

Q3 2012 FINANCIAL RESULTS CONFERENCE CALL

**Tuesday, October 23, 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

Q3 2012: EXECUTING WELL IN A CHALLENGING ENVIRONMENT

1. All major metrics in-line or ahead of our guided ranges
2. T-4000 core upgrade cycle underway; strong customer engagement with PTX; solid growth in switching; progress in security
3. Aligning resources to strategic priorities
4. New products tracking to revenue goal set at Financial Analyst Meeting

DELIVERING ON OUR INNOVATION AGENDA

New Product Ramp



T4000

- Upgrade cycle underway
- Good Q3 revenue



PTX

- Selected by Optus & XO Communications
- >15 customers
- Strong engagements in all three geographies

Control Gateway SGSN/MME



MCG
5000

Policy Manager



PCRF



MX 3D

Broadband Gateway GGSN, P/S-GW



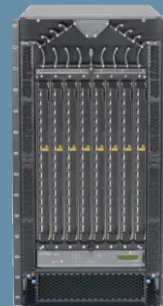
QFabric Director



QFX3600



QFX3500



QFabric
Interconnect

QFabric™

- Selected by University of Frankfurt and BOCI
- Full QFabric solutions in live customer deployments



MX240



MX2020



MX480



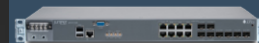
MX960

MX

- Announced MX2020 & JunosV App Engine
- Broadband, mobile & business services on one platform



ACX1000



ACX1100



ACX2000



ACX2100




ACX4000

ACX

- Universal Access solution for mobile backhaul
- Began shipping in Q3

NETWORK PROGRAMMABILITY AND SDN

A decorative network diagram in the top right corner, consisting of a grid of nodes connected by lines, with some nodes highlighted in white and others in gray.

1. Open standards are a core underpinning of our innovation strategy
 2. Working to ensure our systems support SDN protocols
 3. Actively engaged with customers on the use cases where they believe SDN can deliver the most value
- 
- A decorative network diagram in the bottom left corner, consisting of a grid of nodes connected by lines, with some nodes highlighted in white and others in gray.

