2014 Annual Report

Notice of 2015 Annual Meeting of Stockholders and Proxy Statement

Report on Form 10-K

Dear Stockholders:

Juniper Networks accomplished a great deal in 2014. When I reflect on what we have achieved, I am incredibly proud. And still I believe there's more we can do to realize the full potential of our company. I firmly believe that our best days are ahead of us at Juniper Networks and I'm very excited about our journey forward as a worldwide leader in network innovation.

Year in Review

In 2014, we made major strides to execute on the commitments we made to our stockholders, customers, partners and employees. We implemented a series of initiatives designed to streamline our organization, reduce our cost structure, improve our balance sheet, return capital to stockholders, and drive long-term profitable growth in a challenging revenue environment. In many areas, we exceeded our commitments by working in a more efficient manner with greater accountability and customer connectedness.

Net revenue for 2014 was $4,627 million, approximately flat from 2013. Despite headwinds in U.S. carrier spending, we continued to diversify our customer base and increase the relevance of our products across multiple customer segments, including cloud providers, cable, financial services and strategic enterprise customers that are building and operating their own network infrastructure.

We generated good cash flows from operations of $763 million for 2014. Cash generation has been a consistent area of strength for Juniper and we are committed to a compelling return of capital to stockholders through both share repurchases and dividends. In 2014, we announced a capital return program of $4.1 billion over a three year period, which we intend to complete in 2016. In 2014, our company repurchased 96.1 million shares for a total of $2.25 billion. As part of this capital return program, we also initiated the first quarterly dividend in company history and intend to grow it with earnings over time.

We also delivered non-GAAP diluted EPS of $1.45 for 2014, up $0.17 or 13% year-over-year. This increase was primarily due to a positive impact of approximately $0.12 per share from a reduction in share count of 9% year-over-year, as well as significantly lower operating expenses for the full year. This decrease in operating expenses allowed us to expand non-GAAP operating margins by 1.5 points to end the fiscal year at 20.7%, despite the challenging revenue environment.

For 2014, our GAAP operating margin was (9.1%) due to certain one-time items resulting in GAAP diluted loss per share of $0.73.

At the same time, the significant operational improvements we have made allowed us to get back to our roots as an innovator, investing in areas where we know we can win and that will drive long-term growth for the company.

Advancing the State of the Art in Network Innovation

Our heritage in systems, silicon and software is a core strength and a foundation for an innovative portfolio of products and services. In 2014, we continued to invest in innovation and strengthening our product portfolio, which resulted in new product offerings across routing, switching, and security.

In routing, we announced a virtualized version of our flagship MX Series 3D Universal Edge Routing platform, the vMX 3D Universal Edge Router, to deliver the industry's first full-featured, carrier-grade virtualized router. The vMX gives service providers and enterprises the ability to seamlessly leverage the benefits of both virtual and physical networking.

In switching, to address the networking requirements of large cloud providers and enterprise customers who build large and massive scale data centers, we announced the Juniper Networks OCX1100, the first switch to combine Open Compute Project hardware design with Junos OS, our carrier-class network operating system. We also announced a new line of EX4600 Ethernet switches to fulfill the increasing demands for highly available access to cloud services and applications across enterprise campus networks.

Additionally, we expanded our software defined networking portfolio with new software and hardware, including the NorthStar Controller, a new traffic-engineering controller that leverages open, industry-standard protocols built to optimize service providers' transport networks, as well as the Junos Fusion software that can control thousands of independent network elements from a single management plane.

In security, we announced vSRX, formerly Firefly Perimeter, a virtual version of our SRX Series Services Gateway, new advancements in our Spotlight Secure threat intelligence platform, Junos Space Virtual Director, an application that automates the management and deployment of vSRX, as well as Juniper Argon Secure, an advanced anti-malware service.

Juniper Networks innovations are critical to helping our customers transform their business models to capitalize on new growth opportunities. In addition we work with many strategic partners to help customers connect their ideas to the marketplace.

The Year Ahead

We have sharpened our strategy to focus on delivering the most scalable, reliable, secure and cost-effective networks while revolutionizing their agility, efficiency and value through automation. The concept of automation is an important shift happening in the networking industry, and we intend to lead in automation, as we have done very successfully in network performance. We are focusing on customers and partners across our key verticals who view these network attributes as fundamental to their businesses. Product and solution differentiation, with a relentless customer focus, will allow us to achieve our goal of growing revenue faster than the market.

We believe that our innovation engine is running stronger than ever and we are executing on a compelling product roadmap that positions Juniper Networks for continued growth. I am very excited about our product pipeline, which has never been better and will offer our customers breakthrough performance and impressive capabilities unmatched in the industry.

Our exciting new product portfolio, along with our focused go-to-market model, are coming together to create real competitive advantage for our customers. Consequently, we believe that we are in an excellent position to accelerate our growth and increase stockholder value.

At Juniper, we have an exceptionally talented team of people who are committed to our customers and passionate about our company. We will continue to be intensely focused on operational excellence, cost discipline and targeted growth initiatives. We believe this best serves your long-term interests as stockholders. We are also committed to the highest standards of corporate governance, which are central to ensuring effective oversight of Juniper's business.

Corporate Governance Principles

We remain committed to ensuring that our Board is composed of a highly capable and diverse group of directors. We believe that our directors bring the experiences and perspectives necessary to address the challenges of the evolving markets we serve. We are particularly pleased with the addition of two new directors on our Board, Jim Dolce and Rahul Merchant.

In Summary

As CEO, I am committed to ensuring we are running the business for growth and seizing the opportunities ahead of us. I am confident in Juniper's potential and I am enthusiastic about our future.

At the same time, it is equally important for me to be the keeper of Juniper's culture, not just because our values make Juniper a better place to work but because they absolutely achieve business results. Our passion leads to success, and I will continue to shepherd a culture and company where every colleague is inspired to do their best work.

There is seemingly no limit to what we can achieve when we connect things together and empower everyone in an increasingly connected world. It is why we exist as a company to solve the real-world problems that we solve.

We appreciate the loyalty and support of our stockholders, customers, partners and employees. We will continue to earn your trust and confidence by delivering on our commitments in 2015 and beyond.

Sincerely,

Rami Rahim

Chief Executive Officer

Forward-Looking Statements

This Letter to Stockholders (this "Letter") contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 regarding future events and the future results of Juniper Networks, Inc. ("we," "us," or the "Company") that are based on our current expectations, estimates, forecasts, and projections about our business, our results of operations, the industry in which we operate and the beliefs and assumptions of our management. Words such as "expects," "anticipates," "targets," "goals," "projects," "would," "could," "intends," "plans," "believes," "seeks," "estimates," variations of such words, and similar expressions are intended to identify such forward-looking statements. Forward-looking statements by their nature address matters that are, to different degrees, uncertain, and these forward-looking statements are only predictions and are subject to risks, uncertainties, and assumptions that are difficult to predict. Therefore, actual results may differ materially and adversely from those expressed in any forward-looking

statements. Factors that might cause or contribute to such differences include, but are not limited to, those discussed in our most recent Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission ("SEC") under the section entitled "Risk Factors" in Item 1A of Part I and elsewhere, and in other reports we file with the SEC. While forward-looking statements are based on reasonable expectations of our management at the time that they are made, you should not rely on them. We undertake no obligation to revise or update publicly any forward-looking statements for any reason, except as required by applicable law.

This letter contains non-GAAP financial measures. For detailed reconciliation between non-GAAP financial results and corresponding GAAP measures, please refer to the supplemental information for the fourth quarter of 2014 posted on the "Financial Reports – Quarterly Financials" section of our Investor Relations website at http://investor.juniper.net/investor-relations/default.aspx.

Notice of 2015 Annual Meeting of Stockholders

Time and Date 9:00 a.m., Pacific Time, on Tuesday, May 19, 2015

Place Juniper Networks, Inc.
1133 Innovation Way
Building A, Aristotle Conference Room
Sunnyvale, CA 94089

Items of Business

(1) To elect ten directors;
(2) To ratify the appointment of Ernst & Young LLP, an independent registered public accounting firm, as auditors for the fiscal year ending December 31, 2015;
(3) To approve the Juniper Networks, Inc. 2015 Equity Incentive Plan, including approval of its material terms and performance goals for purposes of Internal Revenue Code Section 162(m);
(4) To approve an amendment and restatement to the Juniper Networks, Inc. 2008 Employee Stock Purchase Plan to increase the maximum number of shares available for sale thereunder by 7,000,000 shares;
(5) A non-binding advisory vote regarding executive compensation; and
(6) To consider such other business as may properly come before the meeting.

Adjournments and Postponements

Any action on the items of business described above may be considered at the annual meeting at the time and on the date specified above or at any time and date to which the annual meeting may be properly adjourned or postponed.

Record Date

You are entitled to vote only if you were a Juniper Networks stockholder as of the close of business on March 24, 2015.

Meeting Admission

You are invited to attend the annual meeting if you were a Juniper Networks stockholder as of the close of business on March 24, 2015. You should be prepared to present valid government-issued photo identification for admittance. In addition, if you are a stockholder of record, your ownership will be verified against the list of stockholders of record on the record date prior to being admitted to the meeting. If you are not a stockholder of record but hold shares through a broker or nominee (i.e., in street name), you should provide proof of beneficial ownership as of the record date, such as your most recent account statement prior to March 24, 2015, a copy of any voting instruction card provided by your broker, trustee or nominee, or other similar evidence of ownership. If you do not provide photo identification or comply with the other procedures outlined above upon request, you may not be admitted to the annual meeting.

The annual meeting will begin promptly at 9:00 a.m., Pacific Time. Check-in will begin at 8:30 a.m., Pacific Time, and you should allow ample time for the check-in procedures.

This notice of annual meeting and proxy statement and form of proxy are first being provided to our stockholders on or about April 7, 2015.

Voting

Your vote is very important. Whether or not you plan to attend the annual meeting, we encourage you to read this proxy statement and vote your shares as soon as possible.

If you received notice of how to access the proxy materials over the Internet, a proxy card and voting instruction card were not sent to you, but you may vote by telephone, over the Internet, or by scanning the QR code below using your mobile device. If you received a proxy card and other proxy materials by mail, you may submit your proxy card or voting instruction card for the annual meeting by completing, signing, dating and returning your proxy card or voting instruction card in the pre-addressed envelope provided, or, in most cases, by using the telephone or the Internet. For specific instructions on how to vote your shares, please refer to the section entitled *Questions and Answers* beginning on page 1 of this proxy statement and the instructions on the proxy card or voting instruction card or that are provided by email or over the Internet.

By Order of the Board of Directors,

Mitchell L. Gaynor
Executive Vice President,
General Counsel and Secretary

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to Be Held on May 19, 2015

The proxy statement, form of proxy and our Annual Report on Form 10-K for the fiscal year ended December 31, 2014 are available at www.proxyvote.com

Scan this QR code with your mobile device to vote your shares

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Questions and Answers about the Proxy Materials and the Annual Meeting

Q: Why am I receiving these materials?

A: The Board of Directors (the "Board") of Juniper Networks, Inc., a Delaware corporation ("Juniper Networks", the "Company", "we" or "our"), has made these materials available to you on the Internet or, upon your request, has delivered printed versions of these materials to you by mail or email, in connection with the Board's solicitation of proxies for use at Juniper Networks' annual meeting of stockholders, which will take place on May 19, 2015. As a Juniper Networks stockholder as of March 24, 2015 (the "Record Date"), you are invited to attend the annual meeting and are entitled to and requested to vote on the items of business described in this proxy statement.

Q: What is included in these materials?

A: These materials include:

- Our proxy statement for the annual meeting; and
- Our 2014 Annual Report, which includes our audited consolidated financial statements.

If you requested printed versions of these materials by mail, these materials also include the proxy card or voting instruction card for the annual meeting.

Q: Why did I receive a one-page notice in the mail regarding the Internet availability of proxy materials instead of a full set of proxy materials?

A: Pursuant to rules adopted by the Securities and Exchange Commission (the "SEC"), we have elected to provide access to our proxy materials over the Internet. Accordingly, on or about April 7, 2015, we are sending a Notice of Internet Availability of Proxy Materials (the "Notice") to our stockholders of record and beneficial owners as of the Record Date. All stockholders will have the ability to access the proxy materials on the website referred to in the Notice (www.proxyvote.com). You may also request to receive a set of the proxy materials by mail or electronically by email. Instructions on how to access the proxy materials over the Internet or to request a printed copy may be found in the Notice. In addition, stockholders may request to receive proxy materials in printed form by mail or electronically by email on an ongoing basis.

Q: How can I get electronic access to the proxy materials?

A: The Notice will provide you with instructions regarding how to:

- View our proxy materials for the annual meeting on the Internet; and
- Instruct us to send future proxy materials to you electronically by email or in paper copy by mail.

Choosing to access our proxy materials on the Internet or to receive future proxy materials by email will save us the cost of printing and mailing documents to you and will reduce the impact of our annual meetings on the environment. If you choose to receive future proxy materials by email, you will receive an email next year with instructions containing a link to those materials and a link to the proxy voting site. Your election to receive proxy materials by email will remain in effect until you terminate it.

Q: How may I obtain Juniper Networks' 2014 Annual Report on Form 10-K?

A: Stockholders may request a free copy of the 2014 Annual Report on Form 10-K from our principal executive offices at:

Juniper Networks, Inc.
Attn: Investor Relations
1133 Innovation Way
Sunnyvale, CA 94089
(408) 745-2000

A copy of our 2014 Annual Report on Form 10-K is also available with our other proxy materials at www.proxyvote.com. In addition, you can access a copy on the website of the SEC. You can reach this website by going to the Investor Relations Center on our website, and clicking on the link labeled "SEC Filings." The website of the Investor Relations Center is:

http://investor.juniper.net/investor-relations/default.aspx

We will also furnish any exhibit to the 2014 Annual Report on Form 10-K if specifically requested in writing.

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Q: How may I obtain a separate set of proxy materials?

A: As a result of Juniper's adoption of "householding", if you share an address with another stockholder, you may receive only one Notice (or other stockholder communications, including our proxy materials) unless you have provided contrary instructions. Juniper will deliver promptly upon written or oral request a separate Notice (or other stockholder communications, including our proxy materials), now or in the future, to any stockholder at a shared address to which a single copy of these documents was delivered. To request a separate copy, you may write or call Juniper's Investor Relations Department at:

Juniper Networks, Inc.
Attn: Investor Relations
1133 Innovation Way
Sunnyvale, CA 94089
(408) 745-2000

http://investor.juniper.net/investor-relations/default.aspx

Similarly, if you share an address with another stockholder and have received multiple copies of the Notice (or other stockholder communications, including our proxy materials), you may write or call us at the above address and phone number to request delivery of a single copy of these documents.

Q: What items of business will be voted on at the annual meeting?

A: The items of business scheduled to be voted on at the annual meeting are:

- To elect ten directors;
- To ratify the appointment of Ernst & Young LLP, an independent registered public accounting firm, as auditors for the fiscal year ending December 31, 2015;
- To approve the Juniper Networks, Inc. 2015 Equity Incentive Plan (the "2015 Plan"), including approval of its material terms and performance goals for purposes of Internal Revenue Code Section 162(m);
- To approve an amendment and restatement to the Juniper Networks, Inc. 2008 Employee Stock Purchase Plan (the "2008 ESPP") to increase the maximum number of shares available for sale thereunder by 7,000,000 shares; and
- A non-binding advisory vote regarding executive compensation.

We will also consider other business that properly comes before the annual meeting.

Q: How does the Board recommend that I vote?

A: Our Board recommends that you vote your shares:

- "FOR" each of the nominees to the Board;
- "FOR" the ratification of the appointment of Ernst & Young LLP, an independent registered public accounting firm, as auditors for the fiscal year ending December 31, 2015;
- "FOR" the approval of the 2015 Plan;
- "FOR" the approval to amend and restate the 2008 ESPP; and
- "FOR" the approval of our executive compensation.

Q: What shares can I vote?

A: Each share of Juniper Networks common stock issued and outstanding as of the close of business on March 24, 2015, the Record Date, is entitled to vote on all items being voted upon at the annual meeting. You may vote all shares owned by you as of the Record Date, including (i) shares held directly in your name as the *stockholder of record* and (ii) shares held for you as the *beneficial owner* (i.e., in street name) through a broker, trustee or other nominee such as a bank. More information on how to vote these shares is contained in this proxy statement. On the Record Date, we had approximately 405,789,609 shares of common stock issued and outstanding.

Q: What is the difference between holding shares as a stockholder of record and as a beneficial owner?

A: Most Juniper Networks stockholders hold their shares through a broker or other nominee rather than directly in their own name. As summarized below, there are some distinctions between shares held of record and those owned beneficially, which may affect how you can vote your shares.

Stockholder of Record – If your shares are registered directly in your name with Juniper Networks' transfer agent, Wells Fargo Shareowner Services, you are considered, with respect to those shares, the stockholder of record, and the Notice or proxy statement was sent directly to you by Juniper Networks. As the stockholder of record, you have the right to grant your voting proxy directly to Juniper Networks as described in the Notice and this proxy statement or to vote in person at the annual meeting.

Beneficial Owner – If your shares are held in a brokerage account, by a trustee or by another nominee, you are considered the beneficial owner of shares held in street name, and the Notice or proxy statement was forwarded to you by your broker or nominee. As the beneficial owner, you have the right to direct your broker, trustee or nominee how to vote and are also invited to attend the annual meeting.

Since a beneficial owner is not the stockholder of record, you may not vote these shares in person at the meeting unless you obtain a legal proxy from the broker, trustee or nominee that holds your shares, giving you the right to vote the shares at the meeting. Your broker, trustee or nominee has enclosed or provided a voting instruction card for you to use in directing the broker, trustee or nominee how to vote your shares.

Q: How can I attend the annual meeting?

A: You are entitled to attend the annual meeting only if you were a Juniper Networks stockholder as of the close of business on March 24, 2015, the Record Date. You should be prepared to present valid government-issued photo identification for admittance. In addition, if you are a *stockholder of record*, your name will be verified against the list of stockholders of record on the record date prior to your being admitted to the annual meeting. If you are not a *stockholder of record* but hold shares through a broker, trustee or nominee (i.e., in street name), you should provide proof of beneficial ownership on the record date, such as your most recent account statement prior to March 24, 2015, the Record Date, a copy of any voting instruction card provided by your broker, trustee or nominee, or other similar evidence of ownership. If you do not provide valid government-issued photo identification or comply with the other procedures outlined above upon request, you will not be admitted to the annual meeting.

The annual meeting will be held on May 19, 2015 at our corporate headquarters located at 1133 Innovation Way, Building A, Sunnyvale, CA 94089. The annual meeting will begin promptly at 9:00 a.m., Pacific Time. Check-in will begin at 8:30 a.m., and you should allow ample time for the check-in procedures.

Q: If I am unable to attend the annual meeting in person, can I view the meeting via webcast?

A: The annual meeting will be available live via webcast beginning at 9:00 a.m. Pacific Time on May 19, 2015. Please visit the following link to view the webcast: http://investor.juniper.net.

Q: How can I vote my shares in person at the annual meeting?

A: Shares held in your name as the *stockholder of record* may be voted in person at the annual meeting. Shares held beneficially in street name may be voted in person only if you obtain a legal proxy from the broker, trustee or nominee that holds your shares giving you the right to vote the shares. *Even if you plan to attend the annual meeting, you should also submit your proxy or voting instructions as described below so that your vote will be counted if you later decide not to attend the meeting.*

Q: How can I vote my shares without attending the annual meeting?

A: Whether you hold shares directly as the *stockholder of record* or beneficially in street name, you may direct how your shares are voted without attending the meeting. If you are a *stockholder of record*, you may vote by submitting a proxy by any of the methods specified below. If you hold shares beneficially in street name, you may vote by submitting voting instructions to your broker, trustee or nominee. For directions on how to vote, please refer to the instructions in the proxy card or, for shares held beneficially in street name, the voting instruction card provided by your broker, trustee or nominee.

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By Internet – Stockholders of record of Juniper Networks with Internet access may submit proxies by following the "Vote by Internet" instructions on their proxy cards or the Notice and by following the voting instructions on the website. If you hold your shares in street name, please check the voting instruction card provided by your broker, trustee or nominee for Internet voting availability and instructions.

By Telephone – Stockholders of record of Juniper Networks who live in the United States or Canada may submit proxies by following the "Vote by Phone" instructions on their proxy cards or the Notice or by following the voting instructions provided by email or over the Internet. If you hold your shares in street name, please check the voting instruction card provided by your broker, trustee or nominee for telephone voting availability and instructions.

By Mail – Stockholders of record of Juniper Networks who receive proxy materials by mail may submit proxies by completing, signing and dating their proxy cards and mailing them in the accompanying pre-addressed envelopes. Juniper Networks stockholders who hold shares beneficially in street name and who receive voting materials by mail from their brokers, trustees or nominees may vote by mail by completing, signing and dating the voting instruction cards provided and mailing them in the accompanying pre-addressed envelopes.

Q: Can I change my vote or otherwise revoke my proxy?

A: You may change your vote at any time prior to the vote at the annual meeting. If you are the stockholder of record, you may change your vote by granting a new proxy by telephone, over the Internet or by submitting a properly signed proxy card bearing a later date (which automatically revokes the earlier proxy). You may also revoke your proxy by providing a written notice of revocation to the Juniper Networks Corporate Secretary at Juniper Networks, Inc., ATTN: Corporate Secretary, 1133 Innovation Way, Sunnyvale, California 94089 prior to your shares being voted, or by attending the annual meeting and voting in person. Attendance at the annual meeting without any other action will not cause your previously granted proxy to be revoked. For shares you hold beneficially in street name, you may change your vote by submitting new voting instructions to your broker, trustee or nominee, or, if you have obtained a legal proxy from your broker or nominee giving you the right to vote your shares, by attending the annual meeting and voting in person.

Q: How many shares must be present or represented to conduct business at the annual meeting?

A: The quorum requirement for holding the annual meeting and transacting business is that holders of a majority of shares of Juniper Networks common stock entitled to vote must be present in person or represented by proxy at the annual meeting. Both abstentions and broker non-votes will be counted for the purpose of determining the presence of a quorum.

Q: Will my shares be voted if I do not vote as described in the Notice?

A: If your shares are held in street name, your broker may, under certain circumstances, vote your shares. Certain brokerage firms, trustees and nominees have authority to vote client's unvoted shares on some "routine" matters. If you do not give voting instructions to your broker, trustee or nominee, your broker, trustee or nominee may either (1) vote your shares on "routine" matters or (2) leave your shares unvoted. The proposal related to the ratification of the appointment of Ernst & Young as auditors for the fiscal year ending December 31, 2015 is considered a "routine" matter. None of the other proposals are considered "routine" matters and therefore, your broker will not be able to vote on these proposals without your instructions. If you are a stockholder of record and do not submit a proxy or vote at the annual meeting, your shares will not be voted.

If you provide specific instructions with regard to certain items, your shares will be voted as you instruct on such items. If you sign your proxy card or voting instruction card or vote by telephone or over the Internet without giving specific instructions, your shares will be voted in accordance with the recommendations of the Board ("FOR" all of Juniper Networks' nominees to the Board, "FOR" ratification of the independent registered public accounting firm, "FOR" approval of the 2015 Plan, "FOR" approval of the amendment and restatement of the 2008 ESPP, and "FOR" approval of our executive compensation) and in the discretion of the proxy holders as to any other matters that may properly come before the annual meeting.

Q: What is the vote required to approve each of the proposals?

- Each of the ten nominees for director will be elected if he or she receives a majority of the votes cast with respect to the nominee at the annual meeting (meaning the number of shares voted "FOR" a director nominee must exceed the number of shares voted "AGAINST" that director nominee).

- Approval of the 2015 Plan and approval of the amendment and restatement of the 2008 ESPP requires a majority of the votes cast with respect to the applicable proposal.
- The proposals for the approval of the ratification of the independent registered public accounting firm and the approval of our executive compensation each requires the affirmative "FOR" vote of a majority of the shares present in person or represented by proxy and entitled to vote on each proposal at the annual meeting. The vote on approval of our executive compensation is non-binding on the Company and the Board. However, the Compensation Committee of the Board, which is responsible for designing and administering the Company's executive compensation programs, values the opinions expressed by our stockholders and will take the outcome of the vote under advisement in evaluating our executive compensation principles, design and practices.

Broker Non-Votes: For purposes of all proposals, broker non-votes will not affect the outcome of proposals, assuming that a quorum is obtained.

Abstentions: Abstentions will have the same effect as a vote "AGAINST" the non-binding, advisory proposal on executive compensation, the approval of the amendment and restatement to the 2008 ESPP, the approval of the 2015 Plan and the proposal for the approval of the ratification of the independent registered public accounting firm. Abstentions will not affect the vote on the election of directors.

Q: *What are broker non-votes?*

A: If you hold shares beneficially in street name and do not provide your broker with voting instructions, your shares may constitute "broker non-votes." Generally, broker non-votes occur on a matter when a broker is not permitted to vote on that matter without instructions from the beneficial owner, such as the proposals related to the election of directors, the approval of the 2015 Plan, the approval of the amendment and restatement to the 2008 ESPP and the non-binding advisory vote to approve executive compensation, and voting instructions are not given.

Q: *Is cumulative voting permitted for the election of directors?*

A: No. Each share of common stock outstanding as of the close of business on the Record Date is entitled to one vote.

Q: *What happens if additional matters are presented at the annual meeting?*

A: Other than the five items of business described in this proxy statement, we are not aware of any other business to be acted upon at the annual meeting. If you grant a proxy, the persons named as proxy holders, Robyn M. Denholm and Mitchell L. Gaynor, will have the discretion to vote your shares on any additional matters properly presented for a vote at the annual meeting. If for any unforeseen reason any of our nominees is not available as a candidate for director, the persons named as proxy holders will vote your proxy for such other candidate or candidates as may be nominated by the Board.

Q: *Who will bear the cost of soliciting votes for the annual meeting?*

A: Juniper Networks is making this solicitation and will pay the entire cost of preparing, assembling, printing, mailing and distributing these materials and soliciting votes. If you access the proxy materials and/or vote over the Internet, you are responsible for Internet access charges you may incur. If you choose to vote by telephone, you are responsible for telephone charges you may incur. In addition to the mailing of these materials, the solicitation of proxies or votes may be made in person, by telephone or by electronic communication by our directors, officers and employees, who will not receive any additional compensation for such solicitation activities. We also have hired Innisfree M&A Incorporated to assist us in the distribution of proxy materials and the solicitation of votes described above. We will pay Innisfree M&A Incorporated a fee of $15,000 and reimburse them for customary costs and expenses associated with these services. Upon request, we will also reimburse brokerage houses and other custodians, nominees and fiduciaries for forwarding proxy and solicitation materials to stockholders.

Q: *Where can I find the voting results of the annual meeting?*

A: We intend to announce voting results from the annual meeting in a current report on Form 8-K within four (4) business days of the annual meeting. If the voting results announced in the Form 8-K are preliminary, we will file an amended Form 8-K reporting final voting results within four (4) business days of such final voting results becoming available.

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Q: *What is the deadline to propose actions for consideration or to nominate individuals to serve as directors at the 2015 annual meeting of stockholders?*

A: Although the deadline for submitting proposals or director nominations for consideration at the 2015 annual meeting of stockholders has passed, you may submit proposals and director nominations for consideration at future stockholder meetings. For further information, see the section entitled "Stockholder Proposals" below.

Stockholder Proposals

Requirements for stockholder proposals to be considered for inclusion in the Company's proxy materials. For a stockholder proposal to be considered for inclusion in Juniper Networks' proxy statement for the 2016 annual meeting of stockholders, the written proposal must be received by the Corporate Secretary of Juniper Networks at our principal executive offices no later than December 9, 2015. If the date of the 2016 annual meeting of stockholders is moved more than 30 days before or after the anniversary date of the 2015 annual meeting, the deadline for inclusion of proposals in Juniper Networks' proxy statement for the 2016 annual meeting of stockholders is instead a reasonable time before Juniper Networks begins to print and mail its proxy materials for the 2016 annual meeting of stockholders. All such proposals also will need to comply with SEC regulations under Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which lists the requirements regarding the inclusion of stockholder proposals in company-sponsored proxy materials.

Requirements for other stockholder proposals and director nominations. Notice of any proposal that a stockholder intends to present at the 2016 annual meeting of stockholders, but does not intend to have included in the Company's proxy statement and form of proxy relating to the 2016 annual meeting of stockholders, as well as any director nominations, must be timely delivered to the Company's Secretary in accordance with the bylaws of the Company, which, in general, require that the proper notice be received by the Corporate Secretary of Juniper Networks not more than 75 days and not less than 45 days prior to the one year anniversary of the date Juniper Networks first mailed its proxy materials or a notice of availability of proxy materials (whichever is earlier) to stockholders in connection with the previous year's annual meeting of stockholders. In addition, to be in proper form, a stockholder's notice to the Corporate Secretary must set forth the information required by the Company's bylaws.

For the 2016 annual meeting of stockholders, the notice must be received no earlier than January 23, 2016 and no later than February 22, 2016. However, if the date of the 2016 annual meeting is advanced more than 30 days before or more than 60 days after the anniversary date of this year's annual meeting, then for notice to be timely, the notice must be received by the Corporate Secretary not earlier than the 120th day prior to the 2016 annual meeting and not later than the close of business on the later of the 90th day prior to the 2016 annual meeting or the 10th day following the day on which public announcement of the date of the 2016 annual meeting is first made by Juniper Networks. In no event will the public announcement of an adjournment or postponement of an annual meeting of stockholders or the announcement thereof commence a new time period for the giving of a stockholder's notice as provided above.

Recommendation and Nomination of Director Candidates: The Nominating and Corporate Governance Committee will consider both recommendations and nominations for candidates to the Board from Qualifying Stockholders. A "Qualifying Stockholder" is a stockholder that has owned for a period of one year prior to the date of the submission of the recommendation through the time of submission of the recommendation at least 1% of the total common stock of the Company outstanding as of the last day of the calendar month preceding the submission. A Qualifying Stockholder that desires to recommend a candidate for election to the Board must direct the recommendation in writing to the Corporate Secretary of Juniper Networks, and must include the candidate's name, home and business contact information, detailed biographical data and qualifications, information regarding any relationships between the candidate and the Company within the last three years, written evidence that the candidate is willing to serve as a director of the Company if nominated and elected and evidence of the nominating person's ownership of Company common stock.

Corporate Secretary: Stockholder proposals must be delivered to the Company's Secretary either (i) via mail to Juniper Networks, Inc., ATTN: Corporate Secretary, 1133 Innovation Way, Sunnyvale, CA 94089 or (ii) via fax to (408)745-2100.

Copy of Bylaws: You may contact the Juniper Networks Corporate Secretary at our principal executive offices for a copy of the relevant bylaw provisions regarding the requirements for making stockholder proposals and nominating director candidates.

Corporate Governance Principles and Board Matters

Juniper Networks is committed to having sound corporate governance principles. Having such principles is essential to running our business efficiently and to maintaining our integrity in the marketplace. Juniper Networks' Corporate Governance Standards and Worldwide Code of Business Conduct and Ethics applicable to all Juniper Networks employees, officers and directors are available at http://investor.juniper.net/investor-relations/corporate-governance/default.aspx. Our Worldwide Code of Business Conduct and Ethics applies to our principal executive officer and all other employees and complies with the rules of the SEC and the listing standards of the New York Stock Exchange ("NYSE"). This code of ethics is posted on our website at www.juniper.net, and may be found as follows: (1) from our main Web page, first click on "About Juniper" and then on "Investor Relations," (2) next, select "Corporate Governance" and then click on "Worldwide Code of Business Conduct and Ethics." Alternatively, you may obtain a free copy of this code of ethics by contacting the Investor Relations Department at our corporate offices by calling 1-408-936-5396 or by sending an e-mail message to investor-relations@juniper.net. We intend to satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding an amendment to, or waiver from, a provision of this code of ethics by posting such information on our Website, at the address and location specified above. Juniper Networks has also adopted procedures for raising concerns related to accounting and auditing matters in compliance with the listing standards of the NYSE. Concerns relating to accounting, legal, internal controls or auditing matters may be brought to the attention of either the Company's Concerns Committee (comprised of the Company's Chief Financial and Operations Officer, General Counsel, Executive Vice President of Human Resources, Executive Vice President and Chief Customer Officer, Corporate Controller and the Vice President of Internal Audit), or to the Audit Committee directly. Concerns are handled in accordance with procedures established with respect to such matters under our Reporting Ethics Concerns Policy. For information on how to contact the Audit Committee directly, please see the section entitled "Communications with the Board" below.

Board Independence

Our Board has determined that, except for Rami Rahim and Pradeep Sindhu, each of whom is an employee of the Company, and Kevin DeNuccio, none of the current directors have a material relationship with Juniper Networks (either directly or as a partner, stockholder or officer of an organization that has a relationship with Juniper Networks). The Board has also determined that the following directors and director nominees are independent within the meaning of the NYSE director independence standards: Messrs. Calderoni, Dolce, Kriens, Merchant, Schlotterbeck, Stensrud and Daichendt and Ms. Cranston and Ms. Johnson. Each of Shaygan Kheradpir and Kevin Johnson, who resigned from the Board effective November 9, 2014 and February 28, 2014, respectively, was an employee of the Company until his respective resignation, and therefore, neither Mr. Kheradpir nor Mr. Johnson was independent at the time he served as a director.

The Board has determined that each of the members of the Audit Committee, Compensation Committee, Nominations Committee and Nominating and Corporate Governance Committee of the Board has no relationship with Juniper Networks (either directly or as a partner, stockholder or officer of an organization that has a relationship with Juniper Networks) and is "independent" within the meaning of the NYSE director independence standards, including in the case of the members of the Audit Committee and the Compensation Committee, the heightened "independence" standard required for such committee members set forth in the applicable SEC and New York Stock Exchange rules. The members of the Compensation Committee are also non-employee directors as defined in Rule 16b-3 of the Exchange Act and are outside directors as defined in Section 162(m) of the Internal Revenue Code of 1986, as amended.

In making the determination of the independence of our directors, the Company considered all transactions in which Juniper Networks was a participant and any director had any interest, including transactions involving Juniper Networks and payments made to or from companies and entities in the ordinary course of business where our directors serve as partners, directors or as a member of the executive management of the other party to the transaction.

Kevin DeNuccio, a director and nominee for director, became President and Chief Executive Officer and a director of Violin Memory, Inc. ("Violin") in February 2014.

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In 2013, Juniper Networks purchased approximately $4.0 million in products and services from Violin. The agreements that pertain to these transactions were negotiated and maintained at arm's length, and we do not believe they are material to the results of operations or business of Juniper Networks. Although these purchases occurred prior to Mr. DeNuccio joining Violin, the Board determined that the nature, size and circumstances of the relationship between Juniper Networks and Violin preclude a determination of independence of Mr. DeNuccio under applicable SEC and NYSE rules because the purchases exceeded 2% of Violin's consolidated gross revenues in its 2013 fiscal year.

Board Structure and Committee Composition

Historically, our Board was divided into three classes and our directors served staggered three-year terms. At our 2012 annual meeting of stockholders, our stockholders approved a proposal to declassify the Board, which became effective for the 2013 annual meeting of stockholders. As of our 2015 annual meeting of stockholders, each director will serve a one-year term and will be required to stand for reelection at every annual meeting of stockholders thereafter.

The Board has a standing Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee. The membership during the last fiscal year and the principal function of each of these committees are described below. Each of these committees operates under a written charter adopted by the Board. The charters of these committees are available on Juniper Networks' website at http://investor.juniper.net/investor-relations/corporate-governance/default.aspx. In addition, the Board has a Stock Committee comprised of the Chief Executive Officer, Chief Financial Officer and a non-employee director, currently Mr. Stensrud. The Stock Committee has authority to grant equity awards to employees who are not executive officers. During 2014, the Stock Committee held 12 meetings. The Board has also established M&A, offering, and stock repurchase committees for specific purposes, such as the review and approval of certain acquisitions, the issuance of securities or the repurchase of our common stock. During 2014, the M&A Committee, consisting of Messrs. Kheradpir, Calderoni, Lawrie and Stensrud, met twice, and the Offering Committee, consisting of Messrs. Kheradpir and Calderoni, met once. Following Mr. Kheradpir's resignation and Mr. Rahim's appointment to the Board in November 2014, Mr. Rahim was appointed to the M&A Committee and the Offering Committee. In addition, in 2015, the Board formed the Nominations Committee and delegated to it the authority to recommend to the Board the nominees for election at the 2015 Annual Stockholder Meeting. The Nominations Committee consisted of Ms. Johnson and Messrs. Calderoni, Daichendt and Kriens, each of whom is an independent director. During 2014, each director, other than Messrs. Johnson and Sindhu, attended at least 75% of all Board and applicable committee meetings.

The following table shows all persons who served on the Board and applicable committees during 2014 or were serving as of the date this proxy statement was filed with the SEC:

Name of Director	Board	Audit	Compensation	Nominating and Corporate Governance
Non-Employee Directors:				
Robert M. Calderoni[1]	X	X		
Mary B. Cranston	X	X		X
James Dolce[2]	X			
Mercedes Johnson	X	X		X
Scott Kriens	X			
J. Michael Lawrie[3]	X		X	
William F. Meehan[4]	X			X
Rahul Merchant[5]	X			
William R. Stensrud	X		X	
David Schlotterbeck[6]	X		X	X
Kevin DeNuccio	X			
Gary Daichendt[7]	X		X	
Employee Directors:				
Rami Rahim[8]	X			
Shaygan Kheradpir[9]	X			
Kevin R. Johnson[10]	X			
Pradeep Sindhu	X			
Number of Meetings in Fiscal 2014	19	21	10	7

X = Committee member

(1) The Board has determined that Mr. Calderoni is an "audit committee financial expert" within the meaning of the rules promulgated by the SEC.
(2) Mr. Dolce was appointed to the Board effective March 1, 2015.
(3) Mr. Lawrie was the Board's Lead Independent Director until his resignation from the Board effective February 11, 2015.
(4) Mr. Meehan did not stand for reelection at the 2014 annual meeting of stockholders, and his tenure as a director ended on May 21, 2014.
(5) Mr. Merchant was appointed to the Board effective March 1, 2015.
(6) Mr. Schlotterbeck was appointed to the Nominating and Corporate Governance Committee on May 22, 2014.
(7) Mr. Daichendt was appointed to the Compensation Committee on November 13, 2014.
(8) Mr. Rahim was elected to the Board on November 10, 2014.
(9) Mr. Kheradpir resigned from the Board effective November 9, 2014.
(10) Mr. Johnson resigned from the Board effective February 28, 2014.

Audit Committee

The Audit Committee, among other duties, assists the Board in fulfilling its responsibilities for general oversight of the integrity of Juniper Networks' financial statements, Juniper Networks' compliance with legal and regulatory requirements, the independent registered public accounting firm's qualifications, independence and performance, the performance of Juniper Networks' internal audit function, Juniper Networks' internal accounting and financial controls and risk management policies. The Audit Committee works closely with management as well as our independent registered public accounting firm to fulfill its obligations. The Audit Committee has the authority to obtain advice and assistance from, and receive appropriate funding from Juniper Networks for, outside legal, accounting or other advisors as the Audit Committee deems necessary to carry out its duties.

The report of the Audit Committee is included herein on page 67. The charter of the Audit Committee is available on our website at http://investor.juniper.net/investor-relations/corporate-governance/default.aspx.

Compensation Committee

The Compensation Committee discharges the Board's responsibilities relating to compensation of our executive officers, including evaluation of the Chief Executive Officer; reviews the Compensation Discussion and Analysis and prepares an annual report on executive compensation, for inclusion in Juniper Networks' proxy statement; and has overall responsibility for approving and evaluating executive officer compensation plans, policies and programs. The Compensation Committee also has responsibility for reviewing the overall equity award practices of the Company. The Compensation Committee has the authority to obtain advice and assistance from, and receive appropriate funding from

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Juniper Networks for, outside legal, compensation consultants or other advisors as the Compensation Committee deems necessary to carry out its duties.

The report of the Compensation Committee is included herein beginning on page 54. The charter of the Compensation Committee is available on our website at http://investor.juniper.net/investor-relations/corporate-governance/default.aspx.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee seeks and recommends nomination of individuals qualified to become Board members, consistent with criteria approved by the Board, and oversees the governance of the Board, including establishing and ensuring compliance with our corporate governance standards; and identifies best practices and recommends corporate governance principles, including giving proper attention and making effective responses to stockholder concerns regarding corporate governance.

The charter of the Nominating and Corporate Governance Committee is available on our website at http://investor.juniper.net/investor-relations/corporate-governance/default.aspx.

Board Leadership Structure and Role of the Lead Independent Director

The Board's leadership structure is comprised of a Chairman of the Board, a Chief Executive Officer and a Lead Independent Director, who is appointed, and at least annually reaffirmed, by at least a majority of Juniper's independent directors. In the current structure, the roles of Chief Executive Officer and Chairman of the Board are separated. Our Chief Executive Officer is responsible for setting the strategic direction for the Company and the day to day leadership and performance of the Company. Mr. Kriens, the Chairman of the Board, has served as Chairman of the Board since 1996 and served as Chief Executive Officer from 1996 to 2008. The Chairman of the Board sets the agenda for Board meetings, presides over meetings of the full Board and, in conjunction with the Nominating and Corporate Governance Committee, contributes to board governance and board process matters.

