

FORTINET INC
Form DEF 14A
April 29, 2010
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant ☒

Filed by a Party other than the Registrant ☐

Check the appropriate box:

- ☐ Preliminary Proxy Statement
- ☐ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6 (e) (2))
- ☒ Definitive Proxy Statement
- ☐ Definitive Additional Materials
- ☐ Soliciting Material Pursuant to Section 240.14a-11 (c) or Section 240.14a-12

FORTINET, INC.

(Name of Registrant as Specified in its Charter)

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

Payment of Filing Fee (Check the appropriate box):

☒ No fee required.

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(3) Filing Party:

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NOTICE OF 2010 ANNUAL MEETING OF STOCKHOLDERS

Dear Fortinet Stockholder:

Notice is hereby given that the 2010 Annual Meeting of Stockholders (the "2010 Annual Meeting") of Fortinet, Inc., a Delaware corporation, will be held on Tuesday, June 22, 2010, at 10:00 a.m., Pacific time, at Fortinet's principal executive offices located at 1090 Kifer Road, Sunnyvale, CA 94086, for the following purposes:

1. To elect two Class I directors to serve for a term of three years or until their respective successors have been duly elected and qualified.
2. To ratify the appointment of Deloitte & Touche LLP as Fortinet's independent registered public accounting firm for the fiscal year ending December 31, 2010.
3. To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

The preceding items of business are more fully described in the proxy statement accompanying this notice. Any action on the items of business described above may be considered at the 2010 Annual Meeting at the time and on the date specified above or at any time and date to which the 2010 Annual Meeting may be properly adjourned or postponed. Only stockholders of record at the close of business on April 26, 2010 are entitled to notice of and to vote at the 2010 Annual Meeting.

We have elected to provide access to our proxy materials over the Internet. Accordingly, stockholders of record at the close of business on April 26, 2010 will receive a Notice of Internet Availability of Proxy Materials and may vote at the 2010 Annual Meeting and any postponements or adjournments of the meeting. We expect to mail the Notice of Internet Availability of Proxy Materials on or about April 30, 2010.

Your vote is very important. Whether or not you plan to attend the 2010 Annual Meeting, we encourage you to read the proxy statement and vote as instructed in the Notice of Internet Availability of Proxy Materials or vote on the Internet or by telephone as soon as possible. Alternatively, you may follow the procedures outlined in the Notice of Internet Availability of Proxy Materials to request a paper copy of the proxy materials, which include a proxy card to submit your vote by mail. For specific instructions on how to vote your shares, please refer to the section entitled "Questions and Answers About the 2010 Annual Meeting and Procedural Matters" and the instructions on the Notice of Internet Availability of Proxy Materials.

Thank you for your ongoing support of Fortinet.

By Order of the Board of Directors,

/s/ Ken Xie

Ken Xie

President and Chief Executive Officer

Sunnyvale, California

April 29, 2010

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FORTINET, INC.

1090 Kifer Road

Sunnyvale, CA 94086

PROXY STATEMENT

FOR 2010 ANNUAL MEETING OF STOCKHOLDERS

QUESTIONS AND ANSWERS ABOUT THE 2010 ANNUAL MEETING AND PROCEDURAL MATTERS

Q: Why am I receiving these materials?

A: The Board of Directors of Fortinet, Inc. is providing these proxy materials to you in connection with the solicitation of proxies for use at Fortinet's 2010 Annual Meeting of Stockholders (the "2010 Annual Meeting") to be held on Tuesday, June 22, 2010 at 10:00 a.m., Pacific time, and at any adjournment or postponement thereof, for the purpose of considering and acting upon the matters set forth in this proxy statement. We expect to mail the Notice of Internet Availability of Proxy Materials (the "Notice") on or about April 30, 2010. Copies of our proxy materials and 2009 Annual Report are also available at <http://investor.fortinet.com/annual-proxy.cfm>.

The 2010 Annual Meeting will be held at Fortinet's principal executive offices, located at 1090 Kifer Road, Sunnyvale, CA 94086. The telephone number at that location is (408) 235-7700.

As a stockholder, you are invited to attend the 2010 Annual Meeting and are requested to vote on the proposals described in this proxy statement.

Q: Why did I receive a one-page notice in the mail regarding the Internet availability of proxy materials instead of a full set of proxy materials?

A: Pursuant to rules adopted by the Securities and Exchange Commission (the "SEC"), we have elected to provide access to our proxy materials over the Internet. Accordingly, we are sending the Notice to our stockholders of record and beneficial owners. All stockholders will have the ability to access the proxy materials on the website referred to in the Notice or request a printed set of the proxy materials. Instructions on how to access the proxy materials over the Internet or to request a printed copy may be found in the Notice. In addition, stockholders may request to receive proxy materials in printed form by mail or electronically by email on an ongoing basis.

Q: How can I get electronic access to the proxy materials?

A: The Notice will provide you with instructions regarding how to:

View our proxy materials for the 2010 Annual Meeting on the Internet; and

Have future proxy materials sent to you electronically by email.

Choosing to receive future proxy materials by email will save us the cost of printing and mailing documents to you and will reduce the impact of our annual meetings on the environment. If you choose to receive future proxy materials by email, you will receive an email next year with

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instructions containing a link to those materials and a link to the proxy voting site.

Q: Can I attend the 2010 Annual Meeting?

A: You are invited to attend the 2010 Annual Meeting if you were a stockholder of record or a beneficial owner as of April 26, 2010 (the Record Date). You should bring proof of ownership and photo identification for entrance to the 2010 Annual Meeting. The meeting will begin promptly at 10:00 a.m., Pacific time and you should leave ample time for the check-in procedures. Stockholders may request directions to our principal executive offices in order to attend the 2010 Annual Meeting by calling (408) 235-7700.

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Q: Who is entitled to vote at the 2010 Annual Meeting?

A: You may vote your shares of Fortinet common stock if our records show that you owned your shares at the close of business on the Record Date. At the close of business on the Record Date, there were 67,436,384 shares of Fortinet common stock outstanding and entitled to vote at the 2010 Annual Meeting. You may cast one vote for each share of common stock held by you as of the Record Date on all matters presented.

Q: What is the difference between holding shares as a stockholder of record or as a beneficial owner?

A: If your shares are registered directly in your name with Fortinet's transfer agent, BNY Mellon Shareowner Services, you are considered, with respect to those shares, the stockholder of record, and the Notice has been sent directly to you by Fortinet. As the stockholder of record, you have the right to grant your voting proxy directly to Fortinet or to a third party, or to vote in person at the 2010 Annual Meeting.

If your shares are held by a brokerage account or by another nominee, you are considered the beneficial owner of shares held in street name, and the Notice is being forwarded to you together with voting instructions on behalf of your broker, trustee or nominee. As the beneficial owner, you have the right to direct your broker, trustee or nominee how to vote and you are also invited to attend the 2010 Annual Meeting. Your broker, trustee or nominee has enclosed or provided voting instructions for you to use in directing the broker, trustee or nominee how to vote your shares. Since a beneficial owner is not the stockholder of record, you may not vote these shares in person at the 2010 Annual Meeting unless you obtain a legal proxy from the broker, trustee or nominee that holds your shares, giving you the right to vote the shares at the 2010 Annual Meeting.

If you hold your shares through a broker and do not provide your broker with specific voting instructions, under the rules that govern brokers in such circumstances, your broker will have the discretion to vote such shares on routine matters but not on non-routine matters. Even though we are a NASDAQ-listed company, the New York Stock Exchange (NYSE) rules govern how a broker licensed by the NYSE can vote shares it holds on behalf of stockholders of NASDAQ-listed companies. As a result:

Your broker will not have the authority to exercise discretion to vote your shares with respect to the election of directors because NYSE rules treat those matters as non-routine.

Your broker will have the authority to exercise discretion to vote your shares with respect to the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the year ending December 31, 2010, because that matter is treated as routine under NYSE rules.

Because the proposals to be acted upon at the 2010 Annual Meeting include both routine and non-routine matters, if you do not give voting instructions to your broker, trustee or nominee, your broker, trustee or nominee may either (1) vote your shares on routine matters or (2) leave your shares unvoted.

Q: How can I vote my shares in person at the 2010 Annual Meeting?

A: Shares held in your name as the stockholder of record may be voted in person at the 2010 Annual Meeting. Shares held beneficially in street name may be voted in person at the 2010 Annual Meeting only if you obtain a legal proxy from the broker, trustee or nominee that holds your shares giving you the right to vote the shares. **Even if you plan to attend the 2010 Annual Meeting, we recommend that you also submit your vote as described in the Notice and as described below, so that your vote will be counted even if you later decide not to attend the meeting.**

Q: How can I vote my shares without attending the 2010 Annual Meeting?

A: Whether you hold shares directly as the stockholder of record or beneficially in street name, you may direct how your shares are voted without attending the 2010 Annual Meeting. If you are a stockholder of record, you may vote by submitting a proxy; please refer to the voting instructions in the Notice or below. If you

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hold shares beneficially in street name, you may vote by submitting voting instructions to your broker, trustee or nominee; please refer to the voting instructions provided to you by your broker, trustee or nominee.

By mail You may request a proxy card from Fortinet and indicate your vote by completing, signing and dating the card where indicated and by returning it in the prepaid envelope that will be included with the proxy card. Please follow the procedures outlined in the Notice to request a paper proxy card.

By Internet Stockholders of record of Fortinet common stock with Internet access may submit proxies by following the Vote by Internet instructions described in the Notice until 11:59 p.m., Eastern time, on June 21, 2010 or by following the instructions at www.proxyvoting.com/ftnt. Most Fortinet stockholders who hold shares beneficially in street name may vote by accessing the web site specified in the voting instructions provided by their brokers, trustees or nominees. Please check the voting instructions for Internet voting availability.

By telephone Depending on how your shares are held, you may be able to vote by telephone. If this option is available to you, you will have received information with the Notice or the voting instruction card provided by your broker, trustee or nominee explaining this procedure.

Q: How many shares must be present or represented to conduct business at the 2010 Annual Meeting?

A: The presence of the holders of a majority of the shares entitled to vote at the 2010 Annual Meeting is necessary to constitute a quorum at the 2010 Annual Meeting. Such stockholders are counted as present at the meeting if (1) they are present in person at the 2010 Annual Meeting or (2) have properly submitted a proxy.

Under the General Corporation Law of the State of Delaware, abstentions and broker non-votes are counted as present and entitled to vote and therefore, are included for the purposes of determining whether a quorum is present at the 2010 Annual Meeting.

A broker non-vote occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that item and has not received voting instructions from the beneficial owner.

Q: What proposals will be voted on at the 2010 Annual Meeting?

A: The proposals scheduled to be voted on at the 2010 Annual Meeting are:

The election of two Class I directors to serve for a term of three years or until their respective successors are duly elected and qualified; and

The ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2010.

Q: What is the voting requirement to approve each of the proposals?

A: A plurality of the votes cast is required for the election of directors (Proposal One). The affirmative vote of a majority of votes cast is required to ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm (Proposal Two).

Q: How are votes counted?

A: You may vote FOR or WITHHOLD on each of the nominees for election as director (Proposal One). The two nominees for director receiving the highest number of affirmative votes will be elected as directors. Therefore, abstentions or broker non-votes will not affect the outcome of the election.

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You may vote **FOR**, **AGAINST** or **ABSTAIN** on the proposal to ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm (Proposal Two). **Abstentions are deemed to be votes cast and have the same effect as a vote against this proposal.** However, broker non-votes are not deemed to be votes cast and, therefore, are not included in the tabulation of the voting results on these proposals.

All shares entitled to vote and represented by properly submitted proxies received prior to the 2010 Annual Meeting (and not revoked) will be voted at the 2010 Annual Meeting in accordance with the instructions indicated by such proxy. If no instructions are indicated on such proxy, the shares represented by that proxy will be voted as recommended by the Board of Directors.

Q: How does the Board of Directors recommend that I vote?

A: The Board of Directors recommends that you vote your shares:

FOR the two nominees for election as Class I directors (Proposal One); and

FOR the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2010 (Proposal Two).

Q: What happens if additional matters are presented at the 2010 Annual Meeting?

A: If any other matters are properly presented for consideration at the 2010 Annual Meeting, including, among other things, consideration of a motion to adjourn the 2010 Annual Meeting to another time or place (including, without limitation, for the purpose of soliciting additional proxies), the persons named as proxy holders, Ken Xie and Kenneth Goldman, or either of them, will have discretion to vote on those matters in accordance with their best judgment. Fortinet does not currently anticipate that any other matters will be raised at the 2010 Annual Meeting.

Q: Can I change my vote?

A: Subject to any rules your broker, trustee or nominee may have, you may change your proxy instructions at any time before your proxy is voted at the 2010 Annual Meeting.

If you are the stockholder of record, you may change your vote (1) by granting a new proxy bearing a later date (which automatically revokes the earlier proxy) using any of the methods described above (and until the applicable deadline for each method), (2) by providing a written notice of revocation to Fortinet's Corporate Secretary at Fortinet, Inc., 1090 Kifer Road, Sunnyvale, CA 94086 prior to your shares being voted, or (3) by attending the 2010 Annual Meeting and voting in person. Attendance at the meeting will not cause your previously granted proxy to be revoked unless you specifically so request.

