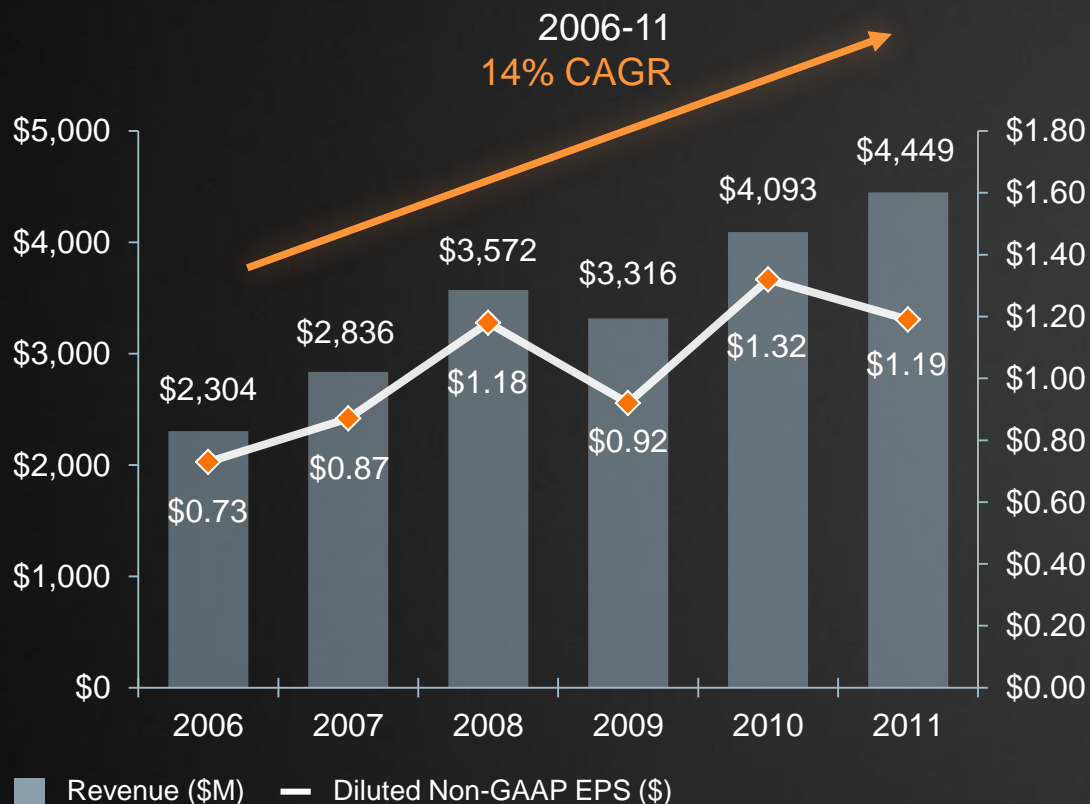


TRANSLATING INNOVATION INTO SHAREHOLDER VALUE

Robyn Denholm
CHIEF FINANCIAL OFFICER

LOOKING BACK AT 2011

Delivered Record Revenue and 9% Y/Y Growth

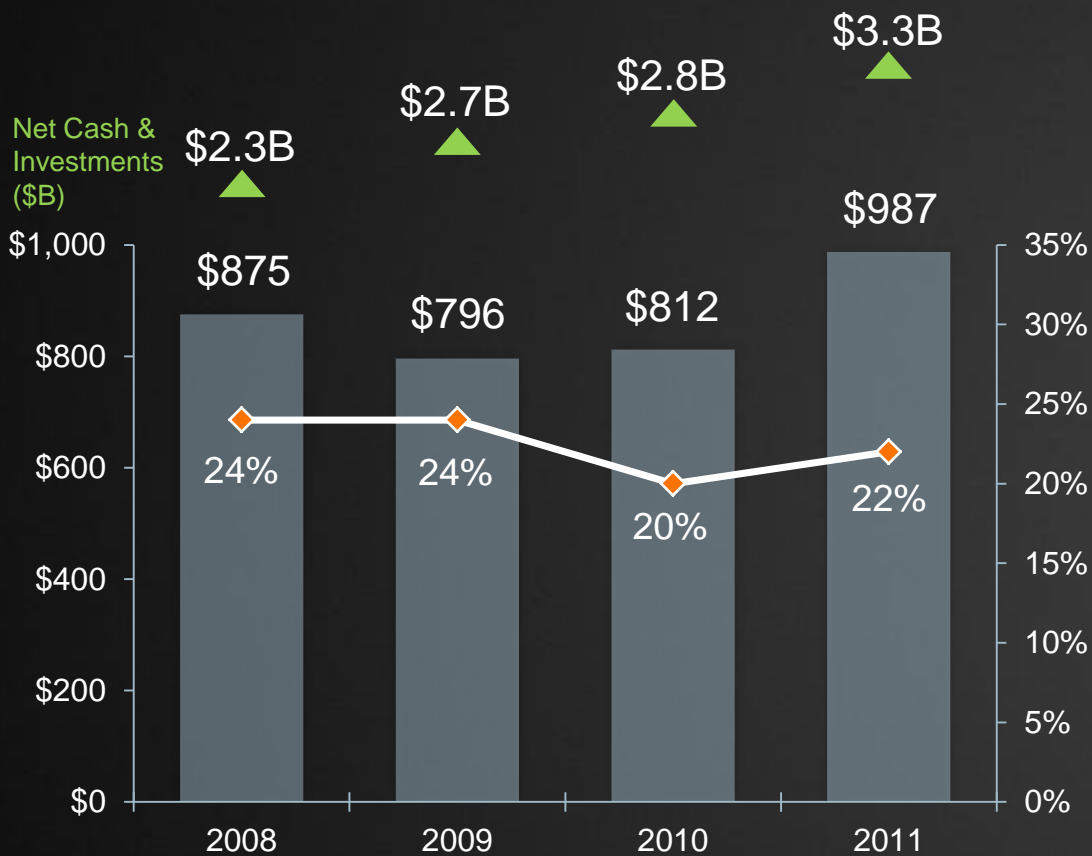


Financial Metrics

- Grew Revenue 9% Y/Y
- Service Provider up 8% Y/Y
- Enterprise up 11% Y/Y
- Non-GAAP Operating Margin 20.6%
- Non-GAAP Diluted EPS down \$0.13 Y/Y