ALIGNING RESOURCES TO STRATEGIC PRIORITIES

1 | Sharpen Focus

2 | Enable Agility

3 | Drive Efficiency

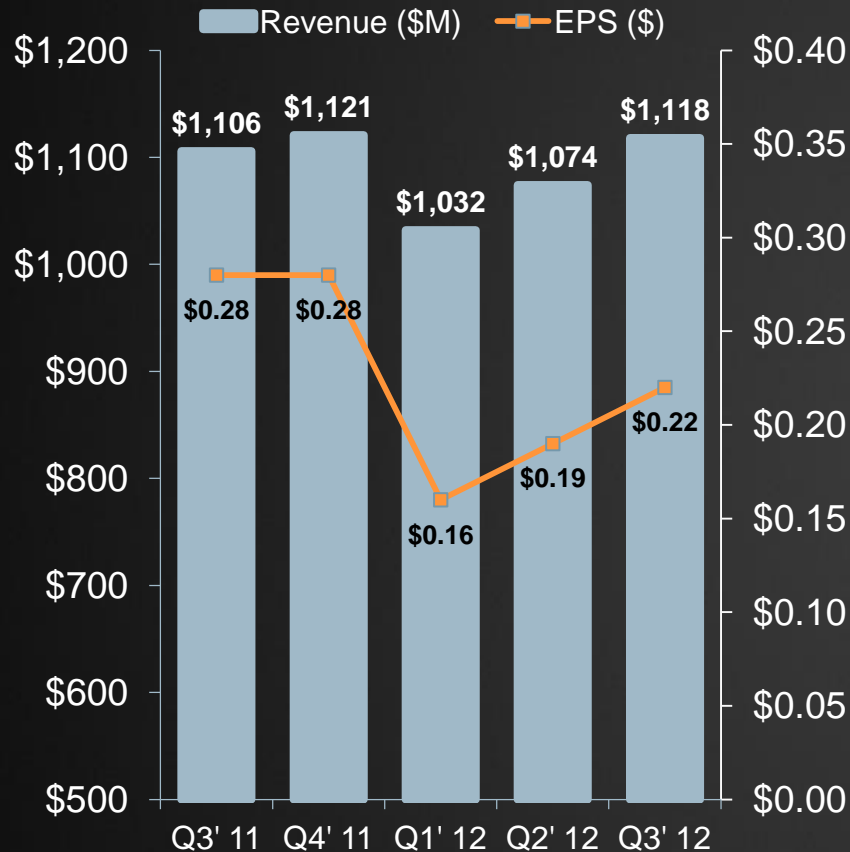
FINANCIAL REVIEW

Robyn Denholm

CHIEF FINANCIAL OFFICER

Q3 2012 RESULTS: REFLECTS INCREASED GROWTH AND OPERATING IMPROVEMENTS

Revenue and Non-GAAP Diluted EPS



Financial Overview

- Revenue up 4% Q/Q; up 1% Y/Y
- Non-GAAP Operating Margin of 16.9%
- Non-GAAP Diluted EPS up \$0.03 Q/Q; down \$0.06 Y/Y

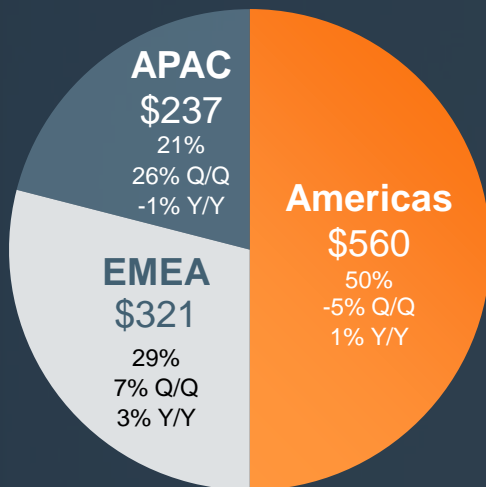
Demand Metrics

- Book to bill greater than 1
- Product deferred revenue up sequentially

Q3 2012 REVENUE MIX

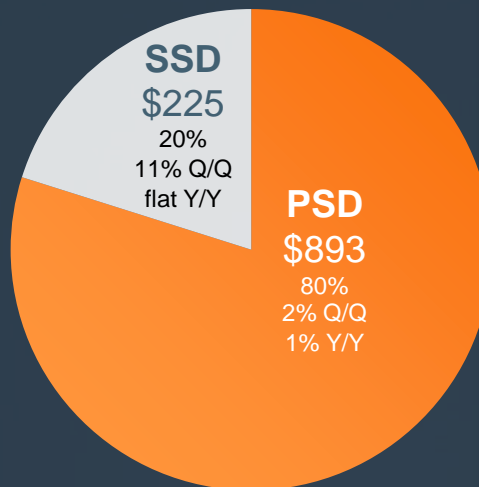
Numbers in \$ Millions

Geography



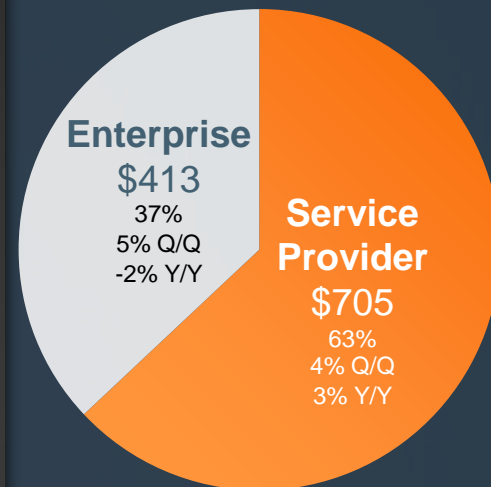
- **Americas:** Q/Q declines in US Enterprise; Y/Y SP growth in large US carriers
- **EMEA:** Q/Q improved Enterprise rev and new wins in SP
- **APAC:** Q/Q growth was broad-based, good growth in China

