

Q1 2013 FINANCIAL RESULTS CONFERENCE CALL

**Tuesday, April 23, 2013
2:00 P.M. Pacific Time**

Forward Looking Statements

Information, statements and projections contained in these presentation slides and related conference call concerning Juniper Networks' business outlook, economic and market outlook, future financial and operating guidance, and overall future prospects are forward looking statements that involve a number of uncertainties and risks. Actual results could differ materially from those anticipated in those forward-looking statements as a result of certain factors, including: general economic and political conditions globally or regionally; business and economic conditions in the networking industry; changes in overall technology spending and spending by communication service providers; the network capacity requirements of communication service providers; contractual terms that may result in the deferral of revenue; increases in and the effect of competition; the timing of orders and their fulfillment; manufacturing and supply chain constraints; ability to establish and maintain relationships with distributors, resellers and other partners; variations in the expected mix of products sold; changes in customer mix; changes in geography mix; customer and industry analyst perceptions of Juniper Networks and its technology, products and future prospects; delays in scheduled product availability; market acceptance of Juniper Networks products and services; rapid technological and market change; adoption of regulations or standards affecting Juniper Networks products, services or the networking industry; the ability to successfully acquire, integrate and manage businesses and technologies; product defects, returns or vulnerabilities; the ability to recruit and retain key personnel; significant effects of tax legislation and judicial or administrative interpretation of tax regulations; currency fluctuations; litigation; and other factors listed in Juniper Networks' most recent report on Form 10-K filed with the Securities and Exchange Commission. All information, statements and projections contained in these slides and related conference call speak only as of the date of this presentation and related conference call. Juniper Networks undertakes no obligation to update the information contained in these slides and related conference call in the event facts or circumstances subsequently change.

Use of Non-GAAP Financial Measures

These presentation slides contain references to certain non-GAAP financial measures. For detailed reconciliation between the non-GAAP financial results presented in these slides and corresponding GAAP measures, please refer to the appendix at the end of this slide deck. In addition, for important commentary on why Juniper Networks considers non-GAAP information a useful view of the company's financial results, please see the Form 8-K filed today with the SEC. With respect to future financial guidance provided on a non-GAAP basis, we have excluded estimates for amortization of intangible assets, share-based and judgment compensation expenses, acquisition related charges, restructuring charges, impairment charges, litigation settlements and resolutions, gain or loss on equity investments, non-recurring income tax adjustments, valuation allowance on deferred tax assets, and income tax effect of non-GAAP exclusions.

A reconciliation of non-GAAP guidance measures to corresponding GAAP measures is not available on a forward-looking basis due to the high variability and low visibility with respect to the charges which are excluded from these non-GAAP measures.

COMPANY REVIEW

Kevin Johnson

CHIEF EXECUTIVE OFFICER

SOLID RESULTS & GOOD EXECUTION

Focused on our businesses of routing, switching & security



Service Provider

- Third consecutive quarter of Y/Y growth
- U.S. Routing market continues to strengthen
- AT&T and Verizon were 10% customers
- Good demand trends with Tier 1 SPs, content and cable providers
- Signs of modest improvement in demand in European SPs



Enterprise

- Flat Y/Y performance
- Weakness in U.S. Federal as expected
- Slight Y/Y growth outside of Federal
- Federal weakness expected to continue

AREAS OF FOCUS

Service Provider Routing



- Continued signs that SP capex is improving
- New routing products are being well received
- Expanding reach in edge routing; good customer engagement in the core
- Delivering the most complete and differentiated core portfolio in our history; most recently with the release of MX2020

Data Center



- Switching business performed well
- QFabric family of products gaining traction
- EX9200 launched this month: Most advanced programmable core switch; supports future SDN protocols

Security



- Service Provider: Leverage & extend our leading position
- Data Center: Refresh of features, including Spotlight, enhances differentiation
- Campus & Branch: Focused strategy for building a more robust portfolio and growing share

2013 OPERATING PRINCIPLES



1. Macroeconomic environment to remain uncertain
 2. Modest growth in the markets we serve
 3. Take share in Routing and Switching and stabilize share in Enterprise Security
 4. Expand 2013 operating margins over 2012
 5. Continue to generate solid cash flows and prudently allocate capital
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PLATFORM SYSTEMS DIVISION UPDATE

