

# CITRIX SYSTEMS INC

## **FORM 8-K** (Current report filing)

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Address	851 WEST CYPRESS CREEK ROAD FORT LAUDERDALE, FL 33309
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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM 8-K**

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**CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934**

**Date of Report (Date of earliest event reported): January 31, 2017**

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**CITRIX SYSTEMS, INC.**  
(Exact Name of Registrant as Specified in its Charter)

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**Delaware**  
(State or other jurisdiction  
of incorporation or organization)

**0-27084**  
(Commission  
File Number)

**75-2275152**  
(IRS Employer  
Identification No.)

**851 West Cypress Creek Road**  
**Fort Lauderdale, Florida 33309**  
(Address of principal executive offices) (Zip Code)

**Registrant's Telephone Number, Including Area Code: (954) 267-3000**

**Not Applicable**  
(Former Name or Former Address, If Changed Since Last Report)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 2.01 Completion of Acquisition or Disposition of Assets.**

On January 31, 2017, Citrix Systems, Inc. (“Citrix”) completed the spin-off of its GoTo family of service offerings (the “Spin-off”) and subsequent merger of that business with LogMeIn, Inc. (“LogMeIn”) pursuant to the terms of (1) an Agreement and Plan of Merger, dated as of July 26, 2016 (the “Merger Agreement”), by and among Citrix, GetGo, Inc., a wholly-owned subsidiary of Citrix (“GetGo”), LogMeIn, and a wholly-owned subsidiary of LogMeIn (“Merger Sub”), and (2) a Separation and Distribution Agreement, dated as of July 26, 2016, by and among Citrix, LogMeIn and GetGo. Under the Spin-off, Citrix distributed approximately 26.9 million shares of GetGo common stock to Citrix stockholders of record as of the close of business on January 20, 2017. Citrix delivered the shares of GetGo common stock to its transfer agent, who held such shares for the benefit of Citrix stockholders. Immediately thereafter, Merger Sub was merged with and into GetGo, with GetGo continuing as a wholly owned subsidiary of LogMeIn (the “Merger”). As a result of the Merger, each share of GetGo common stock was converted into the right to receive one share of LogMeIn common stock. As a result of these transactions, Citrix stockholders will receive approximately 26.9 million shares of LogMeIn common stock in the aggregate, or 0.171844291 of a share of LogMeIn common stock for each share of Citrix common stock held of record by Citrix stockholders as of the close of business on January 20, 2017. No fractional shares of LogMeIn will be issued, and Citrix stockholders will instead receive cash in lieu of any fractional shares. The distribution of the shares of GetGo common stock to Citrix stockholders also resulted in an adjustment to the conversion rate for Citrix’s 0.500% Convertible Notes due 2019 (the “Convertible Notes”) under the terms of the related indenture. As a result of this adjustment, the conversion rate for the Convertible Notes in effect as of the opening of business on February 1, 2017 is 13.9061 shares of Citrix common stock per \$1,000 principal amount of Convertible Notes.

**Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

On January 31, 2017, Citrix announced the departure of Christopher S. Hylan, Senior Vice President and General Manager, Mobility Apps, in connection with the closing of the transaction with LogMeIn. The effective date for Mr. Hylan’s departure is February 15, 2017.

**Item 7.01 Regulation FD Disclosure.**

The ex-dividend date related to the Spin-off as established by Nasdaq was February 1, 2017. Citrix expects to provide supplemental information on or before February 28, 2017, in the “Investor Relations” portion of its website, [www.citrix.com](http://www.citrix.com), on IRS Form 8397 regarding how Citrix stockholders can allocate their tax basis between shares of Citrix common stock which they owned prior to the distribution, and shares of LogMeIn common stock received in the distribution. Citrix stockholders are encouraged to consult their financial advisors and tax advisors regarding the distribution and the applicability and effect of any U.S. federal, state and foreign tax laws.

**Item 9.01 Financial Statements and Exhibits.**

(b) Citrix Systems, Inc. Unaudited Pro Forma Condensed Consolidated Financial Information

Citrix is providing its unaudited pro forma condensed consolidated statements of income for the nine months ended September 30, 2016, and for the fiscal years ended December 31, 2015, 2014, and 2013, and its unaudited pro forma condensed consolidated balance sheet as of September 30, 2016 as Exhibit 99.1 to this Current Report.