The Board believes that this structure benefits the Company by enabling the Chief Executive Officer to focus on strategic matters while the Chairman of the Board focuses on Board process and governance matters, and also allows the Company to benefit from Mr. Kriens' experience as a former Chief Executive Officer.

Throughout 2014, Mr. Lawrie served as Lead Independent Director. In addition to the duties of all Board members, the position of the Lead Independent Director comes with significant responsibilities pursuant to the Corporate Governance Standards, which are approved by the Board, which are to:

- provide the Chairman of the Board with input as to an appropriate schedule of Board meetings;
- provide the Chairman of the Board with input as to the preparation of agendas for Board meetings;
- provide the Chairman of the Board with input as to the quality, quantity, and timeliness of the flow of information from the Company's management that is necessary for the independent directors to effectively and responsibly perform their duties;
- make recommendations to the Chairman of the Board regarding the retention of consultants who report directly to the Board (other than consultants who are selected by the various committees of the Board);
- preside over executive sessions of the Board; and
- act as a liaison between the independent directors and the Chairman of the Board and Chief Executive Officer on sensitive issues.

The Board believes that this overall structure of a separate Chairman of the Board and Chief Executive Officer, combined with a Lead Independent Director, results in an effective balancing of responsibilities, experience and independent perspective that meets the current corporate governance needs and oversight responsibilities of the Board. Following Mr. Lawrie's resignation from the Board in February 2015, the Board determined to appoint Mr. Daichendt as Lead Independent Director to replace Mr. Lawrie.

The independent directors of the Company meet periodically, at least quarterly, in executive sessions. Executive sessions of the independent directors are chaired by the Lead Independent Director. The executive sessions include discussions and recommendations regarding guidance to be provided to the Chief Executive Officer and such topics as the independent directors determine.

Identification and Evaluation of Nominees for Director

The Nominating and Corporate Governance Committee's criteria and process for evaluating and identifying the candidates that it selects, or recommends to the full Board for selection, as director nominees, are as follows:

- The Nominating and Corporate Governance Committee regularly reviews the composition and size of the Board.
- The Nominating and Corporate Governance Committee reviews the qualifications of any candidates who have been properly recommended or nominated by a stockholder, as well as those candidates who have been identified by management, individual members of the Board or, if the committee determines, a search firm. Such review may, in the committee's discretion, include a review solely of information provided to the committee or may also include discussions with persons familiar with the candidate, an interview with the candidate or other actions that the Nominating and Corporate Governance Committee deems proper. Please see the information under "Recommendation and Nomination of Director Candidates" on page 6 of this proxy statement for more information on stockholder recommendations of director candidates.
- The Nominating and Corporate Governance Committee conducts an annual evaluation of the performance of individual directors and the Board as a whole, including an evaluation of the qualifications of individual members of the Board eligible for re-election at the annual meeting of stockholders.
- The Nominating and Corporate Governance Committee, and, in 2015, the Nominations Committee, considers the suitability of each candidate, including the current members of the Board, in light of the current size and composition of the Board. In evaluating the qualifications of the candidates, the committee considers many factors, including issues of character, judgment, independence, age, education, expertise, diversity of experience, length of service, other commitments and ability to serve on committees of the Board, as well as other individual qualities and attributes that contribute to board heterogeneity, including characteristics such as race, gender, and national origin. The committee evaluates such factors, among others, and does not assign any particular weighting or priority to any of these factors. The committee considers each individual candidate in the context of the current perceived needs of the Board as a whole. While the committee has not established specific minimum qualifications for director candidates, the committee believes that candidates and nominees must reflect a Board that is comprised of directors who (i) are predominantly independent, (ii) are of high integrity, (iii) have qualifications that will increase overall Board effectiveness and (iv) meet other requirements as may be required by applicable rules and regulations, such as financial literacy or financial expertise with respect to Audit Committee members.
- The committee also considers the interests and plans of individual directors and their interest in continuing as members of the Board. In this regard, both Ms. Cranston and Mr. Schlotterbeck expressed early in the process their preference to not stand for reelection in 2015.
- In evaluating and identifying candidates, the Nominating and Corporate Governance Committee has the authority to retain and terminate any third party search firm that is used to identify director candidates, and has the authority to approve the fees and retention terms of any search firm.
- After such review and consideration, the committee selects, or recommends that the Board select, the slate of director nominees. If applicable, the Board will review the committee's recommendations and approve final nominations.

In addition to the foregoing process, the Company also discusses Board composition and corporate governance matters with several major stockholders and incorporates those perspectives into its overall identification and selection process. As part of a previously-disclosed settlement agreement between the Company and Elliott Associates, L.P. and Elliott International, L.P. (together, "Elliott"), the Company and Elliott agreed that (i) the Board will nominate up to 11 individuals for election at our 2015 annual meeting of stockholders, and the nominees by the Board will include Messrs. Dolce, Daichendt, DeNuccio and Merchant and (ii) Elliott will vote in favor of the Company's nominees for director at our 2015 annual meeting of stockholders.

Each of the directors nominated for election at the 2015 annual meeting was evaluated and recommended to the Board for nomination by the Nominations Committee, and nominated by the Board for election.

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Management Succession Planning

Our Board believes that the directors and the Chief Executive Officer, should collaborate on succession planning and that the entire board should be involved in the critical aspects of the CEO succession planning process, including establishing selection criteria that reflect our business strategies, identifying and evaluating potential internal candidates, and making key management succession decisions. Management succession is regularly discussed by the directors in Board meetings and in executive sessions of the Board. Our Board annually conducts a detailed review of the Company's leadership pipeline, talent strategies and succession plans for key executive positions. Directors become familiar with potential successors for key management positions through various means, including the comprehensive annual talent review, board dinners and presentations and informal meetings.

Board's Role in Risk Oversight

The Board has an active role, as a whole and also at the committee level, in overseeing management of Company risk. This role is one of informed oversight rather than direct management of risk. The Board regularly reviews and consults with management on strategic direction, challenges and risks faced by the Company. The Board also reviews and discusses with management quarterly financial results and forecasts. The Audit Committee of the Board oversees management of financial risks, and pursuant to its charter, the Audit Committee provides oversight of, and reviews at least annually, the Company's risk management policies, including its investment policies and anti-fraud program, as well as management's overall risk management process. The Compensation Committee of the Board is responsible for overseeing the management of risks relating to and arising from the Company's executive compensation plans and arrangements. These committees provide regular reports on the Company's risk management efforts, generally on a quarterly basis, to the full Board.

Management is tasked with the direct management and oversight of legal, financial, regulatory, and commercial compliance matters, which includes identification and mitigation of associated areas of risk. The Board receives regular reports from the Chief Executive Officer, Chief Financial and Operations Officer, General Counsel and other members of senior management regarding areas of significant risk to the Company, including operational, strategic, legal, regulatory, financial, and reputational risks. Throughout the year, the Chief Executive Officer reviews with the Board key strategic and operational issues, opportunities, and risks. At a Management level, the Company maintains a compliance committee that focuses on legal and regulatory compliance, and a risk management committee that focuses on risk management overall and particularly on operational and strategic risks. In both identifying risks and developing mitigation plans for those risks, the Company considers various factors, including, but not limited to, potential reputational and financial harm. In addition, the compliance committee and the risk management committee evaluate and seek to align risk management and compliance programs with the Company's strategy. The General Counsel provides regular reports of legal risks to the Audit Committee and the Board. The Chief Financial and Operations Officer, the Controller and Vice President of Internal Audit provide regular reports to the Audit Committee concerning financial, tax and audit related risks. In addition, both the Board and the Audit Committee receive periodic reports and presentations from management on the Company's risk mitigation programs and efforts, compliance programs and efforts, investment policy and practices and the results of various internal audit projects. Management and the Company's compensation consultant provide analysis of risks related to the Company's compensation programs and practices to the Compensation Committee.

Communications with the Board

Stockholders of Juniper Networks and other parties interested in communicating with the Board may contact any of our directors by writing to them c/o Juniper Networks, Inc., 1133 Innovation Way, Sunnyvale, California 94089. The Nominating and Corporate Governance Committee of the Board has approved a process for handling communications received by the Company. Under that process, the General Counsel receives and logs communications directed to the Board or the independent directors of the Board, and, unless marked "confidential", reviews all such correspondence and regularly (not less than quarterly) forwards to the Board or the independent directors of the Board, as applicable, a summary of such correspondence and copies of such correspondence. Communications marked "confidential" will be logged as received by the General Counsel and then will be forwarded to the addressee(s).

Policy on Director Attendance at Annual Meetings

As set forth in our Corporate Governance Standards, absent extraordinary circumstances, each member of the Board is strongly encouraged to attend each annual stockholder meeting in person. Nine of our 10 directors, who were directors at the time, attended the 2014 annual meeting of stockholders.

Director Compensation

Non-Employee Director Meeting Fee and Retainer Information

The following table provides information on Juniper Networks' compensation and reimbursement practices during fiscal 2014 for non-employee directors:

Annual retainer for all non-employee directors (payable quarterly)	$ 55,000
Additional annual retainer for Audit Committee members (payable quarterly)	$ 10,000
Additional annual retainer for Compensation Committee members (payable quarterly)	$ 10,000
Additional annual retainer for Nominating and Corporate Governance Committee members (payable quarterly)	$ 5,000
Additional annual retainer for Audit Committee Chair (payable quarterly)	$ 35,000
Additional annual retainer for Compensation Committee Chair (payable quarterly)	$ 35,000
Additional annual retainer for Nominating and Corporate Governance Committee Chair (payable quarterly)	$ 10,000
Additional annual retainer for the Chairman of the Board (payable quarterly)	$ 75,000
Additional annual retainer for the Lead Independent Director (payable quarterly)	$ 30,000
Restricted Stock Units granted annually[1]	$225,000
Reimbursement for expenses attendant to Board membership	Yes
Payment for each additional committee meeting attended after total committee meeting attendance (excluding the Stock Committee) exceeds eighteen (18) in a calendar year:	$ 1,250

[1] In addition to the cash retainers for Board and committee service set forth in the table above, non-employee directors received non-discretionary annual grants of RSUs to further align their interests with stockholders. Pursuant to the Juniper Networks, Inc. 2006 Equity Incentive Plan, as amended (the "2006 Plan"), at the 2014 annual stockholder meeting, each non-employee director who was a non-employee director on the date of the prior year's annual stockholder meeting was automatically granted Restricted Stock Units ("RSUs") for a number of shares equal to the Annual Value (as defined below) and each non-employee director who was not a non-employee director on the date of the prior year's annual stockholder meeting received a RSU award for a number of shares determined by multiplying the Annual Value by a fraction, the numerator of which is the number of days the director has served as a non-employee director (or, in the case of a director who has transitioned from an employee director to a non-employee director, the number of days such director has ceased to be an employee of the Company) and the denominator of which is 365, rounded down to the nearest whole share. The "Annual Value" means the number of RSUs equal to $225,000 divided by the average daily closing price of the Company's common stock over the six month period ending on the last day of the fiscal year preceding the date of grant (for example, the period from July 1, 2012 — December 31, 2012 for Annual Awards granted in May 2013). These RSU awards vest on the earlier of (i) the one year anniversary of the grant date of the award and (ii) the day prior to the Company's next annual stockholder meeting, subject to the non-employee director's continuous service on the Board.

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Pursuant to an amendment to the 2006 Plan, effective October 2, 2014, each person who first became or becomes a non-employee director (including a director who has transitioned from an employee director to a non-employee director) on or after May 21, 2014 will automatically be granted on the later of October 2, 2014 or the date such person becomes a non-employee director, RSUs for a number of shares equal to the Annual Value multiplied by a fraction, the numerator of which is 365 minus the number of days between the last annual stockholder meeting date and the date the person first became or becomes a non-employee director, and the denominator of which is 365, rounded down to the nearest whole share. In addition, under the amended 2006 Plan, at each of the Company's annual stockholder meetings, each non-employee director who is elected at (or whose term continues after) such meeting shall be automatically granted RSUs for a number of shares equal to the Annual Value (rounded down to the nearest whole share). The calculation of Annual Value and the vesting of RSUs has not been changed under the amendment.

Director Compensation Table For Fiscal 2014

The following table shows compensation information for our non-employee directors and Mr. Johnson for fiscal 2014. Messrs. Rahim, Johnson and Kheradpir and Dr. Sindhu have not received any separate compensation for their Board service.

Compensation information for Messrs. Rahim and Kheradpir and Dr. Sindhu is included in the Summary Compensation Table on page 55.

Director Compensation for Fiscal 2014

Name	Fees Earned or Paid in Cash	Stock Awards[1]	Option Awards	Non-Equity Incentive Plan Compensation	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation	Total
Robert M. Calderoni[2]	$107,500	$262,139	—	—	—	—	$369,639
Mary Cranston[3]	$ 95,000	$262,139	—	—	—	—	$357,139
Gary Daichendt[4]	$ 43,750	$231,545	—	—	—	—	$275,295
Kevin DeNuccio[5]	$ 41,250	$231,545	—	—	—	—	$272,795
Mercedes Johnson[6]	$ 86,250	$262,139	—	—	—	—	$348,389
Scott Kriens[7]	$130,000	$262,139	—	—	—	—	$392,139
J. Michael Lawrie[8]	$ 95,000	$262,139	—	—	—	—	$357,139
William F. Meehan[9]	$ 30,000	$ —	—	—	—	—	$ 30,000
David Schlotterbeck[10]	$103,750	$262,139	—	—	—	—	$365,889
William R. Stensrud[11]	$ 65,000	$262,139	—	—	—	—	$327,139
Kevin Johnson[12]	$ —	$ —	—	—	—	$147,036	$147,036

(1) Amounts shown do not reflect compensation actually received by the director, and there can be no assurance that these grant date fair values will ever be realized by the non-employee directors. Instead, the amount shown is the aggregate grant date fair value of stock-related awards in fiscal 2014 computed in accordance with ASC Topic 718 — *Compensation — Stock Compensation* ("ASC Topic 718"), disregarding forfeiture assumptions. The grant date fair value of the restricted stock unit award granted on May 21, 2014 to each non-employee director elected on that date (other than Messrs. Daichendt and DeNuccio) was $262,139. On October 2, 2014, each of Messrs. Daichendt and DeNuccio was granted a restricted stock unit award with a grant date fair value of $231,545.

(2) As of December 31, 2014, Mr. Calderoni held 11,005 RSUs.

(3) As of December 31, 2014, Ms. Cranston held outstanding options to purchase 10,356 shares and 11,005 RSUs.

(4) As of December 31, 2014, Mr. Daichendt held 11,005 RSUs.

(5) As of December 31, 2014, Mr. DeNuccio held 11,005 RSUs.

(6) As of December 31, 2014, Ms. Johnson held outstanding options to purchase 50,000 shares and 11,005 RSUs.

(7) As of December 31, 2014, Mr. Kriens held 11,005 RSUs.

(8) As of December 31, 2014, Mr. Lawrie held options to purchase 20,000 shares and 11,005 RSUs.

(9) Mr. Meehan did not stand for re-election as a member of the board of directors at the Company's 2014 annual meeting of stockholders, and as of December 31, 2014, Mr. Meehan did not have any option or stock awards outstanding.

(10) As of December 31, 2014, Mr. Schlotterbeck held options to purchase 50,000 shares and 11,005 RSUs.

(11) As of December 31, 2014, Mr. Stensrud held options to purchase 20,000 shares and 11,005 RSUs.

(12) Amounts disclosed under "All Other Compensation" relate to Mr. Johnson's service as an employee from January 1, 2014 through February 21, 2014 and consist of his salary of $145,833, life insurance premiums paid by the Company and matching contributions paid under the Company's 401(k) plan. Mr. Johnson resigned as a member of the board of directors on February 28, 2014, and as of December 31, 2014, Mr. Johnson did not have any option or stock awards outstanding.

Proposals to be Voted on

Proposal No. 1
Election of Directors

There are ten nominees for election as directors at this year's annual meeting –Robert M. Calderoni, Gary Daichendt, Kevin DeNuccio, James Dolce, Mercedes Johnson, Scott Kriens, Rahul Merchant, Rami Rahim, Pradeep Sindhu and William Stensrud. Information regarding the business experience of each nominee and the other members of the Board is provided below. A discussion of the primary experience, qualifications, attributes and skills of each director nominee that led our Board and the Nominations Committee to the conclusion that he or she should serve or continue to serve as a director is included below each of the director and director nominee biographies. Since stockholders approved the proposal to amend the Company's Amended and Restated Certificate of Incorporation to declassify the Board, beginning with the 2013 annual meeting of stockholders, directors are elected for only one year. Each of the director nominees will be elected to serve a one-year term until the Company's annual meeting in 2016 and until their respective successors are elected. There are no family relationships among our executive officers and directors.

If you sign your proxy or voting instruction card or vote by telephone or over the Internet but do not give instructions with respect to the voting of directors, your shares will be voted for the ten persons recommended by the Board. If you do not give voting instructions to your broker, your broker will not be able to vote your shares and your shares will not be voted on this matter.

Recommendation

Our Board recommends a vote FOR the election to the Board of Robert M. Calderoni, Gary Daichendt, Kevin DeNuccio, James Dolce, Mercedes Johnson, Scott Kriens, Rahul Merchant, Rami Rahim, Pradeep Sindhu and William Stensrud.

Vote Required

Provided a quorum is present, directors will be elected by a majority of the votes cast with respect to the nominee at the annual meeting (i.e., the number of shares voted "FOR" a director nominee must exceed the number of votes cast "AGAINST" that nominee). If a nominee who is currently serving as a director is not elected at the Annual Meeting, under Delaware law the director will continue to serve on the Board as a "holdover director." However, as a condition to re-nomination, each incumbent director is required to submit a resignation from the Board in writing to the Chair of the Nominating and Corporate Governance Committee of the Board. The resignation will become effective only if the director fails to receive a majority of votes cast for re-election and the Board accepts the resignation.

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The names of our directors and director nominees and their ages, positions, brief biographical description as of the date this proxy statement was filed with the SEC are set forth below.

Nominees for Election

Robert M. Calderoni

Age 55
Director since 2003

Board Committees:
M&A, Audit (Chair), Offering

Other Public Company Boards:
KLA-Tencor, Inc., Citrix Systems, Inc.

Mr. Calderoni served as Chairman and Chief Executive Officer of Ariba, Inc., an SAP company, and President SAP Cloud of SAP AG, a provider of spend management solutions, from October 2012 to January 2014. Mr. Calderoni also served as a member of SAP's Global Managing Board from November 2012 until January 2014. Prior to the acquisition of Ariba by SAP in October 2012, Mr. Calderoni was Chairman and Chief Executive Officer of Ariba, beginning in October 2001. From January 2001 to October 2001, Mr. Calderoni served as Ariba's Executive Vice President and Chief Financial Officer. From November 1997 to January 2001, he served as Chief Financial Officer at Avery Dennison Corporation, a manufacturer of pressure-sensitive materials and office products. From June 1996 to November 1997, Mr. Calderoni served as Senior Vice President of Finance at Apple Computer, a provider of hardware and software products and Internet-based services. Mr. Calderoni also serves as a member of the board of directors of KLA-Tencor, Inc., a semiconductor equipment manufacturer, and Citrix Systems, Inc., a virtualization, networking and cloud infrastructure solutions company.

As a result of Mr. Calderoni's service as a Chief Executive Officer of Ariba, Inc., he has broad leadership and executive expertise and a knowledge and understanding of software and software as a service business issues. In addition, Mr. Calderoni's experience as a Chief Financial Officer of two publicly traded companies and in other finance roles has provided him with broad experience in finance, including accounting and financial reporting. This experience has led our Board of Directors to determine that he is an "audit committee financial expert" as that term is defined in Item 407(d)(5) of Regulation S-K under the 1934 Act. He is able to contribute this financial expertise as a board member and as Chair of the Audit Committee. Mr. Calderoni's his experience as a director in other public companies also provides him with an understanding of corporate governance and the operation of other boards of directors.

Gary Daichendt

Age 63
Director since 2014

Board Committees:
Compensation

Other Public Company Boards:
NCR Corporation,
ShoreTel, Inc.,
Emulex Corporation

Mr. Daichendt has been principally occupied as a private investor since June 2005 and has been a managing member of Theory R Properties LLC, a commercial real estate firm, since October 2002. Mr. Daichendt served as President and Chief Operating Officer of Nortel Networks Corporation, a supplier of communication equipment, from March 2005 to June 2005. Prior to joining Nortel Networks, Mr. Daichendt served in a number of senior executive positions at Cisco Systems, Inc., a manufacturer of communications and information technology networking products, for 6 years, including as Executive Vice President, Worldwide Operations from August 1998 to December 2000, and as Senior Vice President, Worldwide Operations from September 1996 to August 1998. Mr. Daichendt currently serves as a Director of NCR Corporation, ShoreTel, Inc., and Emulex Corporation.

Mr. Daichendt's experience as an officer of various networking industry companies has provided him with expertise in management and operations and an extensive understanding of the networking industry. Mr. Daichendt also brings public company governance experience as a member of boards and board committees of other public technology companies.

Kevin DeNuccio

Age 55
Director since 2014

Board Committees:
None

Other Public Company Boards:
Violin Memory, Inc.,
Calix, Inc.

Mr. DeNuccio became President and Chief Executive Officer of Violin Memory, a memory based storage array solutions company, in February 2014. Prior to joining Violin Memory, Mr. DeNuccio served as a co-founder of Wild West Capital, LLC, a venture and technology consulting firm he co-founded in July 2012. Prior to that, Mr. DeNuccio served as Chief Executive Officer of Metaswitch Networks, a provider of carrier systems and software solutions that enable communication networks to migrate to open, packet-based architectures, from February 2010 to July 2012. Mr. DeNuccio was President and Chief Executive Officer of Redback Networks Inc., a provider of advanced communications networking equipment, from August 2001 to January 2008, during which time it was acquired by LM Ericsson in January 2007 and operated as a wholly-owned subsidiary of LM Ericsson. Mr. DeNuccio held various positions at Cisco Systems, Inc. from 1995 to 2001, including Senior Vice President of Worldwide Service Provider Operations. Previously, Mr. DeNuccio was the founder, President and Chief Executive Officer of Bell Atlantic Network Integration Inc., a wholly-owned subsidiary of Bell Atlantic (now Verizon Communications). Mr. DeNuccio has a B.A. in Finance from Northeastern University and an M.B.A. from Columbia University. Mr. DeNuccio has served as a director of Violin Memory since February 2014, and Calix, Inc. since September 2012. Mr. DeNuccio previously served as a director of Metaswitch Networks from December 2008 to February 2014, JDS Uniphase Corporation from December 2005 to November 2009 and Redback Networks Inc. from August 2001 to December 2009.

Mr. DeNuccio's experience as a senior executive at many companies in the technology industry, including as chief executive officer at two networking companies, has provided him with senior leadership and executive experience and management, operational and technological expertise. Mr. DeNuccio also brings public company governance experience as a member of boards and board committees of other technology companies.

James Dolce

Age 52
Director since 2015

Board Committees:
None

Other Public Company Boards:
Infinera Corporation

Mr. Dolce became the Chief Executive Officer and a director at Lookout, Inc., a mobile security company, in March 2014. Prior to joining Lookout, Mr. Dolce was the Vice President of carrier market development at Akamai Technologies, Inc. from December 2012 until February 2014, and prior to that, he was the Founder and Chief Executive Officer at Verivue, Inc., which was acquired by Akamai, from 2006 until December 2012. Prior to Verivue, Mr. Dolce served as Executive Vice President of worldwide field operations at Juniper Networks from 2002 to 2006, where he led Juniper's global sales, marketing and customer service efforts. Mr. Dolce joined Juniper Networks through its acquisition of Unisphere Networks, Inc., where he served as Chief Executive Officer from 1999 to 2002. Mr. Dolce serves on the board of directors of Infinera Corporation. Mr. Dolce holds a bachelor's degree in computer engineering from the University of Rhode Island.

Mr. Dolce's experience as a senior executive at many companies in the technology industry, including as chief executive officer at Lookout, Verivue and Unisphere, has provided him with senior leadership and executive experience and management, operational and technological expertise. In addition, his prior experience at Juniper Networks provides him with a detailed knowledge of our customers and industry. Mr. Dolce also brings public company governance experience as a member of boards and board committees of other technology companies.

Mercedes Johnson

Age 61
Director since 2011

Board Committees:
Audit, Nominating and
Corporate Governance

Other Public Company Boards:
Micron Technology, Inc.,
Intersil Corporation,
Teradyne, Inc.

Ms. Johnson was Interim Chief Financial Officer of Intersil Corporation from April 2013 through September 2013, and was the Senior Vice President and Chief Financial Officer of Avago Technologies Limited, a supplier of analog interface components for communications, industrial and consumer applications, from December 2005 to August 2008. She also served as the Senior Vice President, Finance, of Lam Research Corporation from June 2004 to January 2005 and as Lam's Chief Financial Officer from May 1997 to May 2004. Ms. Johnson holds a degree in Accounting from the University of Buenos Aires and currently serves on the Board of Directors for Micron Technology, Inc., a manufacturer of semiconductor devices, Intersil Corporation, a manufacturer of analog and mixed-signal circuits, and Teradyne, Inc., a leading provider of automatic test equipment.

Ms. Johnson's extensive experience as a senior financial executive at several technology companies has given her broad knowledge and expertise in finance, including accounting and financial reporting rules and regulations, and in-depth expertise in corporate development, management and operations. She also brings public company governance experience as a member of boards and board committees of other technology companies. She can contribute this expertise as a board member and a member of the Audit and Nominating and Governance Committees.

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Scott Kriens

Age 57
Director since 1996

Board Committees:
Chairman of the Board

Other Public Company Boards:
Equinix, Inc.

Mr. Kriens has served as Chairman of the Board of Directors of Juniper Networks since October 1996 and served as Chief Executive Officer of Juniper Networks from October 1996 to September 2008, and as an employee of Juniper Networks from September 2008 through April 2011. From April 1986 to January 1996, Mr. Kriens served as Vice President of Sales and Vice President of Operations at StrataCom, Inc., a telecommunications equipment company, which he co-founded in 1986. Mr. Kriens also serves on the board of directors of Equinix, Inc., a provider of global data center services.

As a result of Mr. Kriens' prior service as the Company's Chief Executive Officer, he developed an extensive understanding of the Company's business and the networking industry and can contribute to the Board a highly informed perspective on the business independent from that of the Chief Executive Officer. Mr. Kriens' experience with the Company from its early stages also offers the Board insight to the evolution of the Company, including from execution, cultural, operational, competitive and industry points of view. In addition, his experience as a director at other technology companies provides him with an understanding of the operation of other boards of directors that he can contribute in his role as Chairman.

Rahul Merchant

Age 58
Director since 2015

Board Committees:
None

Other Public Company Boards:
Emulex Corporation

Mr. Merchant has run his own advisory firm since April 2014, and was the Chief Information and Innovation Officer for the City of New York from April 2012 to February 2014. From 2009 to April 2012, Mr. Merchant was a partner at Exigen Capital, a private equity firm based in New York City. From 2006 until 2008, Mr. Merchant was Executive Vice President, Chief Information Officer and Member of the Executive Committee at Fannie Mae. He also served as Senior Vice President and Chief Technology Officer at Merrill Lynch & Co. from 2000 to 2006. Mr. Merchant has also held senior leadership positions at Cooper Neff and Associates, Lehman Brothers, Sanwa Financial Products and Dresdner Bank. Mr. Merchant is currently on the board of directors at Emulex Corporation, and previously was a member on the board of directors of Level 3 Communications, Inc., Sun Microsystems, Inc. and Fair Isaac Corporation. Mr. Merchant has a bachelor's of science in electrical engineering from Bombay University, a master's degree in mathematics and computer science from Memphis State University and a M.B.A. from Temple University.

Mr. Merchant's experience as a senior technology executive at many companies in the financial industry and in the public sector has provided him with senior leadership and executive experience and management, operational and technological expertise. Mr. Merchant also brings public company governance experience as a member of boards and board committees of a number of other technology companies.

Rami Rahim

Age 44
Director since 2014

Board Committees:
Stock, M&A, Offering

Other Public Company Boards:
None

Mr. Rahim joined Juniper Networks in January 1997 and was appointed as Chief Executive Officer of the Company in November 2014. Previously, Mr. Rahim served as Executive Vice President and General Manager, Juniper Development and Innovation, responsible for driving innovation across the Company through the oversight of all research and development programs, strategy, development, and business growth across the portfolio of routing, switching, and security. He has also overseen the ongoing evolution of silicon technology and the Junos operating system. In addition, Mr. Rahim has served at Juniper Networks in a number of roles, including Executive Vice President, Platform Services Division, Senior Vice President and General Manager, Edge and Aggregation Business Unit, and Vice President, Product Management for the Edge and Aggregation Business Unit. Prior to that, Mr. Rahim spent the majority of his time at the Company in the development organization where he helped with the architecture, design and implementation of many Juniper Networks core, edge, and carrier Ethernet products. Mr. Rahim holds a Bachelor of Science degree in Electrical Engineering from the University of Toronto and a Master of Science degree in Electrical Engineering from Stanford University.

Mr. Rahim's day-to-day involvement in the Company's business has provided him with extensive knowledge and understanding of the Company and its industry. As Chief Executive Officer, he is able to provide the Company's Board of Directors with insight and information related to the Company's strategy, financial condition, operations, competitive position and business. His prior experience in a number of management roles at Juniper Networks provided him with in-depth industry and business experience in building and operating complex networks and a detailed knowledge of our customers and industry. In addition, his experience with Juniper from its early stages also offers the Board insight into the evolution of the Company, including from execution, cultural, operational, competitive and industry points of view.

Pradeep Sindhu

Age 62
Director since 1996

Board Committees:
Vice Chairman of the Board

Other Public Company Boards:
None

Dr. Sindhu founded Juniper Networks in February 1996 and served as Chief Executive Officer and Chairman of the Board of Directors until September 1996. Since then, Dr. Sindhu has served as Vice Chairman of the Board of Directors and Chief Technical Officer of Juniper Networks. From September 1984 to February 1991, Dr. Sindhu worked as a Member of the Research Staff, and from March 1987 to February 1996, as the Principal Scientist, and from February 1994 to February 1996, as Distinguished Engineer at the Computer Science Lab at Xerox Corporation, Palo Alto Research Center, a technology research center.

As the founder and Chief Technical Officer of the Company, Dr. Sindhu is a leading expert in networking technology and is able to provide the Board with an understanding of the Company's products and technology as well as provide expert perspective on industry trends and opportunities. Dr. Sindhu's experience with the Company from its founding also offers the Board insight to the evolution of the Company, including from execution, cultural, operational, competitive and industry points of view.

William R. Stensrud

Age 64
Director since 1996

Board Committees:
Stock, M&A, Compensation

Other Public Company Boards:
None

Mr. Stensrud is a Partner of the SwitchCase Group, a consulting company, the Chairman and Chief Executive Officer of InstantEncore.com, a provider of web and mobile technology to the performing arts, and Chairman and Principal at Interactive Fitness Holdings, a designer and manufacturer of virtual stationary bicycles. From January 2007 to March 2007, he served as Chairman and CEO of Muze, Inc., a provider of business-to-business digital commerce solutions and descriptive entertainment media information. Mr. Stensrud was a general partner with the venture capital firm of Enterprise Partners from January 1997 to December 2006. Mr. Stensrud was an independent investor and turn-around executive from March 1996 to January 1997. During this period, Mr. Stensrud served as President of Paradyne Corporation and as a director of Paradyne Corporation, Paradyne Partners LLP and GlobeSpan Corporation, Inc. (acquired by Conexant, Inc.), all data networking companies. From January 1992 to July 1995, Mr. Stensrud served as President and Chief Executive Officer of Primary Access Corporation, a data networking company acquired by 3Com Corporation. From 1986 to 1992, Mr. Stensrud served as the Marketing Vice President of StrataCom, Inc., a telecommunications equipment company, which Mr. Stensrud co-founded.

Mr. Stensrud's years of experience in venture capital and in the management of a wide variety of technology companies have exposed him to a broad range of issues affecting businesses, including a number of businesses in the technology industry. Mr. Stensrud's experience as an operating executive in the telecommunications and data communications industry provides the Board and management with knowledge and perspective on the Company's daily operating challenges. His work has included analyzing and focusing on improving various aspects of businesses, including operations, strategies and financial performance.

Proposal No. 2
Ratification of Independent Registered Public Accounting Firm

The Audit Committee of the Board has appointed Ernst & Young LLP, an independent registered public accounting firm, to audit Juniper Networks' consolidated financial statements for the fiscal year ending December 31, 2015. During fiscal 2014, Ernst & Young served as Juniper Networks' independent registered public accounting firm and also provided certain tax and other audit related services. See "Principal Accountant Fees and Services" on page 62. Representatives of Ernst & Young are expected to attend the annual meeting, where they are expected to be available to respond to appropriate questions and, if they desire, to make a statement.

Although ratification is not required by our bylaws or otherwise, the Board is submitting the selection of Ernst & Young LLP to our stockholders for ratification because we value our stockholders' views on the Company's independent registered public accounting firm and as a matter of good corporate practice. If the appointment is not ratified, the Audit Committee will consider whether it should select other independent auditors. Even if the appointment is ratified, the Audit Committee, in its discretion, may appoint a different independent registered public accounting firm as Juniper Networks' independent auditors at any time during the year if the Audit Committee determines that such a change would be in the Company's and its stockholders' best interests.

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Recommendation

Our Board recommends a vote "FOR" the ratification of the appointment of Ernst & Young LLP, an independent registered public accounting firm, as Juniper Networks' auditors for the 2015 fiscal year. If you sign your proxy or voting instruction card or vote by telephone or over the Internet but do not give instructions with respect to this proposal, your shares will be voted for the ratification of the appointment of Ernst & Young LLP, an independent registered public accounting firm, as Juniper Networks' auditors for the 2015 fiscal year, as recommended by the Board. This proposal is considered "routine;" therefore, your broker may vote your shares if you do not provide separate instructions.

Vote Required

Ratification of the appointment of Ernst & Young LLP, an independent registered public accounting firm, as auditors for fiscal 2015 requires the affirmative vote of a majority of the shares of Juniper Networks common stock present in person or represented by proxy and entitled to be voted at the meeting.

Proposal No. 3
Approval of Juniper Networks, Inc. 2015 Equity Incentive Plan

At the annual meeting, our stockholders are being asked to approve the Juniper Networks, Inc. 2015 Equity Incentive Plan (the "2015 Plan"), which was adopted, subject to stockholder approval, by the Board on March 27, 2015. Our stockholders are also being asked to approve the material terms of the 2015 Plan, including eligibility and business criteria upon which performance goals thereunder are based, for the purpose of enabling awards under the 2015 Plan to qualify as "performance-based" compensation under Internal Revenue Code Section 162(m).

As further discussed in the Company's Annual Report on Form 10-K filed with the SEC on February 20, 2015, the Company currently maintains the 2006 Plan. The 2015 Plan is intended to replace the 2006 Plan, which is currently scheduled to terminate in accordance with its terms on March 1, 2016. If our stockholders approve the 2015 Plan, no new awards will be granted under the 2006 Plan after the annual meeting. If our stockholders do not approve the 2015 Plan, the Company will continue to have the authority to grant awards under the 2006 Plan. If our stockholders approve the 2015 Plan, the termination of the Company's grant authority under the 2006 Plan will not affect awards then outstanding under that plan.

The number of shares that will initially be made available for award grants under the 2015 Plan will equal the number of shares that are available for award grants under the 2006 Plan on the date of the annual meeting, up to a maximum of 38,000,000 shares. In addition, any shares subject to outstanding awards under the 2006 Plan or the Juniper Networks, Inc. 1996 Stock Incentive Plan (the "1996 Plan") that expire, are cancelled or otherwise terminate at any time after the annual meeting will also be available for award grant purposes under the 2015 Plan, up to a maximum of 29,000,000 shares.

As of March 24, 2015, a total of 36,515,049 shares of the Company's common stock were available for new award grants under the 2006 Plan, and no shares were available for new award grants under the 1996 Plan. In addition, as of March 24, 2015, there were 27,250,037 shares subject to outstanding awards granted under the 2006 Plan, and 882,159 shares subject to outstanding options granted under the 1996 Plan.

Highlights of the 2015 Plan

The 2015 Plan contains the following important features:

- **No Additional Shares.** The Company is not requesting that our stockholders approve additional shares to be made available for award grants under the 2015 Plan, other than shares that are currently already available (or may become available) for awards under our existing equity plans.
- **Fungible Share Pool.** A fungible share feature that reduces authorized shares issuable under the 2015 Plan for awards of restricted stock, restricted stock units, performance shares or deferred stock units by 2.1 shares for every one share subject thereto.
- **No Liberal Share Counting.** Prohibits the reuse of shares withheld or delivered to satisfy the exercise price of an option or stock appreciation right or to satisfy tax withholding requirements.

- **Minimum Vesting Condition.** Awards issued under the 2015 Plan may not vest for a minimum of one (1) year following the date of grant, subject to certain exceptions.
- **No Repricing of Options or SARs.** Prohibits the repricing of stock options or stock appreciation rights, unless stockholder approval is obtained.
- **No Buyout of Underwater Options or SARs.** Prohibits the Company from paying cash or issuing new equity awards in exchange for the surrender and cancellation of any, or all, stock options or stock appreciation rights with an exercise price that is less than the current fair market value, unless stockholder approval is obtained.
- **Maximum Term for Options and SARs.** Includes a maximum option or stock appreciation right term of seven (7) years.
- **Limitation on Director Awards.** Prohibits any non-employee director from receiving awards in any fiscal year with a grant date value in excess of $1 million.
- **Awards Subject to Clawback.** Awards under the 2015 Plan may be subject to recoupment under certain circumstances.

Principles of the 2015 Plan

We believe our success is due to our highly talented employee base and that future success depends on the ability to attract and retain high caliber personnel. Our primary centers for innovation are in technology centers such as Silicon Valley where we must compete with many companies for a limited pool of talented people. The ability to grant equity awards is a necessary and powerful recruiting and retention tool for us to obtain the quality personnel we need to move our business forward. In addition, the Board believes that equity awards enhance the link between stockholders and award holder interests.

Our Board believes that the proposed 2015 Plan is necessary for the Company to continue to offer a competitive equity incentive program. If approved, the 2015 Plan will be a critical factor in attracting, retaining, and rewarding the high caliber personnel that are essential to our future success. If the stockholders do not approve the 2015 Plan, we believe that we will not be able to continue to offer competitive equity packages to our personnel following expiration of the 2006 Plan in March 2016. We believe that this will likely adversely affect our efforts to successfully attract and retain the best possible talent.

Members of our Board and our executive officers have an interest in this proposal because they are eligible to receive awards under the 2015 Plan.

Description of the 2015 Plan

The material features of the 2015 Plan are summarized below. This summary does not purport to be a complete description of all the provisions of 2015 Plan, and this summary is qualified in its entirety by reference to the text of the 2015 Plan.

A full copy of the proposed 2015 Plan is attached to this proxy statement as Annex A.

ELIGIBILITY; LIMITATIONS. Options, stock appreciation rights, performance shares, performance units, restricted stock, restricted stock units, deferred stock units and dividend equivalents may be granted under the 2015 Plan. Options granted under the 2015 Plan may be either "incentive stock options," as defined in Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), or nonstatutory stock options. Incentive stock options may be granted only to employees of the Company or of any subsidiary of the Company. Other awards may be granted under the 2015 Plan to any employee, consultant or non-employee director of the Company, any parent or subsidiary of the Company or other entity under common control with the Company. Non-employee directors, however, may only be granted restricted stock units under the 2015 Plan, and these are made pursuant to an automatic, non-discretionary formula. Otherwise, the 2015 Plan administrator, in its discretion, selects the person(s) to whom awards may be granted, and (except for performance units and dividend equivalents, which are cash awards) the number of shares subject to each such grant. For this reason, it is not possible to determine the benefits or amounts that will be received by any particular individual or individuals in the future. The 2015 Plan provides that no person(s) may be granted, in any fiscal year of the Company: (i) options or stock appreciation rights to purchase more than four million (4,000,000) shares of the Company's common stock in such person's first fiscal year of service with the Company and more than two million (2,000,000) shares of the Company's common stock in any other fiscal year of service; (ii) performance shares, restricted stock units, restricted stock or deferred stock units to more than two million (2,000,000) shares of the Company's common stock in such person's first fiscal year of service with the Company and more than one million (1,000,000) shares of the Company's common stock in any other fiscal year of service; and (iii) performance units having an initial value more than four million dollars ($4,000,000) in such person's first fiscal year of service with the Company and more than two million dollars ($2,000,000) in any other fiscal year of service.

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SHARES AVAILABLE FOR ISSUANCE. Upon approval of the 2015 Plan by our stockholders, the number of shares that will initially be made available for award grants under the 2015 Plan will equal the number of shares that are available for award grants under the 2006 Plan on the date of the annual meeting, up to a maximum of 38,000,000 shares. In addition, any shares subject to outstanding awards under the 2006 Plan or the 1996 Plan that expire, are cancelled or otherwise terminate at any time after the annual meeting will also be available for award grant purposes under the 2015 Plan, up to a maximum of 29,000,000 shares.