- Generated \$987M of operating cash flows
- Maintained a strong balance sheet

CASH STRATEGY

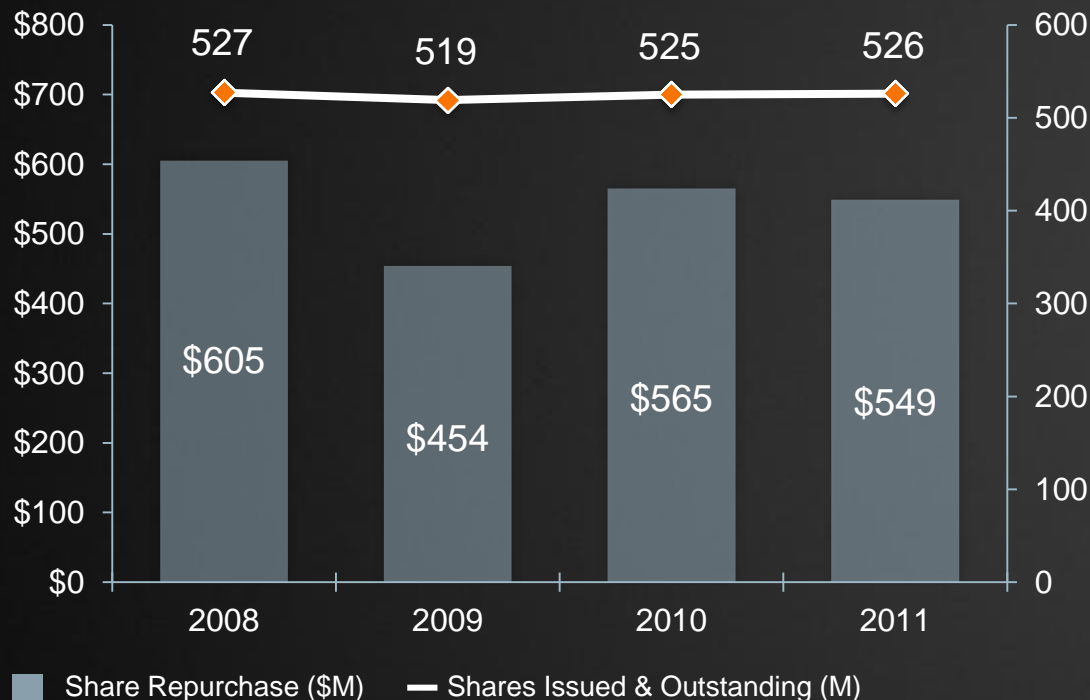
Strong Cash Flow Generation and Prudent Capital Deployment



- Good operating margins & strong cash conversion cycle
- Onshore versus offshore cash mix
- Uses of cash
 - Grow the business
 - Targeted M&A to complement organic R&D
 - Maintenance buyback program

