

FOR IMMEDIATE RELEASE

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Citrix Reports Second Quarter Earnings Results

*Year-over-year Quarterly Revenue Growth of 18%
Diluted Earnings Per Share of \$0.16, Including Tax Impact of American Jobs Creation Act;
Adjusted Diluted Earnings Per Share of \$0.27, an Increase of 35% Over Comparable Period
Last Year*

FORT LAUDERDALE, Fla. — July 26, 2005 — Citrix Systems, Inc. (Nasdaq: CTXS), the global leader in access infrastructure solutions, today reported financial results for its second quarter of fiscal 2005 ended June 30, 2005.

FINANCIAL RESULTS

GAAP Results

In the second quarter of fiscal 2005, Citrix achieved revenue of \$211.2 million, compared to \$178.3 million in the second quarter of fiscal 2004, representing 18 percent revenue growth.

Net income for the second quarter of fiscal 2005 was \$27.9 million, or \$0.16 per diluted share – which included a net tax provision of approximately \$16 million recorded in anticipation of repatriating certain foreign earnings pursuant to the American Jobs Creation Act of 2004 (AJCA) – compared to net income of \$31.5 million, or \$0.18 per diluted share, for the second quarter of fiscal 2004.

Non-GAAP Results

Net income, adjusted to exclude the effects of amortization of intangible assets, amortization of deferred stock-based compensation, and the above mentioned net tax provision, was \$47.8 million for the second quarter of fiscal 2005, or \$0.27 per diluted share, compared to \$35.4 million, or \$0.20 per diluted share, in the comparable period last year.

“Our second quarter results were excellent,” said Mark Templeton, president and chief executive officer for Citrix.

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“We’re showing continued momentum in our business with strong top line and adjusted earnings growth, and another quarter of very solid cash flow. Our business continued its product license and license update growth while we built revenue streams from new products – with strong performances from Citrix GoToMeeting and Citrix Access Gateway. The traction in our new products makes us confident in our strategic moves into adjacent access infrastructure markets.

“Our second quarter release of Access Suite 4.0 is getting partners and customers excited, giving them compelling reasons for adopting, expanding, or standardizing on Citrix.

“We kicked off the third quarter by launching Access Essentials, our new product designed to bring secure, remote access to small businesses, and by winning our second ‘Global ISV of the Year Award’ from Microsoft.

“We head into the second half of the year executing well on our strategy, and we look forward to the closing of the NetScaler transaction to further enhance our market leadership and the competitiveness of the Citrix Access Platform.”

Q2 Financial Summary

In reviewing the second quarter results of 2005:

- The Americas region grew revenue 10 percent; the EMEA region grew 14 percent, and the Pacific region grew 12 percent, compared to the second quarter of 2004.
- Product license revenue increased 5 percent, compared to the second quarter of 2004.
- Revenue from license updates grew 20 percent, compared to the second quarter of 2004.
- Services revenue, which is comprised of consulting, education and technical support, excluding Citrix Online, grew 14 percent, compared to the second quarter of 2004.
- Citrix Online contributed \$23.8 million of revenue, up 128 percent year over year on a GAAP basis and 77 percent when considering purchase accounting adjustments.
- Deferred revenue totaled \$243 million, compared to \$194 million in the second quarter of 2004.
- Cash flow from operations was approximately \$65 million, compared to \$45 million in the second quarter of 2004. This brings total trailing twelve months cash flow to over \$280 million.

Financial Outlook

Citrix management offers the following guidance for the third quarter of 2005. This guidance includes the anticipated contribution of the NetScaler acquisition, which is expected to close in the middle of the third quarter of 2005.

- Net revenue is expected to be in the range of \$215 million to \$222 million.
- Total adjusted operating expenses are expected to increase 5 percent to 7 percent sequentially.
- GAAP diluted earnings per share is expected to be in the range of \$0.17 to \$0.18, and diluted earnings per share adjusted to exclude the effects of amortization of intangible assets, amortization of deferred stock-based compensation, and the write down of in-process research and development is expected to be in the range of \$0.24 to \$0.25.

The above statements are based on current expectations. These statements are forward-looking, and actual results may differ materially.

Financial Outlook for Fiscal Year 2005

Citrix management offers the following guidance, which includes the impact of the NetScaler acquisition, for the fiscal year 2005.

