

Q2 2012 FINANCIAL RESULTS CONFERENCE CALL

**Tuesday, July 24, 2012
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 conditions globally or regionally; business and economic conditions in the networking industry; changes in overall technology spending; 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-Q filed with the Securities and Exchange Commission (SEC). 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 compensation expenses, acquisition related charges, restructuring charges, impairment charges, litigation settlement charges, 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

Q2 2012: EXECUTING WELL IN A CHALLENGING ENVIRONMENT

1. All major metrics in-line or ahead of our guided ranges
2. Routing and switching drive results; we're strengthening our security portfolio
3. Expanding our footprint in wireless
 - MX, SRX, PTX and ACX
4. Solid cash position, executing on stock repurchase plan

NEAR TERM PRIORITIES

- 1 | Driving momentum of new products with targeted sales and marketing programs
- 2 | Aligning resources to the opportunities ahead
- 3 | Focused on careful cost management and on improving productivity and efficiency

SSD & SECURITY UPDATE

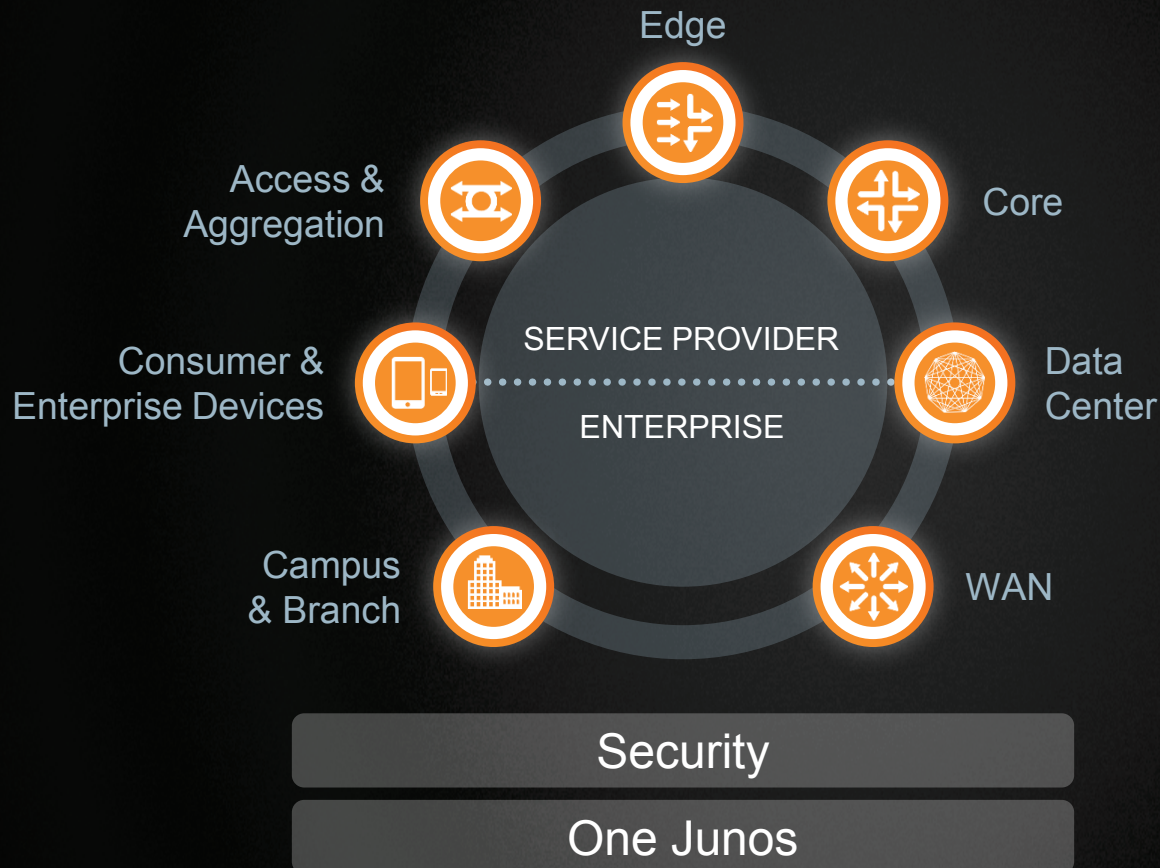
Bob Muglia

EXECUTIVE VICE PRESIDENT, SSD

NEW NETWORK PLATFORM ARCHITECTURE

Domain
Optimized

Customers Segment Their Networking Challenges by Domain



SECURITY: IN FOCUS

1. SRX maintains strong market position with SP customers
2. Security Design now deployed on branch and campus SRX
3. Focused on delivering next generation content security services
4. Security is a dynamic market and presents opportunity for growth