SHARE REPURCHASE STRATEGY

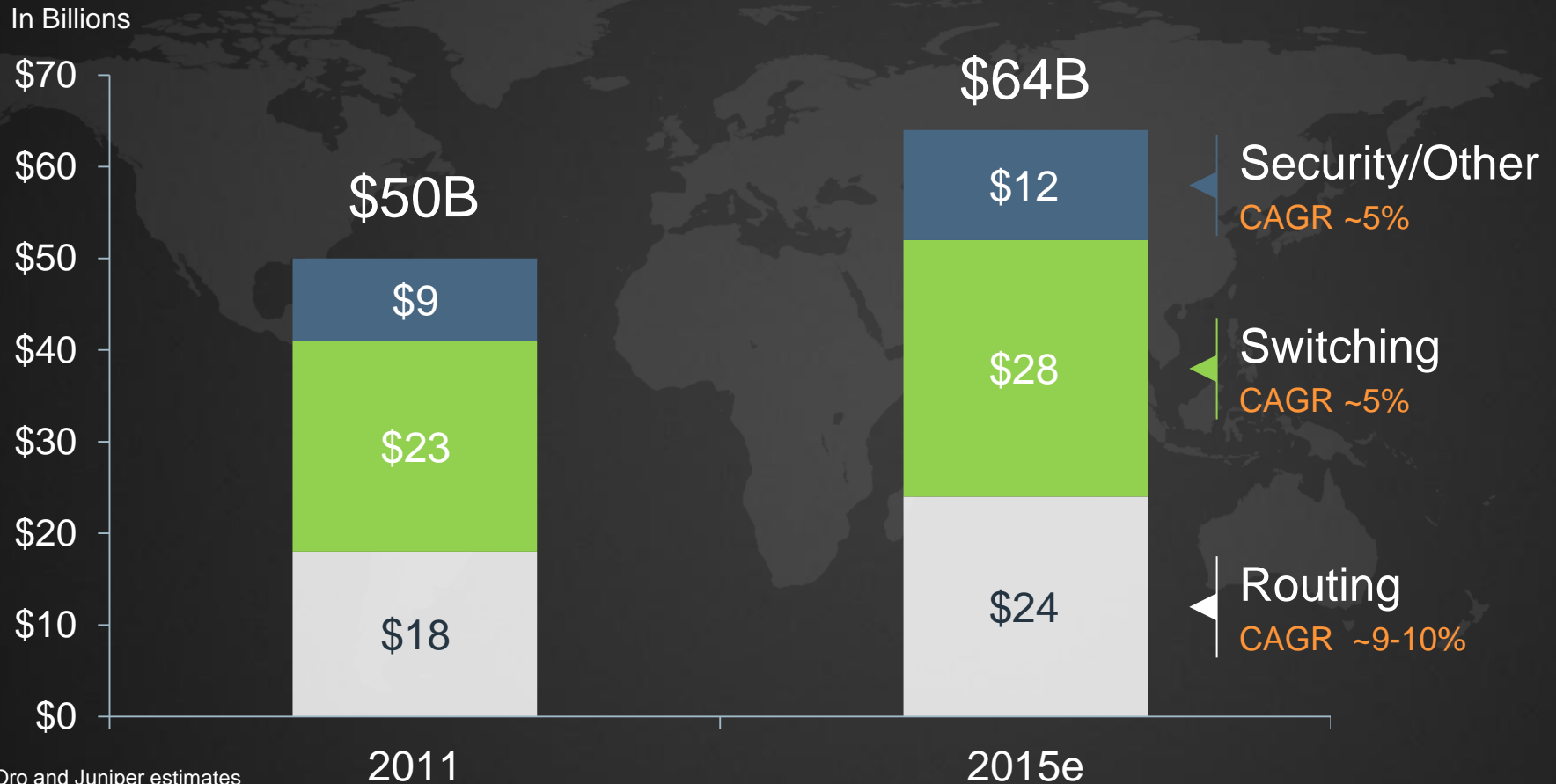
Offset Dilutive Impact of Share-Based Compensation over Time



- \$2.2B repurchased over 4 years
- Relatively flat shares outstanding
- Maintenance buyback continues to be governed by onshore cash position
- New authorization enables up to \$1B of additional buyback

A LARGE AND GROWING MARKET

Three-Year CAGR of 7-8% (2012-2015)

