

## CITRIX SYSTEMS, INC. CORPORATE GOVERNANCE GUIDELINES

Set forth below are Citrix Systems, Inc.'s corporate governance policies. These guidelines are subject to change from time to time at the direction of the Nominating and Corporate Governance Committee.

### A. **BOARD COMPOSITION**

#### 1. **Separation of the positions of Chairperson and CEO**

The Board's general policy is that the positions of Chairperson of the Board and Chief Executive Officer should be held by different persons. However, in certain circumstances, the Board may determine that it is in the best interests of the Company for the same person to hold the positions of Chairperson and CEO. In such event, the Board shall appoint an independent member of the Board as the Lead Independent Director.

#### 2. **Chairperson of the Board; Lead Independent Director**

The Board's general policy is that the position of Chairperson of the Board or Lead Independent Director, as the case may be, shall be held by an independent member of the Board. The Chairperson shall preside at executive sessions of the independent Directors and shall bear such further responsibilities, which the Board as a whole might designate from time to time.

#### 3. **Size of the Board**

The Board currently has eight members. The Board periodically reviews the appropriate size of the Board and, in accordance with the Company's By-laws, may adjust this number from time to time.

#### 4. **Substantial Majority of Independent Directors**

The Board believes that there should be a substantial majority of independent Directors on the Board.

#### 5. **Board Definition of What Constitutes Independence for non-employee Directors**

Citrix defines an "independent" director in accordance with the applicable provisions of the Securities Exchange Act of 1934, the rules promulgated thereunder and the applicable rules of The Nasdaq Stock Market. Because it is not possible to anticipate or explicitly provide for all potential situations that may affect independence, the Board periodically reviews each Director's status as an independent Director and whether any independent Director has any other relationship with the Company that, in the judgment of the Board, would interfere

with the Director's exercise of independent judgment in carrying out his or her responsibilities as a Director.

**6. Limit on Service on Other Boards**

Directors who also serve as chief executive officers, including as the Company's Chief Executive Officer, should not serve on more than two boards of directors of public companies in addition to the Board. No Board member should hold more than six public directorships (including such member's seat on the Company's Board of Directors), unless otherwise agreed to by the Nominating and Corporate Governance Committee of the Board. Directors and executive officers should notify the Chairman of the Nominating and Corporate Governance Committee before accepting a seat on the board of directors of another company so that the potential for conflicts or other factors that could potentially compromise the Director's or officer's ability to perform his or her duties may be fully assessed.

**7. Board Interlocks**

Directors should not serve as members of the Board or the Compensation Committee if such service creates an interlocking relationship (that is, one of the Company's executive officers serves as a director or member of the compensation committee of an entity at which the Director is an executive officer).

**8. Board Membership Criteria**

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

- Directors must be of the highest ethical character and share the values of the Company as reflected in the Company's Code of Business Conduct;
- Directors must have reputations, both personal and professional, consistent with the image and reputation of the Company;
- Directors must have the ability to exercise sound business judgment based on an objective perspective;
- Directors must have substantial business or professional experience in areas that are relevant to the Company's business and be able to offer meaningful advice and guidance to the Company's management based on that experience;
- Directors must have received a Bachelor's Degree from a qualified institution; and

- Directors must have a commitment to enhancing long-term stockholder value and representing the long-term interests of the Company’s shareholders as a whole, not just one particular constituency.

The Nominating and Corporate Governance Committee also considers 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 unless a Director otherwise qualifies as an “audit committee financial expert” under the rules of the SEC;
- The specific needs of the Board and the Committees of the Board at that time; and
- Diversity of background and experience in the context of the composition of the Board at that time, such as diversity of knowledge, skills, experience, geographic location, age, gender, and ethnicity.

