

Juniper Networks, Inc.

**Reconciliation between GAAP and non-GAAP Financial Measures
(in millions, except percentages and per share amounts)**

	FY2012	FY2013
GAAP gross margin	\$ 2,708.8	\$ 2,941.4
GAAP gross margin %	62.1%	63.0%
Share-based compensation expense	21.6	20.1
Share-based payroll tax expense	-	1.0
Amortization of purchased intangible assets	27.6	27.3
Restructuring and other charges	52.9	8.4
Other gain	(5.3)	-
Non-GAAP gross margin	<u>\$ 2,805.6</u>	<u>\$ 2,998.2</u>
Non-GAAP gross margin %	64.3%	64.2%
GAAP research and development expense	\$ 1,101.6	\$ 1,043.2
Share-based compensation expense	(109.1)	(127.6)
Share-based payroll tax expense	(0.5)	(2.1)
Non-GAAP research and development expense	<u>\$ 992.0</u>	<u>\$ 913.5</u>
GAAP sales and marketing expense	\$ 1,045.5	\$ 1,075.9
Share-based compensation expense	(81.6)	(70.9)
Share-based payroll tax expense	(0.6)	(1.8)
Amortization of purchased intangible assets	(3.5)	(3.4)
Non-GAAP sales and marketing expense	<u>\$ 959.8</u>	<u>\$ 999.8</u>
GAAP general and administrative expense	\$ 206.8	\$ 217.3
Share-based compensation expense	(31.1)	(26.0)
Share-based payroll tax expense	-	(0.2)
Amortization of purchased intangible assets	(1.2)	(1.2)
Acquisition-related charges	(2.0)	(0.9)
Non-GAAP general and administrative expense	<u>\$ 172.5</u>	<u>\$ 189.0</u>
GAAP operating expense	\$ 2,400.7	\$ 2,375.5
Share-based compensation expense	(221.8)	(224.5)
Share-based payroll tax expense	(1.1)	(4.1)
Amortization of purchased intangible assets	(4.7)	(4.6)
Restructuring and other charges	(46.8)	(39.1)
Acquisition-related charges	(2.0)	(0.9)
Non-GAAP operating expense	<u>\$ 2,124.3</u>	<u>\$ 2,102.3</u>
GAAP operating income	\$ 308.1	\$ 565.9
GAAP operating margin %	7.1%	12.1%
Share-based compensation expense	243.4	244.6
Share-based compensation related payroll tax	1.1	5.1
Amortization of purchased intangible assets	32.3	31.9
Restructuring and other charges	99.7	47.5
Other gain	(5.3)	-
Acquisition-related charges	2.0	0.9
Non-GAAP operating income	<u>\$ 681.3</u>	<u>\$ 895.9</u>
Non-GAAP operating margin %	15.6%	19.2%

GAAP net income	\$	186.5	\$	439.8
Share-based compensation expense		243.4		244.6
Share-based payroll tax expense		1.1		5.1
Amortization of purchased intangible assets		32.3		31.9
Restructuring and other charges		99.7		47.5
Other gain		(5.3)		-
Acquisition-related charges		2.0		0.9
Gain on equity investments		(25.5)		(8.2)
Income tax effect of non-GAAP exclusions		(84.6)		(107.6)
Non-GAAP net income	\$	449.6	\$	654.0
GAAP diluted net income per share	\$	0.35	\$	0.86
Non-GAAP diluted net income per share	\$	0.85	\$	1.28
Shares used in computing diluted net income per share		526.2		510.3
GAAP operating cash flow	\$	642.4	\$	842.3
CAPEX		(348.7)		(233.1)
Non-GAAP operating cash flow	\$	293.7	\$	609.2

Juniper Networks, Inc.

