FILED JUL 03, 2013
DOCUMENT NO. 03762-13
FPSC - COMMISSION CLERK

DOCKET NO. 130186-TX

WG WILTSHIRE & GRANNIS LLP

<u>Via Federal Express</u>

Florida Public Service Commission
Office of Commission Clerk
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Re: Citrix Communications LLC Application for Authority to Provide Service in the State of Florida.

To the Office of the Commission Clerk:

Enclosed please find Citrix Communications LLC's application for Authority to Provide Service in the State of Florida. Enclosed with the application please find a check for $500 written to the Florida Public Service Commission.

Should you have any questions please contact me at 202-730-1354 or pmcelligott@wiltshiregrannis.com.

Respectfully submitted,

Peter McElligott
Counsel to Citrix Communications Virginia LLC

RECEIVED-FPSC
13 JUL -3 PM 2:56
COMMISSION CLERK

Check received with filing and forwarded to Fiscal for deposit. Fiscal to forward deposit information to Records.

Initials of person who forwarded check:

COM ______
AFD ______
APA ______
ECO ______
ENG ______
GCL ______
IDM ______
TEL ______
CLK NG

FLORIDA PUBLIC SERVICE COMMISSION

OFFICE OF TELECOMMUNICATIONS

APPLICATION FORM
FOR
AUTHORITY TO PROVIDE TELECOMMUNICATIONS COMPANY SERVICE WITHIN THE STATE OF FLORIDA

Instructions

A. This form is used as an application for an original certificate and for approval of transfer of an existing certificate. In the case of a transfer, the information provided shall be for the transferee (See Page 8).

B. Print or type all responses to each item requested in the application. If an item is not applicable, please explain.

C. Use a separate sheet for each answer which will not fit the allotted space.

D. Once completed, submit the original and one copy of this form along with a non-refundable application fee of **$500.00** to:

> **Florida Public Service Commission**
> **Office of Commission Clerk**
> **2540 Shumard Oak Blvd.**
> **Tallahassee, Florida 32399-0850**
> **(850) 413-6770**

E. A filing fee of **$500.00** is required for the transfer of an existing certificate to another company.

F. If you have questions about completing the form, contact:

> **Florida Public Service Commission**
> **Office of Telecommunications**
> **2540 Shumard Oak Blvd.**
> **Tallahassee, Florida 32399-0850**
> **(850) 413-6600**

1. This is an application for (check one):

   X **Original certificate** (new company).

   ☐ **Approval of transfer of existing certificate:** <u>Example</u>, a non-certificated company purchases an existing company and desires to retain the original certificate of authority rather that apply for a new certificate.

2. Name of company:

   Citrix Communications LLC

3. Name under which applicant will do business (fictitious name, etc.):

   Citrix Communications LLC

4. Official mailing address:

   Street/Post Office Box: 499 Washington Boulevard, Suite 1401
   City: Jersey City
   State: NJ
   Zip: 07310

5. Florida address:

   Street/Post Office Box: 1201 Hays Street
   City: Tallahassee
   State: FL
   Zip: 32301

6. Structure of organization:

   ☐ Individual
   ☐ Foreign Corporation
   ☐ General Partnership
   X Other, please specify:
   Foreign Limited Liability Company
   ☐ Corporation
   ☐ Foreign Partnership
   ☐ Limited Partnership

If individual, provide:

Name: ____________________
Title: ____________________
Street/Post Office Box: ____________________
City: ____________________
State: ____________________
Zip: ____________________
Telephone No.: ____________________
Fax No.: ____________________
E-Mail Address: ____________________
Website Address: ____________________

7. **If incorporated in Florida,** provide proof of authority to operate in Florida. The Florida Secretary of State corporate registration number is:

8. **If foreign corporation,** provide proof of authority to operate in Florida. The Florida Secretary of State corporate registration number is:

   Citrix Communications LLC is organized as a limited liability company in the State of Delaware and is in good standing under the laws of that state. A copy of Citrix Communications LLC's Certificate of Formation is attached to the Application as **Exhibit 1**.

   Citrix Communications LLC's Florida registration number is: I20000000195. As proof of compliance Citrix Communications LLC attaches its registration with the Florida Department of State as **Exhibit 2**.

9. **If using fictitious name (d/b/a),** provide proof of compliance with fictitious name statute (Chapter 865.09, FS) to operate in Florida. The Florida Secretary of State fictitious name registration number is:

   N/A. Citrix Communications LLC will not be using a fictitious name.

10. **If a limited liability partnership,** please proof of registration to operate in Florida. The Florida Secretary of State registration number is:

11. **If a partnership**, provide name, title and address of all partners and a copy of the partnership agreement.

Name: ____________________
Title: ____________________
Street/Post Office Box: ____________________
City: ____________________
State: ____________________

Zip: ______
Telephone No.: ______
Fax No.: ______
E-Mail Address: ______
Website Address: ______

12. **If a foreign limited partnership,** provide proof of compliance with the foreign limited partnership statute (Chapter 620.169, FS), if applicable.

13. Provide **F.E.I. Number**: 45-5360409

14. Who will serve as liaison to the Commission in regard to the following?

(a) The application:

Name: Jonathan Mirsky
Title: Outside Counsel
Street Name & Number: 1200 Eighteenth Street N.W., Suite 1200
Post Office Box: ______
City: Washington
State: D.C.
Zip: 20036
Telephone No.: 202-730-1300
Fax No.: 202-730-1301
E-Mail Address: jmirsky@wiltshiregrannis.com
Website Address: www.wiltshiregrannis.com

(b) Official point of contact for the ongoing operations of the company:

Name: Tony Ludlow
Title: Director
Street Name & Number: 499 Washington Boulevard, Suite 1401
Post Office Box: ______
City: Jersey City
State: NJ
Zip: 07310
Telephone No.: 201-420-1155
Fax No.: 206-497-1174
E-Mail Address: tony.ludlow@citrix.com
Website Address: www.citrixcommunications.com

(c) Where will you officially designate as your place of publicly publishing your schedule (a/k/a tariffs or price lists)?

☐ Florida Public Service Commission
X Website – *Website address*:

Citrix Communications LLC will publically publish its tariffs for the State of Florida on its website at
http://www.citrixcommunications.com/collaboration/citrix_communications_legal.
Copies of Citrix Communications LLC's proposed tariffs will be submitted to the Florida Public Service Commission as well.

☐ Other – *Please provide address*:

15. List the states in which the applicant:

(a) has operated as a telecommunications company.

Citrix Communications LLC has not yet offered services in any state.

(b) has applications pending to be certificated as a telecommunications company.

Citrix Communications LLC does not currently have any applications pending.

(c) is certificated to operate as a telecommunications company.

Citrix Communications LLC is authorized to provide service in:

Massachusetts
New York
California
Illinois

Additionally, Citrix Communications Virginia LLC, a subsidiary of Citrix Communications LLC, is authorized to provide service in the Commonwealth of Virginia.

(d) has been denied authority to operate as a telecommunications company and the circumstances involved.

Citrix Communications LLC has not been denied authority to operate as a telecommunications company.

(e) has had regulatory penalties imposed for violations of telecommunications statutes and the circumstances involved.

Citrix Communications LLC has not had any regulatory penalties imposed for violations.

(f) has been involved in civil court proceedings with another telecommunications entity, and the circumstances involved.

Citrix Communications LLC has not been involved in a civil court proceeding with another telecommunications entity.

16. Have any of the officers, directors, or any of the ten largest stockholders previously been:

(a) adjudged bankrupt, mentally incompetent (and not had his or her competency restored), or found guilty of any felony or of any crime, or whether such actions may result from pending proceedings. ☐ Yes X No

If yes, provide explanation.

(b) granted or denied a certificate in the State of Florida (this includes active and canceled certificates). ☐ Yes X No

If yes, provide explanation and list the certificate holder and certificate number.

(c) an officer, director, partner or stockholder in any other Florida certificated or registered telephone company. ☐ Yes X No

If yes, give name of company and relationship. If no longer associated with company, give reason why not.

17. Submit the following:

(a) **Managerial capability:** resumes of employees/officers of the company that would indicate sufficient managerial experiences of each. Please explain if a resume represents an individual that is not employed with the company and provide proof that the individual authorizes the use of the resume.

Citrix Communications LLC's managerial personnel are well qualified to direct the provisioning, billing, and customer service for services in the State of Florida. As evidence of Citrix Communications LLC's managerial and technical resources, Applicant submits the resumes of key personnel attached as **Exhibit 3**.

(b) **Technical capability:** resumes of employees/officers of the company that would indicate sufficient technical experiences or indicate what company has been contracted to conduct technical maintenance. Please explain if a resume represents an individual that is not employed with the company and provide proof that the individual authorizes the use of the resume.

Citrix Communications LLC's technical personnel are well qualified to maintain telecommunications facilities and services in the State of Florida. As evidence of Citrix Communications LLC's managerial and technical resources, Applicant submits the resumes of key personnel attached as **Exhibit 3**.

(c) **Financial Capability:** applicant's audited financial statements for the most recent three (3) years. If the applicant does not have audited financial statements, it shall so be stated. Unaudited financial statements should be signed by the applicant's chief executive officer and chief financial officer affirming that the financial statements are true and correct and should include:

1. the balance sheet,
2. income statement, and
3. statement of retained earnings.

Citrix Communications LLC is a new entity and has not yet initiated telecommunications operations and does not yet have a financial history. However, Applicant is financially qualified to provide the services for which authority is requested in this Application. Applicant's ultimate parent is Citrix Systems, Inc., a public company traded on the NASDAQ. Citrix Communications LLC has access to the financing and working capital necessary to fulfill any obligations it may undertake with respect to the operation, maintenance, and provisioning of the proposed services. As evidence of its ability to meet its financial commitments Citrix Communications LLC attaches financial statements of its ultimate parent Citrix Systems, Inc. Citrix Communications LLC is providing copies of Citrix Systems, Inc.'s most recently available public financial statements as **Exhibit 4**.

Note: *It is the applicant's burden to demonstrate that it possesses adequate managerial capability, technical capability, and financial capability. Additional supporting information can be supplied at the discretion of the applicant.*

THIS PAGE **MUST BE** COMPLETED AND SIGNED

REGULATORY ASSESSMENT FEE: I understand that all telephone companies must pay a regulatory assessment fee. Regardless of the gross operating revenue of a company, a minimum annual assessment fee, as defined by the Commission, is required.

RECEIPT AND UNDERSTANDING OF RULES: I acknowledge receipt and understanding of the Florida Public Service Commission's rules and orders relating to the provisioning of telecommunications company service in Florida.

APPLICANT ACKNOWLEDGEMENT: By my signature below, I, the undersigned officer, attest to the accuracy of the information contained in this application and attached documents and that the applicant has the technical expertise, managerial ability, and financial capability to provide telecommunications company service in the State of Florida. I have read the foregoing and declare that, to the best of my knowledge and belief, the information is true and correct. I attest that I have the authority to sign on behalf of my company and agree to comply, now and in the future, with all applicable Commission rules and orders.

Further, I am aware that, pursuant to Chapter 837.06, Florida Statutes, ***"Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in s. 775.082 and s. 775.083."***

I understand that any false statements can result in being denied a certificate of authority in Florida.

COMPANY OWNER OR OFFICER

Print Name:	Antonio G. Gomes
Title:	Secretary
Telephone No.:	(781) 301-7931
E-Mail Address:	tony.gomes@citrix.com

Signature: Antonio Gomes Date: 6/27/13

Certificate Transfer

As current holder of Florida Public Service Commission Certificate Number ____, I have reviewed this application and join in the petitioner's request for a transfer of the certificate.

Company Owner or Officer

Print Name: ______________________

Title: ______________________

Street/Post Office Box: ______________________

City: ______________________

State: ______________________

Zip: ______________________

Telephone No.: ______________________

Fax No.: ______________________

E-Mail Address: ______________________

Signature: ______________________ Date: ______________

Exhibit 1

Delaware

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF FORMATION OF "CITRIX COMMUNICATIONS LLC", FILED IN THIS OFFICE ON THE FOURTEENTH DAY OF MAY, A.D. 2012, AT 6:46 O'CLOCK P.M.

SECRETARY OF STATE 1776 DELAWARE 1970

Jeffrey W. Bullock, Secretary of State

5154331 8100

AUTHENTICATION: 9571346

120561889

DATE: 05-14-12

State of Delaware
Secretary of State
Division of Corporations
Delivered 06:50 PM 05/14/2012
FILED 06:46 PM 05/14/2012
SRV 120561889 - 5154331 FILE

CERTIFICATE OF FORMATION
OF
CITRIX COMMUNICATIONS LLC

The undersigned, being an authorized person, for the purpose of forming a limited liability company under the Delaware Limited Liability Company Act, Title 6, Chapter 18, Delaware Code, Section 18-10 et seq. (the "Act"), hereby certifies, pursuant to Section 18-201(a) of the Act, that

FIRST: The name of the limited liability company is Citrix Communications LLC.

SECOND: The address of its registered office in the State of Delaware is 2711 Centerville Road, Suite 400, Wilmington, New Castle County, Delaware 19808.

THIRD: The name of its Registered Agent at such address is Corporation Service Company.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Formation this 14th day of May 2012.

/s/La-Rae Strawbridge
La-Rae Strawbridge, Authorized Person

Exhibit 2

FLORIDA DEPARTMENT OF STATE
Division of Corporations

May 29, 2013

CSC
CITRIX COMMUNICATIONS LLC
SUSIE KNIGHT
,

Qualification documents for CITRIX COMMUNICATIONS LLC were filed on May 28, 2013, and assigned document number M13000003345. Please refer to this number whenever corresponding with this office.

Your limited liability company is authorized to transact business in Florida as of the file date.

To maintain "active" status with the Division of Corporations, an annual report must be filed yearly between January 1st and May 1st beginning in the year following the file date or effective date indicated above. If the annual report is not filed by May 1st, a $400 late fee will be added.

A Federal Employer Identification Number (FEI/EIN) will be required when this report is filed. Contact the IRS at 1-800-829-4933 for an SS-4 form or go to www.irs.gov.

Please notify this office if the limited liability company address changes.

Should you have any questions regarding this matter, please contact this office at the address given below.

Barbara Bostick
Regulatory Specialist II
Registration/Qualification Section
Division of Corporations

Letter Number: 713A00013314

Account number: I20000000195

Amount charged: 125.00

COVER LETTER

TO: Registration Section
Division of Corporations

SUBJECT: Citrix Communications LLC
Name of Limited Liability Company

The enclosed "Application by Foreign Limited Liability Company for Authorization to Transact Business in Florida," Certificate of Existence, and check are submitted to register the above referenced foreign limited liability company to transact business in Florida..

Please return all correspondence concerning this matter to the following:

La-Rae Strawbridge
Name of Person

Citrix Systems, Inc.
Firm/Company

851 West Cypress Creek Road
Address

Fort Lauderdale, FL 33309
City/State and Zip Code

la-rae.strawbridge@citrix.com
E-mail address: (to be used for future annual report notification)

2013 MAY 28 AM 9:30

For further information concerning this matter, please call:

La-Rae Strawbridge at (781) 301-7974
Name of Person — Area Code & Daytime Telephone Number

MAILING ADDRESS:	**STREET ADDRESS:**
Division of Corporations Registration Section P.O. Box 6327 Tallahassee, FL 32314	Division of Corporations Registration Section Clifton Building 2661 Executive Center Circle Tallahassee, FL 32301

Enclosed is a check for the following amount:

- ☐ $125.00 Filing Fee
- ☐ $130.00 Filing Fee & Certificate of Status
- ☐ $155.00 Filing Fee & Certified Copy
- ☐ $160.00 Filing Fee, Certificate of Status & Certified Copy

APPLICATION BY FOREIGN LIMITED LIABILITY COMPANY FOR AUTHORIZATION TO TRANSACT BUSINESS IN FLORIDA

IN COMPLIANCE WITH SECTION 608.503, FLORIDA STATUTES, THE FOLLOWING IS SUBMITTED TO REGISTER A FOREIGN LIMITED LIABILITY COMPANY TO TRANSACT BUSINESS IN THE STATE OF FLORIDA:

1. Citrix Communications LLC
(Name of Foreign Limited Liability Company; must include "Limited Liability Company," "L.L.C.," or "LLC.")

____

(If name unavailable, enter alternate name adopted for the purpose of transacting business in Florida and attach a copy of the written consent of the managers or managing members adopting the alternate name. The alternate name must include "Limited Liability Company," "L.L.C," "LLC.")

2. Delaware
(Jurisdiction under the law of which foreign limited liability company is organized)

3. ____________________
(FEI number, if applicable)

4. May 14, 2012
(Date of Organization)

5. Perpetual
(Duration: Year limited liability company will cease to exist or "perpetual")

6. N/A
(Date first transacted business in Florida, if prior to registration.)
(See sections 608.501 & 608.502 F.S. to determine penalty liability)

7. 851 West Cypress Creek Road, Fort Lauderdale, FL 33309
(Street Address of Principal Office)

2013 MAY 28 AM 9:30

8. If limited liability company is a manager-managed company, check here ☒

9. The name and usual business addresses of the managing members or managers are as follows:

Citrix Online LLC, 851 West Cypress Creek Road, Fort Lauderdale, FL 33309

10. Attached is an original certificate of existence, no more than 90 days old, duly authenticated by the official having custody of records in the jurisdiction under the law of which it is organized. (A photocopy is not acceptable. If the certificate is in a foreign language, a translation of the certificate under oath of the translator must be submitted.)

11. Nature of business or purposes to be conducted or promoted in Florida: Telecommunications

/s/Antonio G. Gomes
Signature of a member or an authorized representative of a member.

(In accordance with section 608.408(3), F.S., the execution of this document constitutes an affirmation under the penalties of perjury that the facts stated herein are true. I am aware that any false information submitted in a document to the Department of State constitutes a third degree felony as provided for in s.817.155, F.S.)

Antonio G. Gomes
Typed or printed name of signee

CERTIFICATE OF DESIGNATION OF REGISTERED AGENT/REGISTERED OFFICE

PURSUANT TO THE PROVISIONS OF SECTION 608.415 or 608.507, FLORIDA STATUTES, THE UNDERSIGNED LIMITED LIABILITY COMPANY SUBMITS THE FOLLOWING STATEMENT TO DESIGNATE A REGISTERED OFFICE AND REGISTERED AGENT IN THE STATE OF FLORIDA.

1. The name of the Limited Liability Company is:

Citrix Communications LLC

If unavailable, the alternate to be used in the state of Florida is:

____

2. The name and the Florida street address of the registered agent and office are:

Corporation Service Company
(Name)

1201 Hays Street
Florida Street Address (P.O. Box **NOT** ACCEPTABLE)

Tallahassee FL 32301
City/State/Zip

FILED

2013 MAY 28 AM 9:30

SECRETARY OF STATE
TALLAHASSEE, FLORIDA

Having been named as registered agent and to accept service of process for the above stated limited liability company at the place designated in this certificate, I hereby accept the appointment as registered agent and agree to act in this capacity. I further agree to comply with the provisions of all statutes relating to the proper and complete performance of my duties, and I am familiar with and accept the obligations of my position as registered agent as provided for in Chapter 608, Florida Statutes.

Corporation Service Company

By: Sue G. Knight
(Signature)

Sue G. Knight
Assistant Vice President

$ 100.00 Filing Fee for Application
$ 25.00 Designation of Registered Agent
$ 30.00 Certified Copy (optional)
$ 5.00 Certificate of Status (optional)

Delaware

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "CITRIX COMMUNICATIONS LLC" IS DULY FORMED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE TWENTY-FOURTH DAY OF MAY, A.D. 2013.

AND I DO HEREBY FURTHER CERTIFY THAT THE SAID "CITRIX COMMUNICATIONS LLC" WAS FORMED ON THE FOURTEENTH DAY OF MAY, A.D. 2012.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL TAXES HAVE NOT BEEN ASSESSED TO DATE.