JUNIPER AND RIVERBED ANNOUNCEMENT

1. Relationship focused on application delivery, mobility, and WAN optimization
2. Targeting next generation solutions to deliver better performance, scale, and security across any environment

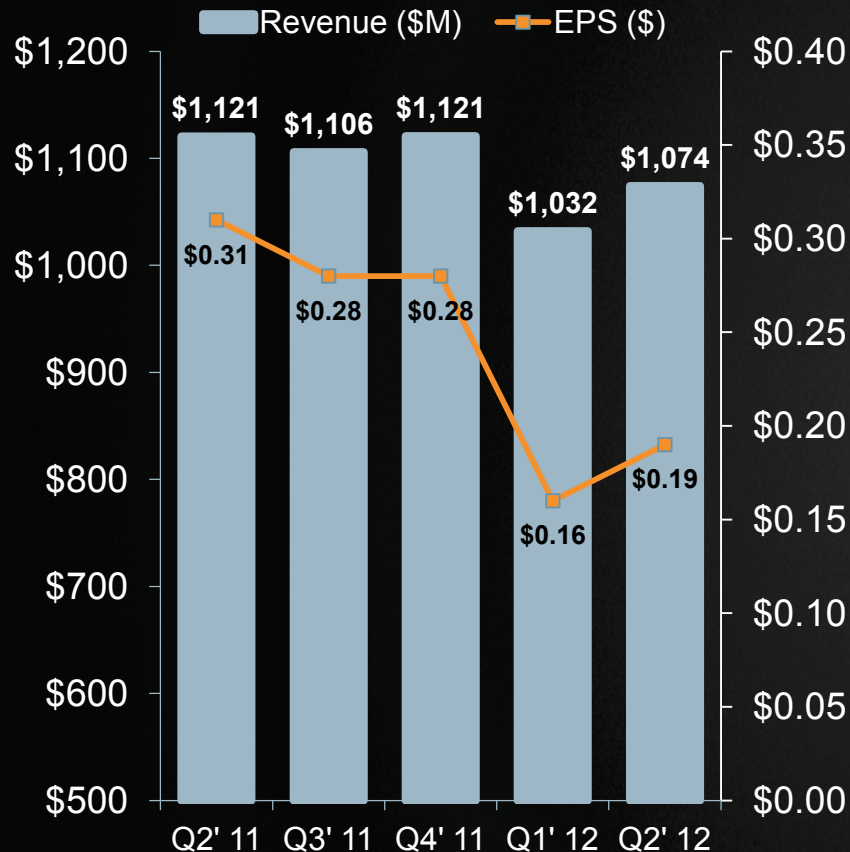
FINANCIAL REVIEW

Robyn Denholm

CHIEF FINANCIAL OFFICER

Q2 2012 RESULTS: REFLECTS FOCUS ON OPERATIONAL EXECUTION

Revenue and Non-GAAP EPS



Financial Overview

- Revenue up 4% Q/Q; down 4% Y/Y
- Non-GAAP Operating Margin of 15.0%
- Non-GAAP Diluted EPS up \$0.03 Q/Q; down \$0.12 Y/Y

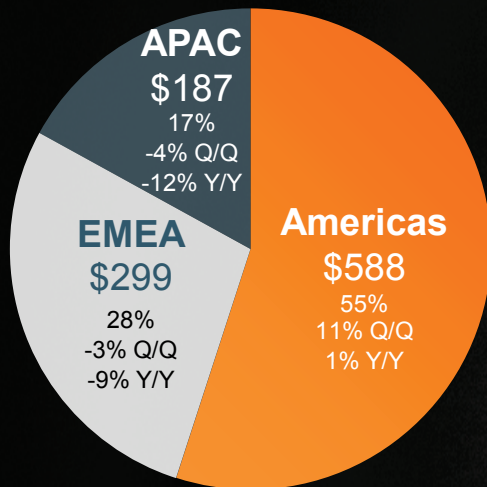
Demand Metrics

- Book to bill greater than 1
- Deferred revenue down 1% Q/Q; up 7% Y/Y
- Product deferred revenue up 3% Q/Q; flat Y/Y