Rami Rahim

EXECUTIVE VICE PRESIDENT & GM, PSD

TOP PSD 2013 FOCUS AREAS



Extend the Core



Lead in Universal Edge



Expand into Universal Access



Simplify the Virtualized Data Center



Grow the Campus

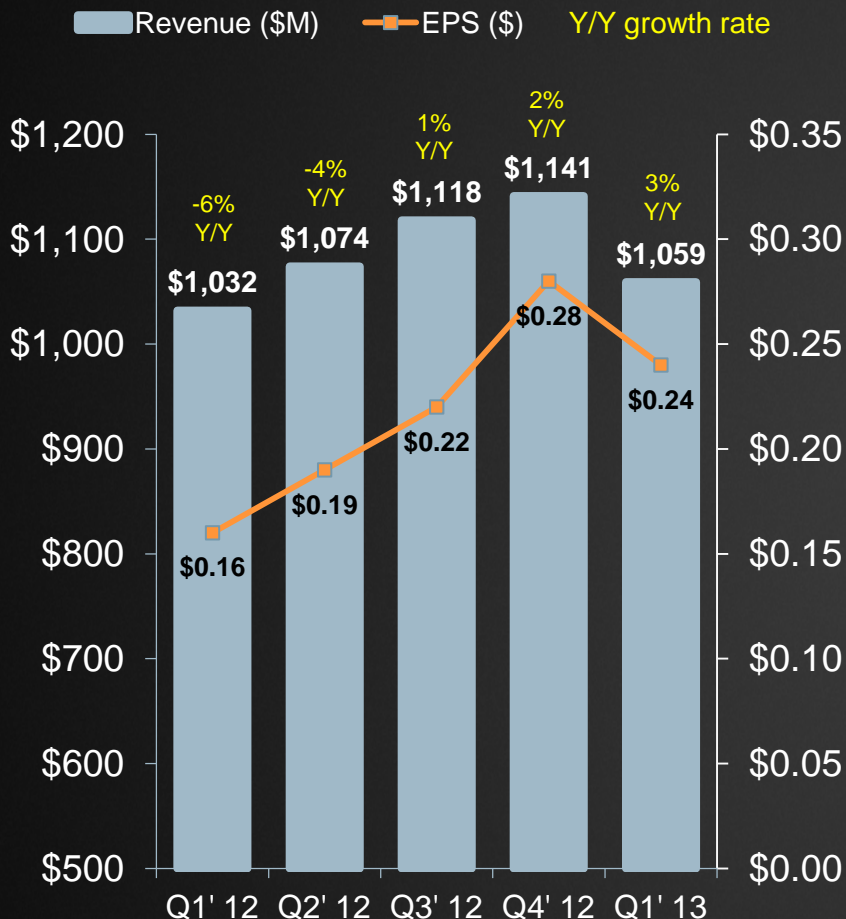
FINANCIAL REVIEW

Robyn Denholm

CHIEF FINANCIAL OFFICER

Q1 2013 RESULTS: REFLECT CONTINUED GROWTH AND OPERATING IMPROVEMENTS

Revenue and Non-GAAP Diluted EPS



Financial Overview

- Revenue increased Y/Y for third quarter in a row
- Revenue up 3% Y/Y; down 7% Q/Q
- Non-GAAP Operating Margin of 15.7%
- Non-GAAP Diluted EPS up \$0.08 Y/Y; down \$0.04 Q/Q;

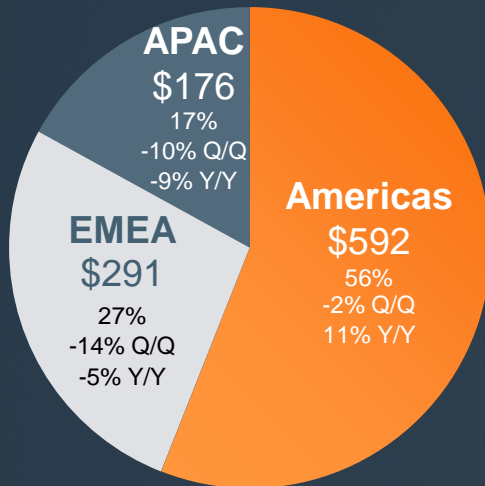
Demand Metrics

- Book to bill below 1, consistent with prior years
- Product backlog and product deferred revenue both increased Y/Y; remain at healthy levels