FILED
2013 MAY 28 AM 9:30
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

5154331 8300

130657031

You may verify this certificate online at corp.delaware.gov/authver.shtml

Jeffrey W Bullock, Secretary of State

AUTHENTICATION: 0460214

DATE: 05-24-13

Exhibit 3

John Bennett is Citrix Communications LLC's Senior Product Line Director. Mr. Bennett sets strategy and market direction for the Company. He is responsible for the business model, P&L and oversight of day to day operations. As evidenced by Mr. Bennett's attached resume, he brings many years of audio conferencing experience to his role at Citrix Communications.

James (Tony) Ludlow is Citrix Communications LLC's Director and General Manager. Mr. Ludlow is responsible for the planning, directing, and controlling all CLEC activities. As evidence by Mr. Ludlow's attached resume, he brings many years' experience leading entities providing communication services.

Michael Ramsey is Citrix Communications LLC's Senior Director of Technical Operations. Mr. Ramsey is responsible for the technical infrastructure of the network. As evidence by Mr. Ramsey's attached resume, he brings many years' experience building, expanding and running a global communications infrastructure.

Rebecca Szerwo is Citrix Communications LLC's Senior Accounting Manager. Ms. Szerwo is responsible for the finance and accounting operations of Citrix Communications LLC. Ms. Szerwo is a certified management account and, as evidenced by her attached resume, has over 20 years' experience managing finance and accounting functions in a variety of fields.

John Bennett

Professional Profile:
Experienced senior technology professional with 20+ years executive leadership experience with private and public organizations. Extensive background in business development, sales and operations for a variety of telecommunications and technology companies. Consistent performer with proven capabilities for quickly developing creative solutions to complex problems.

Experience:

Citrix Online (Santa Barbara, CA)
Senior Director – Audio Product Line
(October 2008 – Present)

- Reporting to the VP & GM for Citrix Online, Manage overall P&L responsibility for Audio Product Line Implemented new processes to better track sales personnel performance. Previously managed dedicated sales organization for Citrix Online Audio.

Vapps (Hoboken, NJ)
Vice President, Business Development
(February 2008 – October 2008)

- Reporting to the CEO & Founder, managed overall Sales & Business Development activities for OEM relationships and strategic partnerships. Implemented and managed numerous distribution agreements with key companies such as Citrix Online.

Executive Consultant (Reston, VA)
(January 2007 – January 2008)

- **LogicTree** - Reporting to the CEO, 100 day engagement to evaluate and manage LogicTree's Telecommunications sales and marketing organization.
- Implemented new processes to better track sales personnel performance. Provided predictable and accountable revenue forecast and restructured sales organization.

- **Music Intelligence Solutions** -Reporting to the CEO, 8 month engagement. Had primary responsibility for managing MIS's business development activities.
- Developed and implemented new business plan to transition MIS from enterprise software business to Internet music site for consumers.
- Initiated key strategic partnerships with major record labels.
- Launched new company web site to better reflect MIS's new consumer focus.

ACE*COMM (Gaithersburg, MD)
President (June 2005 – October 2006)

- Reporting to the CEO, led ACE*COMM through a period of transition from that of a legacy developer of OSS solutions to an innovative provider of value-added services for the burgeoning mobile marketplace.

- Raised ACE*COMM's profile in the financial community by presenting at investor forums and multiple financial analyst road shows in New York, San Francisco, Washington DC and Boston.
- Had primary responsibility for managing ACE*COMM's world wide Sales and Corporate Operations. Managed an organization with over 50 people worldwide.
- Initiated and established strategic OEM agreements with Lucent Technologies and Verisign for the worldwide distribution of ACE*COMM's Parent Patrol application suite for wireless service providers worldwide.

Sentori, Inc. (Silver Spring, MD)
President & CEO (March 2003 – January 2005)
President (February 2001 – March 2003)

- Promoted by investors in March 2003 to President and CEO following two years as President.
- Led management expansion, successfully transitioned company from family-run business to mature business with a seasoned management team. Managed an organization of 50+ people.
- Established strategic partnerships with Lucent Technologies, Siemens, Comverse and Lightbridge.
- Positioned Sentori for Tier 2 market leadership for wireless billing & customer care in North America, Caribbean, Latin America and Africa.
- Company growth outperformed billing & customer care sector from 2002 – 2005.

CMGI (Andover, MA)
Vice-President – Corporate Strategy Group
May 2000 – February 2001

- Key member of the team that led the formation of CMGI Asia.
- Active contributor to CMGI's restructuring efforts, which reduced wholly owned subsidiaries from 32 to 10 from May 2000 until February 2001.

CMGI Solutions (wholly owned subsidiary of CMGI)
Vice-President, Business Development
May 1999 – May 2000

- Responsible for managing the software group within CMGI Solutions, including enterprise and carrier sales, business development and partnering activities.
- Led integration of Nascent's sales, marketing & product management operations with CMGI Solutions after acquisition.
- Nascent's revenues contributed over 35% of CMGI Solutions total revenues for FY1999.

Nascent Technologies (Reston, VA)
Vice-President, Business Development
February 1998 – May 1999 (Acquired by CMGI)

- Lead the sales and business development operations for Nascent.
- Negotiated multiple partnering agreements for the worldwide distribution of Nascent's software.
- Significant contributor to the company's growth from $250,000 in revenues to a run-rate of $3 million in revenues in 18 months.
- Negotiated and closed contracts with Sun Microsystems, Hong Kong Telecom, & Singapore Telecom.
- Significant contributor in the sale of Nascent to CMGI for $6 million.

Mr. Bennett also worked in similar positions at IoWave, Boston Technologiesand Bell Atlantic.

Education
1981 – 1985 Mary Washington College
BA, Economics

James (Tony) Ludlow

Experience

Citrix Communications LLC, Jersey City, NJ
Director/GM February 2013 to Present
Director responsible for planning, directing and controlling all CLEC activities, to insure the provision of high quality, efficient and cost-effective communications-related services within Citrix Communications footprint.

- *Intercarrier Relations:* Manage all North America carrier relations, for telephone blocks, connectivity, local, tandem and toll tandem access, IntraLATA, InterLATA traffic routing, and International toll. Includes CALEA, Intrado E911 and LNP (porting).
- *Regulatory:* Manage legislative and regulatory issues (ICA's) within the State, and overall network operations.

One Source Network Solutions 1SNS.BIZ, Seattle, Washington
GM/PM Sr. IT Technical Business/Financial Analyst, January, 2008 to January 2013

Providing independent program management and consulting solutions to enterprise-wide technology companies and analyst, AT&T (Ercisson, Alcatel-Lucent, HP, Juniper, Cisco) PSE, TTCSI, Altman & Vilandrie, and Bluefish Capital (formally with CSMG).

- Coordinated key business strategy activities, prepared infrastructure design (IDR), and allocated technical resources required for project delivery, including engineering resources, procurement, budget forecasts, capital investment expenditures, and business case assessment.

May 2010 to January 2013

- *AT&T SOW:* Program manager and technical architect building AT&T Foundry's and Virtual Labs/Data Centers to create a sandbox for trusted and third party developers to have access to a non-production environment (cloud) with enablers for a fast track certification of Mobility applications, located in Plano, TX, Palo Alto, CA, and Raanana Israel. Includes engineering/architecture design (LAN/Wi-Fi/AC/DC/UPS/CRAC/Seismic) for AT&T 4G eNode B ecosystem that's driving next generation devices, applications and equipment to further expand the capabilities of AT&T's mobile and wired broadband assets.

May 2009 to April 2010

- *Converged Networks*: Deployed business-ready unified converged voice and data IP communications packages, VoIP Hosted PBX, and IPBX via SIP trunks, (PRI removals/re-route) using CUCM/CER/Unity/UCCE. Provided implementations for network monitoring, diagnosis and event management, data backup and storage, private line and multi-sites with MPLS connections including OCS2007 with mediation, presence, voice mail and web-conferencing
- *Wireless WI-Max:* Financial analysis and detailed planning for start-up broadband wi-max providers aimed at serving under developed rural areas. Project management implementing CLEC/CMRS/UMTS interconnections for InterLata/IntraLata MTA traffic terminations at the wireless access tandems (ICA's) and third party transport providers to the POI. Coordinated SS7/ISUP/route sets/TCAP Queries/GTT. Managed regulatory compliance for E-911, LNP, and CALEA vendors/integration. Integrated media gateways, signaling gateways (SBC), routing proxies (SIP), LCR routing, provisioning, translations, VLAN/IPSec tunnels, signaling/number conversions (MGCP/H.248/H.164), security (firewall/IDS/AAA), DHCP/DNS, disaster recovery, network management (SNMP), redundancy/failover and CABS/BOSS.

January 2008 to April 2009

- *Ethernet over Copper:* Created market models to evaluate Ethernet over Copper variables to assess market and technology viability, including parameters such as market size (population and geography), market topography, network capital requirements (based on different coverage and service quality parameters), subscriber penetration, service mix, ARPU, CPE cost, and subscriber acquisition costs.

- *SS7 over IP Transport Solutions;* Hands on technical evaluations for IP transport solutions to reduce SS7 transport costs by offloading SS7 traffic onto lower cost, shared-use packet core IP networks capping costs by positioning a small, compact, and robust carrier-grade devices within local communities of interest, concentrating SS7 traffic, and backhauling it to an IP-enabled STP over managed, shared-use IP networks.
- *LNP:* Financial analysis for a NPAC alternative that would provide telecommunications providers, including Interexchange Carriers (IXCs) and wireless carriers as well as wireline local service providers access for port dips and cnam queries through a similar regionalized LSMS process.

Clearwire US LLC, Kirkland, WA
Director VoIP/ GM CLEC, July, 2005 – January, 2008

Directed a team of technical and project professionals to design, engineer, deploy and maintaining a next generation nationwide VoIP network for Clearwire's US. Utilized Clearwire's last mile advanced wireless broadband network based on G4 proprietary non-line-of-sight (NLOS) Orthogonal Frequency, Division Multiplexing, and OFDM technologies. Led the deployment of VoIP services in 34 markets (350 metropolitan areas), covering more than 8.5 million households. Drove Clearwire's hybrid network architecture re-design, resulting in 65% reduction of network deployment costs (positive impact on Free Cash Flow 2009) and providing a more robust network, enabling additional features and supporting fixed, portable and mobile service offerings (i.e., IMS, Mobile VoIP).

- *Leadership*: Directed team of 25 (8 + BCE) overall responsibility for operations, administration, project management and provisioning (switching, signaling, intelligence network, messaging, directory, notification, etc.) of Clearwire's VoIP network.
- *P & L*: Grew Year over Year Revenue from $2 Million in 2006 to $8 Million in 2007. Projected 2008 revenue of $15 Million. Managed initial Capital investment of $25 million.
- *PM BOSS Implementation*: Led technical; team that implemented policies and procedures for an OSS end to end flow through process for work order management, pre-qualification, CRM, ordering, CABS, provisioning, electronic bonding, gateway, billing, and invoicing (including tier 1 and 2 call center) using SDLC mythology for deliverables, design, test, and deployment.
- *Network:* Managed and set priorities for the design, maintenance, development, and evaluation of all network systems, including WAN, LAN, VoIP, Video, Remote Access, Security technology such as firewalls and intrusion detection. Included VoIP infrastructure equipment such as Nortel CS2K MCS softswitch, Routers; Juniper, Cisco, Foundry, Firewalls; Juniper, Acme Session Border Controllers/SGSN, SIP proxies, Voicemail/conferencing servers; Lucent and IP Unity.
- *NOC Tier 3:* Responsible for leading and directing BCE Nexia team that performs Network Surveillance and Network Management for Clearwire's VoIP network and customer base. Lead the organization in their 24x7 operation made up of Network Surveillance technicians covering the Voice, Data and Transport networks and services.
- *Performance:* Drove critical metrics, performance and department goals around MTTR, NSA, Proactive Ticket, Customer Status, Customer Satisfaction, and quality measurements for on-net services.

One Source Network Solutions, Irving, Texas
GM/PM Sr. Technical Business Analyst, January, 2003- June, 2005

Providing financial Performa, P&L's, and closing's for Valor Telecom an ILEC in Texas, implementing a VoIP, DSL, and Broadband Wireless edge out strategy. Managed project scope, goals and outcomes, validated labor estimates, technology and capital resources, including measuring and reporting performance. Developed detailed integration plan, including definition, scope, staffing and financial resource allocation, priorities and target dates. Monitored progress, ensured timelines were meet at major milestones using multiple methodologies.

- *Performa's and Acquisitions*: Provided Sr leadership for financial Performa's P&L's and closings. Acquisitions, $4.5 Million annualized, positive, immediate impact on revenue and EBITDA.

Acquisitions where EBITDA positive year one and free cash flow positive year two. Reduced direct expense 25% utilizing company's core network, ISP port terminations and interconnection agreements. Reduced SG&A by 40% by consolidating headcount. Business requirements, design, test, management and deployment implementation using UML RUP.

- *PM Next Generation Switching Platforms:* Directly responsible for the end to end turnkey integration and implementing of a VoIP Toll Bypass New Mexico, Texas, and Oklahoma using Cisco 3600 routers, 5400 Gateways, SC 2200/10200 IP Cell Softswitch, Media Gateway Controller (MGC) software, and Signaling Link terminals. Identified carriers for interconnection, topologies and deployment scenarios. Reduced_operating cost and recurring expenses by 1.2 million annually (16%).

Valor Business Solutions (CLEC, ILEC Valor Telecom), Irving, Texas
Senior Director Engineering and Operations, September, 2000-Decemeber, 2002

Directed all aspects of engineering and business planning from conceptualization, architecture design and implemented integrated solutions for next generation switching, security, and application platforms for a CLEC start up. Developed financial and operating plans, which included tracking and reporting on performance against plans. Provided program management support on IT infrastructure solutions, integrating current and emerging software/technologies via RUP processes' and procedures.

- *Major Project Bid:* Prepared financial budget, design, bid, and marketing analysis, for 34-city statewide ATM/IP network throughout New Mexico, capable of generating $42,000,000 in revenue over five years.
- *Voice Data Infrastructure:* Designed multistate voice/data WAN over ATM/TDM infrastructure, providing corporate layered structure optimizing capital and resources. Access fees for originating and terminating reduced by 25%, $1,750,000 over a 12 month period. Reoccurring transport expenditures reduced $750,000 yearly.
- *Financial Modeling:* Created financial model for entire CLEC, collaborating directly with all departments and with Cambridge Strategic Management Group to produce and formulate working model with reduced risk and cumulative capex of $89,000,000, gross margins at 60.94%. Reduced capital expenditures by 61%, $20,000,000 year one.
- *PM Soft Switch Deployment:* Directed the first CLEC to deploy two soft switches, Taqua and Santera, on PSTN, which were installed certified, and tested in a true switching environment. Proved and defined next-generation concepts, implementation, OSS integration with CABS and Metasolve.

Commonwealth Telephone Enterprises, Dallas, Pennsylvania
Senior Manager, Data Operations, June, 1997-August, 2000

Developed solution recommendations, and provided complete project management. Sr Manager responsible for the turn key deployment of DSL throughout CTE serving areas, additional responsibility included managing capital budgets, installation, provisioning, network bandwidth allocation, and field installation for related DSL and CLEC UNE products. Collaborated team effort with company-wide research, development, sales, and marketing groups to assess competitiveness of new technologies and assisted in pre-sales support activities, developed proposals and presentations.

- *Network Service Enhancement:* Continuously improved order-to-fulfillment, repair, maintenance, service, billing input, and network maintenance processes, including leading vendor search, evaluation, field trials and contract negotiations for company's core DSL access system, working closely with several system manufacturers to develop and assess their technologies to support CTE's business model.

- *Project Management:* Directed the build out of a $20,000,000 DSL rollout in 24 metropolitan tier 2 and tier 3 areas with electronics locations located strategically within 282 collocates. Operationally supported product service deployment.
- *Organization CTSI:* 17 workers plus 70 subcontractors and $78,000,000 budget that handled negotiations, requisitions, and installation of network backbones, IT, switching, and SONET transportation hardware.
- *New Service Development:* Constructed $38,800,000 in residential service areas using electronic terminal cabinets with copper build-outs, including row and building acquisitions, modifications for central office installations, and installations of all remote switching facilities.

Time Warner Cable, d.b.a. Paragon Cable of El Paso, El Paso, Texas
Director, Technical Operations, January, 1995-May, 1997
Administered all aspects of local telecommunications and data operations for Paragon SW Division including managing telecommunications and data across enterprise, included developing strategies, operational processes and procedures using legacy switching, digital transport technologies, software-controlled management systems, using Hybrid Fiber Coaxial (HFC) architecture.

- *Business Planning:* Directed development of primary business plans, including financial data for El Paso and Dallas metro area, with emphasis on Residential Shared Services (RSS), Competitive Access Provider (CAP), traffic light controls, line runner deployment, and local call center.
- *Call Center Management:* Provided led technical support to meticulously maintain equipment in the network call center including the Nortel Meridian PBX/PRI's, ACD, Voice Mail, and Periphonics Interactive Voice Response, Speech Recognition, and Intelligent Call Manager. Responsible for all moves adds, and changes.

Michael Ramsey

Senior Director of Web Operations

Experience:

July 2003 to Present: Citrix Online Santa Barbara. CA

Provides market-leading cloud, collaboration, networking and virtualization technologies, Citrix powers mobile work styles and cloud services, making complex enterprise IT simpler and more accessible for 260,000 organizations. Citrix products touch 75 percent of Internet users each day and it partners with more than 10,000 companies in 100 countries. Annual revenue in 2011 was $2.21 billion.

Sr. Director Web Operations
Responsibilities include:

- Enhance and support mission critical "GoTo" product lines
- Plan, coordinate, direct and design all operational activities of the department
- Collaborate directly with executive management team and key decision makers to recommend, develop, implement and support cost-effective technology solutions for all aspects of the organization
- Provided leadership and vision for developing and implementing information technology initiatives
- Very large scale systems design and management
- Support for 14 datacenters in 6 countries
- Support for 6 Billion annual minutes of audio conferencing
- Direct international operations teams
- Vendor management
- Manage budget of over 46M

June 1999 to July 2003: SupplySolution, Inc. Santa Barbara, CA

SupplySolution, Inc. Via an ASP model provides Internet supply-chain execution services to manufacturers, distributors and their direct material supply chains.

Director Of Operations
Responsibilities include:

- The i-Supply web application service level
- Achieved a 99.998% uptime for 2002
- Managed Operations team and Customer Installation Team consisting of 4 and 2 team members respectively
- Provide day-to-day support of the systems hosting the i-Supply application and maximize its uptime
- Managed all vendor contracts

- Built/designed infrastructure from single server in the office to over 120+ servers at primary hosting facility
- Managed the Transition from MySQL to clustered Oracle 8i then Oracle 9i RAC
- Drove the creation of a Release Engineering department
- Currently support two offices and two Data centers with over 250 servers enterprise wide including 35+ Databases
- Received 2 outstanding achievement awards
- Work with customers to find performance bottlenecks in their network. Found a GRE tunnel bug on Delphi network, which enabled sales to close more business.
- Developed Disaster Recovery plan for i-Supply
- Responsible for a $1 million capital expenditure budget

September 1997 to June 1999: QAD, Inc. Carpinteria, CA

QAD, Inc., an enterprise resource planning software vendor.

Technical Consultant (February 1998 to June 1999)
Responsibilities included:

- On-site installation and configuration of QAD's MFG/PRO ERP software
- On-site installation and configuration of Progress databases
- On-site conversion and upgrades
- Performance tuning and analysis of running MFG/PRO installations
- Phone support for field consultants
- Maintained a 75% billable utilization at a day rate of $2500.00

Release Engineer (September 1997 to February 1998)
Responsibilities included:

- Maintain build scripts in SH and Perl
- Built and tested MFG/PRO releases on all Unix platforms
- Built custom low-cost CD replication prototype
- Developed custom label printing software for production CD burners
- Cut documentation printing costs in half
- Received promotion to Technical Consultant

1995 to September 1997: Universal Access, Inc. Santa Barbara, CA

Universal Access, Inc., an Internet service provider.