If you are a beneficial owner of shares held in street name, you may change your vote by (1) submitting new voting instructions to your broker, trustee or nominee or (2) if you have obtained a legal proxy from the broker, trustee or nominee that holds your shares giving you the right to vote your shares, by attending the 2010 Annual Meeting and voting in person.

Q: What happens if I decide to attend the 2010 Annual Meeting, but I have already voted or submitted a proxy card covering my shares?

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- A: Subject to any rules your broker, trustee or nominee may have, you may attend the 2010 Annual Meeting and vote in person even if you have already voted or submitted a proxy card. Any previous votes that were submitted by you will be superseded by the vote you cast at the 2010 Annual Meeting. Please be aware that attendance at the 2010 Annual Meeting will not, by itself, revoke a proxy.

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If a broker, trustee or nominee beneficially holds your shares in street name and you wish to attend the 2010 Annual Meeting and vote in person, you must obtain a legal proxy from the broker, trustee or nominee that holds your shares giving you the right to vote the shares. If you are a beneficial owner and you wish to attend the 2010 Annual Meeting but do not intend to vote in person or revoke your prior voting instructions, you do not need to obtain a legal proxy but you will need to bring proof of ownership and photo identification.

Q: What should I do if I receive more than one set of voting materials?

A: If you received more than one Notice, voting instruction card or set of proxy materials, your shares are registered in more than one name or brokerage account. Please follow the instructions on each Notice or voting instruction card that you receive to ensure that all of your shares are voted.

Q: Is my vote confidential?

A: Proxy instructions, ballots and voting tabulations that identify individual stockholders are handled in a manner that protects your voting privacy. Your vote will not be disclosed either within Fortinet or to third parties, except: (1) as necessary to meet applicable legal requirements, (2) to allow for the tabulation of votes and certification of the vote and (3) to facilitate a successful proxy solicitation. Occasionally, stockholders provide written comments on their proxy cards, which may be forwarded to Fortinet management.

Q: Who will serve as inspector of election?

A: The inspector of election will be a representative of BNY Mellon Shareowner Services.

Q: Where can I find the voting results of the 2010 Annual Meeting?

A: We will announce preliminary voting results at the 2010 Annual Meeting and publish them on our web site at www.investor.fortinet.com/sec.cfm. We will also disclose voting results on a Form 8-K filed with the SEC within four business days after the 2010 Annual Meeting, which will also be available on our website.

Q: Who will bear the cost of soliciting votes for the 2010 Annual Meeting?

A: Fortinet will pay the entire cost of preparing, assembling, printing, mailing and distributing these proxy materials and soliciting votes. We may reimburse brokerage firms, custodians, nominees, fiduciaries and other persons representing beneficial owners for their reasonable expenses in forwarding solicitation material to such beneficial owners. Our directors, officers and employees may also solicit proxies in person or by other means of communication. Such directors, officers and employees will not be additionally compensated but may be reimbursed for reasonable out-of-pocket expenses in connection with such solicitation.

If you choose to access the proxy materials and/or vote over the Internet, you are responsible for Internet access charges you may incur. If you choose to vote by telephone, you are responsible for telephone charges you may incur.

Q: What is the deadline to propose actions for consideration at next year's annual meeting of stockholders or to nominate individuals to serve as directors?

A: You may submit proposals, including recommendations of director candidates, for consideration at future stockholder meetings.

For inclusion in Fortinet's proxy materials Stockholders may present proper proposals for inclusion in Fortinet's proxy statement and for consideration at the next annual meeting of stockholders by submitting their proposals in writing to Fortinet's Corporate Secretary in a timely manner. In order to be included in the

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proxy statement for the 2011 annual meeting of stockholders, stockholder proposals must be received by Fortinet's Corporate Secretary no later than December 31, 2011, and must otherwise comply with the requirements of Rule 14a-8 of the Securities Exchange Act of 1934, as amended (the Exchange Act).

To be brought before annual meeting In addition, Fortinet's bylaws establish an advance notice procedure for stockholders who wish to present certain matters before an annual meeting of stockholders.

In general, nominations for the election of directors may be made (1) by or at the direction of the Board of Directors, or (2) by a stockholder who has delivered written notice to Fortinet's Secretary within the Notice Period (as defined below) and who was a stockholder at the time of such notice and as of the record date. The notice must contain specified information about the nominees and about the stockholder proposing such nominations.

Fortinet's bylaws also provide that the only business that may be conducted at an annual meeting is business that is (1) properly brought before the meeting pursuant to Fortinet's proxy materials with respect to such meeting, (2) properly brought before the meeting by or at the direction of the Board of Directors, or (3) properly brought before the meeting by a stockholder who has delivered written notice to Fortinet's Corporate Secretary at its principal executive offices within the Notice Period (as defined below) and who was a stockholder at the time of such notice and as of the record date. The notice must contain specified information about the matters to be brought before such meeting and about the stockholder proposing such matters.

The Notice Period is defined as that period not less than 45 days nor more than 75 days prior to the one year anniversary of the date on which Fortinet mailed its proxy materials or the Notice (whichever is earlier) to stockholders in connection with the preceding year's annual meeting of stockholders. As a result, the Notice Period for the 2011 annual meeting of stockholders will start on April 8, 2011 and end on May 8, 2011.

If a stockholder who has notified Fortinet of his or her intention to present a proposal at an annual meeting does not appear to present his or her proposal at such meeting, Fortinet need not present the proposal for vote at such meeting.

A copy of the full text of the bylaw provisions discussed above may be obtained by writing to Fortinet's Corporate Secretary at our principal executive offices or by accessing Fortinet's filings on the SEC's website at www.sec.gov. All notices of proposals by stockholders, whether or not included in Fortinet's proxy materials, should be sent to Fortinet's Corporate Secretary at our principal executive offices.

Q: How may I obtain a separate set of proxy materials or the 2009 Annual Report?

A: If you share an address with another stockholder, each stockholder may not receive a separate copy of our proxy materials and 2009 Annual Report. Stockholders who do not receive a separate copy of our proxy materials and 2009 Annual Report and want to receive a separate copy may request to receive a separate copy of, or stockholders may request additional copies of, our proxy materials and 2009 Annual Report by calling (408) 235-7700 or by writing to Fortinet, Inc., 1090 Kifer Road, Sunnyvale, CA 94086, Attention: Investor Relations. Stockholders who share an address and receive multiple copies of our proxy materials and 2009 Annual Report can also request to receive a single copy by following the instructions above.

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Our Board of Directors currently consists of seven members who are divided into three classes with staggered three-year terms. Each director holds office until that director's successor is duly elected and qualified. Our bylaws permit our Board of Directors to establish by resolution the authorized number of directors, and seven directors are currently authorized. Any increase or decrease in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of the directors.

Nominees

Two candidates have been nominated for election as Class I directors at the 2010 Annual Meeting for a three-year term expiring in 2013. Upon recommendation of the Nominating and Corporate Governance Committee, the Board of Directors has nominated **Pehong Chen** and **Christopher B. Paisley** for election as Class I directors. Biographical information about each of the nominees is contained in the following section. A discussion of the qualifications, attributes and skills of each nominee that led our Board of Directors and the Nominating and Corporate Governance Committee to the conclusion that he should serve or continue to serve as a director has been added following each of the director and nominee biographies.

Each person nominated for election has agreed to serve if elected, and management has no reason to believe that any nominee will be unavailable to serve. In the event any nominee is unable or declines to serve as a director at the time of the 2010 Annual Meeting, the proxies will be voted for any nominee who may be proposed by the Nominating and Corporate Governance Committee and designated by the present Board of Directors to fill the vacancy.

If you sign your proxy or voting instruction card or vote by telephone or over the Internet but do not give instructions with respect to the voting of directors, your shares will be voted for the two persons recommended by our Board of Directors. If you wish to give specific instructions with respect to the voting of directors, you may do so by indicating your instructions on your proxy or voting instruction card or when you vote by telephone or over the Internet. If you do not give voting instructions to your broker, your broker will leave your shares unvoted on this matter.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE***FOR* THE ELECTION OF PEHONG CHEN AND CHRISTOPHER B. PAISLEY.****Information Regarding the Board of Directors and Director Nominees**

The names of the members of our Board of Directors and our proposed director nominee, their respective ages, their positions with Fortinet (as applicable) and other biographical information as of March 31, 2010, are set forth below. Messrs. Ken Xie and Michael Xie are brothers. There are no other family relationships among any of our directors or executive officers.

Name	Age	Position
Ken Xie	47	President, Chief Executive Officer and Director
Michael Xie	41	Vice President of Engineering, Chief Technical Officer and Director
Hong Liang Lu (1)(2)	54	Director
Greg Myers (2)(3)	59	Director
Christopher B. Paisley (1)(3)	57	Director and Director Nominee
John Walecka (1)(2)(3)	50	Director and Non-Executive Chairman of the Board
Pehong Chen	53	Director Nominee

- (1) Member of Compensation Committee
- (2) Member of Nominating and Corporate Governance Committee
- (3) Member of Audit Committee

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Ken Xie has served as our President and Chief Executive Officer since he co-founded the company in October 2000. Prior to co-founding Fortinet, Mr. Ken Xie was the Founder, President and Chief Executive Officer of NetScreen Technologies, Inc. (NetScreen), a provider of network security products, which was acquired by Juniper Networks, Inc., an IP network solutions company, in April 2004. Additionally, Mr. Ken Xie was Managing Partner of Jedi Venture, Founder, President, and Chief Executive Officer of Stanford Infosystems International, Inc. and Security Architect for Healtheon Corporation, a health information services company, and Philips Semiconductors, a computer equipment manufacturer. Mr. Ken Xie received a B.S. and an M.S. in electronic engineering from Tsinghua University in China and also attended Stanford University, where he pursued a graduate degree in electrical engineering.

Mr. Ken Xie has more than 20 years of technical and management experience in the networking and security industries, which includes his roles as a founder of Fortinet, Netscreen, Stanford Infosystems International, Inc. and as President and Chief Executive Officer of each of the foregoing companies.

Michael Xie has served as our Vice President of Engineering and Chief Technical Officer since co-founding the company in October 2000. Previously, he held positions as Vice President of Engineering for ServGate Technologies, Inc., a network security provider acquired by Amariun Technologies, Inc. in April 2006, Software Director and Architect for NetScreen, and Senior Software Engineer for Milkyway Networks Corporation, a network security solutions provider. Mr. Michael Xie has an M.S. degree in electrical engineering from the University of Manitoba in Canada as well as a B.S. and an M.S. in automobile engineering from Tsinghua University in China.

Mr. Michael Xie has more than 15 years of technical and operational experience in the network security industry, which includes positions as the Chief Technical Officer of Fortinet, Vice President of Engineering for ServGate Technologies, Inc. and Software Director and Architect for NetScreen.

Hong Liang Lu has served as a member of our Board of Directors since March 2008. Mr. Lu is a co-founder of UTStarcom, Inc., a provider of IP-based communications products and services, has been a director of UTStarcom since 1991 and has served as chairman of the board from 2003 to 2006 and from July 2008 to August 2009. From June 1991 to July 2008, Mr. Lu also served as the Chief Executive Officer of UTStarcom. On May 1, 2008, the Securities and Exchange Commission entered into a settlement with UTStarcom and its CEO (Mr. Lu) and CFO providing that Mr. Lu failed to take adequate steps to ensure that UTStarcom filed accurate financial statements, made and kept accurate books and records and implemented and maintained adequate internal controls. Also, as a result of the foregoing, Mr. Lu's certifications filed with certain quarterly and annual reports of UTStarcom were incorrect as UTStarcom restated its financial statements several times due to inadequate internal controls and improper accounting for and disclosure of certain transactions. As part of the settlement, Mr. Lu paid a civil penalty of \$100,000 and consented to an injunction against future violations of these securities laws. The settlement did not involve allegations of fraud or limit Mr. Lu's ability to serve as an officer or director of any public company. From 1986 through 1990, Mr. Lu served as President and Chief Executive Officer of Kyocera Unison, a majority-owned subsidiary of Kyocera International, Inc. Mr. Lu served as President and Chief Executive Officer of Unison World, Inc., a software development company, from 1983 until its merger with Kyocera in 1986. From 1979 to 1983, Mr. Lu served as Vice President and Chief Operating Officer of Unison World, Inc. Mr. Lu holds a B.S. in civil engineering from the University of California at Berkeley.

Mr. Lu has leadership, operational and executive experience by serving as a director and Chief Executive Officer of UTStarcom.

Greg Myers has served as a member of our Board of Directors since March 2008. Since October 2007, Mr. Myers has served as a director of Altera Corporation, a supplier of programmable semiconductors and related products, but has announced that he intends to retire and will not seek re-election at Altera's forthcoming annual meeting of stockholders to be held on May 6, 2010. He served as a director of Packeteer Inc., a provider of wide area network application delivery systems, from July 2006 until its sale to Blue Coat Systems, Inc. in June 2008. He also served as a director of Maxtor Corporation, a supplier of hard disk drives for desktop, enterprise and consumer

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electronics applications, from August 2003 until its sale to Seagate Technology in May 2006. Mr. Myers served as the Chief Financial Officer of Symantec Corporation, a personal computer security software company, from 1999 to 2005, and held various other senior finance positions at Symantec from 1993 to 1999. Mr. Myers holds a B.S. from California State University, Hayward and an M.B.A. in finance from Santa Clara University.