Any shares subject to options or stock appreciation rights shall be counted against the shares available for issuance as one share for every share subject thereto. Any restricted stock, restricted stock units, performance shares or deferred stock units with a per share purchase price lower than 100% of fair market value on the date of grant shall be counted against the shares available for issuance as two and one-tenth (2.1) shares for every one share subject thereto. To the extent that a share that was subject to an award that counted as two and one-tenth shares against the 2015 Plan reserve is recycled back into the 2015 Plan, the 2015 Plan shall be credited with two and one-tenth shares.

If an award expires or becomes unexercisable without having been exercised in full, or, with respect to restricted stock, performance shares, restricted stock units or deferred stock units, is forfeited to or repurchased by the Company due to its failure to vest, the unpurchased shares (or for awards other than options and stock appreciation rights, the forfeited or repurchased shares) which were subject thereto shall become available for future grant or sale under the 2015 Plan. With respect to stock appreciation rights, when a stock-settled SAR is exercised, the shares subject to a SAR grant agreement shall be counted against the shares available for issuance under the 2015 Plan as one share for every share subject thereto, regardless of the number of shares used to settle the SAR upon exercise. Shares that have actually been issued under the 2015 Plan under any award shall not be returned to the 2015 Plan and shall not become available for future distribution under the 2015 Plan; provided, however, that if shares of restricted stock, performance shares, restricted stock units or deferred stock units are repurchased by the Company at their original purchase price or are forfeited to the Company due to their failure to vest, such shares shall become available for future grant under the 2015 Plan as described above. Shares used to pay the exercise price of a stock option shall not become available for future grant or sale under the 2015 Plan. Shares used to satisfy tax withholding obligations shall not become available for future grant or sale under the 2015 Plan. To the extent a 2015 Plan award is paid out in cash rather than stock, such cash payment shall not reduce the number of shares available for issuance under the 2015 Plan. Any payout of dividend equivalents or performance units that are paid in cash shall not reduce the number of shares available for issuance under the 2015 Plan. Conversely, any forfeiture of dividend equivalents that are paid in cash or performance units shall not increase the number of shares available for issuance under the 2015 Plan.

ADMINISTRATION. The Plan may generally be administered by the Board or a committee appointed by the Board (as applicable, the "Administrator"). The Board has authorized the Compensation Committee of the Board to approve awards and grants to Section 16 reporting executive officers. The Compensation Committee is composed entirely of independent non-employee directors. The Board has authorized the Stock Committee to approve awards and grants to employees and consultants other than the Section 16 reporting executive officers. The Stock Committee is composed of the Chief Executive Officer, Chief Financial Officer and one non-employee director.

MINIMUM VESTING OF AWARDS. Subject to certain exceptions, awards will not vest earlier (except if accelerated pursuant to a change of control or similar transaction, due to death or due to disability) than the one (1) year anniversary of the grant date.

OPTION TERMS AND CONDITIONS. Each option is evidenced by a stock option agreement between the Company and the optionee, and is subject to the following additional terms and conditions:

- *EXERCISE PRICE.* The Administrator determines the exercise price of options at the time the options are granted. The exercise price of an option may not be less than 100% of the fair market value of our common stock on the date such option is granted; provided, however, the exercise price of an incentive stock option granted to a 10% stockholder may not be less than 110% of the fair market value of our common stock on the date such option is granted. The fair market value of our common stock is determined with reference to the closing sale price for our common stock (or the closing bid if no sales were reported) on the date the option is granted.
- *EXERCISE OF OPTION; FORM OF CONSIDERATION.* The Administrator determines when options become exercisable, and may in its discretion, accelerate the vesting of any outstanding option. The 2015 Plan

permits payment to be made by cash, check, other shares of our common stock, cashless exercises, or any other form of consideration permitted by applicable law, or any combination thereof.

- *TERM OF OPTION.* Options granted under the 2015 Plan will expire seven (7) years from the date of grant. However, the 2015 Plan allows an option to be granted with a shorter term determined by the Administrator and in the case of an incentive stock option granted to a 10% stockholder, the term of the option may be no more than five (5) years from the date of grant. No option may be exercised after the expiration of its term.
- *EXPIRATION.* Options will expire upon the date determined by the Administrator. Generally, if the optionee's employment or status as a service provider terminates for any reason other than death or permanent total disability, then options may be exercised no later than 90 days after such termination and may be exercised only to the extent the option was exercisable on the termination date. If an optionee's employment or status as a service provider terminates as a result of his or her death or permanent total disability, then all options held by such optionee under the 2015 Plan may be exercised within twelve (12) months or as may be provided in the option agreement, but only to the extent the options would have been exercisable at the date of death or permanent total disability.
- *OTHER PROVISIONS.* The stock option agreement may contain other terms, provisions and conditions not inconsistent with the 2015 Plan as may be determined by the Administrator.

STOCK APPRECIATION RIGHTS. Stock appreciation rights are exercisable in whole or in part at such times as the Administrator specifies in the grant or agreement. However, the term of an independent stock appreciation right may be no more than seven (7) years from the date of grant. The Company's obligations arising upon the exercise of a stock appreciation right may be paid in cash or our common stock, or any combination of the same, as the Administrator may determine. We expect, however, that most stock appreciation rights that we grant will provide that they may only be settled in shares of our common stock. Shares issued upon the exercise of a stock appreciation right are valued at their fair market value as of the date of exercise.

RESTRICTED STOCK. Subject to the terms and conditions of the 2015 Plan, restricted stock may be granted to participants at any time and from time to time at the discretion of the Administrator. Subject to the annual share limit and vesting limitations set forth above, the Administrator shall have complete discretion to determine (i) the number of shares subject to a restricted stock award granted to any participant, and (ii) the conditions for grant or for vesting that must be satisfied, which typically will be based principally or solely on continued provision of services but may include a performance-based component. Each restricted stock grant shall be evidenced by an agreement that shall specify the purchase price (if any) and such other terms and conditions as the Administrator shall determine.

RESTRICTED STOCK UNITS. Restricted stock units are awards that obligate the Company to deliver shares of our common stock to the participant as specified on each vesting date. Subject to the annual share limit and vesting limitations set forth above, the Administrator has complete discretion to determine (i) the number of shares subject to a restricted stock unit award granted to any participant, and (ii) the conditions for grant or for vesting that must be satisfied, which typically will be based principally or solely on continued provision of services but may include a performance-based component. Until shares are issued, a restricted stock unit holder is not entitled to vote or receive dividends, although the Administrator has discretion under the 2015 Plan to award dividend equivalent rights.

PERFORMANCE SHARES. Performance shares are also awards that obligate the Company to deliver shares of our common stock to the participant as specified on each vesting date. Performance shares may be granted to employees and consultants at any time and from time to time as shall be determined at the discretion of the Administrator. Subject to the annual share limit and vesting limitations set forth above, the Administrator shall have complete discretion to determine (i) the number of shares of common stock subject to a performance share award granted to any service provider and (ii) the conditions that must be satisfied for grant or for vesting, which typically will be based principally or solely on achievement of performance milestones but may include a service-based component.

PERFORMANCE UNITS. Performance Units are similar to Performance Shares, except that they are settled in a cash equivalent to the Fair Market Value of the underlying shares, determined as of the vesting date. Subject to the terms and conditions of the 2015 Plan, Performance Units may be granted to participants at any time and from time to time as shall be determined by the Administrator, in its sole discretion. The Administrator shall have complete discretion to determine the conditions that must be satisfied, which typically will be based principally or solely on achievement of performance milestones but may include a service-based component, upon which is conditioned the grant or vesting of Performance Units. Performance Units shall be granted in the form of units to acquire shares. Each such unit shall be the cash

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equivalent of one share of our common stock. No right to vote or receive dividends or any other rights as a stockholder shall exist with respect to Performance Units or the cash payable thereunder.

DEFERRED STOCK UNITS. Deferred Stock Units consist of a Restricted Stock, Restricted Stock Unit, Performance Share or Performance Unit Award that the Administrator, in its sole discretion permits to be paid out in installments or on a deferred basis, in accordance with rules and procedures established by the Administrator and applicable law, including Internal Revenue Code Section 409A. Deferred Stock Units shall remain subject to the claims of the Company's general creditors until distributed to the participant.

DIVIDEND EQUIVALENTS. A dividend equivalent is a credit, payable in cash or shares, awarded at the discretion of the Administrator, to the account of a participant in an amount equal to the cash dividends paid on one share for each share represented by an award. Dividend equivalents may be subject to the same vesting restrictions as apply to a related award.

CODE SECTION 162(m) PERFORMANCE GOALS. The 2015 Plan is designed to permit the Company to issue awards that qualify as performance-based under Section 162(m) of the Code. Thus, the Administrator may make performance goals applicable to a participant with respect to an award. At the Administrator's discretion, one or more of the following performance goals may apply: (i) cash flow (including operating cash flow or free cash flow), (ii) cash position, (iii) revenue (on an absolute basis or adjusted for currency effects), (iv) revenue growth, (v) contribution margin, (vi) gross margin, (vii) operating margin (viii) operating expenses or operating expenses as a percentage of revenue, (ix) earnings (which may include earnings before interest and taxes, earnings before taxes and net earnings), (x) earnings per share, (xi) operating income, (xii) net income, (xiii) stock price, (xiv) return on equity, (xv) total stockholder return, (xvi) growth in stockholder value relative to a specified publicly reported index (such as the S&P 500 Index), (xvii) return on capital, (xviii) return on assets or net assets, (xix) return on investment, (xx) economic value added, (xxi) operating profit or net operating profit, (xxii) operating margin, (xxiii) market share, (xxiv) contract awards or backlog, (xxv) overhead or other expense reduction, (xxvi) credit rating, (xxvii) objective customer indicators, (xxviii) new product invention or innovation, (xxix) attainment of research and development milestones, (xxx) improvements in productivity, (xxxi) attainment of objective operating goals, and (xxxii) objective employee metrics. The performance measures listed above may apply to either the Company as a whole or, except with respect to stockholder return metrics, a region, business unit, affiliate or business segment, and measured either on an absolute basis or relative to a pre-established target, to a previous period's results or to a designated comparison group, and, with respect to financial metrics, which may be determined in accordance with GAAP, in accordance with IASB Principles or which may be adjusted when established to exclude or include any items otherwise includable or excludable under GAAP or under IASB Principles or any other objectively determinable items including, without limitation, (a) any extraordinary non-recurring items, (b) the effect of any merger, acquisition, or other business combination or divestiture, or (c) the effect of any changes in accounting principles affecting the Company's or a business unit's, region's, affiliate's or business segment's reported results.

NO REPRICING. The 2015 Plan prohibits (i) option or stock appreciation right repricings (including by way of exchange for another award) and (ii) the Company from paying cash or issuing new equity awards in exchange for the surrender and cancellation of any, or all, stock options or stock appreciation rights with an exercise price that is less than the current fair market value, in each case, unless stockholder approval is obtained.

NONTRANSFERABILITY OF AWARDS. Unless determined otherwise by the Administrator, an award granted under the 2015 Plan is not transferable other than by will or the laws of descent and distribution, and may be exercised during the participant's lifetime only by the participant.

AUTOMATIC GRANTS TO OUTSIDE DIRECTORS. The 2015 Plan provides that (i) at each of the Company's annual stockholder meetings (including the 2015 annual meeting of stockholders) each non-employee director (an "Outside Director") who is elected at (or whose term continues after) such meeting shall be automatically granted restricted stock units for a number of shares equal to the Annual Value (as defined below), rounded down to the nearest whole share, and (ii) each person who first becomes an Outside Director on a date other than the annual meeting of stockholders (including a director who has transitioned from an employee director to an Outside Director) shall automatically be granted on the date such person becomes an Outside Director, restricted stock units for a number of shares equal to a number determined by multiplying the Annual Value used for calculating the number of restricted stock units granted to Outside Directors at the annual stockholder meeting immediately preceding the date of such award by a fraction, the numerator of which is 365 minus the number of days between the last annual meeting date and the date the person first becomes an Outside Director, and

the denominator of which is 365, rounded down to the nearest whole Share. The "Annual Value" means the number equal to $225,000 divided by the average daily closing price over the six month period ending on the last day of the fiscal year preceding the date of grant.

Each award grant to Outside Directors will vest in full on the earlier of (A) the one year anniversary of the grant date, and (B) the day prior to the date of the Company's next annual stockholder meeting, subject in either case to the participant continuously remaining his or her status as a director through the vest date.

ADJUSTMENTS UPON CHANGES IN CAPITALIZATION. In the event that the stock of the Company changes by reason of any stock split, reverse stock split, stock dividend, combination, reclassification or other similar change in the capital structure of the Company effected without the receipt of consideration, appropriate adjustments shall be made in the number and class of shares of stock subject to the 2015 Plan, the number and class of shares of award outstanding under the 2015 Plan, the fiscal year limits on the number of awards that any person may receive, the number of shares subject to automatic option grants to Outside Directors and the exercise price of any outstanding option or stock appreciation right.

In the event of a liquidation or dissolution, the Administrator shall notify each participant prior to the effective date. The Administrator may, in its discretion, provide that each participant shall have the right to exercise all of their options and stock appreciation rights, as to all of the shares covered by the option or stock appreciation right, including as to those shares not otherwise exercisable. In addition, the Administrator may provide that any Company repurchase option or forfeiture rights applicable to any award shall lapse 100%, and that any award vesting shall accelerate 100%, provided the proposed dissolution or liquidation takes place at the time and in the manner contemplated.

MERGER OR CHANGE IN CONTROL. In the event of a merger of the Company with or into another corporation, or a Change in Control of the Company, each outstanding option and stock appreciation right shall be assumed or an equivalent option or stock appreciation right substituted by the successor corporation or a parent or subsidiary of the successor corporation. In the event that the successor corporation refuses to assume or substitute for the option or stock appreciation right, the participant shall fully vest in and have the right to exercise the option or stock appreciation right as to all of the common stock covered thereby including shares as to which it would not otherwise be vested or exercisable. If an option or stock appreciation right becomes fully vested and exercisable in lieu of assumption or substitution in such event, the Administrator shall notify the participant that the option or stock appreciation right shall be fully vested and exercisable for a period determined by the Administrator, and the option or stock appreciation right shall terminate upon the expiration of such period.

In the event of a merger of the Company with or into another corporation, or a Change in Control of the Company, each outstanding restricted stock, restricted stock unit, performance share, performance unit, dividend equivalent and deferred stock unit award (and any related dividend equivalent) shall be assumed or an equivalent award substituted by the successor corporation or a parent or subsidiary of the successor corporation. In the event that the successor corporation refuses to assume or substitute for the award, the participant shall fully vest in the award, including as to shares (or with respect to dividend equivalents and performance units, the cash equivalent thereof) which would not otherwise be vested.

TAX WITHHOLDING. At the Administrator's discretion, participants may satisfy the minimum statutory tax withholding requirements arising in connection with the exercise, vesting or delivery of their awards by having the Company retain shares with a fair market value equal to the minimum amount required to be withheld.

AMENDMENT AND TERMINATION OF THE 2015 PLAN. The Board may amend, alter, suspend or terminate the 2015 Plan, or any part thereof, at any time and for any reason. No such amendment by the Board or stockholders may alter or impair any award previously granted under the 2015 Plan without the written consent of the participant.

TERM OF THE 2015 PLAN. The 2015 Plan will continue in effect until March 27, 2025.

Federal Income Tax Consequences

INCENTIVE STOCK OPTIONS. An optionee who is granted an incentive stock option does not recognize taxable income at the time the option is granted or upon its exercise, although the exercise may subject the optionee to the alternative minimum tax. Upon an optionee's sale of the shares (assuming that the sale occurs at least two years after grant of the option and at least one year after exercise of the option), any gain will be taxed to the optionee as long-term capital gain. If the optionee disposes of the shares prior to the expiration of the above holding periods, then the optionee will recognize ordinary income in an amount generally measured as the difference between the exercise price and the lower of the fair market value of the shares at the exercise date or the sale price of the shares. Any gain or

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loss recognized on such premature sale of the shares in excess of the amount treated as ordinary income will be characterized as capital gain or loss.

NONSTATUTORY STOCK OPTIONS. An optionee does not recognize any taxable income at the time he or she is granted a nonstatutory stock option. Upon exercise, the optionee recognizes taxable income generally measured by the excess of the then fair market value of the shares over the exercise price. Upon a disposition of such shares by the optionee, any difference between the sale price and the optionee's exercise price, to the extent not recognized as taxable income as provided above, is treated as long-term or short-term capital gain or loss, depending on the holding period.

RESTRICTED STOCK. If at the time of purchase, restricted stock is subject to a "substantial risk of forfeiture" within the meaning of Section 83 of the Code, the purchaser will not recognize ordinary income at the time of purchase. Instead, the purchaser will recognize ordinary income on the dates when a stock ceases to be subject to a substantial risk of forfeiture. At such times, the purchaser will recognize ordinary income measured as the difference between the purchase price and the fair market value of the stock on the date the stock is no longer subject to a substantial risk of forfeiture.

The purchaser may accelerate to the date of purchase his or her recognition of ordinary income, if any, and the beginning of any capital gain holding period by timely filing an election pursuant to Section 83(b) of the Code. In such event, the ordinary income recognized, if any, is measured as the difference between the purchase price and the fair market value of the stock on the date of purchase, and the capital gain holding period commences on such date. The ordinary income recognized by a purchaser who is an employee will be subject to tax withholding by the Company.

STOCK APPRECIATION RIGHTS. No income will be recognized by a recipient in connection with the grant of a stock appreciation right. When the stock appreciation right is exercised, the recipient will generally be required to include as taxable ordinary income in the year of exercise an amount equal to the sum of the amount of cash received and the fair market value of any common stock received upon the exercise.

RESTRICTED STOCK UNITS AND PERFORMANCE SHARES. A participant will not have taxable income upon grant (unless, with respect to restricted stock, he or she elects to be taxed at that time). Instead, he or she will recognize ordinary income at the time of vesting equal to the fair market value (on the vesting date) of the vested shares or cash received minus any amount paid for the shares.

DIVIDEND EQUIVALENTS. A participant will recognize taxable income upon the payout of a dividend equivalent.

DEFERRED STOCK UNITS. Typically, a participant will recognize employment taxes upon the vesting of a Deferred Stock Unit and income upon its delivery. The participant may be subject to additional taxation, interest and penalties if the Deferred Stock Unit does not comply with Internal Revenue Code Section 409A.

MEDICARE SURTAX. Beginning in 2013, a participant's annual "net investment income", as defined in section 1411 of the Internal Revenue Code, may be subject to a 3.8% federal surtax (generally referred to as the "Medicare Surtax"). Net investment income may include capital gain and/or loss arising from the disposition of shares subject to a participant's awards under the 2015 Plan. Whether a participant's net investment income will be subject to the Medicare Surtax will depend on the participant's level of annual income and other factors.

COMPANY TAX DEDUCTION. The Company generally will be entitled to a tax deduction in connection with an award under the 2015 Plan in an amount equal to the ordinary income realized by a participant and at the time the participant recognizes such income (for example, the exercise of a nonqualified stock option). Special rules limit the deductibility of compensation paid to the Chief Executive Officer and to each of the three most highly compensated executive officers other than the Chief Executive Officer and the Chief Financial Officer. Under Section 162(m) of the Code, the annual compensation paid to any of these specified executives will be deductible only to the extent that it does not exceed $1,000,000. However, the Company can preserve the deductibility of certain compensation in excess of $1,000,000 if the conditions of Section 162(m) of the Code are met with respect to awards. These conditions include stockholder approval of the performance goals under the 2015 Plan, setting individual annual limits on each type of award, and for awards other than certain stock options, establishing performance criteria that must be met before the award actually will vest or be paid. The 2015 Plan has been designed to permit the Administrator to grant certain awards in its discretion that qualify as performance-based for purposes of satisfying the conditions of Section 162(m) of the Code, thereby permitting the Company to receive a federal income tax deduction in connection with such awards.

SECTION 409A. Section 409A of the Code ("Section 409A") provides certain requirements for non-qualified deferred compensation arrangements with respect to an individual's deferral and distribution elections and permissible distribution events. Awards granted under the 2015 Plan with a deferral feature will be subject to the

requirements of Section 409A. If an award is subject to and fails to satisfy the requirements of Section 409A, the recipient of that award may recognize ordinary income on the amounts deferred under the award, to the extent vested, which may be prior to when the compensation is actually or constructively received. Also, if an award that is subject to Section 409A fails to comply with Section 409A's provisions, Section 409A imposes an additional 20% federal income tax on compensation recognized as ordinary income, as well as interest on such deferred compensation.

THE FOREGOING IS ONLY A SUMMARY OF THE EFFECT OF FEDERAL INCOME TAXATION UPON PARTICIPANTS AND THE COMPANY UNDER THE 2015 PLAN. IT DOES NOT PURPORT TO BE COMPLETE, AND DOES NOT DISCUSS THE TAX CONSEQUENCES OF THE EMPLOYEE'S DEATH OR THE PROVISIONS OF THE INCOME TAX LAWS OF ANY MUNICIPALITY, STATE OR FOREIGN COUNTRY IN WHICH THE EMPLOYEE MAY RESIDE.

New Plan Benefits

Our named executive officers and directors have an interest in this proposal because they are eligible to participate in the 2015 Plan.

The Company has not approved any awards that are conditioned on stockholder approval of the 2015 Plan proposal. The Company cannot currently determine the benefits or number of shares subject to awards that may be granted in the future to executive officers and employees (including employee directors) under the 2015 Plan because the Company's equity award grants are discretionary in nature. In addition, the Company currently anticipates that pursuant to the term of the 2015 Plan, beginning at the 2015 annual meeting of stockholders, each Outside Director will receive restricted stock units in an amount equal to the Annual Value, as described above, or a fraction thereof with respect to individuals who become Outside Directors after an annual stockholder meeting; however, the Company cannot currently determine the aggregate benefit or number of shares subject to awards that may be granted in the future to Outside Directors under the 2015 Plan because the aggregate benefit and number of shares depends on the aggregate number of Outside Directors, when individuals join the Board and the Annual Value depends on the future stock price of Juniper Networks common stock.

The table below shows, as to the listed individuals and specified groups, the number of shares of common stock subject to an equity award grant under the 2006 Plan during fiscal 2014.

Name and Position	Number of Shares
Rami Rahim[1][2] Chief Executive Officer	394,073
Shaygan Kheradpir[1][2] Former Chief Executive Officer	1,231,954
Robyn M. Denholm[2] Executive Vice President, Chief Financial and Operations Officer	154,519
Vincent Molinaro[2] Executive Vice President, Chief Customer Officer	87,846
Pradeep Sindhu[2] Executive Vice President, Chief Technology Officer	79,397
Mitchell L. Gaynor[2] Executive Vice President, General Counsel and Secretary	54,900
Executive Officer Group (8 persons)[2]	2,017,689
Non-Employee Director Group	99,045
Non-Executive Officer Employee Group	8,891,070

(1) Shaygan Kheradpir resigned as our Chief Executive Officer and from the Board on November 9, 2014. Rami Rahim was appointed as our Chief Executive Officer and elected to the Board on November 10, 2014.

(2) Includes RSUs, price-vested RSUs and performance share awards. The number of performance share awards included in the above table is as at target. The maximum number of shares issuable pursuant to performance share awards equals 200% of target.

Recommendation

Our Board recommends a vote "FOR" (i) approval of the 2015 Plan, (ii) authorization of a maximum of 67,000,000 shares of Common Stock reserved for issuance thereunder, and (iii) approval of the material terms of the 2015 Plan and the performance goals thereunder for the purpose of helping awards under the 2015 Plan qualify as "performance-based" compensation under Internal Revenue Code Section 162(m).

If you sign your proxy or voting instruction card or vote by telephone or over the Internet but do not give instructions with respect to this proposal, your shares will be voted for approval of the foregoing proposal, as recommended by the Board. If you do not give voting instructions to your broker, your broker will not be able to vote your shares and your shares will not be voted on this matter.

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Vote Required

Approval of the 2015 Plan, authorization for issuance thereunder of a reserve of a maximum of 67,000,000 shares and approval of the material terms and performance goals thereunder for the purpose of helping awards under the 2015 Plan qualify as "performance-based" compensation under Internal Revenue Code Section 162(m) requires the affirmative vote of a majority of votes cast with respect to the proposal at the annual meeting.

Proposal No. 4
Approve an amendment and restatement to the Juniper Networks, Inc. 2008 Employee Stock Purchase Plan

Background

Our 2008 Employee Stock Purchase Plan (the "2008 ESPP") is designed to provide our eligible employees and those of our participating subsidiaries with the opportunity to purchase shares of our common stock on periodic purchase dates through their accumulated payroll deductions. Each offering under the 2008 ESPP will be for a period of six months and will consist of consecutive offering periods of approximately six months in length. Offering periods begin on February 1 and August 1, or if such date is not a "trading day" (as defined in the 2008 ESPP), the next trading day. Each participant in the 2008 ESPP will be granted an option on the first day of the offering period and the option will be automatically exercised on the last day of each offering period during the offering period using the contributions the participant has made for this purpose. The purchase price for the common stock purchased under the 2008 ESPP is 85% of the lesser of the fair market value of the common stock on the first business day of the applicable offering period or on the last business day of the applicable offering period. The ESPP Administrator (as described below) has the power to change the duration of the offering periods.

We believe our success is due to our highly talented employee base and that future success depends on the ability to attract and retain high caliber personnel. The 2008 ESPP is designed to more closely align the interests of our employees with those of our stockholders by encouraging employees to invest in our common stock, and to help our employees share in the Company's success through the appreciation in value of such purchased stock. The 2008 ESPP, together with our equity plan, are important employee retention and recruitment vehicles.

Summary of the Proposal

Our Board of Directors approved an amendment and restatement of the 2008 ESPP on March 27, 2015, subject to approval by our stockholders at our 2015 annual meeting of stockholders. We are seeking stockholder approval of an amendment and restatement of the 2008 ESPP that increases the maximum number of shares that will be made available for sale thereunder by 7,000,000 shares.

When the 2008 ESPP was adopted and approved by our stockholders in May 2008, the 2008 ESPP had a maximum number of shares available for sale of 12,000,000 shares of common stock. The 2008 ESPP was subsequently amended by our Board, which amendment was approved by our stockholders in May 2012, to increase the maximum number of shares available for sale by 7,000,000 shares of common stock.

As of March 24, 2015, an aggregate of 1,929,198 shares of common stock remained available for future issuance under the 2008 ESPP. We estimate that, with an increase of 7,000,000 shares, we will have a sufficient number of shares of common stock to cover purchases under the 2008 ESPP through 2017. Consequently, our Board has, subject to stockholder approval, increased the aggregate number of shares that may be sold under the 2008 ESPP by 7,000,000 shares of common stock. Our Board believes it is in the best interests of Juniper Networks and our stockholders to continue to provide our employees with the opportunity to acquire an ownership interest in Juniper Networks through their participation in the 2008 ESPP, encouraging them to remain in our employ and more closely aligning their interests with those of our stockholders.

Description of the 2008 ESPP

The material features of the 2008 ESPP, as amended and restated, are summarized below. This summary does not purport to be a complete description of all the provisions of the 2008 ESPP, as amended and restated, and this summary is qualified in its entirety by reference to the text of the 2008 ESPP.

A full copy of the proposed 2008 ESPP, as amended and restated, is attached to this proxy statement as Annex B.

ADMINISTRATION. The 2008 ESPP may generally be administered by the Board or a committee of the Board (as applicable, the "ESPP Administrator"). The ESPP Administrator has the authority to construe and interpret any of the provisions of the 2008 ESPP.

INTERNATIONAL STOCK PURCHASE RIGHTS. To provide us with greater flexibility in structuring our equity compensation programs for our non-U.S. employees, the 2008 ESPP also permits us to grant our non-U.S. employees rights to purchase stock pursuant to rules or sub-plans adopted by the ESPP Administrator in order to achieve tax, securities law or other compliance objectives ("International Awards"). While the 2008 ESPP is intended to be an "employee stock purchase plan" within the meaning of Section 423 of the Internal Revenue Code ("Section 423"), these International Awards will not qualify under Section 423. Please refer to "Certain United States Federal Tax Consequences" below for a discussion of tax consequences under Section 423.

ELIGIBILITY. Employees generally are eligible to participate in the 2008 ESPP if they are customarily employed by Juniper Networks or by a participating subsidiary for more than twenty (20) hours per week and more than five (5) months in any calendar year. International Awards may be made to employees customarily employed for fewer hours or months Eligible employees may select a rate of payroll deduction between 1% and 10% of their compensation and are subject to certain maximum purchase limitations.

As of March 24, 2015, approximately 8,547 employees, including all of our executive officers, are eligible to participate in the 2008 ESPP. For the offering period under the 2008 ESPP that concluded on January 30, 2015, 4,688 employees actually participated in such offering, representing approximately 55% of our employees who are eligible to participate in the 2008 ESPP.

SPECIAL LIMITATIONS. The 2008 ESPP imposes certain limitations upon a participant's rights to acquire common stock, including the following limitations:

- Purchase rights may not be granted to any individual who owns stock, including stock purchasable under any outstanding purchase rights, possessing 5% or more of the total combined voting power or value of all classes of stock of Juniper Networks or any of its affiliates;
- Purchase rights granted to a participant may not permit the individual to accrue the right to purchase our common stock at an annual rate of more than $25,000, valued at the time each purchase right is granted; and
- Unless otherwise approved by the ESPP Administrator in advance for future offering periods, no participant will be permitted to purchase during any twelve (12) month period more than six thousand (6,000) shares of our common stock (subject to any adjustment pursuant to stock splits, recapitalizations, dividends or other similar events).

TERMINATION OF PURCHASE RIGHTS. A purchase right will terminate upon the participant's election to withdraw from the 2008 ESPP. Any payroll deductions that the participant may have made with respect to the terminated purchase right will be refunded to the participant if the election to withdraw from the 2008 ESPP is received by Juniper Networks prior to the end of an offering period. A participant's election to withdraw from the 2008 ESPP is irrevocable, and the participant may not rejoin the offering period for which the terminated purchase right was granted.

A purchase right will also terminate upon the participant's termination of employment. Any payroll deductions that the participant may have made during the offering period in which the termination occurs will be refunded to the participant.

In addition, Juniper Networks has specifically reserved the right, exercisable in the sole discretion of the ESPP Administrator to terminate the 2008 ESPP, or any offering period thereunder, at any time.

STOCKHOLDER RIGHTS. No participant will have any stockholder rights with respect to the shares covered by his or her purchase rights until the shares are actually purchased on the participant's behalf. No adjustment will be made for dividends, distributions or other rights for which the record date is prior to the date of the purchase.

ASSIGNABILITY. No purchase rights will be assignable or transferable by the participant, except by will or the laws of inheritance following the participant's death. Each purchase right will, during the lifetime of the participant, be exercisable only by the participant.

MERGERS, CONSOLIDATIONS AND CHANGE IN CONTROL. The 2008 ESPP provides that, in the event of the proposed dissolution or liquidation of Juniper Networks, the offering period will terminate immediately prior to the consummation of the proposed

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action, provided that the ESPP Administrator may, in its sole discretion, fix an earlier date for termination of the 2008 ESPP and provide each participant the opportunity to purchase shares under the 2008 ESPP prior to the termination. The 2008 ESPP also provides that, in the event of certain merger or "change-in-control" transactions, in the event that the successor corporation refuses to assume or substitute for the option under an ongoing offering period, the offering period with respect to which such option relates will be shortened by setting a new exercise date that occurs before the date of the Company's proposed merger or change in control.

AMENDMENT OF THE 2008 ESPP. The ESPP Administrator has the authority to amend, terminate or extend the term of the 2008 ESPP, except that stockholder approval is required to increase the number of shares that may be issued under the 2008 ESPP.

The 2008 ESPP will terminate in 2028, on the twentieth anniversary of the date of its adoption by our Board, unless terminated earlier under the terms of the 2008 ESPP. The effect of termination is that no new offering periods will commence under the 2008 ESPP, but any outstanding offering periods will continue according to their terms.

Certain United States Federal Tax Consequences

Except with respect to International Awards, the 2008 ESPP is intended to be an "employee stock purchase plan" within the meaning of Section 423. Under such a plan, no taxable income will be reportable by a participant, and no deductions will be allowable to Juniper Networks, as a result of the grant or exercise of the purchase rights issued under the 2008 ESPP. Taxable income will not be recognized until there is a sale or other disposition of the shares acquired under the 2008 ESPP or in the event the participant should die while still owning the purchased shares.

If the participant sells or otherwise disposes of the purchased shares within two years after commencement of the offering period during which those shares were purchased or within one year of the date of purchase, the participant will recognize ordinary income in the year of sale or disposition equal to the amount by which the fair market value of the shares on the purchase date exceeded the purchase price paid for those shares. If the participant sells or disposes of the purchased shares more than two years after the commencement of the offering period in which those shares were purchased and more than one year from the date of purchase, then the participant will recognize ordinary income in the year of sale or disposition equal to the lesser of the amount by which the fair market value of the shares on the sale or disposition date exceeded the purchase price paid for those shares or 15% of the fair market value of the shares on the date of commencement of such offering period. Any additional gain upon the disposition will be taxed as a capital gain.

If the participant still owns the purchased shares at the time of death, the lesser of the amount by which the fair market value of the shares on the date of death exceeds the purchase price or 15% of the fair market value of the shares on the date of commencement of the offering period during which those shares were purchased will constitute ordinary income in the year of death.

If the purchased shares are sold or otherwise disposed of within two years after commencement of the offering period during which those shares were purchased or within one year after the date of purchase, then Juniper Networks will be entitled to an income tax deduction in the year of sale or disposition equal to the amount of ordinary income recognized by the participant as a result of such sale or disposition. No deduction will be allowed in any other case.

New Plan Benefits

Our named executive officers have an interest in this proposal because they are eligible to participate in the 2008 ESPP. Non-employee directors of the Board are not eligible to participate in the 2008 ESPP.

The benefits to be received by our executive officers, directors and employees as a result of the proposed amendment and restatement of the 2008 ESPP are not determinable, since the amounts of future purchases by participants are based on elective participant contributions and the restrictions of Code Section 423 and the 2008 ESPP, and the per-share purchase price depends on the future value of Juniper common stock. No purchase rights have been granted, and no shares of common stock have been issued, with respect to the 7,000,000 share increase for which stockholder approval is sought under this proposal. Should such stockholder approval not be obtained, then the 7,000,000 share increase will not be implemented.

The table below shows, as to the listed individuals and specified groups, the number of shares of common stock purchased under the 2008 ESPP during fiscal 2014.

Name and Position	Number of Purchased Shares
Rami Rahim Chief Executive Officer[1]	0
Shaygan Kheradpir Former Chief Executive Officer[1]	0
Robyn M. Denholm Executive Vice President, Chief Financial and Operations Officer	0
Vincent Molinaro Executive Vice President, Chief Customer Officer	0
Pradeep Sindhu Executive Vice President, Chief Technology Officer	1,138
Mitchell L. Gaynor Executive Vice President, General Counsel and Secretary	1,109
Executive Officer Group (8 persons)	4,439
Non-Employee Director Group[2]	N/A
Non-Executive Officer Employee Group	2,855,098

(1) Shaygan Kheradpir resigned as our Chief Executive Officer and from the Board on November 9, 2014. Rami Rahim was appointed as our Chief Executive Officer and elected to the Board on November 10, 2014.
(2) Non-employee directors are not eligible to participate in the 2008 ESPP.

Recommendation

Our Board recommends a vote "FOR" the amendment and restatement of the Juniper Networks, Inc. 2008 Employee Stock Purchase Plan. If you sign your proxy or voting instruction card or vote by telephone or over the Internet but do not give instructions with respect to this proposal, your shares will be voted for approval of the amendment and restatement of the 2008 ESPP, as recommended by the Board. If you do not give voting instructions to your broker, your broker will not be able to vote your shares and your shares will not be voted on this matter.

Vote Required

Approval of the foregoing amendment and restatement to the Juniper Networks, Inc. 2008 Employee Stock Purchase Plan requires the affirmative vote of a majority of the votes cast with respect to the proposal at the annual meeting.

Proposal No. 5
Non-Binding Advisory Vote on Executive Compensation

This proposal provides our stockholders with the opportunity to cast an advisory vote on the compensation of our named executive officers ("NEOs") pursuant to section 14A of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). For more detail on our NEOs, please see the Compensation Discussion and Analysis beginning on page 32 and the Summary Compensation Table beginning on page 55. This proposal, commonly known as a "Say on Pay" proposal, gives you, as a stockholder, the opportunity to express your views on our executive compensation programs and policies and the compensation paid to our NEOs.

The Say on Pay vote is advisory, and therefore not binding on the Company, the Compensation Committee or the Board of Directors. Although the vote is non-binding, the Compensation Committee and the Board will review the voting results, seek to determine the cause or causes of any significant negative voting, and take them into consideration when making future decisions regarding executive compensation programs. The Company's current policy is to hold a Say on Pay vote each year, and we expect to hold another advisory vote with respect to executive compensation at the 2016 annual meeting.

We design our executive compensation programs to implement our core objectives of providing competitive pay, pay for performance, and alignment of management's interests with the interests of long-term stockholders.

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In deciding how to vote on this proposal, the Board encourages you to read the Compensation Discussion and Analysis and Executive Compensation sections for a detailed description of our executive compensation philosophy and programs, the compensation decisions the Compensation Committee has made under those programs, the factors considered in making those decisions, and changes made to such programs as a result of our stockholder engagement and the results of last year's advisory vote to approve executive compensation.

Recommendation

The Board believes the Company's executive compensation programs use appropriate structures and sound pay practices that are effective in achieving our core objectives. **Accordingly, the Board of Directors recommends that you vote "FOR" the following resolution:**

"RESOLVED, that Juniper Networks, Inc. stockholders approve, on an advisory basis, the compensation of the Company's named executive officers as disclosed pursuant to the Securities and Exchange Commission's compensation disclosure rules, including the Compensation Discussion and Analysis and Executive Compensation sections of this proxy statement."

If you sign your proxy or voting instruction card or vote by telephone or over the Internet but do not give instructions with respect to this proposal, your shares will be voted "FOR" the proposal, as recommended by the Board. If you do not give voting instructions to your broker, your broker will not be able to vote your shares and your shares will not be voted on this matter.

Vote Required

The advisory approval of our executive compensation requires a majority of the shares present in person or represented by proxy and entitled to vote on each proposal at the annual meeting. As this is an advisory vote, the result will not be binding on the Company, the Board of Directors or the Compensation Committee. However, the Compensation Committee, which is responsible for designing and administering the Company's executive compensation programs, values the opinions expressed by our stockholders and will take the outcome of the vote under advisement in evaluating our executive compensation principles, design and practices.

Executive Compensation

Compensation Discussion and Analysis

The Company's Compensation Committee (the "Committee") is comprised entirely of independent directors and has the responsibility of approving compensation for our officers who are designated as reporting officers under Section 16 of the Exchange Act ("Section 16 officers"). Generally, the types of compensation and benefits provided to Section 16 officers are also provided to other non-Section 16 officers reporting to the Chief Executive Officer. Throughout this proxy statement, the individuals who served as the Company's Chief Executive Officer or Chief Financial Officer during 2014, as well as the other individuals included in the Summary Compensation Table on page 55, are referred to as the "named executive officers," or "NEOs". This discussion describes and analyzes the 2014 compensation program for the NEOs of the Company.

Fiscal year 2014 was a significant and challenging year for Juniper Networks. We implemented our Integrated Operating Plan ("IOP") to refocus the Company on innovation, restructured the Company to drive efficiencies in our R&D and go-to-market structures, and aggressively returned capital to stockholders. Overall our revenues for 2014 were essentially flat with 2013. Despite headwinds in U.S. carrier spending, the diversity of our business across verticals such as Cloud and Cable Providers helped to mostly offset the decline. Effective January 1, 2014, the Board appointed a new Chief Executive Officer, Shaygan Kheradpir, who resigned and was replaced in November 2014 by Rami Rahim, a long-time Juniper Networks employee who had been serving as Executive Vice President and General Manager, Juniper Development and Innovation. Through these changes,

our Board and our leadership team have committed to reinvigorating the Company's heritage of a mission-driven culture that is more focused, connected, agile, and execution-oriented. Our 2014 compensation programs are intended to reflect this commitment with a strong emphasis on pay-for-performance and tight linkage to increasing stockholder value.

Our Compensation Discussion & Analysis is organized into four sections.

- Section 1 – Key Compensation Highlights
- Section 2 – Factors Considered in Determining Executive Pay
- Section 3 – Elements of Executive Compensation
- Section 4 – Other Compensation Policies and Information

Section 1 – Key Compensation Highlights

Stockholder Considerations

Last Year's "Say-on-Pay" Advisory Vote on Executive Compensation

At our 2014 annual meeting of stockholders, a non-binding, advisory vote was taken with respect to the compensation of our named executive officers (referred to as the "Say-on-Pay" vote). Approximately 86% of the votes cast were in favor of our named executive officer compensation program, representing a decrease from the 94% rate at our 2013 annual meeting of stockholders. The Committee takes into consideration results from the "Say-on-Pay" advisory vote in the evaluation of our executive compensation programs and policies.