(d) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
99.1	Unaudited Pro Forma Condensed Consolidated Financial Statements of Citrix Systems, Inc.



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**EXHIBIT INDEX**

**Exhibit  
Number**

**Description**

99.1 Unaudited Pro Forma Condensed Consolidated Financial Statements of Citrix Systems, Inc.

**Unaudited Pro Forma Financial Statements**

On January 31, 2017, Citrix completed the spin-off and merger of its GoTo family of service offerings (“GoTo Business”) with LogMeIn, Inc. (Nasdaq: LOGM).

The unaudited pro forma condensed consolidated statements of income for the nine months ended September 30, 2016 and for the fiscal years ended December 31, 2015, 2014 and 2013 assume that the separation of the GoTo Business occurred on January 1, 2013, the first day of fiscal year 2013. The unaudited pro forma condensed consolidated balance sheet as of September 30, 2016 assumes that the separation occurred on that date.

The unaudited pro forma condensed consolidated financial statements are presented based on currently available information and are intended for informational purposes only. These unaudited pro forma condensed consolidated financial statements are not necessarily indicative of what Citrix’s results of operations or financial condition would have been had the separation been completed on the dates assumed. In addition, they are not necessarily indicative of Citrix’s future results of operations or financial condition. Beginning in the first quarter of fiscal year 2017, the historical financial results of the GoTo Business for periods prior to the separation will be reflected in Citrix’s financial statements as discontinued operations.

The historical condensed consolidated or consolidated financial statements of Citrix have been adjusted in the accompanying unaudited pro forma condensed consolidated financial statements to give pro forma effect to events that are (1) directly attributable to the separation, (2) factually supportable and (3) with respect to the unaudited pro forma condensed consolidated statements of income, expected to have a continuing impact on the combined results. The pro forma adjustments included in the accompanying unaudited pro forma condensed consolidated financial statements are based on currently available data and assumptions that Citrix believes are reasonable. However, the unaudited pro forma condensed consolidated statements of income do not include any expected cost savings or restructuring actions that may be achievable or that may occur subsequent to the separation or the impact of any non-recurring activity and one-time transaction-related costs.

The unaudited pro forma condensed consolidated financial statements should be read in conjunction with (i) the accompanying notes to the unaudited pro forma condensed consolidated financial statements, (ii) the audited consolidated financial statements and accompanying notes and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in Citrix’s Form 10-K for the fiscal year ended December 31, 2015 filed with the SEC on February 18, 2016, and (iii) the unaudited condensed consolidated financial statements and accompanying notes and “Management’s Discussion and Analysis of Financial Conditions and Results of Operations” included in Citrix’s Form 10-Q for the three and nine months ended September 30, 2016 filed with the SEC on November 4, 2016.

**CITRIX SYSTEMS, INC.**  
**UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME**  
**NINE MONTHS ENDED SEPTEMBER 30, 2016**

	<u>Historical</u>	<u>GoTo Business Separation (a)</u>	<u>Pro Forma Adjustments</u>	<u>Note</u>	<u>Pro Forma Citrix</u>
	(In thousands, except per share information)				
<b>Revenues:</b>					
Product and licenses	\$ 628,002	\$ 421	\$ —		\$ 627,581
Software as a service	606,544	507,992	—		98,552
License updates and maintenance	1,178,053	—	—		1,178,053
Professional services	97,310	—	—		97,310
Total net revenues	<u>2,509,909</u>	<u>508,413</u>	<u>—</u>		<u>2,001,496</u>
<b>Cost of net revenues:</b>					
Cost of product and license revenues	93,077	—	—		93,077
Cost of services and maintenance revenues	281,440	112,566	—		168,874
Amortization of product related intangible assets	45,744	3,650	—		42,094
Impairment of product related intangible assets	1,128	—	—		1,128
Total cost of net revenues	<u>421,389</u>	<u>116,216</u>	<u>—</u>		<u>305,173</u>
Gross margin	<u>2,088,520</u>	<u>392,197</u>	<u>—</u>		<u>1,696,323</u>
<b>Operating expenses:</b>					
Research and development	375,607	70,984	—		304,623
Sales, marketing and services	883,045	158,702	—		724,343
General and administrative	281,601	46,571	—		235,030
Amortization of other intangible assets	22,067	10,618	—		11,449
Restructuring	62,142	830	—		61,312
Separation	46,190	10,060	36,130	(b)	—
Total operating expenses	<u>1,670,652</u>	<u>297,765</u>	<u>36,130</u>		<u>1,336,757</u>
Income from operations	417,868	94,432	(36,130)		359,566
Interest income	12,108	—	—		12,108
Interest expense	33,605	—	—		33,605
Other expense, net	(781)	—	—		(781)
Income before income taxes	395,590	94,432	(36,130)		337,288
Income tax expense (benefit)	59,328	27,521	(13,910)	(c)	45,717
Net income	<u>\$ 336,262</u>	<u>\$ 66,911</u>	<u>\$ (22,220)</u>		<u>\$ 291,571</u>
<b>Earnings per share:</b>					
Basic	<u>\$ 2.17</u>				<u>\$ 1.88</u>
Diluted	<u>\$ 2.15</u>				<u>\$ 1.86</u>
<b>Weighted average shares outstanding:</b>					
Basic	<u>154,847</u>				<u>154,847</u>
Diluted	<u>156,697</u>				<u>156,697</u>

