

FORTINET INC
Form DEF 14A
April 30, 2019

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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 §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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Title of each class of securities to which transaction applies:

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Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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Proposed maximum aggregate value of transaction:

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Filing Party:

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Date Filed:

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NOTICE OF 2019 ANNUAL MEETING OF STOCKHOLDERS

Dear Fortinet Stockholder:

Notice is hereby given that the 2019 Annual Meeting of Stockholders (the “2019 Annual Meeting”) of Fortinet, Inc., a Delaware corporation, will be held on Friday, June 21, 2019, at 10:00 a.m. Pacific time, at Fortinet’s principal executive offices located at 899 Kifer Road, Sunnyvale, CA 94086, for the following purposes:

1.
To elect the five directors listed in the accompanying proxy statement to serve for a one-year term expiring at the 2020 Annual Meeting of Stockholders (the “2020 Annual Meeting”) 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, 2019.
3.
An advisory vote to approve named executive officer compensation.
4.
To approve the Amended and Restated 2009 Fortinet, Inc. Equity Incentive Plan (the “Amended Plan”).
5.
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 2019 Annual Meeting at the time and on the date specified above or at any time and date to which the 2019 Annual Meeting may be properly adjourned or postponed. Only stockholders of record at the close of business on April 24, 2019 are entitled to notice of, and to vote at, the 2019 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 24, 2019 will receive a Notice of Internet Availability of Proxy Materials and may vote at the 2019 Annual Meeting and any meetings pursuant to postponements or adjournments of the 2019 Annual Meeting. We expect to mail the Notice of Internet Availability of Proxy Materials on or about May 1, 2019.

Your vote is very important. Whether or not you plan to attend the 2019 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 2019 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,

Ken Xie
Chief Executive Officer and Chairman of the Board
of Directors

Sunnyvale, California
April 30, 2019

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FORTINET, INC.
899 Kifer Road
Sunnyvale, CA 94086

PROXY STATEMENT
FOR 2019 ANNUAL MEETING OF STOCKHOLDERS
QUESTIONS AND ANSWERS ABOUT THE 2019 ANNUAL MEETING AND
PROCEDURAL MATTERS

Q:
Why am I receiving these materials?

A:
The Board of Directors of Fortinet, Inc. (the “Board of Directors”) is providing these proxy materials to you in connection with the solicitation of proxies for use at Fortinet’s 2019 Annual Meeting of Stockholders, to be held on Friday, June 21, 2019 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 May 1, 2019. Copies of our proxy materials and 2018 Annual Report are available at www.edocumentview.com/FTNT. The 2019 Annual Meeting will be held at Fortinet’s principal executive offices, located at 899 Kifer Road, Sunnyvale, CA 94086. The telephone number at that location is (408) 235-7700. As a stockholder, you are invited to attend the 2019 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 2019 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 instructions containing a link to those materials and a link to the proxy voting site.

Q:

Can I attend the 2019 Annual Meeting?

A:

You are invited to attend the 2019 Annual Meeting if you were a stockholder of record or a beneficial owner as of April 24, 2019 (the "Record Date"). You should bring proof of ownership and photo identification for entrance to the 2019 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 2019 Annual Meeting by calling (408) 235-7700.

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Q:

Who is entitled to vote at the 2019 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 177,755,145 shares of Fortinet common stock outstanding and entitled to vote at the 2019 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:

With respect to your shares that are registered directly in your name with Fortinet’s transfer agent, Computershare Trust Company, N.A. (“Computershare”), you are considered 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 2019 Annual Meeting.

With respect to your shares that 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 2019 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. Because a beneficial owner is not the stockholder of record, you may not vote these shares in person at the 2019 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 2019 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 listed on The Nasdaq Stock Market LLC (“Nasdaq”), the New York Stock Exchange (the “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, the advisory vote on named executive officer compensation or the approval of the Amended Plan.

•

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, 2019, because that matter is treated as routine under NYSE rules.

Because the proposals to be acted upon at the 2019 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.

A broker “non-vote” occurs when your broker, trustee or nominee does not vote on a particular proposal because the broker, trustee or nominee does not have discretionary voting power with respect to that item and has not received voting instructions from you as the beneficial owner.

Q:

How can I vote my shares in person at the 2019 Annual Meeting?

A:

Shares held in your name as the stockholder of record may be voted in person at the 2019 Annual Meeting. Shares held beneficially in street name may be voted in person at the 2019 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 2019 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.

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Q:

How can I vote my shares without attending the 2019 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 2019 Annual Meeting. There are three ways to vote by proxy:

By mail — If you are a stockholder of record, you may vote by submitting a proxy card; please refer to the voting instructions in the Notice or below. If you 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 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 Thursday, June 20, 2019 or by following the instructions at [www.edocumentview.com/ FTNT](http://www.edocumentview.com/FTNT). Most Fortinet stockholders who hold shares beneficially in street name may vote by accessing the website 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 2019 Annual Meeting?

A:

The presence of the holders of a majority of the issued and outstanding shares of our capital stock entitled to vote at the 2019 Annual Meeting is necessary to constitute a quorum at the 2019 Annual Meeting. Such stockholders are counted as present at the meeting if they (1) are present in person at the 2019 Annual Meeting or (2) represented by proxy.

Under Delaware law, abstentions and broker non-votes are counted as present and entitled to vote for purposes of determining whether a quorum is present at the 2019 Annual Meeting. However, as discussed above, under “What is the difference between holding shares as a stockholder of record or as a beneficial owner?” brokers have limited discretionary authority to vote shares that are beneficially owned and, therefore, are not entitled to vote on non-routine matters in the absence of voting instructions from the beneficial owner of such shares.

Q:

What proposals will be voted on at the 2019 Annual Meeting?

A:

The proposals scheduled to be voted on at the 2019 Annual Meeting are:

- The election of the five directors set forth in Proposal One to serve for a one-year term expiring at the 2020 Annual Meeting or until their respective successors are duly elected and qualified;
- The ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2019;
- An advisory vote to approve our named executive officer compensation; and

- The approval of the Amended Plan.

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

A:
We have a majority voting standard for uncontested elections of directors (Proposal One), which means that to be elected, a director nominee must receive a majority of the votes cast, i.e. the number of shares voted “FOR” a director nominee must exceed the votes cast “AGAINST” that nominee.

The affirmative vote of a majority of the shares of our common stock that are present in person or represented by proxy at the 2019 Annual Meeting and entitled to vote is required to ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm (Proposal Two), to approve the advisory resolution on named executive compensation (Proposal Three) and to approve the Amended Plan (Proposal Four).

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Q:

How are votes counted?

A:

You may vote “FOR” or “AGAINST” each of the nominees for election as director (Proposal One) and on the proposals to ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm (Proposal Two), to approve an advisory resolution on named executive compensation (Proposal Three) and to approve the Amended Plan (Proposal Four). You may also “ABSTAIN” from voting.

Abstentions are deemed to be shares present or represented by proxy and entitled to vote. Abstentions have no effect on Proposal One and the same effect as a vote against Proposals Two, Three and Four.

Broker non-votes are not deemed to be shares entitled to vote on and will have no effect on Proposals One, Three and Four. Brokers have discretionary authority to vote shares that are beneficially owned on Proposal Two. If a broker chooses not to vote shares for or against Proposal Two, it would have the same effect as an abstention.

All shares entitled to vote and represented by properly submitted proxies received prior to the 2019 Annual Meeting (and not revoked) will be voted at the 2019 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 five nominees for election as directors (Proposal One);
- “FOR” the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2019 (Proposal Two); and
- “FOR” the advisory resolution to approve named executive officer compensation (Proposal Three).
- “FOR” the approval of the Amended Plan (Proposal Four).

Q:

What happens if additional matters are presented at the 2019 Annual Meeting?

A:

If any other matters are properly presented for consideration at the 2019 Annual Meeting, including, among other things, consideration of a motion to adjourn the 2019 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 John Whittle, 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 2019 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 2019 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., 899 Kifer Road, Sunnyvale, CA 94086 prior to your shares being voted; or (3) by attending the 2019 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 (1) by 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 2019 Annual Meeting and voting in person.

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Q:

What happens if I decide to attend the 2019 Annual Meeting, but I have already voted or submitted a proxy card covering my shares?

A:

Subject to any rules your broker, trustee or nominee may have, you may attend the 2019 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 2019 Annual Meeting. Please be aware that attendance at the 2019 Annual Meeting will not, by itself, revoke a proxy.

If a broker, trustee or nominee beneficially holds your shares in street name and you wish to attend the 2019 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 2019 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 Computershare.

Q:

Where can I find the voting results of the 2019 Annual Meeting?

A:

We will announce preliminary voting results at the 2019 Annual Meeting. We will disclose final voting results in a Current Report on a Form 8-K filed with the SEC within four business days after the 2019 Annual Meeting.

Q:

Who will bear the cost of soliciting votes for the 2019 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.

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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 nominations 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 proxy statement for the 2020 Annual Meeting, stockholder proposals must be received by Fortinet's Corporate Secretary no later than January 1, 2020, 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 the 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 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 2020 Annual Meeting will start on February 17, 2020 and end on March 18, 2020.

If a stockholder who has notified Fortinet of such stockholder's intention to present a proposal at an annual meeting does not appear to present such stockholder's 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 2018 Annual Report?

A:

If you share an address with another stockholder, each stockholder may not receive a separate copy of our proxy materials and 2018 Annual Report. Stockholders who do not receive a separate copy of our proxy materials and 2018 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 2018 Annual Report by calling (408) 235-7700 or by writing to Fortinet, Inc., 899 Kifer Road, Sunnyvale, CA 94086, Attention: Investor Relations. Stockholders who share an address and receive multiple copies of our proxy materials and 2018 Annual Report can also request to receive a single copy by following the instructions above.

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PROPOSAL ONE

ELECTION OF DIRECTORS

General

The Board of Directors currently consists of eight members who are either serving one- or three-year terms. Following approval by our stockholders at the 2018 Annual Meeting of Stockholders (the “2018 Annual Meeting”), we filed an Amended and Restated Certificate of Incorporation (the “Restated Certificate”) in order to implement a gradual declassification of the Board of Directors and provide for the annual election of directors for one-year terms, commencing upon the expiration of the directors’ then-current terms. Accordingly, directors elected at the 2018 Annual Meeting (previously, the Class III directors) and the directors elected at the 2016 Annual Meeting of Stockholders (previously, the Class I directors) will stand for election for a one-year term expiring at the 2020 Annual Meeting. Beginning with the 2020 Annual Meeting, the entire Board of Directors will stand for election annually for one-year terms. Each director holds office until that director’s successor is duly elected and qualified. Our bylaws permit the Board of Directors to establish by resolution the authorized number of directors, and eight directors are currently authorized. Effective as of the 2019 Annual Meeting, the authorized number of directors will be decreased to seven directors.

Nominees

Five candidates have been nominated for election as directors at the 2019 Annual Meeting for a one-year term expiring at the 2020 Annual Meeting. Upon recommendation of the Governance Committee of the Board of Directors (the “Governance Committee”), the Board of Directors has nominated Ken Xie, Ming Hsieh, Gary Locke, Christopher B. Paisley and Judith Sim for election as 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 the Board of Directors and the Governance Committee to the conclusion that such nominee should serve as a director has been added following each of the director and nominee biographies.

Peter Cohen, who is currently serving on the Board of Directors, is not nominated for election at the 2019 Annual Meeting and his term as a director will end at the 2019 Annual Meeting. We thank Mr. Cohen for his distinguished service.

Each nominee 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 2019 Annual Meeting, the proxies will be voted for any nominee who may be proposed by the Governance Committee and designated by the present Board of Directors to fill the vacancy.

If you sign your proxy card 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 five nominees recommended by the 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 KEN XIE, MING HSIEH,
GARY LOCKE, CHRISTOPHER B. PAISLEY AND JUDITH SIM.

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Information Regarding the Board of Directors and Director Nominees

The names of the members of the Board of Directors and our proposed director nominees, their respective ages, their positions with Fortinet (as applicable) and other biographical information as of March 31, 2019, 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	56	Chief Executive Officer, Chairman of the Board of Directors and Director Nominee
Michael Xie	50	President, Chief Technology Officer and Director
Peter D. Cohen(1)(2)+	52	Director
Ming Hsieh(1)(3)	63	Director and Director Nominee
Gary Locke(2)(3)**	69	Director and Director Nominee
William H. Neukom(2)	77	Lead Independent Director
Christopher B. Paisley(1)(3)*	66	Director and Director Nominee
Judith Sim(1)(3)***	50	Director and Director Nominee

(1)
Member of the Audit Committee.

(2)
Member of the Governance Committee.

(3)
Member of the Human Resources Committee.

*
Chairperson of the Audit Committee.

**
Chairperson of the Governance Committee.

Chairperson of the Human Resources Committee.

+
Mr. Cohen is not a nominee for election at the 2019 Annual Meeting.

Ken Xie has served as our Chief Executive Officer and a member of our Board of Directors since he co-founded Fortinet in October 2000. He previously served as our President until November 2013. Prior to co-founding Fortinet, Mr. Ken Xie was the Founder, President and Chief Executive Officer of NetScreen Technologies, Inc., a provider of network security products, which was acquired by Juniper Networks, Inc. in April 2004. Additionally, Mr. Ken Xie was Chief Executive Officer of SIS, Inc. and is a member of the National Academy of Engineering. In addition to our Board of Directors, Mr. Ken Xie has served on the board of directors of TeleNav, Inc. since July 2012. Mr. Ken Xie received a B.S. and an M.S. in electrical engineering from Tsinghua University in China and an M.S. in electrical engineering from Stanford University.

