

Case Study: Citrix Systems

Key Takeaways

- In June 2015, Elliott announced an equity stake in Citrix Systems, a leader in application and desktop virtualization solutions. In July, Citrix announced an agreement with Elliott providing that two new directors, including one Elliott employee representative, would replace existing directors on the Board.
- In addition, Citrix's longtime CEO, Mark Templeton, announced his retirement. Citrix's Board formed a CEO Search Committee to lead the search effort for a replacement and a new Operations Committee to implement significant operational changes. As part of the agreement, it was decided Elliott's employee representative would serve on both committees.
- Citrix continues to execute on various operational and strategic initiatives.

The Facts

- On June 11, 2015, Elliott's senior portfolio manager, Jesse Cohn, sent a letter of introduction requesting a meeting with Citrix's board of directors. In the letter, Cohn explained, "We believe that Citrix can achieve a stock price of \$90 – \$100+ per share by the end of 2016," an increase in stockholder value of approximately 50 percent. Included in this letter was Elliott's outline for a new Citrix operating plan based on extensive research of its products, markets, strategy and portfolio. The plan focused on fundamental change and effective oversight. Elliott's strategy, as Cohn explained, comprised streamlining the company's cost structure; re-evaluating its high-value non-core assets; increasing capital allocation through a leveraged share buyback; and ensuring that a strong and capable Board oversees and holds management accountable, especially given the recent turnover in senior management at Citrix.
- Leading up to its 2016 annual meeting of shareholders, Citrix released a statement saying it had responded to Elliott's letter and suggestions with a spirit of open

communication and transparency. By the close of June 11, 2015, Citrix's shares rose by 6.7 percent, whereas it had gained just 2.8 percent in the preceding 12 months.

- 7/28/2015: Citrix announced a "cooperation agreement" with Elliott. Under the agreement, Jesse Cohn was appointed Citrix's board and Citrix and Elliott agreed to collaborate in appointing an additional independent director. The board also agreed to convene a four-director committee to evaluate Citrix's operations. Additionally, the board convened a committee to conduct a search for the successor to CEO Mark Templeton, who announced his retirement. Cohn was appointed to both committees. In return, Elliott agreed to a number of "standstill" provisions. By the close of July 28, 2015, Citrix's shares rose by 3.7 percent.
- 11/17/2015: Citrix announced that, in line with Elliott's recommendations, it would spin off its GoTo business into a listed company and that it would stop investing in certain programs and products and shut down non-core products over the next several months. In December 2015, Citrix named an additional independent director to its board with Elliott's approval. In return, Elliott agreed to vote in favor of Citrix's proposals and slate of directors at the 2016 annual meeting and at any subsequent annual meeting at which Cohn has been nominated for re-election.

Crucial Metrics

- 6/11/2015: Elliott Management disclosed a 7.1% stake in Citrix Systems.
- By the close of June 11, 2015, Citrix's shares rose by 6.7%, whereas it had gained just 2.8% in the preceding 12 months.
- By the close of July 28, 2015, Citrix's shares rose by another 3.7%.