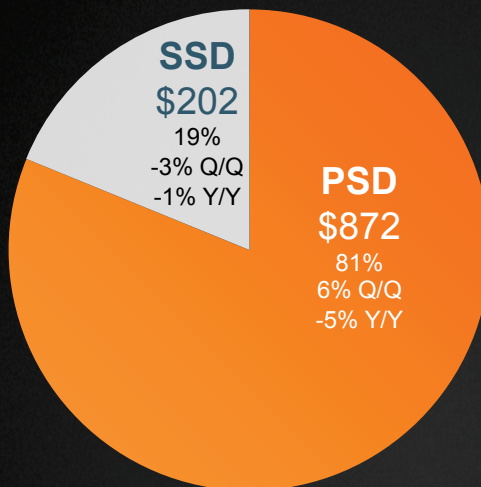
Q2 2012 REVENUE MIX

Numbers in \$ Millions

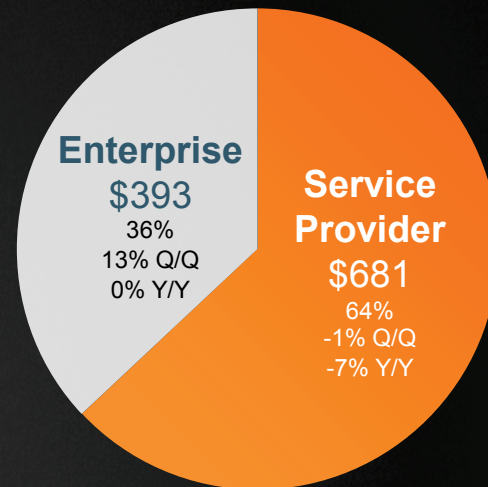
Geography



Segment



Market



- Americas up 11% Q/Q; broad-based strength in Enterprise, except for federal and financial services, and higher revenue from cable, content, and some wireless and wireline Service Provider customers
- EMEA down 3% Q/Q reflects weakness in Service Providers
- APAC down 4% Q/Q; APAC Service Provider, excluding Japan, was up 10%
- Product Rev: PSD Routing up 7% Q/Q to \$488M; Total Switching up 13% Q/Q to \$140M; SSD Security down 5% Q/Q

FINANCIAL RESULTS

(Non-GAAP Except Revenue)

	Q2'12	Q1'12	Q2'11	Q/Q Change	Y/Y Change
Revenue	\$1,073.8M	\$1,032.5M	\$1,120.5M	4%	-4%
Gross Margin %	63.4%	62.6%	65.6%	0.8 pts	-2.2 pts
R&D	\$240.1M	\$243.7M	\$230.4M	-1%	4%
Sales & Marketing	\$238.1M	\$235.6M	\$226.9M	1%	5%
G&A	\$41.7M	\$43.7M	\$35.5M	-5%	17%
Total Operating Expense	\$519.9M	\$523.0M	\$492.8M	-1%	6%
Operating Margin %	15.0%	12.0%	21.6%	3.0 pts	-6.6 pts
Net Income*	\$103.1M	\$84.0M	\$167.2M	23%	-38%
EPS (Diluted)	\$0.19	\$0.16	\$0.31	\$0.03	-\$0.12

* Net income and diluted EPS attributable to Juniper Networks exclude net income or loss pertaining to non-controlling interest.