The company expects net revenue to be in the range of \$865 million to \$880 million. The company expects GAAP diluted earnings per share to be in the range of \$0.78 to \$0.81, and adjusted diluted earnings per share to be in the range of \$1.02 to \$1.05. Adjusted diluted earnings per share excludes the effects of amortization of intangible assets, amortization of deferred stock-based compensation and the write down of in-process research and development, and the tax estimated tax provision related to the repatriation of foreign earnings under the AJCA.

The above statements are based on current expectations. These statements are forward-looking, and actual results may differ materially.

Company, Product and Alliance Highlights

During the second quarter 2005, Citrix:

- Launched the Citrix Access Suite™ 4.0 offering more than 50 new features and a new universal SSL VPN appliance for unprecedented business performance, flexibility, and compliance. During the quarter the company also shipped new versions of the flagship Citrix Presentation Server™ 4.0, Citrix Password Manager™ 4.0 and the Citrix Access Gateway™ 4.0, a universal SSL VPN solution for both data and voice applications from the recently acquired Gateways division.

- Announced the acquisition of NetScaler, which will further expand the Citrix access platform and provide a range of application networking solutions that speed up applications by five times or more, and opens a new market for Citrix in providing products that optimize Web applications.
- Unveiled a new co-branded service with British Telecom to provide BT's Business Broadband customers with fast, easy and secure remote access to their home or office desktop PCs. The service, BT Remote Access Pack, is powered by Citrix® GoToMyPC® and targets the millions of UK residents who spend part of their time teleworking from home.
- Received four top awards for product excellence for its Citrix GoToMyPC remote desktop access service. The awards, including PC World 2005 World Class Award, PC Magazine Editors' Choice, the SIIA Codie Award for Best Mobile Product or Service, and MobilePC magazine's Mobile Choice Award, bring total awards for excellence to 11 over a 12-month period.

Customer Highlights

Citrix closed several large customer sales during the quarter, including Amadeus, BigBand Networks, Central DuPage Hospital, Hamilton Health Sciences, and Postini.

Amadeus is a leading global distribution system (GDS) and technology provider serving the marketing, sales and distribution needs of the travel and tourism industries in over 210 worldwide markets. Amadeus turned to Citrix Online for help defining its support organization's access strategy, designed to improve customer service without adding costs or additional support resources. Citrix® GoToAssist™ allows Amadeus to meet its customer service objectives by enabling more than 100 National Marketing Companies (NMCs) to provide on-demand support to travel agencies and airline offices around the globe.

BigBand Networks, a leading provider of platforms for broadband multimedia services, has licensed 100 Citrix® GoToMeeting™ seats, adding real-time collaboration capabilities to manage its growing, global base of customers and its globally distributed organization. With deployments on four continents providing live services to more than 20 million digital television and broadband Internet subscribers, BigBand Networks relies on GoToMeeting to facilitate a strong presence in their multi-national markets while continuing to build a seamless and integrated organization.

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For more than 40 years Central DuPage Hospital has been the leader in providing outstanding healthcare services to people who live and work in Chicago's western suburbs. Recognizing the advantages of deploying an Access Platform, the hospital chose the Citrix Access Suite for IT centralization, employee cost control and PC maintenance.

Hamilton Health Sciences, one of Canada's largest multi-site teaching hospitals, selected the Citrix Access Platform for centralized application access and Citrix SmoothRoaming™ capabilities for its staff. With 3,500 seats of Citrix Presentation Server 3.0, the hospital has lowered its desktop costs and simplified application management for business-critical software such as Microsoft, Meditech and Peoplesoft. Once the roll-out is complete, 80 percent of all employees will use Citrix day-to-day for secure application access anytime, anywhere.

Postini, the leading provider of e-mail security and management solutions, selected the Citrix Access Gateway to improve its VPN solution for secure remote access. Each week the company processes more than three billion e-mail messages for more than 5,000 companies around the globe – all while relying on a staff that works around the clock. The Access Gateway's self-installing client reduced support costs and provides an extra layer of security against threats by hiding the IP addresses of the remote network. The benefits of the Citrix Access Gateway have translated into better customer support and increased customer satisfaction.