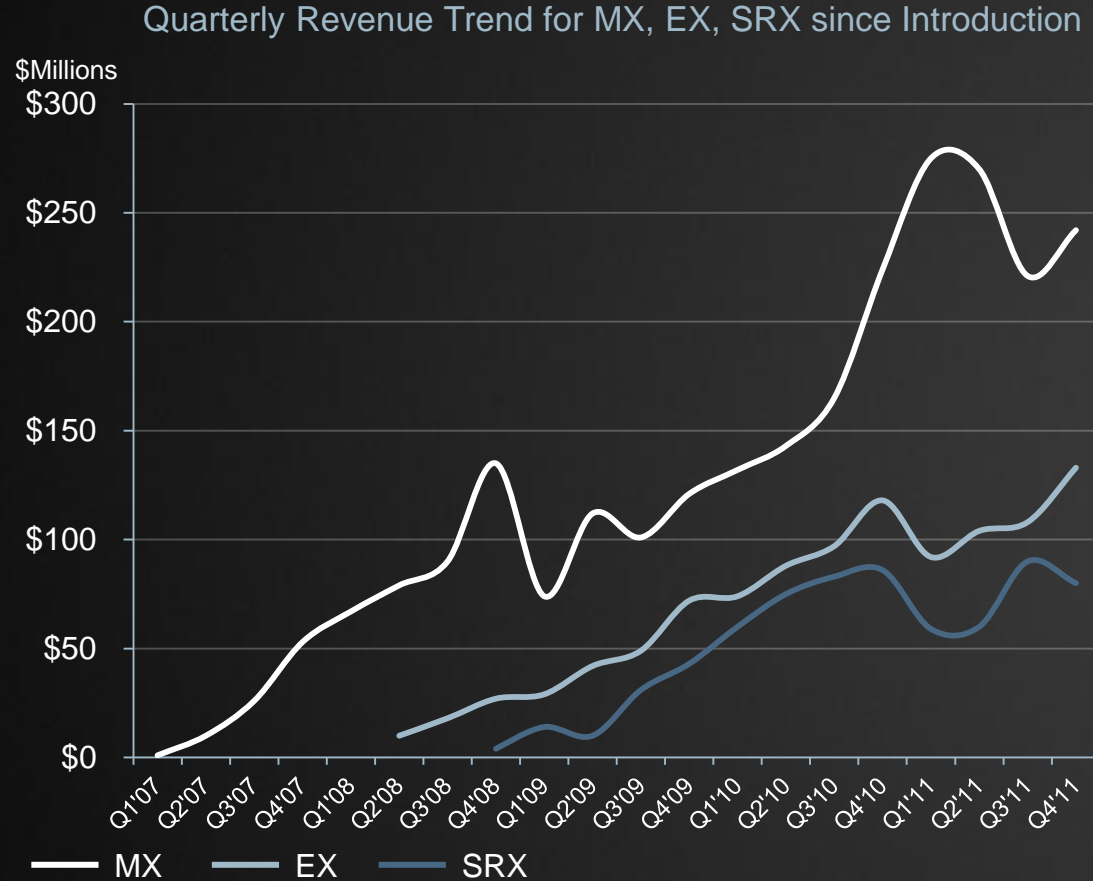


Source: Infonetics, Dell 'Oro and Juniper estimates

Note: All CAGRs 3 Years 2012-2015