Board members are expected to prepare for, attend, and participate in Board meetings and meetings of Committees on which they serve. Directors are expected to attend at least 75% of Board meetings and meetings of Committees on which they serve, absent special circumstances. In addition, directors must stay abreast of the Company’s business and markets. Each Board member is expected to ensure that other existing and planned future commitments do not materially interfere with the member’s service as an outstanding director. Directors’ commitments to serve on other boards will be considered by the Nominating and Corporate Governance Committee and the Board when reviewing Board candidates and in connection with the Board’s self-assessment process. Directors are expected to report changes in their primary business or professional association, including retirement, to the Chairperson of the Board and the Chairperson of the Nominating and Corporate Governance Committee.

## **9. Selection of New Director Candidates**

The Board is responsible for selecting its own members. The Board delegates the selection and nomination process to the Nominating and Corporate Governance Committee, with the expectation that other members of the Board, and of management, will be requested to take part in the process as appropriate.

Generally, the Nominating and Corporate Governance Committee identifies candidates for Director nominees in consultation with management, through the

use of search firms or other advisers, through the recommendations submitted by stockholders or through such other methods as the Nominating and Corporate Governance Committee deems to be helpful to identify candidates. Once candidates have been identified, the Nominating and Corporate Governance Committee confirms that the candidates meet all of the minimum qualifications for Director nominees established by the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee may gather information about the candidates through interviews, questionnaires, 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 the Board. Based on the results of the evaluation process, the Nominating and Corporate Governance Committee recommends candidates for the Board's approval as Director nominees for election to the Board. The Nominating and Corporate Governance Committee also recommends candidates for the Board's appointment to the committees of the Board.

**10. Procedures for Recommendation of Nominees by Stockholders**

The Nominating and Corporate Governance Committee will consider Director candidates who are recommended by stockholders of the Company. Stockholders, in submitting recommendations to the Nominating and Corporate Governance Committee for Director candidates, shall follow the following procedures:

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

Such recommendation for nomination must be in writing and include the following:

- Name and address of the stockholder making the recommendation, as they appear on the Company's books and records, and of such record holder's beneficial owner;
- Number of shares of capital stock of the Company that are owned beneficially and held of record by such stockholder and such beneficial owner;
- Name of the individual recommended for consideration as a Director nominee;

- All other information relating to the recommended candidate that would be required to be disclosed in solicitations of proxies for the election of directors, or is otherwise required, in each case pursuant to Regulation 14A under the 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 the Board and elected); and
- A written statement from the stockholder making the recommendation stating why such recommended candidate meets the Company's criteria and would be able to fulfill the duties of a Director.

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

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

Citrix Systems, Inc.  
851 West Cypress Creek Road  
Fort Lauderdale, FL 33309

Attn: Secretary of Citrix Systems, Inc.

By facsimile at (954) 267-2862.

Attn: Secretary of Citrix Systems, Inc.

The Secretary of the Company will promptly forward any such nominations to the Nominating and Corporate Governance Committee. As a requirement to being considered as a Director for nomination to the Company's 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 from a qualified company of the Company's choosing;
- A candidate must complete a detailed questionnaire regarding their experience, background and independence;
- A candidate must submit to the Board of Directors his or her written consent to serve as a director if elected; and
- A candidate must submit to the Board of Directors a statement to the effect that (i) he or she, if elected, will tender, promptly following his or her election or re-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 (ii) upon acceptance of such resignation by the Board of Directors, in accordance with these Corporate Governance

Guidelines, he or she shall immediately 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 in accordance with the minimum criteria set forth in Section 8 hereof and a recommendation with respect to such candidate will be delivered to the Board.

## **11. Voting for Directors**

In accordance with the Company's By-laws, if none of the Company's stockholders provides the Company notice of an intention to nominate one or more candidates to compete with the Board's nominees in a Director election, or if the Company's stockholders have withdrawn all such nominations by the tenth (10<sup>th</sup>) day before the Company mails its notice of meeting to its stockholders, a Director nominee must receive more votes cast for than against his or her election or re-election in order to be elected or re-elected to the Board. The Board expects a Director to tender his or her resignation if he or she fails to receive the required number of votes for re-election. The Board shall nominate for election or re-election as Director only candidates who agree to tender irrevocable resignations that will be effective upon (i) the failure to receive the required vote at the next annual meeting at which they face re-election and (ii) Board acceptance of such resignation. In addition, the Board shall fill Director vacancies and new directorships only with candidates who agree to tender, promptly following their appointment to the Board, the same form of resignation tendered by other Directors in accordance with these Corporate Governance Guidelines.

