

FOR IMMEDIATE RELEASE

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Citrix Reports Fourth Quarter and Fiscal Year 2005 Results

Quarterly Revenue Growth of 26% and Full Year Growth of 23%
Quarterly GAAP EPS Growth of 9% and Full Year Growth of 24%
Quarterly Non-GAAP EPS Growth of 24% and Full Year Growth of 26%

FORT LAUDERDALE, Fla. — Jan. 18, 2006 — Citrix Systems, Inc. (Nasdaq: CTXS), the global leader in access infrastructure solutions, today reported financial results for the fourth quarter and fiscal year ended Dec. 31, 2005.

FINANCIAL RESULTS

GAAP Results

In the fourth quarter of fiscal 2005, Citrix achieved record revenue of \$269 million, compared to \$214 million in the fourth quarter of fiscal 2004, representing 26 percent revenue growth. Annual revenues for 2005 were \$909 million, compared to \$741 million in the previous year, a 23 percent increase.

Net income for the fourth quarter of fiscal 2005 was \$59 million, or \$0.32 per diluted share, compared to \$52 million, or \$0.30 per diluted share, for the fourth quarter of fiscal 2004. Annual net income for 2005 was \$166 million, or \$0.93 per diluted share, compared to \$132 million, or \$0.75 per diluted share in fiscal 2004.

Non-GAAP Results

Non-GAAP net income was \$67 million for the fourth quarter of fiscal 2005, or \$0.36 per diluted share, compared to \$52 million, or \$0.29 per diluted share, in the comparable period last year. Non-GAAP net income excludes the effects of amortization of intangible assets primarily related to business combinations, deferred stock-based compensation, the write-off of in-process research and development and the related tax effects of these items.

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Annual non-GAAP net income for 2005 was \$209 million, or \$1.17 per diluted share, compared to \$162 million, or \$0.93 per diluted share, in 2004. Non-GAAP net income excludes the effects of amortization of intangible assets primarily related to business combinations, deferred stock-based compensation, the write-off of in process research and development, the write-off of deferred debt issuance costs, the related tax effects of these items and the tax provision related to the repatriation of foreign earnings under the American Jobs Creation Act (AJCA).

“We finished a strong 2005 with a record fourth quarter,” said Mark Templeton, president and chief executive officer for Citrix. “Solid performance across our products and regions drove record revenue for the company, excellent license growth and strong operating margin.”

Q4 Financial Highlights

- Revenue grew in the America’s region by 30 percent; the EMEA region by 16 percent, and the Pacific region by 9 percent, compared to the fourth quarter of 2004.
- Product license revenue increased 23 percent, compared to the fourth quarter of 2005.
- Online services contributed \$29 million of revenue, up 71 percent year over year on a GAAP basis and 60 percent when considering purchase accounting adjustments compared to the fourth quarter of 2004.
- Revenue from license updates grew 18 percent, compared to the fourth quarter of 2004.
- Technical services revenue, which is comprised of consulting, education and technical support, grew 33 percent, compared to the fourth quarter of 2004.
- Deferred revenue totaled \$286 million, compared to \$225 million at Dec. 31, 2004.
- Operating margin was 25 percent for the quarter; non-GAAP operating margin was 29 percent for the quarter excluding the effects of amortization of intangible assets primarily related to business combinations, deferred stock-based compensation, and the related tax effects of these items.
- Cash flow from operations was \$79 million, compared to \$80 million in the fourth quarter of 2004. This brings total twelve month cash flow from operations to \$293 million.

Annual Financial Highlights

- Total annual revenue grew 23 percent compared to fiscal 2004.

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- Annual diluted earnings per share for fiscal 2005 increased 24 percent compared to fiscal 2004. Annual non-GAAP diluted earnings per share for fiscal 2005 increased 26 percent compared to fiscal 2004. Annual non-GAAP diluted earnings per share excludes the effects of amortization of intangible assets primarily related to business combinations, deferred stock-based compensation, the write-off of in process research and development, the write-off of deferred debt issuance costs, the related tax effects of these items, and the tax provision related to the repatriation of foreign earnings under the AJCA.
- Operating margin was 23 percent for fiscal 2005; non-GAAP operating margin was 27 percent, excluding the items noted above.
- Cash flow from operations was \$293 million for fiscal 2005.
- During fiscal 2005, the company repurchased 7.4 million shares at an average net price per share of \$23.51 equating to approximately \$174 million in total expenditures.

Financial Outlook for First Quarter 2006

Citrix management offers the following guidance for the first fiscal quarter 2006 ending March 31, 2006:

- Net revenue is expected to be in the range of \$240 million to \$249 million for the first quarter of fiscal 2006.
- GAAP diluted earnings per share is expected to be in the range of \$0.18 to \$0.20, and non-GAAP diluted earnings per share is expected to be in the range of \$0.27 to \$0.28, excluding \$0.04 related to the effects of amortization of intangible assets primarily related to business combinations, and \$0.04 to \$0.05 related to the effects of stock-based compensation expenses.