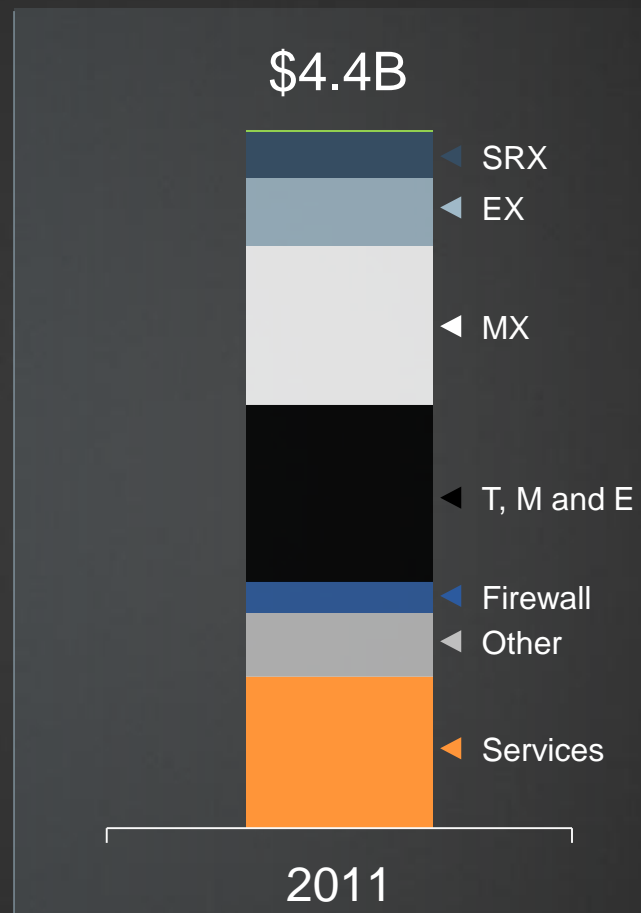
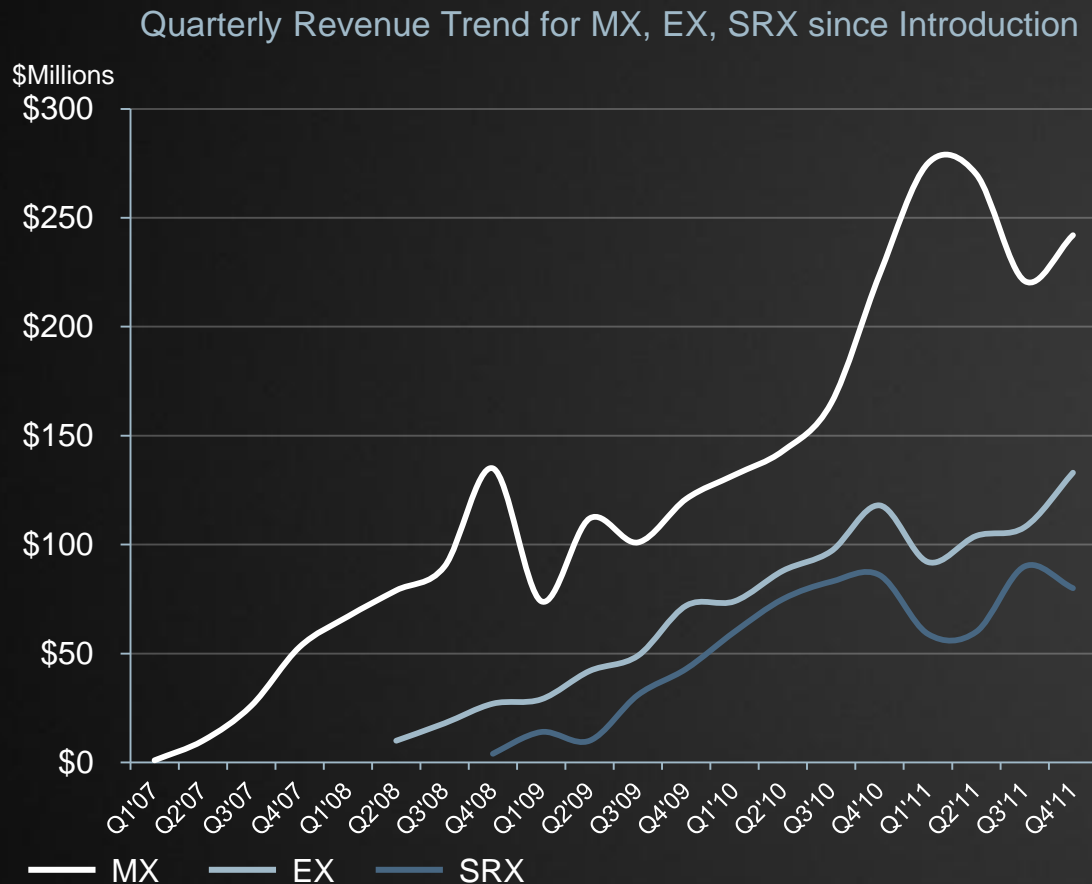
INNOVATION CONTINUES TO DRIVE GROWTH