Conference Call Information

Citrix will host a conference call today at 4:45 p.m. ET to discuss its financial results, quarterly highlights, and business outlook. The call will include a slide presentation, and participants are encouraged to listen to and view the presentation via webcast at <http://www.citrix.com/investors>.

The conference call may also be accessed by dialing: (706) 634-0155 or (888) 799-0519 using passcode: CITRIX. A replay of the webcast can be viewed by visiting the Investor Relations section of the Citrix corporate Web site at <http://www.citrix.com/investors> for approximately thirty days. In addition, an audio replay of the conference call will be available through July 29, 2005, by dialing (800) 642-1687 or (706) 645-9291 (passcode required: 7442650).

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About Citrix

Citrix Systems, Inc. (Nasdaq:CTXS) is the global leader in access infrastructure and the most trusted name in secure access. More than 160,000 organizations around the world use the Citrix Access Platform to provide secure, well-managed access to business information wherever it lives – on demand. Citrix customers include 100% of the Fortune 100 companies, 99% of the Fortune 500 and 97% of the Fortune Global 500, as well as hundreds of thousands of smaller businesses and individuals. Based in Fort Lauderdale, Florida, Citrix has offices in 22 countries and approximately 6,200 channel and alliance partners in more than 100 countries. For more information visit <http://www.citrix.com>.

For Citrix Investors

This release contains forward-looking statements which are made pursuant to the safe harbor provisions of Section 21E of the Securities Exchange Act of 1934. The forward-looking statements in this release do not constitute guarantees of future performance. Investors are cautioned that statements in this press release, which are not strictly historical statements, including, without limitation, statements by management, the statements contained in Financial Outlook, and in the reconciliation of non-GAAP financial measures to comparable U.S. GAAP measures concerning management's forecast of revenues and earnings per share, statements regarding the NetScaler acquisition, statements regarding existing and new products and services, and management's plans, objectives and strategies, constitute forward-looking statements. Such forward-looking statements are subject to a number of risks and uncertainties that could cause actual results to differ materially from those anticipated by the forward-looking statements, including, without limitation, the success of the company's product lines; the company's product concentration and its ability to develop and commercialize new products and services; the possibility that acquisitions announced by the company will not close; that the closing of any announced acquisitions may be delayed; the success of investments in foreign operations and vertical and geographic markets; the company's ability to successfully integrate the operations and employees of acquired companies, and the possible failure to achieve anticipated revenues and profits from acquisitions; the company's ability to maintain and expand its core business in large enterprise accounts; the company's ability to attract and retain small sized customers; the size, timing and recognition of revenue from significant orders; the effect of new accounting pronouncements on revenue and expense recognition; the company's reliance on and the success of the company's independent distributors and resellers for the marketing and distribution of the company's products and the success of the company's marketing and licensing programs, including the Advisor Rewards program; increased competition; changes in the company's pricing policies or those of its competitors; management of operations and operating expenses; charges in the event of the impairment of assets acquired through business combinations and licenses; the management of anticipated future growth and the recruitment and retention of qualified employees; competition and other risks associated with the market for our Web-based access, training and customer assistance products; as well as risks of downturns in economic conditions generally; political and social turmoil; and the uncertainty in the IT spending environment; and other risks detailed in the company's filings with the Securities and Exchange Commission. Citrix assumes no obligation to update any forward-looking information contained in this press release or with respect to the announcements described herein.

Use of Non-GAAP Financial Measures

In our earnings release, conference call, slide presentation or webcast, we may use or discuss non-GAAP financial measures as defined by SEC Regulation G. The GAAP financial measure most directly comparable to each non-GAAP financial measure used or discussed and a reconciliation of the differences between each non-GAAP financial measure and the comparable GAAP financial measure are included in this press release after the condensed consolidated financial statement and can be found on the Investor Relations page of the Citrix corporate Web site at <http://www.citrix.com/investors>.

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CITRIX SYSTEMS, INC.

