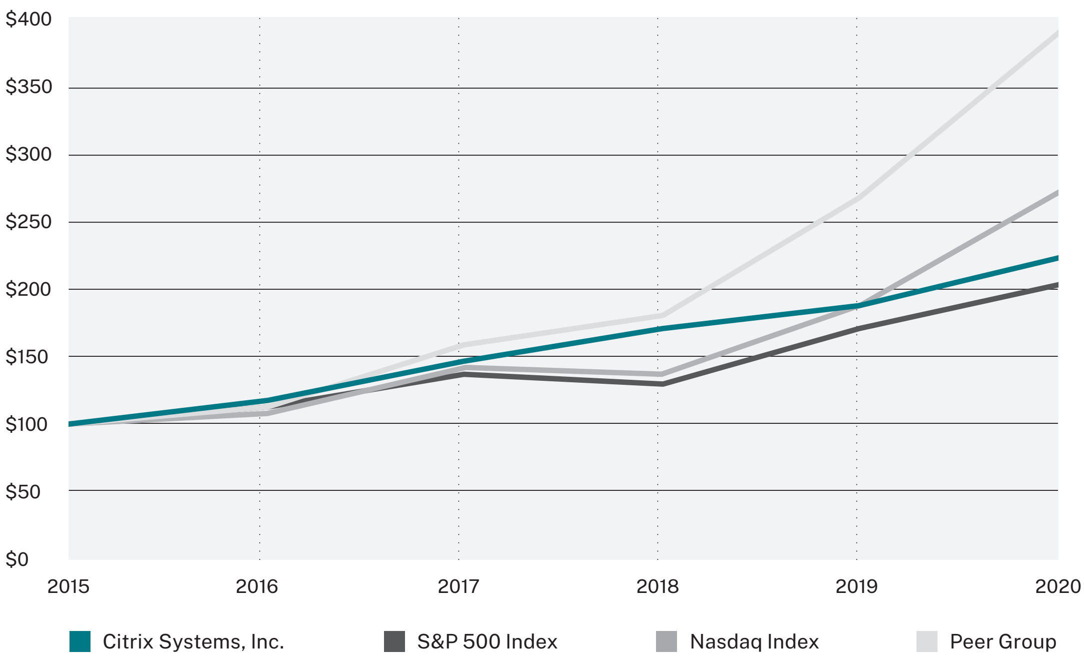
Annual return percentage—year ended December 31

Company name/index	Dec 16	Dec 17	Dec 18	Dec 19	Dec 20
Citrix Systems, Inc.	18.06	24.25	16.81	9.76	18.59
S&P 500 Index	11.96	21.83	-4.38	31.49	18.40
Nasdaq Index	8.87	29.64	-2.84	36.69	44.92
Peer Group	11.53	41.33	14.77	47.68	45.86

Indexed returns—year ended December 31

Company name/index	Base period Dec 15	Dec 16	Dec 17	Dec 18	Dec 19	Dec 20
Citrix Systems, Inc.	100	118.06	146.69	171.34	188.07	223.04
S&P 500 Index	100	111.96	136.40	130.42	171.49	203.04
Nasdaq Index	100	108.87	141.13	137.12	187.44	271.64
Peer Group	100	111.53	157.63	180.91	267.17	389.70

Comparison of cumulative five year total return[2]



Peer Group consists of companies with an SIC code of 7372.

1. For purposes of this graph, the reinvestment of Citrix's $0.35 per share cash dividend paid during the fourth quarter of 2018 and each quarter during both 2019 and 2020 was calculated using the closing price on Nasdaq on each quarterly dividend payment date.

2. In January 2017, we completed the separation of our GoTo business and its subsequent merger with LogMeIn, Inc. For the purpose of this graph, the distribution of LogMeIn common stock to our shareholders in connection with such separation and merger is treated as a non-taxable cash dividend of $18.59 (equal to the opening price of LogMeIn common stock on February 1, 2017, multiplied by .1718 of a share of LogMeIn common stock). Such amount was deemed reinvested in Citrix common stock at the closing price on February 1, 2017, using the daily dividend reinvestment methodology. Other financial data providers may use different methodologies to adjust for the GoTo separation, which may produce different results.

Corporate information

Citrix (NASDAQ:CTXS) is an enterprise software company focused on helping organizations deliver a consistent and secure work experience no matter where work needs to get done—in the office, at home, or in the field. We do this by delivering a digital workspace solution that gives each employee the resources and space they need to do their best work. Our App Delivery and Security solutions, which can be consumed via hardware or software, complement our Workspace solutions by delivering the applications and data employees need across any network with security, reliability, and speed.

Executives

David J. Henshall
President and Chief Executive Officer; Director

Arlen Shenkman
Executive Vice President and Chief Financial Officer

Mark Ferrer
Executive Vice President and Chief Revenue Officer

Tony Gomes
Executive Vice President and Chief Legal Officer

PJ Hough
Executive Vice President and Chief Product Officer

Joseph Kim
Executive Vice President, Engineering, and Chief Technology Officer

Donna Kimmel
Executive Vice President and Chief People Officer

Hector Lima
Executive Vice President, Customer Experience

Tim Minahan
Executive Vice President, Business Strategy, and Chief Marketing Officer

Sridhar Mullapudi
Executive Vice President, Product Management

Mark Schmitz
Executive Vice President and Chief Operating Officer

Board of Directors

Bob Calderoni
Chairman of the Board, Citrix

Nanci E. Caldwell
Lead Independent Director, Citrix

Robert D. Daleo
Former Vice Chairman, Thomson Reuters

Murray J. Demo
Former Executive Vice President and Chief Financial Officer, Rubrik

Dr. Ajei S. Gopal
President and Chief Executive Officer, ANSYS

David J. Henshall
President and Chief Executive Officer, Citrix

Thomas E. Hogan
Managing Director, Vista Equity Partners

Moira A. Kilcoyne
Former Chief Operating Officer, Global Operations, Technology, and Data, Morgan Stanley

Robert E. Knowling, Jr.
Chairman, Eagles Landing Partners

Peter J. Sacripanti
Partner, McDermott Will & Emery

JD Sherman
Chief Executive Officer, Dashlane, Inc.

Investor relations

Citrix's stock trades on the NASDAQ Global Select Market under the ticker symbol CTXS.

The Citrix Annual Report, Proxy, and Form 10-K are available electronically at investors.citrix.com/financial-information/annual-reports.

For further information about Citrix, additional copies of this report, Form 10-K, or other financial information without charge, contact:

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Attn: Investor Relations
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Toll Free: +1 800 424 8749
investors.citrix.com

Transfer agent and registrar

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P.O. Box 505000
Louisville, KY 40233-5000
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computershare.com/investor

Independent registered public accountants

Ernst & Young LLP
5100 Town Center Circle, Suite 500
Boca Raton, FL 33486

Annual Meeting of Shareholders

The Annual Meeting of Shareholders of Citrix Systems, Inc., will be held virtually on June 4, 2021, at 5:00 p.m. Eastern time.

Shareholder materials

Annual meeting voting

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