System Administrator/Desktop Support
Provided hardware and software technical support for individuals in 2 offices.
Managerial:

- Supervision & Team building
- SaaS Operations
- International Teams
- Cost Containment/Budgeting
- Vendor Management
- Purchasing
- Customer Relationships

- Project Management
- Research and Analysis

Education:

1986 to 1988: Santa Barbara City Collage

2 Years of general education, C and assembly programming

Certifications:

Compaq: Tru64 System Administration (2000)

Compaq: TruCluster Administration (2000)

Rebecca Szerwo, CMA

Citrix Online, LLC/Expertcity, Goleta, CA **2003-present**

Sr. Manager, Accounting 2009-current

Accounting Manager 2005-2009/Accounting Supervisor 2003-2005

- Manage external audits & quarterly reviews
- Manage internal audits and financial reporting – NorAm, APAC, EMEA
- Manage statutory reporting for APAC region
- Manage general accounting including GL, FA, AP, Cash and reporting
- Manage WW SOX Compliance
- Manage 499 quarterly/annual reporting
- Manage US/EMEA staff, training, resource planning and staff development
  - ✓ Improve time to close cycle from 20 to 5 days, stock option management, due diligence, SAP conversion co-lead, Sarbanes implementation lead, supported growing the department from 6- 50 employees, internationalization including int'l hiring and reporting, increased accounting efficiency through process improvements & automation, improved lockbox reporting and time to application, multiple currency transactions

Venoco, Inc., Carpinteria, CA **1998-2003**

Accountant

- Manage, prepare, analyze and distribute financials
- Manage external audits, financial statement presentation, footnotes
- Manage Insurance Programs for offshore drilling & operations, Bank covenant reporting
- Materials Inventory Management
  - ✓ Improved cash accounting processes, and inventory accountability

Mission Linen Supply, Santa Barbara, CA **1990-1998**

Accounting Manager, Staff Accountant I/II, Accounting Clerk II/III,

- Manage financial period closes, report analysis and distribution
- Monthly Board of Directors Reporting, Bank covenant reporting
- Annual budgeting for 65+ locations
- Supervise general accounting staff , audit preparation
- Manage treasury relationship with Wells Fargo
  - ✓ Improved armored car and cash deposit processes

Education & Professional Certification

- **Certified Management Accountant** *Institute of Management Accountants*
- **Accounting Certificate** (60 units) *University California at Santa Barbara*
- **Bachelor of Science: Business Administration** *California State University, Northridge*

Professional Affiliations

- *Institute of Management Accountants, SB Chapter* - Past President, VP, Treasurer, Board Member 2000-2009
- *American Society of Women Accountants, SB Chapter* - Past Vice President, former Newsletter Chair
- *GoToToastmasters, Citrix Online Chapter* - Past Treasurer, Current member

Exhibit 4

CITRIX SYSTEMS INC

FORM 10-Q
(Quarterly Report)

Filed 05/07/13 for the Period Ending 03/31/13

Address	851 WEST CYPRESS CREEK ROAD FORT LAUDERDALE, FL 33309
Telephone	9542673000
CIK	0000877890
Symbol	CTXS
SIC Code	7372 - Prepackaged Software
Industry	Software & Programming
Sector	Technology
Fiscal Year	12/31

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2013

or

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

For the transition period from __________ to __________.

Commission File Number 0-27084

CITRIX SYSTEMS, INC.
(Exact name of registrant as specified in its charter)

Delaware	**75-2275152**
(State or other jurisdiction of incorporation or organization)	*(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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

☒ Large accelerated filer	☐ Accelerated filer
☐ Non-accelerated filer	☐ Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of April 30, 2013 there were 187,123,694 shares of the registrant's Common Stock, $.001 par value per share, outstanding.

CITRIX SYSTEMS, INC.

Form 10-Q
For the Quarterly Period Ended March 31, 2013

CONTENTS

PART I: FINANCIAL INFORMATION
ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
CITRIX SYSTEMS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	March 31, 2013	December 31, 2012
	(In thousands, except par value)	
Assets		
Current assets:		
Cash and cash equivalents	$ 251,465	$ 643,609
Short-term investments — available-for-sale	406,479	285,022
Accounts receivable, net of allowances of $5,966 and $6,448 at March 31, 2013 and December 31, 2012, respectively	450,939	630,956
Inventories, net	11,229	10,723
Prepaid expenses and other current assets	141,295	106,579
Current portion of deferred tax assets, net	40,068	36,846
Total current assets	1,301,475	1,713,735
Long-term investments — available-for-sale	747,004	595,313
Property and equipment, net	302,378	303,294
Goodwill	1,761,824	1,518,219
Other intangible assets, net	590,689	556,205
Long-term portion of deferred tax assets, net	77,935	43,097
Other assets	67,034	66,539
	$ 4,848,339	$ 4,796,402
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 61,613	$ 71,116
Accrued expenses and other current liabilities	245,907	257,135
Income taxes payable	10,907	49,346
Current portion of deferred revenues	986,023	965,276
Total current liabilities	1,304,450	1,342,873
Long-term portion of deferred revenues	245,358	232,719
Other liabilities	104,384	99,033
Commitments and contingencies		
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; 288,954 and 287,123 shares issued and outstanding at March 31, 2013 and December 31, 2012, respectively	289	287
Additional paid-in capital	3,798,931	3,691,111
Retained earnings	2,623,706	2,564,018
Accumulated other comprehensive loss	(18,240)	(7,705)
	6,404,686	6,247,711
Less — common stock in treasury, at cost (101,964 and 100,781 shares at March 31, 2013 and December 31, 2012, respectively)	(3,210,539)	(3,125,934)
Total stockholders' equity	3,194,147	3,121,777
	$ 4,848,339	$ 4,796,402

See accompanying notes.

CITRIX SYSTEMS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Three Months Ended March 31,	
	2013	2012
	(In thousands, except per share information)	
Revenues:		
Product and licenses	$ 193,083	$ 178,364
Software as a service	137,566	120,733
License updates and maintenance	315,738	264,525
Professional services	26,512	25,873
Total net revenues	672,899	589,495
Cost of net revenues:		
Cost of product and license revenues	25,794	18,804
Cost of services and maintenance revenues	64,411	51,004
Amortization of product related intangible assets	24,709	16,535
Total cost of net revenues	114,914	86,343
Gross margin	557,985	503,152
Operating expenses:		
Research and development	130,492	103,622
Sales, marketing and services	297,682	248,457
General and administrative	62,785	59,856
Amortization of other intangible assets	10,418	10,467
Total operating expenses	501,377	422,402
Income from operations	56,608	80,750
Interest income	1,962	3,078
Other (expense) income, net	(766)	722
Income before income taxes	57,804	84,550
Income tax (benefit) expense	(1,884)	16,283
Net income	$ 59,688	$ 68,267
Earnings per share:		
Basic	$ 0.32	$ 0.37
Diluted	$ 0.32	$ 0.36
Weighted average shares outstanding:		
Basic	186,658	185,730
Diluted	189,011	188,884

See accompanying notes.

CITRIX SYSTEMS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended March 31,	
	2013	2012
	(In thousands)	
Net income	$ 59,688	$ 68,267
Other comprehensive income:		
Change in foreign currency translation adjustment	(6,813)	1,952
Available for sale securities:		
Change in net unrealized gains	(378)	1,434
Less: reclassification adjustment for net (gains) losses included in net income	(85)	193
Net change (net of tax effect)	(463)	1,627
Loss on pension liability	(334)	—
Cash flow hedges:		
Change in unrealized gains	(3,449)	2,034
Less: reclassification adjustment for net losses included in net income	524	1,527
Net change (net of tax effect)	(2,925)	3,561
Other comprehensive (loss) income	(10,535)	7,140
Comprehensive income	$ 49,153	$ 75,407

See accompanying notes.

CITRIX SYSTEMS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended March 31,	
	2013	2012
	(In thousands)	
Operating Activities		
Net income	$ 59,688	$ 68,267
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of intangible assets	35,127	27,002
Depreciation and amortization of property and equipment	29,409	22,545
Stock-based compensation expense	43,556	30,557
Gain on investments	(85)	(3,366)
Provision for doubtful accounts	407	546
Provision for product returns	1,619	2,945
Provision for inventory reserves	331	411
Tax effect of stock-based compensation	25,643	13,856
Excess tax benefit from exercise of stock options	(26,795)	(14,597)
Deferred income tax benefit	(18,189)	2,206
Effects of exchange rate changes on monetary assets and liabilities denominated in foreign currencies	(909)	(1,202)
Other non-cash items	175	791
Total adjustments to reconcile net income to net cash provided by operating activities	90,289	81,694
Changes in operating assets and liabilities, net of the effects of acquisitions:		
Accounts receivable	183,892	88,114
Inventories	(1,140)	(1,334)
Prepaid expenses and other current assets	(35,158)	(18,682)
Other assets	811	2,536
Income taxes, net	(43,333)	3,940
Accounts payable	(11,312)	(4,513)
Accrued expenses and other current liabilities	(21,338)	626
Deferred revenues	21,448	23,001
Other liabilities	5,632	(579)
Total changes in operating assets and liabilities, net of the effects of acquisitions	99,502	93,109
Net cash provided by operating activities	249,479	243,070
Investing Activities		
Purchases of available-for-sale investments	(636,792)	(314,387)
Proceeds from sales of available-for-sale investments	231,782	104,185
Proceeds from maturities of available-for-sale investments	131,101	138,488
Purchases of property and equipment	(28,297)	(23,147)
Proceeds from the sales of cost method investments	—	5,559
Purchases of cost method investments	(1,102)	(1,712)
Cash paid for acquisitions, net of cash acquired	(324,049)	(24,033)
Cash paid for licensing agreements and product related intangible assets	(2,236)	(61)
Net cash used in investing activities	(629,593)	(115,108)
Fin ncing Activities		
Proceeds from issuance of common stock under stock-based compensation plans	25,251	30,260
Repayment of acquired debt	—	(2,456)
Excess tax benefit from exercise of stock options	26,795	14,597
Stock repurchases, net	(61,364)	(99,996)
Cash paid for tax withholding on vested stock awards	(2,254)	(14,102)
Net cash used in financing activities	(11,572)	(71,697)

Effect of exchange rate changes on cash and cash equivalents	**(458)**	1,320
Change in cash and cash equivalents	**(392,144)**	57,585
Cash and cash equivalents at beginning of period	**643,609**	333,296
Cash and cash equivalents at end of period	**$ 251,465**	$ 390,881

See accompanying notes.

1. BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements of Citrix Systems, Inc. (the "Company") have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and notes required by accounting principles generally accepted in the United States for complete financial statements. All adjustments, which, in the opinion of management, are considered necessary for a fair presentation of the results of operations for the periods shown, are of a normal recurring nature and have been reflected in the condensed consolidated financial statements and accompanying notes. The results of operations for the periods presented are not necessarily indicative of the results expected for the full year or for any future period partially because of the seasonality of the Company's business. Historically, the Company's revenue for the fourth quarter of any year is typically higher than the revenue for the first quarter of the subsequent year. The information included in these condensed consolidated financial statements should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in this report and the consolidated financial statements and accompanying notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2012 .

The condensed consolidated financial statements of the Company include the accounts of its wholly-owned subsidiaries in the Americas, Europe, the Middle East and Africa ("EMEA"), and Asia-Pacific. All significant transactions and balances between the Company and its subsidiaries have been eliminated in consolidation.

The Company's revenues are derived from its Infrastructure products, which primarily include its Mobile and Desktop products, Networking and Cloud products and related license updates and maintenance and professional services and from its SaaS products, which primarily include Collaboration and Data Sharing, Remote Access and Remote IT Support products. Infrastructure (formerly Enterprise division) and SaaS (formerly Online Services division) constitute the Company's two reportable segments. See Note 9 for more information on the Company's segments.

2. SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and accompanying notes. Significant estimates made by management include the provision for doubtful accounts receivable, the provision to reduce obsolete or excess inventory to market, the provision for estimated returns, as well as sales allowances, the assumptions used in the valuation of stock-based awards, the assumptions used in the discounted cash flows to mark certain of its investments to market, the valuation of the Company's goodwill, net realizable value of product related and other intangible assets, the provision for income taxes and the amortization and depreciation periods for intangible and long-lived assets. While the Company believes that such estimates are fair when considered in conjunction with the condensed consolidated financial position and results of operations taken as a whole, the actual amounts of such items, when known, will vary from these estimates.

Investments

Short-term and long-term investments as of March 31, 2013 and December 31, 2012 primarily consist of agency securities, corporate securities, municipal securities and government securities. Investments classified as available-for-sale are stated at fair value with unrealized gains and losses, net of taxes, reported in Accumulated other comprehensive loss. The Company classifies its available-for-sale investments as current and non-current based on their actual remaining time to maturity. The Company does not recognize changes in the fair value of its available-for-sale investments in income unless a decline in value is considered other-than-temporary in accordance with the authoritative guidance.

The Company's investment policy is designed to limit exposure to any one issuer depending on credit quality. The Company uses information provided by third parties to adjust the carrying value of certain of its investments to fair value at the end of each period. Fair values are based on a variety of inputs and may include interest rates, known historical trades, yield curve information, benchmark data, prepayment speeds, credit quality and broker/dealer quotes.

Inventory

Inventories are stated at the lower of cost or market on a standard cost basis, which approximates actual cost. The Company's inventories as of March 31, 2013 and December 31, 2012 primarily consist of finished goods.

Revenue Recognition

Net revenues include the following categories: Product and licenses, Software as a service ("SaaS"), License updates and maintenance and Professional services. Product and licenses revenues primarily represent fees related to the licensing of the Company's software and hardware appliance products. These revenues are reflected net of sales allowances, cooperative advertising agreements, partner incentive programs and provisions for returns. Shipping charges billed to customers are included in Product and license revenue and the related shipping costs are included in Cost of product and license revenue. SaaS revenues consist primarily of fees related to online service agreements, which are recognized ratably over the contract term, which is typically 12 months. In addition, SaaS revenues may also include set-up fees, which are recognized ratably over the contract term or the expected customer life, whichever is longer. License updates and maintenance revenues consist of fees related to the Subscription Advantage program and maintenance fees, which include technical support and hardware and software maintenance. The Company licenses many of its virtualization products bundled with a one -year contract for its Subscription Advantage program. Subscription Advantage is a renewable program that provides subscribers with immediate access to software upgrades, enhancements and maintenance releases when and if they become available during the term of the contract. Subscription Advantage and maintenance fees are recognized ratably over the term of the contract, which is typically 12 to 24 months. The Company capitalizes certain third-party commissions related to Subscription Advantage renewals. The capitalized commissions are amortized to Sales, marketing and services expense at the time the related deferred revenue is recognized as revenue. Hardware and software maintenance and support contracts are typically sold separately. Hardware maintenance includes technical support, the latest software upgrades and replacement of malfunctioning appliances. Dedicated account management is available as an add-on to the program for a higher level of service. Software maintenance includes unlimited support with product version upgrades. Professional services revenues are comprised of fees from consulting services related to the implementation of the Company's products and fees from product training and certification, which are recognized as the services are provided.

The Company recognizes revenue when it is earned and when all of the following criteria are met: persuasive evidence of the arrangement exists; delivery has occurred or the service has been provided and the Company has no remaining obligations; the fee is fixed or determinable; and collectability is probable.

The majority of the Company's product and license revenue consists of revenue from the sale of stand-alone software products. Stand-alone software sales generally include a perpetual license to the Company's software and is subject to the industry specific software revenue recognition guidance. In accordance with this guidance, the Company allocates revenue to license updates related to its stand-alone software and any other undelivered elements of the arrangement based on vendor specific objective evidence ("VSOE") of fair value of each element and such amounts are deferred until the applicable delivery criteria and other revenue recognition criteria described above have been met. The balance of the revenues, net of any discounts inherent in the arrangement, is recognized at the outset of the arrangement using the residual method as the product licenses are delivered. If management cannot objectively determine the fair value of each undelivered element based on VSOE of fair value, revenue recognition is deferred until all elements are delivered, all services have been performed, or until fair value can be objectively determined.

For hardware appliance transactions, the arrangement consideration is allocated to stand-alone software deliverables as a group and the non-software deliverables based on the relative selling prices using the selling price hierarchy in the amended revenue recognition guidance. The selling price hierarchy for a deliverable is based on its VSOE if available, third-party evidence of selling price ("TPE") if VSOE is not available, or estimated selling price ("ESP") if neither VSOE nor TPE is available. The Company then recognizes revenue on each deliverable in accordance with its policies for product and service revenue recognition. VSOE of selling price is based on the price charged when the element is sold separately. In determining VSOE, the Company requires that a substantial majority of the selling prices fall within a reasonable range based on historical discounting trends for specific products and services. TPE of selling price is established by evaluating competitor products or services in stand-alone sales to similarly situated customers. However, as the Company's products contain a significant element of proprietary technology and its solutions offer substantially different features and functionality, the comparable pricing of products with similar functionality typically cannot be obtained. Additionally, as the Company is unable to reliably determine what competitors products' selling prices are on a stand-alone basis, the Company is not typically able to determine TPE. The estimate of selling price is established considering multiple factors including, but not limited to, pricing practices in different geographies and through different sales channels and competitor pricing strategies.

For the Company's non-software deliverables, it allocates the arrangement consideration based on the relative selling price of the deliverables. For the Company's hardware appliances, it uses ESP as its selling price. For the Company's support and services, it generally uses VSOE as its selling price. When the Company is unable to establish selling price using VSOE for its support and services, the Company uses ESP in its allocation of arrangement consideration.

The Company's SaaS products are considered service arrangements per the authoritative guidance; accordingly, the Company follows the provisions of Securities and Exchange Commission Staff Accounting Bulletin ("SAB") No. 104, *Revenue*

Recognition, when accounting for these service arrangements. Generally, the Company's SaaS products are sold separately and not bundled with the Company's Infrastructure products and services.

In the normal course of business, the Company is not obligated to accept product returns from its distributors under any conditions, unless the product item is defective in manufacture. The Company establishes provisions for estimated returns, as well as other sales allowances, concurrently with the recognition of revenue. The provisions are established based upon consideration of a variety of factors, including, among other things, recent and historical return rates for both specific products and distributors and the impact of any new product releases and projected economic conditions. Product returns are provided for in the condensed consolidated financial statements and have historically been within management's expectations. Allowances for estimated product returns amounted to approximately $2.0 million and $2.6 million at March 31, 2013 and December 31, 2012 , respectively. The Company also records estimated reductions to revenue for customer programs and incentive offerings, including volume-based incentives. The Company could take actions to increase its customer incentive offerings, which could result in an incremental reduction to revenue at the time the incentive is offered.

Foreign Currency

The functional currency for all of the Company's wholly-owned foreign subsidiaries in its Infrastructure segment is the U.S. dollar. Monetary assets and liabilities of such subsidiaries are remeasured into U.S. dollars at exchange rates in effect at the balance sheet date, and revenues and expenses are remeasured at average rates prevailing during the year. The functional currency of the Company's wholly-owned foreign subsidiaries of its SaaS segment is the currency of the country in which each subsidiary is located. The Company translates assets and liabilities of these foreign subsidiaries at exchange rates in effect at the balance sheet date. The Company includes accumulated net translation adjustments in equity as a component of Accumulated other comprehensive loss. Foreign currency transaction gains and losses are the result of exchange rate changes on transactions denominated in currencies other than the functional currency, including U.S. dollars. The remeasurement of those foreign currency transactions is included in determining net income or loss for the period of exchange. See Note 9 for information on the Company's Infrastructure and SaaS segments.

Accounting for Stock-Based Compensation Plans

The Company has various stock-based compensation plans for its employees and outside directors and accounts for stock-based compensation arrangements in accordance with the authoritative guidance, which requires the Company to measure and record compensation expense in its condensed consolidated financial statements using a fair value method. See Note 7 for further information regarding the Company's stock-based compensation plans.

3. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing income available to stockholders by the weighted-average number of common shares outstanding during each period. Diluted earnings per share is computed using the weighted-average number of common and dilutive common share equivalents outstanding during the period. Dilutive common share equivalents consist of shares issuable upon the exercise or settlement of stock awards (calculated using the treasury stock method) during the period they were outstanding.

