

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

Pursuant to the requirements of Regulation G, the Company has provided a reconciliation of each non-GAAP financial measure used in our earnings release dated October 22, 2014 and related conference call, slide presentation or webcast to the most directly comparable GAAP financial measure. These measures differ from GAAP in that they exclude amortization primarily related to acquired intangible assets and debt discount, stock-based compensation expenses, charges associated with the Company's restructuring program, significant litigation charges and the related tax effect of those items. The Company's basis for these adjustments is described below.

Management uses these non-GAAP measures for internal reporting and forecasting purposes, when publicly providing its business outlook, to evaluate the Company's performance and to evaluate and compensate the Company's executives. The Company has provided these non-GAAP financial measures in addition to GAAP financial results because it believes that these non-GAAP financial measures provide useful information to certain investors and financial analysts for comparison across accounting periods not influenced by certain non-cash items that are not used by management when evaluating the Company's historical and prospective financial performance. In addition, the Company has historically provided this or similar information and understands that some investors and financial analysts find this information helpful in analyzing the Company's operating margins, operating expenses and net income and comparing the Company's financial performance to that of its peer companies and competitors.

Management typically excludes the amounts described above when evaluating the Company's operating performance and believes that the resulting non-GAAP measures are useful to investors and financial analysts in assessing the Company's operating performance due to the following factors:

- The Company does not acquire businesses on a predictable cycle. The Company, therefore, believes that the presentation of non-GAAP measures that adjust for the impact of amortization and certain stock-based compensation expenses and the related tax effects that are primarily related to acquisitions, provide investors and financial analysts with a consistent basis for comparison across accounting periods and, therefore, are useful to investors and financial analysts in helping them to better understand the Company's operating results and underlying operational trends.
- Amortization costs and the related tax effects are fixed at the time of an acquisition, are then amortized over a period of several years after the acquisition and generally cannot be changed or influenced by management after the acquisition.
- Although stock-based compensation is an important aspect of the compensation of the Company's employees and executives, stock-based compensation expense is generally fixed at the time of grant, then amortized over a period of several years after the grant of the stock-based instrument, and generally cannot be changed or influenced by management after the grant.
- Under GAAP, certain convertible debt instruments that may be settled in cash on conversion are required to be accounted for as separate liability (debt) and equity (conversion option) components in a manner that reflects the issuer's non-convertible debt borrowing rate. The difference between the imputed interest expense and the coupon interest expense, net of the interest amount capitalized, is excluded from management's assessment of the company's operating performance because management believes that the exclusion of these charges will better help investors and financial analysts understand the Company's operating results and underlying operational trends.
- The charges incurred in conjunction with the Company's restructuring program, which relate to reductions in headcount are not anticipated to be ongoing costs; and, thus, are outside of the normal operations of the Company's business. The Company, therefore, believes that the exclusion of these charges will better help investors and financial analysts understand the Company's operating results and underlying operational trends as compared to prior periods.
- Charges or benefits related to significant litigation are not anticipated to be ongoing costs; and, thus, are outside of the normal operations of the Company's business. These charges or benefits are recorded in the period when it is probable a liability had been incurred and the amount of loss can be reasonably estimated even though the subject matter of the underlying dispute may relate to multiple or different periods. As such, the Company believes that these expenses do not accurately reflect the underlying performance of continuing operations for the period in which they are incurred.

These non-GAAP financial measures are not prepared in accordance with accounting principles generally accepted in the United States ("GAAP") and may differ from the non-GAAP information used by other companies. There are significant limitations associated with the use of non-GAAP financial measures. The additional non-GAAP financial information presented here should be considered in conjunction with, and not as a substitute for or superior to, the financial information presented in accordance with GAAP (such as net income and earnings per share) and should not be considered measures of the Company's liquidity. Furthermore, the Company in the future may exclude amortization related to newly acquired intangible assets and debt discount, additional charges related to its restructuring program, significant litigation charges and the related tax effects from financial measures that it releases, and the Company expects to continue to incur stock-based compensation expenses.

The following tables show the non-GAAP financial measures used in our press release dated October 22, 2014 and related conference call, slide presentation or webcast reconciled to the most directly comparable GAAP financial measures.

CITRIX SYSTEMS, INC.

Non-GAAP Financial Measures Reconciliation

(In thousands, except per share, gross margin and operating margin data - unaudited)

The following tables show the non-GAAP financial measures used in this press release reconciled to the most directly comparable GAAP financial measures.

	Three Months Ended September 30, 2014
GAAP gross margin	82.1%
Add: stock-based compensation	0.1
Add: amortization of product related intangible assets	3.1
Non-GAAP gross margin	<u>85.3%</u>

	Three Months Ended September 30, 2014
GAAP operating margin	7.7%
Add: stock-based compensation	5.7
Add: amortization of product related intangible assets	3.1
Add: amortization of other intangible assets	1.3
Add: restructuring charges	0.4
Add: charge related to a previously disclosed patent lawsuit	2.7
Non-GAAP operating margin	<u>20.9%</u>

	Three Months Ended September 30,	
	2014	2013
GAAP net income	\$47,532	\$76,730
Add: stock-based compensation	42,449	45,893
Add: amortization of product related intangible assets	23,959	24,330
Add: amortization of other intangible assets	9,956	10,386
Add: amortization of debt discount	7,802	-
Add: restructuring charges	3,124	-
Add: charge related to a previously disclosed patent lawsuit	20,727	-
Less: tax effects related to above items	(30,932)	(25,521)
Non-GAAP net income	<u>\$124,617</u>	<u>\$131,818</u>

	Three Months Ended September 30,	
	2014	2013
GAAP earnings per share – diluted	\$0.29	\$0.41
Add: stock-based compensation	0.26	0.24
Add: amortization of product related intangible assets	0.14	0.13
Add: amortization of other intangible assets	0.06	0.06
Add: amortization of debt discount	0.05	-
Add: restructuring charges	0.02	-
Add: charge related to a previously disclosed patent lawsuit	0.12	-
Less: tax effects related to above items	(0.19)	(0.14)
Non-GAAP earnings per share – diluted	<u>\$0.75</u>	<u>\$0.70</u>

CITRIX SYSTEMS, INC.
Forward Looking Guidance

	For the Twelve Months Ended December 31, 2014
GAAP earnings per share – diluted	<u>\$1.57 to \$1.58</u>
Add: adjustments to exclude the effects of amortization of intangible assets	0.96
Add: adjustments to exclude the effects of expenses related to stock-based compensation	1.00
Add: charge related to a previously disclosed patent lawsuit	0.12
Add: adjustments to exclude the effects of amortization of debt discount	0.12
Add: adjustments to exclude the effects of restructuring charges	0.12
Less: tax effects related to above items	<u>(0.64) to (0.68)</u>
Non-GAAP earnings per share – diluted	<u><u>\$3.22 to \$3.25</u></u>