Mr. Ken Xie has more than 25 years of technical and management experience in the networking and security industries, which includes his roles as a founder of Fortinet, NetScreen and SIS and as President and Chief Executive

Officer of each of the foregoing companies. The Board of Directors also believes Mr. Ken Xie provides valuable perspective and experience as a co-founder of Fortinet and one of its largest stockholders.

Michael Xie has served as our President and Chief Technology Officer since November 2013 and as a member of our Board of Directors since February 2001. He previously served as our Vice President of Engineering and Chief Technology Officer after co-founding Fortinet in October 2000. Prior to co-founding Fortinet, he held positions as Vice President of Engineering for ServGate Technologies, Inc., a network security provider that was acquired by Amarium 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. 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.

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Mr. Michael Xie has more than 20 years of technical and operational experience in the network security industry, which includes positions as the President and Chief Technology Officer of Fortinet, the Vice President of Engineering of ServGate and the Software Director and Architect of NetScreen. The Board of Directors believes that Mr. Michael Xie's deep technical knowledge is invaluable in developing and improving Fortinet's technology and network security products. The Board of Directors also believes Mr. Michael Xie provides valuable perspective and experience as a co-founder of Fortinet and one of its largest stockholders.

Peter D. Cohen has served as a member of our Board of Directors since July 2017. Since January 2016, Mr. Cohen has served as the Chief Executive Officer of Xendota, Inc., a cloud technology strategy and research company that Mr. Cohen co-founded. Since June 2014, Mr. Cohen has provided technology and business advisory services to various cloud computing companies. From May 2008 to June 2014, Mr. Cohen was the Director of Strategic Business Development and Corporate Development for Amazon Web Services, Inc., a cloud computing and infrastructure company. From September 2003 to May 2008, Mr. Cohen served in senior business and technical roles for AWS as a founding member of the company. Since August 2017, Mr. Cohen has also served as a strategic advisor to Bepin Global Co, Ltd., a cloud IT solutions company. Mr. Cohen received a B.A. in Slavic Languages and Literature from the University of Virginia in 1989.

Mr. Cohen's term as a member of our Board of Directors will end at the 2019 Annual Meeting, and we thank him for his distinguished service.

Ming Hsieh has served as a member of our Board of Directors since April 2013. Mr. Hsieh has served as the Chairman and Chief Executive Officer of Fulgent Therapeutics Inc., a cancer drug research and development company, since September 2012. From October 2010 to June 2012, Mr. Hsieh served as the President of 3M Cogent, Inc., a provider of global biometric identification solutions, following the acquisition of Cogent, Inc. by 3M Company in 2010. Prior to the acquisition, Mr. Hsieh served as the Chief Executive Officer, President and Chairman of the board of directors of Cogent since founding Cogent in 1990. Prior to that, Mr. Hsieh was a research and development engineer at International Rectifier Corporation, a manufacturer of semiconductors, from 1985 to 1987. Mr. Hsieh received a B.S.E.E. from the University of Southern California in 1983 and an M.S.E.E. from University of Southern California in 1984.

Mr. Hsieh has leadership, operational and executive experience by serving as Chief Executive Officer, President and Chairman of the board of directors of Cogent.

Gary Locke has served as a member of our Board of Directors since September 2015. Mr. Locke is the chairman of Locke Global Strategies LLC, through which he provides strategic advice and consulting services to businesses in the United States and China. Mr. Locke is the former Governor of the State of Washington, serving two consecutive terms from 1997 to 2005. With more than 20 years of public service leadership, Mr. Locke brings extensive knowledge on corporate and global issues related to the cybersecurity challenges of government organizations. From 2009 to 2011, Mr. Locke was the United States Secretary of Commerce. He also served as the United States Ambassador to China from 2011 until 2014. Mr. Locke has served on the board of directors of AMC Entertainment Holdings, Inc., an American movie theater chain, since February 2016 and on the board of directors of nLIGHT, Inc., a laser and semiconductor, since August 2017. In addition to his public service, Mr. Locke has extensive experience in international law and government relations. Mr. Locke received a B.A. in political science from Yale University and a J.D. from Boston University.

Mr. Locke has committed more than 20 years to public service and has extensive leadership and executive experience from his roles as the Governor of Washington, Secretary of Commerce and U.S. Ambassador to China.

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William H. Neukom has served as a member of our Board of Directors since January 2013 and has served as our Lead Independent Director since April 2018. Mr. Neukom is the Founder and Chief Executive Officer of the World Justice Project, an organization devoted to promoting the rule of law throughout the world. He is a retired partner in the Seattle office of the international law firm K&L Gates LLP and is a lecturer at Stanford Law School, where he teaches a seminar on the rule of law. He is a member of the Dean's Council at Stanford Law School and was its chair from 2012 to 2015. Mr. Neukom was the Chief Executive Officer of the San Francisco Giants major league baseball team from 2008 to 2011, and served as its Chairman Emeritus during 2012. He is a trustee emeritus of Dartmouth College, having served as chair of the board from 2004 to 2007, and was president of the American Bar Association from 2007 to 2008. Mr. Neukom was previously the lead lawyer for Microsoft Corporation for nearly 25 years, managing its legal, government affairs and philanthropic activities. He retired from Microsoft as its Executive Vice President of Law and Corporate Affairs in 2002, when he returned to Preston, Gates & Ellis LLP and served as the firm's chairman from 2003 until its merger with Kirkpatrick & Lockhart Nicholson Graham LLP in 2007. Mr. Neukom also serves on the board of several not-for-profit organizations. Mr. Neukom earned an A.B. from Dartmouth College and an LL.B. from Stanford University.

Mr. Neukom has business leadership, operational, legal and executive experience as a result of his service as Managing General Partner and Chief Executive Officer of San Francisco Baseball Associates, as President of the American Bar Association, as a partner at an international law firm and as the Executive Vice President of Law and Corporate Affairs for Microsoft. The Board of Directors believes that Mr. Neukom, with his experience with the technology industry and his expertise in legal, governance and compliance matters, brings a unique and valuable perspective to the Board of Directors.

Christopher B. Paisley has served as a member of our Board of Directors since February 2004 and served as our Lead Independent Director from July 2012 until April 2018. Since January 2001, Mr. Paisley has served as the Dean's Executive Professor of Accounting at the Leavey School of Business at Santa Clara University. Mr. Paisley also serves as lead independent director of Equinix, Inc., a provider of network colocation, interconnection and managed services, a member of the board of directors of Fitbit, Inc., a connected health and fitness company, and a member of the board of directors of Ambarella, Inc., a developer of low-power, high-definition video compression and image processing semiconductors. Mr. Paisley previously served as a director of Bridge Bank from August 2011 until June 2015, a director of Control4, a home automation company, from May 2006 until August 2015 and a director of YuMe, Inc., a provider of digital video brand advertising solutions, from November 2012 until its acquisition by RhythmOne plc in February 2018. 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 of 3Com Corporation and in other finance roles and currently as a professor in the field of accounting and finance. Mr. Paisley also has over 15 years of outside board experience at the aforementioned companies and numerous other public and private companies.

Judith Sim has served as a member of our Board of Directors since June 2015. Ms. Sim joined Oracle Corporation in 1991 and has held various customer-related and marketing positions at Oracle, including as its Chief Marketing Officer since 2005. Ms. Sim received a B.S. in dietetics from the University of California at Davis.

Ms. Sim has leadership and executive experience from her position as head of marketing programs at Oracle, including experience in field marketing, corporate communications, global customer programs, advertising, campaigns, events and corporate branding.

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Director Expertise, Experience and Attributes

Our Board of Directors is comprised of a diverse mix of directors with complementary expertise, experience and attributes, as summarized in the table below. Our directors may also have limited experience or attributes in addition to what is reflected in the “Number of Directors” column below. The “Number of Directors” column includes Peter Cohen, who is not nominated for election at the 2019 Annual Meeting and whose term as a director will end at the 2019 Annual Meeting.

Expertise, Experience or Attribute	Description	Number of Directors
Cybersecurity	Extensive knowledge of corporate and global issues related to cybersecurity challenges within private and public organizations.	3 of 8
Technology and Product Development	Significant background working in the technology industry and in management of technology companies; experience in product development, including engineering and design.	7 of 8
Leadership	Extensive executive, director or management experience from leadership and governance roles in corporations, government or public organizations.	8 of 8
Diversity	Representation of gender, ethnic, geographic, cultural or other perspectives that expand the Board of Directors’ understanding of the needs and viewpoints of our customers, partners, employees and other stakeholders.	5 of 8
Public Service and Legal	Dedication to public service through leadership of government, non-governmental organizations and not-for-profit institutions; extensive experience in legal and compliance matters.	4 of 8
Finance	Leadership of a financial firm or management of the finance function of an enterprise, resulting in financial proficiency and expertise.	1 of 8
Marketing	Experience in marketing and leadership of corporate marketing functions.	1 of 8

Director Tenure and Age Distribution

We also believe that our current Board of Directors composition represents an effective balance with respect to director tenure and age. Recent director additions provide our Board of Directors with fresh perspectives and diverse experiences, while directors with longer tenure provide continuity and valuable insight into our business and strategy. The following tables provide information regarding the tenure and age distribution of our Board of Directors (as of March 31, 2019).

Tenure	Number of Directors	Age	Number of Directors
More than 10 years	3	70+ years	1
6 – 10 years	2	61 – 70 years	3
0 – 5 years	3	50 – 60 years	4

See “Corporate Governance” and “Executive Compensation — Compensation of Directors” 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 of the Board of Directors (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, 2019, 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 2019 Annual Meeting, will have the opportunity to make a statement if such representative 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, 2019.

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, 2018 and December 31, 2017.

	2018	2017
Audit Fees(1)	\$ 3,194,740	\$ 3,043,457
Audit-Related Fees(2)	302,119	58,500
Tax Fees(3)	851,300	448,699
All Other Fees(4)	1,895	1,895
Total	\$ 4,350,054	\$ 3,552,551

(1)

Audit Fees consist of fees for professional services provided in connection with the audit of our annual consolidated financial statements, audit of our internal control over financial reporting, 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 for those fiscal years.

(2)

Audit-Related Fees consist of fees for assurance and related services that are reasonably related to the performance of the audit or review of our consolidated financial statements and which are not reported under Audit Fees above. Audit-Related Fees also included fees related to a new revenue recognition system and new revenue standard, implementation of a new sales performance management system and a new human capital management system in 2018.

(3)

Tax Fees consist of fees for services related to federal and state income tax compliance, transfer pricing review, reports related to research and development credits and domestic production activities, country-by-country reporting and U.S. tax reform.

(4)

All Other Fees consist of products and services provided by Deloitte & Touche LLP that are not included in the service categories reported above.

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Approval of Audit and Non-Audit Services

Pursuant to its charter, the Audit Committee is required to (i) review and approve, in advance, 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.

All Deloitte & Touche LLP services and fees in fiscal 2018 and fiscal 2017 were approved by the Audit Committee.

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PROPOSAL THREE

ADVISORY VOTE TO APPROVE NAMED EXECUTIVE OFFICER COMPENSATION

As required by Section 14A of the Exchange Act and the corresponding rules of the SEC, Fortinet is seeking stockholder approval, on an advisory and non-binding basis, of the compensation of our named executive officers as disclosed in accordance with the SEC's rules in the "Executive Compensation" section of this proxy statement. This proposal, commonly known as a "say-on-pay" proposal, gives our stockholders the opportunity to express their views on our named executive officers' compensation as a whole. This vote is not intended to address any specific item of compensation or any specific named executive officer but rather the overall compensation of all of our named executive officers and the compensation philosophy, policies and practices described in this proxy statement. The say-on-pay vote is advisory, and therefore not binding on Fortinet, the Human Resources Committee of the Board of Directors (the "Human Resources Committee") or the Board of Directors. Following the 2019 Annual Meeting, the next such non-binding advisory vote to approve our named executive officers' compensation as a whole is scheduled to occur at the 2020 Annual Meeting.

The Board of Directors and the Human Resources Committee value the opinions of our stockholders and the say-on-pay vote provides information to us regarding stockholder sentiment about our executive compensation philosophy, policies and practices, which the Human Resources Committee will be able to consider when determining executive compensation for the remainder of the current fiscal year and beyond. To the extent there is any significant vote against the compensation of our named executive officers as disclosed in this proxy statement, we will consider our stockholders' concerns, and the Human Resources Committee will evaluate whether any actions are necessary to address those concerns. We believe that the information we have provided in the "Executive Compensation" section of this proxy statement, and in particular the information discussed in "Executive Compensation — Compensation Discussion and Analysis," demonstrates that our executive compensation program was designed appropriately and is working to ensure our executive officers' interests are aligned with our stockholders' interests. Accordingly, we ask our stockholders to vote "FOR" the following resolution at the 2019 Annual Meeting:

"RESOLVED, that Fortinet's stockholders approve, on an advisory basis, the compensation of the named executive officers, as disclosed in Fortinet's proxy statement for the 2019 Annual Meeting pursuant to the Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, the compensation tables and narrative discussion and the other related disclosure."