The following table sets forth the computation of basic and diluted net income per share (in thousands, except per share information):

	Three Months Ended March 31,	
	2013	**2012**
Numerator:		
Net income	**$ 59,688**	$ 68,267
Denominator:		
Denominator for basic earnings per share — weighted-average shares outstanding	**186,658**	185,730
Effect of dilutive employee stock awards	**2,353**	3,154
Denominator for diluted earnings per share — weighted-average shares outstanding	**189,011**	188,884
Basic earnings per share	**$ 0.32**	$ 0.37
Diluted earnings per share	**$ 0.32**	$ 0.36
Anti-dilutive weighted-average shares	**3,928**	3,805

4. ACQUISITIONS

2013 Acquisition

Zenprise

In January 2013, the Company acquired all of the issued and outstanding securities of Zenprise, Inc. ("Zenprise"), a privately-held leader in mobile device management. Zenprise became part of the Company's Infrastructure segment, in which Citrix has integrated the Zenprise offering for mobile device management with its Citrix CloudGateway™ for managing mobile apps and data. The total consideration for this transaction was approximately $324.0 million , net of $2.9 million of cash acquired, and was paid in cash. Transaction costs associated with the acquisition were approximately $0.6 million , of which the Company expensed approximately $0.1 million during the three months ended March 31, 2013 and are included in General and administrative expense in the accompanying condensed consolidated statements of income. In addition, in connection with the acquisition, the Company assumed certain stock options, which are exercisable for 285,817 shares of the Company's common stock, for which the vesting period reset fully upon the closing of the transaction.

Purchase Accounting for the Zenprise acquisition

The purchase price for Zenprise was allocated to the acquired net tangible and intangible assets based on its estimated fair value as of the date of the acquisition. The allocation of the total purchase price is summarized below (in thousands):

	Zenprise	
	Purchase Price Allocation	Asset Life
Current asset	$ 10,943	
Other assets	668	
Property and equipment	431	Various
Deferred tax assets, non-current	33,125	
Intangible assets	69,200	1-7 years
Goodwill	251,128	Indefinite
Assets acquired	365,495	
Current liabilities assumed	(8,475)	
Long-term liabilities assumed	(3,107)	
Deferred tax liabilities, non-current	(26,919)	
Net assets acquired	$ 326,994	

Current assets acquired in connection with the Zenprise acquisition consisted primarily of cash and accounts receivable. Current liabilities assumed in connection with the Zenprise acquisition consisted primarily of current portion of deferred revenues, short-term payables and other accrued expenses. Long-term liabilities assumed in connection with the Zenprise acquisition consisted of other long-term liabilities and long-term portion of deferred revenues.

The Company continues to evaluate certain income tax assets and liabilities related to the Zenprise acquisition. Goodwill from the Zenprise acquisition was assigned to the Company's Infrastructure segment. The goodwill related to the Zenprise acquisition is not deductible for tax purposes. See Note 9 for segment information. The goodwill amounts are comprised primarily of expected synergies from combining operations and other intangible assets that do not qualify for separate recognition.

Revenues from the Zenprise acquisition are included in the revenue of the Company's Infrastructure segment. The Company has included the effect of the Zenprise acquisition in its results of operations prospectively from the date of acquisition.

Identifiable intangible assets acquired in connection with the Zenprise acquisition (in thousands) and the weighted-average lives are as follows:

	Zenprise	Asset Life
Trade names	$ 2,400	3.0 years
Non-compete agreements	700	1.0 year
Customer relationships	18,300	7.0 years
Core and product technologies	47,800	6.0 years
Total	$ 69,200	

The following pro-forma information combines the consolidated results of the operations of the Company and Zenprise as if the acquisition had occurred at the beginning of fiscal year 2012 (in thousands, except per share data):

	Three Months Ended March 31,	
	2013	**2012**
Revenues	**$ 672,960**	$ 590,492
Income from operations	**56,338**	69,117
Net income	**59,289**	60,800
Per share - basic	**0.32**	0.33
Per share - diluted	**0.31**	0.32

2012 Acquisitions

Bytemobile

In July 2012, the Company acquired all of the issued and outstanding securities of Bytemobile, Inc. ("Bytemobile"), a privately-held provider of data and video optimization solutions for mobile network operators. Bytemobile became part of the Company's Infrastructure segment and extends the Company's industry reach into the mobile and cloud markets. The total consideration for this transaction was approximately $399.5 million , net of $5.6 million of cash acquired, and was paid in cash. Transaction costs associated with the acquisition were approximately $2.1 million . No transaction costs were expensed during the three months ended March 31, 2012. Revenues from the Bytemobile acquisition are included in the revenue of the Company's Infrastructure segment. The Company has included the effect of the Bytemobile acquisition in its results of operations prospectively from the date of acquisition.

Purchase Accounting for the Bytemobile acquisition

During the three months ended March 31, 2013 , the Company made net adjustments of $1.8 million to the preliminary purchase price allocation associated with the Bytemobile acquisition. The Company continues to evaluate certain income tax assets and liabilities related to the Bytemobile acquisition. Goodwill from the Bytemobile acquisition was assigned to the Company's Infrastructure segment. The goodwill related to the Bytemobile acquisition is not deductible for tax purposes. See Note 8 for information on adjustments to goodwill and Note 9 for segment information. The goodwill amounts are comprised primarily of expected synergies from combining operations and other intangible assets that do not qualify for separate recognition.

The purchase price for Bytemobile was allocated to the acquired net tangible and intangible assets based on its estimated fair value as of the date of the acquisition. The allocation of the total purchase price is summarized below (in thousands):

	Bytemobile	
	Purchase Price Allocation	Asset Life
Current assets	$ 58,392	
Other assets	7,406	
Property and equipment	2,484	Various
Deferred tax assets, non-current	39,976	
Intangible assets	248,900	1-9 years
Goodwill	223,556	Indefinite
Assets acquired	580,714	
Current liabilities assumed	(62,390)	
Long-term liabilities assumed	(4,487)	
Deferred tax liabilities, non-current	(108,703)	
Net assets acquired	$ 405,134	

Current assets acquired in connection with the Bytemobile acquisition consisted primarily of cash and accounts receivable. Current liabilities assumed in connection with the Bytemobile acquisition consisted primarily of current portion of deferred revenues, short-term payables, other accrued expenses and short-term debt which was paid in full subsequent to the acquisition date. Long-term liabilities assumed in connection with the Bytemobile acquisition consisted of other long-term liabilities, long-term portion of deferred revenues and long-term debt which was paid in full subsequent to the acquisition date. Identifiable intangible assets acquired in connection with the Bytemobile acquisition included trade names of $ 6.0 million with a weighted-average asset life of 6.0 years , customer relationships of $ 141.5 million with a weighted-average life of 9.0 years , and core and product technologies of $ 101.4 million with a weighted-average life of 4.8 years .

Podio

In April 2012, the Company acquired all of the issued and outstanding securities of Podio ApS ("Podio"), a privately-held provider of a cloud-based collaborative work platform. Podio became part of the Company's SaaS segment and expands the Company's offerings of integrated cloud-based support for team-based collaboration. The total consideration for this transaction was approximately $43.6 million , net of $1.7 million of cash acquired, and was paid in cash. Transaction costs associated with the acquisition were approximately $0.5 million , all of which were expensed during the three months ended March 31, 2012 and are included in General and administrative expense in the accompanying condensed consolidated statements of income. The Company recorded approximately $24.5 million of goodwill, which is not deductible for tax purposes, and acquired $24.6 million of identifiable intangible assets, of which $20.7 million is related to product related intangible assets and $3.9 million is related to other intangible assets. In addition, in connection with the acquisition, the Company assumed non-vested stock units which were converted into the right to receive up to 127,668 shares of the Company's common stock, for which the vesting period reset fully upon the closing of the transaction.

2012 Other Acquisitions

During the first quarter of 2012, the Company acquired all of the issued and outstanding securities of a privately-held company for total cash consideration of approximately $24.6 million , net of $0.6 million of cash acquired. This business became part of the Company's Infrastructure segment. Transaction costs associated with the acquisition were approximately $0.5 million , of which the Company expensed approximately $ 0.4 million during the three months ended March 31, 2012 and are included in General and administrative expense in the accompanying condensed consolidated statements of income. The Company recorded approximately $23.1 million of goodwill, which is not deductible for tax purposes, and acquired $11.0 million of identifiable intangible assets, all of which is related to product related intangible assets. In addition, in connection with this acquisition, the Company assumed non-vested stock units which were converted into the right to receive up to 13,481 shares of the Company's common stock and assumed certain stock options which are exercisable for 12,017 shares of the Company's common stock, for which the vesting period reset fully upon the closing of the transaction.

During the second quarter of 2012, the Company acquired all of the issued and outstanding securities of two privately-held companies for a total cash consideration of approximately $15.4 million , net of $0.2 million of cash acquired. The businesses became part of the Company's Infrastructure segment. Transaction costs associated with the acquisitions were approximately $0.4 million , of which the Company expensed approximately $0.2 million during the three months ended March

31, 2012 and are included in General and administrative expense in the accompanying condensed consolidated statements of income. The Company recorded approximately $7.3 million of goodwill, which is not deductible for tax purposes, and acquired $14.4 million of identifiable intangible assets, of which $12.3 million is related to product related intangible assets and $2.1 million is related to other intangible assets. In addition, in connection with the acquisitions, the Company assumed non-vested stock units which were converted into the right to receive, in the aggregate, up to 66,459 shares of the Company's common stock, for which the vesting period reset fully upon the closing of each respective transaction.

During the third quarter of 2012, the Company acquired all of the issued and outstanding securities of two privately-held companies for a total cash consideration of approximately $5.3 million . One of the businesses became part of the Company's Infrastructure segment and the other became part of the Company's SaaS segment. Transaction costs associated with the acquisitions were approximately $0.2 million . No transaction costs were recorded during the three months ended March 31, 2012. The Company recorded approximately $2.4 million of goodwill, which is not deductible for tax purposes, and acquired $3.6 million of identifiable intangible assets, all of which is related to product related intangible assets. In addition, in connection with the acquisitions, the Company assumed non-vested stock units which were converted into the right to receive, in the aggregate, up to 13,487 shares of the Company's common stock, for which the vesting period reset fully upon the closing of each respective transaction.

5. INVESTMENTS

Available-for-sale Investments

Investments in available-for-sale securities at fair value were as follows for the periods ended (in thousands):

	March 31, 2013				December 31, 2012			
Description of the Securities	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Agency securities	$ 423,651	$ 1,971	$ (143)	$ 425,479	$ 400,365	$ 2,347	$ (5)	$ 402,707
Corporate securities	568,298	1,004	(245)	569,057	404,546	947	(171)	405,322
Municipal securities	47,891	88	(7)	47,972	32,214	114	(15)	32,313
Government securities	110,892	92	(9)	110,975	39,863	131	(1)	39,993
Total	$ 1,150,732	$ 3,155	$ (404)	$ 1,153,483	$ 876,988	$ 3,539	$ (192)	$ 880,335

The change in net unrealized gains (losses) on available-for-sale securities recorded in Other comprehensive (loss) income includes unrealized gains (losses) that arose from changes in market value of specifically identified securities that were held during the period, gains (losses) that were previously unrealized, but have been recognized in current period net income due to sales, as well as prepayments of available-for-sale investments purchased at a premium. This reclassification out of accumulated other comprehensive loss into current period net income has no effect on total comprehensive income or equity and was immaterial for all periods presented. See Note 11 for more information related to comprehensive income.

For the three months ended March 31, 2013 and 2012, the Company received proceeds from the sales of available-for-sale investments of $ 231.8 million and $ 104.2 million , respectively. The Company had realized gains on the sales of available-for-sale investments during the three months ended March 31, 2013 of $ 0.2 million . The Company had no realized gains on the sales of available-for-sale investments during the three months ended March 31, 2012 . For the three months ended March 31, 2013 and 2012, the Company had realized losses on available-for-sale investments of $0.1 million and $ 0.2 million , respectively, primarily related to prepayments at par of securities purchased at a premium. All realized gains and losses related to the sales of available-for-sale investments are included in Other (expense) income, net, in the accompanying condensed consolidated statements of income.

The average remaining maturities of the Company’s short-term and long-term available-for-sale investments at March 31, 2013 were approximately six months and four years, respectively.

Unrealized Losses on Available-for-Sale Investments

The gross unrealized losses on the Company's available-for-sale investments that are not deemed to be other-than-temporarily impaired were $0.4 million and $0.2 million as of March 31, 2013 and December 31, 2012 , respectively. Because the Company does not intend to sell any of its investments in an unrealized loss position and it is more likely than not that it will not be required to sell the securities before the recovery of its amortized cost basis, which may not occur until maturity, it does not consider the securities to be other-than-temporarily impaired.

Cost Method Investments

The Company held direct investments in privately-held companies of approximately $27.3 million and $26.2 million as of March 31, 2013 and December 31, 2012 , respectively, which are accounted for based on the cost method and are included in Other assets in the accompanying condensed consolidated balance sheets. The Company periodically reviews these investments for impairment. If the Company determines that an other-than-temporary impairment has occurred, it will write-down the investment to its fair value.

6. FAIR VALUE MEASUREMENTS

The authoritative guidance defines fair value as an exit price, representing the amount that would either be received to sell an asset or be paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, the guidance establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- *Level 1.* Observable inputs such as quoted prices in active markets for identical assets or liabilities;
- *Level 2* . Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and
- *Level 3* . Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

Available-for-sale securities included in Level 2 are valued utilizing inputs obtained from an independent pricing service (the "Service") which uses quoted market prices for identical or comparable instruments rather than direct observations of quoted prices in active markets. The Service gathers observable inputs for all of the Company's fixed income securities from a variety of industry data providers including, for example, large custodial institutions and other third-party sources. Once the observable inputs are gathered by the Service, all data points are considered and an average price is determined. The Service's providers utilize a variety of inputs to determine their quoted prices. These inputs may include interest rates, known historical trades, yield curve information, benchmark data, prepayment speeds, credit quality and broker/dealer quotes. Substantially all of the Company's available-for-sale investments are valued utilizing inputs obtained from the Service and accordingly are categorized as Level 2 in the table below. The Company periodically independently assesses the pricing obtained from the Service and historically has not adjusted the Service's pricing as a result of this assessment. Available-for-sale securities are included in Level 3 when relevant observable inputs for a security are not available.

The Company's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the classification of assets and liabilities within the fair value hierarchy. In certain instances, the inputs used to measure fair value may meet the definition of more than one level of the fair value hierarchy. The input with the lowest level priority is used to determine the applicable level in the fair value hierarchy.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

	As of March 31, 2013	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		(in thousands)		
Assets:				
Cash and cash equivalents:				
Cash	$ 186,708	$ 186,708	$ —	$ —
Money market funds	48,595	48,595	—	—
Corporate securities	11,757	—	11,757	—
Government securities	2,905	—	2,905	—
Municipal securities	1,500	—	1,500	—
Available-for-sale securities:				
Agency securities	425,479	—	425,479	—
Corporate securities	569,057	—	565,966	3,091
Municipal securities	47,972	—	47,972	—
Government securities	110,975	—	110,975	—
Prepaid expenses and other current assets:				
Foreign currency derivatives	2,601	—	2,601	—
Total assets	$ 1,407,549	$ 235,303	$ 1,169,155	$ 3,091
Accrued expenses and other current liabilities:				
Foreign currency derivatives	5,697	—	5,697	—
Total liabilities	$ 5,697	$ —	$ 5,697	$ —

	As of December 31, 2012	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		(in thousands)		
Assets:				
Cash and cash equivalents:				
Cash	$ 503,614	$ 503,614	$ —	$ —
Money market funds	123,519	123,519	—	—
Corporate securities	16,476	—	16,476	—
Available-for-sale securities:				
Agency securities	402,707	—	402,707	—
Corporate securities	405,322	—	401,981	3,341
Municipal securities	32,313	—	32,313	—
Government securities	39,993	—	39,993	—
Prepaid expenses and other current assets:				
Foreign currency derivatives	4,157	—	4,157	—
Total assets	$ 1,528,101	$ 627,133	$ 897,627	$ 3,341
Accrued expenses and other current liabilities:				
Foreign currency derivatives	4,162	—	4,162	—
Total liabilities	$ 4,162	$ —	$ 4,162	$ —

The Company's fixed income available-for-sale security portfolio generally consists of investment grade securities from diverse issuers with a minimum credit rating of A-/A3 and a weighted-average credit rating of AA-/Aa3. The Company values these securities based on pricing from the Service, whose sources may use quoted prices in active markets for identical assets (Level 1 inputs) or inputs other than quoted prices that are observable either directly or indirectly (Level 2 inputs) in determining fair value, and accordingly, the Company classifies all of its fixed income available-for-sale securities as Level 2.

The Company measures its cash flow hedges, which are classified as Prepaid expenses and other current assets and Accrued expenses and other current liabilities, at fair value based on indicative prices in active markets (Level 2 inputs).

Assets Measured at Fair Value on a Recurring Basis Using Significant Unobservable Inputs (Level 3)

The Company has invested in convertible debt securities of certain early-stage entities that are classified as available-for-sale investments. As quoted prices in active markets or other observable inputs were not available for these investments, in order to measure them at fair value, the Company utilized a discounted cash flow model using a discount rate reflecting the market risk inherent in holding securities of an early-stage enterprise, adjusted by the probability-weighted exit possibilities associated with the convertible debt securities. This methodology required the Company to make assumptions that were not directly or indirectly observable regarding the fair value of the convertible debt securities; accordingly they are a Level 3 valuation and are included in the table below.

	Investments (in thousands)
Balance at December 31, 2012	$ 3,341
Transfers out of Level 3	(250)
Balance at March 31, 2013	$ 3,091

Transfers out of Level 3 relate to certain of the Company's investments in convertible debt securities of early-stage entities that were reclassified from available-for-sale investments to cost method investments upon conversion to equity ownership, which are included in Other assets in the accompanying condensed consolidated balance sheets.

Additional Disclosures Regarding Fair Value Measurements

The carrying value of accounts receivable, accounts payable and accrued expenses approximate their fair value due to the short maturity of these items.

7. STOCK-BASED COMPENSATION

The Company's stock-based compensation program is a long-term retention program that is intended to attract and reward talented employees and align stockholder and employee interests. As of March 31, 2013 , the Company had two stock-based compensation plans under which it was granting stock options and non-vested stock units. The Company is currently granting stock-based awards from its Amended and Restated 2005 Equity Incentive Plan (as amended, the "2005 Plan") and its Amended and Restated 2005 Employee Stock Purchase Plan (as amended, the "2005 ESPP"). In connection with certain of the Company's acquisitions, the Company has assumed certain plans from acquired companies. The Company's Board of Directors has provided that no new awards will be granted under the Company's acquired stock plans. Awards previously granted under the Company's superseded and expired stock plans that are still outstanding typically expire ten years from the date of grant and will continue to be subject to all the terms and conditions of such plans, as applicable. The Company's superseded and expired stock plans include the Amended and Restated 1995 Stock Plan, Second Amended and Restated 2000 Director and Officer Stock Option and Incentive Plan and Second Amended and Restated 1995 Non-Employee Director Stock Option Plan.

Under the terms of the 2005 Plan, the Company is authorized to grant incentive stock options ("ISOs"), non-qualified stock options ("NSOs"), non-vested stock, non-vested stock units, stock appreciation rights ("SARs"), and performance units and to make stock-based awards to full and part-time employees of the Company and its subsidiaries or affiliates, where legally eligible to participate, as well as to consultants and non-employee directors of the Company. Currently, the 2005 Plan provides for the issuance of a maximum of 48,600,000 shares of common stock. Under the 2005 Plan, ISOs must be granted at exercise prices no less than fair market value on the date of grant, except for ISOs granted to employees who own more than 10% of the Company's combined voting power, for which the exercise prices must be no less than 110% of the fair market value at the date of grant. NSOs and SARs must be granted at no less than fair market value on the date of grant, or in the case of SARs in tandem with options, at the exercise price of the related option. Non-vested stock awards may be granted for such consideration in cash, other property or services, or a combination thereof, as determined by the Company's Compensation Committee of its Board of Directors. Stock-based awards are generally exercisable or issuable upon vesting. The Company's policy is to recognize compensation cost for awards with only service conditions and a graded vesting schedule on a straight-line basis over the requisite service period for the entire award. As of March 31, 2013 , there were 28,949,620 shares of common stock reserved for issuance pursuant to the Company's stock-based compensation plans and the Company had authorization under its 2005 Plan to grant 16,921,222 additional stock-based awards.