Stockholder Engagement

In 2014, following our "Say-on-Pay" advisory vote, our management team continued its practice of meeting with key stockholders to obtain their perspectives on our executive compensation programs. In this regard, representatives from Juniper Networks including our Chairman of the Board, Chief Executive Officer, Executive Vice President and General Counsel, Vice President, Investor Relations, and members of the Committee spoke with seven of our largest stockholders owning in total approximately 24% of our outstanding common stock, including stockholders that did not vote in favor of our named executive officer compensation program.

We listened to our stockholders' perspectives on our programs as an input into applicable stockholder-friendly changes we implemented for 2015. Examples of actions taken to further align our executive compensation programs for 2015 with stockholder feedback are summarized below:

- Changes to the Executive Annual Incentive Plan ("AIP"). In connection with an increase in the difficulty of the financial metrics, the Committee decided to increase the maximum bonus funding from 150% to 200%. In addition, for 2015, the Committee replaced the IOP strategic objective with the Juniper Customer Satisfaction Index ("JCSI") score, and awarded half of the AIP value in performance shares to enhance retention. The Committee believes these changes, in combination with primary metrics of non-GAAP operating margin and revenue growth, provide increased focus on Company growth;
- Addition of price vested RSUs to the CEO annual equity awards mix. In 2014, price vested RSUs were used for Mr. Kheradpir's new hire award and Mr. Rahim's promotional award, and for other named executive officers' annual equity awards;
- Changes to the Performance Share Award Plan. The Committee added a non-GAAP operating income gate, changed the primary metric from non-GAAP operating income to revenue, and removed the JCSI multiplier; and
- Elimination of the Large Tech Company Comparator Group. In 2014, the Committee decided to eliminate the Large Tech Company Comparator Group as a secondary reference for making future compensation decisions.

These changes are further described below in the 2015 Compensation Program Changes section of this overview of Key Compensation Highlights.

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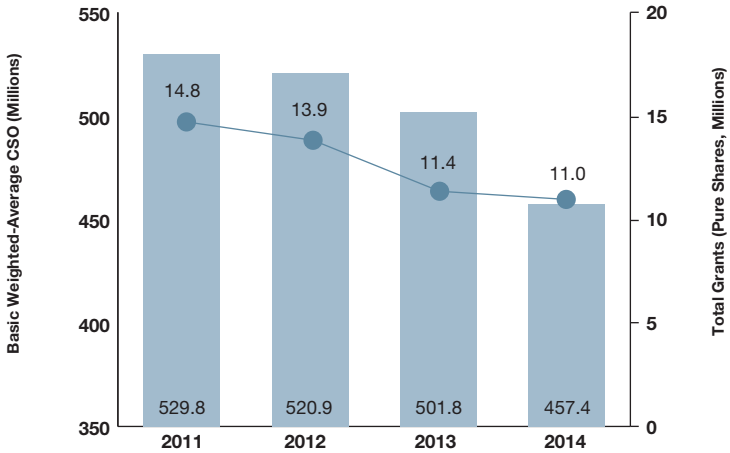
Equity Dilution

Over the past several years we have been reducing our annual equity usage. In 2014, we committed to stockholders that we would manage 2014 annual equity usage to 2.50% or less of basic weighted-average common shares outstanding ("CSO"), and we achieved actual usage of 2.41% of CSO.

Total Shares Granted (Burn Rate): 2011-2014



Burn Rate:
We have focused on reducing our burn rate for equity awards, and have achieved a 14% reduction over years 2011-2014, from 2.79% to 2.41%. We have achieved these reductions while the basic weighted-average CSO has declined from 529.8 million to 457.4 million over the same period. The combination of reduced burn rate and reduced CSO has resulted in a 26% reduction in annual equity award grants over the same period.

Between 2014 and 2016, the Company intends to return to stockholders $4.1 billion through share repurchases and dividends. For fiscal 2015, the Company intends to maintain an equity burn rate at or below 2.50% of CSO. We believe that maintaining our equity usage target, even as CSO declines, mitigates stockholder dilution via our equity programs while still allowing us to stay competitive to attract and retain talent.

Chief Executive Officer Transition

In 2013, following Kevin Johnson's decision to retire as CEO, the Board appointed Shaygan Kheradpir to serve as our Chief Executive Officer, effective January 1, 2014. Mr. Johnson did not receive any severance or accelerated vesting of equity awards in connection with his retirement from the Company. On November 9, 2014, Mr. Kheradpir resigned as our Chief Executive Officer. On November 10, 2014, the Board appointed Rami Rahim as Chief Executive Officer, effective immediately. Mr. Rahim has been with Juniper Networks for over 18 years and most recently served as Executive Vice President and General Manager of Juniper Development and Innovation. These leadership changes resulted in several significant executive compensation actions during the fiscal year.

Compensation decisions related to Mr. Rahim's appointment as Chief Executive Officer

On November 10, 2014, the Board appointed Mr. Rahim as our Chief Executive Officer. Mr. Rahim joined the Company in January 1997, and prior to his appointment as CEO, he was serving as Executive Vice President and General Manager, Juniper Development and Innovation. Our Board believes it is important to establish a competitive compensation package for our CEO that emphasizes pay-for-performance and links a significant portion of pay to sustained long-term value creation for our stockholders. To further these objectives, in connection with Mr. Rahim's promotion, the Committee developed, and the independent members of the Board approved, an employment arrangement for Mr. Rahim comprised of a promotional equity award and a competitive annual total compensation package.

Promotional Equity Award

To increase alignment between CEO compensation and the Company's performance, the Board approved a promotional equity grant comprised of price vested RSUs that provide Mr. Rahim an opportunity to build significant ownership when the Company sustains long-term growth as measured by stock price. This performance-contingent equity award includes the following key features:

- **The payout term is up to five years.** Payout opportunities occur between the 1st and 5th anniversaries of the grant date. Target payout cannot be achieved before the 3rd anniversary of the grant date.
- **Stock price appreciation determines the payout level.** The reward is performance-based as measured by our stock price. A payout occurs only if the stock price equals or exceeds the applicable stock price target.

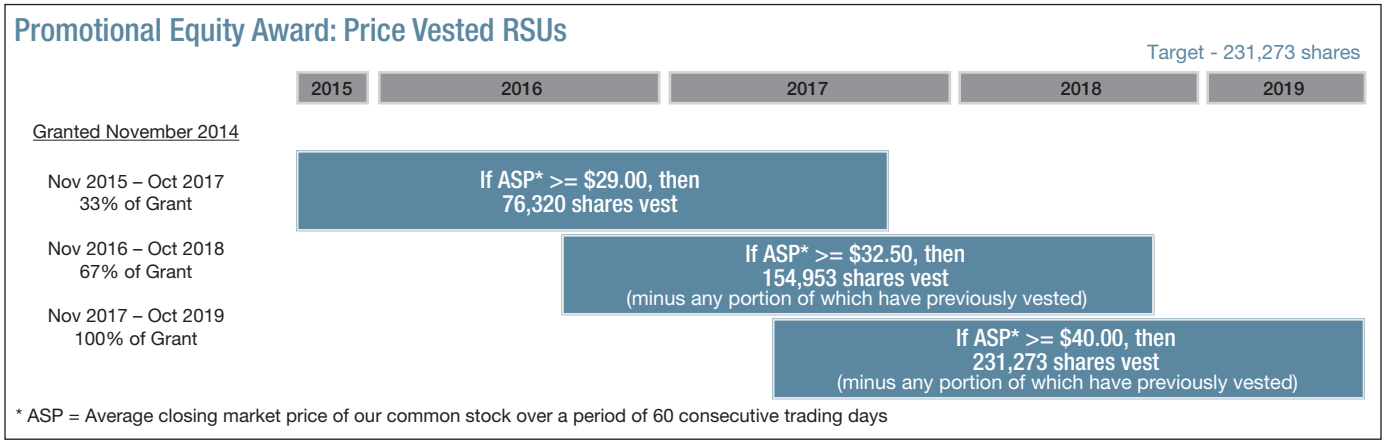
- **There is no above target payout.** The maximum number of shares are equal to the target number of shares, and are only earned if the final stock price target is achieved during the third payout period. No shares are earned for below target performance. Upside opportunity for the CEO is earned inherently through appreciation of the stock price if the stock price targets are achieved.

The one-time grant of 231,273 price vested RSUs represents a target value of $5 million based on the 90-day average stock price close preceding the date of grant. The Committee believes this grant will provide Mr. Rahim a reward opportunity that is competitive with pay practices at other technology companies similar in size and business scope, as described in Section 2 – Factors Considered in Determining Executive Pay of this Compensation Discussion & Analysis. The price vested RSUs are subject to vesting on the condition of sustained increases in the Company's stock price from 2015 through 2019 as follows:

- 33% of the price vested RSUs will vest if ASP* equals or exceeds $29.00 between November 1, 2015 and October 31, 2017;
- 67% of the price vested RSUs (minus any portion of which have previously vested) will vest if ASP* equals or exceeds $32.50 between November 1, 2016 and October 31, 2018; and
- 100% of the price vested RSUs (minus any portion of which have previously vested) will vest if ASP* equals or exceeds $40.00 between November 1, 2017 and October 31, 2019.

* ASP refers to the average closing market price of our common stock over a period of 60 consecutive trading days.

The Committee believes these stock price targets represent significant growth for the Company in comparison to the $21.85 closing market price on the date of grant. The following graph depicts the vesting conditions for the price vested RSUs.



Annual Total Compensation Package

In addition to the promotional equity award, the independent members of our Board approved an annual total compensation package for Mr. Rahim in connection with his appointment as Chief Executive Officer, as described in the table below:

Compensation Element	Target Value	Description
Annual base salary	$1,000,000	Fixed element of compensation, subject to annual review.
Annual cash incentive award opportunity	$1,750,000	Annualized bonus target of 175% of base salary as a participant in the AIP. For 2014, Mr. Rahim's target incentive under the AIP was prorated based on (i) ten months with an annualized bonus target of 150% of base salary and (ii) two months with an annualized bonus target of 175% of base salary. Mr. Rahim's actual annual cash incentive award payout can range from 0%-200% of the target and will be based on AIP metrics and his actual performance as evaluated by the Committee.
Annual equity award	$6,750,000	Equity award in 2015 as part of the Company's annual executive compensation cycle. The allocation of value between performance shares, price vested RSUs, and restricted stock units will be based on the same proportions used for awards made to other executive officers.
Target total direct compensation	$9,500,000	

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Compensation decisions related to Mr. Kheradpir's appointment and departure as Chief Executive Officer

Our Board appointed Mr. Kheradpir as our Chief Executive Officer effective January 1, 2014. In connection with Mr. Kheradpir's appointment, the Company and Mr. Kheradpir entered into an employment agreement. The Committee developed, and the independent members of the Board approved, terms of the employment offer letter for Mr. Kheradpir comprised of four principal components:

- A competitive annual total compensation package, including a base salary, a cash incentive bonus opportunity, and equity awards comprised of restricted stock units, performance share awards, and price vested RSUs;
- A buyout of existing incentives comprised of cash and equity. Mr. Kheradpir held a significant level of unvested incentive awards at his prior employer, and the Board determined that a buyout was required to address this loss of compensation;
- An additional equity incentive opportunity comprised of price vested RSUs intended to increase alignment between CEO compensation and our performance. This award was intended to provide Mr. Kheradpir an opportunity to build significant ownership when the Company sustains growth over a five year period as measured by stock price; and
- Relocation assistance.

Mr. Kheradpir resigned as Chief Executive Officer effective as of November 9, 2014. Under the terms of his employment offer letter, Mr. Kheradpir was not paid a bonus, he was required to repay a pro-rated amount of his cash sign-on award and relocation assistance because he resigned within two years, and he did not receive any acceleration of equity awards or severance in connection with his departure from the Company. The Committee believes the compensation decisions in connection with Mr. Kheradpir's resignation, as summarized in the table below, are consistent with stockholder interests. This summary should be read in conjunction with the more detailed descriptions of Mr. Kheradpir's employment offer letter and departure provided in the Company's Current Reports on Form 8-K, filed with the SEC on November 13, 2013, and November 10, 2014, respectively.

Compensation Element	Value	Terms	Treatment upon Termination
Annual Total Compensation Package	Base Salary: $1.0M Target Bonus: $1.75M Annual Equity: $6.75M	– Annual bonus can vary from 0%-200% of Target. – Equity awards denominated in similar proportions to other executives.	– Earned pro-rated base salary amount through date of termination. – No bonus paid. – All shares forfeited.
Buyout of existing incentives	$5 million in cash $5 million in RSUs	– Cash payable as part of first paycheck during commencement of employment. – Equity awards vest cumulatively over three years: 40% vested six months after grant, 40% vest eighteen months after grant, 15% vest 30 months after grant, and 5% vest 36 months after grant.	– Resignation within two years requires an obligation to repay a pro-rated amount of the cash award. – No acceleration of any equity awards and unvested awards were canceled.
Additional equity incentive for stock price improvement	$15 million in price vested RSUs	– Award vests based on achieving and sustaining specific share price hurdles: – 33% of shares vest if ASP* equals or exceeds $25.00 between 1/1/15 and 12/31/16; – 67% of shares vest if ASP* equals or exceeds $32.50 between 1/1/16 and 12/31/17; and – 100% of shares vest if ASP* equals or exceeds $40.00 between 1/1/17 and 12/31/18. * ASP refers to the average closing market price of our common stock over a period of 60 consecutive trading days.	– All shares forfeited.
Relocation assistance	Up to $575,000[1]	– Reimbursement for reasonable and customary relocation costs and, if taxable, reimbursement to be tax-assisted.	– Resignation within two years requires an obligation to repay a pro-rated amount.

[1] The employment offer letter included relocation assistance of up to $275,000. On March 18, 2014, the Committee approved an additional amount of up to $300,000 in relocation assistance under the same terms.

2014 Business Highlights and Executive Pay Outcomes

Key Performance Indicators: 2014 vs. 2013

Performance Result	Fiscal 2013	Fiscal 2014	Year-over-Year % Change
Revenue ($M)	$4,669.1	$4,627.1	(0.9%)
Operating Income ($M)[1]	$895.9	$958.4	+7.0%
Operating Margin[1]	19.2%	20.7%	+1.5 points
Customer Satisfaction Index[2]	8.04 (Above Target)	7.86 (Below Target)	–
Stock Price at Fiscal Year End (December 31)	$22.57	$22.32	(1.1%)
Earnings per Share (Diluted)[1]	$1.28	$1.45	+13.3%

(1) Reflects non-GAAP financial measures, as described in our January 2015 and 2014 Current Reports on Form 8-K which furnished our earnings release for the applicable fiscal year. Reconciliations to the comparable GAAP measures are contained therein.
(2) Reflects the Juniper Customer Satisfaction Index (JCSI), which is described in the discussion of our Performance Share Awards, beginning on page 47.

Overview of 2014 Incentive Compensation

In 2014, the variable component of our compensation plan design included an annual cash-based incentive plan as well as a long-term equity incentive program consisting of performance share awards, price vested RSUs, and restricted stock units ("RSUs"), all of which are described in summary below and in detail later in this Compensation Discussion and Analysis.

- **The Executive Annual Incentive Plan (AIP),** our cash bonus plan, emphasized both financial and strategic results. Target bonuses are established for each NEO (expressed as a percentage of base salary), and payout can range from 0%-200% of target. The AIP was based on a non-GAAP operating income gate, non-GAAP operating margin, revenue growth, and strategic objectives.
- **The Executive Performance Share Award (PSA) Plan,** our long-term equity incentive compensation plan, was based on non-GAAP operating income and customer satisfaction, as measured by our Juniper Customer Satisfaction Index ("JCSI"). Performance share awards were used to deliver approximately 33% of the shares awarded for our long-term equity incentives to NEOs in 2014.
- **Price Vested RSUs** were used to deliver approximately 33% of the shares awarded for our long-term equity incentives to NEOs in 2014. Price-vested RSUs are based on successively higher stock price achievement in three tranches over a five-year period.
- **Restricted Stock Unit Awards,** or RSUs, were used to deliver approximately 34% of the shares awarded for our long-term equity incentives to NEOs in 2014. RSUs reward executives for sustained increases in our stock price over time and serve as a retention tool.

2014 Pay Outcomes

Our mixed financial results in 2014 are directly reflected in our executive pay programs. In summary, modest increases in non-GAAP operating margins and non-GAAP operating income compared to 2013, and a decline in revenue compared to 2013, contributed to below-target payouts in both our AIP and performance share award plan. The results of our mixed strategic performance in 2014 are also directly reflected in our executive pay programs. Specifically, we exceeded targets to reduce non-GAAP operating expenses and take market share in routing and switching, while we did not meet targets in market share for security and employee engagement, which resulted in above-target funding in the strategic component of our annual incentive plan. We did not meet targets in customer satisfaction as measured by JCSI, which contributed to below-target payouts in our performance share award plan.

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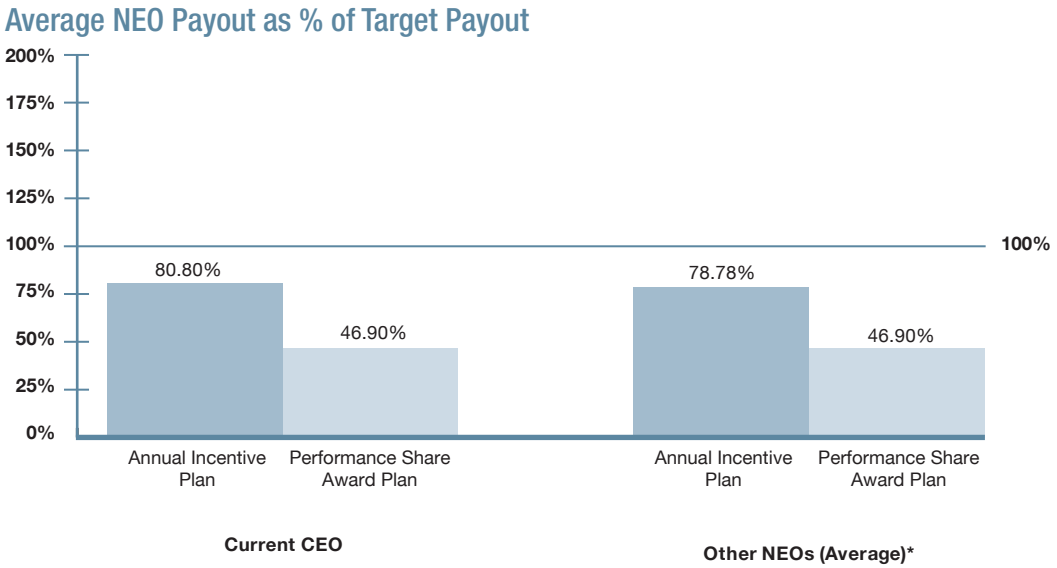
Due to achievement of performance results as described above, the AIP resulted in total payouts representing 80.8% of target for our current CEO and between 72.7% and 80.8% of target for other NEOs (excluding Mr. Kheradpir), and our performance share award plan resulted in total "banking" representing 46.9% of target for our current CEO and other NEOs (excluding Mr. Kheradpir).



* Excludes Mr. Kheradpir, since he did not receive any bonus under the AIP and all his performance share awards were forfeited as a result of his resignation on November 9, 2014.

2015 Compensation Program Changes

The Committee has made material changes to our 2015 executive compensation programs to further enhance the alignment of pay with stockholder value creation. Key tenets of our program changes are as follows:

- **Changes to the Executive Annual Incentive Plan.** In connection with an increase in the difficulty of the financial metrics, the Committee decided to increase the maximum bonus funding from 150% to 200%. The Committee also decided to replace the IOP element of the strategic objectives with the JCSI score. In addition, the Committee awarded half of the AIP value in restricted shares for 2015 to enhance retention. The Committee believes these changes, in combination with primary metrics of non-GAAP operating margin and revenue growth, provide increased focus on Company growth.
- **Changes to Annual Long-Term Equity Mix.** For 2015 annual equity grant awards, a significant portion of the annual equity awards granted to the CEO will be price vested RSUs. In 2014, price vested RSUs were used for Mr. Kheradpir's new hire award and Mr. Rahim's promotional award, and for other named executive officers' annual equity awards. The increased use of price vested RSUs reflects an increased emphasis on performance-contingent awards, i.e., 66% of annual long-term equity awards in 2015 versus 60% of annual long-term equity awards in 2014, and aligns CEO long-term equity incentive mix with the CEO direct reports: 33% of the shares granted in the form of performance share awards, 33% of the shares granted in the form of price vested RSUs, and 34% of the shares granted in the form of service-vested RSUs.
- **New Performance Share Awards (PSA) Metrics.** The Committee decided to maintain the same overall design as PSAs granted in 2014. Changes include replacing the non-GAAP operating income primary metric with revenue, the addition of a non-GAAP operating income gate that must be achieved for any shares to "bank" or vest, and the removal of the JCSI multiplier. The Committee believes these changes provide better alignment across all variable pay metrics and increased focus on Company growth.
- **Elimination of the Large Tech Company Comparator Group.** In 2014, due to changes in our business context and strategy, the Committee decided to eliminate the Large Tech Company Comparator Group as a secondary reference for making future compensation decisions. Compensation decisions made in late 2014 and in 2015 will, in addition to other criteria, reference only one group of

publicly-traded networking equipment and other high technology companies which the Committee believes are similar in size and business scope and which compete with the Company for talent, and will not reference the second group of publicly-traded large high technology companies.

Corporate Governance Framework

The Company takes seriously its duty to maintain a comprehensive governance framework that is aligned with market practice and standards. The Company has adopted a strong corporate governance framework that includes the components as described below:

- **Stock ownership guidelines:** We have established stock ownership guidelines for members of our Board, NEOs, and certain former NEOs to align the interests of our leadership with those of our stockholders. See page 65 for further information. In addition, in 2015, the Board established a holding requirement for our Chief Executive Officer, which requires that the CEO hold the shares issued upon vesting of one type of CEO award (e.g., price vested RSUs) for at least 12 months after vesting of such award (after taking into account any shares sold or withheld, as the case may be, to satisfy the payment of taxes).
- **"Clawback" policy:** We maintain a clawback policy under which our CEO and CFO are required to repay overpayments of incentive compensation awards in the event of a financial restatement in which it is determined that the individual executive was responsible due to gross recklessness or intentional misconduct. See page 53 for further information.
- **"Double-trigger" change-in-control arrangements:** An executive's unvested equity awards will vest upon a change in control only if the executive also experiences a qualifying termination of employment. See page 51 for further detail regarding our change-in-control arrangements.
- **No stock option repricing:** The Company's 2006 Equity Incentive Plan and proposed 2015 Plan do not permit us to reprice stock options without stockholder approval or to grant stock options with an exercise price below fair market value. The proposed 2015 Plan does not permit us to repurchase below water options.
- **No tax gross-ups:** The Company has no executive officer contracts providing for an excise tax gross up following a change in control.
- **No hedging of Company stock:** The Company has adopted a policy that prohibits members of our Board and Section 16 Officers from engaging in short sales of Company stock and other similar transactions that could be used to hedge the risk of Company stock ownership. See page 53 for further information.

Section 2 – Factors Considered in Determining Executive Pay

Roles

The Company's executive compensation programs are overseen by the Compensation Committee, with support provided by the independent compensation consultant, and the Chief Executive Officer and management. Each of their roles is described below.

Role of the Compensation Committee

The Committee is comprised entirely of independent directors and has the responsibility of approving compensation for our officers who are designated as reporting officers under Section 16 of the Exchange Act, including evaluation of the Chief Executive Officer and has overall responsibility for approving and evaluating executive officer compensation plans, policies, and programs. In addition, the Compensation Committee has responsibility for reviewing the overall equity award practices of the Company. The Compensation Committee has the authority to obtain advice and assistance from, and receive appropriate funding from Juniper Networks for, outside legal counsel, compensation consultants, or other advisors as the Compensation Committee deems necessary to carry out its duties.

The Committee independently decides the salary, incentive target and equity awards for the Chief Executive Officer with input from its compensation consultant. In 2014, the Committee's independent compensation consultant provided input directly to the Committee with respect to the CEO's compensation. Based on the information presented, the Committee discusses the Chief Executive Officer's contribution and performance, Company performance, the competitive market, and the other factors discussed below, and independently makes compensation decisions in an executive session, without the Chief Executive Officer present.

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Role of the Independent Compensation Consultant

The Committee has the authority to engage its own advisors to assist in carrying out its responsibilities. In addition, the Committee is free to replace its compensation advisors or retain additional advisors at any time.

During 2014, the Committee engaged Semler Brossy Consulting Group, LLC ("Semler Brossy") to advise the Committee on executive compensation. The Committee has determined that Semler Brossy is an independent compensation advisor under the rules of the New York Stock Exchange and there are no conflicts of interest. For details on the engagement and services provided by Semler Brossy, please refer to the "Compensation Consultant Fee Disclosure" section of this proxy statement beginning on page 61. During the 2014 fiscal year, Semler Brossy did not provide any services unrelated to executive compensation, and therefore received no fees for additional services.

Role of the Chief Executive Officer and Management

The Chief Executive Officer makes recommendations to the Committee regarding the salary, incentive target and equity awards for the NEOs (except for himself). These recommendations are based on analysis and guidance provided by the compensation consultant and the Chief Executive Officer's assessment of individual specific factors, such as the individual's role and contribution to Company performance and the other factors discussed below. The Chief Executive Officer is also assisted by the Executive Vice President, Human Resources in making these recommendations.

Executive Compensation Philosophy and Objectives

In 2014, the Committee established the guiding principles detailed below. The Committee believes that these guiding principles drive desirable behaviors, accountability, and alignment with stockholder interests.

Table 1: Executive Compensation Philosophy and Objectives

Principle	Strategy
1. Enhance Accountability	Executive compensation linked to a clear set of business objectives
2. Manage to Balanced Results	Compensation strategy that drives balanced results between the following: – Short- and long-term objectives – Individual and team performance – Financial and non-financial objectives – Customer satisfaction and growth
3. Reward High Performance	Upside potential in the incentive plans for superior performance with downside risk for underperformance
4. Attract & Retain Talent	Market-competitive programs with flexibility to be aggressive for mission-critical talent retention and acquisition
5. Align with Stockholder Interests	Programs that are transparent, easily understood and meet fiduciary commitments to stockholders
6. Encourage Health and Financial Well-Being	Market-competitive benefit programs that encourage wellness and financial savings

Market Positioning Strategy

The Committee has established a framework for executive compensation positioning relative to market. Competitive compensation is fundamental for attracting and retaining the talent profile required for the success of the business. The 2014 market positioning strategy is presented below.

This framework provides a starting point in compensation decision-making and final decisions regarding compensation opportunity for executive officers take into account individual performance, tenure, criticality of role, and ability to impact business results.

Table 2: Market Positioning Strategy

Element	Market Definition	Target Pay Positioning	Rationale
Base Salary	Comparable US public companies with whom Juniper networks competes for talent Compensation data from large-tech company comparator group for key positions where large-tech is primary talent pool Compensation data reported by similarly-sized high-technology companies in published surveys	• At market median	• Align with market competitive rates
Annual Cash Incentives Total Cash Compensation		• Target market 60th-65th percentile • Upside potential positions total cash at or above the 75th percentile	• Provides focus on annual financial and non-financial goals • Motivates superior performance with upside potential
Long-Term Incentives		• Target market 60th-65th percentile	• Creates ownership and aligns employee efforts with stockholder value creation • Annual grants based on value delivered in the market for comparable jobs
Total Direct Compensation		• Target market 60th-65th percentile • Upside potential positions total direct compensation at or above 75th percentile	• Reward executives for achieving financial and strategic results that drive stockholder value over the long-term
Benefits		• Target higher of market median or legal minimum	• Encourage wellness and financial savings

Competitive Compensation Data

The Committee reviews competitive compensation data to establish reference points and uses the data from the Primary Peer Group, the Large Tech Company Comparator Group, and published surveys, as described below.

Primary Peer Group

The Committee has established a peer group of publicly-traded networking equipment and other high technology companies set forth in the table below (the "Peer Group").

The companies included in the Peer Group are the ones which the Committee believes are similar in size and business scope and which compete with the Company for talent. This list is periodically reviewed and updated by the Committee with the assistance of Semler Brossy to take into account changes in both the Company's business and the businesses of the companies in the Peer Group. The data on the compensation practices of the Peer Group is gathered through publicly available information. For compensation decisions made in early 2014, the Peer Group consisted of the following companies:

Table 3: Primary Peer Group

Company Name	
Adobe Systems Inc.	Intuit Inc.
Autodesk, Inc.	Motorola Solutions Inc.
BMC Software, Inc.	NetApp Inc.
Broadcom Corp.	NVIDIA Corp.
Brocade Communications Systems, Inc.	SanDisk Corp.
CA, Inc.	Symantec Corp.
Citrix Systems, Inc.	VMware, Inc.
Corning Inc.	Xilinx, Inc.
EMC Corp.	

Changes to the Peer Group used to assess 2014 pay decisions include the following:

- Removed eBay from the prior year's group. The Committee determined that eBay had grown to a size where revenue and market cap increased beyond the size screens used to determine comparable peers. EMC Corp. revenue also exceeds the size screens, but the Committee determined to keep EMC Corp. in the Peer Group due to the high relevance of its business model.
- Added Brocade. The Committee determined that Brocade was a comparable peer in terms of size, scope of operations, and industry.

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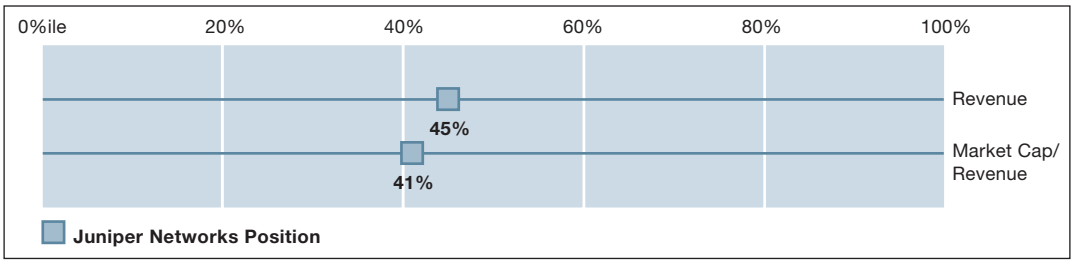
Revenue, market capitalization, and market cap / revenue – Juniper Networks' percentile position relative to peers



Large Tech Company Comparator Group

The Committee also reviews data from a second group of publicly-traded high technology companies set forth in the table below (the "Large Tech Company Comparator Group"). The Committee believed that the companies in the Large Tech Company Comparator Group are typically the talent pool for Division head positions, and to a lesser extent, for our CEO position. Compensation data for comparable positions at these companies were used as a secondary reference by the Committee in making target compensation decisions in early 2014. The list of companies remained consistent with prior year practices, with the exception of the addition of Facebook Inc, which the Committee determined was representative of the type of companies contained in this group.

In August 2014, due to changes in our business context and strategy, the Committee decided to eliminate the Large Tech Company Comparator Group as a secondary reference for making future compensation decisions.

Table 4: Large Tech Company Comparator Group

Company Name	
Amazon.com, Inc.	Google Inc.
Apple Inc.	Hewlett-Packard Co.
Applied Materials, Inc.	IBM Corp.
Cisco Systems, Inc.	Intel Corp.
Computer Sciences Corp.	Microsoft Corp.
Dell Inc.	Oracle Corp.
eBay Inc.	QUALCOMM, Inc.
EMC Corp.	Seagate Technology Plc
Facebook Inc.	Texas Instruments Inc.

Published Surveys

For the 2014 annual compensation review, broader technology company data was drawn from the Radford 2013 Executive Compensation Survey for companies of comparable size, approximately $4.5 billion in annual revenue. After reviewing the market data, the Committee takes into consideration other factors, such as internal equity, individual performance, tenure, leadership skills, and ability to impact business performance. In addition, while recruiting and retaining key executive talent, the compensation decisions may be determined based on negotiations with such individuals and can reflect such factors as the amount of compensation that the individual would forego by joining or remaining with the Company or relocation costs. The Committee also takes into consideration results from the "Say-on-Pay" advisory vote and feedback we receive when we conduct ongoing stockholder outreach in the evaluation of our executive compensation programs and policies.

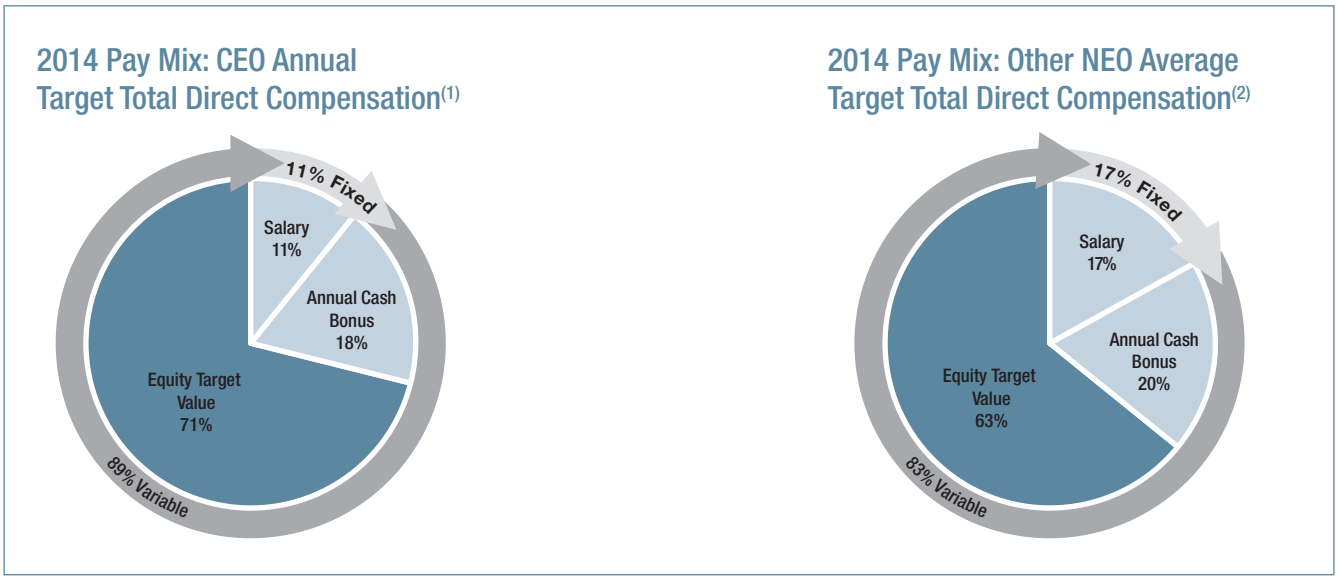
Section 3 – Elements of Executive Compensation

The NEO compensation program comprises the following elements:

Table 5: Elements of Executive Compensation

Element	Rationale
Base Salary	Provides fixed level of compensation for day-to-day responsibilities and achieving target goals and objectives.
Annual Cash Incentives	Aligns executive efforts with short-term (annual) financial and strategic Company goals.
Long-term Incentives	
• Performance Shares	Bridges short- and long-term goals and aligns executive effort with stockholder value creation.
• Price Vested RSUs	Rewards longer-term sustained stock price performance, further strengthening the link with stockholder value creation.
• Restricted Stock Units	Provides a strong incentive for longer-term executive retention and provides incentive for high performance resulting in increased stock price.
Benefits	Except as referenced below, executives participate in Company-wide benefit programs. Executives may choose to defer a portion of salary and annual incentive bonus under a deferred compensation program.
Severance	Provides a financial bridge to new employment in line with market competitive practices.
Change of Control Related Benefits	Encourage the continued attention, dedication and continuity of assigned duties without the distraction that may arise from the possibility of a change of control.

The Company's pay mix emphasizes pay for performance. In 2014, our current CEO's annual target compensation package, "variable" compensation in the form of annual cash bonus incentive and equity (i.e., RSUs and performance shares) comprised 89% of his target total direct compensation. In 2014, variable compensation comprised 83% of our other NEOs' (excluding Mr. Kheradpir) target total direct compensation on average.



(1) Target Total Direct Compensation reflects annual total compensation package for Chief Executive Officer Rami Rahim, as indicated in the Key Compensation Highlights section.

(2) Target Total Direct Compensation reflects base salary as indicated in the Summary Compensation Table, target annual incentive opportunity as indicated in in the Grants of Plan-Based Awards Table, and target value of 2014 equity awards as indicated in the Summary Compensation Table. The Summary Compensation Table begins on page 55 and the Grants of Plan-Based Awards Table begins on page 57.

Base Salary

In 2014, Mr. Kheradpir provided the Committee with his recommended base salary increases for the NEOs, including Mr. Rahim, in light of analysis and guidance from Semler Brossy, including competitive data from our peer groups and his assessment of individual-specific factors. In review of Mr. Kheradpir's compensation, the Committee independently decided not to provide a base salary increase to Mr. Kheradpir as his salary for 2014

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was negotiated as part of his offer of employment. As noted in the table below, two NEOs received increases that were intended to better align their salaries with other executives at Juniper Networks having similar levels of responsibility, as well as with comparable positions in our peer groups and at similarly sized companies in the technology industry. In addition to the increase below, and in connection with his promotion, in November 2014 Mr. Rahim received a salary increase commensurate with his expanded responsibilities as Chief Executive Officer. Generally, merit increases to base salary of an NEO, if applicable, were effective July 1, 2014.

Table 6: 2014 Base Salary

Executive	2014 Base Salary Before Increase	2014 Base Salary After Increase	% Salary Increase
Rami Rahim[1] Chief Executive Officer	$ 725,000	$ 750,000[1]	3.4%
Shaygan Kheradpir[2] Former Chief Executive Officer	$1,000,000	$1,000,000[2]	0%[2]
Robyn M. Denholm Executive Vice President, Chief Financial and Operations Officer	$ 750,000	$ 750,000	0%
Pradeep Sindhu Executive Vice President, Chief Technology Officer	$ 600,000	$ 600,000	0%
Vincent Molinaro Executive Vice President, Chief Customer Officer	$ 550,000	$ 575,000	4.5%
Mitchell L. Gaynor Executive Vice President, General Counsel and Secretary	$ 450,000	$ 450,000	0%

(1) Reflects Mr. Rahim's salary increase as Executive Vice President and General Manager, Juniper Development and Innovation. In connection with his appointment as Chief Executive Officer effective November 10, 2014, the Committee approved an annualized base salary of $1,000,000.
(2) Mr. Kheradpir resigned from his position as Chief Executive Officer in November 2014.

Executive Annual Cash Incentive Plan

Consistent with our key program objective to have a significant portion of each NEO's compensation tied to performance, the Company has established a target annual performance-based cash incentive opportunity for each NEO, expressed as a percentage of base salary. In setting the amount of the target incentive, the Committee takes into account competitive market data, desired positioning against market, the individual's role and contribution to performance, and internal equity. The actual award earned may be higher or lower than this target incentive amount, based on Company and/or individual performance factors.

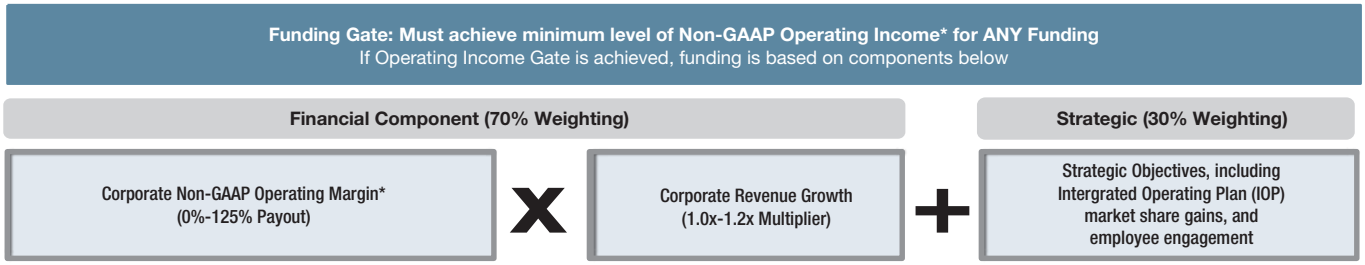
For 2014, target incentives (expressed as a percentage of base salary) for all NEOs remained consistent with 2013 levels, except for the target incentives of Mr. Rahim, who was promoted. The target cash incentive as a percentage of base salary for 2014 are presented below:

Table 7: 2014 Target AIP Incentives

Executive	Annual Base Salary as of 12/31/2014	Adjusted Base Salary[1]	Target Incentives (as % of Base Salary)	Target Incentives
Rami Rahim Chief Executive Officer	$1,000,000	$773,958[2]	155%[3]	$1,200,068[3]
Shaygan Kheradpir[4] Former Chief Executive Officer	n/a	n/a	n/a	n/a
Robyn M. Denholm Executive Vice President, Chief Financial and Operations Officer	$ 750,000	$750,000	150%	$1,125,000
Pradeep Sindhu Executive Vice President, Chief Technology Officer	$ 600,000	$600,000	100%	$ 600,000
Vincent Molinaro Executive Vice President, Chief Customer Officer	$ 575,000	$562,500	100%	$ 562,500
Mitchell L. Gaynor Executive Vice President, General Counsel and Secretary	$ 450,000	$450,000	100%	$ 450,000

(1) Adjusted base salaries reflect actual salaries earned during 2014.
(2) Mr. Rahim's Adjusted Base Salary reflects his previous role as Executive Vice President and General Manager, Juniper Development and Innovation until his appointment as Chief Executive Officer effective November 10, 2014.
(3) For 2014, Mr. Rahim's Target Incentives were prorated based on (i) ten months with an annualized bonus target of 150% and (ii) two months with an annualized bonus target of 175% of base salary.
(4) Mr. Kheradpir's target opportunity is not applicable given his resignation prior to the end of the fiscal year.

