

FOR IMMEDIATE RELEASE

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Citrix Reports Third Quarter Earnings Results

*Year-over-year Quarterly Revenue Growth of 21%
Diluted Earnings Per Share of \$0.23;
Adjusted Diluted Earnings Per Share of \$0.29*

FORT LAUDERDALE, Fla. — October 19, 2005 — Citrix Systems, Inc. (Nasdaq: CTXS), the global leader in access infrastructure solutions, today reported financial results for its third quarter of fiscal 2005 ended September 30, 2005.

FINANCIAL RESULTS

In the third quarter of fiscal 2005, Citrix achieved revenue of \$226.9 million, compared to \$187.6 million in the third quarter of fiscal 2004, representing 21 percent revenue growth.

GAAP Results

Net income for the third quarter of fiscal 2005 was \$41.0 million, or \$0.23 per diluted share – which includes a \$7.0 million expense charge for in-process research and development associated with the NetScaler acquisition – compared to net income of \$38.4 million, or \$0.22 per diluted share, for the third 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 in-process research and development, was \$52.2 million for the third quarter of fiscal 2005, or \$0.29 per diluted share, compared to \$42.3 million, or \$0.24 per diluted share, in the comparable period last year.

“Our third quarter results were excellent,” said Mark Templeton, president and chief executive officer for Citrix. “Good momentum drove solid growth in revenue, adjusted earnings per share and cash flow.

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“We saw strong performance and accelerating momentum from our new products, especially with our online services, gateways and application networking product lines. The results indicate that customers are finding our much broader portfolio of products and services to be the most compelling set of access infrastructure solutions on the market.

“We just kicked off the fourth quarter with Citrix iForum, explaining our vision for access to a record number of customers and previewing new technologies and capabilities. The excitement and interest was high, and we look forward to capitalizing on the momentum generated at iForum in the coming quarters.”

Q3 Financial Summary

In reviewing the third quarter results of 2005:

- The Americas region grew revenue 18 percent; the EMEA region grew 14 percent, and the Pacific region grew 11 percent, compared to the third quarter of 2004.
- Product license revenue increased 10 percent, compared to the third quarter of 2004.
- Online services contributed \$26.2 million of revenue, up 86 percent year over year on a GAAP basis and 63 percent when considering purchase accounting adjustments compared to the third quarter of 2004.
- Revenue from license updates grew 20 percent, compared to the third quarter of 2004.
- Technical services revenue, which is comprised of consulting, education and technical support, grew 30 percent, compared to the third quarter of 2004.
- Deferred revenue totaled \$255 million, compared to \$202 million in the third quarter of 2004.
- Operating margin was 20 percent for the quarter; adjusted operating margin was 27 percent for the quarter excluding the effects of amortization of intangible assets, amortization of deferred stock-based compensation, and the write off of in-process research and development related to business combinations.
- Cash flow from operations was over \$76 million, compared to \$62 million in the third quarter of 2004. This brings total trailing twelve months cash flow from operations to \$295 million.
- In its stock repurchase activity, the company repurchased 3.4 million shares of its common stock at an average net price per share of \$23.99. The company has over \$100 million remaining under the current repurchase authorization.

Financial Outlook for Fourth Quarter 2005

Citrix management offers the following guidance for the fourth quarter of 2005.

- Net revenue is expected to be in the range of \$243 million to \$251 million.
- Total adjusted operating expenses are expected to increase 7 percent to 8 percent sequentially.
- GAAP diluted earnings per share is expected to be in the range of \$0.25 to \$0.27, and diluted earnings per share adjusted to exclude the effects of amortization of intangible assets and amortization of deferred stock-based compensation is expected to be in the range of \$0.30 to \$0.32.

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 \$883 million to \$891 million. The company expects GAAP diluted earnings per share to be in the range of \$0.85 to \$0.87, and adjusted diluted earnings per share to be in the range of \$1.10 to \$1.12. Adjusted diluted earnings per share excludes the effects of amortization of intangible assets, amortization of deferred stock-based compensation, the write down of in-process research and development and tax provision related to the repatriation of foreign earnings under the American Jobs Creation Act.