Under the 2005 ESPP, all full-time and certain part-time employees of the Company are eligible to purchase common stock of the Company twice per year at the end of a six-month payment period (a "Payment Period"). During each Payment Period, eligible employees who so elect may authorize payroll deductions in an amount no less than 1% nor greater than 10%

of his or her base pay for each payroll period in the Payment Period. At the end of each Payment Period, the accumulated deductions are used to purchase shares of common stock from the Company up to a maximum of 12,000 shares for any one employee during a Payment Period. Shares are purchased at a price equal to 85% of the fair market value of the Company's common stock on the last business day of a Payment Period. Employees who, after exercising their rights to purchase shares of common stock in the 2005 ESPP, would own shares representing 5% or more of the voting power of the Company's common stock, are ineligible to participate under the 2005 ESPP. The 2005 ESPP provides for the issuance of a maximum of 10,000,000 shares of common stock. As of March 31, 2013 , 2,779,821 shares had been issued under the 2005 ESPP. The Company recorded stock-based compensation costs related to the 2005 ESPP of $1.3 million and $1.0 million for the three months ended March 31, 2013 and 2012, respectively.

Stock-Based Compensation

The detail of the total stock-based compensation recognized by income statement classification is as follows (in thousands):

Income Statement Classifications	**Three Months Ended March 31, 2013**	**Three Months Ended March 31, 2012**
Cost of services and maintenance revenues	**$ 634**	$ 450
Research and development	**15,653**	11,144
Sales, marketing and services	**15,174**	9,970
General and administrative	**12,095**	8,993
Total	**$ 43,556**	$ 30,557

Stock Options

Stock options granted under the 2005 Plan typically have a five -year life and vest over three years, with 33.3% of the shares underlying the option vesting on the first anniversary of the date of grant and the remainder of the underlying shares vesting in equal monthly installments at a rate of 2.78% thereafter (the "Standard Vesting Rate"). There were no shares granted from this plan in the first quarter of 2013. The Company also assumes stock options from certain of its acquisitions for which the vesting period is typically reset to vest over three years at the Standard Vesting Rate. During the first quarter of 2013, the Company assumed in-the-money options from the Zenprise acquisition. See Note 4 for more information related to acquisitions. The Company currently uses the Black-Scholes option pricing model to determine the fair value of stock options. The determination of the fair value of stock-based payment awards on the date of grant using an option-pricing model is affected by the Company's stock price and the options exercise prices, as well as assumptions regarding a number of complex and subjective variables. These variables include the Company's expected stock price, volatility over the term of the awards, actual and historical employee exercise behaviors including historical exercise patterns of options with an exercise price less than the stock price on the date assumed, risk-free interest rate and expected dividends. For purposes of valuing stock options, the Company determined the expected volatility factor by considering the implied volatility in two-year market-traded options of the Company's common stock based on third party volatility quotes in accordance with the provisions of SAB No. 107, *Share Based Payment* . The Company's decision to use implied volatility was based upon the availability of actively traded options on the Company's common stock and its assessment that implied volatility is more representative of future stock price trends than historical volatility. The approximate risk free interest rate was based on the implied yield available on U.S. Treasury zero-coupon issues with remaining terms equivalent to the Company's expected terms on stock options. The expected term of stock options was based on the historical employee exercise patterns. The Company also periodically analyzes its historical pattern of option exercises based on certain demographic characteristics and determined that there were no meaningful differences in option exercise activity based on the demographic characteristics. The Company does not intend to pay dividends on its common stock in the foreseeable future. Accordingly, the Company used a dividend yield of zero in its option pricing model.

The weighted average fair value of stock options assumed and/or granted during the three months ended March 31, 2013 and 2012 was $56.97 and $ 25.26 , respectively. The total intrinsic value of options exercised during the three months ended March 31, 2013 and 2012 was $30.5 million and $ 39.1 million . The intrinsic value is calculated as the difference between the market value on the date of exercise and the exercise price of the shares. As of March 31, 2013 , there was $ 69.8 million of total unrecognized compensation cost related to stock options. That cost is expected to be recognized over a weighted-average period of 1.71 years.

The assumptions used to value option grants are as follows:

	Three Months Ended March 31, 2013	Three Months Ended March 31, 2012
Expected volatility factor	**0.39**	0.38
Approximate risk free interest rate	**0.44%**	0.65%
Expected term (in years)	**3.35**	3.91
Expected dividend yield	**0%**	0%

Non-vested Stock Units

Market Performance and Service Condition Stock Units

In March 2013 and 2012, the Company granted senior level employees non-vested stock unit awards representing, in the aggregate, 399,029 and 418,809 non-vested stock units, respectively, that vest based on certain target market performance and service conditions. The number of non-vested stock units underlying each award will be determined within sixty days of the calendar year following the end of a three-year performance period ending December 31, 2015 for the March 2013 awards and December 31, 2014 for the March 2012 awards. The attainment level under the award will be based on the Company's total return to stockholders over the performance period compared to the return on the Nasdaq Composite Total Return Index (the "XCMP"). If the Company's return is positive and meets or exceeds the indexed return, the number of non-vested stock units issued will be based on interpolation, with the maximum number of non-vested stock units issuable pursuant to the award capped at 200% of the target number of non-vested stock units set forth in the award agreement if the Company's return exceeds the indexed return by 40% or more. If the Company's return over the performance period is positive but underperforms the index, a number of non-vested stock units will be issued, below the target award, based on interpolation; however, no non-vested stock units will be issued if the Company's return underperforms the index by more than 20% over the performance period. In the event the Company's return to stockholders is negative but still meets or exceeds the indexed return, only 75% of the target award shall be issued. If the awardee is not employed by the Company at the end of the performance period; the extent to which the awardee will vest in the award, if at all, is dependent upon the timing and character of the termination as provided in the award agreement. Each non-vested stock unit, upon vesting, represents the right to receive one share of the Company's common stock.

The market condition requirements are reflected in the grant date fair value of the award, and the compensation expense for the award will be recognized assuming that the requisite service is rendered regardless of whether the market conditions are achieved. The grant date fair value of the non-vested performance stock unit awards was determined through the use of a Monte Carlo simulation model, which utilized multiple input variables that determined the probability of satisfying the market condition requirements applicable to each award as follows:

	March 2013 Grant	March 2012 Grant
Expected volatility factor	**0.16 - 0.42**	**0.21 - 0.39**
Risk free interest rate	**0.33%**	**0.47%**
Expected dividend yield	**0%**	**0%**

The range of expected volatilities utilized was based on the historical volatilities of the Company's common stock and the XCMP. The Company chose to use historical volatility to value these awards because historical stock prices were used to develop the correlation coefficients between the Company and the XCMP in order to model the stock price movements. The volatilities used were calculated over the most recent 2.75 year period, which was the remaining term of the performance period at the date of grant. The risk free interest rate was based on the implied yield available on U.S. Treasury zero-coupon issues with remaining terms equivalent to the remaining performance period. The Company does not intend to pay dividends on its common stock in the foreseeable future. Accordingly, the Company used a dividend yield of zero in its model. The estimated fair value of each award as of the date of grant was $89.93 for the March 2013 grant and $89.95 for the March 2012 grant.

Service Based Stock Units

The Company also awards senior level and certain other employees non-vested stock units granted under the 2005 Plan that vest based on service. The majority of these non-vested stock unit awards vest 33.33% on each anniversary subsequent to the date of the award. The remaining awards vest 100% on the third anniversary of the grant date. Each non-vested stock unit, upon vesting, represents the right to receive one share of the Company’s common stock. In addition, the Company awards non-vested stock units to all of its non-employee directors. These awards vest monthly in 12 equal installments based on service and, upon vesting, each stock unit represents the right to receive one share of the Company's common stock.

Unrecognized Compensation Related to Stock Units

As of March 31, 2013 , the number of non-vested stock units outstanding, including performance awards, market performance and service condition awards and service-based awards, and including awards assumed in connection with acquisitions, were 4,658,592 . As of March 31, 2013, there was $313.5 million of total unrecognized compensation cost related to non-vested stock units. The unrecognized cost is expected to be recognized over a weighted-average period of 2.40 years. See Note 4 for more information regarding the Company's acquisitions.

8. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill

The Company accounts for goodwill in accordance with the authoritative guidance, which requires that goodwill and certain intangible assets are not amortized, but are subject to an annual impairment test. There was no impairment of goodwill or indefinite lived intangible assets as a result of the annual impairment test analysis completed during the fourth quarter of 2012 . There were no indicators of impairment during the three months ended March 31, 2013 . In-process R&D acquired in connection with the Company's acquisitions was not material. See Note 4 for more information regarding the Company's acquisitions and Note 9 for more information regarding the Company's segments.

The following table presents the change in goodwill allocated to the Company's reportable segments during the three months ended March 31, 2013 (in thousands):

	Balance at January 1, 2013	Additions	Other	Balance at March 31, 2013
Infrastructure	$ 1,158,580	$ 251,128	$ (2,332) (2)	$ 1,407,376
SaaS	359,639	—	(5,191) (3)	354,448
Consolidated	$ 1,518,219	$ 251,128 (1)	$ (7,523)	$ 1,761,824

(1) Amount relates to Zenprise acquisition. See Note 4 for more information regarding the Company's acquisitions.
(2) Amount primarily relates to adjustments to the preliminary purchase price allocation associated with the Bytemobile acquisition, primarily related to adjustments of certain income tax assets and liabilities of $ 7.1 million , partially offset by a $ 5.3 million adjustment to current portion of deferred revenues.
(3) Amount primarily relates to foreign currency translation.

Intangible Assets

The Company has intangible assets with finite lives that are recorded at cost, less accumulated amortization. Amortization is computed over the estimated useful lives of the respective assets, generally three to seven years, except for patents, which are amortized over the lesser of their remaining life or ten years. Intangible assets consist of the following (in thousands):

	March 31, 2013		December 31, 2012	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Product related intangible assets	$ **666,880**	$ **361,788**	$ 620,032	$ 339,608
Other	**468,667**	**183,070**	446,601	170,820
Total	$ **1,135,547**	$ **544,858**	$ 1,066,633	$ 510,428

Amortization of product related intangible assets, which consists primarily of product-related technologies and patents, was $24.7 million and $16.5 million for the three months ended March 31, 2013 and 2012 , respectively, and is classified as a component of Cost of net revenues in the accompanying condensed consolidated statements of income. Amortization of other intangible assets, which consist primarily of customer relationships, trade names and covenants not to compete was $10.4 million and $10.5 million for the three months ended March 31, 2013 and 2012 , respectively, and is classified as a component of Operating expenses in the accompanying condensed consolidated statements of income. The Company monitors its intangible assets for indicators of impairment. If the Company determines that an impairment has occurred, it will write-down the intangible asset to its fair value. For the three months ended March 31, 2012, Amortization of other intangible assets included a $5.2 million impairment related to the Company's decision to contribute its CloudStack tradename acquired in conjunction with its acquisition of Cloud.com to the Apache Software Foundation. As a result, the carrying value of the CloudStack tradename was written down to zero . See Note 4 for more information regarding the Company's acquisitions.

Estimated future amortization expense is as follows (in thousands):

Year ending December 31,		
2013	$	138,732
2014		129,907
2015		107,896
2016		85,765
2017		58,165

9. SEGMENT INFORMATION

Infrastructure and SaaS constitute the Company's two reportable segments. The Company does not engage in intercompany revenue transfers between segments. The Company's chief operating decision maker ("CODM") evaluates the Company's performance based primarily on profitability from its Infrastructure and SaaS segments products. Segment profit for each segment includes certain research and development, sales, marketing and services and general and administrative expenses directly attributable to the segment as well as other corporate costs allocated to the segment and excludes certain expenses that are managed outside of the reportable segments. Costs excluded from segment profit primarily consist of certain restructuring charges, stock-based compensation costs, amortization of product related intangible assets, amortization of other intangible assets, net interest and other income, net. Accounting policies of the Company's segments are the same as its consolidated accounting policies.

Net revenues and segment profit, classified by the Company's two reportable segments were as follows (in thousands):

	Three Months Ended March 31,	
	2013	**2012**
Net revenues:		
Infrastructure	**$ 535,333**	$ 468,762
SaaS	**137,566**	120,733
Consolidated	**$ 672,899**	$ 589,495
Segment profit:		
Infrastructure	**$ 113,256**	$ 117,173
SaaS	**22,035**	21,136
Unallocated expenses [(1)]:		
Amortization of intangible assets	**(35,127)**	(27,002)
Net interest and other income	**1,196**	3,800
Stock-based compensation	**(43,556)**	(30,557)
Consolidated income before income taxes	**$ 57,804**	$ 84,550

(1) Represents expenses presented to management on a consolidated basis only and not allocated to the operating segments.

Revenues by Product Grouping

Revenues by product grouping for the Company's Infrastructure and SaaS segments were as follows (in thousands):

	Three Months Ended March 31, 2013	Three Months Ended March 31, 2012
Net revenues:		
Infrastructure		
Mobile and Desktop revenues (1)	**$ 357,990**	$ 340,403
Networking and Cloud Solutions revenues (2)	**147,493**	100,311
Professional services (3)	**26,512**	25,873
Other	**3,338**	2,175
Total Infrastructure revenues	**535,333**	468,762
SaaS revenues	**137,566**	120,733
Total net revenues	**$ 672,899**	$ 589,495

(1) Mobile and Desktop revenues are primarily comprised of sales from the Company's desktop virtualization products, XenDesktop and XenApp, and the Company's Mobility products which include XenMobile MDM and CloudGateway and related license updates and maintenance and support.

(2) Networking and Cloud revenues are primarily comprised of sales from the Company's cloud networking products which include NetScaler, CloudBridge and Bytemobile Smart Capacity, and the Company's cloud platform products which include XenServer, CloudPlatform and CloudPortal and related license updates and maintenance and support.

(3) Professional services revenues are primarily comprised of revenues from consulting services and product training and certification services.

Revenues by Geographic Location

The following table presents revenues by segment and geographic location, for the following periods (in thousands):

	Three Months Ended March 31, 2013	Three Months Ended March 31, 2012
Net revenues:		
Infrastructure		
Americas	**$ 296,434**	$ 252,483
EMEA	**174,402**	160,071
Asia-Pacific	**64,497**	56,208
Total Infrastructure revenues	**535,333**	468,762
SaaS		
Americas	**116,230**	103,227
EMEA	**16,743**	14,455
Asia-Pacific	**4,593**	3,051
Total SaaS revenues	**137,566**	120,733
Total net revenues	**$ 672,899**	$ 589,495

10. DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives Designated as Hedging Instruments

As of March 31, 2013 , the Company's derivative assets and liabilities primarily resulted from cash flow hedges related to its forecasted operating expenses transacted in local currencies. A substantial portion of the Company's overseas expenses are and will continue to be transacted in local currencies. To protect against fluctuations in operating expenses and the volatility of future cash flows caused by changes in currency exchange rates, the Company has established a program that uses foreign exchange forward contracts to hedge its exposure to these potential changes. The terms of these instruments, and the hedged transactions to which they relate, generally do not exceed 12 months.

Generally, when the dollar is weak, foreign currency denominated expenses will be higher, and these higher expenses will be partially offset by the gains realized from the Company's hedging contracts. Conversely, if the dollar is strong, foreign currency denominated expenses will be lower. These lower expenses will in turn be partially offset by the losses incurred from the Company's hedging contracts. The change in the derivative component in Accumulated other comprehensive loss includes unrealized gains or losses that arose from changes in market value of the effective portion of derivatives that were held during the period, and gains or losses that were previously unrealized but have been recognized in the same line item as the forecasted transaction in current period net income due to termination or maturities of derivative contracts. This reclassification has no effect on total comprehensive income or equity.

The total cumulative unrealized loss on cash flow derivative instruments was $2.9 million and nil at March 31, 2013 and December 31, 2012 , respectively, and is included in Accumulated other comprehensive loss in the accompanying condensed consolidated balance sheets. See Note 11 for more information related to comprehensive income. The net unrealized loss as of March 31, 2013 is expected to be recognized in income over the next 12 months at the same time the hedged items are recognized in income.

Derivatives not Designated as Hedges

A substantial portion of the Company's overseas assets and liabilities are and will continue to be denominated in local currencies. To protect against fluctuations in earnings caused by changes in currency exchange rates when remeasuring the Company's balance sheet, it utilizes foreign exchange forward contracts to hedge its exposure to this potential volatility.

These contracts are not designated for hedge accounting treatment under the authoritative guidance. Accordingly, changes in the fair value of these contracts are recorded in Other (expense) income, net.

Fair Values of Derivative Instruments

	Asset Derivatives				Liability Derivatives			
	(In thousands)							
	March 31, 2013		December 31, 2012		March 31, 2013		December 31, 2012	
Derivatives Designated as Hedging Instruments	**Balance Sheet Location**	**Fair Value**	**Balance Sheet Location**	**Fair Value**	**Balance Sheet Location**	**Fair Value**	**Balance Sheet Location**	**Fair Value**
Foreign currency forward contracts	Prepaid expenses and other current assets	$2,601	Prepaid expenses and other current assets	$4,157	Accrued expenses and other current liabilities	$5,697	Accrued expenses and other current liabilities	$4,162

	Asset Derivatives				Liability Derivatives			
	(In thousands)							
	March 31, 2013		December 31, 2012		March 31, 2013		December 31, 2012	
Derivatives Not Designated as Hedging Instruments	**Balance Sheet Location**	**Fair Value**	**Balance Sheet Location**	**Fair Value**	**Balance Sheet Location**	**Fair Value**	**Balance Sheet Location**	**Fair Value**
Foreign currency forward contracts	Prepaid expenses and other current assets	$114	Prepaid expenses and other current assets	$448	Accrued expenses and other current liabilities	$135	Accrued expenses and other current liabilities	$52

The Effect of Derivative Instruments on Financial Performance

Derivatives in Cash Flow Hedging Relationships	For the Three Months Ended March 31, (In thousands) Amount of (Loss) Gain Recognized in Other Comprehensive Income (Effective Portion)		Location of Loss Reclassified from Accumulated Other Comprehensive Loss into Income (Effective Portion)	Amount of Loss Reclassified from Accumulated Other Comprehensive Loss (Effective Portion)	
	2013	2012		2013	2012
Foreign currency forward contracts	$ (2,925)	$ 3,561	Operating expenses	$ (524)	$ (1,527)

There was no material ineffectiveness in the Company's foreign currency hedging program in the periods presented.

Derivatives Not Designated as Hedging Instruments	For the Three Months Ended March 31, (In thousands) Location of Loss Recognized in Income on Derivative	Amount of Loss Recognized in Income on Derivative	
		2013	2012
Foreign currency forward contracts	Other (expense) income, net	$ (456)	$ (176)

Outstanding Foreign Currency Forward Contracts

As of March 31, 2013 , the Company had the following net notional foreign currency forward contracts outstanding (in thousands):

Foreign Currency	Currency Denomination
Australian Dollar	AUD 8,258
Pounds Sterling	GBP 35,800
Canadian Dollar	CAD 5,673
Chinese Yuan Renminbi	CNY 77,776
Danish Krone	DKK 1,900
Euro	EUR 34,293
Hong Kong Dollar	HKD 53,440
Indian Rupee	INR 1,089,210
Japanese Yen	JPY 440,658
New Zealand Dollar	NZD 900
Singapore Dollar	SGD 9,676
Swiss Franc	CHF 24,399

11. COMPREHENSIVE INCOME

The changes in accumulated other comprehensive loss by component, net of tax, are as follows (in thousands):

	Foreign currency	Unrealized gain (loss) on available-for-sale securities	Unrealized (loss) gain on derivative instruments	Other comprehensive loss on pension liability	Total
			(In thousands)		
Balance at December 31, 2012	$ (3,024)	$ 2,426	$ (10)	$ (7,097)	$ (7,705)
Other comprehensive loss before reclassifications	(6,813)	(378)	(3,449)	(334)	(10,974)
Amounts reclassified from accumulated other comprehensive loss	—	(85)	524	—	439
Net current period other comprehensive loss	(6,813)	(463)	(2,925)	(334)	(10,535)
Balance at March 31, 2013	$ (9,837)	$ 1,963	$ (2,935)	$ (7,431)	$ (18,240)

Reclassifications out of accumulated other comprehensive loss as of March 31, 2013 are as follows (in thousands):

Details about accumulated other comprehensive loss components	Amount reclassified from accumulated other comprehensive loss, net of tax	Affected line item in the Condensed Consolidated Statements of Income
Unrealized net gains on available-for-sale securities	$ 85	Other (expense) income, net
Unrealized net losses on cash flow hedges	(524)	Operating expenses *
	$ (439)	

* Operating expenses amounts allocated to Research and development, Sales, marketing and services, and General and administrative are not individually significant.