Mr. Myers has developed expertise in finance including accounting and financial reporting as well as broad leadership and executive experience by serving as a Chief Financial Officer and in other finance roles. In addition, he has had outside board experience as a director of Maxtor, Altera and Packeteer.

Christopher B. Paisley has served as a member of our Board of Directors since February 2004. Since January 2001, Mr. Paisley has served as the Dean's Executive Professor of Accounting and Finance at the Leavey School of Business at Santa Clara University. Mr. Paisley also serves as a member of the boards of directors of 3Par Inc., a provider of utility storage solutions, Volterra Semiconductor, Inc., a provider of power management semiconductors, and Equinix, Inc., a provider of network colocation, interconnection and managed services. He also served as a director of Brocade Communication Systems, Inc., a supplier of networking equipment, from August 2002 until April 2006 and of Electronics for Imaging, Inc., a supplier of color digital print controllers, super-wide and wide format printers and inks, and print management solutions, from July 2004 until April 2008. Mr. Paisley holds a B.A. in business economics from the University of California at Santa Barbara and an M.B.A. from the Anderson School at the University of California at Los Angeles.

Mr. Paisley has developed expertise in finance, including accounting and financial reporting, as a Chief Financial Officer and in other finance roles and currently as a professor in the field of accounting and finance. Mr. Paisley also has 15 years of outside board experience at Brocade, Electronics for Imaging, 3Par, Volterra and Equinix as well as at private companies.

John Walecka has served as a member of our Board of Directors since August 2003. Mr. Walecka is a founding partner of Redpoint Ventures, a venture capital fund, which was established in 1999. Prior to founding Redpoint Ventures, Mr. Walecka was a general partner with Brentwood Venture Capital, a firm he joined in 1984. Mr. Walecka has also served as a member of the board of directors of Entropic Communications, Inc., a fabless semiconductor company, since September 2001. Mr. Walecka served as director of the Western Association of Venture Capitalists (WAVC) and is currently a director of the Stanford Business School Venture Capital Trust. Mr. Walecka received a B.S. and an M.S. in engineering from Stanford University and an M.B.A. from the Stanford Graduate School of Business.

As the founding partner of RedPoint Ventures and general partner at Brentwood Venture Capital, Mr. Walecka has developed business leadership experience with a particular focus on technology companies. Mr. Walecka also has outside board experience as a director of Entropic Communications and numerous private companies.

Pehong Chen has served as the Chairman of the Board, Chief Executive Officer and President of BroadVision, Inc., an e-business solution provider, since its incorporation in May 1993. From 1992 to 1993, Dr. Chen served as the Vice President of Multimedia Technology at Sybase Inc., a supplier of client-server software products. Dr. Chen founded and, from 1989 to 1992, served as President of Gain Technology Corporation, a provider of multimedia applications development systems, which was acquired by Sybase. Dr. Chen also serves as a director of SINA Corporation, an online media company, and UFIDA Software Co., Ltd., an enterprise software company. He received a B.S. in Computer Science from National Taiwan University, an M.S. in Computer Science from Indiana University and a Ph.D. in Computer Science from the University of California at Berkeley.

Dr. Chen has business leadership and operational experience as a result of his service as Chairman of the Board, Chief Executive Officer and President of BroadVision and President of Gain Technology. Dr. Chen also has outside board experience at SINA Corporation and UFIDA Software.

See *Corporate Governance* and *Executive Compensation Compensation of Directors* below for additional information regarding the Board of Directors.

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PROPOSAL TWO

RATIFICATION OF APPOINTMENT OF

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

General

The Audit Committee has selected Deloitte & Touche LLP as Fortinet's independent registered public accounting firm to audit the financial statements of Fortinet for the fiscal year ending December 31, 2010, which will include an audit of the effectiveness of Fortinet's internal control over financial reporting. A representative of Deloitte & Touche LLP is expected to be present at the meeting, will have the opportunity to make a statement if he or she desires to do so, and is expected to be available to respond to appropriate questions.

If the appointment is not ratified, the Audit Committee will consider whether it should select other independent auditors. Even if the appointment is ratified, the Audit Committee, in its discretion, may direct the appointment of a different independent registered public accounting firm as Fortinet's independent auditors at any time during the year if the Audit Committee determines that such a change would be in Fortinet's and its stockholders' best interests.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE *FOR* THE RATIFICATION OF THE APPOINTMENT OF DELOITTE & TOUCHE LLP AS FORTINET'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING DECEMBER 31, 2010.

Principal Accounting Fees and Services

The following table presents fees billed for professional audit services and other services rendered to Fortinet by Deloitte & Touche LLP for the years ended December 31, 2009 and December 28, 2008.

	2009	2008
IPO Related Audit Fees	\$ 700,000	
Non-IPO Related Audit Fees	696,500	\$ 634,000
Total Audit Fees (1)	\$ 1,396,500	\$ 634,000
Audit-Related Fees (2)	5,500	4,013
Tax Fees (3)	11,385	29,155
All Other Fees (4)		2,000
Total	\$ 1,413,385	\$ 669,168

- (1) Audit Fees consist of fees for professional services provided in connection with the audit of our annual consolidated financial statements, the review of our quarterly consolidated financial statements, and audit services that are normally provided by the independent registered public accounting firm in connection with statutory and regulatory filings or engagements for those fiscal years, such as statutory audits. The fees also include \$700,000 related to services in connection with our initial public offering, incurred during fiscal 2009, including comfort letters, consents and review of documents filed with the SEC.
- (2) Audit-Related Fees consist of fees for assurance and related services by our independent registered public accounting firm that are reasonably related to the performance of the audit or review of our consolidated financial statements and not included in Audit Fees.
- (3) Tax Fees consist of fees incurred for assistance in the resolution of a sales tax audit.
- (4) All Other Fees consist of fees paid for access to technical accounting updates and pronouncements.

Approval of Audit and Non-Audit Services

Pursuant to its charter, the Audit Committee is required to (i) review and approve the scope and plans for all audits and audit fees and (ii) approve in advance all non-audit services to be performed by our independent auditor that are not otherwise prohibited by law and any associated fees.

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All Deloitte & Touche LLP services and fees in fiscal 2009 and fiscal 2008 were approved by the Audit Committee.

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CORPORATE GOVERNANCE

Code of Business Ethics and Conduct

Our Board of Directors sets high standards for Fortinet's employees, officers and directors. Fortinet is committed to establishing an operating framework that exercises appropriate oversight of responsibilities at all levels throughout Fortinet and managing its affairs consistent with high principles of business ethics. Accordingly, Fortinet has adopted a Code of Business Ethics and Conduct, which is applicable to our and our subsidiaries' directors, officers and employees. The Code of Business Ethics and Conduct is available on Fortinet's website at <http://www.Fortinet.com> About Us Investor Relations Corporate Governance. Fortinet will disclose on its website any amendment to the Code of Business Ethics and Conduct, as well as any waivers of the Code of Business Ethics and Conduct, that are required to be disclosed by the rules of the SEC or The NASDAQ Stock Market LLC ("NASDAQ ").

Director Independence

Our Board of Directors has determined that, with the exception of Messrs. Ken Xie and Michael Xie, who are employees, all of its current members and nominees for director are independent directors as that term is defined in the listing standards of NASDAQ. In the course of the Board's determination regarding the independence of each non-employee director, our Board of Directors considered the annual amount of Fortinet's sales to, or purchases from, any company where a non-employee director serves as an executive officer. Our Board of Directors determined that any such sales or purchases were made in the ordinary course of business and the amount of such sales or purchases in each of the past three fiscal years was less than 5% of Fortinet's or the applicable company's consolidated gross revenues for the applicable year.

Board Meetings and Committees

During fiscal 2009, the Board of Directors held 12 meetings. Each of the directors, other than current director George Hara, attended or participated in 75% or more of the meetings of the Board of Directors and 75% or more of the meetings held by all committees of the Board of Directors on which he served during the past fiscal year. The Board of Directors has three standing committees: an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee.

Audit Committee

The Audit Committee, which has been established in accordance with Section 3(a)(58)(A) of the Exchange Act, currently consists of Messrs. Myers, Paisley and Walecka, each of whom is independent as such term is defined for audit committee members by the listing standards of NASDAQ. Mr. Myers is the chairman of the Audit Committee. The Board of Directors has determined that each of Messrs. Myers and Paisley is an audit committee financial expert as defined in the rules of the SEC.

The Audit Committee is responsible for, among other things:

selecting and hiring our independent auditors, and approving the audit and non-audit services to be performed by our independent auditors;

evaluating the qualifications, performance and independence of our independent auditors;

monitoring the integrity of our financial statements and our compliance with legal and regulatory requirements as they relate to financial statements or accounting matters;

reviewing the adequacy and effectiveness of our internal control policies and procedures;

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discussing the scope and results of the audit with the independent auditors and reviewing with management and the independent auditors our interim and year-end operating results; and

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preparing the Audit Committee Report that the SEC requires in our annual proxy statement. Because Fortinet only recently completed its initial public offering in November 2009, the Audit Committee held four meetings during the last fiscal year. The Audit Committee has adopted a written charter approved by the Board of Directors, which is available on Fortinet's website at <http://www.Fortinet.com> About Us Investor Relations Corporate Governance.

The Audit Committee Report is included in this proxy statement on page 37.

Compensation Committee

Our Compensation Committee is currently comprised of Messrs. Lu, Paisley and Walecka, each of whom qualifies as an independent director under the listing standards of NASDAQ. Mr. Walecka is the chairperson of our Compensation Committee.

Our Compensation Committee is responsible for, among other things:

reviewing and approving for our executive officers: the annual base salary, the annual incentive bonus, equity compensation, and other benefits, compensation or arrangements;

reviewing and recommending compensation goals and bonus and stock compensation criteria for our executive officers;

preparing the Compensation Committee Report that the SEC requires to be included in our annual proxy statement; and

administering our equity compensation plans.

See *Executive Compensation Compensation Discussion and Analysis* and *Executive Compensation Compensation of Directors* below for a description of Fortinet's processes and procedures for the consideration and determination of executive and director compensation.

The Compensation Committee held five meetings during the last fiscal year. The Compensation Committee has adopted a written charter approved by the Board of Directors, which is available on Fortinet's website at <http://www.Fortinet.com> About Us Investor Relations Corporate Governance.

The Compensation Committee Report is included in this proxy statement on page 24.

Nominating and Corporate Governance Committee

Our Nominating and Corporate Governance committee is comprised of Messrs. Lu, Myers and Walecka, each of whom qualifies as an independent director under the listing standards of NASDAQ. Mr. Lu is the chairman of the Nominating and Corporate Governance Committee.

Our Nominating and Corporate Governance Committee is responsible for, among other things:

assisting our Board of Directors in identifying prospective director nominees and recommending nominees for each annual meeting of stockholders to the Board of Directors;

reviewing developments in corporate governance practices and developing and recommending governance principles applicable to our Board of Directors;

overseeing the evaluation of our Board of Directors; and

recommending members for each committee of our Board of Directors.

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The Nominating and Corporate Governance Committee will consider recommendations of candidates for the Board of Directors submitted by stockholders of Fortinet; see *Process for Recommending Candidates for Election to the Board of Directors* below.

Because Fortinet only recently completed its initial public offering in November 2009, the Nominating and Corporate Governance Committee held only one meeting during 2009. The Nominating and Corporate Governance Committee has adopted a written charter approved by the Board of Directors, which is available on Fortinet's website at <http://www.Fortinet.com> About Us Investor Relations Corporate Governance.

Compensation Committee Interlocks and Insider Participation

Messrs. Lu, Paisley and Walecka served as members of the Compensation Committee during fiscal year 2009. None of the members of our Compensation Committee is or has in the past served as an officer or employee of our company. None of our executive officers currently serves, or in the past year has served, as a member of the Board of Directors or Compensation Committee of any entity that has one or more executive officers serving on our Board of Directors or Compensation Committee.

Board Leadership Structure

The Non-Executive Chairman of the Board is John Walecka. The Chairman and Chief Executive Officer roles are split, and Mr. Ken Xie serves as Chief Executive Officer. In addition to the duties of all Board members, Mr. Walecka's principal responsibilities as the Non-Executive Chairman of the Board are to preside over all meetings of the Board of Directors, review and comment on the agenda for Board meetings in consultation with the Chief Executive Officer and other members of the Board, act as principal liaison between the independent directors and the Chief Executive Officer on sensitive issues and raise issues with management on behalf of the independent directors when appropriate. Our Board of Directors believes that there may be advantages to having an independent chairman for matters such as communications and relations between the Board, the CEO, and other senior management, and in assisting the Board in reaching consensus on particular strategies and policies. Messrs. Ken Xie and Michael Xie, as the only two management directors, do not participate in sessions of non-management directors and non-management directors meet regularly in executive session without management.