CASH FLOW AND BALANCE SHEET METRICS

Strong Cash Position	▪ Gross cash and investments ~\$4.3B; 48% onshore ▪ Net cash and investments ~\$3.3B ▪ Cash flow from operations was \$212M
Share Repurchase	▪ \$94.0M or 5.0M shares, average price of \$18.76
DSO	▪ 34 days
Deferred Revenue	▪ \$992.9M, down 1% Q/Q, up 7% Y/Y ▪ Product deferred revenue up 3% Q/Q, flat Y/Y ▪ Services deferred revenue down 2% Q/Q, up 10%Y/Y

Q3 2012 OUTLOOK

3 Months Ending September 30, 2012

Non-GAAP (Except for Revenue and Share Count)

Revenue	▪ Range between \$1,040 million and \$1,075 million
Gross Margins	▪ Roughly flat at the high end of the revenue range
OPEX	▪ Increase by ~\$10M from Q2
Operating Margins	▪ In the range of 13% to 14%
EPS	▪ Range between \$0.15 and \$0.18 per diluted share, includes \$0.02 dilutive impact from debt
Tax Rate	▪ 31% (assumes no renewal of R&D tax credit)
Share Count	▪ Flat

DRIVING PRODUCTIVITY IMPROVEMENTS

Expect to Yield \$150M in Operating Expense Reduction in FY'13

- 1 | R&D Efficiencies
- 2 | Supply Chain: Procurement & Inventory Management
- 3 | Systems & Process Automation
- 4 | Global Shared Services

JUNIPER[®]
NETWORKS

APPENDIX

GAAP TO NON-GAAP RECONCILIATIONS

(in '000's except per share amounts and percentages)	Q1'11	Q2'11	Q3'11	Q4'11	FY'11	Q1'12	Q2'12
GAAP Cost of revenues – Product	\$265,746	\$292,391	\$286,609	\$310,537	\$1,155,283	\$280,629	\$292,589
Share-based compensation expense	(948)	(1,211)	(1,241)	(1,219)	(4,619)	(1,117)	(1,220)
Share-based compensation related payroll tax	(271)	(24)	(4)	(2)	(301)	(12)	(12)
Amortization of purchased intangible assets	(5,198)	(5,438)	(5,438)	(5,693)	(21,767)	(6,095)	(7,531)
Acquisition-related charges	(960)	(1,527)	-	-	(2,487)	-	-
Non-GAAP Cost of revenues – Product	\$258,369	\$284,191	\$279,926	\$303,623	\$1,126,109	\$273,405	\$283,826
GAAP Cost of revenues – Service	\$99,981	\$105,987	\$107,583	\$111,285	\$424,836	\$117,814	\$113,297
Share-based compensation expense	(3,919)	(4,486)	(3,705)	(3,626)	(15,736)	(5,220)	(4,125)
Share-based compensation related payroll tax	(835)	(94)	(9)	(4)	(942)	(34)	(53)
Non-GAAP Cost of revenues – Service	\$95,227	\$101,407	\$103,869	\$107,655	\$408,158	\$112,560	\$109,119

GAAP TO NON-GAAP RECONCILIATIONS

(in '000's except per share amounts and percentages)	Q1'11	Q2'11	Q3'11	Q4'11	FY'11	Q1'12	Q2'12
GAAP Gross margin	\$735,885	\$722,166	\$711,604	\$698,935	\$2,868,590	\$634,055	\$667,873
Share-based compensation expense	4,867	5,697	4,946	4,845	20,355	6,337	5,345
Share-based compensation related payroll tax	1,106	118	13	6	1,243	46	65
Amortization of purchased intangible assets	5,198	5,438	5,438	5,693	21,767	6,095	7,531
Acquisition-related charges	960	1,527	-	-	2,487	-	-
Non-GAAP Gross margin	\$748,016	\$734,946	\$722,001	\$709,479	\$2,914,442	\$646,533	\$680,814
GAAP Gross margin % of revenue	66.8%	64.4%	64.4%	62.4%	64.5%	61.4%	62.2%
Share-based compensation expense % of revenue	0.4%	0.5%	0.4%	0.4%	0.5%	0.6%	0.5%
Share-based compensation related payroll tax % of revenue	0.1%	- %	- %	- %	- %	- %	- %
Amortization of purchased intangible assets % of revenue	0.5%	0.6%	0.5%	0.5%	0.4%	0.6%	0.7%
Acquisition-related charges % of revenue	0.1%	0.1%	- %	- %	0.1%	- %	- %
Non-GAAP Gross margin % of revenue	67.9%	65.6%	65.3%	63.3%	65.5%	62.6%	63.4%