NEOs could earn annual cash incentives for 2014 based on an achievement of pre-determined goals in the AIP. The 2014 AIP was comprised of three components: Operating Income Gate, Financial metrics, and Strategic metrics, in order to drive executive focus on achievement of pre-determined goals that contributed to overall Company performance. For the Operating Income Gate component, a threshold amount of non-GAAP operating income must be achieved to earn any bonus; if the gate is achieved, the plan funds based on the Financial and Strategic components, weighted 70% and 30%, respectively. This weighting represents an increased emphasis on financial results, i.e., 70% of the bonus pool in 2014 vs. 50% of the bonus pool in 2013. The Financial component was comprised of non-GAAP corporate operating margin and revenue growth targets, consistent with the 2013 AIP design. The Committee believes that both non-GAAP operating margin expansion and revenue growth are critical to stockholder value creation. For the Strategic component, we focused on a number of key objectives that the Committee believes contributed to operational and financial results, as described below.



* Non-GAAP Operating Margin and non-GAAP Operating Income exclude certain items, primarily stock-based compensation expense and related payroll taxes, amortization of acquired intangible assets, certain one-time gains and losses, and income taxes related to these items. Non-GAAP Operating Margin and non-GAAP Operating Income are calculated quarterly and publicly disclosed as part of our quarterly earnings releases.

The actual amounts paid to individual NEOs depend on the level of achievement against the objectives. Maximum bonus pool funding is 150%, and NEOs can earn anywhere between 0%-200% of their respective target incentive based on actual performance. The CEO makes recommendations for individual payouts for officers other than himself, based on his evaluation of their performance. Final approval of actual payout amounts is at the discretion of the Committee. For 2014, the Committee established target performance goals for non-GAAP operating income, non-GAAP operating margin, and revenue growth per the table below. Strategic goals were the same for all individuals, and included our IOP, market share gains, and employee engagement.

Table 8: 2014 Financial Performance Targets and Achievements

Non-GAAP Operating Margin

	Performance	Payout[1]
Max	24.7%	125%
Target	23.0%	100%
Threshold	19.6%	50%
Actual	**20.7%[2]**	**66.2%**

X

Revenue Growth Multiplier

Revenue Growth	Multiplier
>=10.0%	1.20x
9.0%-10.0%	1.15x
8.0%-9.0%	1.10x
<8.0	1.00x
(0.9%)	**1.00x**

X

66.2% x 1.00x = 66.2% of Target Payout for Financial Component
66.2% Payout for Financial Component = 46.3% Weighted Payout
(Financial Component has 70% Weighting on Overall Plan)

(1) No payout for individual component for performance levels below threshold. Payment scales between threshold and target and between target and maximum are linear.
(2) Reflects non-GAAP financial measures, as described in our Current Report on Form 8-K filed with the SEC in January 2015, which furnished our earnings release for fiscal year 2014. Reconciliations between GAAP and non-GAAP measures are contained therein.

For 2014, the Funding Gate was $900M in non-GAAP operating income. Our 2014 non-GAAP corporate operating income of $958.4M, as described in our Current Report on Form 8-K filed with the SEC in January 2015, exceeded the Operating Income Gate, allowing the AIP to pay out based on attainment of

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Financial and Strategic components. Actual 2014 non-GAAP operating margin was between Threshold and Target, while revenue growth produced a multiplier of 1.0x on the non-GAAP operating margin payout. As a result, payout for the Financial component was 66.2% of target. For the strategic objectives-based payouts, the Committee evaluated performance for each objective and determined the score was 115% of target. This score reflects above-target performance for the IOP objective and market share objectives for routing and switching, and below-target performance for the security market share objective and employee engagement. As a result, payout for the Strategic component (weighted at 30% of the overall plan) was 34.5% of target. The combined payouts for Financial and Strategic components was 80.8% of target.

Recommendations for NEOs, excluding the CEO, were based on overall achievement relative to individual executive contributions in their respective roles. For the CEO, the Committee independently determined the payout at 80.8% of target, reflective of 46.3% payout for the Financial component and 34.5% payout for the Strategic component.

Upon completion of the measurement period for 2014, the Committee reviewed the performance of the Company to verify and approve the calculations of the amounts to be paid. Excluding Mr. Kheradpir, who resigned as of November 9, 2014 and did not receive a payout under the 2014 Executive Annual Incentive Plan, actual payouts to NEOs under the 2014 Executive Annual Incentive Plan ranged between 72.7% and 80.8% of the individuals' target annual incentive for the year. The following table summarizes the payments for the Company's NEOs (expressed as a percentage of their 2014 target incentive):

Table 9: Payments Under 2014 Annual Incentive Plan

Executive	Total Funded $	Actual Payout $	Payout as % of Total Target
Rami Rahim Chief Executive Officer	$969,655	$969,655	80.8%
Shaygan Kheradpir[1] Former Chief Executive Officer	n/a	n/a	n/a
Robyn M. Denholm Executive Vice President, Chief Financial and Operations Officer	$909,000	$909,000	80.8%
Pradeep Sindhu Executive Vice President, Chief Technology Officer	$484,800	$484,800	80.8%
Vincent Molinaro Executive Vice President, Chief Customer Officer	$454,500	$454,500	80.8%
Mitchell L. Gaynor Executive Vice President, General Counsel and Secretary	$363,600	$327,240	72.7%

(1) Mr. Kheradpir did not receive any payments under the 2014 Annual Incentive Plan due to his resignation in November 2014.

Long-Term Equity Incentive Compensation

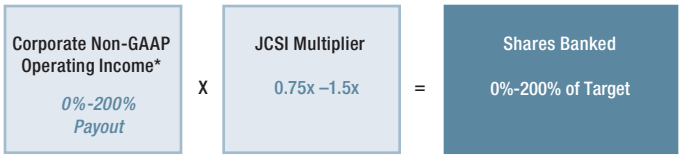
The Company remains focused on aligning its annual equity compensation program with stockholder interests. To further align with stockholder interests, the Committee reviewed target equity pay mix and made changes intended to increase performance-contingent awards and decrease service-vested awards as a percentage of target equity award value. In determining the ranges for long-term equity incentives, the Committee sought to allocate equity awards granted to the NEOs as follows: approximately 33% of their shares awarded in the form of performance shares, or PSAs, 33% of their shares awarded in the form of price vested RSUs, and 34% of their shares awarded in the form of RSUs. The Committee believes this equity mix further aligns the NEOs' compensation opportunities with stockholder interests, i.e., stock price appreciation, and also incentivizes our NEOs to continue to drive performance in key financial metrics that support our innovation agenda (i.e., operating income) and customer satisfaction (Juniper Customer Satisfaction Index, or JCSI). The number of equity awards for the 2014 equity compensation program guidelines was calculated using a policy the Committee approved in 2014, pursuant to which the price of $24.56, reflective of the 90-day average stock price close over the three-month period of December 1, 2013 through February 28, 2014, is used to convert target equity value to the number of equity awards. Using an average stock price mitigates the impact of spot stock price volatility on any given day in converting long-term equity incentive value to the number of shares subject to an award.

In determining the amount of long-term equity incentives to award to each individual, the Committee evaluated grant values in the Peer Group and in the survey data. The Committee's objective was to continue to target total direct compensation between the 60th and 65th percentiles of the Peer Group market data discussed above. However, within this general objective, the specific number of equity awards for each of the NEOs was based on the executive's respective role, grade level and individual performance.

The Company's equity compensation programs are intended to align the interests of our NEOs with those of our stockholders by creating an incentive to drive financial performance over time and maximize stockholder value creation. The vehicles used for the equity compensation program, and the rationale for their use, are as follows:

Performance Share Awards

Performance share awards ("PSAs") are designed to reward executive efforts for year-over-year sustained Company financial performance, which in the longer term we believe has the potential to positively impact stockholder value. NEOs receive PSAs that vest based on performance over a three-year period. In general, we calculate a number of PSAs based on the achievement of annual performance targets determined by the Committee on an annual basis, which we refer to as being "banked," however, these banked shares are not vested until the end of the entire three-year period. One-third of the total target PSAs are subject to annual performance targets, and the amount of PSAs banked for a particular year is based on the achievement of annual performance targets established for that year. The plan's performance measure construct for 2014 is illustrated below.



* Non-GAAP Operating Income excludes certain items, primarily stock-based compensation expense and related payroll taxes, amortization of acquired intangible assets, certain one-time gains and losses, and income taxes related to these items. Non-GAAP Operating Income is calculated quarterly and publicly disclosed as part of our quarterly earnings releases.

The 2014 construct for PSAs was generally consistent with the construct for the 2013 PSAs:

- We retained the construct of a financial metric being the primary measure of performance, with a modifier to provide upside/downside in connection with the results of the JCSI, our customer satisfaction score.
- Non-GAAP operating income remained a financial metric in the plan design to focus NEOs on achieving higher levels of profitability for the Company.
- Juniper's Customer Satisfaction Index (JCSI) remained the metric for the modifier in order to allow management to emphasize customer satisfaction and drive desired results across the Company. The modifier served as an adjustment to the payout derived from non-GAAP operating income performance, ranging from 0.75x to 1.5x. Consistent with prior years, JCSI comprises three metrics: (1) customer's overall satisfaction with Juniper Networks; (2) customer's likelihood to recommend Juniper Networks to a colleague; and (3) customer's continued use of Juniper Networks products, services, and/or support. JCSI is measured based on the results of a customer satisfaction survey designed, administered, and analyzed by an external firm in partnership with the Company's management. The survey process typically begins towards the middle of the second quarter and final results are available towards the end of the fourth quarter. For 2014, 1,338 customers participated in the Company's customer satisfaction survey, representing 8,694 nominations sent across 2,853 client accounts.

For 2014, the Committee set target performance goals at levels which it believed at the time to be difficult but achievable, and set maximum performance goals at a level which it believed to be very difficult. With respect to each year's performance, the participants can earn between 0% and 200% of the target amount for that year depending on the level of achievement against the targets established for that year (the target amount for each year is one-third of the target amount for the entire three year period). Shares "banked" vest following certification of performance for the final tranche in the performance period. No shares are vested or issued prior to the completion of the third performance year or as stated in individual executives' employment contracts, and any "banked" but unvested shares are forfeited if the employee leaves the Company before the stated vest date.

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The tables below provide operating income and JCSI goals for 2014, actual achievement, and details of shares "banked" for the 2014 performance measurement year.

Table 10: 2014 Non-GAAP Operating Income and JCSI Goal Achievement

Non-GAAP Operating Income $			X	JCSI Multiplier		
	Performance	Payout[1]			Performance	Multiplier[4]
Max	$1,242M[2]	200%		Max	>=8.47	1.50x
Target	$1,127M[2]	100%		Target	7.96 - 8.12	1.00x
Threshold	$955M[2]	50%		Threshold	<=7.61	0.75x
Actual	**$958.4M[3]**	**51.0%**	X	**Actual**	**7.86**	**0.92x**
51.0% x 0.92x = 46.9% of Target Payout for 2014 tranches of PSA Awards						

(1) No shares are earned for achievement of performance levels below threshold. Performance scales between threshold and target and between target and maximum are linear.
(2) As discussed when the performance metrics were established, the Committee will appropriately adjust an evaluation of performance to exclude the impact of the effect of any merger, acquisition, or other business combination or divestiture. 2014 non-GAAP operating income goals were materially impacted by the divestiture of the Pulse product portfolio, resulting in a downward adjustment to each Threshold, Target, and Max goals approved by the Committee.
(3) Reflects non-GAAP financial measures, as described in our Current Report on Form 8-K filed with the SEC in January 2015, which furnished our earnings release for fiscal year 2014. Reconciliations between GAAP and non-GAAP measures are contained therein.
(4) Performance scales between threshold and target and between target and maximum are linear.

Details on individual grants can be found in the Grants of Plan-Based Awards Table beginning on page 57 of this proxy statement.

Table 11: Shares Earned for 2014 Performance Share Goal Achievement

Executive[1]	Award Year of Performance Shares	Total Performance Share Target	2014 Target	2014 Performance Achievement (% of Target)	2014 Total Shares "Banked"	Shares to Vest in 2015[2]
Rami Rahim Chief Executive Officer	2014	53,700	17,900	46.9%	8,395	—
	2013	100,000	33,333	46.9%	15,633	—
	Total	**—**	**51,233**	**46.9%**	**24,028**	**—**
Robyn M. Denholm Executive Vice President, Chief Financial and Operations Officer	2014	50,991	16,997	46.9%	7,971	—
	2013	60,000	20,000	46.9%	9,380	—
	2012	35,000	11,667	46.9%	5,471	26,691
	Total	**—**	**48,664**	**46.9%**	**22,822**	**26,691**
Pradeep Sindhu Executive Vice President, Chief Technology Officer	2014	26,201	8,733	46.9%	4,095	—
	2013	60,000	20,000	46.9%	9,380	—
	2012	35,000	11,667	46.9%	5,471	26,691
	Total	**—**	**40,400**	**46.9%**	**18,946**	**26,691**
Vincent Molinaro Executive Vice President, Chief Customer Officer	2014	28,989	9,663	46.9%	4,531	—
	2013	20,000	6,667	46.9%	3,126	—
	2012	18,333	6,111	46.9%	2,866	13,981
	Total	**—**	**22,441**	**46.9%**	**10,523**	**13,981**
Mitchell L. Gaynor Executive Vice President, General Counsel and Secretary	2014	18,100	6,033	46.9%	2,829	—
	2013	44,600	14,867	46.9%	6,972	—
	2012	30,000	10,000	46.9%	4,690	22,880
	Total	**—**	**30,900**	**46.9%**	**14,491**	**22,880**

(1) Excludes Mr. Kheradpir, who resigned prior to the end of the fiscal year and forfeited all unvested performance share awards upon resignation.
(2) Shares to vest in 2015 include shares "banked" in 2014, 2013, and 2012.

Price Vested RSUs

To increase alignment between NEO compensation and Company stock price performance, the Committee sought to allocate to the NEOs approximately 33% of target equity value in the form of price vested RSUs.

The price vested RSUs are designed to provide NEOs an opportunity to build significant ownership when the Company sustains long-term growth. The 2014 price

vested RSUs are subject to vesting on the condition of sustained increase in the Company's stock price over a period from 2015 through 2018 as follows:

- 33% of the price vested RSUs will vest if ASP equals or exceeds $29.00 between January 1, 2015 and December 31, 2016;
- 67% of the price vested RSUs (minus any portion of which have previously vested) will vest if ASP equals or exceeds $32.50 between January 1, 2016 and December 31, 2017; and
- 100% of the price vested RSUs (minus any portion of which have previously vested) will vest if ASP equals or exceeds $40.00 between January 1, 2017 and December 31, 2018.

In addition to the annual use of price vested RSUs in 2014, there were cases in which price vested RSUs were granted as a one-time long-term incentive to NEOs as follows:

Mr. Kheradpir New Hire Award

- In connection with Mr. Kheradpir's appointment as Chief Executive Officer in January 2014, the Committee awarded a one-time grant of 717,866 price vested RSUs, representing a target value of $15 million based on the 90-day average stock price close preceding the date of grant. The price vested RSUs were subject to vesting on the condition of sustained increases in the Company's stock price over a period from 2015 through 2018 as follows: (i) 33% of the price vested RSUs will vest if ASP* equals or exceeds $25.00 between January 1, 2015 and December 31, 2016; (ii) 67% of the price vested RSUs (minus any portion of which have previously vested) will vest if ASP* equals or exceeds $32.50 between January 1, 2016 and December 31, 2017; and (iii) 100% of the price vested RSUs (minus any portion of which have previously vested) will vest if ASP* equals or exceeds $40.00 between January 1, 2017 and December 31, 2018.

  * ASP refers to the average closing market price of our common stock over a period of 60 consecutive trading days.

- Mr. Kheradpir resigned from the Company in November 2014, and as a result earned no price vested RSUs; there was no acceleration of any equity awards and unvested awards were canceled.

Mr. Rahim Promotional Award

- In connection with Mr. Rahim's appointment as Chief Executive Officer in November 2014, the Committee awarded a one-time grant of 231,273 price vested RSUs, representing a target value of $5 million based on the 90-day average stock price close preceding the date of grant. The price vested RSUs are subject to vesting on the condition of sustained increases in the Company' stock price over a period from 2015 through 2019 as follows: (i) 33% of the price vested RSUs will vest if ASP* equals or exceeds $29.00 between November 1, 2015 and October 31, 2017; (ii) 67% of the price vested RSUs (minus any portion of which have previously vested) will vest if ASP* equals or exceeds $32.50 between November 1, 2016 and October 31, 2018; and (iii) 100% of the price vested RSUs (minus any portion of which have previously vested) will vest if ASP* equals or exceeds $40.00 between November 1, 2017 and October 31, 2019.

  * ASP refers to the average closing market price of our common stock over a period of 60 consecutive trading days.

In 2014, no outstanding price vested RSUs were eligible to vest.

Restricted Stock Units

RSUs are used for retention purposes as they provide payout opportunity to the NEOs only if they remain employed through the applicable vest dates. The payout opportunity is directly linked with stockholder value and executive efforts over a multi-year timeframe, i.e., executive team retention to deliver results. In 2014, the Company used RSUs on a programmatic basis, representing 34% of shares awarded. Generally, the RSUs vest with respect to 34% on the first anniversary of the grant date and with respect to an additional 33% on each of the second and third anniversaries of the grant date, assuming continued service to the Company.

The Committee also awarded Mr. Kheradpir a one-time grant of 239,288 RSUs in connection with his appointment as Chief Executive Officer as a replacement for value forfeited at his prior employer. These represented a target value of $5 million based on the 90-day average stock price close preceding the date of grant. The RSUs were to vest cumulatively over a period of three years with 40% vesting six months after the grant date, 40% vesting eighteen months after the grant date, 15% vesting thirty months after the grant date, and 5% vesting on the third anniversary of the grant date. Mr. Kheradpir resigned from the Company in November 2014, and as a result only earned the first vested tranche; there was no acceleration of any equity awards and unvested awards were canceled.

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Section 4 – Other Compensation Policies and Information

Benefits and Perquisites

The NEOs are provided the same health and welfare benefits that are available to employees broadly. The Committee believes that the benefits programs are reasonable and consistent with its overall compensation program to better enable the Company to attract and retain talent.

In addition to receiving Company wide-benefits, NEOs are eligible to participate in the Deferred Compensation Plan and Executive Wellness Program described below.

Deferred Compensation Plan

In June 2008, the Company adopted and implemented a deferred compensation plan for U.S. employees. All NEOs are eligible to participate in the deferred compensation plan. The Company implemented this plan in order to offer benefits that are competitive with companies with which we compete for talent. This plan allows participants to elect to defer a certain amount of compensation earned into one or more investment choices.

The participants are not taxed on the compensation deferred into these investments until distribution of invested funds to the participant at a future date, which may be upon termination of employment with the Company or a designated "in-service" date elected by the participant. The deferred compensation plan is intended to comply with Internal Revenue Code Section 409A. In 2014, none of the NEO's participated in this plan.

Executive Wellness Program

Under the Executive Wellness Program, eligible executives receive additional benefits focused on health care screening and wellness. The total value of this benefit is limited to $10,000 per year for each eligible executive.

The Committee believes that promoting the health and wellness of its executives results in a number of benefits to the Company, including increased productivity, lower absentee rate and increased organizational stability, among others.

Other Benefits

From time to time, the Company may agree to reimburse employees for relocation costs if the employee's job responsibilities require him or her to move a significant distance. Mr. Kheradpir was hired by the Company in 2014. Pursuant to the terms of his new hire package, the Company agreed to reimburse reasonable and customary relocation costs up to $275,000, which amount was increased by the Compensation Committee on March 18, 2014 by $300,000. In addition, the Company agreed that to the extent such benefits are taxable, the reimbursement would be tax-assisted. Pursuant to the terms of Mr. Kheradpir's offer letter with the Company, he was responsible for repaying a pro-rated portion of his relocation expenses if, prior to two years of service at Juniper, his employment was terminated under certain circumstances. In connection with Mr. Kheradpir's resignation on November 9, 2014, Mr. Kheradpir is obligated to repay a pro-rated amount of his relocation assistance. The Company will permit that such amounts be repaid within a two year period.

Severance Benefits

In addition to compensation designed to reward employees for service and performance, the Committee has approved severance and change of control provisions for certain employees, including NEOs, as described further below.

Basic Severance

In order to recruit executives to the Company and encourage retention of employees, the Committee believes it is appropriate and necessary to provide assurance of certain severance payments if the Company terminates the individual's employment without cause, as described in their respective agreements. The Committee has approved severance benefits for several members of senior management, including the NEOs. Under severance agreements with Mr. Rahim, Ms. Denholm, Dr. Sindhu, Mr. Molinaro and Mr. Gaynor, in the event the employee is terminated involuntarily by Juniper Networks without cause, and provided the employee executes a full release of claims, in a form satisfactory

to Juniper Networks, promptly following termination, the employee will be entitled to receive the following severance benefits: (i) an amount equal to 12 months of base salary (for Messrs. Sindhu, Molinaro and Gaynor), 15 months of base salary (for Ms. Denholm), and 16.5 months of base salary (for Mr. Kheradpir and Mr. Rahim following his promotion to Chief Executive Officer) and (ii) $18,000 in lieu of continuation of benefits (whether or not the individual elects COBRA). Although Mr. Kheradpir had entered into a severance agreement with the Company, such agreement terminated upon his resignation in November 2014 and he received no benefits thereunder.

In addition, in connection with Ms. Denholm's promotion on July 19, 2013, the Committee amended Ms. Denholm's severance agreement to also provide that (i) severance benefits would become payable in the event that Ms. Denholm terminates her employment for good reason, provided that Ms. Denholm executes a full release of claims, and (ii) her severance benefits would also include the vesting in full, on the last day of Ms. Denholm's employment, of any portion of her RSU award that was granted to her on July 19, 2013 that has not vested prior to the date of termination. On February 20, 2015, following the expiration of Ms. Denholm's severance agreement pursuant to its terms, the Company entered into a modified form of its standard form severance agreement with Ms. Denholm, which modifications are consistent with Ms. Denholm's prior severance agreement as described above.

All current severance agreements will expire in January 2017.

The Committee believes that the size of the severance packages described is consistent with severance offered by other companies of the Company's size or in the Company's industry.

The following table describes the potential payments that would have been provided for each of the NEOs upon termination of employment without cause (assuming the change of control benefits discussed below do not apply), or, with respect to Ms. Denholm, upon termination of employment without cause or upon her termination of employment for good reason, as described above if such termination had occurred on December 31, 2014. As a result of his resignation on November 9, 2014, Mr. Kheradpir was not entitled these benefits as of December 31, 2014.

Table 12 Potential Severance Payments for Termination Without Cause

Executive	Base Salary Component	Incentive Component	Value of Accelerated Equity Awards[1]	Value of Benefits	Total
Rami Rahim	$1,375,000	N/A	N/A	$ 18,000	$1,393,000
Robyn M. Denholm	$ 937,500	N/A	$2,343,600	$ 18,000	$3,299,100
Pradeep Sindhu	$ 600,000	N/A	N/A	$ 18,000	$ 618,000
Vincent Molinaro	$ 575,000	N/A	N/A	$ 18,000	$ 593,000
Mitchell L. Gaynor	$ 450,000	N/A	N/A	$ 18,000	$ 468,000

[1] The value of accelerated RSUs are based on a per share price of $22.32, which was the closing price as reported on December 31, 2014.

Change of Control Severance

The Committee considers maintaining a stable and effective management team to be essential to protecting and enhancing the best interests of the Company and its stockholders. To that end, the Committee recognizes that the possibility of a change of control may exist from time to time, and that this possibility, and the uncertainty and questions it may raise among management, may result in the departure or distraction of management to the detriment of the Company and its stockholders. Accordingly, the Committee decided to take appropriate steps to encourage the continued attention, dedication and continuity of members of the Company's management to their assigned duties without the distraction that may arise from the possibility of a change of control. As a result, the Committee has approved certain severance benefits for Mr. Rahim, Ms. Denholm, Dr. Sindhu, Mr. Molinaro, and Mr. Gaynor, as well as for several members of senior management in the event of certain employment terminations following a change of control. In approving these benefits the Committee considered a number of factors, including the prevalence of similar benefits adopted by other publicly traded companies. Mr. Kheradphir was a party to a change of control agreement with the Company, which terminated upon his resignation in November 2014. All current change of control agreements will expire in January 2016. The Committee takes into account an executive's current role and the impact of a transaction on the role before renewing the agreements for another period of two years.

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Provided the executive signs a release of claims and complies with certain post termination non-solicitation and non-competition obligations, all NEOs will receive change of control severance benefits if either (i) the executive is terminated without cause within 12 months following the change of control or (ii) between four and 12 months following a change of control the executive terminates his or her employment with the Company (or any parent or subsidiary of the Company) for good reason (both cause and good reason are defined in the agreement). For the purposes of this agreement, a reduction in duties, title, authority or responsibilities solely by virtue of the Company being acquired and made part of a larger entity (as, for example, when the Chief Financial Officer of the Company remains the Chief Financial Officer of the subsidiary or business unit substantially containing the Company's business following a change of control) does not by itself constitute grounds for good reason.

These change of control severance benefits consist of (i) a cash payment equal to the executive's annual base salary plus the executive's target bonus for the fiscal year in which the change of control or the executive's termination occurs, whichever is greater, (ii) acceleration of vesting of all of the executive's then unvested outstanding stock options, stock appreciation rights, restricted stock units and other Company equity compensation awards that vest based on time, and (iii) a lump sum cash payment of $36,000 in lieu of continuation of benefits (whether or not the individual elects COBRA). With respect to equity compensation awards that vest wholly or in part based on factors other than time, such as performance (whether individual or based on external measures such as Company performance, market share, stock price, etc.), the change of control severance benefits include acceleration as follows: (i) any portion for which the measurement or performance period or performance measures have been completed and the resulting quantities have been determined or calculated, shall immediately vest and become exercisable (and any rights of repurchase by the Company or restriction on sale shall lapse), and (ii) the remaining portions shall immediately vest and become exercisable (and any rights of repurchase by the Company or restriction on sale shall lapse) in an amount equal to the number that would be calculated if the performance measures were achieved at the target level (provided that if there is no "target" level, then such amount shall equal 100% of the equity compensation awards that could vest with respect to that measurement period).

The following table describes the potential payments that would have been provided for each of the NEOs upon termination of employment in connection with a change of control of Juniper Networks as described above if such termination had occurred on December 31, 2014. As a result of his resignation on November 9, 2014, Mr. Kheradpir was not entitled these benefits as of December 31, 2014.

Table 13 Potential Payments Upon Termination in Connection with a Change of Control

Name[1]	Base Salary Severance Component	Incentive Compensation Severance Component	Benefits Severance Component	Value of Accelerated Equity Awards[2]	280G Gross-Up	Total
Rami Rahim	$1,000,000	$1,195,446	$36,000	$16,494,770	N/A	$18,726,216
Robyn M. Denholm	$ 750,000	$1,125,000	$36,000	$ 9,409,130	N/A	$11,320,130
Pradeep Sindhu	$ 600,000	$ 600,000	$36,000	$ 5,941,227	N/A	$ 7,177,227
Vincent Molinaro	$ 575,000	$ 562,603	$36,000	$ 4,904,877	N/A	$ 6,078,480
Mitchell L. Gaynor	$ 450,000	$ 450,000	$36,000	$ 3,539,840	N/A	$ 4,475,840

(1) All NEOs are subject to a modified cap whereby Juniper Networks would either pay the NEO (i) the full amount of the NEO's severance benefits or, alternatively (ii) an amount of certain severance benefits otherwise payable to the NEO such that the severance benefits will not be subject to the tax imposed by Internal Revenue Code Section 4999, whichever produces the better after-tax result for the NEO.

(2) The value of accelerated unvested options, RSUs, price vested RSUs and performance shares are based on a per share price of $22.32, which was the closing price as reported on December 31, 2014. With respect to performance share awards, the equity value is calculated based on the sum of earned, but unvested shares, plus target unearned and unvested shares multiplied by $22.32, the closing price of Juniper Networks, Inc. common stock on December 31, 2014.

Equity Award Granting Policy

The Board has approved a policy for granting restricted stock units and other equity awards. Pursuant to the policy, new hire and ad hoc promotional and adjustment grants to non-Section 16 officers are to be granted monthly, which generally occurs on the third Friday of each month, except as discussed below. All approvals of restricted stock unit grants and other equity awards by the Board, the Stock Committee, or the Compensation Committee are made at a meeting, which may be either in-person or telephonic, and not by unanimous written consent, except that this requirement shall not apply to Board actions as to which the granting of

equity awards is incidental to the primary Board action. Annual performance grants to non-Section 16 officers are scheduled to occur on the same date as a monthly grant and shall be approved by the Stock Committee in the manner described above. Grants in connection with acquisitions shall, unless a date is specified in the acquisition agreement, occur to the extent practical on a date on which equity awards to Company employees are made by the Stock Committee. Annual equity awards to Section 16 officers are generally scheduled to be approved at a meeting of the Compensation Committee in the first quarter after the fourth fiscal quarter earnings announcement. The annual grants to Section 16 officers are also generally scheduled to be effective on the third Friday of the month if the meeting approving such grants occurs on or before such date. Notwithstanding the foregoing, if the Company is advised by outside counsel that the granting of equity awards on a particular date or to particular recipients, or prior to the disclosure of certain non-public information, could reasonably be deemed to be a violation of applicable laws or regulations, such grants may be delayed until such time as the granting of those awards would be not reasonably expected to constitute a violation. If making a particular monthly grant would cause the Company to exceed any granting limitation imposed by the Board or Compensation Committee (such as an annual limit), the monthly grant shall be delayed until the first subsequent month in which the limitation would not be exceeded. If the making of a grant would cause the Company to violate the terms of any agreement approved by the Board or a Committee of the Board, such grant shall be delayed until it would not violate such agreement. The exercise price of stock options granted will be the closing market price on the date of grant. The Company intends to grant restricted stock units and other equity awards in accordance with the foregoing policy without regard to the timing of the release of material non-public information, such as a positive or negative earnings announcement.

Equity Ownership Guidelines

The Company has adopted stock ownership guidelines to further align the interests of the Company's NEOs, certain former NEOs and non-employee directors with the interests of its stockholders and promote the Company's commitment to sound corporate governance. Please see "Executive Officer and Director Stock Ownership Guidelines" on page 65 of this proxy statement for more information.

The Company's insider trading policy prohibits NEOs and directors from making any short sale of the Company's stock or engaging in any "collar" transaction designed to limit the amount of loss in the event of a decline in the Company's stock price.

No 280G Excise Tax Gross Ups

The Company has no executive officer contracts providing for excise tax gross ups.

Repayment of Certain Bonus and Incentive Payments

In November 2008, the Board adopted a policy requiring the Company to seek repayment of certain bonus and incentive compensation in the event the Company is required to prepare an accounting restatement on an annual financial statement included in an Annual Report on Form 10-K. In such event, the Company's Chief Executive Officer and Chief Financial Officer must deposit into an escrow account for the benefit of the Company the difference (if any) between (i) the amount of any cash bonus or incentive compensation for each of the applicable years covered by the restated financial statements previously paid by that officer, minus (ii) the amount of such cash bonus or incentive compensation that would have been earned by that officer for each of the applicable years had the cash bonus or incentive compensation been determined based on the information contained in the restated financial statements. If a court, arbitrator or committee of independent directors determines that the financial restatement was not due to the gross recklessness or intentional misconduct of the respective officer causing material noncompliance with any financial reporting requirement under the federal securities laws, then the amount deposited by such officer, including interest accrued on such escrowed amount, will be returned to the applicable officer.

The Impact of Favorable Accounting and Tax Treatment on Compensation Program Design

Favorable accounting and tax treatment of the various elements of our compensation program is a relevant consideration in their design. However, the Company and the Committee have placed a higher priority on structuring flexible compensation programs to

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promote the recruitment, retention and performance of Section 16 officers than on maximizing tax deductibility. Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Tax Code"), places a limit of $1,000,000 on the amount of compensation that Juniper Networks may deduct in any one year with respect to certain executive the officers. The Committee has the ability through the use of the 2006 Plan, and, in the future, the 2015 Plan, subject to stockholder approval of the 2015 Plan, and the 2012 Performance Bonus Plan to grant awards that qualify as "performance-based compensation" exempt from that $1,000,000 limitation but, in order to maintain flexibility in compensating executive officers in a manner designed to promote varying corporate goals, the Committee has not adopted a policy requiring all compensation to be deductible, and has in the past and will in the future make grants of compensation that do not qualify to be exempt from the $1,000,000 limitation when it believes that it is appropriate to meet its compensation objectives.

The Company believes all executive officer arrangements are structured in a manner that does not result in any additional taxation under Tax Code Section 409A.

Compensation Risk Assessment

The Compensation Committee, in consultation with Semler Brossy, has reviewed the Company's compensation policies and practices and determined that they do not create risks that are reasonably likely to have a material adverse effect on the Company.

Compensation Committee Report

The following Compensation Committee Report shall not be deemed to be "soliciting material" and should not be deemed "filed" and shall not be deemed to be incorporated by reference in future filings with the SEC, except to the extent that the Company specifically incorporates it by reference into a document filed under the Securities Act of 1933 or the Securities Exchange Act of 1934.

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K and included in this proxy statement with management and, based on such review and discussions, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement and incorporated by reference into the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2014.

THE COMPENSATION COMMITTEE

David Schlotterbeck (Chair)
Gary Daichendt
William R. Stensrud

Compensation Committee Interlocks and Insider Participation

During fiscal year 2014, the Compensation Committee consisted of Messrs. Schlotterbeck, Lawrie and Stensrud. In addition, Mr. Daichendt joined the Compensation Committee on November 13, 2014. Mr. Schlotterbeck served as chair of the committee. Mr. Lawrie resigned from the Board effective February 11, 2015. No member of the Compensation Committee serves as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving as a member of the Company's Board of Directors or Compensation Committee.

Summary Compensation Table

The following table discloses compensation earned in fiscal year 2014 by our named executive officers, or NEOs, who are the persons serving as (a) our current and former Chief Executive Officer during fiscal 2014, (b) our Chief Financial and Operations Officer during fiscal 2014, and (c) our three other most highly paid executive officers as of December 31, 2014. In addition, (i) with respect to Mr. Rahim and Ms. Denholm, each of whom was a NEO in 2013 and 2012, their compensation received for each of the fiscal years ending December 31, 2013 and 2012, and (ii) with respect to Dr. Sindhu, who was a NEO in 2013, his compensation received for the fiscal year ending December 31, 2013.

Summary Compensation Table

Name and Principal Position	Year	Salary	Bonus	Stock Awards[1][2]	Option Awards[1]	Non Equity Incentive Plan Compensation	All Other Compensation	Total
Rami Rahim Chief Executive Officer	2014	$773,958	—	$ 6,160,532[3]	—	$ 969,655[6]	$ 6,390[9]	$ 7,910,535
	2013	$703,656	—	$ 4,488,817[4]	—	$1,059,298[7]	$ 6,390[10]	$ 6,258,161
	2012	$391,667	$ 200,000	$ 6,908,913[5]	—	$ 278,038[8]	$ 7,274[11]	$ 7,785,892
Shaygan Kheradpir Former Chief Executive Officer	2014	$854,167	$5,000,000[12]	$23,934,976[13]	—	$ —	$376,849[14]	$30,165,992
Robyn M. Denholm Executive Vice President, Chief Financial and Operations Officer	2014	$750,000	—	$ 3,377,857[15]		$ 909,000[6]	$ 10,703[18]	$ 5,047,560
	2013	$666,705	$ 500,000	$ 6,487,799[16]	—	$ 827,675[7]	$ 10,465[19]	$ 8,492,644
	2012	$562,500	—	$ 2,890,485[17]	$813,276	$ 365,625[8]	$ 7,883[20]	$ 4,639,769
Pradeep Sindhu Executive Vice President, Chief Technology Officer	2014	$600,000	$ 10,500	$ 2,123,446[21]	—	$ 484,800[6]	$ 14,565[23]	$ 3,233,311
	2013	$647,209	$ 4,040	$ 3,599,599[22]	—	$ 561,233[7]	$ 14,274[24]	$ 4,826,355
Vincent Molinaro Executive Vice President, Chief Customer Officer	2014	$562,500	—	$ 1,788,735[25]	—	$ 454,500[6]	$ 14,376[26]	$ 2,820,111
Mitchell L. Gaynor[29] Executive Vice President, General Counsel and Secretary	2014	$450,000	—	$ 1,543,549[27]	—	$ 327,240[6]	$ 11,318[28]	$ 2,332,107

(1) Amounts shown do not reflect compensation actually received by the NEO. Instead, the amounts shown represent an aggregate grant date fair value of stock-related awards in each fiscal year computed in accordance with ASC Topic 718 including the target shares issuable for performance share awards in 2012, 2013 and 2014, service and market-based restricted stock units, and non-qualified stock options. The assumptions used in the calculation of these amounts are set forth under Note 12, *Employee Benefit Plans* of the Notes to Consolidated Financial Statements included in Juniper Networks Annual Report on Form 10-K for 2014 filed with the SEC on February 20, 2015.

(2) The amounts shown in this column for Mr. Rahim for 2013 and 2012, Ms. Denholm for 2013 and 2012 and Dr. Sindhu for 2013 have been revised to correct a computational error, which reflected the inclusion of the aggregate number of performance shares awarded in 2013 and 2012, as applicable, and the exclusion of annual performance share grants in connection with awards from prior years, in each case when such performance share awards have single-year performance periods. Because the value listed in the Stock Awards column is a component of the Total column, the amounts reported in the Total column in prior proxy statements has also been revised.

(3) The amount shown includes an aggregate grant date fair value of the shares issuable for performance share awards granted in 2014 at target achievement. The aggregate grant date fair value of the maximum number of shares issuable for such performance shares is $2,581,119.

(4) The amount shown include an aggregate grant date fair value of the shares issuable for performance share awards granted in 2013 at target achievement. The aggregate grant date fair value of the maximum number of shares issuable for such performance shares is $1,772,201.

(5) The amount shown includes an aggregate grant date fair value of the shares issuable for performance share awards granted in 2012 at target achievement. The aggregate grant date fair value of the maximum number of shares issuable for such performance shares is $808,341.

(6) Amounts reflect bonuses earned in 2014 but paid in 2015 under the 2014 Juniper Networks annual cash incentive plan.

(7) Amounts reflect bonuses earned in 2013 but paid in 2014 under the 2013 Juniper Networks annual cash incentive plan.

(8) Amounts reflect bonuses earned in 2012 but paid in 2013 under the 2012 Juniper Networks annual cash incentive plan.

(9) Amount consists of costs related to the standard employee benefit portion paid by the Company for life insurance premiums and matching contributions paid under the Company's 401(k) plan.

(10) Amount consists of costs related to the standard employee benefit portion paid by the Company for life insurance premiums and matching contributions paid under the Company's 401(k) plan.

(11) Amount consists of costs related to the standard employee benefit portion paid by the Company for life and disability insurance premiums, matching contributions paid under the Company's 401(k) plan and $1,342 for an executive health plan for physicals.

(12) Amount reflects the $5 million sign-on bonus paid to Mr. Kheradpir in connection with commencement of his employment with the Company. In connection with Mr. Kheradpir's resignation on November 9, 2014, he is obligated to repay a pro-rated amount of the sign-on bonus.

(13) The amount shown includes an aggregate grant date fair value of the shares issuable for performance share awards granted in 2014 at target achievement. The aggregate grant date fair value of the maximum number of shares issuable for such performance shares is $2,769,237. As further described above in the Compensation Discussion and Analysis section of this proxy statement, in connection with Mr. Kheradpir's resignation on November 9, 2014, there was no acceleration of his equity awards and all unvested equity awards were canceled.

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(14) Amount consists of costs related to the standard employee benefit portion paid by the Company for life insurance premiums, costs associated with a guest accompanying Mr. Kheradpir on a sales trip, matching contributions paid under the Company's 401(k) plan, $20,746 in reimbursement for legal fees associated with his legal advisor's review of his employment offer and $347,452 in relocation assistance. In connection with Mr. Kheradpir's resignation on November 9, 2014, he is obligated to repay a pro-rated amount of his relocation assistance.

(15) The amount shown includes an aggregate grant date fair value of the shares issuable for performance share awards granted in 2014 at target achievement. The aggregate grant date fair value of the maximum number of shares issuable for such performance shares is $2,598,638.

(16) The amount shown includes an aggregate grant date fair value of the shares issuable for performance share awards granted in 2013 at target achievement. The aggregate grant date fair value of the maximum number of shares issuable for such performance shares is $2,331,697.