Board's Role in Risk Oversight

The Board of Directors oversees an enterprise-wide approach to risk management, designed to support the achievement of organizational objectives, including strategic objectives, to improve long-term organizational performance and to enhance stockholder value. A fundamental part of risk management is not only understanding the most significant risks a company faces and what steps management is taking to manage those risks but also understanding what level of risk is appropriate for the company. The involvement of the full Board of Directors in reviewing the Company's business is an integral aspect of its assessment of management's tolerance for risk and also its determination of what constitutes an appropriate level of risk for the Company.

While the Board of Directors has the ultimate oversight responsibility for the risk management process, various committees of the Board also have responsibility for risk management. The Audit Committee Charter provides that one of the Audit Committee's responsibilities is oversight of certain compliance matters. In addition, in setting compensation, the Compensation Committee strives to create incentives that encourage a level of risk-taking consistent with Company's business strategy and to encourage a focus on building long-term value at the Company. As more fully discussed in the *Compensation Discussion and Analysis* section of this proxy statement, incentive compensation performance objectives of the Company's management are determined and established so as not to encourage excessive risk taking.

At periodic meetings of the Board and its committees and in other meetings and discussions, management reports to and seeks guidance from the Board and its committees with respect to the most significant risks that

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could affect our business, such as legal risks and financial, tax and audit related risks. In addition, management provides the Audit Committee periodic reports on the Company's compliance programs and efforts, investment policy and practices.

Process for Recommending Candidates for Election to the Board of Directors

The Nominating and Corporate Governance Committee is responsible for, among other things, determining the criteria for membership to the Board of Directors and recommending candidates for election to the Board of Directors. It is the policy of the Nominating and Corporate Governance Committee to consider recommendations for candidates to the Board of Directors from stockholders. Stockholder recommendations for candidates to the Board of Directors must be directed in writing to Fortinet, Inc., 1090 Kifer Road, Sunnyvale, CA 94086, Attention: Corporate Secretary, and must include the candidate's name, home and business contact information, detailed biographical data and qualifications, information regarding any relationships between the candidate and Fortinet within the last three years and evidence of the nominating person's ownership of Company stock. Such recommendations must also include a statement from the recommending stockholder in support of the candidate, particularly within the context of the criteria for Board membership, including issues of character, judgment, diversity of professional experience, including whether the person is a current or former CEO or CFO of a public company or the head of a division of a large international organization, independence, expertise, corporate experience, length of service, other commitments and the like, personal references, and an indication of the candidate's willingness to serve. There are no differences in the manner by which the Nominating and Corporate Governance Committee evaluates nominees for director based on whether the nominee is recommended by a stockholder or the Board of Directors.

The Nominating and Corporate Governance Committee's criteria and process for evaluating and identifying the candidates that it recommends to the full Board of Directors for selection as director nominees are as follows:

The Nominating and Corporate Governance Committee evaluates the current composition and organization of the Board of Directors.

The Nominating and Corporate Governance Committee recommends for approval by our Board of Directors on an annual basis desired qualifications and characteristics for Board membership.

The Nominating and Corporate Governance Committee evaluates the performance of individual members of our Board of Directors eligible for re-election and selects, or recommends for the selection of the Board, the director nominees by class for election to the Board by our stockholders at the annual meeting of stockholders.

In its evaluation of director candidates, including the members of the Board of Directors eligible for re-election, the Nominating and Corporate Governance Committee seeks to achieve a balance of knowledge, experience and capability on the Board of Directors and considers (1) the current composition and organization of the Board of Directors and the needs of the Board of Directors and the respective committees of the Board of Directors, (2) such factors as issues of character, judgment, diversity of professional experience, including whether the person is a current or former CEO or CFO of a public company or the head of a division of a large international organization, expertise, business experience, length of service, independence, other commitments and the like, and (3) such other factors as the Nominating and Corporate Governance Committee may consider appropriate.

While the Nominating and Corporate Governance Committee has not established specific minimum qualifications for director candidates, the Nominating and Corporate Governance Committee believes that candidates and nominees must reflect a Board that is comprised of directors who (1) are predominantly independent, (2) are of high integrity, (3) have broad, business-related knowledge and experience at the policy-making level in business or technology, including their understanding of the networking security industry and Fortinet's business in particular, (4) have qualifications that will increase overall Board effectiveness and (5) meet other requirements as may be required by applicable rules, such as financial literacy or financial expertise with respect to Audit Committee members.

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With regard to candidates who are properly recommended by stockholders or by other means, the Nominating and Corporate Governance Committee will review the qualifications of any such candidate, which review may, in the Nominating and Corporate Governance Committee's discretion, include interviewing references for the candidate, direct interviews with the candidate, or other actions that the Nominating and Corporate Governance Committee deems necessary or proper.

In evaluating and identifying candidates, the Nominating and Corporate Governance Committee has the authority to retain and terminate any third party search firm that is used to identify director candidates and has the authority to approve the fees and retention terms of any search firm.

The Nominating and Corporate Governance Committee will apply these same principles when evaluating Board candidates who may be elected initially by the full Board to fill vacancies or add additional directors prior to the annual meeting of stockholders at which directors are elected.

After completing its review and evaluation of director candidates, the Nominating and Corporate Governance Committee recommends to the full Board of Directors the director nominees.

Mr. Pehong Chen is a nominee to our Board of Directors as a Class I director. Mr. Ken Xie recommended to the Nominating and Corporate Governance Committee that Mr. Chen be considered for appointment to the Board.

Attendance at Annual Meetings of Stockholders by the Board of Directors

Although Fortinet does not have a formal policy regarding attendance by members of the Board of Directors at Fortinet's annual meeting of stockholders, Fortinet encourages, but does not require, directors to attend.

Contacting the Board of Directors

Stockholders who wish to communicate with the members of our Board of Directors may do so by sending Fortinet's Corporate Secretary a letter c/o Fortinet at 1090 Kifer Road, Sunnyvale, CA 94086, or by fax to (408) 235-7737. The Corporate Secretary reviews all incoming stockholder communications (except for mass mailings, product complaints or inquiries, job inquiries, business solicitations and patently offensive or otherwise inappropriate material) and, if appropriate, routes such communications to the appropriate member(s) of our Board of Directors, or if none is specified, to the Non-Executive Chairman of the Board.

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The names of our executive officers, their ages, their positions with Fortinet and other biographical information as of March 31, 2010, are set forth below. Messrs. Ken Xie and Michael Xie are brothers. There are no other family relationships among any of our directors or executive officers.

Name	Age	Position
Ken Xie	47	President, Chief Executive Officer and Director
Kenneth Goldman	60	Vice President and Chief Financial Officer
Michael Xie	41	Vice President of Engineering, Chief Technical Officer and Director
John Whittle	41	Vice President, General Counsel and Corporate Secretary

Ken Xie. For a brief biography of Mr. Ken Xie, please see *Proposal One Election of Directors Information Regarding the Board of Directors*.

Kenneth Goldman has served as our Vice President and Chief Financial Officer since September 2007. From November 2006 until August 2007, Mr. Goldman was the Executive Vice President and Chief Financial Officer of Dexterra, Inc., a provider of mobile enterprise software. Prior to joining Dexterra, from August 2000 through March 2006, Mr. Goldman was Senior Vice President of Finance and Administration and Chief Financial Officer of Siebel Systems, Inc., a supplier of customer software solutions and services that was acquired by Oracle Corp. in January 2006. From July 1996 to July 2000, he served as Senior Vice President of Finance and Chief Financial Officer of Excite@Home, Inc., an internet service provider. Mr. Goldman currently serves as a member of the board of directors of BigBand Networks, Inc., a networking equipment company, and Infinera Corporation, a provider of digital optical networking systems. Mr. Goldman served on the board of directors of Starent Networks Corp., a provider of networking solutions, from February 2006 until December 2009 when it was acquired by Cisco Systems, Inc.; Juniper Networks, Inc., an IP network solutions company, from September 2003 until his resignation from the position in January 2008; and Leadis Technology, Inc., a fabless semiconductor company, from January 2004 until his resignation from the position in September 2008. Mr. Goldman also served as a member of the Treasury Advisory Committee on the Auditing Profession. He is also a member of the board of trustees of Cornell University. Mr. Goldman holds a B.S. in electrical engineering from Cornell University and an M.B.A. from Harvard Business School.

Michael Xie. For a brief biography of Mr. Michael Xie, please see *Proposal One Election of Directors Information Regarding the Board of Directors*.

John Whittle has served as our Vice President and General Counsel since October 2006 and Corporate Secretary since January 2007. From March 2006 to October 2006, Mr. Whittle was Vice President and General Counsel for Ingres Corporation, an open source database company formed by a divestiture from Computer Associates. Prior to working at Ingres, from January 2000 to March 2005, Mr. Whittle was Vice President and General Counsel for Corio, Inc., an enterprise application services provider, through the acquisition of Corio by International Business Machines Corporation (IBM), a provider of integrated solutions that leverage information technology and business processes. Mr. Whittle worked from March 2005 to March 2006 with IBM following its acquisition of Corio. Prior to joining Corio, Mr. Whittle was an attorney at the law firm of Wilson Sonsini Goodrich & Rosati, P.C. from 1996 to 2000, representing technology companies in general corporate matters and initial and follow-on public offerings. Mr. Whittle holds a B.A. degree in history from the University of Virginia and a J.D. from Cornell University Law School.

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EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The following discussion and analysis of compensation arrangements of our named executive officers, Messrs. Ken Xie, Kenneth Goldman, Michael Xie and John Whittle, primarily for fiscal 2009 should be read together with the compensation tables and related disclosures set forth below. This discussion contains forward looking statements that are based on our current plans, considerations, expectations and determinations regarding future compensation programs. Actual compensation programs that we adopt may differ materially from currently planned programs as summarized in this discussion.

Overview

We compete with many other technology companies in seeking to attract and retain a skilled work force. To meet this challenge, we have adopted a compensation philosophy to provide our named executive officers compensation and benefits that are competitive and that meet our goals of attracting, retaining and motivating highly skilled employees to help us achieve our financial and strategic objectives.

Our executive compensation programs are designed to attract, retain and motivate our named executive officers to enhance long-term profitability and shareholder value by:

offering base pay to our named executive officers that is competitive with other companies in the technology industry, and in particular within the information technology security industry;

providing total compensation opportunities for our named executive officers that are comparable to the opportunities offered by similar companies within similar high technology industries;

linking named executive officer compensation to our operating and financial performance by making significant elements of each executive's compensation dependent on our overall company performance, as well as the individual's added value;

emphasizing equity pay and long-term incentives for our named executive officers so they have an interest in our sustained growth and success; and

ensuring fairness among our executive team by recognizing the contributions each executive makes to our success.

Role of the Compensation Committee in Executive Compensation Decisions

The Compensation Committee of our Board of Directors has overall responsibility for approving the compensation of our named executive officers. Members of the Compensation Committee are appointed by our Board. See *Corporate Governance Board Meetings and Committees Compensation Committee* for more detail about the responsibilities and procedures of the Compensation Committee.

Role of Executives in Executive Compensation Decisions

Our Compensation Committee generally seeks input from our President and Chief Executive Officer when discussing the performance of and compensation levels for named executive officers other than for himself and Mr. Michael Xie. Neither Mr. Ken Xie nor any of our other named executive officers participates in deliberations relating to their own compensation, and Messrs. Ken Xie and Michael Xie do not participate in deliberations related to each other's compensation.

Elements of Our Compensation Program

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The four key elements of our compensation package for named executive officers are base pay, equity-based awards, variable pay, and our benefits programs. As a total package, we design our compensation program to

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enable us to attract and retain talented personnel who can add to our long-term value. The individual elements of our compensation program serve to satisfy this larger goal in specific ways as described below.

Base Pay. We establish base pay that is both reasonable and competitive in relation to the market, including similar companies within similar high technology industries. We monitor competitive base pay levels and make adjustments to base pay as appropriate. In general, a named executive officer's base pay level should reflect the overall sustained performance and contribution to Fortinet over time. We also seek to structure the base pay for our named executive officers to be competitive in relation to the surveyed market as further described below. See *Executive Compensation Determining the Amount of Elements of Executives Compensation Overview*. We design base pay to provide the ongoing reward for each named executive officer's work and contribution and to be competitive in attracting or retaining the executive. Once base pay levels are initially determined, increases in base pay are provided generally on an annual basis to recognize specific performance achievements. This pay for performance approach provides higher levels of annual increases if the results merit greater rewards.