GAAP TO NON-GAAP RECONCILIATIONS

(in '000's except per share amounts and percentages)	Q1'11	Q2'11	Q3'11	Q4'11	FY'11	Q1'12	Q2'12
GAAP Research and development expense	\$261,979	\$257,250	\$257,096	\$250,465	\$1,026,790	\$269,602	\$268,734
Share-based compensation expense	(22,330)	(26,583)	(26,540)	(22,224)	(97,677)	(25,791)	(28,486)
Share-based compensation related payroll tax	(3,074)	(276)	(35)	(17)	(3,402)	(126)	(122)
Non-GAAP Research and development expense	\$236,575	\$230,391	\$230,521	\$228,224	\$925,711	\$243,685	\$240,126
GAAP Sales and marketing expense	\$246,291	\$246,635	\$254,933	\$253,201	\$1,001,060	\$257,719	\$259,455
Share-based compensation expense	(13,226)	(19,171)	(20,572)	(17,899)	(70,868)	(21,911)	(21,022)
Share-based compensation related payroll tax	(3,386)	(583)	(79)	(52)	(4,100)	(176)	(329)
Non-GAAP Sales and marketing expense	\$229,679	\$226,881	\$234,282	\$235,250	\$926,092	\$235,632	\$238,104

GAAP TO NON-GAAP RECONCILIATIONS

(in '000's except per share amounts and percentages)	Q1'11	Q2'11	Q3'11	Q4'11	FY'11	Q1'12	Q2'12
GAAP General and administrative expense	\$44,924	\$44,260	\$44,455	\$45,493	\$179,132	\$54,666	\$48,775
Share-based compensation expense	(8,616)	(8,675)	(8,410)	(7,557)	(33,258)	(10,968)	(7,027)
Share-based compensation related payroll tax	(419)	(66)	(8)	(8)	(501)	(31)	(54)
Non-GAAP General and administrative expense	\$35,889	\$35,519	\$36,037	\$37,928	\$145,373	\$43,667	\$41,694
GAAP Operating expense	\$558,492	\$551,246	\$574,578	\$565,750	\$2,250,066	\$586,346	\$581,155
Share-based compensation expense	(44,172)	(54,429)	(55,522)	(47,680)	(201,803)	(58,670)	(56,535)
Share-based compensation related payroll tax	(6,879)	(925)	(122)	(77)	(8,003)	(333)	(505)
Amortization of purchased intangible assets	(1,544)	(1,332)	(1,263)	(1,227)	(5,366)	(1,178)	(1,236)
Restructuring charges	347	916	(16,813)	(15,014)	(30,564)	(2,039)	(3,161)
Acquisition-related charges	(4,101)	(2,685)	(18)	(350)	(7,154)	(1,142)	206
Non-GAAP Operating expense	\$502,143	\$492,791	\$500,840	\$501,402	\$1,997,176	\$522,984	\$519,924

GAAP TO NON-GAAP RECONCILIATIONS

(in '000's except per share amounts and percentages)	Q1'11	Q2'11	Q3'11	Q4'11	FY'11	Q1'12	Q2'12
GAAP Operating income	\$177,393	\$170,920	\$137,026	\$133,185	\$618,524	\$47,709	\$86,718
Share-based compensation expense	49,039	60,126	60,468	52,525	222,158	65,007	61,880
Share-based compensation related payroll tax	7,985	1,043	135	83	9,246	379	570
Amortization of purchased intangible assets	6,742	6,770	6,701	6,920	27,133	7,273	8,767
Restructuring charges	(347)	(916)	16,813	15,014	30,564	2,039	3,161
Acquisition-related charges	5,061	4,212	18	350	9,641	1,142	(206)
Non-GAAP Operating income	\$245,873	\$242,155	\$221,161	\$208,077	\$917,266	\$123,549	\$160,890