(17) The amount shown includes an aggregate grant date fair value of the shares issuable for performance share awards granted in 2012 at target achievement. The aggregate grant date fair value of the maximum number of shares issuable for such performance shares is $2,258,647.

(18) Amount consists of costs related to the standard employee benefit portion paid by the Company for life and disability insurance premiums, matching contributions paid under the Company's 401(k) plan, and a taxable gift to Ms. Denholm from the Company.

(19) Amount consists of costs related to the standard employee benefit portion paid by the Company for life and disability insurance premiums, matching contributions paid under the Company's 401(k) plan, and a reimbursement related to fitness expenses.

(20) Amount consists of costs related to the standard employee benefit portion paid by the Company for life and disability insurance premiums, matching contributions paid under the Company's 401(k) plan, and a taxable gift to Ms. Denholm from the Company.

(21) The amount shown includes an aggregate grant date fair value of the shares issuable for performance share awards granted in 2014 at target achievement. The aggregate grant date fair value of the maximum number of shares issuable for such performance shares is $2,182,298.

(22) The amount shown includes an aggregate grant date fair value of the shares issuable for performance share awards granted in 2013 at target achievement. The aggregate grant date fair value of the maximum number of shares issuable for such performance shares is $2,058,447.

(23) Amount consists of costs related to the standard employee benefit portion paid by the Company for life insurance premiums, matching contributions paid under the Company's 401(k) plan and a taxable gift to Dr. Sindhu from the Company.

(24) Amount consists of costs related to the standard employee benefit portion paid by the Company for life insurance premiums and matching contributions paid under the Company's 401(k) plan.

(25) The amount shown includes an aggregate grant date fair value of the shares issuable for performance share awards granted in 2014 at target achievement. The aggregate grant date fair value of the maximum number of shares issuable for such performance shares is $1,207,546.

(26) Amount consists of costs related to the standard employee benefit portion paid by the Company for life and disability insurance premiums, matching contributions paid under the Company's 401(k) plan, a taxable gift to Mr. Molinaro from the Company and costs associated with a guest accompanying Mr. Molinaro on a sales trip.

(27) The amount shown includes an aggregate grant date fair value of the shares issuable for performance share awards granted in 2014 at target achievement. The aggregate grant date fair value of the maximum number of shares issuable for such performance shares is $1,682,692.

(28) Amount consists of costs related to the standard employee benefit portion paid by the Company for life insurance premiums, matching contributions paid under the Company's 401(k) plan, and a taxable gift to Mr. Gaynor from the Company.

(29) In connection with Mr. Gaynor's planned transition from the Company in 2015, in March 2015, Mr. Gaynor and the Company entered into an employment agreement pursuant to which Mr. Gaynor agreed to serve as General Counsel of the Company until at least May 19, 2015 (or such other date as the parties may agree, such date, the "Employment End Date"). In addition, Mr. Gaynor, who currently serves as an officer and director of a large number of Company subsidiaries, agreed to continue his service with those entities ("Subsidiary Service") through 2015, at the Company's pleasure, in order to facilitate a smooth and cost-effective transition. Pursuant to this employment arrangement, Mr. Gaynor will receive (i) his regular salary of $37,500 per month and his regular benefits through the Employment End Date, (ii) one twelfth of his annual target incentive bonus for each full and partial calendar month in 2015 through the Employment End Date, and (iii) $37,500 for each full and partial month of Subsidiary Service through the end of 2015.

Grants of Plan-Based Awards for Fiscal 2014

The following table shows all plan-based awards granted to our NEOs during 2014.

Name	Grant Date	Approval Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards[1]			Estimated Future Payouts Under Equity Incentive Plan Awards[2]			All Other Stock Awards: Number of Shares of Stock or Units[3]	All Other Stock Awards: Number of Securities Underlying Options	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Option Awards[4]
			Threshold	Target	Maximum	Threshold	Target	Maximum				
Rami Rahim	3/18/14		$—	$1,200,068	$2,400,136							
	3/21/14	3/18/14				—	17,900	35,800				$ 450,901
	3/21/14	3/18/14				—	53,700	—				$ 872,625
	11/21/14	11/16/14				—	231,273	—				$ 2,601,821
	3/21/14	3/18/14							55,400			$ 1,395,526
Shaygan Kheradpir	3/18/14		$—	$1,750,000	$3,500,000							
	1/17/14	10/20/13				—			239,288			$ 6,221,488
	1/17/14	10/20/13				—	717,866	—				$13,560,489
	3/21/14	3/18/14				—	54,967	109,934				$ 1,384,619
	3/21/14	3/18/14							109,900			$ 2,768,381
Robyn Denholm	3/18/14		$—	$1,125,000	$2,250,000							
	3/21/14	3/18/14				—	16,997	33,994				$ 428,154
	3/21/14	3/18/14				—	50,991	—				$ 828,604
	3/21/14	3/18/14							52,537			$ 1,323,407
Pradeep Sindhu	3/18/14		$—	$ 600,000	$1,200,000							
	3/21/14	3/18/14				—	8,733	17,466				$ 219,984
	3/21/14	3/18/14				—	26,201	—				$ 425,766
	3/21/14	3/18/14							26,995			$ 680,004
Vincent Molinaro	3/18/14		$—	$ 562,500	$1,125,500							
	3/21/14	3/18/14				—	9,663	19,326				$ 243,411
	3/21/14	3/18/14				—	28,989	—				$ 471,071
	3/21/14	3/18/14							29,868			$ 752,375
Mitchell Gaynor	3/18/14		$—	$ 450,000	$ 900,000							
	3/21/14	3/18/14				—	6,033	12,066				$ 151,971
	3/21/14	3/18/14				—	18,100	—				$ 294,125
	3/21/14	3/18/14							18,700			$ 471,053

(1) Amounts reflect potential cash bonuses payable under the Company's 2014 Executive Annual Incentive Plan described in "Compensation Discussion and Analysis" above. Actual payment amounts pursuant to the 2014 annual cash incentive plan for each of the NEOs are included in the Summary Compensation Table.

(2) Amounts reflect performance share awards granted in 2014 under the 2006 Plan in accordance with the Company's Performance Share Plan and market-based restricted stock units, described in "Compensation Discussion and Analysis" above.

(3) Each service-based RSU award listed in this column was granted under the 2006 Plan.

(4) Represents an aggregate grant date fair value of stock-related grants in fiscal 2014 computed in accordance with ASC Topic 718 including the target shares issuable for performance share awards in 2014 and service and market-based restricted stock units. Excludes the grant date fair value for the fiscal 2013 and fiscal 2012 performance share awards because these performance awards were not awarded in fiscal 2014. The amounts included in the "Stock Award" column of the Summary Compensation Table for fiscal 2014 related to the performance awards awarded in fiscal 2013 and 2012 in aggregate are as follows: $839,658 for Mr. Rahim, $0 for Mr. Kheradpir, $797,692 for Ms. Denholm, $797,692 for Dr. Sindhu, $321,878 for Mr. Molinaro and $626,400 for Mr. Gaynor.

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Outstanding Equity Awards at Fiscal 2014 Year-End

The following table shows all outstanding equity awards held by our NEOs at December 31, 2014. As a result of Mr. Kheradpir's resignation on November 9, 2014, as of December 31, 2014, Mr. Kheradpir did not have any equity awards outstanding.

	Option Awards					Stock Awards[1]			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)[2]	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)[2]
Rami Rahim	17,500	0[3]		$25.20	11/20/2016				
	10,000	0[4]		$25.16	3/21/2015				
	17,500	0[5]		$15.09	3/20/2016				
	54,000	0[6]		$29.89	3/19/2017				
	48,626	3,242[7]		$40.26	3/18/2018				
	6,000	0[8]		$16.86	12/19/2015				
						45,540[9]	$1,016,453		
						46,200[10]	$1,031,184		
						55,400[11]	$1,236,528		
						66,000[12]	$1,473,120		
						66,000[13]	$1,473,120		
						54,534[14]	$1,217,199	66,666[14]	$1,487,985
						0[15]	$ 0.00	53,700[15]	$1,198,584
						0[16]	$ 0.00	231,273[16]	$5,162,013
						0[17]	$ 0.00	53,700[17]	$1,198,584
Robyn M. Denholm	65,000	0[4]		$25.16	3/21/2015				
	34,125	0[18]		$14.68	2/20/2016				
	100,000	0[19]		$27.44	2/19/2017				
	86,154	3,746[20]		$44.00	2/18/2018				
	63,750	26,250[21]		$24.20	2/17/2019				
						105,000[22]	$2,343,600		
						24,750[23]	$ 552,420		
						31,680[10]	$ 707,098		
						52,537[11]	$1,172,626		
						32,720[14]	$ 730,310	40,000[14]	$ 892,800
						0[15]	$ 0.00	50,991[15]	$1,138,119
						0[17]	$ 0.00	50,991[17]	$1,138,119
						21,220[24]	$ 473,630	11,667[24]	$ 260,407

Name	Option Awards					Stock Awards[1]			
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)[2]	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)[2]
Pradeep Sindhu	65,000	0[4]		$25.16	3/21/2015				
	86,000	0[18]		$14.68	2/20/2016				
	100,000	0[19]		$27.44	2/19/2017				
	86,154	3,746[20]		$44.00	2/18/2018				
	63,750	26,250[21]		$24.20	2/17/2019				
	110,000	0[25]		$22.59	4/29/2015				
	70,000	0[25]		$22.59	4/29/2015				
						49,500[10]	$1,104,840		
						31,680[10]	$ 707,098		
						26,955[11]	$ 602,528		
						32,720[14]	$ 730,310	40,000[14]	$ 892,800
						0[15]	$ 0.00	26,201[15]	$ 584,806
						0[17]	$ 0.00	26,201[17]	$ 584,806
						21,220[24]	$ 473,630	11,667[24]	$ 260,407
Mitch Gaynor	40,000	0[4]		$25.16	3/21/2015				
	50,000	0[19]		$27.44	2/19/2017				
	62,291	2,709[20]		$44.00	2/18/2018				
	63,750	26,250[21]		$24.20	2/17/2019				
						21,450[10]	$ 478,764		
						18,700[11]	$ 417,384		
						24,322[14]	$ 542,867	29,733[14]	$ 663,641
						0[15]	$ 0.00	18,100[15]	$ 403,992
						0[17]	$ 0.00	18,100[17]	$ 403,992
						18,190[24]	$ 406,001	10,000[24]	$ 223,200
Vincent Molinaro	35,000	0[26]		$21.56	5/15/2016				
	44,789	0[6]		$29.89	3/19/2017				
	48,626	3,242[7]		$40.26	3/18/2018				
	11,458	17,188[27]		$21.43	3/16/2019				
	33,334	0[28]		$26.10	12/18/2016				
	6,250	5,000[29]		$19.73	8/19/2018				
						66,000[30]	$1,473,120		
						19,800[31]	$ 441,936		
						29,868[11]	$ 666,654		
						3,375[32]	$ 75,330		
						11,115[33]	$ 248,087	6,111[33]	$ 136,398
						10,907[34]	$ 243,444	13,333[34]	$ 297,593
						0[15]	$ 0.00	28,989[15]	$ 647,034
						0[17]	$ 0.00	28,989[17]	$ 647,034

(1) The number of shares and the payout value for the performance share awards set forth in the table reflect the target payout under such awards.
(2) The closing price of Juniper common stock on 12/31/2014 was $22.32.
(3) The option was granted on 11/20/2009. The shares became exercisable as to 25% of the shares on 11/20/2010 and vest monthly thereafter. They were fully vested on 11/20/2013.
(4) The option was granted on 3/21/2008. The shares became exercisable as to 25% of the shares on 3/21/2009 and vested monthly thereafter. They were fully vested on 3/21/2012.
(5) The option was granted on 3/20/2009. The shares became exercisable as to 25% of the shares on 3/20/2010 and vest monthly thereafter. They were fully vested on 3/20/2013.
(6) The option was granted on 3/19/2010. The shares became exercisable as to 25% of the shares on 3/19/11 and vest monthly thereafter. They were fully vested on 3/19/2014.
(7) The option was granted on 3/18/2011. The shares become exercisable as to 25% of the shares on 3/18/2012 and vest monthly thereafter to be fully vested on 3/18/2015 assuming continued employment with Juniper Networks.

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(8) The option was granted on 12/19/2008. The shares became exercisable as to 25% of the shares on 12/19/2009 and vested monthly thereafter. They were fully vested on 12/19/2012.
(9) The RSU was granted on 10/19/2012. The RSU vests 34% on 10/19/2013, 33% on 10/19/2014, and 33% on 10/19/2015.
(10) The RSU was granted on 2/15/2013. The RSU vests 34% on 2/15/2014, 33% on 2/15/2015, and 33% on 2/15/2016.
(11) The RSU was granted on 3/21/2014. The RSU vests 34% on 3/21/2015, 33% on 3/21/2016, and 33% on 3/21/2017.
(12) The RSU was granted on 4/20/2012. The RSU vests 34% on 4/20/2013, 33% on 4/20/2014, and 33% on 4/20/2015.
(13) The RSU was granted on 7/19/2013. The RSU vests 34% on 7/19/2014, 33% on 7/19/2015, and 33% on 7/19/2016.
(14) The performance share award was granted on 2/15/2013. The award vests 100% on 2/19/2016, however, the number of shares that are ultimately received under the award depends on the achievement of objectives over fiscal year 2013, 2014 and 2015.
(15) The performance share award was granted on 3/21/2014. The award vests 100% on 2/19/2017, however, the number of shares that are ultimately received under the award depends on the achievement of objectives over fiscal year 2014, 2015 and 2016.
(16) The price vested RSU was granted on 11/21/2014. The exact number of shares issuable will be determined during a 4 year period commencing on 11/1/2015, and subject to the average closing market price of the Company's common stock being equal to or exceeding specific stock prices measured over a period of 60 consecutive trading days.
(17) The price vested RSU was granted on 3/21/2014. The exact number of shares issuable will be determined during a 4 year period commencing on 1/1/2016, and subject to the average closing market price of the Company's common stock being equal to or exceeding specific stock prices measured over a period of 60 consecutive trading days.
(18) The option was granted on 2/20/2009. The shares become exercisable as to 25% of the shares on 2/20/2010 and vest monthly thereafter. They were fully vested on 2/20/2013.
(19) The option was granted on 2/19/2010. The shares become exercisable as to 25% of the shares on 2/19/2011 and vest monthly thereafter. They were fully vested on 2/19/2014.
(20) The option was granted on 2/18/2011. The shares become exercisable as to 25% of the shares on 2/18/2012 and vest monthly thereafter to be fully vested on 2/18/2015 assuming continued employment with Juniper Networks.
(21) The option was granted on 2/17/2012. The shares become exercisable as to 25% of the shares on 2/17/13 and vest monthly thereafter to be fully vested on 2/17/16 assuming continued employment with Juniper Networks.
(22) The RSU was granted on 7/19/2013. The RSU vests 50% on 7/19/2014, 40% on 7/19/2015, and 10% on 7/19/2016.
(23) The RSU was granted on 7/20/2012. The RSU vests 34% on 7/20/2013, 33% on 7/20/2014, and 33% on 7/20/2015
(24) The performance share award was granted on 2/17/2012. The award vests 100% on 2/20/2015, however, the number of shares that are ultimately received under the award depends on the achievement of objectives over fiscal year 2012, 2013 and 2014.
(25) The option was granted on 4/29/2005. The shares became exercisable as to 2.08% of the shares on 1/1/2006 and vested monthly thereafter. They were fully vested on 12/1/2009.
(26) The option was granted on 5/15/2009. The shares became exercisable as to 25% of the shares on 5/15/2010 and vest monthly thereafter. They were fully vested on 5/15/2013.
(27) The option was granted on 3/16/2012. The shares became exercisable as to 25% of the shares on 3/16/13 and vest monthly thereafter to be fully vested on 3/16/2015 assuming continued employment with Juniper Networks.
(28) The option was granted on 12/18/2009. The shares became exercisable as to 25% of the shares on 12/18/2010 and vest monthly thereafter. They were fully vested on 12/18/2013.
(29) The option was granted on 8/19/2011. The shares become exercisable as to 25% of the shares on 8/19/2012 and vest monthly thereafter to be fully vested on 8/19/2015 assuming continued employment with Juniper Networks.
(30) The RSU was granted on 8/16/2013. The RSU vests 34% on 8/16/2014, 33% on 8/16/2015, and 33% on 8/16/2016.
(31) The RSU was granted on 3/15/2013. The RSU vests 34% on 3/15/2014, 33% on 3/15/2015, and 33% on 3/15/2016.
(32) The RSU was granted on 8/19/2011. The RSU vests 50% on 8/19/2013, 25% on 8/19/2014, and 25% on 8/19/2015.
(33) The performance share award was granted on 3/16/2012. The award vests 100% on 2/20/2015, however, the number of shares that are ultimately received under the award depends on the achievement of objectives over fiscal year 2012, 2013 and 2014.
(34) The performance share award was granted on 3/15/2013. The award vests 100% on 2/19/2016, however, the number of shares that are ultimately received under the award depends on the achievement of objectives over fiscal year 2013, 2014 and 2015.

Option Exercises and Stock Vested For Fiscal 2014

The following table shows all stock options exercised and value realized upon exercise, and all stock awards vested and value realized upon vesting, by our NEOs during 2014.

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise	Value Realized on Exercise	Number of Shares Acquired on Vesting	Value Realized on Vesting
Rami Rahim	3,000	$ 26,950	252,455	$6,000,759
Shaygan Kheradpir	—	—	95,716	$2,282,827
Robyn M. Denholm	—	—	190,634	$4,807,058
Pradeep Sindhu	70,000	$556,500	71,530	$1,977,099
Vincent Molinaro	45,104	$260,113	74,591	$1,878,035
Mitchell Gaynor	267,969	$620,457	37,789	$1,050,346

Compensation Consultant Fee Disclosure

The Committee has the authority to engage its own advisors to assist in carrying out its responsibilities. In addition, the Committee is free to replace its compensation advisors or retain additional advisors at any time.

During 2014, the Committee engaged Semler Brossy Consulting Group, LLC ("Semler Brossy") as its own advisor to provide analysis, advice and guidance to the Committee on executive compensation. Semler Brossy is an independent compensation advisor and has no other business than advising boards and management teams on executive compensation issues. Semler Brossy reported to the Committee and received its instructions from the Committee. As the Committee's consultant, Semler Brossy made recommendations directly to the Committee, attended most Committee meetings in person or by phone, and attended portions of the Committee's executive sessions without the involvement of management as required by the Committee and in order to support the Committee's independent decision-making.

In advising the Committee, it was necessary for the consultant advisor to interact with management to gather information, but the Committee has adopted protocols governing if and when the consultant's advice and recommendations to the Committee can be shared with management. These protocols are included in Semler Brossy's engagement letter. The Committee also determines the appropriate forum for receiving consultant recommendations. Where the Committee deems appropriate, management invitees are present to provide context for the recommendations. This approach protects the Committee's ability to receive objective advice from the consultant so that the Committee may make independent decisions about executive pay at the Company.

Semler Brossy performed the following services related to executive compensation at the request of the Committee in 2014:

- Advised on 2014 target award levels within the annual and long-term incentive programs for executive officers;
- Supported the Committee in determining pay actions for the CEO in February 2014;
- Supported the Committee in developing the compensation package included in the offer letter for Mr. Rahim, our new CEO;
- Assessed and recommended revisions to the Company's market reference groups for collecting competitive pay data;
- Evaluated the competitive positioning of the Company's executive officers' base salaries, annual incentive and long-term incentive compensation relative to our market reference groups (used in our evaluation of 2015 and 2014 pay actions);
- Provided advice on the design of the Company's 2014 annual and long-term incentive plans;
- Assessed the competitiveness of the Company's compensation practices for non-employee directors;
- Evaluated the pay for performance relationship of our CEO on a realizable pay basis relative to our peers and relevant external benchmarks;
- Reviewed and provided input on our Compensation Discussion and Analysis and Compensation Risk Assessment process;
- Provided input into the Board's CEO evaluation process; and
- Provided regular, ongoing updates on regulatory and market developments related to executive pay.

Semler Brossy does not provide any other services to the Company and, therefore received no fees for additional services.

Independence Disclosure

The Compensation Committee considered Semler Brossy's independence in light of the SEC rules and NYSE listing standards. At the Committee's request, Semler Brossy provided information addressing the independence of the individual compensation advisor and consulting firm, including the following factors: (1) any other services provided by the consulting firm to the Company; (2) fees paid by the Company as a percentage of the consulting firm's total revenue; (3) policies and procedures adopted by the consulting firm to prevent conflicts of interest; (4) any business or personal relationships between the individual compensation advisor and a member of the Compensation Committee; (5) any Company stock owned by the individual compensation advisor; and (6) any business or personal relationships between our executive officers and the individual compensation advisor or consulting firm. The Committee assessed these factors and concluded that Semler Brossy was independent under the SEC rules and NYSE listing standards.

Equity Compensation Plan Information

The following table provides information as of December 31, 2014 about our common stock that may be issued under the Company's prior and existing equity compensation plans, including option plans and employee stock purchase plans. The table does not include information with respect to shares subject to outstanding options assumed by the Company in connection with acquisitions of the companies that originally granted those options.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in the First Column)
Equity compensation plans approved by security holders[1]	9,120,114[2][3]	$26.58	51,145,674[4]
Equity compensation plans not approved by security holders	—	—	—
Total[5]	9,120,114	$26.58	51,145,674

(1) Includes the 2006 Equity Incentive Plan (the "2006 Plan"), Amended and Restated 1996 Stock Plan (the "1996 Plan") and the 2008 Employee Stock Purchase Plan (the "2008 Purchase Plan"). Effective May 18, 2006, additional equity awards under the 1996 Plan have been discontinued. Remaining authorized shares under the 1996 Plan that were not subject to outstanding awards as of May 18, 2006, were canceled on May 18, 2006. The 1996 Plan will remain in effect as to outstanding equity awards granted under the plan prior to May 18, 2006.

(2) Excludes 17,946,911 shares subject to restricted stock units and performance share awards outstanding as of December 31, 2014 that were issued under the 2006 Plan.

(3) Excludes purchase rights accruing under the Company's 2008 Purchase Plan, which had a remaining stockholder-approved reserve of 3,300,479 shares as of December 31, 2014.

(4) Consists of shares available for future issuance under the 2006 Plan and the 2008 Purchase Plan. As of December 31, 2014, an aggregate of 47,845,195 and 3,300,479 shares of common stock were available for issuance under the 2006 Plan and the 2008 Purchase Plan respectively. Under the terms of the 2006 Plan, any shares subject to any options under the Company's 2000 Plan and 1996 Plan that were outstanding on May 18, 2006, and that subsequently expire unexercised, up to a maximum of an additional 75,000,000 shares, will become available for issuance under the 2006 Plan.

(5) This table does not include equity awards that have been assumed by the Company in connection with the acquisition of other companies. As of December 31, 2014, a total of 743,300 shares of the Company's common stock were issuable upon exercise of outstanding options, 274,528 shares subject to restricted stock units, 42,569 shares subject to outstanding performance share awards and 2,366,839 shares subject to restricted stock awards under plans assumed in connection with acquisitions. The weighted average exercise price of those outstanding options is $8.55 per share. No additional equity awards may be granted under those assumed plans.

Principal Accountant Fees and Services

The Audit Committee has appointed Ernst & Young LLP, an independent registered public accounting firm, as Juniper Networks' auditors for the fiscal year ending December 31, 2015. Representatives of Ernst & Young are expected to be present at the annual meeting and will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

Fees Incurred by Juniper Networks for Ernst & Young LLP

Fees for professional services provided by the Company's independent registered public accounting firm in each of the last two years are approximately:

	2014	2013
Audit fees	$4,895,395	$4,395,917
Audit-related fees	846,185	380,000
Tax fees	427,201	434,496
All other fees	—	—
Total	$6,168,781	$5,210,413

Audit fees are for professional services rendered in connection with the audit of the Company's annual financial statements and the review of its quarterly financial statements. Audit-related fees consist of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's consolidated financial statements, and are not reported under "Audit Fees". These services include accounting consultations in connection with transactions, attest services that are required by statute or regulation, and consultations concerning financial accounting and reporting standards. Tax fees are for professional services rendered for tax compliance, tax advice and tax planning.

The Audit Committee pre-approves all audit and permissible non-audit services provided by the Company's independent registered public accounting firm. The Audit Committee has delegated such pre-approval authority to the chair of the committee. The Audit Committee pre-approved all services performed by the Company's independent registered public accounting firm in 2014 and 2013.

Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The following table sets forth information, as of March 24, 2015 (except where another date is indicated), concerning:

- beneficial owners of more than 5% of Juniper Networks' common stock;
- beneficial ownership by Juniper Networks directors and director nominees and the NEOs included in the Summary Compensation Table on page 55; and
- beneficial ownership by all current Juniper Networks directors and current Juniper Networks executive officers as a group.

The information provided in the table is based on Juniper Networks' records, information filed with the SEC and information provided to Juniper Networks, except where otherwise noted.

The number of shares beneficially owned by each entity, person, director or executive officer is determined under rules of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares as to which the individual has the sole or shared voting power or investment power and also any shares that the individual has the right to acquire as of May 23, 2015 (60 days after March 24, 2015) through the exercise of any stock option or other right. Unless otherwise indicated, each person has sole voting and investment power (or shares such powers with his or her spouse) with respect to the shares set forth in the following table. In addition, unless otherwise indicated, all persons named below can be reached at Juniper Networks, Inc., 1133 Innovation Way, Sunnyvale, California 94089.

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Beneficial Ownership Table

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership[1]	Percent of Class[1]
Holders of Greater Than 5%		
Elliott Associates, L.P. 40 West 57th Street, New York, NY 10019	39,241,000[2]	9.7%
The Vanguard Group 100 Vanguard Blvd., Malven, PA 19355	30,140,074[3]	7.4%
Manning & Napier Advisors, LLC 290 Woodcliff Drive, Fairport, NY 14450	24,600,843[4]	6.1%
BlackRock, Inc. 55 East 52nd Street, New York, NY 10022	23,777,375[5]	5.9%
Directors and Named Executive Officers		
Robert M. Calderoni[6]	44,197	*
Mary Cranston[7]	41,197	*
Gary Daichendt[8]	11,005	*
Robyn M. Denholm[9]	427,728	*
Kevin DeNuccio[10]	11,005	*
James Dolce[11]	2,442	*
Mitchell Gaynor[12]	235,913	*
Mercedes Johnson[13]	79,299	*
Shaygan Kheradpir	45,771	*
Scott Kriens[14]	6,330,949	1.6%
Rahul Merchant[15]	2,442	*
Vincent Molinaro[16]	226,237	*
Rami Rahim[17]	531,752	*
David Schlotterbeck[18]	89,285	*
Pradeep Sindhu[19]	5,053,852	1.2%
William R. Stensrud[20]	311,166	*
All Directors and Executive Officers as a Group (18 persons)[21]	13,561,497	3.3%

* Represents holdings of less than one percent.

(1) The percentages are calculated using 405,789,609 outstanding shares of the Company's common stock on March 24, 2015, as adjusted pursuant to Rule 13d-3(d)(1)(i). Pursuant to Rule 13d-3(d)(1) of the Exchange Act, shares beneficially owned by a person or group includes shares of common stock that such person or group has the right to acquire within 60 days after March 24, 2015, which includes, but is not limited to, (i) shares subject to options exercisable within 60 days of March 24, 2015 and (ii) shares subject to RSUs or performance share awards that will vest within 60 days of March 24, 2015.

(2) Based on a Schedule 13D/A filed by Elliott Associates, L.P. with the SEC on February 24, 2015, disclosing ownership as of February 24, 2015. The Schedule 13D/A was filed collectively by Elliott Associates L.P. and its wholly-owned subsidiaries ("Elliott"), Elliott International, L.P. ("Elliott International") and Elliott International Capital Advisors Inc. ("EICA"). The business address of Elliott International is c/o Maples & Calder, P.O. Box 309, Ugland House, South Church Street, George Town, Cayman Islands, British West Indies, and the business address of EICA is 40 West 57th Street New York, New York 10019. According to the Schedule 13D/A, Elliott has sole voting and sole dispositive power for 13,341,940 shares, and Elliott International and EICA share voting and dispositive power for 25,899,060 shares.

(3) Based on information reported, as of December 31, 2014, on Schedule 13G/A filed with the SEC on February 10, 2015 by The Vanguard Group ("Vanguard"). According to its Schedule 13G/A, Vanguard reported having the sole power to vote or direct the vote over 696,571 shares, the sole power to dispose of or to direct the disposition of 30,140,074 shares and the shared power to dispose or to direct the disposition of 661,629 shares.

(4) Based on information reported, as of December 31, 2014, on Schedule 13G/A filed with the SEC on January 16, 2015 by Manning & Napier Advisors, LLC ("Manning & Napier"). According to its Schedule 13G/A, Manning & Napier reported having the sole power to vote or direct the vote over 20,412,413 shares and dispositive power over all shares beneficially owned.

(5) Based on information reported, as of December 31, 2014, on Schedule 13G/A filed with the SEC on February 9, 2015 by BlackRock, Inc. and certain of its subsidiaries (collectively, "BlackRock"). According to its Schedule 13G/A, BlackRock reported having the sole power to vote or direct the vote over 20,045,418 shares and dispositive power over all shares beneficially owned.

(6) Includes 11,005 shares which are subject to RSUs that will vest within 60 days of March 24, 2015.

(7) Includes 30,192 shares held by the Mary B. Cranston Revocable Trust, of which Ms. Cranston is the trustee, and 11,005 shares which are subject to RSUs that will vest within 60 days of March 24, 2015.

(8) Includes 11,005 shares which are subject to RSUs that will vest within 60 days of March 24, 2015.

(9) Includes 297,150 shares which are subject to options that may be exercised within 60 days of March 24, 2015.

(10) Includes 11,005 shares which are subject to RSUs that will vest within 60 days of March 24, 2015.

(11) Includes 2,442 shares which are subject to RSUs that will vest within 60 days of March 24, 2015.

(12) Includes 188,125 shares which are subject to options that may be exercised within 60 days of March 24, 2015.

(13) Includes 61,005 shares which are subject to options and RSUs that may be exercised or that will vest within 60 days of March 24, 2015.

(14) Includes 4,030,896 shares held by the Kriens 1996 Trust, of which Mr. Kriens and his spouse are the trustees; 180,000 shares held by KDI Trust LP; 2,000,000 shares held by the 2010 Kriens 20 year Charitable Remainder Trust, of which Mr. Kriens and his spouse are the trustees, and 11,005 shares which are subject to RSUs that will vest within 60 days of March 24, 2015.

(15) Includes 2,442 shares which are subject to RSUs that will vest within 60 days of March 24, 2015.

(16) Includes 191,553 shares which are subject to options that may be exercised within 60 days of March 24, 2015.

(17) Includes 29,853 shares held by the Rahim Family Trust, of which Mr. Rahim and his spouse are the trustees, and 212,868 shares which are subject to options or RSUs that may be exercised or that will vest within 60 days of March 24, 2015.

(18) Includes 61,005 shares which are subject to options and RSUs that may be exercised or that will vest within 60 days of March 24, 2015.

(19) Includes 1,054,276 shares held by the Sindhu Investments, LP, a family limited partnership; 1,842,173 shares held by the Sindhu Family Trust, and 6,867 shares held by Dr. Sindhu's spouse. Also includes 349,025 shares which are subject to options that may be exercised within 60 days of March 24, 2015.

(20) Includes 294,630 shares held in trust and 11,005 shares which are subject RSUs or that will vest within 60 days of March 24, 2015.

(21) Includes an aggregate of 1,501,933 shares which are subject to options or RSUs that may be exercised or that will vest within 60 days of March 24, 2015.

Executive Officer and Director Stock Ownership Guidelines

The Company has adopted stock ownership guidelines to further align the interests of the Company's NEOs, certain former NEOs and the non-employee directors with the interests of its stockholders and promote the Company's commitment to sound corporate governance.

The ownership guidelines applicable to NEOs are determined as a multiple of the officer's base salary. The Company's Chief Executive Officer is required to hold shares of Juniper Networks common stock with a value equal to at least three (3) times his or her annual base salary. The other NEOs are required to hold shares of Juniper Networks common stock with a value equal to one and one-half (1.5) times his or her annual base salary. This ownership guideline is initially calculated using the applicable base salary as of the later of (a) February 11, 2009, and (b) the date the person first became subject to these guidelines as a named executive officer. The base salary guideline for each person was re-calculated February 7, 2015 and will be re-calculated each third year thereafter, and will be based on applicable base salary in effect on such calculation date. NEOs are required to achieve the applicable level of ownership within five (5) years of the later of (a) the date the ownership guidelines were adopted or amended, and (b) the date the person was initially designated a named executive officer of the Company. Once a person has become an NEO, the person will be subject to these guidelines until he or she is no longer an officer or director of the Company, or, he or she has ceased to be identified as an NEO in the Company's annual proxy statement for three consecutive years.

Outside directors are required to hold shares of Juniper Networks common stock with a value equal to five (5) times the amount of the annual retainer paid to outside directors for service on the Board (excluding additional committee retainers, if any). This ownership guideline is initially calculated using the annual cash retainer for service as a director (but not including additional retainers associated with committee or Chair service) as of the date the person first became subject to these guidelines as an outside director. The ownership guidelines were re-calculated based on applicable annual director retainers as of February 7, 2015 and will be recalculated each third year thereafter, and will be based on applicable annual Board retainer in effect on such calculation date. Outside directors are required to achieve the applicable level of ownership within five (5) years of the later of (a) the date the ownership guideline were adopted or amended, and (b) the date the person first became a non-employee member of the Board.

Shares of our common stock that count toward the satisfaction of the ownership guidelines include shares owned outright by the NEO or director or his or her immediate family members residing in the same household and shares held in trust for the benefit of the NEO or director or his or her family. The value of a share is measured on February 7th of each year as the greater of (i) the average closing price over the 12 months preceding the date of calculation and (ii) the purchase price actually paid by the person for such share of Company common stock. Persons subject to this ownership guideline (that is, those who have been in a covered role for five or more years) are in compliance with its requirements.

A complete copy of the Company's equity ownership guidelines is available at the Investor Relations Center on our website at http://investor.juniper.net/investor-relations/default.aspx.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our directors, executive officers and holders of more than 10% of Juniper Networks common stock to file with the SEC reports regarding their ownership and changes in ownership of our securities, and to furnish copies of such reports to the Company. Based solely on our review of the reports provided to us and on the written representations received from our directors and executive officers, we believe that during fiscal 2014, our directors, executive officers and 10% stockholders complied with all Section 16(a) filing requirements.

Certain Relationships and Related Transactions

The Company's Worldwide Code of Business Conduct and Ethics (the "Code") requires that the Company's employees, officers and directors avoid conducting Company business with a relative or significant other, or with a business in which a relative or significant other is associated in any significant role (as used in the Code, a "related party transaction"). If the related party transaction (as defined in the Code or applicable SEC and NYSE rules and regulations) involves the Company's directors or executive officers or is determined by the Company's Chief Financial Officer to be material to the Company (or if applicable SEC or NYSE rules require approval by the Audit Committee), the Audit Committee of the Board, in accordance with the Code and its charter, must review and approve the matter in writing in advance of any such related party transactions.

Since the beginning of fiscal year 2014, Juniper Networks has not been a participant in a transaction in which any related person of Juniper Networks had or will have a direct or indirect material interest, as contemplated by Item 404(a) of Regulation S-K under the Exchange Act.

Report of the Audit Committee of the Board of Directors

The following Audit Committee Report shall not be deemed to be "soliciting material" and should not be deemed "filed" and shall not be deemed to be incorporated by reference in future filings with the SEC, except to the extent that the Company specifically incorporates it by reference into a document filed under the Securities Act of 1933 or the Securities Exchange Act of 1934.

The Audit Committee is composed entirely of non-management directors. The members of the Audit Committee meet the independence and financial literacy requirements of the NYSE and additional, heightened independence criteria applicable to members of the Audit Committee under SEC and NYSE rules. The Audit Committee operates under a written charter, which contains a description of the scope of the Audit Committee's responsibilities and how they will be carried out, which may be found on the Company's website at http://investor.juniper.net/investor-relations/corporate-governance/default.aspx.

The Audit Committee oversees the Company's financial reporting process on behalf of the Board of Directors. Management has the primary responsibility for the financial statements and the reporting process including establishing and maintaining adequate internal control over the Company's financial reporting. The independent registered public accounting firm of Ernst & Young LLP ("E&Y") reports to the Audit Committee and E&Y is responsible for performing an independent audit of the Company's consolidated financial statements and internal control over financial reporting in accordance with generally accepted auditing standards in the United States. The Audit Committee discussed with E&Y the overall scope and plans for the audit. The Audit Committee meets regularly with E&Y, with and without management present, to discuss the results of E&Y's examinations, evaluations of the Company's internal controls, and the overall quality of the Company's financial reporting. The Audit Committee held 21 meetings during fiscal year 2014.

In this context, the Audit Committee hereby reports as follows:

1. The Audit Committee has reviewed and discussed the Company's audited financial statements for the fiscal year ended December 31, 2014 with the Company's management.
2. The Audit Committee has discussed with the Company's independent registered public accounting firm the matters required to be discussed by under the rules adopted by the Public Company Accounting Oversight Board.
3. The Audit Committee has received the written disclosures and the letter from the Company's independent registered public accounting firm required by the applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence, and has discussed with the Company's independent registered public accounting firm its independence.
4. Based on the review and discussion referred to in paragraphs (1) through (3) above, the Audit Committee recommended to the Board, and the Board has approved, that the Company's audited financial statements for the fiscal year ended December 31, 2014 be included in Juniper Networks' Annual Report on Form 10-K for the fiscal year ended December 31, 2014, for filing with the SEC.

MEMBERS OF THE AUDIT COMMITTEE

Robert M. Calderoni (Chair)
Mary Cranston
Mercedes Johnson

Directions to Juniper Networks, Inc. Corporate Headquarters

1133 Innovation Way
Building A, Aristotle Conference Room
Sunnyvale, CA 94089

From San Francisco Airport:

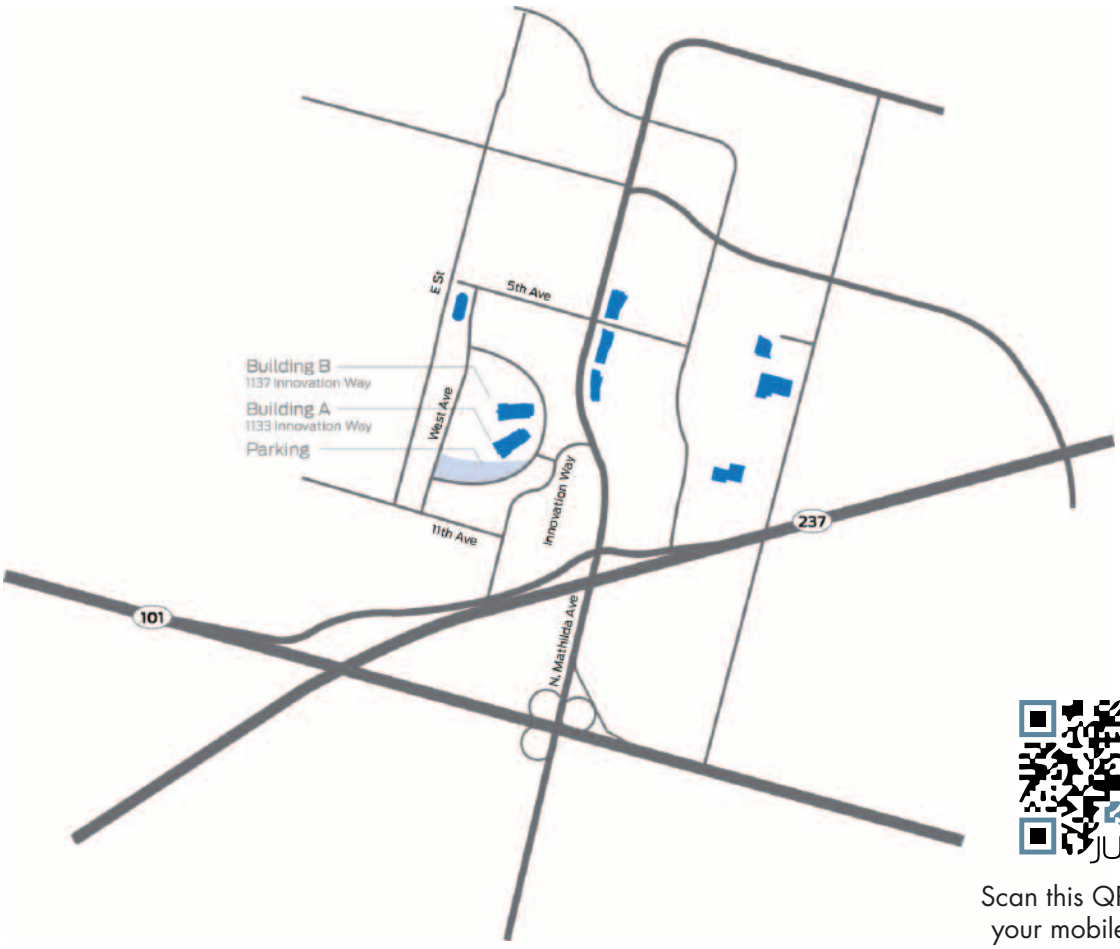
- Travel south on Highway 101.
- Exit Highway 237 east in Sunnyvale.
- Exit Mathilda and turn left onto Mathilda Avenue.
- Continue on Mathilda Avenue and turn left onto Innovation Way.
- Juniper Networks' Corporate Headquarters, Building A, will be on the right side.