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THIS PROPOSAL.

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PROPOSAL FOUR

APPROVAL OF THE AMENDED AND RESTATED
FORTINET, INC. 2009 EQUITY INCENTIVE PLAN
Proposal

The Fortinet, Inc. 2009 Equity Incentive Plan (the “2009 Plan”) expires on August 6, 2019. Accordingly, we are asking our stockholders to approve an amendment and restatement of the 2009 Plan to, among other amendments, extend the ability to grant awards under the Amended Plan for an additional ten years. The Amended Plan provides for a net decrease in the number of shares of our common stock available for issuance under the 2009 Plan. Further, we are asking our stockholders to approve certain stockholder protective amendments to the 2009 Plan to strengthen our equity plan governance and to include evolving best practice features intended to address stockholder interests.

A copy of the Amended Plan is attached to this proxy statement as Appendix A.

If our stockholders do not vote to approve the Amended Plan, the 2009 Plan will expire on August 6, 2019 and no other changes described in this proposal will take effect. Further, if our stockholders do not approve the Amended Plan, and as a consequence we are not able to continue to grant equity awards at competitive levels, we believe it will negatively affect our ability to recruit and retain highly qualified employees, which could have the effect of hampering our growth.

Reasons for Amending the 2009 Plan

Equity Compensation Is a Critical Element of Our Compensation Policy. We believe that continuation of our equity compensation program through the proposed amendment and restatement of the 2009 Plan would enable us to continue to attract, retain, motivate and reward qualified personnel, including engineering, sales, marketing and other members of our workforce, who demonstrate the skills and experience necessary to execute on our mission and deliver stockholder value in a competitive market. Competition for talent, particularly in the network security industry in which we operate and in the locations, such as the San Francisco Bay Area and Vancouver, Canada, where we have a substantial presence, is intense. We believe that equity compensation is a critical component of our total compensation package that helps us to meet our human capital needs while also promoting a strong ownership and disciplined pay-for-performance culture that aligns the interests of our workforce with those of our stockholders.

In developing our equity compensation programs, the Board of Directors routinely evaluates our corporate and equity plan governance practices and carefully considers the potential dilutive impact on stockholders. Accordingly, the Amended Plan seeks to implement equity plan governance changes intended to reflect stockholder interests, and reduce the number of shares available for future grants under the 2009 Plan, each as noted below.

Requested Share Reserve. As of March 31, 2019, we had 59,528,437 shares remaining for the grant of new awards under the 2009 Plan. If the Amended Plan is approved by our stockholders, 13,500,000 shares of our common stock would be available for issuance pursuant to future awards granted on or following the effective date of the Amended Plan. This amendment to the share reserve represents a decrease in the number of shares reserved for future awards under the 2009 Plan of 46,028,437:

	Immediately Prior to Stockholder Approval	After Stockholder Approval
Authorized Shares Under the 2009 Plan	93,901,968	47,873,531
Shares Available to Grant	59,528,437	13,500,000

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The terms of the Amended Plan, including the share authorization under the Amended Plan, were established based on comprehensive analysis of our approach to equity compensation, including our projected share usage, market data provided by Compensia, Inc., our compensation consultant (“Compensia”), and the expected role of equity compensation for our company as we continue to grow. Below we summarized key factors that we believe are critical for stockholders to consider in evaluating our use of equity over time as well as the proposed authorization for the Amended Plan:

Equity has played a critical role in stockholder value creation during our history as a public company.

- Our one-, three- and five-year stock price return as of March 29, 2019 was 56.7%, 174.1% and 281.2%, as compared to the stock price return (for the same period and calculated as of the same date) of 9.4%, 58.7% and 84.1% for The Nasdaq Composite Index and 7.3%, 37.6% and 51.4% for the S&P 500 Index.

- We believe that our use of equity as a tool to attract and retain top talent in a highly competitive market has been a critical element of our success.

We have a history of effective governance and oversight of our compensation practices by the Human Resources Committee, which is comprised of independent directors.

- Our compensation programs, including our use of equity on a company-wide basis, are designed to maintain a competitive profile within our industry, support our business objectives, and reinforce a strong pay-for-performance culture.

- The Human Resources Committee considers the input of our stockholders through our annual say-on-pay vote, noting that we have received greater than 90% support in each of our three most recent say-on-pay proposals.

The estimated three- to four-year duration of the proposed share reserve is aligned with market norms among comparable companies while providing flexibility to accommodate potential changes in assumptions that impact usages (e.g. mix of options and full value awards, forfeitures rates and magnitude of acquisition activity).

- The estimated duration of the Amended Plan share reserve is based on a review of our historical and projected grant practices.

- The shares reserved may, however, last for more or less than this expected period depending on currently unknown factors, such as the number of grant recipients, future grant practices and our share price.

Following approval of this proposal, we expect that the total overhang associated with the Amended Plan will align with the 50th percentile of the companies included in our compensation peer group.

- Including the 13.5 million share reserve for future awards and 11.1 million shares associated with outstanding full value awards and unexercised options, we expect our total overhang will equal approximately 14.4%.

- This compares to a median total overhang of 15.1% among companies included in our compensation peer group.

- For this purpose, “total overhang” is defined as (i) the number of shares subject to outstanding awards granted to employees and directors, plus the number of shares available for future grant under the 2009 Plan, (ii) divided by the

number of shares of our common stock outstanding.

Similar to other companies in our industry, we believe that our success is largely dependent on our ability to attract and retain highly qualified employees and non-employee directors, and equity compensation is a critical component of our total compensation package in order to provide competitive compensation necessary to recruit, retain, reward and motivate our key employees, officers and non-employee directors. In addition, equity awards provide our employees with an opportunity to acquire or increase their ownership stake in our company, which we believe aligns their interests with those of our stockholders and, therefore, motivates our employees to work hard for the future growth and success of our company.

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Separately, as described in more detail below, we have amended the 2009 Plan in significant ways to improve our corporate and equity plan governance and in a manner that is consistent with stockholder interests.

Key Data Relating to Outstanding Equity and Share Reserve Request

Outstanding Awards and Historical Granting Practices. The 2009 Plan is our only active employee equity plan, as our 2011 Employee Stock Purchase Plan (the “Employee Stock Purchase Plan”) was voluntarily terminated by the Board of Directors, effective February 2019, at the completion of the prior offering period.

The table below outlines key information regarding outstanding awards under the 2009 Plan as of March 31, 2019, without giving effect to the approval of the Amended Plan under this proposal. As described above, we do not maintain any other equity plan and, as such, the summary of 2009 Plan outstanding awards includes all of our equity award activity.

	Existing Plan
Total shares underlying outstanding stock options	3,091,935
Weighted-average exercise price of outstanding stock options	\$46.56
Weighted-average remaining contractual life of outstanding stock options	4.87 years
Total shares underlying time-based outstanding unvested full value awards	7,991,465
Common Stock outstanding as of March 31, 2019	170,689,682

The 2009 Plan will expire on August 6, 2019 if this proposal is not approved. Although there are currently 59,528,437 shares available for the grant of future awards under the 2009 Plan, the number of shares reserved for issuance pursuant to future awards under the Amended 2009 Plan will be reduced to 13.5 million.

Historical Equity Grant Activity

The table below summarizes our burn rate activity during the three most recent fiscal years.

	Fiscal 2018	Fiscal 2017	Fiscal 2016
Full Value Awards Granted	4,061,875	4,170,166	5,478,125
Stock Options Granted	816,592	555,111	1,468,419
Total Equivalent Shares Granted(1)	10,971,122	10,980,481	15,163,732
Basic Weighted-Average Shares Outstanding	169,142,583	174,314,744	172,621,470
Burn Rate(2)	6.49%	6.30%	8.78%
Full Value Awards Granted	4,061,875	4,170,166	5,478,125

(1)

For this purpose, the total equivalent shares granted is calculated in accordance with the methodology applied by Institutional Shareholder Services (“ISS”) and on an option equivalent basis. Based on the methodology applied by ISS and our historical share price volatility, a multiplier of 2.5x is applied to full value awards for conversion to option equivalents.

(2)

For this purpose, the adjusted burn rate is calculated in accordance with the ISS methodology and on an option equivalent basis. Based on the methodology applied by ISS and our historical share price volatility, a multiplier of 2.5x is applied to full value awards for conversion to option equivalents. Burn rate is expressed as a percentage of based weighted-average shares outstanding during the fiscal year.

In addition to the factors above, in determining the number of shares of our common stock to reserve for issuance pursuant to future awards grant under the Amended Plan, the Board of Directors considered information and policies that have been published by ISS, including ISS’ recommended cap for an issuer’s three-year average burn rate. This cap is industry-specific and dependent on whether the issuer is a company that comprises the S&P 500 Index. Under ISS’s published guidance, the allowable cap for the relevant three-year burn rate applicable to issuers that are in our industry and that are not part of the S&P 500

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Index is 9.4%, while the allowable cap for the same category of issuers that are in the S&P 500 is 4.6%. Our most recent three-year average burn rate (measured as of our fiscal year-end of December 31, 2018) was 7.2% (based on the methodology applied by ISS), which is within (and appreciably lower than) the allowable cap for non-S&P 500 companies. However, we were added to the S&P 500 Index in October 2018. As a result, under ISS's guidelines, our burn rate will be measured against the allowable cap that applies to S&P 500 companies even though we were not added to the S&P 500 until the last few months of the three-year period during which our burn rate is measured. While being added to the S&P 500 is a positive reflection of our growth, profitability and success, for purposes of assessing our Amended Plan proposal and making a recommendation under ISS guidelines, it has had the undesirable and artificial effect of making our burn rate appear to be in excess of our peer companies. As a consequence, measuring our burn rate against the S&P 500 allowable cap has had a negative impact on ISS's recommendation regarding our Amended Plan proposal. Accordingly, we think it is important to also evaluate our three-year burn rate against companies that are not in the S&P 500 Index to provide an appropriate frame of reference for evaluating our equity compensation practices.

As noted above, we believe our historical granting practices are consistent with the granting practices of similar companies in our industry. While our burn rate did not fall within certain recommended maximums for S&P 500 companies, we believe that the number of shares that have been requested for issuance pursuant to future awards is reasonable given our anticipated equity award grant needs and historical granting practice and also within the industry norm for comparable companies.

Alignment with Sound Corporate Governance Practices

We have amended the 2009 Plan to in a manner that reinforces and promotes alignment of equity compensation arrangements for employees, officers, consultants and non-employee directors with the interests of stockholders and our company. These features include, but are not limited to, the following:

- No Evergreen. We are seeking approval for a reserve for future awards of 13.5 million shares to support our grant activity over time. We expect to seek stockholder approval in approximately three years when this reserve is exhausted, as the Amended Plan does not include an automatic replenishment feature.
- No Discounted Stock Options or Stock Appreciation Rights ("SARs"). Stock options and SARs may not be granted with exercise prices lower than the fair market value of the underlying shares on the grant date.
- Prohibition on Repricing. The exercise price of a stock option or SAR may not be reduced, directly or indirectly, without the prior approval of our stockholders, including the exchange for cash or another award or by a cash repurchase of "underwater" awards.
- No Liberal Share Recycling for Stock Options or SARs. Shares retained by or delivered to us to pay the exercise price, or to satisfy tax withholding obligations in connection with the exercise, of a stock option or SAR will count against the number of shares remaining available under the Amended Plan.
- No Dividends on Unvested Awards or on Options or SARs. The Amended Plan prohibits the current payment of dividends or dividend equivalent rights on unvested awards. The Amended Plan also prohibits the payment of dividends or dividend equivalents on options and SARs.
- No Single-Trigger Change of Control Vesting for Assumed Awards. If awards granted under the Amended Plan are assumed by the successor entity in connection with a change of control of our company, such awards will not automatically vest and pay out upon the change of control.

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Material Changes to the 2009 Plan

The following summary highlights the proposed material changes to the 2009 Plan.

13,500,000 shares of our common stock will be available for issuance pursuant to future awards granted on or following the effective date of the Amended Plan. As noted above, this number of shares represents a decrease in the number of shares reserved for issuance under the Amended Plan.

Amendments will be made to improve our corporate and equity plan governance practices and that are consistent with our stockholders’ interest, including amendments to:

- Eliminate the authority to reprice options or SARs without stockholder approval.
- Eliminate the automatic annual share reserve increase provision.
- Preclude the payment of dividends or dividend equivalents with respect to restricted stock, restricted stock units (“RSUs”) or other full value awards until such awards vest, and preclude the payment of dividends or dividend equivalents on stock options and SARs.
- Preclude the re-granting of shares that are surrendered by an option holder or SAR holder to satisfy tax withholding obligations and payment of the exercise price of options or SARs.

The 2009 Plan will be amended to extend its term for an additional ten years, such that the Amended Plan will expire on April 19, 2029.

A reasonable annual limit will be imposed on the cash and equity compensation that may be granted or paid to any non-employee director during a calendar year. The accounting value of equity awards, when aggregated with cash compensation, granted to a non-employee director in any calendar year may not exceed \$500,000.

The definition of “Change in Control” will be amended to exclude unintended reorganizations and make certain other changes intended to address applicable tax laws, including Section 409A of the U.S. Internal Revenue Code of 1986, as amended (the “Code”).