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 third quarter 2005, Citrix:

- Received Microsoft's Global ISV Partner of the Year Award for 2005. In the three years that Microsoft has bestowed this award, Citrix won the top honor in 2003 and 2005, and was a finalist in 2004.
- Announced the general availability of Citrix Access Essentials™ specifically developed, packaged and priced to bring secure application virtualization and efficient centralized management of information resources within easy reach of small and mid-sized businesses.

ADD

Citrix Reports Third Quarter Earnings Results

Page 4

- Announced powerful new tools in Citrix® GoToMeeting™ 2.0 for conducting online meetings, training sessions and group presentations with fast, secure and reliable on-demand performance.
- Completed the acquisition of privately held NetScaler Inc., strengthening Citrix's customer value proposition by improving the performance of any application delivered through the Citrix Access Platform.
- Announced the validation of the integration of Citrix Access Suite™ version 4.0 with Oracle's JD Edwards EnterpriseOne version 8.11.

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 October 21, 2005, by dialing (800) 642-1687 or (706) 645-9291 (passcode required: 9780020).

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>.

ADD

Citrix Reports Third Quarter Earnings Results

Page 5

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 Fourth Quarter 2005, Financial Outlook for Fiscal Year 2005 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 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; 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 September 30,		Nine Months Ended September 30,	
	2005	2004	2005	2004
Revenues:				
Product licenses	\$ 97,262	\$ 88,455	\$ 279,304	\$ 263,597
License updates	84,511	70,406	242,141	196,284
Services	45,174	28,717	118,621	67,309
Total net revenues	<u>226,947</u>	<u>187,578</u>	<u>640,066</u>	<u>527,190</u>
Cost of revenues:				
Cost of product license revenues	4,828	853	8,473	3,022
Cost of services revenues	6,611	4,543	16,521	11,535
Amortization of core and product technology	4,477	3,379	11,488	10,011
Total cost of revenues	<u>15,916</u>	<u>8,775</u>	<u>36,482</u>	<u>24,568</u>
Gross margin	211,031	178,803	603,584	502,622
Operating expenses:				
Research and development	27,055	21,832	78,522	63,043
Sales, marketing and support	96,092	82,612	282,521	237,544
General and administrative	31,755	26,142	89,119	78,730
Amortization of other intangible assets	3,147	1,894	7,538	4,493
Amortization of deferred stock-based compensation	1,189	—	1,386	—
In-process research and development	7,000	—	7,000	18,700
Total operating expenses	<u>166,238</u>	<u>132,480</u>	<u>466,086</u>	<u>402,510</u>
Income from operations	44,793	46,323	137,498	100,112
Write-off of deferred debt issuance costs	—	—	—	(7,219)
Other income, net	5,570	3,307	15,641	8,382
Income before income taxes	<u>50,363</u>	<u>49,630</u>	<u>153,139</u>	<u>101,275</u>
Income taxes	9,410	11,182	45,740	22,027
Net income	<u>\$ 40,953</u>	<u>\$ 38,448</u>	<u>\$ 107,399</u>	<u>\$ 79,248</u>
Earnings per share – diluted	<u>\$ 0.23</u>	<u>\$ 0.22</u>	<u>\$ 0.61</u>	<u>\$ 0.46</u>
Weighted average shares outstanding – diluted	<u>178,210</u>	<u>172,870</u>	<u>176,441</u>	<u>173,911</u>
Adjusted net income	<u>\$ 52,240</u>	<u>\$ 42,320</u>	<u>\$ 142,058</u>	<u>\$ 110,524</u>
Adjusted earnings per share – diluted	<u>\$ 0.29</u>	<u>\$ 0.24</u>	<u>\$ 0.81</u>	<u>\$ 0.64</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>September 30, 2005</u>	<u>December 31, 2004</u>
ASSETS:		
Cash and cash equivalents	\$508,231	\$73,485
Short-term investments	—	159,656
Accounts receivable, net	111,130	108,399
Other current assets	75,198	85,040
Total current assets	<u>694,559</u>	<u>426,580</u>
Restricted cash equivalents and investments	63,742	149,051
Long-term investments	51,347	183,974
Property and equipment, net	70,061	69,281
Goodwill and other intangible assets, net	714,890	448,624
Other long-term assets	19,675	8,574
Total assets	<u>\$1,614,274</u>	<u>\$1,286,084</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable and accrued expenses	\$160,055	\$131,287
Current portion of deferred revenues	239,271	210,872
Total current liabilities	<u>399,326</u>	<u>342,159</u>
Long-term debt	75,000	—
Long-term portion of deferred revenues	16,223	14,271
Other liabilities	1,328	4,749
Stockholders' equity	<u>1,122,397</u>	<u>924,905</u>
Total liabilities and stockholders' equity	<u>\$1,614,274</u>	<u>\$1,286,084</u>