Expected Ramp for New Products



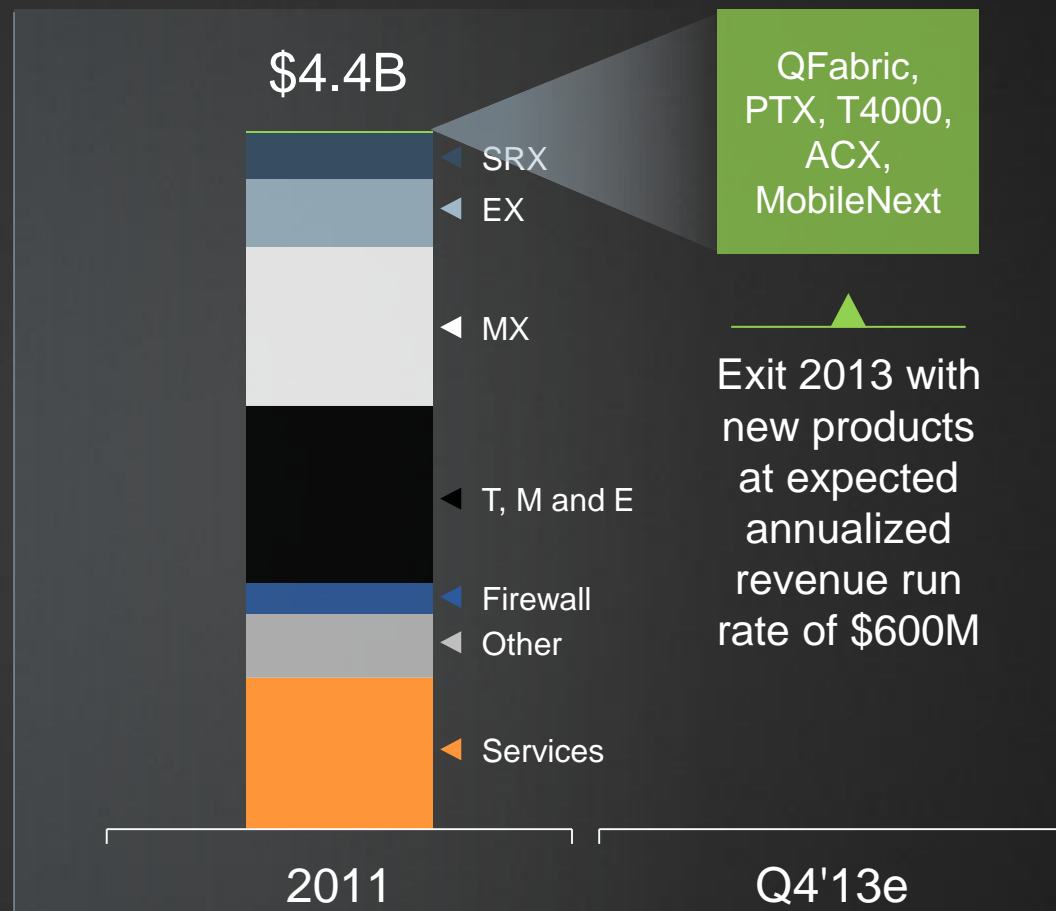
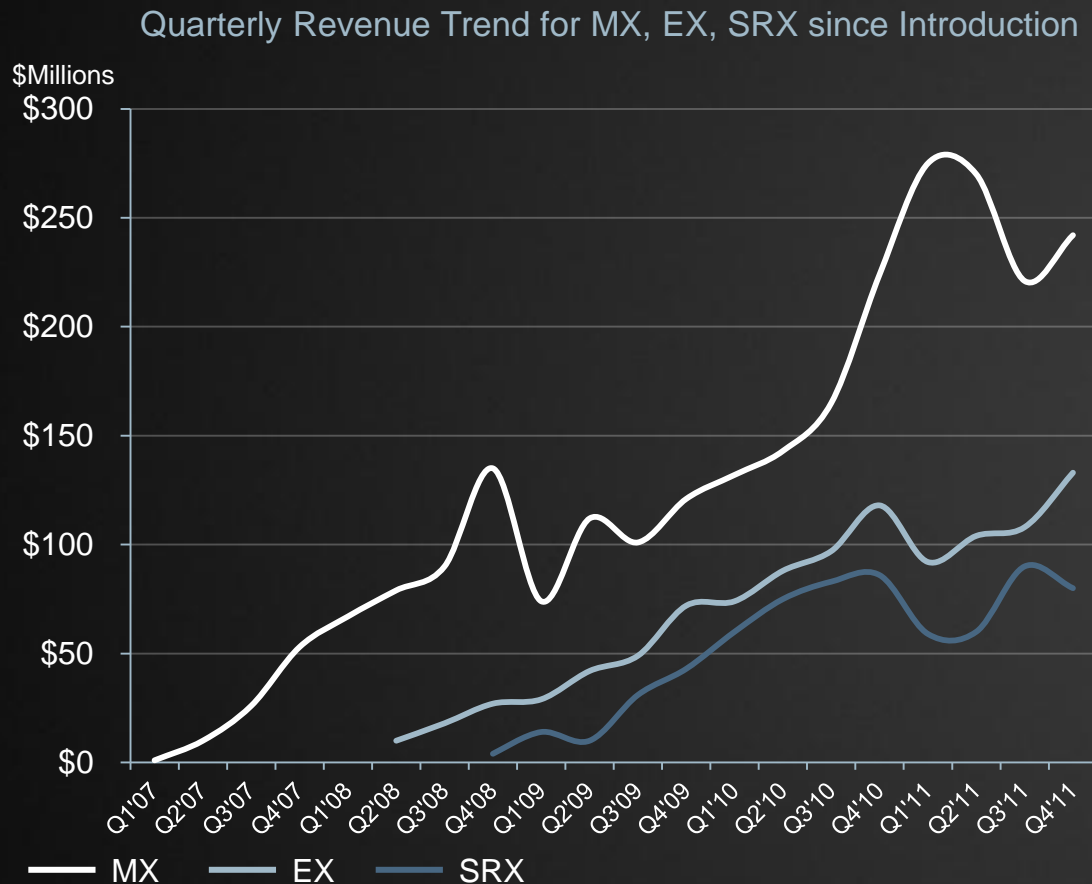
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INNOVATION CONTINUES TO DRIVE GROWTH