12. INCOME TAXES

The Company's net unrecognized tax benefits totaled approximately $51.1 million and $43.9 million as of March 31, 2013 and December 31, 2012 , respectively. All amounts included in the balance at March 31, 2013 for tax positions would affect the annual effective tax rate. The Company has no amounts accrued for the payment of interest and penalties as of March 31, 2013 .

The Company and one or more of its subsidiaries is subject to federal income taxes in the United States, as well as income taxes of multiple state and foreign jurisdictions. With few exceptions, the Company is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years prior to 2009.

In the ordinary course of global business, there are transactions for which the ultimate tax outcome is uncertain; thus, judgment is required in determining the worldwide provision for income taxes. The Company provides for income taxes on transactions based on its estimate of the probable liability. The Company adjusts its provision as appropriate for changes that impact its underlying judgments. Changes that impact provision estimates include such items as jurisdictional interpretations on tax filing positions based on the results of tax audits and general tax authority rulings. Due to the evolving nature of tax rules combined with the large number of jurisdictions in which the Company operates, it is possible that the Company's estimates of its tax liability and the realizability of its deferred tax assets could change in the future, which may result in additional tax liabilities and adversely affect the Company's results of operations, financial condition and cash flows.

The Company is required to estimate its income taxes in each of the jurisdictions in which it operates as part of the process of preparing its condensed consolidated financial statements. At March 31, 2013 , the Company had approximately $99.5 million in net deferred tax assets. The authoritative guidance requires a valuation allowance to reduce the deferred tax assets reported if, based on the weight of the evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized. The Company reviews deferred tax assets periodically for recoverability and makes estimates and judgments regarding the expected geographic sources of taxable income and gains from investments, as well as tax planning strategies in assessing the need for a valuation allowance.

The Company maintains certain strategic management and operational activities in overseas subsidiaries and its foreign earnings are taxed at rates that are generally lower than in the United States. The Company does not expect to remit earnings from its foreign subsidiaries. The Company's effective tax rate was approximately (3.3)% and 19.3% for the three months ended March 31, 2013 and 2012 . The decrease in the effective tax rate when comparing the three months ended March 31, 2013 to the three months ended March 31, 2012 was primarily due to the federal research and development tax credit for the 2012 taxable year extended during the three months ended March 31, 2013.

The federal research and development tax credit expired on December 31, 2011. On January 2, 2013, the American Taxpayer Relief Act of 2012 was signed into law. Under this act, the federal research and development tax credit was retroactively extended for amounts paid or incurred after December 31, 2011 and before January 1, 2014. The effects of these changes in the tax law resulted in net tax benefits of approximately $9.4 million , which the Company recognized in the first quarter of 2013, which is the quarter in which the law was enacted.

The Company's effective tax rate generally differs from the U.S. federal statutory rate of 35% due primarily to lower tax rates on earnings generated by the Company's foreign operations that are taxed primarily in Switzerland. The Company has not provided for U.S. taxes for those earnings because it plans to reinvest all of those earnings indefinitely outside the United States.

13. TREASURY STOCK

Stock Repurchase Programs

The Company's Board of Directors authorized an ongoing stock repurchase program with a total repurchase authority granted to the Company of $ 3.4 billion . The Company may use the approved dollar authority to repurchase stock at any time until the approved amount is exhausted. The objective of the Company's stock repurchase program is to improve stockholders' returns. At March 31, 2013 , approximately $ 274.2 million was available to repurchase common stock pursuant to the stock repurchase program. All shares repurchased are recorded as treasury stock. A portion of the funds used to repurchase stock over the course of the program was provided by proceeds from employee stock option exercises and the related tax benefit.

The Company is authorized to make open market purchases of its common stock using general corporate funds through open market purchases or pursuant to a Rule 10b5-1 plan.

During the three months ended March 31, 2013 , the Company expended approximately $61.4 million on open market purchases, repurchasing 860,500 shares of outstanding common stock at an average price of $71.31 .

During the three months ended March 31, 2012 , the Company expended approximately $100.0 million on open market purchases, repurchasing 1,378,600 shares of outstanding common stock at an average price of $72.53 .

Shares for Tax Withholding

During the three months ended March 31, 2013 , the Company withheld 322,538 shares from stock units that vested, totaling $23.2 million , to satisfy minimum tax withholding obligations that arose on the vesting of stock units. During the three months ended March 31, 2012 , the Company withheld 183,050 shares from stock units that vested, totaling $14.1 million , to satisfy minimum tax withholding obligations that arose on the vesting of stock units. These shares are reflected as treasury stock in the Company's condensed consolidated balance sheets and the related cash outlays do not reduce the Company's total stock repurchase authority.

14. COMMITMENTS AND CONTINGENCIES

Leases

The Company leases certain office space and equipment under various operating leases. In addition to rent, the leases require the Company to pay for taxes, insurance, maintenance and other operating expenses. Certain of these leases contain stated escalation clauses while others contain renewal options. The Company recognizes rent expense on a straight-line basis over the term of the lease, excluding renewal periods, unless renewal of the lease is reasonably assured.

Legal Matters

The Company accrues a liability for legal contingencies when it believes that it is both probable that a liability has been incurred and that it can reasonably estimate the amount of the loss. The Company reviews these accruals and adjusts them to reflect ongoing negotiations, settlements, rulings, advice of legal counsel and other relevant information. To the extent new information is obtained and the Company's views on the probable outcomes of claims, suits, assessments, investigations or legal proceedings change, changes in the Company's accrued liabilities would be recorded in the period in which such determination is made. For the Other Matters referenced below, the amount of liability is not probable or the amount cannot be reasonably estimated; and, therefore, accruals have not been made. In addition, in accordance with the relevant authoritative guidance, for matters in which the likelihood of material loss is at least reasonably possible, the Company provides disclosure of the possible loss or range of loss. If a reasonable estimate cannot be made, however, the Company will provide disclosure to that effect.

On April 11, 2008, SSL Services, LLC (" SSL Services ") filed a suit for patent infringement against the Company in the United States District Court for the Eastern District of Texas (the "SSL Matter"). SSL Services alleged that the Company infringed U.S. Patent Nos. 6,061,796 (the "'796 patent") and 6,158,011 (the "'011 patent"). The Company denied infringement and asserted that the patents-in-suit were invalid. A jury trial was held on SSL Services' claims, and on June 18, 2012, the jury found that the Company does not infringe the '796 patent and found that the Company willfully infringes the '011 patent through the sale and use of certain products. The jury awarded SSL Services $10.0 million . On September 17, 2012, the court issued a final judgment confirming the jury award of $10.0 million in damages and added $5.0 million in enhanced damages and approximately $5.0 million in prejudgment interest on the damages award. The Company does not believe that any of its products infringe the '011 patent, and the Company believes that the '011 patent is invalid. Accordingly, no accrual has been made related to this matter. The Company intends to vigorously appeal the district court's judgment on the '011 patent.

In addition to the SSL Matter and due to the nature of the Company's business, the Company is subject to patent infringement claims, including current suits against it or one or more of its wholly-owned subsidiaries alleging infringement by various Company products and services (the "Other Matters"). The Company believes that it has meritorious defenses to the allegations made in its pending cases and intends to vigorously defend these lawsuits; however, it is unable currently to determine the ultimate outcome of these or similar matters. In addition, the Company is a defendant in various litigation matters generally arising out of the normal course of business. Although it is difficult to predict the ultimate outcomes of these cases, the Company believes that it is not reasonably possible that the ultimate outcomes will materially and adversely affect its business, financial position, results of operations or cash flows.

Guarantees

The authoritative guidance requires certain guarantees to be recorded at fair value and requires a guarantor to make disclosures, even when the likelihood of making any payments under the guarantee is remote. For those guarantees and indemnifications that do not fall within the initial recognition and measurement requirements of the authoritative guidance, the Company must continue to monitor the conditions that are subject to the guarantees and indemnifications, as required under existing generally accepted accounting principles, to identify if a loss has been incurred. If the Company determines that it is probable that a loss has been incurred, any such estimable loss would be recognized. The initial recognition and measurement requirements do not apply to the provisions contained in the majority of the Company's software license agreements that indemnify licensees of the Company's software from damages and costs resulting from claims alleging that the Company's software infringes the intellectual property rights of a third party. The Company has not made payments pursuant to these provisions. The Company has not identified any losses that are probable under these provisions and, accordingly, the Company has not recorded a liability related to these indemnification provisions.

ITEM 2. ***MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS***

Our operating results and financial condition have varied in the past and could in the future vary significantly depending on a number of factors. From time to time, information provided by us or statements made by our employees contain "forward-looking" information that involves risks and uncertainties. In particular, statements contained in this Quarterly Report on Form 10-Q, and in the documents incorporated by reference into this Quarterly Report on Form 10-Q, that are not historical facts, including, but not limited to, statements concerning new products, research and development, offerings of products and services, market positioning and opportunities, headcount, customer demand, distribution and sales channels, financial information and results of operations for future periods, other (expense) income, net, product and price competition, strategy and growth initiatives, seasonal factors, international operations and expansion, investment transactions and valuations of investments and derivative instruments, reinvestment or repatriation of foreign earnings, fluctuations in foreign exchange rates, tax matters, tax rates, the expected benefits of acquisitions, changes in domestic and foreign economic conditions and credit markets, liquidity, litigation and intellectual property matters, constitute forward-looking statements and are made under the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements are neither promises nor guarantees. Our actual results of operations and financial condition have varied and could in the future vary materially from those stated in any forward-looking statements. The factors described in Part I, Item 1A, "Risk Factors," in our Annual Report on Form 10-K for the year ended December 31, 2012, as may be updated in Part II, Item 1A in this Quarterly Report on Form 10-Q, among others, could cause actual results to differ materially from those contained in forward-looking statements made in this Quarterly Report on Form 10-Q, in the documents incorporated by reference into this Quarterly Report on Form 10-Q or presented elsewhere by our management from time to time. Such factors, among others, could have a material adverse effect upon our business, results of operations and financial condition. We caution readers not to place undue reliance on any forward-looking statements, which only speak as of the date made. We undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made.

Overview

Management's discussion and analysis of financial condition and results of operations is intended to help the reader understand our financial condition and results of operations. This section is provided as a supplement to, and should be read in conjunction with, our financial statements and the accompanying notes to our condensed consolidated financial statements included in this Quarterly Report on Form 10-Q for the three months ended March 31, 2013 . The results of operations for the periods presented in this report are not necessarily indicative of the results expected for the full year or for any future period, due in part to the seasonality of our business. Historically, our revenue for the fourth quarter of any year is typically higher than our revenue for the first quarter of the subsequent year.

Citrix is a cloud computing company that enables mobile workstyles- empowering people to work and collaborate from anywhere, accessing apps and data on any of the latest devices, as easily as they would in their own office- simply and securely. Citrix cloud computing solutions help IT and service providers build both private and public clouds, leveraging virtualization and networking technologies to deliver high-performance, elastic and cost-effective services for mobile workstyles.

We market and license our products directly to enterprise customers, over the Web, and through systems integrators, or SIs, in addition to indirectly through value-added resellers, or VARs, value-added distributors, or VADs, and original equipment manufacturers, or OEMs.

Executive Summary

We believe our approach is unique in the market because we have combined innovative technologies to enable and power mobile workstyles. Our technologies mobilize desktops, apps, workloads and people to help our customers drive business value. Our Mobile and Desktop products are leaders in the area of desktop management, including Desktop Virtualization, marketed as XenDesktop and XenApp. In addition, in January 2013, we acquired Zenprise, Inc., or Zenprise, and its mobile device management, or XenMobile MDM products, which was integrated with our Citrix CloudGateway product offering to provide customers a comprehensive solution for enterprise mobility management, marketed as our Mobile Solutions Bundle. Our Networking and Cloud products also offer customers a value-added approach to building and delivering IT to end-users through our Cloud Networking products, which allow our customers to deliver services to mobile users with high performance, security and reliability and through our Cloud Platform products, which allow our customers to build scalable and reliable private and public cloud computing environments. We believe this combination of products allows us to deliver a comprehensive end-to-end mobile lifestyles solution; and one that we believe, when considered as a whole, is competitively differentiated by its feature set and interoperability.

In today's business environment there is a sharp focus on IT products and services that can reduce cost and deliver a quick, tangible return on investment, or ROI. We are focused on helping our customers, as they invest in IT products and services, to reduce IT costs, increase business flexibility and deliver ROI by offering a simpler more flexible approach to computing.

In 2012, we generally saw uncertainties surrounding IT spending. In the fourth quarter of 2012, however, we saw some improvement in demand across all geographies. In the first quarter of 2013, we again encountered uncertainty in the IT spending environment and hesitancy on the part of customers in initiating large capital projects causing an unusually large number of opportunities to be pushed into the future. For example, this dynamic was most pronounced in Europe and Asia-Pacific and contributed to the Product and licenses revenue results in our Desktop products when comparing the first quarter of 2013 to the first quarter of 2012. See our Summary of Results section below.

We believe that continued economic uncertainty may adversely affect sales of our products and services and may result in longer sales cycles, slower adoption of technologies and increased price competition.

In 2013, we continue to focus on helping our customers embrace and power mobile workstyles and build cloud infrastructure so cloud services can be delivered virtually anywhere with a high quality user experience. We plan to sustain the long-term growth of our businesses around the world by expanding our go-to-market reach and direct customer touch through hiring additional enterprise account managers and expanding consulting and technical support capacity; investing in product innovation, bringing new technologies to market and improving integration across our product portfolio to drive simplicity and better end-user experience; and making selective and strategic acquisitions of technology, talent and/or businesses.

Infrastructure

Our Desktop Virtualization products are built to transform and reduce the cost of traditional desktop management by virtualizing the desktop, with our XenDesktop product, and virtualizing applications, with our XenApp product, in a customer's datacenter. We are moving the delivery of desktops and related applications to an on-demand service rather than the delivery of a device. We continue to see growing customer interest in XenDesktop and we are maximizing our XenApp install base and driving continued XenDesktop adoption.

In January 2013, we completed our acquisition of Zenprise, a privately held leading innovator in mobile device management, or MDM. We have integrated the Zenprise products for MDM, marketed as XenMobile MDM, with our Citrix CloudGateway product. Now sold as our Mobile Solutions Bundle, this new offering manages mobile apps and data to offer our enterprise IT customers comprehensive products that make it easier to manage and secure devices, apps and data, while allowing users to embrace mobile workstyles and access enterprise apps from virtually any device. We believe our Mobility products offer a comprehensive approach that can transform organizations into mobile enterprises with the security and control IT requires, the ease of use and flexibility users desire, and the productivity business demands.

Our Cloud Networking products power mobile workstyles while altering the traditional economics of the datacenter by providing greater levels of flexibility of computing resources, especially with respect to servers, improving application performance and thereby reducing the amount of processing power involved, and allowing easy reconfiguration of servers by permitting storage and network infrastructure to be added-in virtually rather than physically. Our Cloud Networking products are also enhancing our differentiation and driving customer interest around desktop virtualization as enterprises are finding good leverage in deploying these technologies together.

In July 2012, we acquired Bytemobile, Inc., or Bytemobile, a privately held leading provider of data and video optimization solutions for mobile network operators. The Bytemobile acquisition has given us a strategic foothold in the core infrastructure of certain mobile operators which are experiencing rapid growth in network traffic, driven by the combination of new consumer devices, rich multimedia content, and high speed 3G, 4G and LTE networks. Our Bytemobile Smart Capacity products combined with our Citrix NetScaler line of Cloud Networking products enhance our broader strategy of powering mobile workstyles and cloud services and allow us to offer mobile operators combined solutions that deliver a high quality user experience to mobile subscribers.

Our Cloud Platform products allow our customers to build scalable and reliable private and public cloud computing environments where customers can quickly and easily build cloud services within their existing infrastructure and provision hosted applications, desktops, services and infrastructure as a service, or IaaS, from the cloud.

SaaS

Our SaaS segment is focused on developing and marketing Collaboration and Data products. These products are primarily marketed via the web to large enterprises, medium and small businesses, prosumers and individuals. Our SaaS segment's Collaboration products offer secure and cost-effective solutions that allow users to host and actively participate in online meetings, webinars and training sessions remotely and reduce costs associated with business travel. Our D ata Sharing product, ShareFile, makes it easy for businesses of all sizes to securely store, sync and share business documents and files, both inside and outside the company. ShareFile's centralized cloud storage capability also allows users to share files across multiple devices and access them from any location. In addition, through our Remote Access and IT Support solutions, we offer products that provide users a secure, simple and cost efficient way to access their desktops remotely and provide support over the Internet on-demand.

Summary of Results

For the three months ended March 31, 2013 compared to the three months ended March 31, 2012 , a summary of our results included:

- Product and licenses revenue increased 8.3% to $ 193.1 million ;
- Software as a service revenue increased 13.9% to $ 137.6 million ;
- License updates and maintenance revenue increased 19.4% to $ 315.7 million ;
- Professional services revenue increased 2.5% to $ 26.5 million ;
- Operating income decreased 29.9% to $ 56.6 million ; and
- Diluted net income per share decreased 12.6% to $ 0.32 .

The increase in our Product and licenses revenue was primarily driven by sales of our Networking and Cloud products, led by NetScaler, partially offset by decreases in our Mobile and Desktop products, primarily related to our Desktop products. We currently target our Product and licenses revenue to increase when comparing the second quarter of 2013 to the first quarter of 2013. Our Software as a service revenue increased due to increased sales of our Collaboration products, led by GoToMeeting. The increase in License updates and maintenance revenue was primarily due to increased renewals and sales of our Subscription Advantage product and an increase in maintenance revenues, primarily driven by increased sales of maintenance and support across all of our infrastructure products. The increase in Professional services revenue was not significant primarily due to the decrease in revenue in our Mobile and Desktop products, which led to lower implementation sales in the Desktop business. We currently target total revenue to increase when comparing the second quarter of 2013 to the second quarter of 2012 and when comparing the second quarter of 2013 to the first quarter of 2013. In addition, when comparing the 2013 fiscal year to the 2012 fiscal year, we target total revenue to increase. The decrease in Operating income and diluted net income per share when comparing the first quarter of 2013 to the first quarter of 2012 was primarily due to an increase in operating expenses related to our acquisitions, an increase in stock-based compensation costs primarily related to our annual stock grant and our recent acquisitions and an increase in amortization of intangible assets primarily related to our recent acquisitions. Partially offsetting the decrease in diluted net income per share was the research and development tax credit extended for the 2012 tax year in the first quarter of 2013.

2013 Acquisition

Zenprise

In January 2013, we acquired all of the issued and outstanding securities of Zenprise, Inc., or Zenprise, a privately-held leader in mobile device management. Zenprise became part of our Infrastructure segment, in which we have integrated the Zenprise offering for mobile device management with Citrix CloudGateway™ for managing mobile apps and data. The total consideration for this transaction was approximately $324.0 million , net of $2.9 million of cash acquired, and was paid in cash. Transaction costs associated with the acquisition were approximately $0.6 million , of which we expensed approximately $0.1 million during the three months ended March 31, 2013 and are included in General and administrative expense in the accompanying condensed consolidated statements of income. In addition, in connection with the acquisition, we assumed certain stock options which are exercisable for 285,817 shares of our common stock, for which the vesting period reset fully upon the closing of the transaction.