Segment



- **PSD Routing** \$488, Y/Y growth in MX, offset by M and E
- **Total Switching** \$146, EX and QFabric continue to take share
- **Total Security** \$178, up 12% Q/Q on gains across most product families

Market



- **Service Provider:** Q/Q growth from large SP globally and Content Service Providers
- **Enterprise:** Q/Q growth driven by new financial services and public sector wins in EMEA and APAC

FINANCIAL RESULTS

Non-GAAP Except Revenue

	Q3'12	Q2'12	Q3'11	Q/Q Change	Y/Y Change
Revenue	\$1,118.3M	\$1,073.8M	\$1,105.8M	4%	1%
Gross Margin %	65.6%	63.4%	65.3%	2.2 pts	0.3 pts
R&D	\$262.1M	\$240.1M	\$230.5M	9%	14%
Sales & Marketing	\$239.6M	\$238.1M	\$234.3M	1%	2%
G&A	\$42.8M	\$41.7M	\$36.0M	3%	19%
Total Operating Expense	\$544.5M	\$519.9M	\$500.8M	5%	9%
Operating Margin %	16.9%	15.0%	20.0%	1.9 pts	-3.1pts
Net Income*	\$117.9M	\$103.1M	\$149.8M	14%	-21%
EPS (Diluted)	\$0.22	\$0.19	\$0.28	\$0.03	-\$0.06

* 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	<ul style="list-style-type: none">▪ Gross cash and investments ~\$4.0B; 45% onshore▪ Net cash and investments ~\$3.0B▪ Cash flow from operations was \$173.2M
Share Repurchase	<ul style="list-style-type: none">▪ \$250.0M or 13.9M shares, average price of \$18.00
DSO	<ul style="list-style-type: none">▪ 32 days
Deferred Revenue	<ul style="list-style-type: none">▪ \$992.9M, flat Q/Q, up 12% Y/Y▪ Product deferred revenue up sequentially

Q4 2012 OUTLOOK

3 Months Ending December 31, 2012

Non-GAAP (Except for Revenue and Share Count)

Revenue	Range between \$1,100 million and \$1,130 million
Gross Margins	In the range of 63.5% to 64.5%
OPEX	Roughly flat compared to the September quarter
Operating Margins	In the range of 14% to 16%
EPS	Range between \$0.19 and \$0.22 per diluted share
Tax Rate	32% (assumes no renewal of R&D tax credit)
Share Count	Assume flat. Buyback: continue to be opportunistic as market conditions allow

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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	Q3'12
GAAP Cost of revenues – Product	\$265,746	\$292,391	\$286,609	\$310,537	\$1,155,283	\$280,629	\$292,589	\$334,645
Share-based compensation expense	(948)	(1,211)	(1,241)	(1,219)	(4,619)	(1,117)	(1,220)	(1,162)
Share-based compensation related payroll tax	(271)	(24)	(4)	(2)	(301)	(12)	(12)	(3)
Amortization of purchased intangible assets	(5,198)	(5,438)	(5,438)	(5,693)	(21,767)	(6,095)	(7,531)	(7,893)
Restructuring and other charges	-	-	-	-	-	-	-	(52,400)
Other	-	-	-	-	-	-	-	5,281
Acquisition-related and other 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	\$278,468
GAAP Cost of revenues – Service	\$99,981	\$105,987	\$107,583	\$111,285	\$424,836	\$117,814	\$113,297	\$109,835
Share-based compensation expense	(3,919)	(4,486)	(3,705)	(3,626)	(15,736)	(5,220)	(4,125)	(3,872)
Share-based compensation related payroll tax	(835)	(94)	(9)	(4)	(942)	(34)	(53)	(15)
Non-GAAP Cost of revenues – Service	\$95,227	\$101,407	\$103,869	\$107,655	\$408,158	\$112,560	\$109,119	\$105,948

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	Q3'12
GAAP Gross margin	\$735,885	\$722,166	\$711,604	\$698,935	\$2,868,590	\$634,055	\$667,873	\$673,831
Share-based compensation expense	4,867	5,697	4,946	4,845	20,355	6,337	5,345	5,034
Share-based compensation related payroll tax	1,106	118	13	6	1,243	46	65	18
Amortization of purchased intangible assets	5,198	5,438	5,438	5,693	21,767	6,095	7,531	7,893
Restructuring and other charges	-	-	-	-	-	-	-	52,400
Other	-	-	-	-	-	-	-	(5,281)
Acquisition-related and other 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	\$733,895