Expected Ramp for New Products



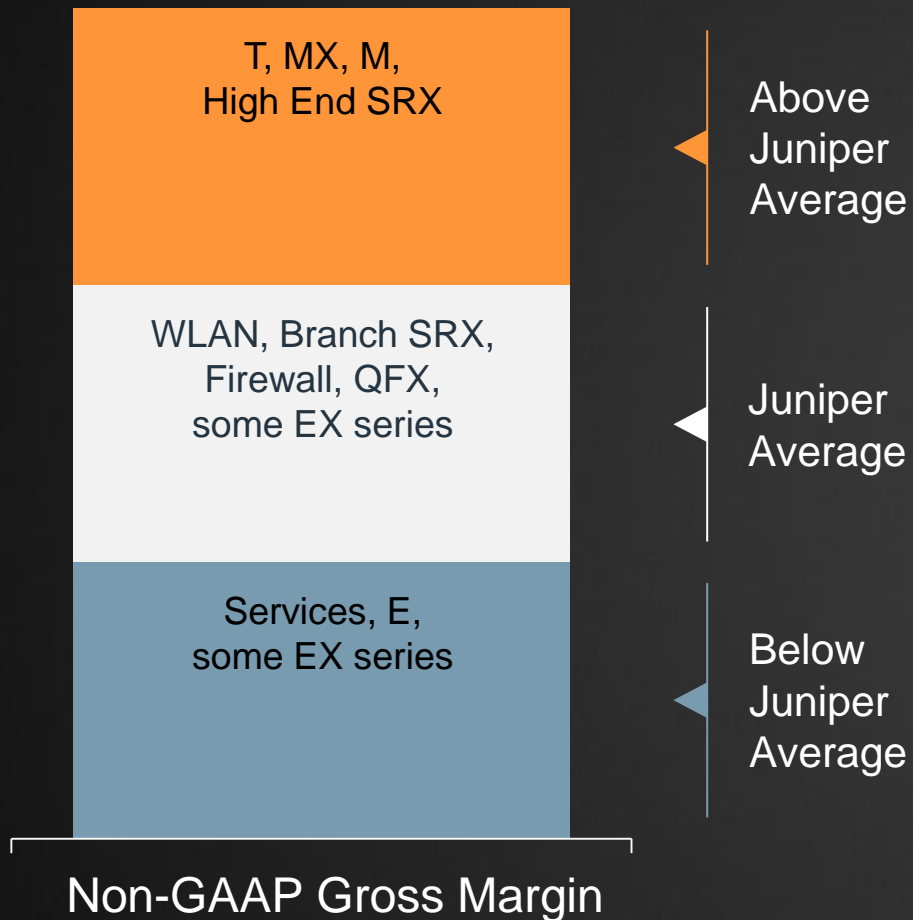
REVENUE OUTLOOK 2013-2015

Expect to Grow Revenue Faster than the Markets We Serve

1. Market growth expected to moderate but still healthy
2. We will take market share
3. Newly introduced products will contribute to growth
4. Expect revenue to grow 2-4 points faster than market growth over the next three years