If an incumbent Director fails to receive the required vote for re-election, the Nominating and Corporate Governance Committee shall promptly consider his or her resignation, a range of possible responses based on the circumstances that led to such Director's failure to receive the required vote for re-election (if known), including, without limitation, actions intended to address the underlying causes of such circumstances, and make a recommendation to the Board. The Board will act on the Nominating and Corporate Governance Committee's recommendation within ninety (90) days following certification of the stockholder vote. The Nominating and Corporate Governance Committee and the Board may consider any factors it deems relevant in deciding whether to accept a Director's offer of resignation.

Thereafter, the Board will promptly disclose its decision and an explanation of the factors it considered in making its decision regarding whether to accept the Director's resignation (or the reason(s) for rejecting the resignation, if applicable) in a Current Report on Form 8-K furnished to the Securities and Exchange Commission.

Any Director whose offer to resign is considered pursuant to this provision shall not participate in the Nominating and Corporate Governance Committee recommendation or Board action regarding whether to accept such Director's resignation. It is the intent of the Board that resignations delivered pursuant to this provision shall provide that any such resignation shall be effective upon, and only in the event that, (i) the Board accepts such resignation and (ii) the earlier to occur of the date that such director's successor is elected and qualified or the date that the Board decreases the number of directors constituting the whole Board.

If each member of the Nominating and Corporate Governance Committee fails to receive the required vote for re-election, then the independent Directors who did not fail to receive the required vote for re-election shall appoint a committee amongst themselves to consider the resignations and recommend to the Board whether to accept them.

**12. Board Compensation**

It is the general policy of the Board that Board compensation should be a mix of cash and equity-based compensation. Employee Directors will not be paid for Board membership in addition to their regular employee compensation. To the extent practicable or required by applicable rule or regulation, Independent Directors who are affiliated with the Company's service providers or customers will undertake to ensure that their compensation from such providers or customers does not include amounts connected to payments by the Company. The Compensation Committee periodically reviews Director compensation.

**13. Board Stock Ownership and Stock Option Retention**

To align the interests of the Board with the interests of the Company's stockholders, the Nominating and Corporate Governance Committee has adopted stock ownership guidelines for Directors and executive officers.

**B. RESPONSIBILITIES OF THE BOARD OF DIRECTORS**

**1. Operation of the Board of Directors**

Our business, property and affairs are managed under the direction of our Board of Directors acting on behalf of our stockholders. Members of our Board are kept informed of our business through discussions with our Chief Executive Officer and other Company officers, by reviewing materials provided to them, by visiting our offices and by participating in meetings of the Board and its committees and the Company's Annual Meeting of Stockholders.

**2. Code of Business Conduct**

Members of the Board of Directors shall act at all times in accordance with the requirements of the Company's Code of Business Conduct, which shall be applicable to each Director in connection with his or her activities relating to the

Company. This obligation shall at all times include, without limitation, adherence to the Company's policies with respect to conflicts of interest, confidentiality, protection of the Company's assets, ethical conduct in business dealings and respect for and compliance with applicable law. Any waiver of the requirements of the Code of Business Conduct with respect to any individual Director shall be reported to, and be subject to the approval of, the Board of Directors.

C. **BOARD MEETINGS AND MATERIALS**

1. **Scheduling and Selection of Agenda Items for Board Meetings**

In-person Board meetings are scheduled in advance four times a year. In addition to regularly scheduled in-person meetings, four telephonic Board meetings are scheduled in advance of our quarterly announcement of results of operations. Furthermore, additional Board meetings may be called upon appropriate notice at any time to address specific needs of the Company. The Board may also take action from time to time by unanimous written consent.