We have included the effects of the Zenprise acquisition in our results of operations prospectively from the date of the acquisition.

2012 Acquisitions

Bytemobile

In July 2012, we acquired all of the issued and outstanding securities of Bytemobile, a privately-held provider of data and video optimization solutions for mobile network operators. Bytemobile became part of our Infrastructure segment and extends our industry reach into the mobile and cloud markets. The total consideration for this transaction was approximately $399.5 million , net of $5.6 million of cash acquired, and was paid in cash. Transaction costs associated with the acquisition were approximately $2.1 million . No transactions costs were recorded during the three months ended March 31, 2012.

Podio

In April 2012, we acquired all of the issued and outstanding securities of Podio ApS, or Podio, a privately-held provider of a cloud-based collaborative work platform. Podio became part of our SaaS segment and expands our offerings of integrated cloud-based support for team-based collaboration. The total consideration for this transaction was approximately $43.6 million , net of $1.7 million of cash acquired, and was paid in cash. Transaction costs associated with the acquisition were approximately $0.5 million and were expensed during the three months ended March 31, 2012 and are included in General and administrative expense in the accompanying condensed consolidated statements of income. In addition, in connection with the acquisition, we assumed non-vested stock units, which were converted into the right to receive up to 127,668 shares of our common stock, for which the vesting period reset fully upon the closing of the transaction.

2012 Other Acquisitions

During the first quarter of 2012, we acquired all of the issued and outstanding securities of a privately-held company for total cash consideration of approximately $24.6 million , net of $0.6 million of cash acquired. This target's business became part of our Infrastructure segment. Transaction costs associated with the acquisition were approximately $0.5 million , of which we expensed $ 0.4 million during the three months ended March 31, 2012 and are included in General and administrative expense in our condensed consolidated statements of income. In addition, in connection with this acquisition, we assumed non-vested stock units which were converted into the right to receive up to 13,481 shares of our common stock and assumed certain stock options which are exercisable for 12,017 shares of our common stock, for which the vesting period reset fully upon the closing of the transaction.

During the second quarter of 2012, we acquired all of the issued and outstanding securities of two privately-held companies for total cash consideration of approximately $15.4 million , net of $0.2 million of cash acquired. The targets' businesses became part of our Infrastructure segment. Transaction costs associated with the acquisitions were approximately $0.4 million , of which we expensed $0.2 million during the three months ended March 31, 2012 and are included in General and administrative expense in our condensed consolidated statements of income. We recorded approximately $7.3 million of goodwill, which is not deductible for tax purposes, and acquired $14.4 million of identifiable intangible assets, of which $12.3 million is related to product related intangible assets and $2.1 million is related to other intangible assets. In addition, in connection with these acquisitions, we assumed non-vested stock units which were converted into the right to receive up to 66,459 shares of our common stock, for which the vesting period reset fully upon the closing of each respective transaction.

During the third quarter of 2012, we acquired all of the issued and outstanding securities of two privately-held companies for total cash consideration of approximately $5.3 million . One of the targets became part of our Infrastructure segment and the other became part of our SaaS segment. Transaction costs associated with the acquisitions were approximately $0.2 million . No transactions costs were recorded during the three months ended March 31, 2012. We recorded approximately $2.4 million of goodwill, which is not deductible for tax purposes, and acquired $3.6 million of identifiable intangible assets, all of which is related to product related intangible assets. In addition, in connection with these acquisitions, we assumed non-vested stock units which were converted into the right to receive up to 13,487 shares of our common stock, for which the vesting period reset fully upon the closing of each respective transaction.

We have included the effects of all of the companies acquired in 2012 in our results of operations prospectively from the date of the acquisition.

Critical Accounting Policies and Estimates

Our discussion and analysis of financial condition and results of operations are based upon our condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent liabilities. We base these estimates on our historical experience and on various other assumptions that we believe to be reasonable under the circumstances, and these estimates form the basis for our judgments concerning the carrying values of assets and liabilities that are not readily apparent from other sources. We periodically evaluate these estimates and judgments based on available information and experience. Actual results could differ from our estimates under different assumptions and conditions. If actual results significantly differ from our estimates, our financial condition and results of operations could be materially impacted. For more information regarding our critical accounting policies and estimates please refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates" contained in our Annual Report on Form 10-K for the year ended December 31, 2012, or the Annual Report, and Note 2 to our condensed consolidated financial statements included in this Quarterly Report on Form 10-Q. There have been no material changes to the critical accounting policies disclosed in the Annual Report.

Results of Operations

The following table sets forth our unaudited condensed consolidated statements of income data and presentation of that data as a percentage of change from period-to-period (in thousands):

	Three Months Ended March 31, 2013	Three Months Ended March 31, 2012	Three Months Ended March 31, 2013 vs. March 31, 2012
Revenues:			
Product and licenses	$ **193,083**	$ 178,364	8.3 %
Software as a service	**137,566**	120,733	13.9
License updates and maintenance	**315,738**	264,525	19.4
Professional services	**26,512**	25,873	2.5
Total net revenues	**672,899**	589,495	14.1
Cost of net revenues:			
Cost of product and license revenues	**25,794**	18,804	37.2
Cost of services and maintenance revenues	**64,411**	51,004	26.3
Amortization of product related intangible assets	**24,709**	16,535	49.4
Total cost of net revenues	**114,914**	86,343	33.1
Gross margin	**557,985**	503,152	10.9
Operating expenses:			
Research and development	**130,492**	103,622	25.9
Sales, marketing and services	**297,682**	248,457	19.8
General and administrative	**62,785**	59,856	4.9
Amortization of other intangible assets	**10,418**	10,467	(0.5)
Total operating expenses	**501,377**	422,402	18.7
Income from operations	**56,608**	80,750	(29.9)
Interest income	**1,962**	3,078	(36.3)
Other (expense) income, net	**(766)**	722	*
Income before income taxes	**57,804**	84,550	(31.6)
Income tax (benefit) expense	**(1,884)**	16,283	*
Net income	$ **59,688**	$ 68,267	(12.6)

* not meaningful

Revenues

Net revenues from our Infrastructure products include Product and licenses, License updates and maintenance, and Professional services. Product and licenses primarily represent fees related to the licensing of the following major products:

- Mobile and Desktop is primarily comprised of our desktop virtualization products, which include XenDesktop and XenApp and our mobility products which include XenMobile MDM and CloudGateway; and
- Networking and Cloud is primarily comprised of our cloud networking products, which include NetScaler, CloudBridge and Bytemobile Smart Capacity, and our cloud platform products which include XenServer, CloudPlatform and CloudPortal.

In addition, we offer incentive programs to our VADs and VARs to stimulate demand for our products. Product and license revenues associated with these programs are partially offset by these incentives to our VADs and VARs.

License updates and maintenance consists of:

- Our Subscription Advantage program, an annual renewable program that provides subscribers with automatic delivery of unspecified software upgrades, enhancements and maintenance releases when and if they become available during the term of the subscription, for which fees are recognized ratably over the term of the contract, which is typically 12 to 24 months; and

- Our maintenance fees, which include technical support and hardware and software maintenance, and are recognized ratably over the contract term.

Professional services are comprised of:

- Fees from consulting services related to implementation of our products, which are recognized as the services are provided; and
- Fees from product training and certification, which are recognized as the services are provided.

Our SaaS revenues, which are recognized ratably over the contractual term, consist of fees related to our SaaS products including:

- Collaboration products, which primarily include GoToMeeting, GoToWebinar and GoToTraining;
- Data Sharing product, ShareFile;
- Remote Access product, GoToMyPC; and
- Remote IT Support products, which primarily include GoToAssist.

	Three Months Ended March 31,		Three Months Ended March 31, 2013
	2013	2012	vs. March 31, 2012
		(In thousands)	
Product and licenses	**$ 193,083**	$ 178,364	$ 14,719
Software as a service	**137,566**	120,733	16,833
License updates and maintenance	**315,738**	264,525	51,213
Professional services	**26,512**	25,873	639
Total net revenues	**$ 672,899**	$ 589,495	$ 83,404

Product and Licenses

The increase in Product and licenses revenue for the three months ended March 31, 2013 compared to the three months ended March 31, 2012 was primarily due to increased sales of our Networking and Cloud products of $29.0 million, led by NetScaler, partially offset by a decrease in sales of our Mobile and Desktop products of $15.4 million primarily related to our Desktop products. These Product and licenses revenue results were primarily due to the factors discussed in the Executive Summary Overview above. We currently target Product and licenses revenue to increase when comparing the second quarter of 2013 to the second quarter of 2012.

Software as a Service

Software as a service revenue increased for the three months ended March 31, 2013 compared to the three months ended March 31, 2012 primarily due to increased sales of our Collaboration and Data Sharing products of $18.4 million, partially offset by a decrease in our Remote Access and Remote IT Support products of $2.7 million. We currently target Software as a service revenue to increase when comparing the second quarter of 2013 to the second quarter of 2012.

License Updates and Maintenance

License updates and maintenance revenue increased for the three months ended March 31, 2013 compared to the three months ended March 31, 2012 primarily due to an increase in sales and renewals of our Subscription Advantage product of $26.0 million and an increase in maintenance revenues of $25.2 million, primarily driven by increased sales of maintenance and support contracts across all of our Infrastructure products. We currently target License updates and maintenance revenue to increase when comparing the second quarter of 2013 to the second quarter of 2012.

Professional Services

The increase in Professional services revenue when comparing the three months ended March 31, 2013 to the three months ended March 31, 2012 was not significant primarily due to the results in our Mobile and Desktop business which led to lower implementation sales for our Desktop products. We currently target Professional services revenue to increase when comparing the second quarter of 2013 to the second quarter of 2012 consistent with the targeted increase in Product and licenses revenue described above.

Deferred Revenue

Deferred revenues are primarily comprised of License updates and maintenance revenue from our Subscription Advantage product as well as maintenance contracts for our software and hardware products. Deferred revenues also include SaaS revenue from annual service agreements for our online services and Professional services revenue primarily related to our consulting contracts. Deferred revenues increased approximately $33.4 million as of March 31, 2013 compared to December 31, 2012 primarily due to an increase in sales of support contracts primarily related to our Mobile and Desktop products of $11.5 million, increased sales of our SaaS products of $10.2 million and an increase in sales of hardware and software maintenance contracts of $8.4 million. Also contributing to the increase in deferred revenue is an increase in multi-year contracts with our larger customers. We currently anticipate that deferred revenues will continue to increase throughout the remainder of 2013.

International Revenues

International revenues (sales outside the United States) accounted for approximately 43.3% of our net revenues for the three months ended March 31, 2013 and 44.5% of our net revenues for the three months ended March 31, 2012 . See Note 9 to our condensed consolidated financial statements for detailed information on net revenues by geography.

Segment Revenues

Our revenues are derived from sales of Infrastructure products which include our Mobile and Desktop products, Networking and Cloud products and related License updates and maintenance and Professional services and from our SaaS products which include Collaboration and Data Sharing, Remote Access and Remote IT Support products. Infrastructure and SaaS constitute our two reportable segments.

An analysis of our reportable segment net revenue is presented below (in thousands):

	Three Months Ended March 31,		Increase for the Three Months Ended March 31, 2013
	2013	**2012**	**vs. March 31, 2012**
Infrastructure	$ 535,333	$ 468,762	14.2%
SaaS	137,566	120,733	13.9%
Net revenues	$ 672,899	$ 589,495	14.1%

With respect to our segment revenues, the increase in net revenues for the comparative periods presented was due primarily to the factors previously discussed above. See Note 9 of our condensed consolidated financial statements for additional information on our segment revenues.

Cost of Net Revenues

	Three Months Ended March 31,		Three Months Ended March 31, 2013
	2013	**2012**	**vs. March 31, 2012**
	(In thousands)		
Cost of product and license revenues	$ 25,794	$ 18,804	$ 6,990
Cost of services and maintenance revenues	64,411	51,004	13,407
Amortization of product related intangible assets	24,709	16,535	8,174
Total cost of net revenues	$ 114,914	$ 86,343	$ 28,571

Cost of product and license revenues consists primarily of hardware, product media and duplication, manuals, packaging materials, shipping expense and royalties. Cost of services and maintenance revenues consists primarily of compensation and other personnel-related costs of providing technical support and consulting, as well as the costs related to providing our SaaS. Also included in Cost of net revenues is amortization of product related intangible assets.

Cost of product and license revenues increased for the three months ended March 31, 2013 compared to the three months ended March 31, 2012 primarily due to increased sales of our Networking and Cloud products, as described above, many of which contain hardware components that have a higher cost than our other software products. We currently target Cost of product and license revenues to increase when comparing the second quarter of 2013 to the second quarter of 2012 consistent with the targeted increase in sales of our hardware products.

Cost of services and maintenance revenues increased for the three months ended March 31, 2013 compared to the three months ended March 31, 2012 consistent with the increase in sales of our Collaboration products and continuing investment in infrastructure to support the voice and video offerings in our Collaboration products of $6.0 million. Also contributing to the increase in Cost of services and maintenance revenues is an increase in maintenance and support costs of $6.8 million related to increased sales of our maintenance contracts as described above. We currently target Cost of services and maintenance revenues to increase when comparing the second quarter of 2013 to the second quarter of 2012, consistent with the targeted increases in Software as a service revenue and Professional services revenue as discussed above.

Gross Margin

Gross margin as a percentage of revenue was 82.9% for the three months ended March 31, 2013 and 85.4% for the three months ended March 31, 2012 . The decrease in gross margin as a percentage of net revenue is primarily due to the increase in sales of our Networking and Cloud products with a hardware component and increased sales of our services, both of which have a higher cost than our software products. When comparing the second quarter of 2013 to the second quarter of 2012 and the full year 2013 to the full year 2012, we expect a slight decline in gross margin, consistent with our targeted increase in sales of our hardware products and services.

Operating Expenses

Foreign Currency Impact on Operating Expenses

The functional currency for all of our wholly-owned foreign subsidiaries in our Infrastructure segment is the U.S. dollar. A substantial majority of our overseas operating expenses and capital purchasing activities are transacted in local currencies and are therefore subject to fluctuations in foreign currency exchange rates. In order to minimize the impact on our operating results, we generally initiate our hedging of currency exchange risks up to 12 months in advance of anticipated foreign currency expenses. When the dollar is weak, the resulting increase to foreign currency denominated expenses will be partially offset by the gain in our hedging contracts. When the dollar is strong, the resulting decrease to foreign currency denominated expenses will be partially offset by the loss in our hedging contracts. There is a risk that there will be fluctuations in foreign currency exchange rates beyond the timeframe for which we hedge our risk.

Research and Development Expenses

	Three Months Ended March 31, 2013	Three Months Ended March 31, 2012	Three Months Ended March 31, 2013 vs. March 31, 2012
	(In thousands)		
Research and development	$ **130,492**	$ 103,622	$ 26,870

Research and development expenses consisted primarily of personnel related costs and facility and equipment costs directly related to our research and development activities. We expensed substantially all development costs included in the research and development of our products.

Research and development expenses increased during the three months ended March 31, 2013 compared to the three months ended March 31, 2012 primarily due to a $15.3 million increase in compensation and other employee-related costs, primarily related to increased headcount due to strategic hiring and acquisitions, and an increase in stock-based compensation expense of $4.5 million, primarily related to retention-focused awards granted to new and existing employees and awards assumed in conjunction with our acquisitions. Also contributing to the increase in Research and development expenses when comparing the three months ended March 31, 2013 to the three months ended March 31, 2012 is a $4.0 million increase in facilities costs and related depreciation, consistent with the increase in headcount.

Sales, Marketing and Services Expenses

	Three Months Ended March 31,		Three Months Ended March 31, 2013
	2013	2012	vs. March 31, 2012
		(In thousands)	
Sales, marketing and services	$ 297,682	$ 248,457	$ 49,225

Sales, marketing and services expenses consisted primarily of personnel related costs, including sales commissions, pre-sales support, the costs of marketing programs aimed at increasing revenue, such as brand development, advertising, trade shows, public relations and other market development programs and costs related to our facilities, equipment and information systems that are directly related to our sales, marketing and services activities.

Sales, marketing and services expenses increased during the three months ended March 31, 2013 compared to the three months ended March 31, 2012 primarily due to a $29.5 million increase in compensation, including variable and stock-based compensation and employee-related costs due to additional headcount in our sales force and professional services group, as well as from our acquisitions. Also contributing to the increase in Sales, marketing and services expense when comparing the three months ended March 31, 2013 to the three months ended March 31, 2012 is an $8.6 million increase in marketing program costs related to various marketing campaigns and events and an $8.2 million increase in facilities costs and related depreciation, consistent with the increase in headcount.

General and Administrative Expenses

	Three Months Ended March 31,		Three Months Ended March 31, 2013
	2013	2012	vs. March 31, 2012
		(In thousands)	
General and administrative	$ 62,785	$ 59,856	$ 2,929

General and administrative expenses consisted primarily of personnel related costs and expenses related to outside consultants assisting with information systems, as well as accounting and legal fees.

General and administrative expenses increased for the three months ended March 31, 2013 compared to the three months ended March 31, 2012 primarily due to an increase in compensation and employee related costs of $4.1 million due to additional headcount, primarily in operations, as well as from our acquisitions. Also contributing to the increase in General and administrative expense when comparing the three months ended March 31, 2013 to the three months ended March 31, 2012 is an increase in stock-based compensation expense of $3.1 million related to retention-focused awards granted to new and existing employees and awards assumed in conjunction with our acquisitions. These increases were partially offset by a decrease in certain facility and depreciation costs of $3.5 million due to a lower allocation of these costs as employees are being added at a slower rate in general and administrative functions compared to research and development and sales, marketing and services.

2013 Operating Expense Outlook

When comparing the second quarter of 2013 to the second quarter of 2012, we are targeting Operating expenses to increase across all functional areas primarily related to the acquisitions of Bytemobile and Zenprise. In addition, when comparing the second quarter of 2013 to the first quarter of 2013 , we are targeting an increase in Sales, marketing and services expenses as we continue to increase headcount to expand our go-to-market reach and customer touch, as well as increasing consulting and technical support capacity.

Other (Expense) Income, Net

	Three Months Ended March 31,		Three Months Ended March 31, 2013
	2013	2012	vs. March 31, 2012
		(In thousands)	
Other (expense) income, net	$ (766)	$ 722	$ (1,488)

Other (expense) income, net is primarily comprised of remeasurement of foreign currency transaction gains (losses), realized losses related to changes in the fair value of our investments that have a decline in fair value considered other-than-temporary and recognized gains (losses) related to our investments and interest expense, which was not material for all periods presented. The decrease in Other (expense) income, net, during the three months ended March 31, 2013 compared to the three months ended March 31, 2012 is primarily due to a decrease in net gain recognized on available-for-sale and cost method investments of $2.9 million partially offset by a gain on remeasurement of our foreign currency transactions of $1.9 million. For more information on our available-for-sale and cost method investments, see Note 5 to our condensed consolidated financial statements.

Income Taxes

As of March 31, 2013 , our net unrecognized tax benefits totaled approximately $ 51.1 million as compared to $43.9 million as of December 31, 2012 . All amounts included in this balance affect the annual effective tax rate. We have no amounts accrued for the payment of interest and penalties as of March 31, 2013 .

We and certain of our subsidiaries are subject to U.S. federal income taxes, as well as income taxes of multiple state and foreign jurisdictions. With few exceptions, we are no longer subject to U.S. federal, state and local, or non-U.S., income tax examinations by tax authorities for years prior to 2009.

In the ordinary course of global business, there are transactions for which the ultimate tax outcome is uncertain and judgment is required in determining the worldwide provision for income taxes. We provide for income taxes on transactions based on our estimate of the probable liability. We adjust our provision as appropriate for changes that impact our underlying judgments. Changes that impact provision estimates include such items as jurisdictional interpretations on tax filing positions based on the results of tax audits and general tax authority rulings. Due to the evolving nature of tax rules combined with the large number of jurisdictions in which we operate, it is possible that our estimates of our tax liability and the realizability of our deferred tax assets could change in the future, which may result in additional tax liabilities and adversely affect our results of operations, financial condition and cash flows.