CITRIX SYSTEMS, INC.

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

**Nine Months
Ended September
30, 2005**

OPERATING ACTIVITIES

Net Income	\$ 107,399
Adjustments to reconcile net income to net cash provided by operating activities:	
Amortization and depreciation	34,871
Amortization of deferred stock-based compensation	1,386
In-process research and development	7,000
Provision for accounts receivable allowances	4,144
Tax benefit related to the exercise of non-statutory stock options and disqualifying dispositions of incentive stock options	19,306
Other non-cash items	(136)
Total adjustments to reconcile net income to net cash provided by operating activities	66,571
Changes in operating assets and liabilities:	
Accounts receivable	963
Prepaid expenses and other current assets	3,678
Other assets	211
Deferred tax assets, net	(3,475)
Accounts payable and accrued expenses	17,745
Deferred revenues	24,861
Other liabilities	(2,952)
Total changes in operating assets and liabilities	41,031
Net cash provided by operating activities	215,001

INVESTING ACTIVITIES

Net proceeds from sales, maturities and purchases of available-for-sale investments	373,814
Cash paid for acquisition, net of cash acquired	(137,770)
Purchases of property and equipment	(16,699)
Net cash provided by investing activities	219,345

FINANCING ACTIVITIES

Proceeds from issuance of common stock	60,933
Net proceeds from term loan and revolving credit facility	75,000
Cash paid under stock repurchase programs	(135,533)
Net cash provided by financing activities	400
Change in cash and cash equivalents	434,746
Cash and cash equivalents at beginning of period	73,485
Cash and cash equivalents at end of period	\$ 508,231

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 September 30, 2005			Three Months Ended September 30, 2004		
	GAAP	Adjustments	Non-GAAP	GAAP	Adjustments	Non-GAAP
Revenues:						
Product licenses	\$ 97,262	—	\$ 97,262	\$ 88,455	—	\$ 88,455
License updates	84,511	—	84,511	70,406	—	70,406
Services	45,174	—	45,174	28,717	—	28,717
Total net revenues	226,947	—	226,947	187,578	—	187,578
Cost of revenues:						
Cost of product license revenues	4,828	—	4,828	853	—	853
Cost of services revenues	6,611	—	6,611	4,543	—	4,543
Amortization of core and product technology	4,477	(4,477) A	—	3,379	(3,379) A	—
Total cost of revenues	15,916	(4,477)	11,439	8,775	(3,379)	5,396
Gross margin	211,031	4,477	215,508	178,803	3,379	182,182
Operating expenses:						
Research and development	27,055	—	27,055	21,832	—	21,832
Sales, marketing and support	96,092	—	96,092	82,612	—	82,612
General and administrative	31,755	—	31,755	26,142	—	26,142
Amortization of other intangible assets	3,147	(3,147) A	—	1,894	(1,894) A	—
Amortization of deferred stock-based compensation	1,189	(1,189) B	—	—	—	—
In-process research and development	7,000	(7,000) C	—	—	—	—
Total operating expenses	166,238	(11,336)	154,902	132,480	(1,894)	130,586
Income from operations	44,793	15,813	60,606	46,323	5,273	51,596
Other income, net	5,570	—	5,570	3,307	—	3,307
Income before income taxes	50,363	15,813	66,176	49,630	5,273	54,903
Income taxes	9,410	4,526 D	13,936	11,182	1,401 E	12,583
Net Income	\$ 40,953	11,287	\$ 52,240	\$ 38,448	\$ 3,872	\$ 42,320
Earnings per common share – diluted	\$ 0.23	\$ 0.06	\$ 0.29	\$ 0.22	\$ 0.02	\$ 0.24
Weighted average shares outstanding – diluted	178,210		178,210	172,870		172,870