The 2009 Plan will be amended so that awards granted under the Amended Plan will be subject to clawback or recoupment pursuant to any compensation clawback or recoupment policy that may be adopted by the Board of Directors or required by law.

Key Terms of the Amended Plan at a Glance

The following summary of key provisions of the Amended Plan is qualified in its entirety by reference to the Amended Plan, which is attached to this proxy statement as Appendix A.

Amended Plan Term:	The Amended Plan will become effective on the date our stockholders approve the Amended Plan and will extend the term of the 2009 Plan for an additional ten years from the date the Board of Directors approved the Amended Plan on April 19, 2019, unless terminated earlier by the Board of Directors.
Eligible Participants:	Employees, directors and consultants of our company, a parent, a subsidiary or an affiliate generally are eligible to receive each type of award offered under the Amended Plan (except as noted below with respect to incentive stock options (“ISOs”)). Only employees of our company, a parent, a subsidiary or affiliate are eligible to receive ISO under the Amended Plan.
Shares Available for Awards:	13,500,000 shares would be available for new grants under the Amended Plan as of the effective date of the Amended Plan. This represents a decrease in the number of shares available for future grants under the 2009 Plan of 46,028,437 shares.
Award Types:	

- (1) Options (ISOs and Nonstatutory Stock Options (“NSOs”))
- (2) Restricted Stock
- (3) RSUs
- (4) SARs
- (5) Performance Units

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	(6) Performance Shares
	(7) Dividend Equivalent Rights.
Award Terms:	Options and SARs will have a term of no longer than ten years.
ISO Limits:	No more than the maximum number of shares reserved for issuance may be granted as ISOs under the Amended Plan.
Vesting:	As determined by the Amended Plan administrator.
	The following are not permitted under the Amended Plan:
	(1)
	No repricing. Unless approved by our stockholders, we will not be able to reprice or reduce the exercise price of an underwater option or SAR, or exchange underwater options or SARs for (i) a new option or SAR with a lower exercise price, (ii) a cash payment or (iii) any other award.
	(2)
Not Permitted	No liberal recycling of shares subject to options or SARs. We will not be able to add shares back to the number of shares available for issuance when shares covered by an option or an SAR are surrendered in payment of the option or SAR exercise price or in satisfaction of tax withholding obligations.
	(3)
	No automatic vesting acceleration upon a change in control in the event awards are assumed.
	(4)
	No payment of dividends or dividend equivalent rights prior to the vesting of the underlying awards.

Summary of the Amended Plan

The following summary of certain material features of the Amended Plan is qualified in its entirety by reference to the Amended Plan, which is attached to this proxy statement as Appendix A.

Administration of the Amended Plan. The Board of Directors or the Human Resources Committee, as designated by the Board of Directors with specific duties (collectively referred to herein as the “administrator”), will administer the Amended Plan. In its discretion, the administrator has the authority to: (i) determine the fair market value of our common stock; (ii) select the employees, consultants and directors who will receive awards; (iii) determine the number of shares covered by each award and approve the forms of award agreement; (iv) determine the terms, conditions and other provisions of each award, including but not limited to the exercise price, time when award may be exercised, vesting acceleration or waiver of forfeiture restrictions and any restriction or limitation regarding any award or related shares; (v) construe and interpret the terms of the Amended Plan and awards; (vi) prescribe, amend and rescind any rules relating to the Amended Plan, including sub-plans and corresponding rules, procedures for the purposes of granting awards to participants outside the United States and complying with non-U.S. laws; (vii) modify or amend any award, including but not limited to the discretionary authority to accelerate the vesting of an award, extend the post-termination exercisability period of awards and extend the maximum term of an option, subject to limitations; (viii) determine how participants will satisfy withholding tax obligations; (ix) authorize any person to execute on our behalf of any instrument required to effect the grant of an award previously granted by the administrator; (x) allow a participant to defer the receipt of a cash payment or share delivery; and (xi) make all other determinations necessary or advisable for administering the Amended Plan.

To the extent permitted by applicable law, the administrator may delegate to a committee of one or more of our officers the ability to grant awards to non-officer employees. The administrator’s decisions, determinations and interpretations will be final and binding on all participants and other holders of awards.

Share Reserve. The maximum number of shares that will be authorized for issuance under the Amended Plan is 47,873,531 shares (which includes shares that have already been issued pursuant to awards previously granted under the 2009 Plan), subject to adjustments in the event of certain capitalization events. Of this maximum number,

13,500,000 shares would be available for the grant of new awards under the Amended Plan as of the effective date of the Amended Plan. The shares may be authorized, but unissued, or reacquired common stock. No more than the maximum number of shares reserved for issuance may be issued pursuant to the exercise of ISOs.

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Any shares subject to an award granted under the 2009 Plan, either before or after the 2009 Plan is amended and restated by this proposal, that expires or terminates unexercised or before settlement, is not earned in full or is forfeited or is repurchased by us due to the failure of the award to vest, is settled in cash, or shares used to satisfy tax withholding obligations for awards other than an option or SAR (i.e. a full value award such as restricted stock or RSUs), will again become available for future grant or sale under the Amended Plan. Any dividend equivalents credited under the Amended Plan and paid in cash in conjunction with any outstanding awards shall not be applied against the number of shares that may be issued under the Amended Plan.

Shares covered by an option or a SAR granted under the 2009 Plan, either before or after the 2009 Plan is amended and restated by this proposal, that are surrendered in payment of the option exercise price or due to tax withholding at exercise or shares that are subject to SARs, but that are not issued with respect to the exercise of the SAR will be counted against the maximum number of shares reserved for issuance and will not be returned to the Amended Plan for future issuance.

To the extent permitted by applicable laws, shares issued in assumption of, or in substitution for, any outstanding awards acquired by us or one of our affiliates will not be counted against the shares available for grant under the Amended Plan. In addition, to the extent permitted by applicable laws, if a company acquired by (or combined with) us or an affiliate has shares available under a pre-existing plan approved by its stockholders and not adopted in the transaction, the shares available under the pre-existing plan (as adjusted, using the exchange ratio or other adjustment, valuation ratio or formula used in the acquisition or combination to determine the consideration payable to our stockholders of the parties in the acquisition or combination) may, at the discretion of the administrator, be used for awards under the Amended Plan in lieu of awards under the applicable pre-existing plan, and will not reduce the shares authorized for grant under the Amended Plan.

Non-Employee Director Award Limit. Notwithstanding any other provision in the Amended Plan or in any policy regarding non-employee director compensation, the sum of (i) the grant date fair value (determined as of the grant date in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718 (“FASB ASC Topic 718”)) of all awards payable in common stock and (ii) the maximum amount of total cash compensation, granted or payable to a non-employee director for services in a calendar year, may not exceed \$500,000.

Eligibility. Only our employees or employees of a parent or subsidiary are eligible to receive ISOs. Our employees, directors and consultants, or employees, directors and consultants of a parent or subsidiary, are eligible to receive NSOs, restricted stock, RSUs, SARs, performance units, performance shares and dividend equivalent rights. As of March 31, 2019, we had approximately 5,802 employees, six non-employee directors and approximately 170 consultants eligible to receive awards under the Amended Plan.

Awards. Any one or more of the following types of awards may be granted under the Amended Plan: ISOs, NSOs, restricted stock, RSUs, SARs, performance units and performance shares and dividend equivalent rights.

Options. An option is the right to purchase company shares at a fixed exercise price for a fixed period of time. Each option is evidenced by an award agreement designating the option as an ISO or an NSO, and is subject to the following terms and conditions:

Number of Options. The administrator will determine the number of shares subject to an option granted to any participant.

Exercise Price. The administrator will determine the exercise price of options granted under the Amended Plan at the time the options are granted. In the case of an NSO, or an ISO granted to an employee who does not own more than 10% of the total combined voting power of all classes of our stock or any parent or subsidiary, the per-share exercise price must be not less than 100% of the fair market value of a share of our common stock on the date of grant. In the case of an ISO granted to an employee who owns more than 10% of the total combined voting power of all classes of our stock or any parent or subsidiary, the per-share exercise price must be not less than 110% of the fair market value of a share of our common stock on the date of grant. Options may be granted with a per-share exercise price of less than 100% of the fair market value on the date of grant, in connection with a corporate reorganization, liquidation or other transaction consistent with Section 424(a) of the Code.

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The fair market value of a share generally is determined with reference to the closing sales price (or closing bid if no sales were reported) for a share of our common stock, on the day the option is granted, on The Nasdaq Global Select Market. As of April 24, 2019, the closing price of a share of our common stock was \$92.26 on The Nasdaq Global Select Market.

Form of Consideration. The administrator determines the acceptable form of consideration for exercising options, including the method of payment. In the case of an ISO, the administrator will determine the acceptable form of consideration at the time of grant and set forth in the award agreement. The Amended Plan permits payment to be made by cash, check, and solely to the extent both permitted by applicable law and as approved by the administrator, by promissory note, other shares, cashless exercise, net exercise, any combination of the prior methods of payment or any other form of consideration permitted by applicable law and as approved by the administrator.

Exercise of Option. Any option will be exercisable according to the Amended Plan and as set forth in the award agreement, under the conditions determined by the administrator. An option may not be exercised for a fraction of a share. The option is exercised once we receive a completed notice of exercise from the person entitled to exercise the option and full payment for the shares, including withholding taxes, for the option that is exercised. The participant will not have a right to vote or receive dividends on the shares subject to the option until the shares are issued.

Term of Option. The term of an option will be stated in the award agreement, but may not exceed ten years. The term of an ISO will be ten years from the date of grant, or shorter as provided in the award agreement. In the case of a participant who owns more than 10% of the total combined voting power of all classes of stock of our company or any parent or subsidiary, the term of the ISO will be five years from the date of grant, or shorter as provided in the award agreement. No option may be exercised after the expiration of its term.

Termination of Service. After termination of service, an option holder may exercise his or her option for the period of time determined by the administrator and stated in the award agreement if the option is vested on the date of termination (but not later than the expiration of the term of the option). If no period of time is stated in a participant's award agreement, a participant may exercise the option within three months after such termination, to the extent that the option is vested on the date of termination (but in no event later than the expiration of the term of such option as set forth in the award agreement), unless such participant's service terminates due to the participant's death or disability, in which case the participant (or, if the participant has died, the participant's estate, designated beneficiary or the person who acquires the right to exercise the option by the laws of descent and distribution) may exercise the option within 12 months after such termination by death or disability, to the extent the option was vested on the date of termination. Unless otherwise provided by the administrator, the shares underlying the unvested options will revert to the Amended Plan, and if the participant does not exercise his or her vested options within the specified time, the shares underlying the vested options will revert to the Amended Plan.

Restricted Stock. Restricted stock awards are awards of our shares that vest in accordance with terms and conditions established by the administrator. Each award of restricted stock is evidenced by an award agreement specifying the terms and conditions of the award. Vesting can be conditioned on continued employment, the passage of time, achievement of performance goals or occurrence of other events as determined by the administrator. The administrator may, in its discretion, accelerate the time in which restrictions will lapse or be removed. The administrator will determine the number of restricted stock granted to any participant.

During the period in which the restricted stock awards are subject to restrictions, service providers granted restricted stock may exercise full voting rights with respect to the shares of restricted stock held, and may be entitled to receive all dividends and distributions paid with respect to the shares of the restricted stock award, unless the administrator determines otherwise. Such dividends and distributions will be subject to the same restrictions on transferability and forfeitability as the shares of restricted stock with respect to which they were paid. On the date set forth in the award agreement, all unvested restricted stock awards will be forfeited, and will revert to us to become available for issuance under the Amended Plan.

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Restricted Stock Units. RSUs are awards that represent the right to receive our shares or cash equal to the value of the shares, or some combination of both as determined by the administrator, if the RSUs vest. RSUs vest in accordance with terms and conditions established by the administrator, as set forth in the applicable award agreement and subject to the vesting requirements described below. Vesting criteria, which will determine the number of RSUs paid to the participant, may be conditioned on continued employment, achievement of company-wide, business unit or individual goals, or other criteria as determined by the administrator. Upon meeting the applicable vesting criteria, the participant will be entitled to receive a payment, which will be made as soon as practicable after the date determined by the administrator and set forth in the award agreement. Settlement of vested RSUs may be in cash, shares or a combination of both. On the date set forth in the award agreement, all unvested RSUs will be forfeited, and will revert to us to become available for issuance under the Amended Plan.

Stock Appreciation Rights. An SAR is the right to receive the appreciation in the fair market value of shares of our common stock on the exercise date over the exercise price, for that number of shares of our common stock with respect to which the SAR is exercised. We may pay the appreciation in cash, shares of our common stock with equivalent value or in some combination thereof, as determined by the administrator. Each award of SARs is evidenced by an award agreement specifying the terms and conditions of the award. The administrator determines the number of shares granted to a service provider pursuant to a SAR award. The administrator also determines the exercise price of SARs, the vesting schedule, the termination, and other terms and conditions of exercise of SARs.

However, the per-share exercise price must be at least equal to 100% of the fair market value of a share of our common stock on the date of grant, and the term of a SAR may not exceed ten years.