Condensed Consolidated Statements of Income
(In thousands, except per share data - unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
Revenues:				
Product licenses	\$91,980	\$87,716	\$182,042	\$175,142
License updates	80,455	66,981	157,630	125,878
Services	38,794	23,605	73,447	38,592
Total net revenues	<u>211,229</u>	<u>178,302</u>	<u>413,119</u>	<u>339,612</u>
Cost of revenues:				
Cost of product license revenues	2,277	756	3,645	2,169
Cost of services revenues	5,395	4,169	9,910	6,992
Amortization of core and product technology	3,693	3,598	7,011	6,632
Total cost of revenues	<u>11,365</u>	<u>8,523</u>	<u>20,566</u>	<u>15,793</u>
Gross margin	199,864	169,779	392,553	323,819
Operating expenses:				
Research and development	26,402	22,173	51,467	41,211
Sales, marketing and support	92,035	80,804	186,429	154,932
General and administrative	30,056	27,837	57,364	52,588
Amortization of other intangible assets	2,214	1,873	4,391	2,599
Amortization of deferred stock-based compensation	94	-	197	-
In-process research and development	-	-	-	18,700
Total operating expenses	<u>150,801</u>	<u>132,687</u>	<u>299,848</u>	<u>270,030</u>
Income from operations	49,063	37,092	92,705	53,789
Write-off of deferred debt issuance costs	-	-	-	(7,219)
Other income, net	4,983	2,749	10,071	5,075
Income before income taxes	<u>54,046</u>	<u>39,841</u>	<u>102,776</u>	<u>51,645</u>
Income taxes	26,160	8,366	36,330	10,845
Net income	<u>\$27,886</u>	<u>\$31,475</u>	<u>\$66,446</u>	<u>\$40,800</u>
Earnings per share – diluted	<u>\$0.16</u>	<u>\$0.18</u>	<u>\$0.38</u>	<u>\$0.23</u>
Weighted average shares outstanding – diluted	<u>175,146</u>	<u>176,273</u>	<u>175,541</u>	<u>174,428</u>
Adjusted net income	<u>\$47,753</u>	<u>\$35,433</u>	<u>\$89,819</u>	<u>\$68,204</u>
Adjusted earnings per share – diluted	<u>\$0.27</u>	<u>\$0.20</u>	<u>\$0.51</u>	<u>\$0.39</u>

Note: See accompanying reconciliation of non-GAAP financial measures to comparable U.S. GAAP measures (unaudited).

CITRIX SYSTEMS, INC.

Condensed Consolidated Balance Sheets

(In thousands - unaudited)

	<u>June 30, 2005</u>	<u>December 31, 2004</u>
ASSETS:		
Cash and cash equivalents	\$207,673	\$73,485
Short-term investments	183,278	159,656
Accounts receivable, net	98,861	108,399
Other current assets	75,643	85,040
Total current assets	<u>565,455</u>	<u>426,580</u>
Restricted cash equivalents and investments	145,639	149,051
Long-term investments	148,265	183,974
Property and equipment, net	69,389	69,281
Goodwill and other intangible assets, net	439,153	448,624
Other long-term assets	15,834	8,574
Total assets	<u><u>\$1,383,735</u></u>	<u><u>\$1,286,084</u></u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable and accrued expenses	\$150,120	\$131,287
Current portion of deferred revenues	227,690	210,872
Total current liabilities	<u>377,810</u>	<u>342,159</u>
Long-term portion of deferred revenues	14,981	14,271
Other liabilities	1,677	4,749
Stockholders' equity	989,267	924,905
Total liabilities and stockholders' equity	<u><u>\$1,383,735</u></u>	<u><u>\$1,286,084</u></u>

CITRIX SYSTEMS, INC.

Condensed Consolidated Statement of Cash Flows
(In thousands - unaudited)

**Six Months Ended
June 30, 2005**

OPERATING ACTIVITIES

Net Income	\$66,446
Adjustments to reconcile net income to net cash provided by operating activities:	
Amortization and depreciation	21,630
Amortization of deferred stock-based compensation	197
Provision for accounts receivable allowances	2,507
Tax benefit related to the exercise of non-statutory stock options and disqualifying dispositions of incentive stock options	13,868
Other non-cash items	158
Total adjustments to reconcile net income to net cash provided by operating activities	38,360
Changes in operating assets and liabilities:	
Accounts receivable	7,031
Prepaid expenses and other current assets	(89)
Other assets	(162)
Deferred tax assets, net	(3,471)
Accounts payable and accrued expenses	15,786
Deferred revenues	17,528
Other liabilities	(2,927)
Total changes in operating assets and liabilities	33,696
Net cash provided by operating activities	138,502