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	Q3'12
GAAP Gross margin % of revenue	66.8%	64.4%	64.4%	62.4%	64.5%	61.4%	62.2%	60.3%
Share-based compensation expense % of revenue	0.4%	0.5%	0.4%	0.4%	0.5%	0.6%	0.5%	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%	0.7%
Restructuring and other charges as a % of revenue	-	-	-	-	-	-	-	4.6%
Other as a % of revenue	-	-	-	-	-	-	-	(0.5)%
Acquisition-related and other 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%	65.6%

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	Q3'12
GAAP Research and development expense	\$261,979	\$257,250	\$257,096	\$250,465	\$1,026,790	\$269,602	\$268,734	\$288,178
Share-based compensation expense	(22,330)	(26,583)	(26,540)	(22,224)	(97,677)	(25,791)	(28,486)	(26,039)
Share-based compensation related payroll tax	(3,074)	(276)	(35)	(17)	(3,402)	(126)	(122)	(29)
Non-GAAP Research and development expense	\$236,575	\$230,391	\$230,521	\$228,224	\$925,711	\$243,685	\$240,126	\$262,110
GAAP Sales and marketing expense	\$246,291	\$246,635	\$254,933	\$253,201	\$1,001,060	\$257,719	\$259,455	\$261,026
Share-based compensation expense	(13,226)	(19,171)	(20,572)	(17,899)	(70,868)	(21,911)	(21,022)	(21,382)
Share-based compensation related payroll tax	(3,386)	(583)	(79)	(52)	(4,100)	(176)	(329)	(51)
Non-GAAP Sales and marketing expense	\$229,679	\$226,881	\$234,282	\$235,250	\$926,092	\$235,632	\$238,104	\$239,593

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	Q3'12
GAAP General and administrative expense	\$44,924	\$44,260	\$44,455	\$45,493	\$179,132	\$54,666	\$48,775	\$49,442
Share-based compensation expense	(8,616)	(8,675)	(8,410)	(7,557)	(33,258)	(10,968)	(7,027)	(6,660)
Share-based compensation related payroll tax	(419)	(66)	(8)	(8)	(501)	(31)	(54)	(5)
Non-GAAP General and administrative expense	\$35,889	\$35,519	\$36,037	\$37,928	\$145,373	\$43,667	\$41,694	\$42,777
GAAP Operating expense	\$558,492	\$551,246	\$574,578	\$565,750	\$2,250,066	\$586,346	\$581,155	\$631,062
Share-based compensation expense	(44,172)	(54,429)	(55,522)	(47,680)	(201,803)	(58,670)	(56,535)	(54,081)
Share-based compensation related payroll tax	(6,879)	(925)	(122)	(77)	(8,003)	(333)	(505)	(85)
Amortization of purchased intangible assets	(1,544)	(1,332)	(1,263)	(1,227)	(5,366)	(1,178)	(1,236)	(1,148)
Restructuring and other charges	347	916	(16,813)	(15,014)	(30,564)	(2,039)	(3,161)	(31,018)
Acquisition-related and other charges	(4,101)	(2,685)	(18)	(350)	(7,154)	(1,142)	206	(250)
Non-GAAP Operating expense	\$502,143	\$492,791	\$500,840	\$501,402	\$1,997,176	\$522,984	\$519,924	\$544,480

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	Q3'12
GAAP Operating income	\$177,393	\$170,920	\$137,026	\$133,185	\$618,524	\$47,709	\$86,718	\$42,769
Share-based compensation expense	49,039	60,126	60,468	52,525	222,158	65,007	61,880	59,115
Share-based compensation related payroll tax	7,985	1,043	135	83	9,246	379	570	103
Amortization of purchased intangible assets	6,742	6,770	6,701	6,920	27,133	7,273	8,767	9,041
Restructuring and other charges	(347)	(916)	16,813	15,014	30,564	2,039	3,161	83,418
Other	-	-	-	-	-	-	-	(5,281)
Acquisition-related and other charges	5,061	4,212	18	350	9,641	1,142	(206)	250
Non-GAAP Operating income	\$245,873	\$242,155	\$221,161	\$208,077	\$917,266	\$123,549	\$160,890	\$189,415