After termination of service, a participant will be able to exercise the vested portion of their SAR for the period of time determined by the administrator and provided in the award agreement. If no period of time is stated in a participant's award agreement, a participant may exercise the SAR within three months after such termination, to the extent that the option is vested on the date of termination (but in no event later than the expiration of the term of such SAR as set forth in the award agreement), unless such participant's service terminates due to the participant's death or disability, in which case the participant (or, if the participant has died, the participant's estate, designated beneficiary or the person who acquires the right to exercise the SAR by the laws of descent and distribution) may exercise the option within 12 months after such termination by death or disability, to the extent the option was vested on the date of termination. In no event may a SAR be exercised after the expiration of its term.

Performance Units and Performance Shares. Performance units and performance shares are awards that may be granted to service providers at any time as determined by the administrator. Each performance unit will have an initial value that is established by the administrator on or before the date of grant, and each performance share will have an initial value equal to the fair market value of a share of our common stock on the date of grant. Vesting can be conditioned on continued employment, achievement of performance goals and other criteria as determined by the administrator, which to the extent the criteria are met, will determine the number of performance units and performance shares granted to the service providers. The award agreement will specify the performance period and other terms and conditions of the award. After the applicable performance period ends, the participant will be entitled to a payout of the number of performance units and shares earned by the participant, to be paid at such time and in such form of cash, shares or a combination thereof, as determined by the administrator. On the date set forth in the award agreement, all unvested performance units and shares will be forfeited, and will revert to us to become available for issuance under the Amended Plan.

The performance criteria that will be used to establish performance goals include, but are not limited to: cash flow (including, without limitation, operating cash flow and free cash flow), earnings per share, gross or net profit margin, net income (either before or after interest, taxes, amortization and/or depreciation), operating income (either before or after restructuring and amortization charges), return on capital or return on invested capital, return on equity, return on operating assets or net assets, return on sales, sales or revenue, stock price goals or total stockholder return.

Dividend Equivalent Rights. Dividend equivalent rights are right to receive the equivalent value of dividends paid on shares underlying RSUs or performance units prior to vesting. Options and SARs are not eligible for dividend equivalent rights. Dividend equivalent rights are subject to the same vesting and

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forfeitability restrictions as the shares underlying the awards, and will be converted to cash, additional shares or a combination of both, by a formula and at the time the administrator determines.

Vesting Acceleration. The administrator has the authority to accelerate the vesting conditions applicable to awards.

Stock Option and SAR Repricing Prohibited. The Amended Plan prohibits repricing of stock options or SARs without stockholder approval. Repricing means the cancellation of an option or SAR in exchange for cash or other awards at a time when the exercise price of such option or SAR is higher than the fair market value of a share of our common stock, the grant of a new stock option or SAR with a lower exercise price than the original option or SAR, or the amendment of an outstanding award to reduce the exercise price. The grant of a substitute award or an adjustment in connection upon certain capitalization events will not be considered a repricing.

Non-transferability of Awards. Unless otherwise determined by the administrator, awards granted under the Amended Plan may not be sold, pledged, assigned, hypothecated, transferred or disposed, other than by will or by the laws of descent and distribution, and may be exercised during the participant's lifetime only by the participant. If the administrator makes an award transferable, such award shall not be transferable to a third-party for consideration and the award agreement shall contain such additional terms and conditions as the administrator deems appropriate.

Clawback Policy. All awards granted under the Amended Plan will be subject to recoupment in accordance with any clawback policy we may adopt, including as it may be required to adopt in accordance with applicable law, including the provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the rules, regulations and/or any national securities exchange on which our equity securities may be listed and/or any other applicable securities laws. The administrator may impose other clawback, recovery or recoupment provisions on an award as the administrator determines necessary or appropriate.

Adjustments upon Change in Capitalization. In the event that any dividend or other distribution (whether in the form of cash, shares, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of shares or our other securities, or any other change in our corporate structure affecting our shares of common stock, the administrator will make adjustments to the number, class and type or kind of securities that may be delivered under the Amended Plan, and the number, class, type or kind and price of securities covered by each outstanding award, in order to reflect the change and to prevent a diminution or enlargement of benefits or potential benefits intended to be made available under the Amended Plan.

Dissolution or Liquidation. In the event of the proposed company liquidation or dissolution, the administrator will notify each participant as soon as practicable prior to the effective date of the transaction. Any unexercised award will terminate immediately prior to the consummation of such proposed transaction.

Merger or Change in Control. In the event we are a party to a merger or change in control (as defined in the Amended Plan), then each outstanding award will be treated as the administrator determines, which may provide for the assumption or substitution of outstanding awards by the successor corporation or a parent or subsidiary of the successor corporation. The administrator will not be required to treat all awards similarly in the transaction.

In the event that the successor corporation does not assume or substitute the award, the awards will become fully vested and exercisable, as applicable, including that all performance goals and vesting criteria applicable to awards with performance-based vesting will be deemed achieved at 100% target levels.

With respect to awards that are granted to outside directors that are assumed or substituted for, if on or after the date of the assumption or substitution, the participant's status as director is terminated other than by a voluntary resignation (unless such resignation is at the request of an acquiror), then the participant will fully vest in, and exercise, all of the participant's awards. We have entered into change of control agreements with each of our non-employee directors pursuant to which the outstanding and unvested equity awards held by such directors will vest in full upon a change in control.

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Amendment and Termination of the Amended Plan. The Amended Plan will continue in effect until April 19, 2029, unless terminated earlier by the Board of Directors. In addition, the Board of Directors has the authority to amend, alter, suspend or terminate the Amended Plan, but no amendment, alteration, suspension or termination may impair the rights of any participant under an outstanding award, unless agreed in writing and signed by both the participant and the administrator. Notwithstanding the foregoing, an award agreement may be amended or altered or other action taken without consent from the participant if required to facilitate compliance with applicable laws.

U.S. Federal Tax Consequences

The U.S. federal tax rules applicable to the Amended Plan under the Code are summarized below. This summary is not intended to be exhaustive and does not address all matters that may be relevant to any particular participant. This summary does not include the tax laws of any municipality or state or any country outside the United States in which a participant resides or to which he or she may be subject.

Incentive Stock Options. A participant who holds ISOs does not recognize any taxable income at the time he or she is granted an ISO or at the time he or she exercises such ISO. However, the amount by which the fair market value (at the time of exercise) of the purchased shares of common stock exceeds the exercise price paid for those shares will constitute an adjustment to the participant's income for purposes of the alternative minimum tax.

Generally, the participant will recognize income in the year in which he or she disposes of the shares received upon exercise of the ISO. The federal income tax liability upon such disposition will depend upon whether the participant makes a qualifying or disqualifying disposition of the shares of common stock purchased under the ISO. Subject to certain requirements in the Code, a qualifying disposition will occur if the sale or other disposition of shares takes place more than two years after the date the ISO for the shares was granted and more than one year after the date that the ISO was exercised for the particular shares involved in the disposition, and the participant will be subject to tax on the difference between the exercise price and the sale price of the underlying shares at long-term capital gains rates. A disqualifying disposition is any sale or other disposition made before both of these requirements are satisfied and the participant will recognize ordinary income equal to the lesser of (i) the difference between the fair market value of the shares on the date of exercise and the exercise price or (ii) the difference between the sale price and the exercise price, with any additional gain recognized on the sale generally recognized as a capital gain.

Nonstatutory Options. An optionee does not recognize any taxable income at the time optionee is granted an NSO. Upon exercise, the optionee recognizes taxable income generally measured by the excess of the then fair market value of the shares over the exercise price. Any taxable income recognized in connection with an option exercise by an employee is subject to tax withholding. We are generally entitled to a deduction in the same amount as the ordinary income recognized by the optionee. Upon a disposition of the shares by the optionee, any difference between the sale price and the optionee's exercise price, to the extent not recognized as taxable income as provided above, is treated as long-term or short-term capital gain or loss, depending on the holding period.

Restricted Stock. A participant generally will not have taxable income at the time an award of restricted stock is granted. Instead, he or she will recognize ordinary income in the first taxable year in which his or her interest in the restricted stock becomes either (i) freely transferable or (ii) no longer subject to substantial risk of forfeiture (i.e. vested). Upon the sale of any shares received, any gain or loss, based on the difference between the sale price and the fair market value on the settlement date, will be taxed as a long-term or short-term capital gain or loss, depending on the holding period.

Restricted Stock Units. A participant generally will not have taxable income at the time an award of RSUs is granted. Upon the settlement of the award, the participant normally will recognize ordinary income in the year of receipt in an amount equal to the cash received and the fair market value of any non-restricted stock received. Upon the sale of any shares received, any gain or loss, based on the difference between the sale price and the fair market value on the settlement date, will be taxed as a long-term or short-term capital gain or loss, depending on the holding period.

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Stock Appreciation Rights. No taxable income is reportable when a SAR is granted to a participant. Upon exercise, the participant will recognize ordinary income in an amount equal to the amount of cash received and the fair market value of any shares received. Any additional gain or loss recognized upon any later disposition of the shares would be long-term or short-term capital gain or loss, depending on the holding period.

Performance Units and Performance Shares. A participant generally will not have taxable income at the time a performance unit or performance share award is granted. For performance units, upon meeting the performance criteria and settlement of the award, the participant normally will recognize ordinary income in the year of receipt in an amount equal to the cash received and the fair market value of any non-restricted stock received. For performance shares, the participant will recognize ordinary income in the first taxable year in which his or her interest in the restricted performance shares becomes either (i) freely transferable or (ii) no longer subject to substantial risk of forfeiture (i.e. vested). Upon the sale of any shares received, any gain or loss, based on the difference between the sale price and the fair market value on the settlement date, will be taxed as a long-term or short-term capital gain or loss, depending on the holding period.

Tax Consequences for Fortinet. We generally will be entitled to a tax deduction in connection with an award under the Amended Plan in an amount equal to the ordinary income realized by a participant subject to U.S. taxation and at the time such participant recognizes such income, except to the extent such deduction is limited by applicable provisions of Section 162(m) of the Code.

Deductibility Limitations Under Code Section 162(m). Special rules limit the deductibility of compensation paid to certain executive officers in the United States. Under Section 162(m) of the Code, the annual compensation paid to certain executive officers may not be deductible to the extent it exceeds \$1 million.

Section 409A. Section 409A of the Code imposes certain requirements on non-qualified deferred compensation arrangements. These include requirements on a participant's election to defer compensation and the participant's selection of the timing and form of distribution of the deferred compensation. Section 409A also generally provides that distributions must be made on or following the occurrence of certain events (i.e. the participant's disability, a predetermined date, or the participant's death). Section 409A imposes restrictions on a participant's ability to change his or her distribution timing or form after the compensation has been deferred. If an award that is subject to Section 409A fails to comply with the requirements of Section 409A, Section 409A imposes an additional 20% federal penalty tax on compensation recognized as ordinary income, as well as interest on such deferred compensation.

New Plan Benefits

The amount and timing of awards granted under the Amended Plan are determined in the sole discretion of the administrator and therefore cannot be determined in advance. The future awards that would be received under the Amended Plan by executive officers and other employees are discretionary and are therefore not determinable at this time.

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Historical Plan Benefits

The following table shows, for each of the individuals and groups indicated, the aggregate number of shares subject to awards that have been granted (without regard to awards that were forfeited or cancelled) to the individuals and groups indicated below under the 2009 Plan since its inception through March 31, 2019:

Name of Individual or Group	Number of Shares Underlying Awards Granted
Named Executive Officers:	
Ken Xie, Co-Founder, Chairman of the Board of Directors and Chief Executive Officer	1,361,871
Michael Xie, Co-Founder, President, Chief Technology Officer and Director	937,455
Keith Jensen, Chief Financial Officer	222,918
John Whittle, Executive Vice President of Corporate Development, General Counsel and Corporate Secretary	632,102
Current Executive Officers as a Group	3,154,346
Current Non-Employee Directors as a Group	245,115
All Current Employees, including Officers other than Named Executive Officers, as a Group	29,210,541

Voting Requirement to Approve Proposal

The affirmative vote of a majority of the shares of our common stock that are present in person or represented by proxy at the 2019 Annual Meeting and entitled to vote is required to approve the Amended Plan.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THIS PROPOSAL.

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CORPORATE GOVERNANCE

Code of Business Conduct and Ethics

The 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 consistently with high principles of business ethics. Accordingly, Fortinet has adopted a Code of Business Conduct and Ethics, which is applicable to our and our subsidiaries’ directors, officers and employees.

The Code of Business Conduct and Ethics is available on Fortinet’s website at investor.fortinet.com/corporate-governance-0. Fortinet will disclose on its website any amendments to, or waivers of, the Code of Business Conduct and Ethics that are required to be disclosed by the rules of the SEC or Nasdaq.

Corporate Governance Guidelines

We have adopted Corporate Governance Guidelines to establish the corporate governance policies which provide a structure within which the Board of Directors and management can effectively pursue Fortinet’s objectives for the benefit of our stockholders.

The Corporate Governance Guidelines are available on Fortinet’s website at investor.fortinet.com/corporate-governance-0.