The Chairperson of the Board, the Chief Executive Officer and the Secretary, in consultation with the other members of the Board, draft the agenda for each meeting and distribute it in advance to the Board. Each Director may propose the inclusion of items on the agenda, request the presence of or a report by any member of the Company's management, or at any Board meeting raise subjects that are not on the agenda for that meeting.

The annual cycle of agenda items for Board meetings is expected to change on a periodic basis to reflect, e.g., Board requests, changing business and legal issues and the work done by the Board Committees. The Board's annual agenda will include the long-term strategic plan for the Company, a CEO evaluation, the Board's self-assessment process and the principal issues that the Company expects to face in the future.

2. **Board Material Distributed in Advance**

Information that is important to the Board's understanding of the business and its meeting agenda items will be distributed in writing to the Board sufficiently before the Board meets to allow the Directors to prepare for discussion of the agenda items for the meeting. Supplemental written materials will be provided to the Board on a periodic basis and at any time upon request of Board members.

3. **Access to Employees and Outside Advisers**

The Board has complete access to contact and meet with any Citrix employee. Board members are encouraged, when traveling, to make arrangements in advance to visit Company office locations and meet with local management on a world-wide basis. The Company's Secretary shall, whenever requested, assist in arranging and facilitating such meetings and site visits.

The Board has the authority to engage outside experts, advisers and counsel to the extent it considers appropriate to assist the Board in its work.

The Board encourages management to schedule members of the Executive Management Committee to present at Board Meetings who: (a) can provide additional insight into the items being discussed because of personal involvement in these areas, or (b) have future leadership potential within the Company such that he or she should be given exposure to the Board.

**4. Executive Sessions**

The Board's policy is to hold executive sessions four times each year following each regularly scheduled in-person Board Meeting. Executive sessions do not include any employee Directors of the Company, and the Chairperson of the Board will assume the responsibility of chairing the executive sessions.

**5. Director Orientation and Continuing Education**

The Chief Executive Officer in conjunction with the Company's Secretary and Compliance Officer are responsible for new-Director orientation programs and for Director continuing education programs. The orientation programs are designed to familiarize new Directors with the Company's businesses, strategies and challenges and to assist new Directors in developing and maintaining skills necessary or appropriate for the performance of their responsibilities. Current continuing education programs for existing Directors consist of quarterly meetings discussing the Company's business, strategy, markets and challenges. Additionally, the Board encourages Directors to attend one or more accredited education programs annually at the Company's expense.

**D. BOARD COMMITTEES**

**1. Number of Committees**

The Company currently has five committees: Audit, Finance, Compensation, Strategy, and the Nominating and Corporate Governance Committee. There will, from time to time, be occasions on which the Board may form a new committee or disband a current committee depending upon the circumstances. The Audit, Finance, Compensation, Strategy, and Nominating and Corporate Governance Committees shall be composed entirely of independent Directors.

Each Committee will have a written charter, approved by the Board, which describes the Committee's general authority and responsibilities. Each Committee will undertake an annual review of its charter, and will work with the Nominating and Corporate Governance Committee and the Board to make such revisions as are considered appropriate.

Each Committee has the authority to engage outside experts, advisers and counsel to the extent it considers appropriate to assist the Committee in its work.

Each Committee will regularly report to the Board concerning the Committee's activities.

Audit Committee:

Under the terms of its Charter, the Audit Committee of the Board of Directors reviews with the independent accounting firm and management the annual financial statements and independent accounting firm's opinion, reviews the results of the audit of the Company's financial statements by the independent accounting firm, reviews the Company's quarterly interim financial statements, is directly responsible for the retention of the independent accounting firm, considers in advance whether or not to approve audit and non-audit services to be performed by the independent accounting firm, reviews the Company's internal control over financial reporting, management's reports concerning such controls and the Company's critical accounting policies and accounting estimates resulting from the application of such policies and takes other actions consistent with the Audit Committee charter.

Compensation Committee:

Under the terms of its Charter, the Compensation Committee is responsible for administering the Company's equity-based plans and for reviewing and approving compensation matters concerning the executive officers of the Company.