From San Jose Airport and points south:

- Travel north on Highway 101 to Mathilda Avenue in Sunnyvale.
- Exit Mathilda Avenue north.
- Continue on Mathilda Avenue past Highway 237 and turn left onto Innovation Way.
- Juniper Networks' Corporate Headquarters, Building A, will be on the right side.

From Oakland Airport and the East Bay:

- Travel south on Interstate 880 until you get to Milpitas.
- Turn right on Highway 237 west.
- Continue approximately 10-miles.
- Exit Mathilda Avenue and turn right at the stoplight (Mathilda Avenue).
- Continue on Mathilda Avenue and turn left onto Innovation Way.
- Juniper Networks' Corporate Headquarters, Building A, will be on the right side.



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Annex A

JUNIPER NETWORKS, INC.

2015 EQUITY INCENTIVE PLAN

1. Purposes of the Plan. The Plan is intended to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentive to Service Providers and to promote the success of the Company's business.

The Plan permits the grant of Options, Restricted Stock, Restricted Stock Units, Stock Appreciation Rights, Performance Shares, Performance Units, Deferred Stock Units and Dividend Equivalents. The Plan also provides for the automatic, non-discretionary grant of certain Awards to Outside Directors as further specified herein.

2. Definitions. As used herein, the following definitions shall apply:

(a) "Administrator" means the Board or any of its Committees as shall be administering the Plan, in accordance with Section 4 of the Plan.

(b) "Applicable Laws" means the requirements relating to the administration of equity incentive plans, the grant of Awards and the related issuance of Shares under U.S. state corporate laws, U.S. federal and state securities laws, the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted and under the laws, rules and regulations of any foreign country or jurisdiction where Awards are, or will be, granted under the Plan or where Participants may reside and/or work, as such requirements shall be in place from time to time.

(c) "Award" means, individually or collectively, a grant under the Plan of Options, Restricted Stock, Restricted Stock Units, Stock Appreciation Rights, Performance Shares, Performance Units, Deferred Stock Units or Dividend Equivalents.

(d) "Award Agreement" means the written or electronic agreement, in such form as the Administrator prescribes from time to time, setting forth the terms and provisions applicable to each Award granted under the Plan. The Award Agreement is subject to the terms and conditions of the Plan.

(e) "Board" means the Board of Directors of the Company.

(f) "Change in Control" means the occurrence of any of the following events:

(i) A change in the ownership of the Company which occurs on the date that any one person, or more than one person acting as a group ("Person"), acquires ownership of the stock of the Company that, together with the stock held by such Person, constitutes more than fifty percent (50%) of the total voting power of the stock of the Company; provided, however, that for purposes of this subsection, the acquisition of additional stock by any Person, who is considered to own more than fifty percent (50%) of the total voting power of the stock of the Company will not be considered a Change in Control; or

(ii) A change in the effective control of the Company which occurs on the date that a majority of members of the Board is replaced during any twelve (12) month period by Directors whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election; or

(iii) A change in the ownership of a substantial portion of the Company's assets which occurs on the date that any Person acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than fifty percent (50%) of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions; provided, however, that for purposes of this subsection (iii), the following will

not constitute a change in the ownership of a substantial portion of the Company's assets: (A) a transfer to an entity that is controlled by the Company's stockholders immediately after the transfer (provided that such entity is controlled in substantially the same proportions by the Company's stockholders who held the Company's securities immediately before such transfer), or (B) a transfer of assets by the Company to: (1) a stockholder of the Company (immediately before the asset transfer) in exchange for the Company's stock (provided that the value of the Company's stock exchanged for such assets shall be substantially equal to or greater than the value of such assets, as determined by the Board), (2) an entity, fifty percent (50%) or more of the total value or voting power of which is owned, directly or indirectly, by the Company, (3) a Person, that owns, directly or indirectly, fifty percent (50%) or more of the total value or voting power of all the outstanding stock of the Company, or (4) an entity, at least fifty percent (50%) of the total value or voting power of which is owned, directly or indirectly, by a Person described in this subsection (iii)(B)(3). For purposes of this subsection (iii), gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

For purposes of this definition, persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company.

Notwithstanding the foregoing, a transaction will not be deemed a Change in Control unless the transaction qualifies as a change in control event within the meaning of Code Section 409A, as it has been and may be amended from time to time, and any proposed or final Treasury Regulations and Internal Revenue Service guidance that has been promulgated or may be promulgated thereunder from time to time.

Further and for the avoidance of doubt, a transaction will not constitute a Change in Control if: (i) its sole purpose is to change the state of the Company's incorporation, or (ii) its sole purpose is to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction.

(g) "Code" means the U.S. Internal Revenue Code of 1986, as amended.

(h) "Common Stock" means the common stock of the Company.

(i) "Committee" means a committee of Directors or of other individuals satisfying Applicable Laws appointed by the Board or a duly authorized committee of the Board, in accordance with Section 4(a) of the Plan.

(j) "Company" means Juniper Networks, Inc., a Delaware corporation, or any successor thereto.

(k) "Company Group" means the Company, any Parent or Subsidiary, and any entity that, from time to time and at the time of any determination, directly or indirectly, is in control of, is controlled by or is under common control with the Company.

(l) "Consultant" means any natural person engaged by the Company Group to render services and who is compensated for such services, but who is neither an Employee nor a Director; provided, that a Consultant will include only those persons to whom the issuance of Common Stock may be registered under Form S-8 under the U.S. Securities Act of 1933, as amended.

(m) "Continuous Status as a Director" means that the Director relationship is not interrupted or terminated.

(n) "Deferred Stock Unit" means a deferred stock unit Award granted to a Participant pursuant to Section 15.

(o) "Director" means a member of the Board.

(p) "Disability" means total and permanent disability as defined in Section 22(e)(3) of the Code, provided that in the case of Awards other than Incentive Stock Options, the Administrator in its discretion may determine whether a permanent and total disability exists in accordance with uniform and non-discriminatory standards adopted by the Administrator from time to time.

(q) "Dividend Equivalent" means a credit, payable in cash or Shares, made at the discretion of the Administrator, to the account of a Participant in an amount equal to the cash dividends paid on one Share for each Share represented by an Award held by such Participant. Dividend Equivalents may be subject to the same vesting restrictions as the related Shares subject to an Award, at the discretion of the Administrator.

(r) "Employee" means any person, including Officers and Directors, employed by the Company or any member of the Company Group. However, with respect to Incentive Stock Options, an Employee must be employed by the Company or any Parent or Subsidiary. Neither service as a Director nor payment of a director's fee by the Company will be sufficient to constitute "employment" by the Company.

(s) "Exchange Act" means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

(t) "Fair Market Value" means the closing sales price of Common Stock on the date of determination (or the mean of the closing bid and asked prices for the Common Stock if no sales were reported) as reported by the New York Stock Exchange or such other source as the Administrator deems to be reliable. Notwithstanding the foregoing, if the determination date for the Fair Market Value occurs on a weekend, holiday or other non-Trading Day, the Fair Market Value will be the price as determined above on the immediately preceding Trading Day, unless otherwise determined by the Administrator. In addition, for purposes of determining the fair market value of Shares for any reason other than the determination of the exercise price of Options or Stock Appreciation Rights, fair market value will be determined by the Administrator in a manner compliant with Applicable Laws and applied consistently for such purpose. The determination of fair market value for purposes of tax withholding may be made in the Administrator's sole discretion subject to Applicable Laws and is not required to be consistent with the determination of Fair Market Value for other purposes.

(u) "Fiscal Year" means a fiscal year of the Company.

(v) "Full Value Award" means a grant of Restricted Stock, a Restricted Stock Unit, a Performance Share or a Deferred Stock Unit hereunder.

(w) "Incentive Stock Option" means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code.

(x) "Nonstatutory Stock Option" means an Option not intended to qualify as an Incentive Stock Option.

(y) "Officer" means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act.

(z) "Option" means a stock option granted pursuant to the Plan.

(aa) "Optioned Stock" means the Common Stock subject to an Option.

(bb) "Outside Director" means a Director who is not an Employee.

(cc) "Parent" means a "parent corporation", whether now or hereafter existing, as defined in Section 424(e) of the Code.

(dd) "Participant" means the holder of an outstanding Award.

(ee) "Performance Goals" means the goal(s) (or combined goal(s)) determined by the Administrator (in its discretion) to be applicable to a Participant with respect to an Award. As determined by the Administrator, the performance measures for any performance period will be any one or more of the following objective performance criteria, applied to either the Company as a whole or, except with respect to stockholder return metrics, to a region, business unit, affiliate or business segment, and measured either on an absolute basis or relative to a pre-established target, to a previous period's results or to a designated comparison group, and, with respect to financial metrics, which may be determined in accordance with United States Generally Accepted Accounting Principles ("GAAP"), in accordance with accounting principles established by the International Accounting Standards Board ("IASB Principles") or which may be adjusted when established to exclude any items otherwise includable under GAAP or under IASB Principles: (i) cash flow (including operating cash flow or free cash flow), (ii) cash position, (iii) revenue (on an absolute basis or adjusted for currency effects), (iv) revenue growth, (v) contribution margin, (vi) gross margin, (vii) operating margin (viii) operating expenses or operating expenses as a percentage of revenue, (ix) earnings (which may include earnings before interest and taxes, earnings before taxes and net earnings), (x) earnings per share, (xi) operating income, (xii) net income, (xiii) stock price, (xiv) return on equity, (xv) total stockholder return, (xvi) growth in stockholder value relative to a specified publicly reported index (such as the S&P 500 Index), (xvii) return on capital, (xviii) return on assets or net assets, (xix) return on investment, (xx) economic value added, (xxi) operating profit or net operating profit, (xxii) operating margin, (xxiii) market share, (xxiv) contract awards or backlog, (xxv) overhead or other expense reduction, (xxvi) credit rating, (xxvii) objective customer indicators, (xxviii) new product invention or innovation, (xxix) attainment of research and development milestones, (xxx) improvements in productivity, (xxxi) attainment of objective operating goals, and (xxxii) objective employee metrics. The Performance Goals may differ from Participant to Participant and from Award to Award. In particular, the Administrator may appropriately adjust any evaluation of performance under a Performance Goal to exclude (a) any extraordinary non-recurring items, (b) the effect of any merger, acquisition, or other business combination or divestiture or (c) the effect of any changes in accounting principles affecting the Company's or a business units', region's, affiliate's or business segment's reported results.

(ff) "Performance Share" means a performance share Award granted to a Participant pursuant to Section 13.

(gg) "Performance Unit" means a performance unit Award granted to a Participant pursuant to Section 14.

(hh) "Plan" means this 2015 Equity Incentive Plan, as amended.

(ii) "Plan Minimum Vesting Requirements" means the minimum vesting requirements for Awards under Plan Section 4(b)(vi) hereunder.

(jj) "Restricted Stock" means a restricted stock Award granted to a Participant pursuant to Section 11.

(kk) "Restricted Stock Unit" means a bookkeeping entry representing an amount equal to the Fair Market Value of one Share, granted pursuant to Section 12. Each Restricted Stock Unit represents an unfunded and unsecured obligation of the Company, subject to the terms and conditions of the applicable Restricted Stock Unit Award Agreement, and each holder of a Restricted Stock Unit shall have no rights other than those of a general creditor of the Company.

(ll) "Rule 16b-3" means Rule 16b-3 of the Exchange Act or any successor to Rule 16b-3, as in effect when discretion is being exercised with respect to the Plan.

(mm) "Section 16(b)" means Section 16(b) of the Exchange Act.

(nn) "Section 409A" means Section 409A of the Code.

(oo) "Service Provider" means an Employee, Consultant or Director.

(pp) "Share" means a share of the Common Stock, as adjusted in accordance with Section 20 of the Plan.

(qq) "Stock Appreciation Right" or "SAR" means a stock appreciation right granted pursuant to Section 8 below.

(rr) "Subsidiary" means a "subsidiary corporation", whether now or hereafter existing, as defined in Section 424(f) of the Code.

(ss) "Tax Obligations" means tax and social insurance liability obligations and requirements in connection with the Awards, including, without limitation, (A) all federal, state, and local taxes (including the Participant's Federal Insurance Contributions Act (FICA) obligation or other payroll taxes) that are required to be withheld by an entity in the Company Group, (B) any fringe benefit tax liability the responsibility for which the Participant has, or has agreed to bear, with respect to such Award or the Shares subject to the Award, and (C) any other taxes of an entity in the Company Group the responsibility for which the Participant has, or has agreed to bear, with respect to such Award or the Shares subject to the Award).

(tt) "Trading Day" means a day on which the applicable stock exchange or national market system is open for trading.

3. Stock Subject to the Plan.

(a) Stock Subject to the Plan. Subject to the provisions of Section 20 of the Plan, the maximum aggregate number of Shares that may be issued under this Plan is (i) any Shares that, as of the date stockholders of the Company initially approve this Plan, have been reserved but not issued under the Company's 2006 Equity Incentive Plan, as amended (the "2006 Plan"), to a maximum of 38,000,000 Shares, and (ii) Shares subject to stock options or other awards granted under the 2006 Plan or the Company's 1996 Stock Incentive Plan that, after the date stockholders of the Company initially approve this Plan, expire or otherwise terminate without having been vested or exercised in full, to a maximum of 29,000,000 Shares. All of the Shares issuable under the Plan may be authorized, but unissued, or reacquired Common Stock.

(b) Share Conversion Ratio. Any Shares that are subject to Options, SARs shall be counted against the numerical limits of this Section 3 as one Share for every Share subject thereto. Any Shares subject to Full Value Awards with a per Share or unit purchase price lower than 100% of Fair Market Value on the date of grant shall be counted against the numerical limits of this Section 3 as two and one-tenth Shares for every one Share subject thereto. To the extent that a Share that was subject to an Award that counted as two and one-tenth Shares against the Plan reserve pursuant to the preceding sentence is recycled back into the Plan under the next paragraph of this Section 3, the Plan shall be credited with two and one-tenth Shares.

(c) Lapsed Awards. If an Award expires or becomes unexercisable without having been exercised in full, or, with respect to a Full Value Award, is forfeited to or repurchased by the Company at its original purchase price due to such Award failing to vest, the unpurchased Shares (or for Awards other than Options and SARs, the forfeited or repurchased Shares) which were subject thereto shall become available for future grant or sale under the Plan (unless the Plan has terminated). With respect to SARs, when an SAR is exercised, the Shares subject to a SAR Award Agreement shall be counted against the numerical limits of Section 3 above, as one Share for every Share subject thereto, regardless of the number of Shares used to settle the SAR upon exercise (i.e., Shares withheld to satisfy the exercise price of an SAR shall not remain available for issuance under the Plan). Shares that have actually been issued under the Plan under any Award shall not be returned to the Plan and shall not become available for future distribution under the Plan; provided, however, that if Shares of Full Value Awards are repurchased by the Company at their original purchase price or are forfeited to the Company due to such Awards failing to vest, such Shares shall become available for future grant under the Plan. Shares that are subject to an Option Award Agreement that are used to pay the exercise price of an Option shall not become available for future grant or sale under the Plan. Shares that are subject to an Award Agreement that are used to satisfy Tax Obligations shall not become available for future grant or sale under the Plan. To the extent an Award under the Plan is paid out in cash rather than stock, such cash payment shall not reduce the number of Shares available for issuance under the Plan. Any payout of Awards that are payable only in cash shall not reduce the number of Shares available for issuance under the Plan. Conversely, any forfeiture of Awards that are payable only in cash shall not increase the number of Shares available for issuance under the Plan. Notwithstanding

the foregoing and, subject to adjustment as provided in Section 20, the maximum number of Shares that may be issued upon the exercise of Incentive Stock Options will equal the aggregate Share number stated in Section 3(a), plus, to the extent allowable under Section 422 of the Code and the Treasury Regulations thereunder, any Shares that become available for issuance under the Plan pursuant to Section 3(c).

4. Administration of the Plan.

(a) Procedure.

(i) Multiple Administrative Bodies. If permitted by Applicable Laws, the Plan may be administered by different Committees with respect to different groups of Service Providers.

(ii) Section 162(m). To the extent that the Administrator determines it to be desirable to qualify Awards granted hereunder as "performance-based compensation" within the meaning of Section 162(m) of the Code, the Plan shall be administered by a Committee consisting solely of two or more "outside directors" within the meaning of Section 162(m) of the Code.

(iii) Rule 16b-3. To the extent desirable to qualify transactions hereunder as exempt under Rule 16b-3, the Plan will be administered by a Committee constituted to comply with Rule 16b-3.

(iv) Administration With Respect to Other Persons. Other than as provided above, the Plan shall be administered by (A) the Board, (B) a committee designated by the Board, or (C) a sub-committee designated by the designated Committee, which Committee or sub-committee shall be constituted to satisfy Applicable Laws. Once appointed, such Committee shall serve in its designated capacity until otherwise directed by the Board. The Board may increase the size of the Committee and appoint additional members, remove members and substitute new members, fill vacancies, and remove all members of the Committee and thereafter directly administer the Plan, all to the extent permitted by Applicable Laws.

(v) Administration With Respect to Automatic Grants to Outside Directors. Automatic grants to Outside Directors shall be pursuant to Section 10 hereof and therefore shall not be subject to any discretionary administration.

(b) Powers of the Administrator. Subject to the provisions of the Plan (including the non-discretionary automatic grant to Outside Director provisions of Section 10), and in the case of a Committee, subject to the specific duties delegated by the Board to such Committee, the Administrator shall have the authority, in its discretion:

(i) to determine the Fair Market Value in accordance with Section 2(t) of the Plan;

(ii) to select the Service Providers to whom Awards may be granted hereunder;

(iii) to determine whether and to what extent Awards are granted hereunder;

(iv) to determine the number of shares of Common Stock to be covered by each Award granted hereunder;

(v) to approve forms of agreement for use under the Plan, which, for the avoidance of doubt, need not be identical for each Participant or Award;

(vi) to determine the terms and conditions, not inconsistent with the terms of the Plan, of any Award granted hereunder. Such terms and conditions include, but are not limited to, the exercise price, the time or times when Awards vest or may be exercised (which may be based on performance criteria), any vesting acceleration or waiver of forfeiture restrictions (subject to compliance with applicable laws, including Code Section 409A), and any restriction or limitation regarding any Award or the Shares relating thereto, based in each case on such factors as the Administrator, in its sole discretion, shall determine; provided, however, that, subject to Section 4(d), Awards may not vest earlier than

the one (1) year anniversary of the grant date (except if accelerated (A) pursuant to Section 20 hereof or pursuant to change of control severance agreements entered into by and between the Company and any Service Provider, (B) due to a Participant's death, or (C) due to a Participant's Disability);

(vii) to construe and interpret the terms of the Plan, Awards granted pursuant to the Plan and any other agreement defining the rights and obligations of the Company and the Participants under the Plan;

(viii) to prescribe, amend and rescind rules and regulations relating to the Plan;

(ix) to modify or amend each Award (subject to Section 6(c) and Section 24(c) of the Plan);

(x) to authorize any person to execute on behalf of the Company any instrument required to effect the grant of an Award previously granted by the Administrator;

(xi) to determine the terms and restrictions applicable to Awards;

(xii) to determine whether Awards will be adjusted for Dividend Equivalents and whether such Dividend Equivalents shall be subject to vesting;

(xiii) to adopt such modifications, procedures, plans and sub-plans as may be necessary, desirable or appropriate to comply with provisions of the laws of the United States or any other country, to allow for tax-preferred treatment of Awards or otherwise provide for or facilitate the participation by Participants who reside outside of the United States, in order to assure the viability of the benefits of Awards made to Participants located in the United States or such other jurisdictions and to further the objectives of the Plan; and

(xiv) to make all other determinations deemed necessary or advisable for administering the Plan.

(c) Effect of Administrator's Decision. All decisions, determinations and interpretations of the Administrator shall be final and binding on all Participants and any other holders of any Awards granted under the Plan.

(d) Exception to Plan Minimum Vesting Requirements.

(i) Awards that result in issuing up to 5% of the maximum aggregate number of shares of Stock authorized for issuance under the Plan (the "5% Limit") may be granted to any one or more Service Providers without respect to the Plan Minimum Vesting Requirements.

(ii) All Awards that have their vesting accelerated (A) pursuant to a Change in Control transaction described in Section 20(c) hereof (including vesting acceleration in connection with employment termination following such event), (B) due to a Participant's death, or (C) due to a Participant's Disability, shall not count against the 5% limit.

(iii) For the avoidance of doubt, if the Administrator accelerates the vesting of an Award but such acceleration does not result in the Plan Minimum Vesting Requirements not being satisfied for the that Award, this acceleration will not count toward the 5% Limit.

5. Eligibility. Nonstatutory Stock Options, Restricted Stock, Restricted Stock Units, Stock Appreciation Rights, Performance Shares, Performance Units, Deferred Stock Units and Dividend Equivalents may be granted to Service Providers. Incentive Stock Options may be granted only to Employees. Notwithstanding the foregoing, Outside Directors may only be granted Awards as specified in Section 10 hereof.

6. Limitations.

(a) Section 162(m) Limitations. Subject to adjustment as provided in Section 20, during any Fiscal Year, no Employee may be granted:

(i) Options and Stock Appreciation Rights to purchase more than 2,000,000 Shares; provided, however, that such limit shall be 4,000,000 Shares in the Employee's first Fiscal Year of Company service.

(ii) Restricted Stock and/or Performance Shares and/or Restricted Stock Units covering more than 1,000,000 Shares; provided, however, that such limit shall be 2,000,000 Shares in the Employee's first Fiscal Year of Company service.

(iii) Performance Units, having an initial value greater than $2,000,000, provided, however, that such limit shall be $4,000,000 in the Employee's first Fiscal Year of Company service.

(b) Outside Director Award Limitations. No Outside Director may be granted, in any Fiscal Year (i) stock-settled Awards with a grant date fair value (determined under U.S. generally accepted accounting principles) of more than $1,000,000, or (iii) cash-settled Awards with a grant date fair value (determined under U.S. generally accepted accounting principles) of more than $1,000,000. Any Awards granted to an individual while he or she is an Employee, or while he or she was a Consultant but not an Outside Director, shall not count against the foregoing limitation.

(c) No Repricing. Without the consent of the Company's stockholders, (i) the exercise price for an Option or SAR may not be reduced and (ii) the Company may not pay cash or issue new Awards in exchange for the surrender and cancellation of any, or all, Options or SARs with an exercise price that is less than the current Fair Market Value. This shall include, without limitation, a repricing of the Option or SAR as well as an Option or SAR exchange program whereby the Participant agrees to cancel an existing Option or SAR in exchange for an Option, SAR or other Award. If an Option or SAR is cancelled in the same Fiscal Year in which it was granted (other than in connection with a transaction described in Section 20), the cancelled Option or SAR as well as any replacement Option or SAR will be counted against the limits set forth in section 6(a)(i) above. Moreover, if the exercise price of an Option or SAR is reduced, the transaction will be treated as a cancellation of the Option or SAR and the grant of a new Option or SAR.

7. Stock Options.

(a) Type of Option. Each Option shall be designated in the Award Agreement as either an Incentive Stock Option or a Nonstatutory Stock Option. However, notwithstanding such designations, to the extent that the aggregate Fair Market Value of Shares subject to a Participant's Incentive Stock Options granted by the Company, any Parent or Subsidiary, that become exercisable for the first time during any calendar year (under all plans of the Company or any Parent or Subsidiary) exceeds $100,000, such excess Options shall be treated as Nonstatutory Stock Options. For purposes of this Section 7(a), Incentive Stock Options shall be taken into account in the order in which they were granted, and the Fair Market Value of the Shares shall be determined as of the time of grant.

(b) Term of Option. The term of each Option shall be stated in the Award Agreement; provided, however, that the term shall be seven (7) years from the date of grant or such shorter term as may be provided in the Award Agreement. Moreover, in the case of an Incentive Stock Option granted to a Participant who, at the time the Incentive Stock Option is granted, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the term of the Incentive Stock Option shall be five (5) years from the date of grant or such shorter term as may be provided in the Award Agreement.

(c) Exercise Price and Consideration.

(i) The per Share exercise price for the Shares to be issued pursuant to exercise of an Option shall be such price as is determined by the Administrator, but shall be subject to the following:

(1) In the case of an Incentive Stock Option

a) granted to an Employee who, at the time the Incentive Stock Option is granted, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the per Share exercise price shall be no less than 110% of the Fair Market Value per Share on the date of grant.

b) granted to any Employee other than an Employee described in paragraph (a) immediately above, the per Share exercise price shall be no less than 100% of the Fair Market Value per Share on the date of grant.

(2) In the case of a Nonstatutory Stock Option, the per Share exercise price shall be no less than 100% of the Fair Market Value per Share on the date of grant.

(ii) The consideration to be paid for the Shares to be issued upon exercise of an Option, including the method of payment, shall be determined by the Administrator and may consist entirely of cash; check; delivery of a properly executed exercise notice together with such other documentation as the Committee and the broker, if applicable, shall require to effect an exercise of the option and delivery to the Company of the sale proceeds required; or any combination of such methods of payment, or such other consideration and method of payment for the issuance of Shares to the extent permitted under Applicable Laws.

(iii) Expiration of Options. An Option granted under the Plan will expire upon the date determined by the Administrator and set forth in the Award Agreement.

8. Stock Appreciation Rights.

(a) Grant of SARs. Subject to the terms and conditions of the Plan, SARs may be granted to Participants at any time and from time to time as shall be determined by the Administrator, in its sole discretion. Subject to Section 6(a) hereof, the Administrator shall have complete discretion to determine the number of SARs granted to any Participant.

(b) Exercise Price and other Terms. The per share exercise price for the Shares to be issued pursuant to exercise of a SAR shall be determined by the Administrator and shall be no less than 100% of the Fair Market Value per share on the date of grant. Otherwise, the Administrator, subject to the provisions of the Plan, shall have complete discretion to determine the terms and conditions of SARs granted under the Plan; provided, however, that no SAR may have a term of more than seven (7) years from the date of grant.

(c) Payment of SAR Amount. Upon exercise of a SAR, a Participant shall be entitled to receive payment from the Company in an amount determined by multiplying:

(i) The difference between the Fair Market Value of a Share on the date of exercise over the exercise price; times

(ii) The number of Shares with respect to which the SAR is exercised.

(d) Payment upon Exercise of SAR. At the discretion of the Administrator, but only as specified in the Award Agreement, payment for a SAR may be in cash, Shares or a combination thereof. If the Award Agreement is silent as to the form of payment, payment of the SAR may only be in Shares.

(e) SAR Agreement. Each SAR grant shall be evidenced by an Award Agreement that shall specify the exercise price, the term of the SAR, the conditions of exercise, whether it may be settled in cash, Shares or a combination thereof, and such other terms and conditions as the Administrator, in its sole discretion, shall determine.

(f) Expiration of SARs. A SAR granted under the Plan shall expire upon the date determined by the Administrator, in its sole discretion, and set forth in the Award Agreement.

9. Exercise of Option or SAR. Any Option or SAR granted hereunder shall be exercisable at such times and under such conditions as determined by the Administrator, including performance criteria with respect to the Company and/or the Participant, and as shall be permissible under the terms of the Plan. An Option or SAR shall be deemed to be exercised when written notice of such exercise has been given to the Company in accordance with the terms of the Option or SAR by the person entitled to exercise the Option or SAR and, with respect to Options only, full payment for the Shares with respect to which the Option is exercised has been received by the Company. With respect to Options only, full payment may, as authorized by the Administrator, consist of any consideration and method of payment allowable under Section 7(c) of the Plan. Until the issuance (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company or as evidenced by the issuance of a stock certificate) of the Shares, no right to vote or receive dividends or any other rights as a stockholder of the Company shall exist with respect to the Optioned Stock, notwithstanding the exercise of the Option. No adjustment will be made for a dividend or other right for which the record date is prior to the issuance of the Shares, except as provided in Section 20 of the Plan.

10. Automatic Grants to Outside Directors.

(a) Procedure for Grants. All grants of Awards to Outside Directors under this Plan shall be automatic and non-discretionary and shall be made strictly in accordance with the provisions in this Section 10:

(i) No person shall have any discretion to select which Outside Directors shall be granted Awards or to determine the number of Shares to be covered by Awards granted to Outside Directors.

(ii) At each of the Company's annual stockholder meetings each Outside Director who is elected at (or whose term continues after) such meeting shall be automatically granted Restricted Stock Units for a number of Shares equal to the Annual Value (rounded down to the nearest whole share). Each award specified in this subsection (ii) is generically referred to as an "Annual Award". The "Annual Value" means the number equal to $225,000 divided by the average daily closing price over the six month period ending on the last day of the fiscal year preceding the date of grant.

(iii) Each person who first becomes an Outside Director (including a Director who has transitioned from an employee Director to an Outside Director) on a date other than the date of the Company's annual stockholder meeting shall automatically be granted on the date such person becomes an Outside Director Restricted Stock Units (each such award specified in this subsection (iii) is referred to as an "Initial Award") for a number of Shares equal to a number determined by multiplying the Annual Value used for calculating the Annual Awards granted at the annual stockholder meeting immediately preceding the date of such Initial Award (the "Last Annual Meeting Date") by a fraction, the numerator of which is 365 minus the number of days between the Last Annual Meeting Date and the date the person first became or becomes an Outside Director and the denominator of which is 365, rounded down to the nearest whole Share.

(iv) Notwithstanding the provisions of subsections (ii) or (iii) hereof, in the event that an automatic grant hereunder would cause the number of Shares subject to outstanding Awards plus the number of Shares previously purchased upon exercise of Options or issued upon vesting of Restricted Stock Units or other Full Value Awards to

exceed the number of Shares available for issuance under the Plan, then each such automatic grant shall be for that number of Shares determined by dividing the total number of Shares remaining available for grant by the number of Outside Directors receiving Awards on the applicable automatic grant date. Any further grants shall then be deferred until such time, if any, as additional Shares become available for grant under the Plan.

(v) Each Annual Award and Initial Award shall become 100% vested on the earlier of (A) the one year anniversary of the grant date, and (B) the day prior to the date of the Company's next annual stockholder meeting, subject in either case to the Participant maintaining Continuous Status as a Director through the vesting date.

(b) Reservation of Rights. The Board reserves the right to amend this Section 10, including to increase the limit on Annual Awards or Initial Awards or to provide for additional Awards to Outside Directors.

11. Restricted Stock.

(a) Grant of Restricted Stock. Subject to the terms and conditions of the Plan, the Administrator, at any time and from time to time, may grant Shares of Restricted Stock to Employees and Consultants as shall be determined by the Administrator, in its sole discretion. Subject to Section 6(a) hereof as well as the Plan Minimum Vesting Requirements, the Administrator shall have complete discretion to determine (i) the number of Shares subject to a Restricted Stock award granted to any Participant, and (ii) the conditions that must be satisfied, which typically will be based principally or solely on continued provision of services but may include a performance-based component.

(b) Restricted Stock Award Agreement. Each Restricted Stock grant shall be evidenced by an Award Agreement that shall specify the purchase price (if any), any vesting conditions, the number of Shares granted and such other terms and conditions as the Administrator, in its sole discretion, shall determine. Unless determined otherwise by the Administrator, the Company as escrow agent will hold Shares of Restricted Stock until the restrictions on such Shares, if any, have lapsed.

(c) Transferability. Except as provided in this Section 11, Section 18, or the Award Agreement, Shares of Restricted Stock may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated until the end of the applicable vesting period (if any).

(d) Other Restrictions. The Administrator, in its sole discretion, may impose such other restrictions on Shares of Restricted Stock as it may deem advisable or appropriate.

(e) Removal of Restrictions. Except as otherwise provided in this Section 11, Shares of Restricted Stock covered by each Restricted Stock grant made under the Plan will be released from escrow as soon as practicable after the last day of the vesting period or at such other time as the Administrator may determine. Subject to the Plan Minimum Vesting Requirements, the Administrator, in its discretion, may reduce or waive any vesting criteria and may accelerate the time at which any restrictions will lapse or be removed. The Administrator, in its discretion, may establish procedures regarding the release of Shares from escrow and/or removal of legends, as necessary or appropriate to minimize administrative burdens on the Company.

(f) Legend on Certificates. The Administrator, in its discretion, may require that one or more legends be place on the certificates representing Restricted Stock to give appropriate notice of the applicable restrictions.

(g) Voting Rights. During the vesting period, Participants holding Shares of Restricted Stock granted hereunder may exercise full voting rights with respect to those Shares, unless the Administrator determines otherwise.

(h) Dividends and Other Distributions. During the vesting period, Participants holding Shares of Restricted Stock will be entitled to receive all dividends and other distributions paid with respect to such Shares, unless the Administrator provides otherwise. Any such dividends or distributions shall be subject to the same restrictions on transferability and forfeitability as the Shares of Restricted Stock with respect to which they were paid, unless otherwise provided in the Award Agreement.

(i) Return of Restricted Stock to Company. On the date set forth in the Award Agreement, the Restricted Stock for which restrictions have not lapsed will revert to the Company.

12. Restricted Stock Units.

(a) Grant. Restricted Stock Units may be granted at any time and from time to time as determined by the Administrator. After the Administrator determines that it will grant Restricted Stock Units under the Plan, it shall advise the Participant in writing or electronically of the terms, conditions, and restrictions related to the grant, including the number of Restricted Stock Units and the form of payout, which, subject to Section 6(a) hereof, may be left to the discretion of the Administrator. Until the Shares are issued, no right to vote or receive dividends or any other rights as a stockholder shall exist with respect to the Restricted Stock Units to acquire Shares. Notwithstanding the foregoing, the Administrator, in its discretion, may provide in an Award Agreement evidencing any Restricted Stock Unit Award that a Participant shall be entitled to receive Dividend Equivalents with respect to Shares having a record date prior to the date on which the Restricted Stock Units held by such Participant are settled or forfeited.

(b) Vesting Criteria and Other Terms. Subject to the Plan Minimum Vesting Requirements, the Administrator shall set vesting criteria in its discretion, which, depending on the extent to which the criteria are met, will determine the number of Restricted Stock Units that will be paid out to the Participant. The Administrator may set vesting criteria based upon the achievement of Company-wide, business unit, or individual goals (including, but not limited to, continued employment), or any other basis determined by the Administrator in its discretion.

(c) Earning Restricted Stock Units. Upon meeting the applicable vesting criteria, the Participant shall be entitled to receive a payout as specified in the Restricted Stock Unit Award Agreement. Notwithstanding the foregoing, at any time after the grant of Restricted Stock Units, the Administrator, in its sole discretion, may reduce or waive any vesting criteria that must be met to receive a payout.

(d) Form and Timing of Payment. Payment of earned Restricted Stock Units shall be made as soon as practicable after the date(s) set forth in the Restricted Stock Unit Award Agreement. The Administrator, in its sole discretion, but only as specified in the Award Agreement, may pay earned Restricted Stock Units in cash, Shares, or a combination thereof. If the Award Agreement is silent as to the form of payment, payment of the Restricted Stock Units may only be in Shares.

(e) Cancellation. On the date set forth in the Restricted Stock Unit Award Agreement, all unearned Restricted Stock Units shall be forfeited to the Company.

13. Performance Shares.

(a) Grant of Performance Shares. Subject to the terms and conditions of the Plan, Performance Shares may be granted to Participants at any time as shall be determined by the Administrator, in its sole discretion. Subject to Section 6(a) hereof as well as the Plan Minimum Vesting Requirements, the Administrator shall have complete discretion to determine (i) the number of Shares subject to a Performance Share award granted to any Participant, and (ii) the conditions that must be satisfied, which typically will be based principally or solely on achievement of performance milestones but may include a service-based component, upon which is conditioned the grant or vesting of Performance Shares. Performance Shares shall be granted in the form of units to acquire Shares. Each such unit shall be the equivalent of one Share for purposes of determining the number of Shares subject to an Award. Until the Shares are issued, no right to vote or receive dividends or any other rights as a stockholder shall exist with respect to the units to acquire Shares.

(b) Other Terms. The Administrator, subject to the provisions of the Plan, shall have complete discretion to determine the terms and conditions of Performance Shares granted under the Plan. Performance Share grants shall be subject to the terms, conditions, and restrictions determined by the Administrator at the time the stock is awarded, which may include such performance-based milestones as are determined appropriate by the Administrator. The Administrator may require the recipient to sign a Performance Shares Award Agreement as a condition of the award. Any certificates representing the Shares of stock awarded shall bear such legends as shall be determined by the Administrator.

(c) Performance Share Award Agreement. Each Performance Share grant shall be evidenced by an Award Agreement that shall specify such other terms and conditions as the Administrator, in its sole discretion, shall determine.

14. Performance Units.

(a) Grant of Performance Units. Subject to the terms and conditions of the Plan, Performance Units may be granted to Participants at any time and from time to time as shall be determined by the Administrator, in its sole discretion. The Administrator shall have complete discretion to determine the conditions that must be satisfied, which typically will be based principally or solely on achievement of performance milestones but may include a service-based component, upon which is conditioned the grant or vesting of Performance Units. Performance Units shall be granted in the form of units to acquire Shares. Each Performance Unit shall equal the cash equivalent of one Share of Common Stock and shall be settled in cash equal to the Fair Market Value of the underlying Shares, determined as of the vesting date. No right to vote or receive dividends or any other rights as a stockholder shall exist with respect to Performance Units or the cash payable thereunder.

(b) Number of Performance Units. Subject to Section 6(a) hereof, the Administrator will have complete discretion in determining the number of Performance Units granted to any Participant.

(c) Other Terms. The Administrator, subject to the provisions of the Plan, shall have complete discretion to determine the terms and conditions of Performance Units granted under the Plan. Performance Unit grants shall be subject to the terms, conditions, and restrictions determined by the Administrator at the time the grant is awarded, which may include such performance-based milestones as are determined appropriate by the Administrator. The Administrator may require the recipient to sign a Performance Unit agreement as a condition of the award. Any certificates representing the units awarded shall bear such legends as shall be determined by the Administrator.

(d) Performance Unit Award Agreement. Each Performance Unit grant shall be evidenced by an agreement that shall specify such terms and conditions as the Administrator, in its sole discretion, shall determine.

15. Deferred Stock Units.

(a) Description. Deferred Stock Units shall consist of a Restricted Stock, Restricted Stock Unit, Performance Share or Performance Unit Award that the Administrator, in its sole discretion permits to be paid out in installments or on a deferred basis, in accordance with rules and procedures established by the Administrator, subject to the Plan Minimum Vesting Requirements. Each Deferred Stock Unit represents an unfunded and unsecured obligation of the Company, subject to the terms and conditions of the applicable Deferred Stock Unit Award Agreement, and each holder of a Deferred Stock Unit shall have no rights other than those of a general creditor of the Company.

(b) Section 162(m) Limits. Deferred Stock Units shall be subject to the annual 162(m) limits applicable to the underlying Restricted Stock, Restricted Stock Unit, Performance Share or Performance Unit Award as set forth in Section 6 hereof.

16. Leaves of Absence/Transfer Between Locations/Change of Status. Awards will be subject to the Company's leave of absence policy adopted by the Administrator. A Participant will not cease to be a Service Provider in the case of (i) transfers between locations of the Company or other members of the Company Group, or (ii) a change in status from Employee to Consultant or vice versa.

17. Part-Time Service. Unless otherwise required by Applicable Laws, if as a condition to being permitted to work on a less than full-time basis, the Participant agrees that any service-based vesting of Awards granted hereunder shall be extended on a proportionate basis in connection with such transition to a less than a full-time basis, vesting shall be adjusted in accordance with such agreement. Such vesting shall be proportionately re-adjusted prospectively in the event that the Employee subsequently becomes regularly scheduled to work additional hours of service.

18. Non-Transferability of Awards. Except as determined otherwise by the Administrator in its sole discretion, Awards may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the Participant, only by the Participant (or the Participant's guardian or legal representative).

19. Tax Provisions.

(a) Withholding Requirements. Prior to the delivery of any Shares or cash pursuant to an Award (or exercise thereof) or such earlier time as any Tax Obligations are due, the Company and/or any entity in the Company Group will have the power and the right to deduct or withhold, or require a Participant to remit to the Company and/or the appropriate entity in the Company Group, an amount sufficient to satisfy all Tax Obligations.

(b) Withholding Arrangements. The Administrator, in its sole discretion and pursuant to such procedures as it may specify from time to time, may designate the method or methods by which a Participant may satisfy such Tax Obligations. As determined by the Administrator in its discretion from time to time, these methods may include one or more of the following (A) paying cash, (B) having the Company withhold otherwise deliverable cash or Shares having a fair market value equal to the Tax Obligations, (C) delivering to the Company already-owned Shares having a fair market value equal to the Tax Obligations, (d) selling a sufficient number of Shares otherwise deliverable to the Participant through such means as the Administrator may determine in its sole discretion (whether through a broker or otherwise) equal to the Tax Obligations, (e) retaining from salary or other amounts payable to the Participant cash having a sufficient value to satisfy the Tax Obligations, or (f) any other means which the Administrator, in its sole discretion, determines to both comply with Applicable Laws, and to be consistent with the purposes of the Plan. The amount of Tax Obligations will be deemed to include any amount that the Administrator agrees may be withheld at the time the election is made.