Majority Voting Standard for Director Elections and Director Resignation Policy

Our bylaws provide for a majority voting standard for uncontested elections of directors and require that stockholder director nominations include a written statement as to whether the nominee intends to tender an irrevocable resignation upon such nominee’s election or re-election. The majority voting standard provides that, in uncontested director elections, a director nominee will be elected only if the number of votes cast FOR the nominee exceeds the number of votes cast AGAINST the nominee. In addition, our Corporate Governance Guidelines address, among other provisions, the “holdover” director situation under the Delaware General Corporation Law (pursuant to which a director remains on the board of directors until such director’s successor is elected and qualified), by requiring each incumbent nominee to submit an irrevocable contingent resignation letter prior to the annual meeting of stockholders in which such election is to take place. Such resignation becomes effective only upon (a) such nominee’s failure to receive the requisite number of votes for re-election at any future meeting at which such person would face re-election and (b) the Board of Directors’ acceptance of such resignation. If the nominee does not receive the requisite number of votes for re-election, the Governance Committee will make a recommendation to the Board of Directors as to whether to accept or reject the resignation, or whether other action should be taken. The Board of Directors will act on the Governance Committee’s recommendation and publicly disclose its decision and the rationale behind it within 90 days from the date of the certification of the election results.

Director Independence

The Board of Directors has determined that, with the exception of Messrs. Ken Xie and Michael Xie, who are employees of Fortinet, all of the current members of the Board of Directors and nominees for director are “independent directors” as that term is defined in Nasdaq’s listing standards.

Board Meetings and Committees

During fiscal 2018, the Board of Directors held seven meetings. Each director attended at least 75% of the aggregate of all meetings of the Board of Directors and all meetings held by all committees of the Board of Directors on which such director served during the past fiscal year. The Board of Directors has three standing committees: the Audit Committee, the Human Resources Committee and the Governance Committee.

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Audit Committee

The Audit Committee is currently comprised of Messrs. Cohen, Hsieh and Paisley and Ms. Sim, each of whom is “independent” as such term is defined for audit committee members by the listing standards of Nasdaq and the rules of the SEC. Mr. Paisley is the Chairperson of the Audit Committee. The Board of Directors has determined that Mr. Paisley is an “audit committee financial expert,” as defined in the rules of the SEC. Mr. Cohen’s service on the Audit Committee will end at the 2019 Annual Meeting.

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;
- reviewing the adequacy and effectiveness of our internal control policies and procedures;
- 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;
- preparing the Audit Committee Report that the SEC requires in our annual proxy statement; and
- reviewing and overseeing related-person transactions.

The Audit Committee held nine meetings during fiscal 2018. The Audit Committee has adopted a written charter approved by the Board of Directors, which is available on Fortinet’s website at investor.fortinet.com/corporate-governance-0.

The Audit Committee Report is included in this proxy statement on page 59.

Human Resources Committee

The Human Resources Committee is currently comprised of Ms. Sim and Messrs. Hsieh, Locke and Paisley, each of whom qualifies as an independent director under the listing standards of Nasdaq. Ms. Sim is currently the Chairperson of the Human Resources Committee.

The Human Resources Committee is responsible for, among other things:

- reviewing and approving for our executive officers: their annual base salary, annual incentive bonus, equity compensation and other benefits, compensation or arrangements;
- reviewing and recommending compensation goals and objectives, and bonus and stock compensation criteria for our executive officers;
- preparing the Human Resources 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” for a description of Fortinet’s processes and procedures for the consideration and determination of executive officer and director compensation.

The Human Resources Committee held four meetings during fiscal 2018. The Human Resources Committee has adopted a written charter approved by the Board of Directors, which is available on Fortinet’s website at investor.fortinet.com/corporate-governance-0.

The Human Resources Committee Report is included in this proxy statement on page 43.

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Governance Committee

The Governance Committee is currently comprised of Messrs. Cohen, Locke and Neukom, each of whom qualifies as an independent director under the listing standards of Nasdaq. Mr. Locke is the Chairperson of the Governance Committee. Mr. Cohen's service on the Governance Committee will end at the 2019 Annual Meeting.

The Governance Committee is responsible for, among other things:

- assisting the 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 corporate governance guidelines;
- overseeing the evaluation of the Board of Directors; and
- recommending members for each committee of the Board of Directors.

The 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. The Governance Committee held five meetings during fiscal 2018. The Governance Committee has adopted a written charter approved by the Board of Directors, which is available on Fortinet's website at investor.fortinet.com/corporate-governance-0.

Human Resources Committee Interlocks and Insider Participation

Ms. Sim and Messrs. Cohen, Hsieh, Locke, Neukom and Paisley served as members of the Human Resources Committee during fiscal 2018. Messrs. Cohen and Neukom served as members of the Human Resources Committee until July 20, 2018. None of the members of the Human Resources Committee during fiscal 2018 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 the Board of Directors or the Human Resources Committee during fiscal 2018.

Anti-Hedging and Anti-Pledging Policy

Our insider trading policy prohibits our directors, officers, employees and agents (such as consultants and independent contractors) from engaging in any form of hedging or similar transactions with respect to our securities, including those involving options, puts, calls or other derivative securities. Our directors, officers, employees and agents are also prohibited from pledging our securities as collateral for loans and from holding our securities in margin accounts.

Board Leadership Structure

Our Corporate Governance Guidelines provide the Board of Directors with flexibility to select the appropriate leadership structure depending on what the Board of Directors determines is in Fortinet's best interests at a given time. In making leadership structure determinations, the Board of Directors considers many factors, including the specific needs of the business and what is in the best interests of our stockholders. A copy of our Corporate Governance Guidelines is available on our website at investor.fortinet.com/corporate-governance-0.

Mr. Neukom currently serves as our Lead Independent Director and Mr. Ken Xie serves as our Chairman and Chief Executive Officer. In addition to the duties of all members of the Board of Directors, Mr. Neukom's principal responsibilities as our Lead Independent Director are to: preside over executive sessions of the Board of Directors; review and comment on the agenda for meetings of the Board of Directors in consultation with the Chairman and Chief Executive Officer and other members of the Board of Directors; act as principal liaison between the independent directors and the Chairman and Chief

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Executive Officer on sensitive issues; raise issues with management on behalf of the independent directors when appropriate; and assess the quality, quantity and timeliness of the flow of information from management that is necessary for the independent directors to effectively and responsibly perform their duties.

The Board of Directors believes that the current leadership structure provides an appropriate balance between strong leadership from our Chairman and Chief Executive Officer and oversight by independent directors. In particular, this structure capitalizes on the expertise and experience of Messrs. Ken Xie and Neukom, as it permits Mr. Xie to serve as a bridge between the Board of Directors and management, helping both to act with a common purpose and providing critical leadership for carrying out our strategy and confronting challenges, while Mr. Neukom ensures independence of the Board of Directors from management and as Lead Independent Director can call and chair meetings of the independent directors separate and apart from the Chairman. The Board of Directors also believes that there may be other advantages to having a Lead Independent Director for matters such as communications and relations between the Board of Directors, the Chief Executive Officer and the other members of our senior management, and in assisting the Board of Directors 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 of Directors' 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 that Fortinet faces and what steps management is taking to manage those risks but also understanding what level of risk is appropriate for Fortinet. The involvement of the full Board of Directors in reviewing Fortinet'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 Fortinet.

While the Board of Directors has the ultimate oversight responsibility for the risk management process, various committees of the Board of Directors also have responsibility for risk management. The charter of the Audit Committee provides that one of the Audit Committee's responsibilities is oversight of certain compliance matters. In addition, in setting compensation, the Human Resources Committee strives to create incentives that encourage a level of risk-taking consistent with Fortinet's business strategy and to encourage a focus on building long-term value at Fortinet. The Board also directly oversees certain strategic risks to Fortinet and other risk areas not delegated to one of its committees, including risks related to data privacy and cybersecurity.

At periodic meetings of the Board of Directors and its committees and in other meetings and discussions, management reports to and seeks guidance from the Board of Directors and its committees with respect to the most significant risks that 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 Fortinet's compliance programs and efforts, investment policy and practices.

Process for Recommending Candidates for Election to the Board of Directors

The 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 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., 899 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 Fortinet's common 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 membership on

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the Board of Directors, including issues of character, judgment, diversity, including whether the person is a current or former chief executive officer or chief financial officer 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 Governance Committee evaluates nominees for director based on whether the nominee is recommended by a stockholder or the Board of Directors.

The 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 Governance Committee evaluates the current composition and organization of the Board of Directors.
- The Governance Committee reviews on an annual basis the desired qualifications and characteristics for membership on the Board of Directors.
- The Governance Committee evaluates the performance of individual members of the Board of Directors eligible for re-election and selects, or recommends for the selection of the Board of Directors, the director nominees for election to the Board of Directors 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 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 its committees; (2) such factors as character, judgment, diversity, expertise, business experience, length of service, independence, other commitments and the like; and (3) such other factors as the Governance Committee may consider appropriate. The Governance Committee considers diversity of skills, experience, gender and race, among other factors, in evaluating candidates for the Board of Directors.
- While the Governance Committee has not established specific minimum qualifications for director candidates, the Governance Committee believes that candidates and nominees must reflect a Board of Directors 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 effectiveness of the Board of Directors; 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.
- With regard to candidates who are properly recommended by stockholders or by other means, the Governance Committee will review the qualifications of any such candidate, which review may, in the Governance Committee's discretion, include interviewing references for the candidate, direct interviews with the candidate, or other actions that the Governance Committee deems necessary or proper.
- In evaluating and identifying candidates, the 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.
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The Governance Committee will apply these same principles when evaluating candidates for the Board of Directors who may be elected initially by the full Board of Directors to fill vacancies or add additional directors prior to the annual meeting of stockholders at which directors are elected.

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

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 welcomes, but does not require, directors to attend. Ken Xie was the only director who attended the 2018 Annual Meeting.

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Contacting the Board of Directors

Stockholders who wish to communicate with the members of the Board of Directors may do so by sending a letter to Fortinet's Corporate Secretary, c/o Fortinet, Inc., 899 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 the Board of Directors, or if none is specified, to the Lead Independent Director.

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EXECUTIVE OFFICERS

The names of our executive officers, their ages, their positions with Fortinet and other biographical information, as set forth below, are as of March 31, 2019. 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	56	Chief Executive Officer and Chairman of the Board of Directors
Michael Xie	50	President, Chief Technology Officer and Director
Keith Jensen(1)	60	Chief Financial Officer
John Whittle	50	Executive Vice President of Corporate Development, General Counsel and Corporate Secretary

(1)

Andrew Del Matto resigned as Fortinet’s Chief Financial Officer in February 2018, at which time the Board of Directors appointed Mr. Jensen to serve as Interim Chief Financial Officer. Mr. Jensen was subsequently appointed Chief Financial Officer in May 2018.

Ken Xie. For a brief biography of Mr. Ken Xie, please see “Proposal One — Election of Directors — Information Regarding the Board of Directors and Director Nominees.”

Michael Xie. For a brief biography of Mr. Michael Xie, please see “Proposal One — Election of Directors — Information Regarding the Board of Directors and Director Nominees.”

Keith Jensen has served as our Chief Financial Officer since May 2018 and has served as our Chief Accounting Officer since July 2015. From February 2018 to May 2018, Mr. Jensen served as our Interim Chief Financial Officer. Mr. Jensen served as our Vice President of Finance and Corporate Controller from May 2014 to July 2015. From November 2012 to May 2014, Mr. Jensen served in various positions at DataDirect Networks, Inc., a data storage provider, including as its Chief Accounting Officer and Chief Administrative Officer. From February 2006 to November 2012, Mr. Jensen served in various positions at Sybase, Inc. (which was acquired by SAP America, Inc. in July 2010), an enterprise software and services company, including as Sybase’s Chief Financial Officer and Chief Accounting Officer. Prior to Sybase, from October 1999 to January 2006, Mr. Jensen served as Chief Financial Officer of Dorado Network Systems Corporation, a provider of software solutions to financial service companies. Mr. Jensen also previously held several positions with Coopers & Lybrand, including audit manager. Mr. Jensen holds a B.S. in Business from California State University, Sacramento.

John Whittle has served as our General Counsel since October 2006, Corporate Secretary since January 2007, Vice President of Corporate Development from October 2010 until January 2019 and Executive Vice President of Corporate Development since January 2019. 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. Mr. Whittle worked from March 2005 to March 2006 with International Business Machines Corporation 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. 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

This compensation discussion and analysis provides information about the 2018 compensation arrangements for each individual who served as one of our executive officers during 2018, who were as follows:

- Ken Xie, our Chief Executive Officer;
- Michael Xie, our President and Chief Technology Officer;
- Keith Jensen, our Chief Financial Officer;
- Andrew Del Matto, our former Chief Financial Officer; and
- John Whittle, our Executive Vice President of Corporate Development, General Counsel and Corporate Secretary.

We refer to these individuals as “named executive officers” in this proxy statement. Because we had no other executive officers during 2018, each one of our executive officers was a named executive officer in 2018.

Mr. Del Matto resigned as Fortinet’s Chief Financial Officer in February 2018, at which time the Board of Directors appointed Keith Jensen to serve as Interim Chief Financial Officer. Mr. Jensen was subsequently appointed Chief Financial Officer in May 2018.