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

Financial Outlook for Fiscal Year 2006

Citrix management offers the following guidance for the fiscal year 2006.

The company expects net revenue to be in the range of \$1.030 billion to \$1.060 billion. The company expects GAAP diluted earnings per share to be in the range of \$0.88 to \$0.97, and non-GAAP diluted earnings per share to be in the range of \$1.23 to \$1.28. Non-GAAP diluted earnings per share excludes \$0.15 related to the effects of amortization of intangible assets primarily related to business combinations and \$0.16 to \$0.20 related to the impact stock-based compensation expenses.

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

Product and Alliance Highlights

During the fourth quarter, Citrix:

- Launched its first 64-bit solution for application virtualization: Citrix Presentation Server™ 4.0 for Microsoft® Windows Server™ 2003 x64 Edition.
- Introduced Citrix® NetScaler® Application Switch Standard Edition (SE), a new edition of its popular application delivery product line targeted specifically for the needs of small-to-medium enterprises.
- Acquired Sunnyvale, CA.-based Teros, Inc., a privately-held provider of application security solutions. The deal allows Citrix to further extend the technological leadership of the company's NetScaler application delivery product line.
- Introduced Citrix Hospitality Voice Services, its new packaged IP telephony services specially designed for the hospitality industry.
- Announced it has been positioned by Gartner in the "visionary" quadrant in the "Magic Quadrant for SSL/VPN, North America, 3Q05" report; and has moved into the #1 market share position for SSL/VPN according to Infonetics Research.
- Announced it has been positioned in the Leaders Quadrant of the most recent Gartner Application Delivery Products Magic Quadrant Report.
- Introduced Citrix® GoToAssist™ 7, the next generation of the industry-leading remote technical-support and professional-services solution.

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>.

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The conference call may also be accessed by dialing: (888) 799-0519 or (706) 634-0155, 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 Jan. 20, 2006, by dialing (800) 642-1687 or (706) 645-9291 (passcode required: 3745280).

About Citrix

Citrix Systems, Inc. (Nasdaq:CTXS) is the global leader and most trusted name in on-demand access. More than 160,000 organizations around the world use the Citrix Access Platform to provide the best possible access experience to any application for any user. Citrix customers include 100% of the Fortune 100 companies and 98% of the Fortune Global 500, as well as hundreds of thousands of small businesses and individuals. Citrix has approximately 6,200 channel and alliance partners in more than 100 countries. Citrix annual revenues in 2004 were \$741 million. Learn more at <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 the Financial Outlook for First Quarter 2006, Financial Outlook for Fiscal Year 2006, 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 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 success of investments in its product groups, 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 or maintain 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, including the effects of FAS 123(R) on certain of the company's GAAP financial measures due to the variability of the factors used to estimate the value of stock-based compensation; 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; 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 and appliance 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 statements and can be found on the Investor Relations page of the Citrix corporate Web site at <http://www.citrix.com/investors>.

CITRIX SYSTEMS, INC.

Condensed Consolidated Statements of Income

(In thousands, except per share data - unaudited)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2005	2004	2005	2004
Revenues:				
Product licenses	\$130,131	\$106,229	\$409,435	\$369,826
License updates	88,961	75,263	331,102	271,547
Online services	28,725	16,762	99,097	44,101
Technical services	20,839	15,713	69,088	55,683
Total net revenues	268,656	213,967	908,722	741,157
Cost of revenues:				
Cost of product license revenue	5,931	802	14,404	3,824
Cost of service revenue	10,273	4,937	26,794	16,472
Amortization of core and product technology	5,278	(3,884)	16,766	6,127
Total cost of revenue	21,482	1,855	57,964	26,423
Gross margin	247,174	212,112	850,758	714,734
Operating expenses:				
Research and development	28,515	23,314	107,037	86,357
Sales, marketing and support	108,988	100,022	391,509	337,566
General and administrative	35,719	27,786	124,838	106,516
Amortization of intangible assets	4,084	1,711	11,622	6,204
Amortization of deferred stock-based compensation	2,875	-	4,261	-
In-process research and development	-	400	7,000	19,100
Total operating expenses	180,181	153,233	646,267	555,743
Income from operations	66,993	58,879	204,491	158,991
Write-off of deferred debt issuance costs	-	-	-	(7,219)
Other income, net	5,376	4,279	21,017	12,661
Income before income taxes	72,369	63,158	225,508	164,433
Income taxes	13,428	10,860	59,168	32,887
Net income	\$58,941	\$52,298	\$166,340	\$131,546
Earnings per share – diluted	\$0.32	\$0.30	\$0.93	\$0.75
Weighted average shares outstanding – Diluted	182,769	176,576	178,036	174,734
Non GAAP net income	\$66,704	\$51,942	\$208,763	\$162,466
Non GAAP earnings per share – diluted	\$0.36	\$0.29	\$1.17	\$0.93