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, the amortization of deferred stock-based compensation and the write off of in-process research and development related to business combinations.

E - To exclude the tax effects of amortization of core and product technology and other intangible assets.

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)

	Nine Months Ended September 30, 2005			Nine Months Ended September 30, 2004		
	GAAP	Adjustments	Non-GAAP	GAAP	Adjustments	Non-GAAP
Revenues:						
Product licenses	\$ 279,304	—	\$ 279,304	\$ 263,597	—	\$ 263,597
License updates	242,141	—	242,141	196,284	—	196,284
Services	118,621	—	118,621	67,309	—	67,309
Total net revenues	640,066	—	640,066	527,190	—	527,190
Cost of revenues:						
Cost of product license revenues	8,473	—	8,473	3,022	—	3,022
Cost of services revenues	16,521	—	16,521	11,535	—	11,535
Amortization of core and product technology	11,488	(11,488) A	—	10,011	(10,011) A	—
Total cost of revenues	36,482	(11,488)	24,994	24,568	(10,011)	14,557
Gross margin	603,584	11,488	615,072	502,622	10,011	512,633
Operating expenses:						
Research and development	78,522	—	78,522	63,043	—	63,043
Sales, marketing and support	282,521	—	282,521	237,544	—	237,544
General and administrative	89,119	—	89,119	78,730	—	78,730
Amortization of other intangible assets	7,538	(7,538) A	—	4,493	(4,493) A	—
Amortization of deferred stock-based compensation	1,386	(1,386) B	—	—	—	—
In-process research and development	7,000	(7,000) C	—	18,700	(18,700) C	—
Total operating expenses	466,086	(15,924)	450,162	402,510	(23,193)	379,317
Income from operations	137,498	27,412	164,910	100,112	33,204	133,316
Write-off of deferred debt issuance costs	—	—	—	(7,219)	7,219 D	—
Other income, net	15,641	—	15,641	8,382	—	8,382
Income before income taxes	153,139	27,412	180,551	101,275	40,423	141,698
Income taxes	45,740	(7,247) E	38,493	22,027	9,147 F	31,174
Net Income	\$ 107,399	\$ 34,659	\$ 142,058	\$ 79,248	\$ 31,276	\$ 110,524
Earnings per common share – diluted	\$ 0.61	\$ 0.20	\$ 0.81	\$ 0.46	\$ 0.18	\$ 0.64
Weighted average shares outstanding – diluted	176,441		176,441	173,911		173,911

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 December 31, 2005

	Earnings Per Share Range – Diluted
U.S. GAAP measure	\$0.25 to \$0.27
Adjustments to exclude the effects of amortization of intangible assets and amortization of deferred stock-based compensation	<u>\$0.05</u>
Adjusted figures	<u>\$0.30 to \$0.32</u>

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

	Earnings Per Share Range – Diluted
U.S. GAAP measure	\$0.85 to \$0.87
Adjustments to exclude the effects of amortization of intangible assets, amortization of deferred stock-based compensation, the write-off of in-process research and development, and the tax provision related to the repatriation of foreign earnings related to the AJCA	<u>\$0.25</u>
Adjusted figures	<u>\$1.10 to \$1.12</u>