INVESTING ACTIVITIES

Net proceeds from sales, maturities and purchases of available-for-sale investments	12,991
Purchases of property and equipment	(12,040)
Net cash provided by investing activities	951

FINANCING ACTIVITIES

Proceeds from issuance of common stock	36,316
Cash paid under stock repurchase programs	(41,581)
Net cash used in financing activities	(5,265)
Change in cash and cash equivalents	134,188
Cash and cash equivalents at beginning of period	73,485
Cash and cash equivalents at end of period	\$207,673

Reconciliation of Non-GAAP Financial Measures to Comparable U.S. GAAP Measures (Unaudited)

We utilize certain non-GAAP financial measures to evaluate our performance. We consider these measures important indicators of our success. In addition, Citrix provides these non-GAAP measures of the company's performance to investors to enable them to, among other things, better compare Citrix's most recent results of operations against financial models prepared by the company's investors and securities analysts, and to provide additional information concerning the impact of business acquisitions on Citrix's results of operations. These measures should not be considered an alternative to measurements required by accounting principles generally accepted in the United States ("GAAP") such as net income and earnings per share and should not be considered measures of our liquidity. In addition, our non-GAAP financial measures may not be comparable to similar measures reported by other companies.

The following tables reconcile non-GAAP financial measures used in this release to the most comparable GAAP measure for the respective periods (in thousands, except for per share information and percentages):

CITRIX SYSTEMS, INC.

**RECONCILIATION OF CONDENSED CONSOLIDATED STATEMENTS OF INCOME
TO THE NON-GAAP CONDENSED CONSOLIDATED STATEMENTS OF INCOME**

(In thousands, except per share data - unaudited)

	Three Months Ended June 30, 2005			Three Months Ended June 30, 2004		
	GAAP	Adjustments	Non-GAAP	GAAP	Adjustments	Non-GAAP
Revenues:						
Product licenses	\$91,980	-	\$91,980	\$87,716	-	\$87,716
License updates	80,455	-	80,455	66,981	-	66,981
Services	38,794	-	38,794	23,605	-	23,605
Total net revenues	211,229	-	211,229	178,302	-	178,302
Cost of revenues:						
Cost of product license revenues	2,277	-	2,277	756	-	756
Cost of services revenues	5,395	-	5,395	4,169	-	4,169
Amortization of core and product technology	3,693	(3,693) A	-	3,598	(3,598) A	-
Total cost of revenues	11,365	(3,693)	7,672	8,523	(3,598)	4,925
Gross margin	199,864	3,693	203,557	169,779	3,598	173,377
Operating expenses:						
Research and development	26,402	-	26,402	22,173	-	22,173
Sales, marketing and support	92,035	-	92,035	80,804	-	80,804
General and administrative	30,056	-	30,056	27,837	-	27,837
Amortization of other intangible assets	2,214	(2,214) A	-	1,873	(1,873) A	-
Amortization of deferred stock-based compensation	94	(94) B	-	-	-	-
In-process research and development	-	-	-	-	-	-
Total operating expenses	150,801	(2,308)	148,493	132,687	(1,873)	130,814
Income from operations	49,063	6,001	55,064	37,092	5,471	42,563
Other income, net	4,983	-	4,983	2,749	-	2,749
Income before income taxes	54,046	6,001	60,047	39,841	5,471	45,312
Income taxes	26,160	(13,866) C	12,294	8,366	1,513 A	9,879
Net Income	\$27,886	\$19,867	\$47,753	\$31,475	\$3,958	\$35,433
Earnings per common share – diluted	\$0.16	\$ 0.11	\$0.27	\$0.18	\$0.02	\$0.20
Weighted average shares outstanding – diluted	175,146		175,146	176,273		176,273

A - To exclude the non-cash effects of the amortization of core and product technology and other intangible assets primarily related to business combinations.

B - To exclude the effects of amortization of deferred stock-based compensation.

C – To exclude the tax effects of amortization of core and product technology and other intangible assets, the amortization of deferred stock-based compensation and the estimated tax provision related to the repatriation of foreign earnings under the AJCA.

CITRIX SYSTEMS, INC.