Strategy Committee:

Under the terms of its Charter, the Strategy Committee is responsible for assisting the Board in carrying out its oversight responsibilities relating to potential mergers, acquisitions, divestitures, and other key strategic transactions outside the ordinary course of the Company's business.

Nominating and Corporate Governance Committee:

Under the terms of its Charter, the Nominating and Corporate Governance Committee is responsible for reviewing policies and processes regarding corporate governance, the recruitment and nomination of candidates for vacancy and election as directors at the Company's Annual Meeting of Stockholders, reviewing and making recommendations to the Board of Directors regarding the Board's composition and structure, evaluating corporate practices relating to the recruitment of directors and overseeing the evaluation of the Board of Directors, and all other related matters.

Finance Committee:

Under the terms of its Charter, the Finance Committee is responsible for overseeing management's investment policies and financing activities, advising the Board of Directors with respect to those policies and activities, and in certain

instances, acting on behalf of the Board of Directors on matters relating to the Company's investment policies and financing activities.

**2. Assignment and Term of Service of Committee Members**

The Board is responsible for the appointment of Committee members and Committee chairmen. It is expected that Committee assignments will rotate from time to time among Directors.

**3. Frequency and Length of Committee Meetings and Committee Agenda**

The Committee Chairperson, in consultation with the Chairperson of the Board and appropriate members of management, will determine the frequency and length of the Committee meetings and develop the Committee's agenda. The agendas and meeting minutes of the Committees will be shared with the full Board, and other Board members are welcome to attend Committee meetings, except that non-independent Directors are not permitted to attend the executive sessions of any Committee.

**E. MANAGEMENT AND BOARD REVIEW AND RESPONSIBILITY**

**1. Formal Evaluation of Chief Executive Officer**

The Compensation Committee will perform a formal annual evaluation of the Chief Executive Officer's performance and compensation.

**2. Succession Planning and Management Development**

The Chief Executive Officer reviews succession planning and management development with the Board on an annual basis.

**3. Annual Evaluation and Assessment of the Board**

The Chairperson of the Board and the Chairperson of the Nominating and Corporate Governance Committee manage the Board's process for annual Director self-assessment and evaluation of the Board. The annual evaluation and assessment will include an evaluation and self-assessment of the Board as a whole, each committee of the Board and each Director.

**F. SECURITY HOLDER-BOARD COMMUNICATIONS**

**1. Communications with the Board**

The Board provides to every security holder the ability to communicate with the Board, as a whole, and with individual directors on the Board through an established process for security holder communication (as that term is defined by the rules of the Securities and Exchange Commission) as follows:

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

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

Citrix Systems, Inc.  
851 West Cypress Creek Road  
Fort Lauderdale, FL 33309

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

By facsimile at (954) 267-2862.

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

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

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

Citrix Systems, Inc.  
851 West Cypress Creek Road  
Fort Lauderdale, FL 33309

Attn: Name of the Board Member, c/o Secretary

By facsimile at (954) 267-2862.

Attn: Name of Board Member, c/o Secretary

The Company will forward any such security holder communication to the Chairperson of the Board, as a representative of the Board, and/or to the Director to whom the communication is addressed on a periodic basis. The Company will forward such communication by certified U.S. Mail to an address specified by each Director and the Chairperson of the Board for such purposes or by secure electronic transmission.

**2. Attendance at Annual Meeting of Stockholders**

The Board's policy is that one of the quarterly meetings of the Board shall be scheduled on the same day as the Company's Annual Meeting of Stockholders and all Directors are encouraged to attend the Annual Meeting of Stockholders.

## **G. COMPENSATION CONSULTANT INDEPENDENCE**

### **1. Relationship Between the Compensation Committee and its Compensation Consultant**

The charter of the Compensation Committee of the Board of Directors provides the Compensation Committee with the authority to engage its own outside advisors, including consultants in particular areas of compensation, as it determines appropriate. The Compensation Committee appoints, retains, terminates and oversees the work of any independent consultants and reviews and approves the fees and retention terms for such consultants. The Compensation Committee's compensation consultant works for the Compensation Committee, not the Company's management, with respect to executive and director compensation matters, and the Compensation Committee shall instruct such consultant to report directly to the Compensation Committee on such matters during its engagement.