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

Condensed Consolidated Balance Sheets

(In thousands - unaudited)

	<u>December 31, 2005</u>	<u>December 31, 2004</u>
ASSETS:		
Cash and cash equivalents	\$484,035	\$73,485
Short-term investments	18,900	159,656
Accounts receivable, net	142,015	108,399
Other current assets	81,507	85,040
Total current assets	<u>726,457</u>	<u>426,580</u>
Restricted cash equivalents and investments	63,728	149,051
Long-term investments	51,286	183,974
Property and equipment, net	73,727	69,281
Goodwill and other intangible assets, net	729,327	448,624
Other long-term assets	37,131	8,574
Total assets	<u>\$1,681,656</u>	<u>\$1,286,084</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable and accrued expenses	\$159,853	\$131,287
Current portion of deferred revenues	266,223	210,872
Total current liabilities	<u>426,076</u>	<u>342,159</u>
Long-term debt	31,000	—
Long-term portion of deferred revenues	19,803	14,271
Other liabilities	1,297	4,749
Stockholders' equity	1,203,480	924,905
Total liabilities and stockholders' equity	<u>\$1,681,656</u>	<u>\$1,286,084</u>

CITRIX SYSTEMS, INC.

Condensed Consolidated Statement of Cash Flows

(In thousands - unaudited)

**Twelve Months
Ended December
31, 2005**

OPERATING ACTIVITIES

Net income	\$ 166,340
Adjustments to reconcile net income to net cash provided by operating activities:	
Amortization and depreciation	50,358
Amortization of deferred stock-based compensation	4,261
In-process research and development	7,000
Provision for accounts receivable allowances	6,100
Deferred income tax benefit	(14,348)
Tax benefit related to the exercise of non-statutory stock options and disqualifying Dispositions of incentive stock options	38,336
Other non-cash items	541
Total adjustments to reconcile net income to net cash provided by operating activities	92,248
Changes in operating assets and liabilities, net of effects of acquisitions:	
Accounts receivable	(28,424)
Prepaid expenses and other current assets	775
Other assets	234
Deferred tax assets, net	2,111
Accounts payable and accrued expenses	7,978
Deferred revenues	54,864
Other liabilities	(2,983)
Total changes in operating assets and liabilities, net of effects of acquisitions	34,555
Net cash provided by operating activities	293,143

INVESTING ACTIVITIES

Net proceeds from sales, maturities and purchases of available-for-sale investments	354,987
Cash paid for acquisitions, net of cash acquired	(168,347)
Purchases of property and equipment	(26,377)
Net cash provided by investing activities	160,263

FINANCING ACTIVITIES

Proceeds from issuance of common stock	101,592
Net proceeds from term loan and revolving credit facility	29,902
Cash paid under stock repurchase programs	(174,350)
Net cash used in financing activities	(42,856)
Change in cash and cash equivalents	410,550
Cash and cash equivalents at beginning of period	73,485
Cash and cash equivalents at end of period	\$ 484,035

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. 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. In addition, we believe that it is useful to investors to review information concerning Citrix's results of operations on both a GAAP basis and a non-GAAP basis that excludes stock-based compensation expense under FAS 123(R) amongst others as it relates to 2006 forward-looking guidance. 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 December 31, 2005			Three Months Ended December 31, 2004		
	GAAP	Adjustments	Non-GAAP	GAAP	Adjustments	Non-GAAP
Revenues:						
Product licenses	\$130,131	-	\$130,131	\$106,229	-	\$106,229
License updates	88,961	-	88,961	75,263	-	75,263
Online services	28,725	-	28,725	16,762	-	16,762
Technical services	20,839	-	20,839	15,713	-	15,713
Total net revenues	268,656	-	268,656	213,967	-	213,967
Cost of revenues:						
Cost of product license revenues	5,931	-	5,931	802	-	802
Cost of services revenues	10,273	-	10,273	4,937	-	4,937
Amortization of core and product technology	5,278	(5,278) A	-	(3,884)	3,884 A	-
Total cost of revenues	21,482	(5,278)	16,204	1,855	3,884	5,739
Gross margin	247,174	5,278	252,452	212,112	(3,884)	208,228
Operating expenses:						
Research and development	28,515	-	28,515	23,314	-	23,314
Sales, marketing and support	108,988	-	108,988	100,022	-	100,022
General and administrative	35,719	-	35,719	27,786	-	27,786
Amortization of other intangible assets	4,084	(4,084) A	-	1,711	(1,711) A	-
Amortization of deferred stock-based Compensation	2,875	(2,875) B	-	-	-	-
In-process research and development	-	-	-	400	(400) C	-
Total operating expenses	180,181	(6,959)	173,222	153,233	(2,111)	151,122
Income from operations	66,993	12,237	79,230	58,879	(1,773)	57,106
Other income, net	5,376	-	5,376	4,279	-	4,279
Income before income taxes	72,369	12,237	84,606	63,158	(1,773)	61,385
Income taxes	13,428	4,474 D	17,902	10,860	(1,417) E	9,443
Net Income	\$58,941	\$7,763	\$66,704	\$52,298	(356)	\$51,942
Earnings per common share – diluted	\$0.32	\$0.04	\$0.36	\$0.30	(\$0.01)	\$0.29
Weighted average shares outstanding – diluted	182,769		182,769	176,576		176,576