This compensation discussion and analysis should be read together with the compensation tables and related disclosures that follow it. 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 highly skilled top talent. We also seek to keep our employees highly motivated. To meet these challenges, we designed our executive compensation program to attract, retain and motivate our named executive officers to enhance stockholder value by:

- offering base pay and total compensation opportunities that are competitive compared with market and peer company data for the technology industry;
- linking compensation to our operating, financial and stock price performance by making elements of each named executive officer’s compensation dependent on our overall company performance and the creation of stockholder value;
- emphasizing equity pay and long-term incentives in order to incentivize contributions towards our growth and the creation of long-term value for our stockholders; and
- ensuring fairness among our executive team by recognizing the contributions each named executive officer makes to our success.

Because our compensation program is designed to align our named executive officers' compensation with our operating, financial and stock price performance, you should consider our executive compensation decisions in the context of these areas of our performance during 2018. Specifically:

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Total revenue for 2018 was \$1.80 billion, an increase of approximately 20% compared to \$1.49 billion for 2017;

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- GAAP operating income for 2018 was \$231.0 million, an increase of approximately 110% compared to \$109.8 million for 2017; and

- Our stock price as of December 31, 2018 was \$70.43, compared to \$43.69 as of December 29, 2017.

Role of the Human Resources Committee in Executive Compensation Decisions

The Human Resources Committee of the Board of Directors has overall responsibility for approving the compensation of our named executive officers. Members of the Human Resources Committee are appointed by the Board of Directors. See “Corporate Governance — Board Meetings and Committees — Human Resources Committee” for more details about the responsibilities and procedures of the Human Resources Committee.

Role of Compensation Consultant

In determining executive compensation, the Human Resources Committee considers, at least annually, a competitive market analysis prepared by an independent third-party compensation consultant and reserves the right to consider analyses from more than one compensation consultant.

For 2018, the Human Resources Committee engaged Compensia to provide a competitive market analysis of Fortinet’s executive compensation program and to report on the results of such analysis. This analysis, which is based on an assessment of market and peer company compensation data, is one factor considered by the Human Resources Committee as discussed in more detail below under “— Determining the Amount of Elements of Executives’ Compensation in 2018.” Based on consideration of the various factors set forth in the rules of the SEC and Nasdaq listing standards, the Human Resources Committee does not believe that its relationship with Compensia and the work of Compensia on behalf of the Human Resources Committee has raised any conflict of interest.

Role of Executives in Executive Compensation Decisions

The Human Resources Committee generally seeks input from our Chief Executive Officer, Mr. Ken Xie, when discussing the performance of and compensation levels for our 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.

Stockholder Advisory Vote on Named Executive Officer Compensation

Our stockholders will have the opportunity again at this year’s 2019 Annual Meeting to vote on our named executive officer compensation through the stockholder advisory vote (commonly known as a “say-on-pay” vote) included as Proposal Three in this proxy statement. At each of our past two annual meetings of stockholders, over 93% of the stockholder votes cast were cast in favor of our named executive officer compensation. The Human Resources Committee considers input from our stockholders and the outcome of our annual say-on-pay votes when making future executive compensation decisions and, to the extent there is any significant vote against the named executive officer compensation as disclosed in this proxy statement, the Human Resources Committee will seek to understand and consider our stockholders’ concerns and will evaluate whether any actions are appropriate to address those concerns. Since the 2018 stockholder vote on executive compensation occurred after the Human Resources Committee had established all of the compensation elements for 2018, the Human Resources Committee could only take into consideration the 2018 stockholder vote in establishing executive compensation for 2019. We encourage you to review this “Executive Compensation” section, together with the compensation tables that follow, prior to casting your advisory vote on the “say-on-pay” proposal.

Elements of Our Compensation Program

The four key elements of our compensation program for our 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 enable us to attract and retain talent who we believe will enhance Fortinet’s

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long-term value. The individual elements of Fortinet’s compensation program are designed to satisfy this larger goal in specific ways as described below. For a detailed discussion of the amounts awarded to our named executive officers during 2018, see “— Determining the Amount of Elements of Executives’ Compensation in 2018” below.

Base Pay. We establish base pay that is both reasonable and competitive in relation to the competitive market of similar companies in the technology industry. The Human Resources Committee monitors competitive base pay levels at least annually and make adjustments to base pay as appropriate. In general, a named executive officer’s base pay level should reflect that individual’s overall sustained performance and contribution over time. The Human Resources Committee sets 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. Any increases in base pay are provided generally on an annual basis.

Variable Pay. Rewarding performance through variable pay is an important element of named executive officer compensation. We design our variable pay program to be both reasonable and competitive in relation to the market. The Human Resources Committee considers adjusting our variable pay program as appropriate for our named executive officers. Our senior management incentive bonus program is designed to motivate our named executive officers to achieve business goals and to align payouts with actual results. The variable pay incentives are based on a formulaic assessment of our financial performance and an assessment of each individual’s performance. A factor in this evaluation is our executive “peer review” process, in which our broader executive team reviews the performance of the other members of the team, including certain of the named executive officers, on a quarterly basis, and their confidential feedback is reviewed by the Human Resources Committee when considering individual variable pay incentives. We believe the executive peer review motivates executive officers to work together in a productive fashion. The Human Resources Committee has the discretion to increase or decrease a payout under our variable pay program at any time in the event that it determines that circumstances warrant adjustment.

Equity-Based Awards. The Human Resources Committee designs our equity-based awards to be both reasonable and competitive in relation to the market. Our equity-based awards have historically consisted of stock options, RSU, which represent a right to receive shares of our common stock upon vesting over time, and performance stock units (“PSUs”), which are similar to RSUs but for which payout is based on the satisfaction of performance criteria that are determined by the Human Resources Committee.

As described in more detail below, we design our equity-based awards to help retain talent over a period of time and to provide our named executive officers with a long-term reward that aligns their interests with those of our stockholders. The Human Resources Committee considers a number of factors when determining the size of equity awards, including competitive market data, named executive officer performance, the proposed award’s retention value, the value of unvested equity awards already held by the named executive officer and a review of the named executive officer’s overall compensation package, which takes into account our approach to base pay and variable pay. Initial equity awards granted upon hire are generally designed to attract experienced executives with established records of success and help retain them over the long term. Subsequent equity awards are designed to help retain and incentivize our named executive officers.

The Human Resources Committee approved “refresh” awards of stock options and RSUs to our named executive officers in January 2018. In recent years prior to 2018, the Human Resources Committee granted stock options and RSUs, rather than PSUs to our named executive officers. The Human Resources Committee’s decision in recent years to grant stock options rather than PSUs was made primarily to further strengthen the link between executive pay and our stock price performance (as the value of a stock option is limited to the excess of then-current stock price over the exercise price of the option), and to grant equity-based awards with a longer-term perspective (as our stock options vest over four years and can be exercised for up to seven years after grant, while our PSUs have historically vested over a three-year performance period).

The Human Resources Committee believes that stock options and RSUs serve to align executive pay with stockholder value because the ultimate compensation opportunity correlates with Fortinet’s stock price over an extended period of time. The Human Resources Committee grants stock options and RSUs (and, in prior years, has granted PSUs) in order to: create a stronger and more visible link between executive pay

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and Fortinet's stock price performance; further align our executives' interests with those of our stockholders; to better incentivize and retain our senior executives; and maintain a long-term incentive program that is competitive with practices at peer companies.

Information on the vesting schedules for the awards of stock options and RSUs made to our named executive officers in 2018 can be found below in "— Determining the Amount of Elements of Executives' Compensation in 2018 — Equity-Based Awards." See "— Outstanding Equity Awards at 2018 Fiscal Year-End Table" for additional information regarding the outstanding and unvested equity awards held by each named executive officer as of the end of fiscal 2018.

Although the Human Resources Committee decided to grant only stock options and RSUs in 2018, it may change its approach to the form of future equity awards at its discretion.

Benefits Programs. We provide our named executive officers the following benefits: health and welfare benefits, including participation in our 401(k) retirement plan; participation in our the Employee Stock Purchase Plan (which was voluntarily terminated by our Board of Directors, effective February 2019, at the completion of the prior offering period); 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 any additional perquisites. 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 the overall market.

Determining the Amount of Elements of Executives' Compensation in 2018

Overview. In analyzing elements of our compensation program in 2018, the Human Resources Committee engaged Compensia to provide an assessment of the compensation we offer to our named executive officers. The Human Resources Committee also engaged Compensia for the limited purpose of gaining access to the compensation data that Compensia compiles for use in setting compensation for employees other than our named executive officers. With respect to Compensia's engagement in 2018, Compensia considered the compensation practices of the technology companies listed below, each of which had annual revenue ranging from approximately \$692 million to \$2.1 billion and market capitalizations generally ranging from \$3.2 billion to \$13.1 billion.

ANSYS, Inc.	Nuance Communications, Inc.
Cadence Design Systems, Inc.	Palo Alto Networks, Inc.
CoStar Group, Inc.	Splunk Inc.
FactSet Research Systems Inc.	SS&C Technologies Holdings, Inc.
Fair Isaac Corporation	Tableau Software, Inc.
FireEye, Inc.	The Ultimate Software Group, Inc.
F5 Networks, Inc.	Tyler Technologies, Inc.
GoDaddy Inc.	VeriSign, Inc.
IPG Photonics Corporation	Viasat, Inc.
j2 Global, Inc.	

For 2018, the Human Resources Committee removed Aspen Technology, Inc., Check Point Software Technologies Ltd, NetSui Inc., ServiceNow, Inc. and Verint Systems Inc. from the peer group and added Cadence Design Systems, Inc., F5 Networks, Inc., GoDaddy Inc. Nuance Communications, Inc. and Viasat, Inc. to the peer group.

Base Pay. As part of our annual performance review process and review of named executive officers' compensation, early each year the Human Resources Committee assesses the performance of the named executive officers, considering factors such as company performance, department performance and individual performance, including the named executive officer's expertise, position, past contributions to Fortinet and potential future contributions to Fortinet. Largely as a result of this assessment and taking into account reasonable annual base pay increase practices and Compensia's data and analysis, the Human Resources Committee considered whether and how much to adjust the base pay of the named executive officers.

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Taking into consideration performance and reasonable merit increases, in January 2018, the Human Resources Committee raised the annual base pay of Mr. Ken Xie by 39% to \$625,000, Mr. Michael Xie by 7% to \$427,000, Mr. Jensen by 10% to \$327,690, Mr. Del Matto by 1.4% to \$421,000 and Mr. Whittle by 8% to \$395,000. After these increases, salary for our named executive officers was generally positioned around the 50th percentile of the competitive market, with the exception of Mr. Ken Xie, whose salary was positioned below the 40th percentile of the competitive market.

In connection with his appointment as Chief Financial Officer in May 2018, Mr. Jensen's annual base pay was increased to \$400,000.

Equity-Based Awards. In granting stock options and RSUs to our named executive officers in 2018, the Human Resources Committee exercised its judgment and considered, among other things, the role and contribution of the named executive officer, the value of unvested stock options and RSUs already held by the executive and Compensia's data and analysis.

In January 2018, the Human Resources Committee approved "refresh" awards of stock options exercisable for up to 200,000 shares for Mr. Ken Xie, 94,610 shares for Mr. Michael Xie, 40,000 shares for Mr. Jensen and 58,350 shares for Mr. Whittle. Each of these stock options was granted in accordance with Fortinet's Equity Award Grant Policy discussed in "— Timing of Equity Awards" below, and vests over four years, with 25% vesting one year from February 1, 2018 and the remainder vesting monthly thereafter.

Also in January 2018, the Human Resources Committee approved "refresh" awards of 50,000 RSUs for Mr. Ken Xie, 28,400 RSUs for Mr. Michael Xie, 20,000 RSUs for Mr. Jensen and 17,510 RSUs for Mr. Whittle. Each of these RSUs was granted in accordance with Fortinet's Equity Award Grant Policy discussed in "— Timing of Equity Awards" below, and vests over four years, with 25% vesting one year from February 1, 2018 and the remainder vesting quarterly thereafter.

The Human Resources Committee also approved "refresh" stock option and RSU awards for Mr. Del Matto, but Mr. Del Matto's employment with Fortinet terminated prior to the date of grant for such awards.

Variable Pay. We determine the executive's actual level of variable compensation in accordance with the terms of the Senior Management Bonus Program (the "Bonus Program") approved by the Human Resources Committee for the year. In developing the framework, we seek to set total cash compensation (i.e. base salary plus variable pay) to meet our goal of ensuring that our cash compensation levels are competitive and to enable us to retain and motivate our named executive officers.

In 2018, the Human Resources Committee based the Bonus Program funding on achievement of revenue and operating income targets, as set forth in more detail below, with 60% of the bonus pool funding based on revenue achievement and 40% based on operating income achievement. The Human Resources Committee weighted the Bonus Program funding more heavily toward achieving revenue over operating income because it believed that, at this stage, a continued focus on growing revenue would help drive our long-term success and result in greater opportunity for profit in the future and enhanced stockholder value. However, because we believe it is important for our executives to monitor expenses closely as well, the Human Resources Committee also based a portion of the bonus pool funding on our operating income performance. Operating income for purposes of the Bonus Program is not calculated in accordance with U.S. generally accepted accounting principles ("GAAP") but rather is defined as net income plus income taxes, stock-based compensation, interest income and foreign exchange currency gains or losses and other adjustments to GAAP income as defined in our non-GAAP definition for external reporting purposes, and excludes the commissions benefit of ASC 606 for 2018.