Equity-Based Awards. We design our equity programs to be both reasonable and competitive in relation to the market. We monitor the market and applicable accounting, corporate, securities and tax laws and regulations and adjust our equity programs as appropriate. Stock options are designed to reflect and reward a high level of sustained individual performance over time, as reflected in improved overall company value. As described in more detail below, we design equity-based compensation, including stock options and other forms of equity compensation, to help retain talent over a period of time and to provide named executive officers with a long-term reward that aligns their interests with those of our stockholders. A number of factors are considered when determining the size of stock option grants, including competitive market factors, named executive officer performance, retention value, and a review of the named executive officer's overall compensation package, which takes into account our approach in base pay and variable pay, as described below. Initial option grants upon hire are generally designed to attract experienced executives with established records of success and help retain them over the long term. Subsequent grants to named executive officers are designed to ensure that equity compensation remains competitive in relation to similar companies within similar high technology industries, and named executive officers whose skills and results we deem to be critical to our long-term success are eligible to receive higher levels of equity-based compensation. Prior to our initial public offering in November 2009, stock option grants to our named executive officers were recommended by the Compensation Committee to our Board of Directors, which made the final determination as to whether to grant any stock option to a named executive officer. Following our initial public offering, the Board of Directors delegated to the Compensation Committee the authority to grant equity-based awards to our named executive officers, although the Board retained the right to approve such awards as well.

Variable Pay. Consistent with our pay for performance philosophy, rewarding performance through variable pay is an important element of named executive officer compensation. We design our variable pay programs to be both reasonable and competitive in relation to the market. We monitor the market and consider adjusting our variable pay programs as needed for our named executive officers, including taking into account changes in the industry and technology space. Our senior management incentive bonus program is designed to motivate our named executive officers to achieve overall goals by paying more for outstanding results and at the same time is structured to avoid entitlements, to align actual payouts with the actual results achieved by a named executive officer and to be easy to understand and administer. The variable pay incentives are based on a formulaic assessment of our financial performance and an assessment of each individual's performance. The Compensation Committee has the discretion to increase or decrease a payout under the variable pay programs at any time in the event that it determines that circumstances warrant adjustment. A key factor in this process is executive peer review. The executive peer review offers named executive officers the opportunity to review the performance of certain other executives, including other named executive officers, on a quarterly basis and submit those reviews for consideration by our Compensation Committee when determining if variable pay objectives have been satisfied. Executives provide feedback, on a confidential basis, regarding their peers' performance in delivering results contributing to company objectives while maintaining productive working relationships. We believe the executive peer review motivates named executive officers to achieve and exceed expectations and to work together in a productive fashion.

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Benefits Programs. We provide our named executive officers the following benefits: employee retirement, health and welfare benefits, such as our 401(k) retirement plan, group health insurance plans, and life, disability and accidental death insurance plans. Our named executive officers generally receive the same benefits as those provided to our other U.S. employees and do not receive additional perquisites. Our employee benefits programs are typically established and adjusted by our human resources department with approval, as necessary, from senior management.

Determining the Amount of Elements of Executives Compensation

Overview. In analyzing elements of our compensation program in 2009, we continued to rely on the 2007 compensation analysis from Compensia Inc. As part of its analysis, Compensia considered the compensation practices of the following set of technology companies, which are predominantly headquartered in California and in the security and/or networking industries and which had between 250 and 1,100 employees as of the fiscal year prior to the date of the analysis:

Actel Corporation	Novatel Wireless, Inc.
Blue Coat Systems, Inc.	Opsware, Inc.
CommVault Systems, Inc.	Packeteer, Inc.
Digi International, Inc.	Radisys Corporation
Extreme Networks, Inc.	Riverbed Technology, Inc.
F5 Networks, Inc.	Secure Computing Corporation
Foundry Networks, Inc.	SonicWALL, Inc.
Internap Network Services Corporation	Synaptics, Incorporated
Interwoven, Inc.	Websense, Inc.

We selected Compensia based on references and the firm's reputation as an expert in compensation practices and industry practice.

With respect to consultation services related to executive compensation for fiscal 2010, the Compensation Committee engaged Radford because of its expertise and reputation. Besides this engagement, Fortinet has only engaged Radford for the limited purpose of gaining access to the

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compensation data that Radford compiles. With respect to Radford's engagement by the Compensation Committee in fiscal 2010, Radford considered the compensation practices of the set of technology companies below, each of which had annual revenues ranging from approximately \$76 million to \$962 million, market capitalization generally ranging from \$250 million to \$4 billion, and between 281 and 3,297 employees.

ArcSight, Inc.

NetSuite Inc.

Aruba Networks, Inc.

Riverbed Technology, Inc.

Blue Coat Systems, Inc.

ShoreTel, Inc.

CommVault Systems, Inc.

SonicWall, Inc.

Emdeon Inc.

Sourcefire, Inc.

Extreme Networks, Inc.

Starent Networks

F5 Networks, Inc.

VeriSign, Inc.

Infinera Corporation

Websense, Inc.

NetScout Systems, Inc.

Base Pay. As part of our annual performance review process and review of named executive officers' compensation, early each year the Compensation Committee, with input from Mr. Ken Xie for Messrs. Goldman and Whittle, assesses the performance levels of the named executive officers, based on factors such as company performance, division performance and individual performance. As part of this assessment, the Compensation Committee considers whether to increase the base pay of the named executive officers and, if so, by how much.

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The Compensation Committee targets competitive base pay taking into consideration the named executive officer's expertise, position, past contributions to Fortinet and potential future contributions to Fortinet. Based on this assessment, in January 2009, the Compensation Committee raised the base pay of Mr. Ken Xie by 3% to \$319,300, Mr. Goldman by 3% to \$309,000, Mr. Michael Xie by 3% to \$283,250, and Mr. Whittle by 5% to \$252,000.

In establishing our 2010 compensation framework for base pay, and in consultation with Radford, the Compensation Committee decided to target base pay at approximately the 50th percentile of competitive market data. Based on the data provided by Radford, we determined that the base pay of each of our named executive officers was below the 50th percentile market data. As a result, in January 2010, the Compensation Committee raised the base pay of Mr. Ken Xie by 3% to \$328,879, Mr. Goldman by 3% to \$318,270, Mr. Michael Xie by 3% to \$291,747, and Mr. Whittle by 5% to \$264,600. These increases brought the base pay of our named executive officers to just above the 50th percentile of market data, with the exception of Mr. Ken Xie, whose base pay was slightly below the 50th percentile of Radford market data.

Equity-Based Awards. In allocating stock options to our named executive officers in 2009, our Board of Directors exercised its judgment and considered, among other things, the role and contribution of the named executive officer, the amount of stock-based equity compensation already held by the executive, and the cash-based compensation received by the named executive officer. With respect to the level of equity-based compensation, we considered existing guidelines while taking equity ownership and previously granted stock options into account.

Fortinet has an annual stock option refresh grant program, with refresh stock options typically being granted in the first quarter of each year, designed to reward and help retain employees based on performance and potential. In consideration of their leadership and strategic contributions, each of our named executive officers qualified for annual refresh grants for 2009 and, in January 2009, the Board granted an option to purchase 100,000 shares of common stock to Mr. Ken Xie, an option to purchase 100,000 shares of common stock to Mr. Goldman, an option to purchase 100,000 shares of common stock to Mr. Michael Xie, and an option to purchase 70,000 shares of common stock to Mr. Whittle. For each named executive officer, the Board considered our refresh equity guidelines and the individual's contributions and performance to business goals. Each of these stock options has an exercise price of \$7.47 per share, the fair market value of Fortinet's common stock as determined by our Board of Directors on the grant date, and vests over four years. Based on his leadership, strategic contributions and potential future contributions, each named executive officer qualified for annual refresh grants again in 2010, and, in January 2010, the Compensation Committee approved an option to purchase 50,000 shares of common stock for Mr. Ken Xie, an option to purchase 50,000 shares of common stock for Mr. Goldman, an option to purchase 25,000 shares of common stock for Mr. Michael Xie, and an option to purchase 25,000 shares of common stock for Mr. Whittle. For each named executive officer, the Compensation Committee considered our refresh equity guidelines, Radford's analysis, and the individual's contributions and performance to business goals. Each of these stock options has an exercise price of \$16.86 per share, set in accordance with Fortinet's Equity Award Grant Policy discussed in *Executive Compensation Timing of Equity Awards* below, and vest over four years.

Variable Pay. Our 2009 compensation framework of variable pay for our executives was based on a 60th percentile target against the Compensation peer group discussed above and survey data, and we determined that our total cash compensation levels in general were competitive especially in light of the potential value of equity holdings. Based in part on the determination that this level of variable pay was competitive, we continued to set our variable pay targets for our named executive officers at 30% of base pay in 2009, and we have continued to set our variable pay targets at 30% of base pay so far in 2010.

We determine the executive's actual level of variable compensation by assessing the named executive officer's actual results, and rewarding the executive in accordance with the terms of the variable pay programs. In developing the framework, we seek to set total cash compensation (base salary plus variable pay) to meet our

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goal of ensuring that our cash compensation levels are competitive and to enable us to retain our named executive officers.

Our variable pay programs for named executive officers fall under our 2009 Senior Management Incentive Bonus Program (the "Bonus Program"). We based the Bonus Program funding on achievement of revenue and operating profit or loss targets. Revenue-based targets determine 75% of the funding of the Bonus Program and operating profit or loss objectives determine 25% of the funding of the Bonus Program. We weight the Bonus Program more heavily toward achieving revenue over operating profit or loss targets because we believe that, at this stage, revenues will drive our long-term success and result in greater opportunity for profit in the future. We believe it is important for our executives to monitor expenses as well, so we also base a portion of the Bonus Program funding on operating profit or loss targets. Because revenue is the primary source for funding the Bonus Program, 85% of revenue goals must be achieved to fund the revenue portion of the Bonus Program. In addition, 100% of the operating profit or loss objectives must be met to fund the 25% of the operating profit or loss portion of the Bonus Program. To the extent that revenue targets are achieved to fund the revenue portion of the Bonus Program, the bonus pool is funded on a graduated basis. This continues on a linear basis, increasing funding by 3.33% for every additional 1% of performance up to 100%. For instance, at 85% achievement of the revenue bonus funding target, the revenue portion of the Bonus Program would be funded at 50%. At 95% achievement of the revenue bonus target, the revenue portion of the Bonus Program would be funded at 83%. For every 1% achievement in excess 100% of the target, the revenue portion of the Bonus Program would increase funding by 2% up to a maximum 200% of bonus funding for 150% achievement of the revenue target. Awards and performance are subject to quarterly performance targets, and bonuses can be funded on a quarterly basis upon successful or outstanding performance in a given quarter based on satisfaction of target objectives. However, quarterly funding of awards in our first, second and third fiscal quarters are capped at 100% and are not eligible for increased funding based on achievements in excess of 100% of target.

Individual target bonuses under the Bonus Program are expressed as a percentage of the named executive officer's base salary for 100% goal achievement. Our chief executive officer makes bonus recommendations to the Compensation Committee, taking into consideration company achievement versus the financial targets discussed above and peer review data, for Messrs. Goldman and Whittle, and the Compensation Committee in turn will give final approval after discussing the recommendations. In January 2009, the Compensation Committee approved pre-established bonus targets of up to 30% of base salary for each of the named executive officers for 100% goal achievement. The Compensation Committee approves bonuses for Messrs. Ken Xie and Michael Xie based upon the same criteria under the Bonus Program. See *Executive Compensation 2009 Summary Compensation Table* below.

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The Bonus Program is an internal incentive program based on internal revenue and operating income performance targets set at the beginning of the year. The targets were set at levels determined to be challenging and requiring substantial effort on the part of senior management. For 2009, we achieved our operating income target in each quarter and the full year and between 90% and 94% of the quarterly and annual revenue targets. We paid bonuses to our senior management for 2009 based on achievement of these corporate goals and made no substantial adjustments from the pre-established formula discussed above for anyone other than Mr. Whittle, for whom the Compensation Committee approved a bonus above the formulaic bonus, taking into consideration Mr. Whittle's contributions including assisting us with our initial public offering process. The charts below set forth our internal revenue and operating income performance targets compared to the revenue and operating income actually achieved, and the percentages of target revenue actually achieved.

Note: Bonus calculations are based on unaudited/preliminary revenue and operating income results. The revenue results used to calculate bonuses are considered a non-GAAP measure, derived based on GAAP revenue less any revenue from acquisitions or asset purchases. The operating income results are also considered a non-GAAP measure, derived based on GAAP operating income excluding stock-based compensation expense and the impact of acquisitions and asset purchases.

Benefits Programs. Our named executive officers receive the same employee benefits as our other U.S.-based employees. We design our employee benefits programs to be both cost-effective and competitive in relation to the market as well as compliant with applicable laws and practices. We adjust our benefits programs as needed based upon regular monitoring of applicable laws and practices and monitoring of the market.

Employment Offer Letters

In August 2009, we entered into employment offer letters with Mr. Goldman (effective August 24, 2007) and Mr. Whittle (effective October 18, 2006). The offer letters provide for at-will employment, base salary, eligibility to participate in the executive incentive bonus plan, standard employee benefit plan participation, and recommendations for initial stock option grants. The offers of employment were each subject to execution of a standard proprietary information, invention assignment, and arbitration agreement and proof of identity and work eligibility in the United States. The offer letters contain certain severance and change of control benefits in favor of the executives, which terms, in each case, have since been superseded by the Change of Control Severance Agreements discussed in more detail in the *Executive Compensation Severance Agreements and Change of Control Arrangements* section below.