Q1 2013 REVENUE MIX

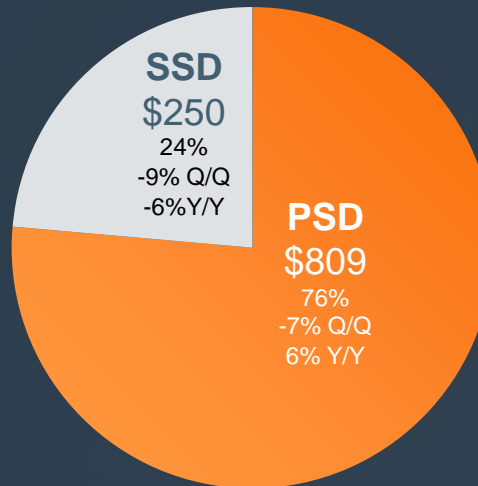
Revenue in \$ Millions

Geography



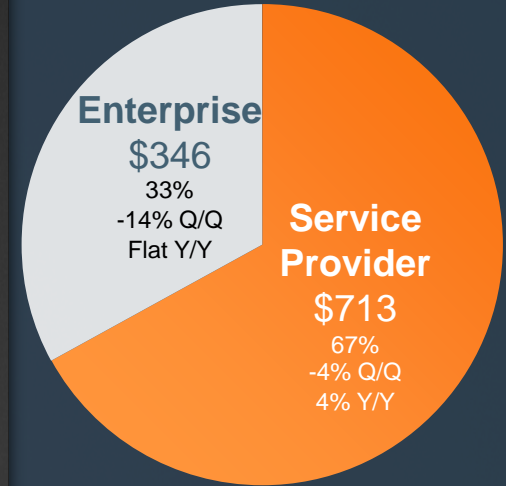
- **Americas:** U.S. SP strength; Enterprise down due to U.S. Federal; excluding Federal, Enterprise up 5% Y/Y
- **EMEA:** Q/Q decline driven by normal Enterprise seasonality; Y/Y up, excluding Eastern Europe
- **APAC:** Y/Y decline due to lower spending by certain large carriers in Japan and Australia

Segment



- **PSD Routing:** \$488M
Q/Q increase in Core routing; Y/Y growth with continued momentum from MX and PTX
- **Total Switching:** \$132M
6% Y/Y growth due primarily to growth in QFabric product family
- **Total Security:** \$137M
Focused on stabilizing Enterprise share

Market



- **Service Provider:** Y/Y broad-based strength in US carriers, cable and content providers offset by carrier declines in Eastern Europe, Japan and Australia
- **Enterprise:** Y/Y flat due to 25% decline in US Federal

FINANCIAL RESULTS

Non-GAAP Except Revenue

| | Q1'13 | Q4'12 | Q1'12 | Q/Q Change | Y/Y Change |
|-------------------------|------------|------------|------------|------------|------------|
| Revenue | \$1,059.2M | \$1,140.8M | \$1,032.5M | -7% | 3% |
| Gross Margin % | 64.6% | 65.3% | 62.6% | -0.7 pts | 2.0 pts |
| R&D | \$237.0M | \$246.1M | \$243.7M | -4% | -3% |
| Sales & Marketing | \$239.7M | \$246.5M | \$235.6M | -3% | 2% |
| G&A | \$41.3M | \$44.3M | \$43.7M | -7% | -5% |
| Total Operating Expense | \$518.0M | \$536.9M | \$523.0M | -4% | -1% |
| Operating Margin % | 15.7% | 18.2% | 12.0% | -2.5 pts | 3.7pts |
| Net Income | \$123.8M | \$144.6M | \$84.0M | -14% | 47% |
| EPS (Diluted) | \$0.24 | \$0.28 | \$0.16 | -\$0.04 | \$0.08 |

CASH FLOW AND BALANCE SHEET METRICS

| | |
|--------------------------|--|
| Cash Position | <ul style="list-style-type: none">▪ Net cash and investments \$2.7B▪ Cash flow used in operations of (\$9M) |
| Share Repurchase | <ul style="list-style-type: none">▪ \$130M or 6.2M shares, average price of \$20.99 |
| DSO | <ul style="list-style-type: none">▪ 45 days |
| Product Deferred Revenue | <ul style="list-style-type: none">▪ \$287M |

Q2 2013 OUTLOOK

3 Months Ending June 30, 2013

Non-GAAP (Except for Revenue and Share Count)

| | |
|------------------|--|
| Revenue | Between \$1,070 million and \$1,100 million |
| Gross Margin | 64-65% |
| OPEX | \$510M, plus or minus \$5 million |
| Operating Margin | At mid-point of revenue guidance, expect 17.5% |
| EPS | Between \$0.22 and \$0.26 per diluted share |
| Tax Rate | 29% |
| Share Count | Assume flat with Q1'13 |