GROSS MARGIN PROFILE

2011 Result of 65.5% below Historical Range

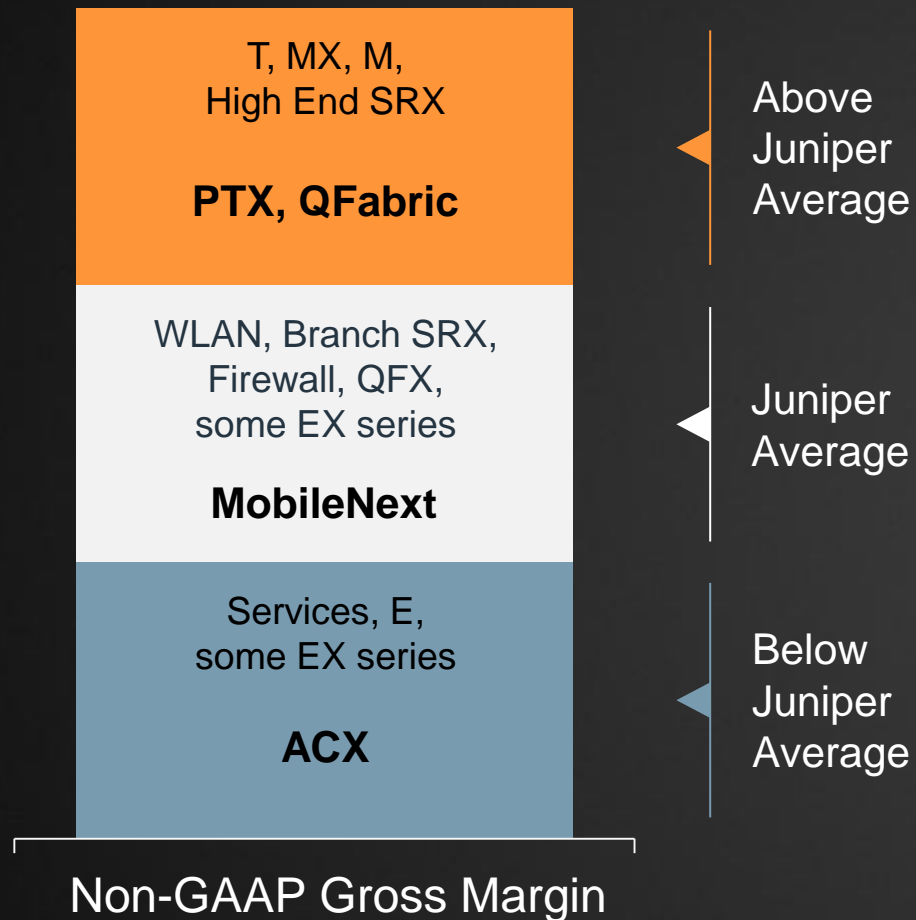


Primary Drivers:

- Mix:
 - Higher proportion of services revenue
 - Higher proportion of switching revenue
 - Lower proportion of Americas revenue
- Costs:
 - Manufacturing overhead and supply chain costs higher than historical average
 - Services costs higher than historical average

GROSS MARGIN OUTLOOK

Revising Long-Term Range to 63%-66%



Primary Drivers:

- Product portfolio continues to deliver healthy margins
- Shift in product mix will drive overall margins down slightly from historical range
- Innovation and cost improvements expected to largely offset pricing pressure
- Services gross margin remains relatively stable

DRIVE OPERATING EXPENSE LEVERAGE

Overall OPEX Target Range 39-42% of Revenue



R&D: 17-19% of Revenue

- Maintain investment to support ongoing new product development
- Focus on systems and software platforms to drive growth
- Leverage products across multiple domains and customer segments
- Drive cost efficiencies



S&M: 19-20% of Revenue

- Invest in specialized sales coverage
- Continue to invest in channel
- Expand direct coverage with top accounts
- Drive leverage through scale and diversification

DRIVING PRODUCTIVITY IMPROVEMENTS

Expect to Yield a Gross Benefit of 3% of Revenue in FY'13

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

FINANCIAL MODEL DRIVES HEALTHY RETURNS

Resetting Long-Term Model Targets

	Actual Results (2006-2011)	Long-Term Model (2013-2015)
Market Growth	7%	7 – 8%
Revenue	14.1% CAGR	Market plus (9 – 12%)
Gross Margin	67.3%	63 – 66%
Operating Expense		
R&D	20.2%	17 – 19%
S&M	21.4%	19 – 20%
G&A	3.6%	3.0 – 3.5%
Total Operating Expense	45.2%	39 – 42%
Operating Margin	22.1%	20+%

FINANCIAL STRATEGY SUMMARY

1. Continue to drive long-term shareholder value
2. Drive top line growth and take market share
3. Increase efficiency and expand operating margins
4. Maintain healthy balance sheet

FOCUSED ON EXECUTING ON INNOVATION

1. Our vision for the New Network resonates with customers
2. Our new products are showing solid traction
3. Our financial strategy is sound
4. We are focused on delivering shareholder value through execution and innovation

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