We are required to estimate our income taxes in each of the jurisdictions in which we operate as part of the process of preparing our condensed consolidated financial statements. At March 31, 2013 , we had approximately $ 99.5 million in net deferred tax assets. The authoritative guidance requires a valuation allowance to reduce the deferred tax assets reported if, based on the weight of the evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized. We review deferred tax assets periodically for recoverability and make estimates and judgments regarding the expected geographic sources of taxable income and gains from investments, as well as tax planning strategies in assessing the need for a valuation allowance.

We maintain certain strategic management and operational activities in overseas subsidiaries and our foreign earnings are taxed at rates that are generally lower than in the United States. We do not expect to remit earnings from our foreign subsidiaries. Our effective tax rate was approximately (3.3)% for the three months ended March 31, 2013 and 19.3% for the three months ended March 31, 2012 . The decrease in the effective tax rate when comparing the three months ended March 31, 2013 to the three months ended March 31, 2012 was primarily due to the federal research and development tax credit for the 2012 taxable year extended during the three months ended March 31, 2013.

The federal research and development tax credit expired on December 31, 2011. On January 2, 2013, the American Taxpayer Relief Act of 2012 was signed into law. Under this act, the federal research and development tax credit was retroactively extended for amounts paid or incurred after December 31, 2011 and before January 1, 2014. The effects of these changes in the tax law resulted in net tax benefits of approximately $9.4 million, which we recognized in the first quarter of 2013, which is the quarter in which the law was enacted.

Our effective tax rate generally differs from the U.S. federal statutory rate of 35% due primarily to lower tax rates on earnings generated by our foreign operations that are taxed primarily in Switzerland. We have not provided for U.S. taxes for those earnings because we plan to reinvest all of those earnings indefinitely outside the United States. Our effective tax rate will fluctuate based on the mix of earnings from our U.S. and foreign jurisdictions. Accordingly, earnings from the production and distribution of our products and services through our foreign headquarters in Switzerland are currently taxed at lower income tax rates than earnings from our U.S. operations.

Liquidity and Capital Resources

During the three months ended March 31, 2013 , we generated operating cash flows of $ 249.5 million . These operating cash flows related primarily to a change in operating assets and liabilities of $ 99.5 million , net of effects of our acquisitions. Also contributing to these cash inflows was net income of $ 59.7 million , adjusted for, among other things, non-cash charges, including depreciation and amortization expenses of $ 64.5 million , stock-based compensation expense of $ 43.6 million and the tax effect of stock-based compensation of $25.6 million . These cash inflows were partially offset by operating outflows related to the excess benefit from the exercise of stock options of $26.8 million . Our investing activities used $ 629.6 million of cash consisting primarily of cash paid for acquisitions of $ 324.0 million , cash paid for net purchases of investments of $275.0 million and the purchase of property and equipment of $ 28.3 million . Our financing activities used cash of $ 11.6 million primarily due to stock repurchases of $ 61.4 million , partially offset by the excess benefit from the exercise of stock options of $26.8 million and proceeds received from the issuance of common stock under our employee stock-based compensation plans of $ 25.3 million .

During the three months ended March 31, 2012 , we generated operating cash flows of $ 243.1 million . These operating cash flows related primarily to a change in operating assets and liabilities of $ 93.1 million , net of effects of our acquisitions. Also contributing to these cash inflows was net income of $ 68.3 million , adjusted for, among other things, non-cash charges, including depreciation and amortization expenses of $ 49.5 million and stock-based compensation expense of $ 30.6 million and the tax effect of stock-based compensation of $13.9 million . Our investing activities used $ 115.1 million of cash consisting primarily of cash paid for net purchases of investments of $67.9 million . Also contributing to these cash outflows was cash paid for acquisitions of $24.0 million and the purchase of property and equipment of $ 23.1 million . Our financing activities used cash of $ 71.7 million primarily due to stock repurchases of $ 100.0 million . This financing cash outflow was partially offset by proceeds received from the issuance of common stock under our employee stock-based compensation plans of $ 30.3 million .

Historically, significant portions of our cash inflows have been generated by our operations. We currently expect this trend to continue throughout 2013. We believe that our existing cash and investments, together with cash flows expected from operations, will be sufficient to meet expected operating and capital expenditure requirements for the next 12 months. We continue to search for suitable acquisition candidates and could acquire or make investments in companies we believe are related to our strategic objectives. We could from time to time seek to raise additional funds through the issuance of debt or equity securities for larger acquisitions.

Cash, Cash Equivalents and Investments

	March 31, 2013	December 31, 2012	2013 Compared to 2012
		(In thousands)	
Cash, cash equivalents and investments	**$ 1,404,948**	$ 1,523,944	$ (118,996)

The decrease in Cash, cash equivalents and investments when comparing March 31, 2013 to December 31, 2012 , is primarily due to cash paid for acquisitions, net of cash acquired, of $ 324.0 million , expenditures made on stock repurchases of $ 61.4 million and purchases of property and equipment of $ 28.3 million , partially offset by cash provided by our operating activities of $ 249.5 million and cash received from the issuance of common stock under our employee stock-based compensation plans of $ 25.3 million . As of March 31, 2013 , $ 910.4 million of the $ 1,404.9 million of Cash, cash equivalents and investments was held by our foreign subsidiaries. If these funds are needed for our operations in the United States, we would be required to accrue and pay U.S. taxes to repatriate these funds. Our current plans are not expected to require repatriation of cash and investments to fund our U.S. operations and, as a result, we intend to permanently reinvest our foreign earnings. We generally invest our cash and cash equivalents in investment grade, highly liquid securities to allow for flexibility in the event of immediate cash needs. Our short-term and long-term investments primarily consist of interest-bearing securities.

Fair Value Measurements

The authoritative guidance defines fair value as an exit price, representing the amount that would either be received to sell an asset or be paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, the guidance establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- *Level 1.* Observable inputs such as quoted prices in active markets for identical assets or liabilities;
- *Level 2* . Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and

- *Level 3* . Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

Available-for-sale securities included in Level 2 are valued utilizing inputs obtained from an independent pricing service, or the Service, which uses quoted market prices for identical or comparable instruments rather than direct observations of quoted prices in active markets. The Service gathers observable inputs for all of our fixed income securities from a variety of industry data providers, for example, large custodial institutions and other third-party sources. Once the observable inputs are gathered by the Service, all data points are considered and an average price is determined. The Service's providers utilize a variety of inputs to determine their quoted prices. These inputs may include interest rates, known historical trades, yield curve information, benchmark data, prepayment speeds, credit quality and broker/dealer quotes. Substantially all of our available-for-sale investments are valued utilizing inputs obtained from the Service and accordingly are categorized as Level 2. We periodically independently assess the pricing obtained from the Service and historically have not adjusted the Service's pricing as a result of this assessment. Available-for-sale securities are included in Level 3 when relevant observable inputs for a security are not available.

Our assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the classification of assets and liabilities within the fair value hierarchy. In certain instances, the inputs used to measure fair value may meet the definition of more than one level of the fair value hierarchy. The input with the lowest level priority is used to determine the applicable level in the fair value hierarchy.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

Our fixed income available-for-sale security portfolio generally consists of investment grade securities from diverse issuers with a minimum credit rating of A-/A3 and a weighted average credit rating of AA-/Aa3. We value these securities based on pricing from the Service, whose sources may use quoted prices in active markets for identical assets (Level 1 inputs) or inputs other than quoted prices that are observable either directly or indirectly (Level 2 inputs) in determining fair value, and accordingly, we classify all of our fixed income available-for-sale securities as Level 2.

We measure our cash flow hedges, which are classified as Prepaid expenses and other current assets and Accrued expenses and other current liabilities, at fair value based on indicative prices in active markets (Level 2 inputs).

Assets Measured at Fair Value on a Recurring Basis Using Significant Unobservable Inputs (Level 3)

We have invested in convertible debt securities of certain early-stage entities that are classified as available-for-sale investments. As quoted prices in active markets or other observable inputs were not available for these investments, in order to measure them at fair value, we utilized a discounted cash flow model using a discount rate reflecting the market risk inherent in holding securities of an early-stage enterprise, adjusted by the probability-weighted exit possibilities associated with the convertible debt securities. Typically the discount rate used by us in measuring the fair value of investments in convertible debt securities of certain early-stage entities is commensurate with the nature and size of these entities. This methodology required us to make assumptions that were not directly or indirectly observable regarding the fair value of the convertible debt securities; accordingly they are a Level 3 valuation and are included in the table below. See Note 5 to our condensed consolidated financial statements for more information regarding our available-for-sale investments.

	Investments (in thousands)
Balance at December 31, 2012	$ 3,341
Transfers out of Level 3	(250)
Balance at March 31, 2013	$ 3,091

Transfers out of Level 3 relate to certain of our investments in convertible debt securities of early-stage entities that were classified as available-for-sale investments to cost method investments upon conversion to equity ownership, which are included in Other assets in our condensed consolidated balance sheets.

Accounts Receivable, Net

	March 31, 2013	December 31, 2012	2013 Compared to 2012
		(In thousands)	
Accounts receivable	**$ 456,905**	$ 637,403	$ (180,498)
Allowance for returns	**(1,976)**	(2,564)	588
Allowan e for doubtful accounts	**(3,990)**	(3,883)	(107)
Accounts receivable, net	**$ 450,939**	$ 630,956	$ (180,017)

The decrease in Accounts receivable, net, when comparing March 31, 2013 to December 31, 2012 was primarily due to increased collections in the first quarter of 2013 on higher sales in the fourth quarter of 2012. The activity in our Allowance for returns was comprised primarily of $2.2 million in credits issued for returns during the three month period ended March 31, 2013 , partially offset by $1.6 million of provisions for returns recorded during the three month period ended March 31, 2013 . The activity in our Allowance for doubtful accounts was comprised primarily of $0.4 million in additional provisions for doubtful accounts during the three month period ended March 31, 2013 , partially offset by $0.3 million of uncollectible accounts written off, net of recoveries during the three month period ended March 31, 2013 . From time to time, we could maintain individually significant accounts receivable balances from our distributors or customers, which are comprised of large business enterprises, governments and small and medium-sized businesses. If the financial condition of our distributors or customers deteriorates, our operating results could be adversely affected.

Stock Repurchase Program

Our Board of Directors authorized an ongoing stock repurchase program with a total repurchase authority granted to us of $3.4 billion . We may use the approved dollar authority to repurchase stock at any time until the approved amounts are exhausted. The objective of our stock repurchase program is to improve stockholders' returns. At March 31, 2013 , approximately $274.2 million was available to repurchase common stock pursuant to the stock repurchase program. All shares repurchased are recorded as treasury stock. A portion of the funds used to repurchase stock over the course of the program was provided by proceeds from employee stock option exercises and the related tax benefit.

We are authorized to make open market purchases of our common stock using general corporate funds through open market purchases or pursuant to a Rule 10b5-1 plan.

During the three months ended March 31, 2013 , we expended approximately $61.4 million on open market purchases, repurchasing 860,500 shares of outstanding common stock at an average price of $71.31 .

During the three months ended March 31, 2012 , we expended approximately $100.0 million on open market purchases, repurchasing 1,378,600 shares of outstanding common stock at an average price of $72.53 .

Shares for Tax Withholding

During the three months ended March 31, 2013 , we withheld 322,538 shares from stock units that vested, totaling $23.2 million , to satisfy minimum tax withholding obligations that arose on the vesting of stock units. During the three months ended March 31, 2012 , we withheld 183,050 shares from stock units that vested, totaling $14.1 million , to satisfy minimum tax withholding obligations that arose on the vesting of stock units. These shares are reflected as treasury stock in our condensed consolidated balance sheets and the related cash outlays do not reduce our total stock repurchase authority.

Off-Balance Sheet Arrangements

We do not have any special purpose entities or off-balance sheet financing arrangements.

ITEM 3. *QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK*

There have been no material changes with respect to the information appearing in Part II, Item 7A, "Quantitative and Qualitative Disclosures About Market Risk," of our Annual Report on Form 10-K for the year ended December 31, 2012.

ITEM 4. *CONTROLS AND PROCEDURES*

Evaluation of Disclosure Controls and Procedures

As of March 31, 2013 , our management, with the participation of our President and Chief Executive Officer and our Executive Vice President, Operations, Chief Financial Officer and Treasurer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15(b) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Based upon that evaluation, our President and Chief Executive Officer and our Executive Vice President, Operations, Chief Financial Officer and Treasurer and concluded that, as of March 31, 2013 , our disclosure controls and procedures were effective in ensuring that material information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, including ensuring that such material information is accumulated by and communicated to our management, including our President and Chief Executive Officer and our Executive Vice President, Operations, Chief Financial Officer and Treasurer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

During the quarter ended March 31, 2013 , there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. *LEGAL PROCEEDINGS*

We accrue a liability for legal contingencies when we believe that it is both probable that a liability has been incurred and that we can reasonably estimate the amount of the loss. We review these accruals and adjust them to reflect ongoing negotiations, settlements, rulings, advice of legal counsel and other relevant information. To the extent new information is obtained and our views on the probable outcomes of claims, suits, assessments, investigations or legal proceedings change, changes in our accrued liabilities would be recorded in the period in which such determination is made. For the Other Matters referenced below, the amount of liability is not probable or the amount cannot be reasonably estimated; and, therefore, accruals have not been made. In addition, in accordance with the relevant authoritative guidance, for matters in which the likelihood of material loss is at least reasonably possible, we provide disclosure of the possible loss or range of loss. If a reasonable estimate cannot be made, however, we will provide disclosure to that effect.

On April 11, 2008, SSL Services, LLC, or SSL Services, filed a suit for patent infringement against us in the United States District Court for the Eastern District of Texas, or the SSL Matter. SSL Services alleged that we infringed U.S. Patent Nos. 6,061,796, or the '796 patent, and 6,158,011, or the '011 patent. We denied infringement and asserted that the patents-in-suit were invalid. A jury trial was held on SSL Services' claims, and on June 18, 2012, the jury found that we did not infringe the '796 patent and found that Citrix willfully infringes the '011 patent through the sale and use of certain products. The jury awarded SSL Services $10.0 million . On September 17, 2012, the court issued a final judgment confirming the jury award of $10.0 million in damages and added $5.0 million in enhanced damages and approximately $5.0 million in prejudgment interest on the damages award. We do not believe that any of our products infringe the '011 patent, and we believe that the '011 patent is invalid. Accordingly, no accrual has been made related to this matter. We intend to vigorously appeal the district court's judgment on the '011 patent.

In addition to the SSL Matter and due to the nature of the Company's business, the Company is subject to patent infringement claims, including current suits against it or one or more of its wholly-owned subsidiaries alleging infringement by various Company products and services (the "Other Matters"). The Company believes that it has meritorious defenses to the allegations made in its pending cases and intends to vigorously defend these lawsuits; however, it is unable currently to determine the ultimate outcome of these or similar matters. In addition, the Company is a defendant in various litigation matters generally arising out of the normal course of business. Although it is difficult to predict the ultimate outcomes of these cases, the Company believes that it is not reasonably possible that the ultimate outcomes will materially and adversely affect its business, financial position, results of operations or cash flows.

ITEM 1A. *RISK FACTORS*

There have been no material changes in our risk factors from those disclosed in Part 1, Item 1A, "Risk Factors" of our Annual Report on Form 10-K for the fiscal year ended December 31, 2012, which was filed with the Securities and Exchange Commission on February 21, 2013.

ITEM 2. *UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS*

Purchases of Equity Securities by the Issuer

Our Board of Directors has authorized an ongoing stock repurchase program with a total repurchase authority granted to us of $3.4 billion . The objective of the stock repurchase program is to improve stockholders' returns. At March 31, 2013 , approximately $274.2 million was available to repurchase common stock pursuant to the stock repurchase program. All shares repurchased are recorded as treasury stock. The following table shows the monthly activity related to our stock repurchase program for the quarter ended March 31, 2013 :

	Total Number of Shares (or Units) Purchased (1)	Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that may yet be Purchased under the Plans or Programs (in thousands) (2)
January 1, 2013 through January 31, 2013	372,088	$ 69.15	362,500	$ 310,559
February 1, 2013 through February 28, 2013	337,118	72.49	335,200	286,259
March 1, 2013 through March 31, 2013	473,832	72.68	162,800	274,247
Total	1,183,038		860,500	$ 274,247

(1) Represents shares acquired in open market purchases and 322,538 shares withheld from stock units that vested in the first quarter of 2013 to satisfy minimum tax withholding obligations that arose on the vesting of stock units. We expended approximately $61.4 million during the quarter ended March 31, 2013 for repurchases of our common stock. For more information see Note 13 to our condensed consolidated financial statements.

(2) Shares withheld from stock units that vested to satisfy minimum tax withholding obligations that arose on the vesting of stock units do not deplete the dollar amount available for purchases under the repurchase program.

ITEM 5. *OTHER INFORMATION*

Our policy governing transactions in our securities by our directors, officers and employees permits our officers, directors and certain other persons to enter into trading plans complying with Rule 10b5-1 under the Securities Exchange Act of 1934, as amended. The Company has been advised that the following executive officers and directors entered into new trading plans in the first quarter of 2013 in accordance with Rule 10b5-1 and our policy governing transactions in our securities: Al Monserrat, Senior Vice President, Sales and Services and Nanci Caldwell and Murray Demo (both of whom are members of our Board of Directors). We undertake no obligation to update or revise the information provided herein, including for revision or termination of an established trading plan.

ITEM 6. *EXHIBITS*

(a) List of exhibits

Exhibit No.	Description
10.1*	Form of 2012 Change in Control Agreement by and between the Company and each of Steve Daheb and Sudhakar Ramakrishna (incorporated herein by reference to Exhibit 10.25 to the Company's Annual Report on Form 10-K filed on February 21, 2013)
31.1	Rule 13a-14(a) / 15d-14(a) Certification
31.2	Rule 13a-14(a) / 15d-14(a) Certification
32.1†	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101††	The following financial statements from Citrix Systems, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2013, as filed with the SEC on May 7, 2013, formatted in XBRL, as follows:
	(i) the Condensed Consolidated Balance Sheets
	(ii) the Condensed Consolidated Statement of Income
	(iii) the Condensed Consolidated Statements of Comprehensive Income
	(iv) the Condensed Consolidated Statements of Cash Flows
	(v) the Notes to Condensed Consolidated Financial Statements, tagged in summary and detail

* Indicates a management contract or a compensatory plan, contract or arrangement.

† Furnished herewith.

†† As provided in Rule 406T of Regulation S-T, this information is furnished and not filed for purposes of Sections 11 and 12 of the Securities Act of 1933 and Section 18 of the Securities Exchange Act of 1934.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized on this 7th day of May 2013.

CITRIX SYSTEMS, INC.

By: /s/ D AVID J. H ENSHALL

David J. Henshall

Executive Vice President, Operations, Chief Financial Officer and Treasurer

(Authorized Officer and Principal Financial Officer)

EXHIBIT INDEX

Exhibit No.	Description
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† Furnished herewith.

†† As provided in Rule 406T of Regulation S-T, this information is furnished and not filed for purposes of Sections 11 and 12 of the Securities Act of 1933 and Section 18 of the Securities Exchange Act of 1934.

Exhibit 31.1

CERTIFICATIONS

I, Mark B. Templeton, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Citrix Systems, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15 (f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ MARK B. TEMPLETON

Mark B. Templeton
President and Chief Executive Officer
(Principal Executive Officer)

Date: May 7, 2013

Exhibit 31.2

CERTIFICATIONS

I, David J. Henshall, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Citrix Systems, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15 (f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ DAVID J. HENSHALL

David J. Henshall
Executive Vice President, Operations,
Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: May 7, 2013

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Citrix Systems, Inc. (the "Company") on Form 10-Q for the period ending March 31, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Mark B. Templeton, Chief Executive Officer of the Company, and David J. Henshall, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to our knowledge, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ MARK B. TEMPLETON

Mark B. Templeton
President and Chief Executive Officer
(Principal Executive Officer)

By: /s/ DAVID J. HENSHALL

David J. Henshall
Executive Vice President, Operations, Chief Financial Officer and Treasurer
(Principal Financial Officer)

May 7, 2013