APPENDIX

SEGMENT OPERATING RESULTS

| | Three Months Ended | | |
|---|--------------------|------------------|------------------|
| (in millions, except per share amounts and percentages) | Q1'13 | Q4'12 | Q1'12 |
| Platform Systems Division Segment: | | | |
| Product revenue | \$619.6 | \$659.5 | \$581.1 |
| Service revenue | 189.6 | 206.9 | 184.6 |
| Total PSD revenue | \$809.2 | \$866.4 | \$765.7 |
| Non-GAAP PSD contribution margin \$ | \$330.1 | \$365.5 | \$276.3 |
| Non-GAAP PSD contribution margin % | 40.8 % | 42.2 % | 36.1 % |
| Software Solutions Division Segment: | | | |
| Product revenue | \$162.2 | \$187.8 | \$190.8 |
| Service revenue | 87.8 | 86.6 | 76.0 |
| Total SSD revenue | \$250.0 | \$274.4 | \$266.8 |
| Non-GAAP SSD contribution margin \$ | \$102.0 | \$116.4 | \$110.3 |
| Non-GAAP SSD contribution margin % | 40.8 % | 42.4 % | 41.3 % |
| Total revenue | \$1,059.2 | \$1,140.8 | \$1,032.5 |

SEGMENT OPERATING RESULTS

| | Three Months Ended | | |
|---|--------------------|-----------|-----------|
| (in millions, except per share amounts and percentages) | Q1'13 | Q4'12 | Q1'12 |
| Non-GAAP segment contribution margin \$ | \$432.1 | \$481.9 | \$386.6 |
| Non-GAAP segment contribution margin % | 40.8% | 42.2% | 37.4% |
| Corporate unallocated expenses | (\$266.1) | (\$274.4) | (\$263.1) |
| Non-GAAP total segment operating margin \$ | \$166.0 | \$207.5 | \$123.5 |
| Non-GAAP total segment operating margin % | 15.7% | 18.2% | 12.0% |
| Share-based compensation expense | (49.9) | (57.5) | (65.0) |
| Share-based payroll tax expense | (3.5) | (0.1) | (0.3) |
| Amortization of purchased intangible assets | (7.5) | (7.2) | (7.3) |
| Restructuring charges | (7.7) | (11.1) | (2.0) |
| Acquisition and litigation charges | (10.4) | (0.7) | (1.2) |
| GAAP operating income | \$87.0 | \$130.9 | \$47.7 |

GAAP TO NON-GAAP RECONCILIATIONS

| | Three Months Ended | | |
|---|--------------------|---------|---------|
| (in millions, except per share amounts and percentages) | Q1'13 | Q4'12 | Q1'12 |
| GAAP gross margin - Product | \$503.6 | \$551.2 | \$491.3 |
| GAAP product gross margin % of product revenue | 64.4 % | 65.1 % | 63.6 % |
| Share-based compensation expense | 0.9 | 1.1 | 1.0 |
| Share-based payroll tax expense | 0.2 | — | — |
| Amortization of purchased intangible assets | 6.3 | 6.0 | 6.1 |
| Restructuring charges | 0.7 | 0.5 | — |
| Non-GAAP gross margin - Product | \$511.7 | \$558.8 | \$498.4 |
| Non-GAAP product gross margin % of product revenue | 65.5% | 66.0% | 64.6% |
| | | | |
| GAAP gross margin - Service | \$167.2 | \$181.8 | \$142.8 |
| GAAP service gross margin % of service revenue | 60.3% | 62.0% | 54.8% |
| Share-based compensation expense | 4.6 | 3.8 | 5.3 |
| Share-based payroll tax expense | 0.5 | — | — |
| Non-GAAP gross margin - Service | 172.3 | 185.6 | 148.1 |
| Non-GAAP service gross margin % of service revenue | 62.1% | 63.2% | 56.8% |

GAAP TO NON-GAAP RECONCILIATIONS

| | Three Months Ended | | |
|---|--------------------|---------|---------|
| (in millions, except per share amounts and percentages) | Q1'13 | Q4'12 | Q1'12 |
| GAAP gross margin | \$670.8 | \$733.0 | \$634.1 |
| GAAP gross margin % of revenue | 63.3 % | 64.3 % | 61.4 % |
| Share-based compensation expense | 5.5 | 4.9 | 6.3 |
| Share-based payroll tax expense | 0.7 | — | — |
| Amortization of purchased intangible assets | 6.3 | 6.0 | 6.1 |
| Restructuring charges | 0.7 | 0.5 | — |
| Non-GAAP gross margin | \$684.0 | \$744.4 | \$646.5 |
| Non-GAAP gross margin % of revenue | 64.6% | 65.3% | 62.6% |