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	Q3'12
GAAP Operating margin	16.1%	15.3%	12.4%	11.9%	13.9%	4.6%	8.1%	3.8%
Share-based compensation expense as a % of revenue	4.5%	5.4%	5.5%	4.7%	5.0%	6.3%	5.8%	5.3%
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%	0.8%
Restructuring and other charges as a % of revenue	- %	-0.1%	1.5%	1.3%	0.7%	0.2%	0.3%	7.5%
Other as a % of revenue	- %	- %	- %	-- %	- %	- %	- %	(0.5)%
Acquisition-related and other 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%	16.9%

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	Q3'12
GAAP Other income (expense), net	\$(6,462)	\$(13,688)	\$(15,957)	\$(10,701)	\$(46,808)	\$(24,431)	\$2,770	\$(3,956)
(Gain)/loss on equity investments	(62)	(72)	1,116	(656)	326	14,000	(14,787)	(5,842)
Non-GAAP Other income (expense), net	\$(6,524)	\$(13,760)	\$(14,841)	\$(11,357)	\$(46,482)	\$(10,431)	\$(12,017)	\$(9,798)
GAAP Income tax provision (benefit)	\$41,271	\$41,714	\$37,398	\$26,321	\$146,704	\$7,008	\$31,769	\$21,999
Income tax effect of non-GAAP exclusions	20,658	19,487	19,152	20,282	79,579	22,120	13,980	39,735
Non-GAAP Provision for income tax	\$61,929	\$61,201	\$56,550	\$46,603	\$226,283	\$29,128	\$45,749	\$61,734
Non-GAAP Income tax rate	25.9%	26.8%	27.4%	23.7%	26.0%	25.8%	30.7%	34.4%
Non-GAAP Income before income taxes and noncontrolling interest	\$239,349	\$228,395	\$206,320	\$196,720	\$870,784	\$113,118	\$148,873	\$179,617

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	Q3'12
GAAP Net income attributable to Juniper Networks	\$129,750	\$115,560	\$83,663	\$96,163	\$425,136	\$16,270	\$57,719	\$16,814
Share-based compensation expense	49,039	60,126	60,468	52,525	222,158	65,007	61,880	59,115
Share-based compensation related payroll tax	7,985	1,043	135	83	9,246	379	570	103
Amortization of purchased intangible assets	6,742	6,770	6,701	6,920	27,133	7,273	8,767	9,041
Restructuring and other charges	(347)	(916)	16,813	15,014	30,564	2,039	3,161	83,418
Other	-	-	-	-	-	-	-	(5,281)
Acquisition-related and other charges	5,061	4,212	18	350	9,641	1,142	(206)	250
(Gain)/loss on equity investments	(62)	(72)	1,116	(656)	326	14,000	(14,787)	(5,842)
Income tax effect of non-GAAP exclusions	(20,658)	(19,487)	(19,152)	(20,282)	(79,579)	(22,120)	(13,980)	(39,735)
Non-GAAP Net income	\$177,510	\$167,236	\$149,762	\$150,117	\$644,625	\$83,990	\$103,124	\$117,883

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	Q3'12
Non-GAAP Net income	\$177,510	\$167,236	\$149,762	\$150,117	\$644,625	\$83,990	\$103,124	\$117,883
Non-GAAP Net income per share:								
Basic	\$0.33	\$0.31	\$0.28	\$0.29	\$1.22	\$0.16	\$0.20	\$0.23
Diluted	\$0.32	\$0.31	\$0.28	\$0.28	\$1.19	\$0.16	\$0.19	\$0.22
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	521,178
Diluted	548,825	546,452	536,583	533,335	541,417	533,683	531,755	524,537

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