See the accompanying notes to the unaudited pro forma condensed consolidated financial statements.

**CITRIX SYSTEMS, INC.**  
**UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME**  
**YEAR ENDED DECEMBER 31, 2015**

	<u>Historical</u>	<u>GoTo Business Separation (a)</u>	<u>Pro Forma Adjustments</u>	<u>Note</u>	<u>Pro Forma Citrix</u>
	(In thousands, except per share information)				
<b>Revenues:</b>					
Product and licenses	\$ 875,807	\$ 1,999	\$ —		\$ 873,808
Software as a service	731,292	627,441	—		103,851
License updates and maintenance	1,521,007	—	—		1,521,007
Professional services	147,488	—	—		147,488
Total net revenues	<u>3,275,594</u>	<u>629,440</u>	<u>—</u>		<u>2,646,154</u>
<b>Cost of net revenues:</b>					
Cost of product and license revenues	118,265	—	—		118,265
Cost of services and maintenance revenues	364,916	136,413	—		228,503
Amortization and impairment of product related intangible assets	131,183	3,911	—		127,272
Total cost of net revenues	<u>614,364</u>	<u>140,324</u>	<u>—</u>		<u>474,040</u>
Gross margin	<u>2,661,230</u>	<u>489,116</u>	<u>—</u>		<u>2,172,114</u>
<b>Operating expenses:</b>					
Research and development	563,975	83,018	—		480,957
Sales, marketing and services	1,195,362	189,560	—		1,005,802
General and administrative	342,665	53,044	3,376	(b)	286,245
Amortization and impairment of other intangible assets	108,732	11,254	—		97,478
Restructuring	100,411	1,750	—		98,661
Total operating expenses	<u>2,311,145</u>	<u>338,626</u>	<u>3,376</u>		<u>1,969,143</u>
Income from operations	350,085	150,490	(3,376)		202,971
Interest income	11,675	—	—		11,675
Interest expense	44,153	—	—		44,153
Other expense, net	(5,730)	—	—		(5,730)
Income before income taxes	311,877	150,490	(3,376)		164,763
Income tax (benefit) expense	(7,484)	44,032	(1,300)	(c)	(50,216)
Net income	<u>\$ 319,361</u>	<u>\$ 106,458</u>	<u>\$ (2,076)</u>		<u>\$ 214,979</u>
<b>Earnings per share:</b>					
Basic	<u>\$ 2.01</u>				<u>\$ 1.35</u>
Diluted	<u>\$ 1.99</u>				<u>\$ 1.34</u>
<b>Weighted average shares outstanding:</b>					
Basic	<u>158,874</u>				<u>158,874</u>
Diluted	<u>160,362</u>				<u>160,362</u>

See the accompanying notes to the unaudited pro forma condensed consolidated financial statements.