The compensation consultant's engagement letter is addressed to the Chairman of the Compensation Committee, who executes it on behalf of the Compensation Committee. The Company is responsible for paying the consultant's fees and expenses under the engagement. The Compensation Committee recognizes that its consultant will necessarily work with representatives of management on executive compensation and other matters within the scope of the Compensation Committee's responsibilities.

### **2. Criteria Used to Select the Compensation Committee's Consultant**

The Compensation Committee uses the following criteria in selecting its compensation consultant:

- A reputation for integrity, independence, objective analysis and advice, and outstanding performance;
- Extensive experience and expertise in executive compensation programs and issues in the technology and software industries;
- Access to survey and other executive compensation data that will assist the Compensation Committee in performing its responsibilities;
- A sound understanding of the consultant's role as the Compensation Committee's independent advisor;
- A commitment to provide the time and personal attention to the Compensation Committee necessary to assist the Compensation Committee in discharging its responsibilities effectively;
- The ability to work with the Compensation Committee and its Chairman in an atmosphere of close cooperation, mutual trust, and respect; and

- An appropriate level of independence from management as determined by the Compensation Committee.

### **3. Compensation Consultant's Duties**

The Compensation Committee's compensation consultant performs duties as directed by the Compensation Committee. Such duties may include:

- Review the Company's executive compensation program to confirm that it continues to advance the executive compensation objectives established by the Compensation Committee;
- Advise the Compensation Committee on the appropriate composition of a peer group and the market data sources to be used by the Compensation Committee as reference points for executive compensation decisions, and suggest changes to the peer group and market data sources as appropriate;
- Review in advance of any meeting any major management proposals related to executive compensation brought before the Compensation Committee and provide the Compensation Committee with its objective analysis and recommendations;
- Prepare meeting presentations and reports on such matters as the Compensation Committee Chairman may direct;
- Attend Compensation Committee meetings as requested by the Compensation Committee Chairman, including participation in executive sessions with only the Compensation Committee members;
- Advise the Compensation Committee on emerging trends and issues related to the compensation of public company executive officers;
- Assist the Compensation Committee in the review of the Company's director compensation program and provide the Compensation Committee with its objective analysis and recommendations; and
- Respond to any specific requests for advice, information, or guidance from the Compensation Committee Chairman.

### **4. How the Compensation Committee Evaluates its Compensation Consultant**

At least once each year, the Compensation Committee will evaluate the performance of its compensation consultant. Among other factors, the Compensation Committee will consider:

- Whether the consultant continues to satisfy the criteria used by the Compensation Committee to select the consultant initially;

- The effectiveness with which the consultant has performed its duties;
- The Compensation Committee’s continued confidence in the integrity, objectivity, and independent judgment of the representative(s) of the consultant assigned to the engagement; and
- The opinions of those members of management who have worked with the consultant on matters within the scope of the Compensation Committee’s responsibilities.

If the Compensation Committee decides that the performance of its consultant has been unsatisfactory, it may decide to exercise its sole authority to terminate the engagement. The Compensation Committee reserves the right, however, to terminate the engagement without cause.

## **5. Independence of Compensation Consultant**

The Compensation Committee recognizes the importance of its compensation consultant remaining independent of the Company’s management. The Compensation Committee does not believe, however, that its consultant or its affiliates should be prohibited from providing products and services to the Company that are unrelated to the services performed for the Compensation Committee. Such a prohibition may deprive the Company’s management of products and services that are not readily available elsewhere or that otherwise serve the best interests of the Company and its stockholders. Nevertheless, the Compensation Committee has established the following criteria by which to judge the continuing independence of its consultant from the Company’s management. If the consultant fails to satisfy these criteria, the Compensation Committee may decide to exercise its sole authority to terminate the engagement.