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

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

C - To exclude the effect of the write off of in-process research and development related to business combinations.

D - To exclude the tax effects of amortization of core and product technology and other intangible assets and the amortization of deferred stock-based compensation.

E - To exclude the tax effects of amortization of core and product technology and other intangible assets and the write off of in-process research and development related to business combinations.

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)

	Twelve Months Ended December 31, 2005			Twelve Months Ended December 31, 2004		
	GAAP	Adjustments	Non-GAAP	GAAP	Adjustments	Non-GAAP
Revenues:						
Product licenses	\$409,435	–	\$409,435	\$369,826	–	\$369,826
License updates	331,102	–	331,102	271,547	–	271,547
Online services	99,097	–	99,097	44,101	–	44,101
Technical services	69,088	–	69,088	55,683	–	55,683
Total net revenues	908,722	–	908,722	741,157	–	741,157
Cost of revenues:						
Cost of product license revenues	14,404	–	14,404	3,824	–	3,824
Cost of services revenues	26,794	–	26,794	16,472	–	16,472
Amortization of core and product technology	16,766	(16,766) A	–	6,127	(6,127) A	–
Total cost of revenues	57,964	(16,766)	41,198	26,423	(6,127)	20,296
Gross margin	850,758	16,766	867,524	714,734	6,127	720,861
Operating expenses:						
Research and development	107,037	–	107,037	86,357	–	86,357
Sales, marketing and support	391,509	–	391,509	337,566	–	337,566
General and administrative	124,838	–	124,838	106,516	–	106,516
Amortization of other intangible assets	11,622	(11,622) A	–	6,204	(6,204) A	–
Amortization of deferred stock-based Compensation	4,261	(4,261) B	–	–	–	–
In-process research and development	7,000	(7,000) C	–	19,100	(19,100) C	–
Total operating expenses	646,267	(22,883)	623,384	555,743	(25,304)	530,439
Income from operations	204,491	39,649	244,140	158,991	31,431	190,422
Write-off of deferred debt issuance costs	-	–	–	(7,219)	7,219 D	–
Other income, net	21,017	–	21,017	12,661	–	12,661
Income before income taxes	225,508	39,649	265,157	164,433	38,650	203,083
Income taxes	59,168	(2,774) E	56,394	32,887	7,730 F	40,617
Net Income	\$166,340	\$42,423	\$208,763	\$131,546	\$30,920	\$162,466
Earnings per common share – diluted	\$0.93	\$0.24	\$1.17	\$0.75	\$0.18	\$0.93
Weighted average shares outstanding – diluted	178,036		178,036	174,734		174,734

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

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

C - To exclude the effect of the write-off of in-process research and development related to business combinations.

D - To exclude the effect 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 effect of amortization of core and product technology and other intangible assets, the amortization of deferred stock-based compensation, the write-off of in-process research and development related to business combinations and the tax provision related to the repatriation of foreign earnings under the AJCA.

F - To exclude the tax effect of amortization of core and product technology and other intangible assets, the write-off of in-process research and development related to business combinations and the write-off of deferred debt issuance costs.

*Forward-looking Guidance
for the Three Months Ended March 31, 2006*

	Earnings Per Share Range – Diluted
U.S. GAAP measure	\$0.18 to \$0.20
Adjustments to exclude the effects of amortization of intangible assets	<u>\$0.04</u>
Adjustments to exclude the effects of expenses related to stock-based compensation	<u>\$0.04 to \$0.05</u>
Non GAAP figures	<u>\$0.27 to \$0.28</u>

*Forward-looking Guidance
for Fiscal Year Ended December 31, 2006*

	Earnings Per Share Range – Diluted
U.S. GAAP measure	\$0.88 to \$0.97
Adjustments to exclude the effects of amortization of intangible assets	<u>\$0.15</u>
Adjustments to exclude the effects of expenses related to stock-based compensation	<u>\$0.16 to \$0.20</u>
Non GAAP figures	<u>\$1.23 to \$1.28</u>

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