**CITRIX SYSTEMS, INC.**  
**UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME**  
**YEAR ENDED DECEMBER 31, 2014**

	<u>Historical</u>	<u>GoTo Business Separation (a)</u>	<u>Pro Forma Citrix</u>
	(In thousands, except per share information)		
<b>Revenues:</b>			
Product and licenses	\$ 899,736	\$ 3,725	\$ 896,011
Software as a service	651,562	576,067	75,495
License updates and maintenance	1,416,017	—	1,416,017
Professional services	175,541	—	175,541
Total net revenues	<u>3,142,856</u>	<u>579,792</u>	<u>2,563,064</u>
<b>Cost of net revenues:</b>			
Cost of product and license revenues	124,110	—	124,110
Cost of services and maintenance revenues	349,683	122,312	227,371
Amortization and impairment of product related intangible assets	146,426	4,201	142,225
Total cost of net revenues	<u>620,219</u>	<u>126,513</u>	<u>493,706</u>
Gross margin	<u>2,522,637</u>	<u>453,279</u>	<u>2,069,358</u>
<b>Operating expenses:</b>			
Research and development	553,817	66,898	486,919
Sales, marketing and services	1,280,265	205,307	1,074,958
General and administrative	319,922	43,357	276,565
Amortization and impairment of other intangible assets	45,898	3,994	41,904
Restructuring	20,424	6,332	14,092
Total operating expenses	<u>2,220,326</u>	<u>325,888</u>	<u>1,894,438</u>
Income from operations	302,311	127,391	174,920
Interest income	9,421	—	9,421
Interest expense	28,332	—	28,332
Other expense, net	(7,694)	—	(7,694)
Income before income taxes	275,706	127,391	148,315
Income tax expense (benefit)	23,983	42,887	(18,904)
Net income	<u>\$ 251,723</u>	<u>\$ 84,504</u>	<u>\$ 167,219</u>
<b>Earnings per share:</b>			
Basic	<u>\$ 1.48</u>		<u>\$ 0.98</u>
Diluted	<u>\$ 1.47</u>		<u>\$ 0.98</u>
<b>Weighted average shares outstanding:</b>			
Basic	<u>169,879</u>		<u>169,879</u>
Diluted	<u>171,270</u>		<u>171,270</u>

See the accompanying notes to the unaudited pro forma condensed consolidated financial statements.

**CITRIX SYSTEMS, INC.**  
**UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME**  
**YEAR ENDED DECEMBER 31, 2013**

	<u>Historical</u>	<u>GoTo Business Separation (a)</u>	<u>Pro Forma Citrix</u>
	(In thousands, except per share information)		
<b>Revenues:</b>			
Product and licenses	\$ 891,630	\$ 4,954	\$ 886,676
Software as a service	582,872	535,537	47,335
License updates and maintenance	1,305,053	—	1,305,053
Professional services	138,879	—	138,879
Total net revenues	<u>2,918,434</u>	<u>540,491</u>	<u>2,377,943</u>
<b>Cost of net revenues:</b>			
Cost of product and license revenues	114,932	—	114,932
Cost of services and maintenance revenues	289,990	105,742	184,248
Amortization and impairment of product related intangible assets	97,873	4,323	93,550
Total cost of net revenues	<u>502,795</u>	<u>110,065</u>	<u>392,730</u>
Gross margin	<u>2,415,639</u>	<u>430,426</u>	<u>1,985,213</u>
<b>Operating expenses:</b>			
Research and development	516,338	61,349	454,989
Sales, marketing and services	1,216,680	216,215	1,000,465
General and administrative	260,236	37,098	223,138
Amortization and impairment of other intangible assets	41,668	4,040	37,628
Total operating expenses	<u>2,034,922</u>	<u>318,702</u>	<u>1,716,220</u>
Income from operations	<u>380,717</u>	<u>111,724</u>	<u>268,993</u>
Interest income	8,194	—	8,194
Interest expense	128	—	128
Other expense, net	(893)	—	(893)
Income before income taxes	<u>387,890</u>	<u>111,724</u>	<u>276,166</u>
Income tax expense	<u>48,367</u>	<u>38,312</u>	<u>10,055</u>
Net income	<u>\$ 339,523</u>	<u>\$ 73,412</u>	<u>\$ 266,111</u>
<b>Earnings per share:</b>			
Basic	<u>\$ 1.82</u>		<u>\$ 1.43</u>
Diluted	<u>\$ 1.80</u>		<u>\$ 1.41</u>
<b>Weighted average shares outstanding:</b>			
Basic	<u>186,672</u>		<u>186,672</u>
Diluted	<u>188,245</u>		<u>188,245</u>

See the accompanying notes to the unaudited pro forma condensed consolidated financial statements.