In determining the independence of its compensation consultant, the Compensation Committee will consider the following criteria:

(1) *Fee comparison.* The Compensation Committee will compare the amount of fees paid to its consultant for products and services related to its engagement by the Compensation Committee with the amount of fees, if any, paid by the Company to the consultant and its affiliates for products and services unrelated to the consultant’s engagement by the Compensation Committee. Based on this comparison, the Compensation Committee will exercise its business judgment to decide whether the amount of fees paid by the Company to the consultant and its affiliates for products and services unrelated to the consultant’s engagement has irreparably impaired the consultant’s ability to provide objective and independent advice to the Compensation Committee.

(2) *Ordinary course of business.* All products and services provided by the consultant or its affiliates to the Compensation Committee or to the Company must be provided in the ordinary course of business and on substantially the same

terms and conditions, including fees and charges, as would generally be available to similarly situated parties.

(3) *Prohibited products and services.* The consultant is prohibited from providing products or services to any Company executive officer as an individual client of the firm.

(4) *Familial relationships.* No representative of the consultant assigned to the engagement shall be an immediate family member of any Compensation Committee member or executive officer of the Company. For this purpose, an “immediate family member” includes a spouse, parent, child, sibling, mother or father-in-law, son or daughter-in-law, brother or sister-in-law, and anyone who shares the Compensation Committee member’s or executive officer’s home.

(5) *Previous employment relationship.* No representative of the consultant assigned to the engagement shall be a former employee of the Company or any of its affiliates.

In order to assist the Compensation Committee in making its annual independence determination, the consultant shall submit to the Compensation Committee Chairman before January 31st of each year a report detailing: the fees accrued or paid by the Company during the preceding year to the consultant or its affiliates for all products and services, itemized by each product and service; which products and services were provided to the Compensation Committee or were reasonably related to the Compensation Committee’s discharge of its responsibilities; which products and services were unrelated to the consultant’s engagement by the Compensation Committee; and which products and services relate to consulting on broad-based, non-discriminatory plans or to providing survey data or other non-customized information. The report shall also contain a statement by the consultant as to whether it satisfies, as of the date of the report, independence criteria (2) through (5) listed above.

Also, prior to January 31st of each year, the consultant shall provide the Compensation Committee with a list of products and services to be provided (or expected to be provided) to the Company by the consultant and its affiliates during the current year that are unrelated to the consultant’s engagement by the Compensation Committee and the rates to be charged by the consultant for any such products or services. The consultant must obtain the Compensation Committee’s prior approval for any compensation-related products and services that the consultant or its affiliates seek to provide to the Company that are unrelated to the consultant’s engagement by the Compensation Committee, if the aggregate amount of fees for all such products and services will exceed \$120,000 during the fiscal year. The Compensation Committee may delegate the authority to approve such requests to the Compensation Committee Chairman.

**6. Disclosure to be Provided to Stockholders**

The proxy statement for the annual meeting of stockholders shall disclose all information required by the rules of the Securities and Exchange Commission regarding the compensation consultant and its relationship with the Company, including without limitation:

- The role of the consultant;
- The name of the consultant;
- The fact that the consultant is engaged directly by the Compensation Committee;
- The nature and scope of the consultant's assignment;
- The material elements of the instructions or directions given to the consultant with respect to the performance of its duties under the engagement;
- To the extent required under SEC rules, the aggregate fees paid to the consultant and any of its affiliates for performing services under this policy and the aggregate fees for any additional services; and
- To the extent required under SEC rules, whether the decision to engage the consultant or its affiliates for non-executive compensation consulting services was made or recommended by management, and whether the Compensation Committee approved such non-executive compensation consulting services provided by the consultant or its affiliate.

The Company shall provide such additional voluntary disclosures in each annual meeting proxy statement as the Compensation Committee may deem advisable regarding the independence of the consultant and/or the provisions of this policy.

*Last updated by the Nominating and Corporate Governance Committee on May 5, 2010.*