Severance and Change of Control Agreements

In August 2009, we entered into severance agreements with Messrs. Ken Xie, Goldman, Michael Xie and Whittle. These arrangements provide for payments and benefits upon termination of their employment in

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specified circumstances, including following a change of control. These arrangements (including potential payments and terms) are discussed in more detail in the *Executive Compensation Potential Payments Upon Termination or Change of Control* section below. We believe that these severance agreements help us from a retention standpoint, and they are particularly necessary in an industry, such as ours, where there has been market consolidation. We believe that entering into these agreements helps the named executive officers maintain continued focus and dedication to their assigned duties to maximize stockholder value if there is a change of control. The terms of these agreements were determined after review by the Compensation Committee of our retention goals for each named executive officer, as well as analysis of market data, similar agreements established by our peer group, and applicable law.

Timing of Equity Awards

The Compensation Committee generally grants stock options to current executives and other current employees once per year. Such grants are typically approved at a meeting of the Compensation Committee held in the first quarter of the year. With respect to newly hired employees, our practice is typically to make stock grants at the first quarterly meeting of the Compensation Committee following such employee's hire date. When we were a private company, our Board of Directors had historically determined the exercise price of stock options based on third-party valuation reports as of a date concurrent with the option grant date. In January 2010, the Board adopted a new Equity Award Grant Policy, pursuant to which equity awards approved under this policy are granted effective as of the date that is the tenth trading day on the NASDAQ Global Market following the date of Fortinet's next quarterly earnings announcement following the Compensation Committee or Board meeting when such options were approved, and the exercise price for such stock options would be the Fair Market Value, typically the closing sales price of Fortinet's common stock, on that date that is the tenth trading day following the next quarterly earnings announcement.

Performance-Based Compensation and Financial Restatement

We have not implemented a policy regarding retroactive adjustments to any cash or equity-based incentive compensation paid to our executives and other employees where the payments were predicated upon the achievement of financial results that were subsequently the subject of a financial restatement.

Effect of Accounting and Tax Treatment on Compensation Decisions

In the review and establishment of our compensation programs, we consider the anticipated accounting and tax implications to us and our executives. In this regard, we may begin using restricted stock and/or restricted stock units as additional forms of equity compensation incentives in response to changes in the accounting treatment of equity awards. While we consider the applicable accounting and tax treatment, these factors alone are not determinative, and we also consider the cash and non-cash impact of the programs and whether a program is consistent with our overall compensation philosophy and objectives.

Section 162(m) of the Internal Revenue Code imposes limits on the amount of compensation that a public company may deduct in any one year for the compensation of the chief executive officer and other highly compensated executive officers, unless specific and detailed criteria are satisfied. Performance-based compensation (including stock options), as defined in the Internal Revenue Code, is fully deductible if the programs are approved by stockholders and meet other requirements. We have determined that we will not seek to limit executive compensation so that it is deductible under Section 162(m). However, from time to time, we may choose to structure our compensation programs to satisfy the requirements of Section 162(m). We seek to maintain flexibility in designing a comprehensive plan for our executives that promotes our corporate goals and therefore our Compensation Committee has not adopted a policy requiring all compensation to be deductible. Our Compensation Committee will continue to assess the impact of Section 162(m) on our compensation practices and determine what further action, if any, is appropriate.

Table of Contents**Compensation Committee Report**

The Compensation Committee oversees Fortinet's compensation policies, plans and benefit programs. The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management. Based on such review and discussions, the Compensation Committee has recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement.

Respectfully submitted by the members of the Compensation Committee of the Board of Directors

John Walecka (Chair)

Hong Liang Lu

Christopher B. Paisley

2009 Summary Compensation Table

The following table presents information concerning the compensation of the named executive officers for the fiscal years ended December 31, 2009 and December 28, 2008.

Name and Principal Position	Year	Salary (\$)	Option Awards (\$ (1))	Non-Equity Incentive Plan Compensation (\$ (2))	Total (\$)
Ken Xie	2009	319,300	266,010	79,506	664,816
<i>President and Chief Executive Officer</i>	2008	302,500	556,448	78,203	937,151
Kenneth Goldman	2009	309,000	266,010	79,750	654,760
<i>Vice President and Chief Financial Officer</i>	2008	300,000		69,216	369,216
Michael Xie	2009	283,250	266,010	67,869	617,129
<i>Vice President, Engineering and Chief Technical Officer</i>	2008	266,375	362,348	75,775	704,498
John Whittle	2009	252,000	186,207	79,000	517,207
<i>Vice President and General Counsel</i>	2008	235,000	110,060	74,000	419,060

- (1) The amounts in this column represent the aggregate grant date fair value in fiscal years 2009 and 2008, computed in accordance with FASB ASC Topic 718 (Compensation - Stock Compensation). The assumptions used in the valuation of these awards are set forth in the notes to our consolidated financial statements, which are included in our Annual Report on Form 10-K for the year ended December 31, 2009, filed with the SEC on March 5, 2010.
- (2) See *Executive Compensation Grants of Plan-Based Awards in Fiscal 2009* under the column *Estimated Future Payouts Under Non-Equity Incentive Plan Awards* for the amounts named executive officers were eligible to earn in fiscal 2009. See also *Executive Compensation Determining the Amount of Elements of Executives Compensation Variable Pay* for a discussion of how the Bonus Program works in operation.

Table of Contents**Grants of Plan-Based Awards in 2009**

The following table presents information concerning each grant of an award made to a named executive officer in fiscal 2009 under any plan.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards (1)			Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Option Awards (\$) (2)
		Threshold (\$)	Target (\$)	Maximum (\$)			
Ken Xie	1/28/2009	59,869	95,790	131,711	100,000	7.47	266,010
Kenneth Goldman	1/28/2009	57,938	92,700	127,463	100,000	7.47	266,010
Michael Xie	1/28/2009	53,109	84,975	116,841	100,000	7.47	266,010
John Whittle	1/28/2009	47,250	75,600	103,950	70,000	7.47	186,207

- (1) Reflects threshold, target and maximum target bonus amounts for fiscal 2009 performance under the Bonus Program, as described in *Executive Compensation Determining the Amount of Elements of Executives Compensation Variable Pay*.
- (2) Amounts shown do not reflect compensation actually received by the named executive officer. Instead, the amounts shown represent an aggregate grant date fair value of stock-related awards computed in accordance with FASB ASC Topic 718. The assumptions used in the valuation of these awards are set forth in the notes to our consolidated financial statements, which are included in our Annual Report on Form 10-K for the year ended December 31, 2009, filed with the SEC on March 5, 2010.

Table of Contents**Outstanding Equity Awards at 2009 Fiscal Year-End**

The following table presents information concerning unexercised options for each named executive officer outstanding as of the end of fiscal 2009.

Name	Grant Date (1)	Option Awards Number of Securities Underlying Unexercised Options (#)		Option Exercise Price (\$)	Option Expiration Date
		Exercisable	Unexercisable		
Ken Xie	3/1/2006	29,375(2)	625	2.15	3/01/2011
	7/20/2006	150,000(3)		2.365	7/20/2011
	2/7/2008	48,437(4)	26,563	7.47	2/07/2015
	7/31/2008	53,125	96,875	7.47	7/31/2015
	1/28/2009		100,000	7.47	1/28/2016
Kenneth Goldman	9/20/2007	337,500	262,500(5)	7.44	9/20/2017
	1/28/2009		100,000(6)	7.47	1/28/2016
Michael Xie	1/11/2005	200,000(3)		2.15	1/11/2010
	3/1/2006	29,375(2)	625	2.15	3/01/2011
	7/20/2006	50,000(3)		2.365	7/20/2011
	2/7/2008	18,228(7)	6,772	7.47	2/07/2015
	7/31/2008	44,270	80,730	7.47	7/31/2015
	1/28/2009		100,000	7.47	1/28/2016
John Whittle	10/26/2006	118,750(8)	31,250	2.40	10/26/2016
	4/23/2008	20,833	29,167	7.47	4/23/2015
	1/28/2009		70,000	7.47	1/28/2016

- (1) Reflects options granted under the 2008 Stock Plan or Amended and Restated 2000 Stock Plan, as applicable. Unless otherwise indicated below, all options granted to named executive officers vest over a four-year period, at a rate of 1/4th upon the first anniversary of the date of grant and then at a rate of 1/48th per month thereafter.
- (2) 1/4th of the shares vested on January 24, 2007 and 1/48th vest monthly thereafter.
- (3) The option is fully vested and immediately exercisable.
- (4) 1/4th of the shares vested on May 4, 2008 and 1/48th of the shares vest monthly thereafter.
- (5) The option vests monthly over four years beginning on September 20, 2007.
- (6) The option is held directly by G.V. Partners, L.P. for which Mr. Goldman serves as the managing member.
- (7) 1/4th of the shares vested on February 7, 2008 and 1/48th vest monthly thereafter beginning on February 29, 2008.
- (8) 1/4th of the shares vested on October 25, 2007 and 1/48th of the shares vest monthly thereafter.

2009 Option Exercises

The following table presents information concerning each exercise of stock options during fiscal 2009 for each of the named executive officers.

Name	Option Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$) (1)
Ken Xie	200,000	1,430,000

- (1) Reflects the difference between the fair market value of Fortinet common stock at the time of exercise on the exercise date and the exercise price of the option.

Table of Contents**Potential Payments Upon Termination or Change of Control*****Termination or Change of Control Arrangements***

Ken Xie. We have entered into a Change of Control Severance Agreement, dated August 7, 2009, with Ken Xie, our President and Chief Executive Officer under which he may receive certain benefits upon certain terminations of employment, provided that he has provided us with an executed release of claims and subject to non-solicitation and non-competition for a period of twelve months. This agreement provides that, if Mr. Ken Xie's employment is terminated without Cause, or if he terminates his employment with us for Good Reason, prior to a Change of Control or after twelve months following a Change of Control, he will be entitled to a severance payment in an amount equal to twelve months of his then-current base salary and twelve months of medical, dental, and/or vision benefits for him and/or his eligible dependents. If Mr. Ken Xie is terminated without Cause, or if he terminates his employment with us for Good Reason, within one year following a Change of Control, in addition to receiving twelve months of base salary (as in effect immediately prior to the Change of Control or his termination, whichever is greater) and twelve months of medical, dental, and/or vision benefits for him and/or his eligible dependents, Mr. Ken Xie's unvested equity awards will immediately vest and become exercisable in full, and our right of repurchase or reacquisition with respect to such awards will lapse. The awards will remain exercisable, to the extent applicable, following the termination for the period prescribed in the respective stock plan and agreement for each award. In the event any payment to Mr. Xie is subject to the excise tax imposed by Section 4999 of the Internal Revenue Code (as a result of a payment being classified as a parachute payment under Section 280G of the Internal Revenue Code), he will be entitled to receive such payment as would entitle him to receive the greatest after-tax benefit of either the full payment or a lesser payment which would result in no portion of such severance benefits being subject to excise tax.

Michael Xie and Kenneth Goldman. We have entered into Change of Control Severance Agreements, with each of Michael Xie, our Chief Technical Officer, dated August 7, 2009, and Kenneth Goldman, our Chief Financial Officer, dated August 7, 2009, under which each may receive certain benefits upon certain terminations of employment, provided that each has provided us with an executed release of claims and subject to non-solicitation and non-competition for a period of twelve months. These agreements provide that, if the executive's employment is terminated without Cause, or if the executive terminates his employment with us for Good Reason, prior to a Change of Control or after twelve months following a Change of Control, the executive will be entitled to a severance payment and/or benefits as determined by us in our sole discretion. If the executive is terminated without Cause, or if the executive terminates his employment with us for Good Reason, within one year following a Change of Control, the executive will receive a severance payment equal to six months of his base salary (as in effect immediately prior to the Change of Control or his termination, whichever is greater), twelve months of medical, dental, and/or vision benefits for him and/or his eligible dependents, and the unvested portion of his equity awards will immediately vest and become exercisable in full and our right of repurchase or reacquisition with respect to such awards will lapse. The awards will remain exercisable, to the extent applicable, following the termination for the period prescribed in the respective stock plan and agreement for each award. In the event any payment to the executive is subject to the excise tax imposed by Section 4999 of the Internal Revenue Code (as a result of a payment being classified as a parachute payment under Section 280G of the Internal Revenue Code), the executive will be entitled to receive such payment as would entitle him to receive the greatest after-tax benefit of either the full payment or a lesser payment which would result in no portion of such severance benefits being subject to excise tax.