GAAP TO NON-GAAP RECONCILIATIONS

(in '000's except per share amounts and percentages)	Q1'11	Q2'11	Q3'11	Q4'11	FY'11	Q1'12	Q2'12
GAAP Operating margin	16.1%	15.3%	12.4%	11.9%	13.9%	4.6%	8.1%
Share-based compensation expense as a % of revenue	4.5%	5.4%	5.5%	4.7%	5.0%	6.3%	5.8%
Share-based compensation related payroll tax as a % of revenue	0.7%	0.1%	- %	- %	0.2%	-%	0.1%
Amortization of purchased intangible assets as a % of revenue	0.6%	0.5%	0.6%	0.7%	0.6%	0.7%	0.7%
Restructuring charges as a % of revenue	- %	-0.1%	1.5%	1.3%	0.7%	0.2%	0.3%
Acquisition-related charges as a % of revenue	0.4%	0.4%	- %	-%	0.2%	0.2%	- %
Non-GAAP Operating margin	22.3%	21.6%	20.0%	18.6%	20.6%	12.0%	15.0%

GAAP TO NON-GAAP RECONCILIATIONS

(in '000's except per share amounts and percentages)	Q1'11	Q2'11	Q3'11	Q4'11	FY'11	Q1'12	Q2'12
GAAP Other income (expense), net	\$(6,462)	\$(13,688)	\$(15,957)	\$(10,701)	\$(46,808)	\$(24,431)	\$2,770
(Gain)/loss on investments	(62)	(72)	1,116	(656)	326	14,000	(14,787)
Non-GAAP Other income (expense), net	\$(6,524)	\$(13,760)	\$(14,841)	\$(11,357)	\$(46,482)	\$(10,431)	\$(12,017)
GAAP Income tax provision (benefit)	\$41,271	\$41,714	\$37,398	\$26,321	\$146,704	\$7,008	\$31,769
Income tax effect of non-GAAP exclusions	20,658	19,487	19,152	20,282	79,579	22,120	13,980
Non-GAAP Provision for income tax	\$61,929	\$61,201	\$56,550	\$46,603	\$226,283	\$29,128	\$45,749
Non-GAAP Income tax rate	25.9%	26.8%	27.4%	23.7%	26.0%	25.8%	30.7%
Non-GAAP Income before income taxes and noncontrolling interest	\$239,349	\$228,395	\$206,320	\$196,720	\$870,784	\$113,118	\$148,873

GAAP TO NON-GAAP RECONCILIATIONS

(in '000's except per share amounts and percentages)	Q1'11	Q2'11	Q3'11	Q4'11	FY'11	Q1'12	Q2'12
GAAP Net income attributable to Juniper Networks	\$129,750	\$115,560	\$83,663	\$96,163	\$425,136	\$16,270	\$57,719
Share-based compensation expense	49,039	60,126	60,468	52,525	222,158	65,007	61,880
Share-based compensation related payroll tax	7,985	1,043	135	83	9,246	379	570
Amortization of purchased intangible assets	6,742	6,770	6,701	6,920	27,133	7,273	8,767
Restructuring charges	(347)	(916)	16,813	15,014	30,564	2,039	3,161
Acquisition-related charges	5,061	4,212	18	350	9,641	1,142	(206)
(Gain)/loss on investments	(62)	(72)	1,116	(656)	326	14,000	(14,787)
Income tax effect of non-GAAP exclusions	(20,658)	(19,487)	(19,152)	(20,282)	(79,579)	(22,120)	(13,980)
Non-GAAP Net income	\$177,510	\$167,236	\$149,762	\$150,117	\$644,625	\$83,990	\$103,124

GAAP TO NON-GAAP RECONCILIATIONS

(in '000's except per share amounts and percentages)	Q1'11	Q2'11	Q3'11	Q4'11	FY'11	Q1'12	Q2'12
Non-GAAP Net income	\$177,510	\$167,236	\$149,762	\$150,117	\$644,625	\$83,990	\$103,124
Non-GAAP Net income per share:							
Basic	\$0.33	\$0.31	\$0.28	\$0.29	\$1.22	\$0.16	\$0.20
Diluted	\$0.32	\$0.31	\$0.28	\$0.28	\$1.19	\$0.16	\$0.19
Shares used in computing non-GAAP net income per share:							
Basic	530,789	532,909	529,286	526,124	529,768	527,186	527,756
Diluted	548,825	546,452	536,583	533,335	541,417	533,683	531,755

JUNIPER[®]
NETWORKS