GAAP TO NON-GAAP RECONCILIATIONS

| | Three Months Ended | | |
|---|--------------------|---------|---------|
| (in millions, except per share amounts and percentages) | Q1'13 | Q4'12 | Q1'12 |
| GAAP research and development expense | \$262.2 | \$275.1 | \$269.6 |
| Share-based compensation expense | (23.6) | (28.9) | (25.8) |
| Share-based payroll tax expense | (1.6) | (0.1) | (0.1) |
| Non-GAAP research and development expense | \$237.0 | \$246.1 | \$243.7 |
| | | | |
| GAAP sales and marketing expense | \$255.2 | \$263.8 | \$257.7 |
| Share-based compensation expense | (14.5) | (17.3) | (21.9) |
| Share-based payroll tax expense | (1.0) | — | (0.2) |
| Non-GAAP sales and marketing expense | \$239.7 | \$246.5 | \$235.6 |

GAAP TO NON-GAAP RECONCILIATIONS

| | Three Months Ended | | |
|---|--------------------|---------|---------|
| (in millions, except per share amounts and percentages) | Q1'13 | Q4'12 | Q1'12 |
| GAAP general and administrative expense | \$47.8 | \$50.7 | \$54.7 |
| Share-based compensation expense | (6.3) | (6.4) | (11.0) |
| Share-based payroll tax expense | (0.2) | — | — |
| Non-GAAP general and administrative expense | \$41.3 | \$44.3 | \$43.7 |
| | | | |
| GAAP operating expense | \$583.8 | \$602.1 | \$586.4 |
| Share-based compensation expense | (44.4) | (52.6) | (58.7) |
| Share-based payroll tax expense | (2.8) | (0.1) | (0.3) |
| Amortization of purchased intangible assets | (1.2) | (1.2) | (1.2) |
| Restructuring charges | (7.0) | (10.6) | (2.0) |
| Acquisition related and litigation charges | (10.4) | (0.7) | (1.2) |
| Non-GAAP operating expense | \$518.0 | \$536.9 | \$523.0 |

GAAP TO NON-GAAP RECONCILIATIONS

| | Three Months Ended | | |
|---|--------------------|---------|---------|
| (in millions, except per share amounts and percentages) | Q1'13 | Q4'12 | Q1'12 |
| GAAP operating income | \$87.0 | \$130.9 | \$47.7 |
| GAAP operating margin | 8.2% | 11.5% | 4.6% |
| Share-based compensation expense | 49.9 | 57.5 | 65.0 |
| Share-based payroll tax expense | 3.5 | 0.1 | 0.3 |
| Amortization of purchased intangible assets | 7.5 | 7.2 | 7.3 |
| Restructuring charges | 7.7 | 11.1 | 2.0 |
| Acquisition related and litigation charges | 10.4 | 0.7 | 1.2 |
| Non-GAAP operating income | \$166.0 | \$207.5 | \$123.5 |
| Non-GAAP operating margin | 15.7% | 18.2% | 12.0% |
| | | | |
| GAAP income tax (benefit) provision | (\$14.1) | \$44.2 | \$7.0 |
| GAAP income tax rate | (18.3)% | 31.6% | 30.1% |
| Income tax effect of non-GAAP exclusions | 44.6 | 8.8 | 22.1 |
| Non-GAAP provision for income tax | \$30.5 | \$53.0 | \$29.1 |
| Non-GAAP income tax rate | 19.8% | 26.8% | 25.8% |

GAAP TO NON-GAAP RECONCILIATIONS

| | Three Months Ended | | |
|---|--------------------|---------|--------|
| (in millions, except per share amounts and percentages) | Q1'13 | Q4'12 | Q1'12 |
| GAAP net income | \$91.0 | \$95.7 | \$16.3 |
| Share-based compensation expense | 49.9 | 57.5 | 65.0 |
| Share-based payroll tax expense | 3.5 | 0.1 | 0.3 |
| Amortization of purchased intangible assets | 7.5 | 7.2 | 7.3 |
| Restructuring charges | 7.7 | 11.1 | 2.0 |
| Acquisition related and litigation charges | 10.4 | 0.7 | 1.2 |
| (Gain) loss on equity investments | (1.6) | (18.9) | 14.0 |
| Income tax effect of non-GAAP exclusions | (44.6) | (8.8) | (22.1) |
| Non-GAAP net income | \$123.8 | \$144.6 | \$84.0 |
| | | | |
| GAAP diluted net income per share | \$0.18 | \$0.19 | \$0.03 |
| Non-GAAP diluted net income per share | \$0.24 | \$0.28 | \$0.16 |
| Shares used in computing diluted net income per share | 512.7 | 513.1 | 533.7 |

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