John Whittle. We have entered into a Change of Control Severance Agreement, dated August 7, 2009 with John Whittle, our General Counsel, under which he may receive certain benefits upon certain terminations of employment, provided that he has provided us with an executed release of claims and subject to non-solicitation and non-competition for a period of twelve months. This agreement provides that, if Mr. Whittle's employment is terminated without Cause, or if he terminates his employment with us for Good Reason, he will be entitled to a severance payment equal to twelve months of base salary (as in effect immediately prior to the Change of Control or his termination, whichever is greater), twelve months of medical, dental and/or vision benefits for him and/or his eligible dependents and his unvested equity awards will immediately vest as to the awards that would have vested

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over the next twelve months and such accelerated awards become exercisable in full, and our right of repurchase or reacquisition with respect to such awards will lapse. If Mr. Whittle is terminated without Cause, or if he terminates his employment with us for Good Reason, within one year following a Change of Control, then in addition to receiving twelve months base salary, all of his unvested equity awards will fully vest and such accelerated awards become exercisable in full, and our right of repurchase or reacquisition with respect to such awards will lapse. The awards will remain exercisable, to the extent applicable, following the termination for the period prescribed in the respective stock plan and agreement for each award. In the event any payment to Mr. Whittle is subject to the excise tax imposed by Section 4999 of the Internal Revenue Code (as a result of a payment being classified as a parachute payment under Section 280G of the Internal Revenue Code), he will be entitled to receive such payment as would entitle him to receive the greatest after-tax benefit of either the full payment or a lesser payment which would result in no portion of such severance benefits being subject to excise tax.

For the purpose of our Change of Control Severance Agreements with the above-mentioned executives, Change of Control means:

- i. the acquisition by one person, or more than one person acting as a group (for these purposes, persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with us Person) that is or becomes the owner, directly or indirectly, of our securities representing fifty percent or more of the total voting power represented by our then outstanding securities (the Voting Securities); provided, however, that for the purposes of this subsection (i), the acquisition of additional securities by any one Person, who is considered to own more than fifty percent of the total voting power of our securities shall not be considered a Change of Control;
- ii. a change in the composition of the Board occurring within a twelve month period, as a result of which fewer than a majority of the directors are Incumbent Directors. Incumbent Directors will mean directors who either (A) are our directors as of the effective date of the Change of Control Severance Agreement or (B) are elected, or nominated for election, to the Board with the affirmative votes of a least a majority of the Incumbent Directors at the time of such election or nomination (but will not include an individual whose election or nomination is in connection with an actual or threatened proxy contest relating to the election of our directors);
- iii. the date of the consummation of a merger or consolidation between us and any other corporation that has been approved by our stockholders, other than a merger or consolidation which would result in our voting securities outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) fifty percent or more of the total voting power represented by our voting securities or such surviving entity outstanding immediately after such merger or consolidation, or our stockholders approve a plan of our complete liquidation; or
- iv. a change in the ownership of a substantial portion of our assets which occurs on the date that any person acquires (or has acquired during the twelve-month period ending on the date of the most recent acquisition by such person or persons) assets from us that have a total gross fair market value equal to or more than fifty percent of the total fair market value of all of our assets immediately prior to such acquisition or acquisitions; provided, however, that for purposes of this subsection (iv), the following shall not constitute a change in the ownership of a substantial portion of our assets: (1) a transfer to an entity that is controlled by our shareholders immediately after the transfer; or (2) a transfer of assets by us to: (A) a shareholder of ours (immediately before the asset transfer) in exchange for or with respect to our securities; (B) an entity, fifty percent or more of the total value or voting power of which is owned, directly or indirectly, by us; (C) a person, that owns, directly or indirectly, fifty percent or more of the total value or voting power of all our outstanding stock; or (D) an entity, at least fifty percent of the total value or voting power of which is owned, directly or indirectly, by a person described in subsection (C). For purposes of this clause (2), gross fair market value means the value of our assets, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

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Notwithstanding the foregoing, a transaction of ours that does not constitute a change of control event under Treasury Regulation 1.409A-3(i)(5)(v) or (vii) shall not be considered a Change of Control.

For the purposes of our change of control agreements with the above-mentioned executives, **Cause** means:

- i. an act of dishonesty made by the executive in connection with the executive's responsibilities as an employee and materially and adversely affects us;
- ii. the executive's conviction of, or plea of nolo contendere to, a felony or any crime involving fraud, embezzlement or any other act of moral turpitude;
- iii. the executive's gross misconduct that materially and adversely affects our reputation or business; or
- iv. the executive's continued intentional refusal to perform employment duties in a material fashion that materially and adversely affects our reputation or business, after the executive has received a written demand of performance from us which specifically sets forth the factual basis for our belief that the executive has not substantially performed his duties and has continues to refuse to cure such non-performance within thirty days after receiving such notice.

For the purpose of our change of control agreements with the above mentioned executives, **Good Reason** means the occurrence of one of more of the following events without the executive's express written consent:

- i. the assignment to the executive of any duties or the reduction of the executive's duties, either of which results in a material diminution in the executive's position or responsibilities with us in effect immediately prior to such assignment, or the removal of the executive from such position and responsibilities; provided, however, it being understood that a new position with a larger combined company does not alone constitute **Good Reason** if it is in the same area of operations and involves substantially the same duties and scope of responsibilities and management responsibility notwithstanding that the executive may not retain as senior of a title within the larger combined company as the executive's prior title;
- ii. a material reduction by us in the base salary of the executive; provided that, it being understood that a reduction by us by five percent or more in the base salary or bonus opportunity of the executive as in effect immediately prior to such reduction shall be deemed **Good Reason**;
- iii. a material change in the geographic location of the executive, provided that a change in geographic location to a facility or a location less than twenty-five miles from the executive's then-present location shall not be considered a material change in geographic location;
- iv. any material breach by us of any material provision of the Change of Control Severance Agreement; or
- v. our failure to obtain the assumption of the Change of Control Severance Agreement by any successor (whether direct or indirect and whether by purchase, merger, consolidation, liquidation or otherwise) to substantially all of our business and/or assets.

The executive may not resign for **Good Reason** without first providing us with written notice of the acts or omissions constituting the grounds for **Good Reason** within ninety days of the initial existence of the ground for **Good Reason** and a reasonable cure period of not less than thirty days following the date of such notice.

Table of Contents***Estimated Payments Upon Termination or Change in Control***

The following table provides information concerning the estimated payments and benefits that would be provided in the circumstances described above for each of the named executive officers. Except where otherwise noted, payments and benefits are estimated assuming that the triggering event took place on the last business day of fiscal 2009 (December 31, 2009), and the price per share of Fortinet's common stock is the closing price on the NASDAQ Global Market as of that date (\$17.57). There can be no assurance that a triggering event would produce the same or similar results as those estimated below if such event occurs on any other date or at any other price, or if any other assumption used to estimate potential payments and benefits is not correct. Due to the number of factors that affect the nature and amount of any potential payments or benefits, any actual payments and benefits may be different.

Name	Qualifying Termination Not Within One Year after a Change of Control (1)		Qualifying Termination Within One Year after a Change of Control (1)	
	Salary (2)	Acceleration of Equity Vesting (3)	Salary (2)	Acceleration of Equity Vesting (3)
Ken Xie (4)	328,879		328,879	2,266,361
Michael Xie (5)			145,874	1,903,408
Kenneth Goldman (5)			159,135	3,669,125
John Whittle (5)	264,600	939,077	264,600	1,475,649

- (1) A "Qualifying Termination" under the severance agreement is an involuntary termination without "Cause" or a voluntary resignation for "Good Reason," as defined below.
- (2) The severance amount related to base salary was determined based on base salaries in effect on March 31, 2010.
- (3) For individuals with partial equity award acceleration, the value is calculated by multiplying (a) the number of shares that would have vested over 12 months following December 31, 2009 by (b) the difference between \$17.57 (the per share closing stock price on December 31, 2009) and the exercise price. For individuals with full equity award acceleration, the value is calculated by multiplying (c) the number of unvested shares by (d) the difference between \$17.57 and the exercise price.
- (4) If severance is payable, the named executive officer is also eligible to receive reimbursement for insurance premium expenses incurred for group health insurance continuation coverage under Title X of the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended (COBRA) for a period of up to 12 months for his Qualifying Termination prior to or after a Change of Control. The value as of December 31, 2009 for 12 months of COBRA continuation coverage was \$20,902.
- (5) If severance is payable, the named executive officer is also eligible to receive reimbursement for insurance premium expenses incurred for group health insurance continuation coverage under COBRA for a period of up to 12 months after his Qualifying Termination within one year after a Change of Control. The value as of December 31, 2009 for 12 months of COBRA continuation coverage was \$20,902.

Table of Contents**Compensation of Directors****Compensation for Fiscal 2009**

The following table provides information concerning the compensation paid by us to each of our non-employee directors for fiscal 2009 Board service. Messrs. Ken Xie and Michael Xie, who are our employees, do not receive additional compensation for their services as a director.

Name	Fees Earned or Paid in Cash (\$)	Option Awards (\$)(1)(2)	Total (\$)
George Hara			
Hong Liang Lu	17,833	35,890	53,723
Greg Myers	25,333	35,890	61,223
Ko Nishimura (3)	9,097	143,558	152,655
Christopher B. Paisley.	28,000	35,890	63,890
David Tsang (4)			
John Walecka			

- (1) Amounts shown do not reflect compensation actually received by the director. Instead, the amounts shown represent an aggregate grant date fair value of stock-related awards in each fiscal year computed in accordance with FASB ASC Topic 718. The assumptions used in the valuation of these awards are set forth in the notes to our consolidated financial statements, which are included in our Annual Report on Form 10-K for the year ended December 31, 2009, filed with the SEC on March 5, 2010.
- (2) As of December 31, 2009, the aggregate number of shares underlying options outstanding for each of our non-employee directors was:

Name	Aggregate Number of Shares Underlying Options Outstanding
George Hara	90,000
Hong Liang Lu	60,000
Greg Myers	60,000
Ko Nishimura	
Christopher B. Paisley.	144,000
David Tsang	100,000
John Walecka	120,000

- (3) Mr. Nishimura resigned from our Board of Directors in July 2009.
- (4) Mr. Tsang resigned from our Board of Directors in October 2009 but held unexercised options as of December 31, 2009.

Standard Director Compensation Arrangements

In April 2008, our Board of Directors adopted a compensation policy applicable to all of the non-employee directors who are not significant stockholders, either personally or through their affiliation with venture capital investors. This compensation policy provides that each such non-employee director will receive the following compensation for Board services:

an annual cash retainer for serving on the Board of \$12,000, paid quarterly in arrears;

an annual cash retainer for serving in a non-chair position on the Audit Committee of \$8,000, on the Compensation Committee of \$5,000, and on the Nominating and Corporate Governance committee of \$3,000;

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an annual cash retainer for serving as the chairman of the Audit Committee of \$20,000, for serving as the chairman of the Compensation Committee of \$10,000 and for serving as the chairman of the Nominating and Corporate Governance committee of \$5,000;

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upon first joining the Board, an automatic initial grant of a stock option to purchase 48,000 shares of our common stock vesting monthly over a 48-month period; and

after completion of each full year of service, an additional annual grant of a stock option to purchase 12,000 shares of our common stock vesting monthly over a 48-month period.

The above policy was effective immediately for such non-employee directors who were new directors when the Board adopted such policy and would become effective for other such non-employee directors immediately after the full vesting of their prior option grants. On and effective as of April 22, 2010, our Board of Directors modified the timing of the additional annual grant of stock options such that such grant will be awarded to eligible directors at the Board meeting following the annual meeting of stockholders.

Termination or Change of Control Arrangements

We have entered into change of control agreements with each of the non-employee directors. These agreements provide that upon a Change of Control, 100% of the unvested equity awards held by such directors will immediately vest and become exercisable and to the extent applicable, our right of repurchase or reacquisition with respect to such awards will lapse.

Change of Control in our change of control agreements with our non-employee directors has the same meaning as used in our Change of Control Severance Agreements with the named executive officers. See *Potential Payments Upon Termination or Change of Control Termination or Change of Control Arrangements*.

Other Arrangements

Non-employee directors also have their travel, lodging and related expenses associated with attending Board or Committee meetings and for participating in Board-related activities paid or reimbursed by Fortinet.

Equity Compensation Plan Information

The following table summarizes the number of outstanding options, warrants and rights granted to employees and directors, as well as the number of securities remaining available for future issuance, under Fortinet's equity compensation plans as of December 31, 2009.

	(a)	(b)	(c)
Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (#)	Weighted-average exercise price per share of outstanding options, warrants and rights (\$)	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)	17,205,165	5.05	9,049,471
Equity compensation plans not approved by security holders			
Total	17,205,165	5.05	9,049,471

(1) Includes the following plans: 2009 Equity Incentive Plan, 2008 Stock Plan and Amended and Restated 2000 Stock Plan.

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CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Related Party Transactions

Investors Rights Agreement

We have entered into an investors rights agreement with certain holders of our common stock that provides for certain rights relating to the registration of their shares of common stock, including those issued upon conversion of their previously-held preferred stock.

Employment of Family Members

Victor Tsang and Steven Tsang, two sons of David Tsang, the former non-executive Chairman of our Board of Directors who retired in October 2009, are our employees. Amounts paid by us to the two sons totaled \$166,000 during our 2009 fiscal year.

Japan Lease

In February 2008, our subsidiary in Japan, Fortinet Japan K.K. (Fortinet Japan) entered into a fixed-term sublease agreement with Defta Management Ltd., an entity affiliated with one of our directors, George Hara, whose term is expiring at the 2010 Annual Meeting and is not being nominated for re-election, pursuant to which Fortinet Japan has occupied office space located in Tokyo, Japan since February 2008. Under the sublease agreement, Fortinet Japan has the right to occupy the leased property until December 31, 2009 and is obligated to pay rent of 79 million Japanese yen per year (approximately US\$0.8 million), excluding taxes. In connection with the sublease, Fortinet Japan provided Defta Management with a deposit of 36 million Japanese yen (approximately US\$0.4 million) to secure its obligations under the sublease. For the year ended December 31, 2009, we paid \$917,000 for office rent and operating expenses to Defta. We vacated the property at the end of the lease term and paid lease restoration costs of \$144,984 to Defta.