**RECONCILIATION OF CONDENSED CONSOLIDATED STATEMENTS OF INCOME
TO THE NON-GAAP CONDENSED CONSOLIDATED STATEMENTS OF INCOME**

(In thousands, except per share data - unaudited)

	Six Months Ended June 30, 2005			Six Months Ended June 30, 2004		
	GAAP	Adjustments	Non-GAAP	GAAP	Adjustments	Non-GAAP
Revenues:						
Product licenses	\$182,042	-	\$182,042	\$175,142	-	\$175,142
License updates	157,630	-	157,630	125,878	-	125,878
Services	73,447	-	73,447	38,592	-	38,592
Total net revenues	413,119	-	413,119	339,612	-	339,612
Cost of revenues:						
Cost of product license revenues	3,645	-	3,645	2,169	-	2,169
Cost of services revenues	9,910	-	9,910	6,992	-	6,992
Amortization of core and product technology	7,011	(7,011) A	-	6,632	(6,632) A	-
Total cost of revenues	20,566	(7,011)	13,555	15,793	(6,632)	9,161
Gross margin	392,553	7,011	399,564	323,819	6,632	330,451
Operating expenses:						
Research and development	51,467	-	51,467	41,211	-	41,211
Sales, marketing and support	186,429	-	186,429	154,932	-	154,932
General and administrative	57,364	-	57,364	52,588	-	52,588
Amortization of other intangible assets	4,391	(4,391) A	-	2,599	(2,599) A	-
Amortization of deferred stock-based compensation	197	(197) B	-	-	-	-
In-process research and development	-	-	-	18,700	(18,700) C	-
Total operating expenses	299,848	(4,588)	295,260	270,030	(21,299)	248,731
Income from operations	92,705	11,599	104,304	53,789	27,931	81,720
Write-off of deferred debt issuance costs	-	-	-	(7,219)	7,219 D	-
Other income, net	10,071	-	10,071	5,075	-	5,075
Income before income taxes	102,776	11,599	114,375	51,645	35,150	86,795
Income taxes	36,330	(11,774) E	24,556	10,845	7,746 F	18,591
Net Income	\$66,446	\$23,373	\$89,819	\$40,800	\$27,404	\$68,204
Earnings per common share – diluted	\$0.38	\$ 0.13	\$0.51	\$0.23	\$0.16	\$0.39
Weighted average shares outstanding – diluted	175,541		175,541	174,428		174,428

A - To exclude the non-cash effects of the amortization of core and product technology and other intangible assets primarily related to business combinations.

B - To exclude the effects of amortization of deferred stock-based compensation.

C - To exclude the effects of the write-off of in-process research and development.

D - To exclude the effects of the write-off of deferred debt issuance costs due to the redemption of the company's convertible subordinated debentures.

E - To exclude the tax effects of amortization of core and product technology, the amortization of deferred stock-based compensation and the estimated tax provision related to the repatriation of foreign earnings under the AJCA.

F – To exclude the effects of amortization of core and product technology and other intangible assets and the write-offs of in-process research and development and deferred debt issuance costs.

*Forward-looking Guidance
for the Three Months Ended September 30, 2005*

	Earnings Per Share Range – Diluted
U.S. GAAP measure	\$0.17 to \$0.18
Adjustments to exclude the effects of amortization of intangible assets and amortization of deferred stock-based compensation and the write-off of in-process research and development	<u>\$0.07</u>
Adjusted figures	<u>\$0.24 to \$0.25</u>
	Effective Tax Rate
U.S. GAAP measure	20% - 22%
Adjustments to exclude the effects of amortization of intangible assets, amortization of deferred stock-based compensation and the write-off of in-process research and development	<u>1%</u>
Adjusted figures	<u>21% - 23%</u>

*Forward-looking Guidance
for Fiscal Year Ended December 31, 2005*

	Earnings Per Share Range – Diluted
U.S. GAAP measure	\$0.78 to \$0.81
Adjustments to exclude the effects of amortization of intangible assets, amortization of deferred stock-based compensation, the write down of in-process research and development, and the tax provision related to the repatriation of foreign earnings related to the AJCA	<u>\$0.24</u>
Adjusted figures	<u>\$1.02 to \$1.05</u>