**CITRIX SYSTEMS, INC.**  
**UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET**  
**AS OF SEPTEMBER 30, 2016**

	Historical	GoTo Business Separation (a)	Pro Forma Adjustments	Note	Pro Forma Citrix
(In thousands, except per share amounts)					
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ 1,308,683	\$ 79,021	\$ 54,855	(d)	\$ 1,284,517
Short-term investments, available-for-sale	354,328	150	—		354,178
Accounts receivable, net of allowances of \$5,561 at September 30, 2016	475,085	43,592	—		431,493
Inventories, net	14,809	—	—		14,809
Prepaid expenses and other current assets	119,482	13,004	—		106,478
Total current assets	2,272,387	135,767	54,855		2,191,475
Long-term investments, available-for-sale	789,038	—	—		789,038
Property and equipment, net	352,521	84,791	—		267,730
Goodwill	1,965,024	380,917	—		1,584,107
Other intangible assets, net	247,392	58,999	—		188,393
Deferred tax assets, net	231,681	6,372	—		225,309
Other assets	64,460	4,243	—		60,217
Total assets	<u>\$ 5,922,503</u>	<u>\$ 671,089</u>	<u>\$ 54,855</u>		<u>\$ 5,306,269</u>
<b>Liabilities, Temporary Equity and Stockholders' Equity</b>					
Current liabilities:					
Accounts payable	\$ 85,655	\$ 16,943	\$ —		\$ 68,712
Accrued expenses and other current liabilities	279,947	36,377	15,851	(e)	259,421
Income taxes payable	51,341	310	—		51,031
Current portion of deferred revenues	1,194,101	116,167	—		1,077,934
Convertible notes, short-term	1,338,782	—	—		1,338,782
Total current liabilities	2,949,826	169,797	15,851		2,795,880
Long-term portion of deferred revenues	418,169	5,199	—		412,970
Other liabilities	114,931	4,065	—		110,866
Temporary equity from Convertible notes	87,841	—	—		87,841
Stockholders' equity:					
Preferred stock at \$.01 par value: 5,000 shares authorized, none issued and outstanding	—	—	—		—
Common stock at \$.001 par value: 1,000,000 shares authorized; 302,107 shares issued and outstanding at September 30, 2016	302	—	—		302
Additional paid-in capital	4,687,343	—	—		4,687,343
Retained earnings	3,810,887	492,028	39,004	(d)(e)	3,357,863
Accumulated other comprehensive loss	(22,835)	—	—		(22,835)
	8,475,697	492,028	39,004		8,022,673
Less - common stock in treasury, at cost (146,420 shares at September 30, 2016)	(6,123,961)	—	—		(6,123,961)
Total stockholders' equity	2,351,736	492,028	39,004		1,898,712
Total liabilities, temporary equity and stockholders' equity	<u>\$ 5,922,503</u>	<u>\$ 671,089</u>	<u>\$ 54,855</u>		<u>\$ 5,306,269</u>

See the accompanying notes to the unaudited pro forma condensed consolidated financial statements.

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### **Notes to the Unaudited Pro Forma Condensed Consolidated Financial Statements**

The unaudited pro forma condensed consolidated financial statements give effect to the separation of the GoTo Business to be accounted for as a discontinued operation. The unaudited pro forma condensed consolidated statements of income for the nine months ended September 30, 2016 and for the fiscal years ended December 31, 2015, 2014 and 2013 are presented as if the transaction occurred as of January 1, 2013. The unaudited pro forma condensed consolidated balance sheet as of September 30, 2016 is presented as if the separation occurred on that date.

- (a) The GoTo Business Separation column in the unaudited pro forma condensed consolidated financial statements represents the historical financial results of the GoTo Business accounted for as a discontinued operation.
- (b) Reflects the removal of all non-recurring separation costs which are included in Citrix's historical results of operations for the nine months ended September 30, 2016 and the fiscal year ended December 31, 2015. These costs relate primarily to third-party advisory and consulting services, retention payments to certain employees, incremental stock-based compensation and other costs directly related to the separation.
- (c) Represents the tax impact of pro forma adjustments at the applicable statutory income tax rates.
- (d) Represents the effect of the Final Net Adjustment (as defined in the Merger Agreement) and to reflect the cash and cash equivalents that will remain with Citrix. Pursuant to the Merger Agreement, as of the closing, GetGo retains cash and cash equivalents equal to approximately \$25.0 million, subject to certain adjustments.
- (e) Represents the effect of the Employee Matters Agreement dated as of January 31, 2017, by and among Citrix, LogMeIn and GetGo, providing that certain employment-related liabilities are to be retained by Citrix.