Distribution Agreement

Kent Hara, the brother of George Hara, one of our directors whose term is expiring at the 2010 Annual Meeting and is not being nominated for re-election, is the president of Datacontrol Co., Ltd., a distributor of our products in Japan. George Hara owns a minority interest in Datacontrol. Prior to 2009, Datacontrol purchased our products from one of our distributors and resold them. In January 2009, we entered into a distribution agreement with Datacontrol, pursuant to which Datacontrol purchases products directly from us and distributes them in Japan. Since January 1, 2009, Datacontrol has purchased an aggregate \$3.5 million worth of our products under the distribution agreement.

Change of Control Agreements

We have entered into change of control agreements with our non-executive directors as described in *Compensation of Directors Termination or Change of Control Arrangements* above, and we have entered into Change of Control Severance Agreements with certain of our executive officers as described in *Potential Payments Upon Termination or Change of Control Termination or Change of Control Arrangements* above.

Indemnification of Officers and Directors

Our amended and restated certificate of incorporation and bylaws provide that we will indemnify each of our directors and officers to the fullest extent permitted by Delaware law. In addition, we have entered into indemnification agreements with each of our directors and executive officers.

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Review of Related Party Transactions

In accordance with the charter for the Audit Committee of the Board of Directors, our Audit Committee is responsible for reviewing and approving any related party transaction. Prior to the creation of our Audit Committee, our full Board of Directors reviewed related party transactions.

All of the transactions set forth above were approved or ratified by our Board of Directors or Audit Committee. We believe that we have executed all of the transactions set forth above on terms no less favorable to us than we could have obtained from unaffiliated third parties. We intend to ensure that all future transactions between us and our officers, directors and principal stockholders and their affiliates are approved by our Audit Committee on terms no less favorable to us than those that we could obtain from unaffiliated third parties.

For purposes of these procedures, related person and transaction have the meanings contained in Item 404 of Regulation S-K.

The individuals and entities that are considered related persons include:

Directors, nominees for director and executive officers of Fortinet;

Any person known to be the beneficial owner of five percent or more of Fortinet's common stock (a 5% Stockholder); and

Any immediate family member, as defined in Item 404(a) of Regulation S-K, of a director, nominee for director, executive officer and 5% Stockholder.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Under Section 16 of the Exchange Act, Fortinet's directors, executive officers and any persons holding more than 10% of the Fortinet's common stock are required to report initial ownership of the Fortinet common stock and any subsequent changes in ownership to the SEC. Specific due dates have been established by the SEC, and Fortinet is required to disclose in this proxy statement any failure to file required ownership reports by these dates. Based solely upon the copies of Section 16(a) reports that Fortinet received from such persons for their 2009 fiscal year transactions, and the written representations received from certain of such persons that no reports were required to be filed for them for the 2009 fiscal year, Fortinet is aware of no late Section 16(a) filings.

Table of Contents**OWNERSHIP OF SECURITIES**

The following table sets forth certain information regarding the beneficial ownership of Fortinet's common stock, as of March 31, 2010, for the following:

each person (or group of affiliated persons) who is known by us to beneficially own 5% of the outstanding shares of our common stock;

each of our non-employee directors and nominees;

each of our executive officers named in the Summary Compensation Table of this proxy statement; and

all directors and current executive officers of Fortinet as a group.

	Shares Beneficially Owned (#) (2)	Percentage Beneficially Owned (%) (2)
5% Stockholders, Directors and Officers (1)		
5% Stockholders:		
Entities affiliated with Redpoint Ventures (3)	7,994,119	11.9
Entities affiliated with Meritech Capital (4)	5,736,168	8.5
FMR LLC (5)	3,599,940	5.3
Non-Employee Directors and Nominees:		
George Hara (6)	2,130,516	3.2
Hong Liang Lu (7)	28,250	*
Greg Myers (7)	28,250	*
Christopher B. Paisley (7)	111,000	*
John Walecka (8)	8,114,119	12.0
Pehong Chen		*
Named Executive Officers:		
Ken Xie (9)	10,714,875	15.8
Kenneth Goldman (10)	433,333	*
Michael Xie (11)	7,638,852	11.3
John Whittle (7)	183,749	*
All directors and current executive officers as a group (9 persons) (12)	29,382,944	42.6

* Represents less than 1% of the total.

(1) Unless otherwise indicated in the table, the address for each listed person is c/o Fortinet, Inc., 1090 Kifer Road, Sunnyvale, California 94086.

(2) The number and percentage of shares beneficially owned is determined under rules of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares as to which the individual has sole or shared voting power or investment power and also any shares which the individual has the right to acquire within 60 days of March 31, 2010, through the exercise of any stock option or other right. Unless otherwise indicated in the footnotes, each person has sole voting and investment power (or shares such powers with his or her spouse) with respect to the shares shown as beneficially owned. Percentage beneficially owned is based on 67,377,178 shares of common stock outstanding on March 31, 2010.

(3) Includes (i) 7,813,452 shares held of record by Redpoint Ventures II, L.P. ("RV II"); and (ii) 180,667 shares held of record by Redpoint Associates II, LLC ("RA II"). Redpoint Ventures II, LLC ("RV II LLC") serves as the sole general partner of RV II. As such, RV II LLC

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possesses shared voting and dispositive power with respect to the shares held by RV II and may be deemed to have indirect beneficial ownership of the shares held by RV II. Each of Jeff Brody, R. Thomas Dyal, Timothy Haley, G. Bradford Jones, John Walecka and Geoffrey Yang holds voting and dispositive power over the shares held by Redpoint Ventures II, L.P. and

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- Redpoint Associates II, L.L.C. Each of Messrs. Brody, Dyal, Haley, Jones, Walecka and Yang disclaims beneficial ownership of the shares held by these entities except to the extent of their respective individual pecuniary interest therein. The address of each of these entities and individuals is 3000 Sand Hill Road, Bldg. 2, Suite 290, Menlo Park, California 94025.
- (4) Includes (i) 5,550,890 shares held of record by Meritech Capital Partners II L.P. (MCP II); (ii) 142,830 shares held of record by Meritech Capital Associates II L.P. (MCA II); and (iii) 42,448 shares held of record by MCP Entrepreneur Partners II L.P. (MEP II). Meritech Capital Associates II L.L.C. (MCA II) is the general partner of MCP II, MCA II and MEP II, and may be deemed to have indirect beneficial ownership of shares of the issuer directly owned by MCP II, MCA II and MEP II. Meritech Management Associates II L.L.C. (MMA II) as a managing member of MCA II and Paul Madera and Michael Gordon as managing members of MMA II may be deemed to have indirect beneficial ownership of shares held directly by MCP II, MCA II and MEP II. Messrs. Madera and Gordon disclaim beneficial ownership of the shares held by these entities except to the extent of their respective individual pecuniary interest therein. The address of these entities and individuals is 245 Lytton Avenue, Suite 350, Palo Alto, California 94301.
- (5) Based on the most recently available Schedule 13G filed with the SEC on February 16, 2010, includes (i) 3,567,860 shares beneficially owned by Fidelity Management & Research Company (Fidelity) in its capacity as an investment advisor; (ii) 28,530 shares beneficially owned by Pyramis Global Advisors, LLC (PGALLC), in its capacity as an investment advisor; and (iii) 3,550 shares beneficially owned by Pyramis Global Advisors Trust Company (PGATC), in its capacity as an investment advisor. Fidelity is a wholly-owned subsidiary of FMR LLC, a parent holding company. PGALLC and PGATC are indirect wholly-owned subsidiaries of FMR LLC. The address of Fidelity is 82 Devonshire Street, Boston, Massachusetts 02109. The address of PGALLC and PGATC is 900 Salem Street, Smithfield, Rhode Island, 02917.
- (6) Includes (i) 866,668 shares held of record by Defta Alliance Fund II, L.P. (DAF); (ii) 533,333 shares held of record by Cobra Management, LLC (Cobra Mgmt); (iii) 336,000 shares held of record by Defta Fortinet Holdings, LP (DFH); (iv) 213,334 shares held of record by Defta Ubiquitous Technologies, LP (DUT); (v) 91,181 shares held of record by Defta Archipelago, LLC (DA); and (vi) 90,000 shares issuable upon exercise of options exercisable within 60 days of March 31, 2010. Mr. Hara is a managing member of Cobra Mgmt and Cobra International and a director of Defta, Inc. Cobra Mgmt is the general partner of DAF and DFH. Cobra International is the general partner of DUT and DCC. Defta, Inc. is the manager of DA. Mr. Hara disclaims beneficial ownership of the shares held by these funds except to the extent of his pecuniary interest therein.
- (7) All shares are issuable upon exercise of options exercisable within 60 days of March 31, 2010.
- (8) Includes (i) the shares listed in footnote (3) above, which are held by entities affiliated with Redpoint Ventures; and (ii) 120,000 shares issuable upon exercise of options exercisable within 60 days of March 31, 2010. Mr. Walecka is a founding partner of Redpoint Ventures and holds voting and dispositive power over the shares held by the entities affiliated with Redpoint Ventures. Mr. Walecka disclaims beneficial ownership of the shares held by the entities affiliated with Redpoint Ventures except to the extent of his individual pecuniary interest therein.
- (9) Includes (i) 6,198,499 shares held of record by Mr. Ken Xie; (ii) 590,584 shares held of record by The Ken Xie 2007 Annuity Trust dated September 25, 2007 for which Mr. Ken Xie serves as trustee; (iii) 1,500,000 shares held of record by The Ken Xie 2009 Grantor Retained Annuity Trust dated September 10, 2009 for Mr. Ken Xie serves as trustee; (iv) 590,584 shares held of record by The Winnie Hiu-Yin Lee 2007 Annuity Trust dated September 25, 2007 for which Mr. Ken Xie's spouse serves as trustee; (v) 1,500,000 shares held of record by The Winnie Hiu-Yin Lee 2009 Grantor Retained Annuity Trust dated September 10, 2009 for which Mr. Ken Xie's spouse serves as trustee; and (vi) 335,208 shares issuable upon exercise of options exercisable within 60 days of March 31, 2010.
- (10) All shares are issuable upon exercise of options exercisable within 60 days of March 31, 2010 and include 33,333 shares held directly by G.V. Partners, L.P. for which Mr. Goldman serves as the managing member.
- (11) Includes (i) 7,450,000 shares held directly by Mr. Michael Xie and (ii) 188,852 shares issuable upon exercise of options exercisable within 60 days of March 31, 2010.
- (12) Includes (i) 27,864,302 shares held of record by the current directors and executive officers; and (ii) 1,518,642 shares issuable upon exercise of options exercisable within 60 days of March 31, 2010.

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AUDIT COMMITTEE REPORT

The Audit Committee assists the Board of Directors in fulfilling its responsibilities for oversight of the integrity of Fortinet's financial statements, our internal accounting and financial controls, our compliance with legal and regulatory requirements and the qualifications, independence and performance of our independent registered public accounting firm.

The management of Fortinet is responsible for establishing and maintaining internal controls and for preparing Fortinet's consolidated financial statements. The independent registered public accounting firm is responsible for auditing the financial statements. It is the responsibility of the Audit Committee to oversee these activities.

The Audit Committee has:

Reviewed and discussed the audited financial statements with Fortinet management and with Deloitte & Touche LLP, Fortinet's independent registered public accounting firm;

Discussed with Deloitte & Touche LLP the matters required to be discussed by the Statement on Auditing Standards No. 61, *Communications with Audit Committees*, as amended, and as adopted by the Public Company Accounting Oversight Board; and

Received the written disclosures and the letter from Deloitte & Touche LLP required by applicable requirements of the Public Company Accounting Oversight Board regarding Deloitte & Touche LLP's communications with the Audit Committee concerning independence and has discussed with Deloitte & Touche LLP its independence.

Based upon these discussions and review, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in Fortinet's Annual Report on Form 10-K for the fiscal year ended December 31, 2009 for filing with the United States Securities and Exchange Commission.

Respectfully submitted by the members of the Audit Committee of the Board of Directors

Greg Myers (Chairman)

Christopher B. Paisley

John Walecka

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OTHER MATTERS

Fortinet knows of no other matters to be submitted at the 2010 Annual Meeting. If any other matters properly come before the 2010 Annual Meeting, it is the intention of the persons named in the proxy to vote the shares they represent as the Board of Directors may recommend. Discretionary authority with respect to such other matters is granted by a properly submitted proxy.

It is important that your shares be represented at the 2010 Annual Meeting, regardless of the number of shares that you hold. You are, therefore, urged to vote as instructed in the Notice, via the Internet or by telephone as promptly as possible to ensure your vote is recorded.

THE BOARD OF DIRECTORS

Sunnyvale, California

April 29, 2010

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