Reconciliation between GAAP and non-GAAP Financial Measures

(in millions, except percentages and per share amounts)

	FY2012	FY2013	Q4'13 (QTD)	Q3'14 (QTD)
GAAP research and development expense	\$ 1,101.6	\$ 1,043.2	\$ 258.7	\$ 253.2
Share-based compensation expense	(109.1)	(127.6)	(34.4)	(37.1)
Share-based payroll tax expense	(0.5)	(2.1)	(0.2)	(1.0)
Non-GAAP research and development expense	\$ 992.0	\$ 913.5	\$ 224.1	\$ 215.1
GAAP sales and marketing expense	\$ 1,045.5	\$ 1,075.9	\$ 283.2	\$ 249.2
Share-based compensation expense	(81.6)	(70.9)	(17.9)	(15.9)
Share-based payroll tax expense	(0.6)	(1.8)	(0.3)	(0.7)
Amortization of purchased intangible assets	(3.5)	(3.4)	(0.8)	(1.1)
Non-GAAP sales and marketing expense	\$ 959.8	\$ 999.8	\$ 264.2	\$ 231.5
GAAP general and administrative expense	\$ 206.8	\$ 217.3	\$ 48.2	\$ 55.0
Share-based compensation expense	(31.1)	(26.0)	(6.5)	(7.4)
Share-based payroll tax expense	-	(0.2)	—	(0.2)
Amortization of purchased intangible assets	(1.2)	(1.2)	(0.3)	(0.3)
Acquisition/divestiture-related charges	(2.0)	(0.9)	(0.7)	(1.0)
Other gain - litigation settlement	-	-	10.3	-
Non-GAAP general and administrative expense	\$ 172.5	\$ 189.0	\$ 51.0	\$ 46.1
GAAP operating expense	\$ 2,400.7	\$ 2,375.5	\$ 608.2	\$ 542.4
Share-based compensation expense	(221.8)	(224.5)	(58.8)	(60.4)
Share-based payroll tax expense	(1.1)	(4.1)	(0.5)	(1.9)
Amortization of purchased intangible assets	(4.7)	(4.6)	(1.1)	(1.4)
Restructuring and other (credit) charges	(46.8)	(39.1)	(18.1)	15.0
Acquisition/divestiture-related charges	(2.0)	(0.9)	(0.7)	(1.0)
Other gain - litigation settlement	-	-	10.3	-
Non-GAAP operating expense	\$ 2,124.3	\$ 2,102.3	\$ 539.3	\$ 492.7

Juniper Networks, Inc.

Reconciliation between GAAP and non-GAAP Financial Measures

(in millions, except percentages and per share amounts)

	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
GAAP operating income	\$ (997.8)	\$ 407.1	\$ 695.0	\$ 310.7	\$ 767.6	\$ 618.5	\$ 308.1	\$ 565.9
GAAP operating margin	-43.3%	14.4%	19.5%	9.4%	18.8%	13.9%	7.1%	12.1%
Share-based compensation expense	87.6	88.0	108.1	139.7	182.0	222.2	243.4	244.6
Share-based compensation related payroll tax	2.7	7.7	2.8	0.8	6.5	9.3	1.1	5.1
Amortization of purchased intangible assets	97.3	91.4	44.0	15.4	8.5	27.1	32.3	31.9
Restructuring and other (credit) charges	1.7	(0.4)	-	19.5	10.8	30.6	99.7	47.5
Acquisition-related charges	5.6	1.1	-	-	6.3	9.6	2.0	0.9
Impairment charges	1,283.4	-	5.0	-	-	-	-	-
Other (gain)/charges - litigation settlement	-	(5.3)	9.0	182.3	-	-	-	-
Other charges - tax related charges	10.1	8.0	-	-	-	-	-	-
Other charges - stock option investigation costs	20.5	6.0	-	-	-	-	-	-
Other gain	-	-	-	-	-	-	(5.3)	-
Non-GAAP operating income	<u>\$ 511.1</u>	<u>\$ 603.6</u>	<u>\$ 863.9</u>	<u>\$ 668.4</u>	<u>\$ 981.7</u>	<u>\$ 917.3</u>	<u>\$ 681.3</u>	<u>\$ 895.9</u>
Non-GAAP operating margin	22.2%	21.3%	24.2%	20.2%	24.0%	20.6%	15.6%	19.2%