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For purposes of the Bonus Program, a minimum performance level (based on a percentage of the revenue and operating income target levels) had to be met before funding could occur. For 2018, threshold (i.e. the minimum) performance level was 90% of both the revenue target and the operating income target. Once the threshold performance level was attained, the funding of the bonus payments for our named executive officers was to increase on a graduated basis for each of the revenue portion and the operating income portion as follows:

Revenue Performance	Funding Amount
90% – 100%	40% funding of the revenue-based portion for performance at 90% and 6% funding for every additional 1% of performance between 90% and 100%
100% – 140%	1% funding for every additional 1% of performance between 100% and 140%
Operating Income Performance	Funding Amount
90% – 100%	40% funding of the operating income-based portion for performance at 90% and 6% funding for every additional 1% of performance between 90% and 100%
100% – 140%	1% funding for every additional 1% of performance between 100% and 140%

For example, for the revenue portion for our named executive officers:

- Below 90% achievement of the revenue target, the revenue portion of the Bonus Program would be funded at 0%;
- At 90% achievement of the revenue target, the revenue portion of the Bonus Program would be funded at 40%;
- At 95% achievement of the revenue target, the revenue portion of the Bonus Program would be funded at 70%;
- At 100% achievement of the revenue target, the revenue portion of the Bonus Program would be funded at 100%; and
- At 140% achievement of the revenue target, the revenue portion of the Bonus Program would be funded at 140%.

Bonus payments were calculated and awarded quarterly. Bonus payments were based on unaudited, preliminary revenue and operating income results. Adjustments based on actual revenue and operating income results may be made in subsequent quarters at the Human Resources Committee’s discretion.

Individual target bonuses under the Bonus Program are expressed as a percentage of the named executive officer’s base salary for 100% goal achievement. During 2018, our Chief Executive Officer made recommendations for target bonuses to the Human Resources Committee for Messrs. Jensen and Whittle, taking into consideration company achievement versus the financial targets discussed below and peer group data. The Human Resources Committee in turn gave final approval after discussing the recommendations. The Human Resources Committee approved target bonuses for Messrs. Ken Xie and Michael Xie based upon the same criteria under the Bonus Program.

For 2018, the Human Resources Committee approved target bonuses of 100% of base salary for Mr. Ken Xie, 50% of base salary for Mr. Michael Xie, 60% of base salary for Mr. Whittle and 65% of base salary for Mr. Del Matto. The Human Resources Committee initially approved a target bonus of 30% of base salary for Mr. Jensen for 2018 and approved a quarterly bonus of \$40,000 for Mr. Jensen’s service as Interim Chief Financial Officer, which bonus was not under the Bonus Program and was not based on performance. Mr. Jensen’s target bonus under the Bonus Plan was increased to 60% upon his appointment as Chief Financial Officer in May 2018. See “— 2018 Summary Compensation Table” below.

As noted above, the Bonus Program was based on 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 2018, we achieved between 101% and 106% of our quarterly and annual revenue targets and we achieved between 109% and 123% of our quarterly and annual

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operating income targets. The Human Resources Committee approved bonus payments for our senior management for 2018 based on achievement of these corporate goals and the individual performance of certain of our named executive officers as evaluated pursuant to the “peer review” process described above. The following charts set forth both the target levels for our revenue and operating income performance, the revenue and operating income levels actually achieved, and the percentages of target revenue actually achieved.

Benefits Programs. In 2018, our named executive officers received the same employee benefits as our other U.S.-based employees and did not receive any additional perquisites. Additional details regarding our benefits programs can be found above in “— Elements of Our Compensation Program — Benefits Programs.”

Severance and Change of Control Agreements

In February 2016, we entered into Amended and Restated Change of Control Severance Agreements with each of Messrs. Ken Xie, Michael Xie and Whittle, and with Mr. Del Matto, then our Chief Financial Officer. The amendments were entered into to clarify the prior Change of Control Severance Agreements and did not make any substantive changes to the prior agreements.

In May 2018, we amended our Change of Control Severance Agreement with Mr. Jensen in connection with his appointment as Chief Financial Officer. This amendment was entered into to clarify the term of Mr. Jensen’s prior Change of Control Severance Agreement.

These Change of Control Severance Agreements, as amended and/or restated, provide for payments and benefits upon termination of their employment in specified circumstances. These arrangements (including potential payments and terms) are discussed in more detail in the “— Potential Payments Upon

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Termination or Change of Control” section below. We believe that these 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. The terms of these agreements were determined after review by the Human Resources 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 Human Resources Committee approved grants of both “refresh” stock options and RSUs to our named executive officers in January 2018. The Board of Directors and Human Resources Committee reserve the right, however, to grant stock options, RSUs, PSUs or other equity awards at other times during the year. With respect to newly hired employees, our practice is typically to grant equity awards at the first quarterly meeting of the Human Resources Committee following such employee’s hire date.

Pursuant to our Equity Award Grant Policy, equity awards are granted effective as of the date that is the tenth trading day on Nasdaq following the date of our next quarterly earnings announcement following the meetings of the Human Resources Committee or the Board of Directors when such equity awards were approved.

Performance-Based Compensation Recovery Policy

The Human Resources Committee has adopted a compensation recovery policy that allows us to recover or “clawback” performance-based cash compensation from certain employees who participate in the Bonus Program in the event of a material restatement of our financial results. Under the policy, if the material restatement would result in any performance-based cash compensation paid under the Bonus Program during the three years preceding the restatement to have been lower had it been calculated based on such restated results, we may recover the amounts in excess of what would have been paid under the restatement from any participant who received such performance-based cash compensation and who is determined to have engaged in intentional or unlawful misconduct that materially contributed to the need for such restatement. The Board of Directors (or a committee designated by the Board of Directors) has the sole authority to enforce this policy, and it is limited by applicable law.

Effect of Accounting and Tax Treatment on Compensation Decisions

In the review and establishment of our compensation program, we consider the anticipated accounting and tax implications to us and our executives. In this regard, we have historically used stock options, RSUs and PSUs, and we reserve the right to use other forms of equity, as additional forms of equity incentives in response to changes in the accounting treatment of equity awards and taking into consideration potential impact on dilution and competitive practices. While the Human Resources Committee considers the applicable accounting and tax treatment, these factors alone are not determinative, and the Human Resources Committee also considers 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 Code, generally disallows the deductibility by any publicly held corporation of individual compensation expenses in excess of \$1 million paid to certain executive officers within a taxable year. The Tax Cuts and Jobs Act, which was signed into law in December 2017, eliminated the “performance-based compensation” exception to the Section 162(m) deductibility limit, effective for tax years beginning after December 31, 2017. As a result, any compensation paid to such executive officers in excess of \$1 million will be non-deductible unless such compensation is payable pursuant to a written binding contract that was in effect on November 2, 2017. We believe it is likely that compensation income recognized upon the exercise of stock options granted prior to November 2, 2017 will continue to be tax deductible in future years. However, because the tax reform changes are complex and their effect is unsettled, we can offer no such assurance of deductibility. All other compensation paid after December 31, 2017 to such executive officers in excess of \$1 million, including cash compensation, stock options, RSUs and PSUs awarded or modified after November 2, 2017, will be non-deductible.

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Human Resources Committee Report

The Human Resources Committee oversees our compensation policies, plans and benefit programs. The Human Resources 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 Human Resources 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 Human Resources Committee of the Board of Directors

Judith Sim (Chairperson)

Ming Hsieh

Gary Locke

Christopher B. Paisley

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2018 Summary Compensation Table

The following table presents information concerning the compensation of the named executive officers for the years ended December 31, 2018, 2017 and 2016.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Option Awards (\$)(1)	Stock Awards (\$)(1)	Non-Equity Incentive Plan Compensation (\$)(2)	All Other Compensation (\$)(3)	Total Compensation (\$)(4)
Ken Xie	2018	625,000	—	3,003,220	2,453,000	680,466	—	6,761,686
Chief Executive Officer	2017	450,882	—	1,221,810	1,862,000	425,746	—	3,960,438
	2016	437,750	—	520,806	953,200	301,689	—	2,213,445
Michael Xie	2018	427,000	—	1,420,673	1,393,304	232,447	—	3,473,424
President and Chief Technology Officer	2017	397,838	—	733,086	1,489,600	187,829	—	2,808,353
	2016	386,250	—	390,605	953,200	133,138	—	1,863,193
Keith Jensen	2018	400,000	40,000(4)	600,644	981,200	229,116	5,052	2,256,012
Chief Financial Officer								
John Whittle	2018	395,000	—	876,189	859,041	260,960	5,500	2,396,690
Executive Vice President of Corporate Development, General Counsel and Corporate Secretary	2017	365,514	—	366,543	1,117,200	216,230	4,619	2,070,106
	2016	354,868	30,534(5)	260,403	714,900	139,552	4,758	1,505,015
Andrew Del Matto	2018	54,094	—	—	—	—	3,515	57,609
Former Chief Financial Officer	2017	415,237	—	488,724	1,489,600	248,882	5,400	2,647,843
	2016	403,143	—	260,403	714,900	206,555	5,200	1,590,201

(1)

The amounts shown represent the aggregate grant date fair value of equity awards granted in the years shown, computed in accordance with FASB ASC Topic 718. The assumptions used in the valuation of these awards are set forth in note 11 to our consolidated financial statements, which are included in our Annual Report on Form 10-K for the year ended December 31, 2018, filed with the SEC on February 27, 2019. The grant date fair value of these awards is determined for financial statement reporting purposes and does not correspond to the actual value that the named executive officers will receive from the awards.

(2)

See “— Grants of Plan-Based Awards in 2018 Table” under the column “Estimated Future Payouts Under Non-Equity Incentive Plan Awards” for the amounts named executive officers were eligible to earn in fiscal 2018. See also

“— Determining the Amount of Elements of Executives’ Compensation in 2018 — Variable Pay” above for a discussion regarding our Bonus Program.

(3)
Represents company matching contributions to Fortinet’s 401(k) plan, a tax-qualified defined contribution plan.

(4)
Represents a discretionary bonus awarded to Mr. Jensen for his service as Interim Chief Financial Officer prior to his appointment as Chief Financial Officer in May 2018.

(5)
Represents a discretionary bonus related to Mr. Whittle’s corporate development responsibilities.

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Grants of Plan-Based Awards in 2018 Table

The following table presents information concerning each grant of an award made to the named executive officers in 2018 under any plan.

Name	Type of Award	Grant Date	Approval Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)			All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Shares Underlying Options (#)	Exercise or Base Price of Option Awards (\$/Share)	Grants of Plan-Based Awards in 2018 Table
				Threshold (\$)	Target (\$)	Maximum (\$)				
Ken Xie	Cash	—	—	16,667	625,000	875,000	—	—	—	—
	RSU	2/20/2018	1/19/2018	—	—	—	50,000	—	—	2
	Stock Option	2/20/2018	1/19/2018	—	—	—	—	200,000	49.06	3
Michael Xie	Cash	—	—	5,693	213,500	298,900	—	—	—	—
	RSU	2/20/2018	1/19/2018	—	—	—	28,400	—	—	1
	Stock Option	2/20/2018	1/19/2018	—	—	—	—	94,610	49.06	1
Keith Jensen	Cash	—	—	6,400	240,000	336,000	—	—	—	—
	RSU	2/20/2018	1/19/2018	—	—	—	20,000	—	—	9
	Stock Option	2/20/2018	1/19/2018	—	—	—	—	40,000	49.06	6
John Whittle	Cash	—	—	6,320	237,000	331,800	—	—	—	—
	RSU	2/20/2018	1/19/2018	—	—	—	17,510	—	—	8
	Stock Option	2/20/2018	1/19/2018	—	—	—	—	58,350	49.06	8

(1)

Reflects threshold, target and maximum target bonus amounts for fiscal 2018 performance under the Bonus Program, as described in “Executive Compensation — Determining the Amount of Elements of Executives’ Compensation in 2018 — Variable Pay.” These amounts do not necessarily correspond to the actual value that may be received by the named executive officer.

(2)

The amounts shown represent the grant date fair value of RSUs and stock options granted during fiscal 2018, computed in accordance with FASB ASC Topic 718. The assumptions used in the valuation of these awards are set forth in note 11 to our consolidated financial statements, which are included in our Annual Report on Form 10-K for the year ended December 31, 2018, filed with the SEC on February 27, 2019. Grant date fair value is determined for financial statement reporting purposes and does not correspond to the actual value that the named executive officers will realize from the award.

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Outstanding Equity Awards at 2018 Fiscal Year-End Table

The following table presents information concerning unexercised options and unvested RSUs for each named executive officer outstanding as of December 31, 2018.

Name	Grant Date(1)	Option Awards		Option Exercise Price (\$)	Option Expiration Date	Stock Awards	
		Number of Securities Underlying Unexercised Options (#)				Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)(2)
		Exercisable	Unexercisable				
Ken Xie	2/14/2012	80,000(3)	—	26.70	2/14/2019	—	—
	2/11/2015	—	—	—	—	2,500	176,075
	2/11/2016	42,499	17,501	23.83	2/11/2023	—	—
	2/11/2016	—	—	—	—	12,500	880,375
	2/16/2017	45,833	54,167	37.24	2/16/2024	—	—
	2/16/2017	—	—	—	—	—	—