(c) Compliance with Section 409A. Awards will be designed and operated in such a manner that they are either exempt from the application of, or comply with, the requirements of Section 409A such that the grant, payment, settlement or deferral will not be subject to the additional tax or interest applicable under Section 409A, except as otherwise determined in the sole discretion of the Administrator. Each payment or benefit under this Plan and under each Award Agreement is intended to constitute a separate payment for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations. The Plan, each Award and each Award Agreement under the Plan is intended to be exempt from or otherwise meet the requirements of Section 409A and will be construed and interpreted, including but not limited with respect to ambiguities and/or ambiguous terms, in accordance with such intent, except as otherwise specifically determined in the sole discretion of the Administrator. To the extent that an Award or payment, or the settlement or deferral thereof, is subject to Section 409A the Award will be granted, paid, settled or deferred in a manner that will meet the requirements of Section 409A, such that the grant, payment, settlement or deferral will not be subject to the additional tax or interest applicable under Section 409A.

20. Adjustments; Dissolution or Liquidation; Merger or Change in Control.

(a) Changes in Capitalization. Subject to any required action by the stockholders of the Company, the number of shares of Common Stock covered by each outstanding Award, and the number of shares of Common Stock which have been authorized for issuance under the Plan but as to which no Awards have yet been granted or which have been returned to the Plan upon cancellation or expiration of an Award, as well as the price per share of Common Stock covered by each such outstanding Award, the annual share limitations under Sections 6(a) and (b) hereof, and the number of Shares subject to Annual Award grants to Outside Directors under Section 10 hereof shall be proportionately adjusted for any increase or decrease in the number of issued shares of Common Stock resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Common Stock, or any other increase or decrease in the number of issued shares of Common Stock effected without receipt of consideration by the Company; provided, however, that conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration." Such adjustment shall be made by the Board, whose determination in that respect shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Company of

shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of Common Stock subject to an Award. Except as otherwise expressly provided herein or pursuant to an Award Agreement, no adjustment of any Award shall be made for cash dividends or other rights for which the record date occurs prior to the date issuance of any Shares subject to such Award.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, the Administrator shall notify each Participant as soon as practicable prior to the effective date of such proposed transaction. The Administrator in its discretion (but not with respect to Options or SARS granted, if any, to Outside Directors) may provide for a Participant to have the right to exercise his or her Option or SAR for a period prior to such transaction determined by the Administrator in its sole discretion as to all of the Shares covered by such Awards, including Shares as to which the Award would not otherwise be exercisable. In addition, the Administrator may provide that any Company repurchase option or forfeiture rights applicable to any Award shall lapse 100%, and that any Award vesting shall accelerate 100%, provided the proposed dissolution or liquidation takes place at the time and in the manner contemplated. To the extent it has not been previously exercised (with respect to Options and SARs) or vested (with respect to other Awards), an Award will terminate immediately prior to the consummation of such proposed action.

(c) Change in Control.

(i) Stock Options and SARs. In the event of a merger of the Company with or into another corporation or other entity or a Change in Control, each outstanding Option and SAR shall be assumed or an equivalent Option or SAR substituted by the successor corporation or a Parent or Subsidiary of the successor corporation. In the event that the successor corporation refuses to assume or substitute for the Option or SAR, the Participant shall fully vest in and have the right to exercise the Option or SAR as to all of the Shares covered by such Award, including Shares as to which it would not otherwise be vested or exercisable. If an Option or SAR becomes fully vested and exercisable in lieu of assumption or substitution in the event of a merger or Change in Control, the Administrator shall notify the Participant in writing or electronically that the Option or SAR shall be fully vested and exercisable for a period of time of time determined by the Administrator in its sole discretion, and the Option or SAR shall terminate upon the expiration of such period.

(ii) Full Value Awards and Dividend Equivalents. In the event of a merger of the Company with or into another corporation or entity or a Change in Control, each outstanding Full Value Award and Dividend Equivalent shall be assumed or an equivalent Full Value Award or Dividend Equivalent substituted by the successor corporation or a Parent or Subsidiary of the successor corporation. In the event that the successor corporation refuses to assume or substitute for the Full Value Awards or Dividend Equivalents, the Participant shall fully vest in such Full Value Awards or Dividend Equivalents which would not otherwise be vested. For purposes of this paragraph, a Full Value Award and Dividend Equivalent shall be considered assumed if, following the merger or Change in Control, the award confers the right to purchase or receive, for each Share (or with respect to Dividend Equivalents and Performance Units, the cash equivalent thereof) subject to the Award immediately prior to the transaction, the consideration (whether stock, cash, or other securities or property) received in the transaction by holders of the Company's common stock for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the merger or Change in Control is not solely common stock of the successor corporation or its Parent, the Administrator may, with the consent of the successor corporation, provide for the consideration to be received, for each Share and each unit/right to acquire a Share subject to the Award (other than Dividend Equivalents and Performance Units) to be solely common stock of the successor corporation or its Parent equal in fair market value to the per share consideration received by holders of the Company's common stock in the merger or Change in Control.

21. No Effect on Employment or Service. Neither the Plan nor any Award will confer upon a Participant any right with respect to continuing the Participant's relationship as a Service Provider, nor will they interfere in any way with the Participant's right or the employing entity's right to terminate such relationship at any time, with or without cause. A Participant's rights, if any, in respect of or in connection with any Award are derived solely from the discretionary

decision of the Company to permit the Participate to participate in the Plan and to benefit from a discretionary Award. By accepting an Award hereunder, a Participant expressly acknowledges and agrees that there is no obligation on the part of the Company to continue the Plan and/or grant any additional Awards. Any Award granted hereunder is not intended to be compensation of a continuing or recurring nature, or part of a Participant's normal or expected compensation, and in no way represents any portion of a Participant's salary, compensation, or other remuneration for purposes of pension, benefits, severance, redundancy, resignation or any other purpose.

22. Time of Granting Awards. The date of grant of an Award shall, for all purposes, be the date on which the Administrator makes the determination granting such Award. Notice of the determination shall be given to each Service Provider to whom an Award is so granted within a reasonable time after the date of such grant.

23. Term of Plan. Subject to Section 24(b) of the Plan, the Plan will become effective upon its approval by the Company's stockholders and will continue in effect for a period of ten (10) years from the date the Plan was approved by the Board.

24. Amendment and Termination of the Plan.

(a) Amendment and Termination. The Board may at any time amend, alter, suspend or terminate the Plan.

(b) Stockholder Approval. The Plan will be subject to approval by the stockholders of the Company within twelve (12) months after the date the Plan is adopted by the Board. Such stockholder approval will be obtained in the manner and to the degree required under Applicable Laws.

(c) Effect of Amendment or Termination. No amendment, alteration, suspension or termination of the Plan shall impair the rights of any Participant, unless mutually agreed otherwise between the Participant and the Administrator, which agreement must be in writing and signed by the Participant and the Company.

25. Conditions Upon Issuance of Shares.

(a) Legal Compliance. The granting of Awards and the issuance and delivery of Shares under the Plan shall be subject to all Applicable Laws, and to such approvals by any governmental agencies or national securities exchanges as may be required. Shares will not be issued pursuant to the exercise or vesting of an Award unless the exercise or vesting of such Award and the issuance and delivery of such Shares will comply with Applicable Laws, and may be further subject to the approval of counsel for the Company with respect to such compliance.

(b) Investment Representations. As a condition to the exercise or payout, as applicable, of an Award, the Company may require the person exercising such Option or SAR, or in the case of another Award (other than a Dividend Equivalent paid in cash or Performance Unit), the person receiving the Shares upon vesting, to render to the Company a written statement containing such representations and warranties as, in the opinion of counsel for the Company, may be required to ensure compliance with any of the aforementioned relevant provisions of law, including a representation that the Shares are being acquired only for investment and without any present intention to sell or distribute such Shares, if, in the opinion of counsel for the Company, such a representation is required.

26. Reservation of Shares. The Company, during the term of this Plan, will at all times reserve and keep available such number of Shares as shall be sufficient to satisfy the requirements of the Plan. Inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

27. Miscellaneous.

(a) Severability. If a court of competent jurisdiction holds any provision invalid and unenforceable, the remaining provisions of the Plan shall continue in effect.

(b) Construction. Captions and titles contained herein are for convenience only and shall not affect the meaning or interpretation of any provision of the Plan. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term "or" is not intended to be exclusive, unless the context clearly requires otherwise.

(c) Clawback. An Award granted under the Plan will be subject to any provisions of Applicable Laws providing for the recoupment or clawback of incentive compensation; the terms of any Company recoupment, clawback or similar policy in effect at the time of grant of the Award; and any recoupment, clawback or similar provisions that may be included in the applicable Award Agreement.

(d) Fractional Shares. The Company shall not be required to issue fractional shares upon the exercise or settlement of any Award.

Annex B

JUNIPER NETWORKS, INC.

2008 EMPLOYEE STOCK PURCHASE PLAN

1. Purpose. The purpose of the Plan is to provide employees of the Company and its Designated Subsidiaries with an opportunity to purchase Common Stock through accumulated payroll deductions. The Company's intention is to have the Plan qualify as an "employee stock purchase plan" under Section 423 of the Code (the "423(b) Plan"), although the Company makes no undertaking nor representation to maintain such qualification. The provisions of the 423(b) Plan, accordingly, will be construed so as to extend and limit Plan participation in a uniform and nondiscriminatory basis consistent with the requirements of Section 423 of the Code. In addition, this Plan document authorizes the grant of rights to purchase stock that do not qualify under Section 423(b) of the Code ("Non-Section 423(b) Plan") pursuant to rules, procedures or sub-plans adopted by the Board or Committee designed to achieve tax, securities law or other Company compliance objectives in particular locations outside the United States. Such references to the Plan include the 423(b) and the Non-Section 423(b) Plan components.

If grants are intended to be made under the Non-Section 423(b) Plan, they will be designated as such at the time of grant.

2. Definitions.

(a) "Administrator" means the Board or any Committee designated by the Board to administer the Plan pursuant to Section 14.

(b) "Applicable Laws" means the requirements relating to the administration of equity-based awards under U.S. state corporate laws, U.S. federal and state securities laws, the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws of any foreign country or jurisdiction where Awards are, or will be, granted under the Plan.

(c) "Board" means the Board of Directors of the Company.

(d) "Change in Control" means the occurrence of any of the following events:

(i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becomes the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities; or

(ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets; or

(iii) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation; or

(e) A change in the composition of the Board occurring within a two (2) year period, as a result of which less than a majority of the Directors are Incumbent Directors. "Incumbent Directors" means Directors who either (A) are Directors as of the effective date of the Plan, or (B) are elected, or nominated for election, to the Board with the affirmative votes of at least a majority of the Directors at the time of such election or nomination (but will not include an individual whose election or nomination is in connection with an actual or threatened proxy contest relating to the election of Directors to the Company).

(f) "Code" means the Internal Revenue Code of 1986, as amended. Any reference to a section of the Code herein will be a reference to any successor or amended section of the Code.

(g) "Committee" means a committee of the Board appointed in accordance with Section 14 hereof.

(h) "Common Stock" means the common stock of the Company.

(i) "Company" means Juniper Networks, Inc., a Delaware corporation.

(j) "Compensation" means an Employee's base straight time gross earnings and commissions, exclusive of payments for overtime, shift premium, incentive compensation, incentive payments, bonuses, sales commission, and other compensation.

(k) "Designated Subsidiary" means any Parent or Subsidiary that has been designated by the Administrator from time to time in its sole discretion as eligible to participate in the Plan.

(l) "Director" means a member of the Board.

(m) "Employee" means any individual who is a common law employee of an Employer and is customarily employed for at least twenty (20) hours per week and more than five (5) months in any calendar year by the Employer, provided, however that under the Non-Section 423(b) Plan, the Board or Committee appointed by the Board may determine that Employees are eligible to participate in the Plan even if they are employed for less than twenty (20) hours per week or less than five (5) months in any calendar year by the Employer, if such Employee has a right to participate in the Plan under applicable law. For purposes of the Plan, the employment relationship will be treated as continuing intact while the individual is on sick leave or other leave of absence that the Employer approves. Where the period of leave exceeds ninety (90) days and the individual's right to reemployment is not guaranteed either by statute or by contract, the employment relationship will be deemed to have terminated on the ninety-first (91st) day of such leave.

(n) "Employer" means any one or all of the Company and its Designated Subsidiaries.

(o) "Exchange Act" means the Securities Exchange Act of 1934, as amended, including the rules and regulations promulgated thereunder.

(p) "Exercise Date" means the last day of each Offering Period.

(i) "Fair Market Value" means, as of any date and unless the Administrator determines otherwise, the value of Common Stock determined as follows:

(ii) If the Common Stock is listed on any established stock exchange or a national market system, including without limitation the Nasdaq Global Select Market, the Nasdaq Global Market or the Nasdaq Capital Market of The Nasdaq Stock Market, its Fair Market Value will be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on such exchange or system on the date of determination, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable;

(iii) If the Common Stock is regularly quoted by a recognized securities dealer but selling prices are not reported, its Fair Market Value will be the mean of the closing bid and asked prices for the Common Stock on the date of determination, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable; or

(iv) In the absence of an established market for the Common Stock, the Fair Market Value thereof will be determined in good faith by the Administrator.

(q) "Fiscal Year" means the fiscal year of the Company.

(r) "New Exercise Date" means a new Exercise Date implemented by shortening any Offering Period then in progress.

(s) "Non-Section 423(b) Plan" shall mean an employee stock purchase plan which does not meet the requirements set forth in Section 423(b) of the Code, as amended.

(t) "Offering Date" means the first Trading Day of each Offering Period.

(u) "Offering Period" means a period of approximately six (6) months during which an option granted pursuant to the Plan may be exercised, commencing on the first Trading Day on or after February 1 and terminating on the last Trading Day in the period ending the following July 31, or commencing on the first Trading Day on or after August 1 and terminating on the last Trading Day in the period ending the following January 31. The duration and timing of Offering Periods may be changed pursuant to Sections 4, 20 and 21.

(v) "Parent" means a "parent corporation," whether now or hereafter existing, as defined in Section 424(e) of the Code.

(w) "Plan" means this Juniper Networks, Inc. 2008 Employee Stock Purchase Plan., which includes a Section 423(b) Plan and a Non-Section 423(b) Plan. Unless specified otherwise, references to the Plan herein shall refer to the Section 423(b) Plan.

(x) "Purchase Price" means an amount equal to eighty-five percent (85%) of the Fair Market Value of a share of Common Stock on the Offering Date or on the Exercise Date, whichever is lower; provided however, that the Purchase Price may be determined for future Offering Periods pursuant to Section 20.

(y) "Section 423(b) Plan" means an employee stock purchase plan which is designed to meet the requirements set forth in Section 423(b) of the Code, as amended. The provisions of the 423(b) Plan shall be construed, administered and enforced in accordance with Section 423(b) of the Code.

(z) "Subsidiary" means a "subsidiary corporation," whether now or hereafter existing, as defined in Section 424(f) of the Code.

(aa) "Trading Day" means a day on which the national stock exchanges and the Nasdaq System are open for trading.

3. Eligibility.

(a) Offering Periods. Any individual who is an Employee on a given Offering Date will be eligible to participate in such Offering Period, subject to the requirements of Section 5.

(b) Limitations. Any provisions of the Plan to the contrary notwithstanding, no Employee will be granted an option under the Plan (i) to the extent that, immediately after the grant, such Employee (or any other person whose stock would be attributed to such Employee pursuant to Section 424(d) of the Code) would own capital stock of the Company or any Parent or Subsidiary of the Company and/or hold outstanding options to purchase such stock possessing five percent (5%) or more of the total combined voting power or value of all classes of the capital stock of the Company or of any Parent or Subsidiary of the Company, or (ii) to the extent that his or her rights to purchase stock under all employee stock purchase plans (as defined in Section 423 of the Code) of the Company or any Parent or Subsidiary of the Company accrues at a rate which exceeds twenty-five thousand dollars ($25,000) worth of stock (determined at the Fair Market Value of the stock at the time such option is granted) for each calendar year in which such option is outstanding at any time.

4. Offering Periods. The Plan will be implemented by consecutive Offering Periods with a new Offering Period commencing on the first Trading Day on or after February 1 and August 1 each year, or on such other date as the Administrator will determine. The Administrator will have the power to change the duration of Offering Periods (including the commencement dates thereof) with respect to future offerings without stockholder approval if such change is announced at least five (5) days prior to the scheduled beginning of the first Offering Period to be affected thereafter.

5. Participation. An Employee may participate in the Plan pursuant to Section 3(a) by (i) submitting to the Company's payroll office (or its designee), on or before a date prescribed by the Administrator prior to an applicable Offering Date, a properly completed subscription agreement authorizing payroll deductions in the form provided by the Administrator (which may be similar to the form attached hereto as Exhibit A) for such purpose, or (ii) following an electronic or other enrollment procedure prescribed by the Administrator. Participants in the offering period under the Company's 1999 Employee Stock Purchase Plan ending on or about January 30, 2009 shall, on termination of such offering period, automatically be enrolled in the Offering Period under this Plan commencing on the first Trading Day on or after February 1, 2009 at the same contribution levels as last elected under the 1999 Employee Stock Purchase Plan.

6. Payroll Deductions.

(a) At the time a participant enrolls in the Plan pursuant to Section 5, he or she will elect to have payroll deductions made on each pay day during the Offering Period in an amount not exceeding ten percent (10%) of the Compensation which he or she receives on each pay day during the Offering Period. The Administrator, in its discretion, may decide that an Employee may submit contributions to the Non-Section 423(b) Plan by means other than payroll deductions. A participant's subscription agreement will remain in effect for successive Offering Periods unless terminated as provided in Section 10 hereof.

(b) Payroll deductions for a participant will commence on the first pay day following the Offering Date and will end on the last pay day prior to the Exercise Date of such Offering Period to which such authorization is applicable, unless sooner terminated by the participant as provided in Section 10 hereof.

(c) All payroll deductions made for a participant will be credited to his or her account under the Plan and will be withheld in whole percentages only. A participant may not make any additional payments into such account.

(d) A participant may discontinue his or her participation in the Plan as provided in Section 10, or may decrease the rate of his or her payroll deductions during the Offering Period by (i) properly completing and submitting to the Company's payroll office (or its designee), on or before a date prescribed by the Administrator prior to an applicable Exercise Date, a new subscription agreement authorizing the change in payroll deduction rate in the form provided by the Administrator for such purpose, or (ii) following an electronic or other procedure prescribed by the Administrator. If a participant has not followed such procedures to change the rate of payroll deductions, the rate of his or her payroll deductions will continue at the originally elected rate throughout the Offering Period and future Offering Periods (unless terminated as provided in Section 6(d)). The Administrator may, in its sole discretion, limit the nature and/or number of payroll deduction rate changes that may be made by participants during any Offering Period. Any change in payroll deduction rate made pursuant to this Section 6(d) will be effective as of the first full payroll period following five (5) business days after the date on which the change is made by the participant.

(e) Notwithstanding the foregoing, to the extent necessary to comply with Section 423(b)(8) of the Code and Section 3(b), a participant's payroll deductions may be decreased to zero percent (0%) at any time during an Offering Period. Subject to Section 423(b)(8) of the Code and Section 3(b) hereof, payroll deductions will recommence at the rate originally elected by the participant effective as of the beginning of the first Offering Period which is scheduled to end in the following calendar year, unless terminated by the participant as provided in Section 10.

(f) At the time the option is exercised, in whole or in part, or at the time some or all of the Common Stock issued under the Plan is disposed of, the participant must make adequate provision for the Company's or Employer's federal, state, or any other tax withholding liability payable to any authority, national insurance, social security or other tax withholding obligations, if any, which arise upon the exercise of the option or the disposition of the Common Stock. At any time, the Company or the Employer may, but will not be obligated to, withhold from the participant's

compensation the amount necessary for the Company or the Employer to meet applicable withholding obligations, including any withholding required to make available to the Company or the Employer any tax deductions or benefits attributable to the sale or early disposition of Common Stock by the Employee.

7. Grant of Option. On the Offering Date of each Offering Period, each Employee participating in such Offering Period will be granted an option to purchase on each Exercise Date during such Offering Period (at the applicable Purchase Price) up to a number of shares of Common Stock determined by dividing such Employee's payroll deductions accumulated prior to such Exercise Date and retained in the Employee's account as of the Exercise Date by the applicable Purchase Price; provided that in no event will an Employee be permitted to purchase during any twelve (12) month period more than six thousand (6,000) shares of the Common Stock (subject to any adjustment pursuant to Section 19), and provided further that such purchase will be subject to the limitations set forth in Sections 3(b) and 13. The Employee may accept the grant of such option with respect to any Offering Period under the Plan, by electing to participate in the Plan in accordance with the requirements of Section 5. The Administrator may, for future Offering Periods, increase or decrease, in its absolute discretion, the maximum number of shares of Common Stock that each Employee may purchase during each Offering Period. Exercise of the option will occur as provided in Section 8, unless the participant has withdrawn pursuant to Section 10. The option will expire on the last day of the Offering Period.

8. Exercise of Option.

(a) Unless a participant withdraws from the Plan as provided in Section 10, his or her option for the purchase of shares of Common Stock will be exercised automatically on the Exercise Date, and the maximum number of full shares subject to option will be purchased for such participant at the applicable Purchase Price with the accumulated payroll deductions in his or her account. No fractional shares of Common Stock will be purchased; any payroll deductions accumulated in a participant's account which are not sufficient to purchase a full share will be retained in the participant's account for the subsequent Offering Period, subject to earlier withdrawal by the participant as provided in Section 10. Any other funds left over in a participant's account after the Exercise Date will be returned to the participant. During a participant's lifetime, a participant's option to purchase shares hereunder is exercisable only by him or her.

(b) If the Administrator determines that, on a given Exercise Date, the number of shares of Common Stock with respect to which options are to be exercised may exceed (i) the number of shares of Common Stock that were available for sale under the Plan on the Offering Date of the applicable Offering Period, or (ii) the number of shares of Common Stock available for sale under the Plan on such Exercise Date, the Administrator may in its sole discretion provide that the Company will make a pro rata allocation of the shares of Common Stock available for purchase on such Offering Date or Exercise Date, as applicable, in as uniform a manner as will be practicable and as it will determine in its sole discretion to be equitable among all participants exercising options to purchase Common Stock on such Exercise Date, and continue all Offering Periods then in effect or terminate all Offering Periods then in effect pursuant to Section 20. The Company may make a pro rata allocation of the shares available on the Offering Date of any applicable Offering Period pursuant to the preceding sentence, notwithstanding any authorization of additional shares for issuance under the Plan by the Company's stockholders subsequent to such Offering Date.

9. Delivery. As soon as reasonably practicable after each Exercise Date on which a purchase of shares of Common Stock occurs, the Company will arrange the delivery to each participant the shares purchased upon exercise of his or her option in a form determined by the Administrator (in its sole discretion) and pursuant to rules established by the Administrator. No participant will have any voting, dividend, or other stockholder rights with respect to shares of Common Stock subject to any option granted under the Plan until such shares have been purchased and delivered to the participant as provided in this Section 9.

10. Withdrawal.

(a) A participant may withdraw all but not less than all the payroll deductions credited to his or her account and not yet used to exercise his or her option under the Plan at any time by (i) submitting to the Company's payroll office (or its designee) a written notice of withdrawal in the form prescribed by the Administrator for such purpose (which may be similar to the form attached hereto as Exhibit B), or (ii) following an electronic or other withdrawal procedure prescribed by the Administrator. All of the participant's payroll deductions credited to his or her account will be paid to

such participant promptly after receipt of notice of withdrawal and such participant's option for the Offering Period will be automatically terminated, and no further payroll deductions for the purchase of shares will be made for such Offering Period. If a participant withdraws from an Offering Period, payroll deductions will not resume at the beginning of the succeeding Offering Period, unless the participant re-enrolls in the Plan in accordance with the provisions of Section 5.

(b) A participant's withdrawal from an Offering Period will not have any effect upon his or her eligibility to participate in any similar plan which may hereafter be adopted by the Company or in succeeding Offering Periods which commence after the termination of the Offering Period from which the participant withdraws.

11. Termination of Employment. Upon a participant's ceasing to be an Eligible Employee, for any reason, he or she will be deemed to have elected to withdraw from the Plan and the payroll deductions credited to such participant's account during the Offering Period but not yet used to purchase shares of Common Stock under the Plan will be returned to such participant or, in the case of his or her death, to the person or persons entitled thereto under Section 15, and such participant's option will be automatically terminated.

12. Interest. No interest will accrue on the payroll deductions of a participant in the Plan.

13. Stock.

(a) Subject to adjustment upon changes in capitalization of the Company as provided in Section 19 hereof, the maximum number of shares of Common Stock which will be made available for sale under the Plan will be twenty-six million (26,000,000) shares.

(b) Until the shares are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), a participant will only have the rights of an unsecured creditor with respect to such shares, and no right to vote or receive dividends or any other rights as a stockholder will exist with respect to such shares.

(c) Shares of Common Stock to be delivered to a participant under the Plan will be registered in the name of the participant or, at the sole discretion of the Company, in the name of the participant and his or her spouse.

14. Administration.

The Plan will be administered by the Board or a Committee appointed by the Board, which Committee will be constituted to comply with Applicable Laws. The Administrator will have full and exclusive discretionary authority to construe, interpret and apply the terms of the Plan, to determine eligibility and to adjudicate all disputed claims filed under the Plan. Every finding, decision and determination made by the Administrator will, to the full extent permitted by law, be final and binding upon all parties. Notwithstanding any provision to the contrary in this Plan, and, with respect to the Section 423(b) Plan, to the extent permissible under Code Section 423 and proposed or final Treasury Regulations promulgated thereunder (and other Internal Revenue Service guidance), the Administrator may adopt rules or procedures relating to the operation and administration of the Plan to accommodate the specific requirements of local laws and procedures for jurisdictions outside of the United States. Without limiting the generality of the foregoing, the Administrator is specifically authorized to adopt rules and procedures regarding handling payroll deductions, making of contributions to the Plan, defining eligible Compensation, establishment of bank or trust accounts to hold payroll deductions, conversion of local currency, obligations to pay payroll tax, determination of beneficiary designation requirements, withholding procedures and handling of stock certificates which vary with local requirements.

The Administrator may also adopt rules, procedures or sub-plans applicable to particular Subsidiaries or locations, which sub-plans may be designed to be outside the scope of Code Section 423. The rules of such sub-plans may take precedence over other provisions of this Plan, but unless otherwise superseded by the terms of such sub-plan, the provisions of this Plan shall govern the operation of such sub-plan. To the extent inconsistent with the requirements of Section 423, such sub-plan shall be considered part of the Non-Section 423(b) Plan, and rights granted thereunder shall not be considered to comply with Code Section 423.

15. Designation of Beneficiary.

(a) At the sole discretion of the Administrator, a participant may file a designation of a beneficiary who is to receive any shares of Common Stock and cash, if any, from the participant's account under the Plan in the event of such participant's death subsequent to an Exercise Date on which the option is exercised but prior to delivery to such participant of such shares and cash. In addition, a participant may file a designation of a beneficiary who is to receive any cash from the participant's account under the Plan in the event of such participant's death prior to exercise of the option. If a participant is married and the designated beneficiary is not the spouse, spousal consent will be required for such designation to be effective.

(b) Such designation of beneficiary may be changed by the participant at any time by notice in a form determined by the Administrator. In the event of the death of a participant and in the absence of a beneficiary validly designated under the Plan who is living at the time of such participant's death, the Company will deliver such shares and/or cash to the executor or administrator of the estate of the participant, or if no such executor or administrator has been appointed (to the knowledge of the Company), the Company, in its discretion, may deliver such shares and/or cash to the spouse or to any one or more dependents or relatives of the participant, or if no spouse, dependent or relative is known to the Company, then to such other person as the Company may designate.

(c) All beneficiary designations will be in such form and manner as the Administrator may designate from time to time.

16. Transferability. Neither payroll deductions credited to a participant's account nor any rights with regard to the exercise of an option or to receive shares of Common Stock under the Plan may be assigned, transferred, pledged or otherwise disposed of in any way (other than by will, the laws of descent and distribution or as provided in Section 15 hereof) by the participant. Any such attempt at assignment, transfer, pledge or other disposition will be without effect, except that the Company may treat such act as an election to withdraw funds from an Offering Period in accordance with Section 10 hereof.

17. Use of Funds. The Company may use all payroll deductions received or held by it under the Plan for any corporate purpose, and the Company will not be obligated to segregate such payroll deductions. Until shares of Common Stock are issued, participants will only have the rights of an unsecured creditor with respect to such shares.

18. Reports. Individual accounts will be maintained for each participant in the Plan. Statements of account will be given to participating Employees at least annually, which statements will set forth the amounts of payroll deductions, the Purchase Price, the number of shares of Common Stock purchased and the remaining cash balance, if any.

19. Adjustments, Dissolution, Liquidation, Merger or Change in Control.

(a) Adjustments. In the event that any dividend or other distribution (whether in the form of cash, Common Stock, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Common Stock or other securities of the Company, or other change in the corporate structure of the Company affecting the Common Stock occurs, the Administrator, in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, will, in such manner as it may deem equitable, adjust the number and class of Common Stock which may be delivered under the Plan, the Purchase Price per share and the number of shares of Common Stock covered by each option under the Plan which has not yet been exercised, and the numerical limits of Sections 7 and 13.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, any Offering Period then in progress will be shortened by setting a New Exercise Date, and will terminate immediately prior to the consummation of such proposed dissolution or liquidation, unless provided otherwise by the Administrator. The New Exercise Date will be before the date of the Company's proposed dissolution or liquidation. The Administrator will notify each participant in writing, at least ten (10) business days prior to the New Exercise Date, that the Exercise Date for the participant's option has been changed to the New Exercise Date and that the participant's option will be

exercised automatically on the New Exercise Date, unless prior to such date the participant has withdrawn from the Offering Period as provided in Section 10 hereof.

(c) Merger or Change in Control. In the event of a merger or Change in Control, each outstanding option will be assumed or an equivalent option substituted by the successor corporation or a Parent or Subsidiary of the successor corporation. In the event that the successor corporation refuses to assume or substitute for the option, the Offering Period with respect to which such option relates will be shortened by setting a New Exercise Date and will end on the New Exercise Date. The New Exercise Date will occur before the date of the Company's proposed merger or Change in Control. The Administrator will notify each participant in writing, at least ten (10) business days prior to the New Exercise Date, that the Exercise Date for the participant's option has been changed to the New Exercise Date and that the participant's option will be exercised automatically on the New Exercise Date, unless prior to such date the participant has withdrawn from the Offering Period as provided in Section 10 hereof.

20. Amendment or Termination.

(a) The Administrator, in its sole discretion, may amend, suspend, or terminate the Plan, or any part thereof, at any time and for any reason; provided, however, that adding additional shares available for sale under the Plan (other than pursuant to Section 19(a)) shall require stockholder approval. If the Plan is terminated, the Administrator, in its discretion, may elect to terminate all outstanding Offering Periods either immediately or upon completion of the purchase of shares of Common Stock on the next Exercise Date (which may be sooner than originally scheduled, if determined by the Administrator in its discretion), or may elect to permit Offering Periods to expire in accordance with their terms (and subject to any adjustment pursuant to Section 19). If the Offering Periods are terminated prior to expiration, all amounts then credited to participants' accounts which have not been used to purchase shares of Common Stock will be returned to the participants (without interest thereon, except as otherwise required under local laws) as soon as administratively practicable.

(b) Without stockholder consent and without limiting Section 20(a), the Administrator will be entitled to change the Offering Periods, limit the frequency and/or number of changes in the amount withheld during an Offering Period, establish the exchange ratio applicable to amounts withheld in a currency other than U.S. dollars, permit payroll withholding in excess of the amount designated by a participant in order to adjust for delays or mistakes in the Company's processing of properly completed withholding elections, establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Common Stock for each participant properly correspond with amounts withheld from the participant's Compensation, and establish such other limitations or procedures as the Administrator determines in its sole discretion advisable which are consistent with the Plan.

(c) In the event the Administrator determines that the ongoing operation of the Plan may result in unfavorable financial accounting consequences, the Administrator may, in its discretion and, to the extent necessary or desirable, modify, amend or terminate the Plan to reduce or eliminate such accounting consequence including, but not limited to:

(i) amending the Plan to conform with the safe harbor definition under Statement of Financial Accounting Standards 123(R), including with respect to an Offering Period underway at the time;

(ii) altering the Purchase Price for any Offering Period including an Offering Period underway at the time of the change in Purchase Price;

(iii) shortening any Offering Period by setting a New Exercise Date, including an Offering Period underway at the time of the Administrator action;

(iv) reducing the maximum percentage of Compensation a participant may elect to set aside as payroll deductions; and

(v) reducing the maximum number of shares a participant may purchase during any Offering Period.

Such modifications or amendments will not require stockholder approval or the consent of any Plan participants.

21. Notices. All notices or other communications by a participant to the Company under or in connection with the Plan will be deemed to have been duly given when received in the form and manner specified by the Company at the location, or by the person, designated by the Company for the receipt thereof.

22. Conditions Upon Issuance of Shares. Shares of Common Stock will not be issued with respect to an option unless the exercise of such option and the issuance and delivery of such shares pursuant thereto will comply with all applicable provisions of law, domestic or foreign, including, without limitation, the Securities Act of 1933, as amended, the Exchange Act, the rules and regulations promulgated thereunder, and the requirements of any stock exchange upon which the shares may then be listed, and will be further subject to the approval of counsel for the Company with respect to such compliance.

As a condition to the exercise of an option, the Company may require the person exercising such option to represent and warrant at the time of any such exercise that the shares are being purchased only for investment and without any present intention to sell or distribute such shares if, in the opinion of counsel for the Company, such a representation is required by any of the aforementioned applicable provisions of law.

23. Term of Plan. The Plan will become effective upon the earlier to occur of its adoption by the Board or its approval by the stockholders of the Company. It will continue in effect for a term of twenty (20) years, unless sooner terminated under Section 20.

24. Reimbursement of Taxes. The Administrator shall have the discretion to require reimbursement from any Plan participant in full for any liability that the Company or the Employer incurs towards any tax paid or payable in respect to participant's participation in the Plan, the grant of any option pursuant to the Plan, or the exercise of participant's option, provided that such reimbursement is provided for in the subscription agreement. The Company may require security for such reimbursement of taxes as a precondition to participant participating in the Plan, the grant of any option, or the exercise of this option on behalf of Participant. The Administrator shall have the authority to approve additional documents or forms which may be requested by the Company for such security, collection or otherwise for reimbursement of such taxes to the Company.

25. Stockholder Approval. The Plan will be subject to approval by the stockholders of the Company within twelve (12) months after the date the Plan is adopted by the Board. Such stockholder approval will be obtained in the manner and to the degree required under Applicable Laws.

JUNIPER NETWORKS

10-K

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2014

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from_____ to_____

Commission file number 001-34501

JUNIPER NETWORKS, INC.

(Exact name of registrant as specified in its charter)

Delaware *(State or other jurisdiction of incorporation or organization)*	**77-0422528** *(I.R.S. Employer Identification No.)*
1133 Innovation Way **Sunnyvale, California** *(Address of principal executive offices)*	**94089** *(Zip code)*

(408) 745-2000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value $0.00001 per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filings requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒	Accelerated filer ☐	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the common stock held by non-affiliates of the registrant was approximately $11,331,000,000 as of the end of the registrant's second fiscal quarter (based on the closing sale price for the common stock on the New York Stock Exchange on June 30, 2014).

As of February 13, 2015, there were 406,988,819 shares of the registrant's common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

As noted herein, the information called for by Part III is incorporated by reference to specified portions of the registrant's definitive proxy statement to be filed in conjunction with the registrant's 2015 Annual Meeting of Stockholders, which is expected to be filed not later than 120 days after the registrant's fiscal year ended December 31, 2014.

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Forward-Looking Statements

This Annual Report on Form 10-K ("Report"), including "Management's Discussion and Analysis of Financial Condition and Results of Operations," contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 regarding future events and the future results of Juniper Networks, Inc. ("we," "us," or the "Company") that are based on our current expectations, estimates, forecasts, and projections about our business, our results of operations, the industry in which we operate and the beliefs and assumptions of our management. Words such as "expects," "anticipates," "targets," "goals," "projects," "would," "could," "intends," "plans," "believes," "seeks," "estimates," variations of such words, and similar expressions are intended to identify such forward-looking statements. Forward-looking statements by their nature address matters that are, to different degrees, uncertain, and these forward-looking statements are only predictions and are subject to risks, uncertainties, and assumptions that are difficult to predict. Therefore, actual results may differ materially and adversely from those expressed in any forward-looking statements. Factors that might cause or contribute to such differences include, but are not limited to, those discussed in this Report under the section entitled "Risk Factors" in Item 1A of Part I and elsewhere, and in other reports we file with the U.S. Securities and Exchange Commission ("SEC"). While forward-looking statements are based on reasonable expectations of our management at the time that they are made, you should not rely on them. We undertake no obligation to revise or update publicly any forward-looking statements for any reason, except as required by applicable law.

PART I

ITEM 1. *Business*

Overview

At Juniper Networks, we design, develop, and sell products and services for high-performance networks so customers can build highly scalable, reliable, secure and cost-effective networks for their businesses, while achieving agility, efficiency and value through automation. We sell our products in more than 100 countries in three geographic regions: Americas; Europe, Middle East, and Africa ("EMEA"); and Asia Pacific ("APAC"). We sell our high-performance network products and service offerings across routing, switching, and security.

Our products address high-performance network requirements for global service providers, cloud environments, enterprises, governments, and research and public sector organizations who view the network as critical to their success. Our silicon, systems, and software represent innovations that transform the economics and experience of networking, helping customers achieve superior performance, greater choice, and flexibility, while reducing overall total cost of ownership. In addition to our products, we offer our customers worldwide services, including technical support, professional services, education and training programs. Together, our high-performance product and service offerings help our customers convert legacy networks providing commoditized services into more valuable assets providing differentiation and value as well as increased performance, reliability, and security to end-users.

In 2014, we realigned our organization into a One-Juniper structure which includes consolidating each of our research and development and go-to-market functions to reduce complexity, increase clarity of responsibilities, and improve efficiency. As a result of these changes, our consolidated business is considered to be one reportable segment. See Note 13, *Segments*, in Notes to Consolidated Financial Statements in Item 8 of Part II of this Report, for further information regarding the Company's segment reorganization, as well as revenue and other information regarding our one reportable segment.

We were incorporated in California in 1996 and reincorporated in Delaware in 1998. Our corporate headquarters are located in Sunnyvale, California. Our website address is www.juniper.net.

Strategy

We deliver highly scalable, reliable, secure and cost-effective networks, while transforming the network's agility, efficiency and value through automation. We focus on customers and partners across our key verticals who view these network attributes as fundamental to their business; including global service providers, enterprises, financial services, cloud hosting providers, governments, research and public sector organizations.

Our strategy stems from the importance of our hardware-based innovation in achieving the routing, switching, and security performance that our customers require, while at the same time addressing software innovation to achieve new levels of agility for our customers.

Maintain and Extend Technology Leadership

We are recognized around the world as a leader in networking innovation. Our Junos OS, application-specific integrated circuit ("ASIC") technology, and network-optimized product architecture were key elements to establishing and maintaining our technology leadership.

Leverage Position as Supplier of High-Performance Network Infrastructure

From inception, we have focused on designing, developing, and building high-performance network infrastructure for the world's most demanding networking environments. We consistently deliver groundbreaking, leading technologies that transform the economics and experience of networking—significantly improving customer economics by lowering the capital expenditures required to build networks and the operating expenses required to manage and maintain them. We believe that many customers will deploy networking equipment from only a few vendors, and that the scale, performance, reliability, and security of our products will provide us with a competitive advantage, which is critical to be selected as one of those vendors.

Be a Strategic Partner to Our Customers

In developing our solutions, we work very closely with customers to design and build best-in-class products and solutions specifically designed to meet their complex needs. Over time, we have expanded our understanding of the escalating demands and risks facing our customers, which has enabled us to design additional capabilities into our products. We believe our close relationships with, and constant feedback from, our customers have been key elements in our design wins and rapid deployments to date. We plan to continue to work with our customers to implement product enhancements, as well as to design products that meet the evolving needs of the marketplace, while enabling customers to reduce costs. We are committed to investing in research and development at a level that drives our innovation agenda, enabling us to deliver highly differentiated products and outstanding value to our customers.

Enable New Internet Protocol ("IP")-Based Services

Our platforms have enabled network operators to quickly build and secure networks cost-effectively and deploy new differentiated services to drive new sources of revenue more efficiently than legacy network products. By enabling new IP-based services, we have broadened our service provider business over the last several years, while also expanding our presence in the enterprise market.

Establish and Develop Industry Partnerships

Our customers have diverse requirements. Therefore, we believe that it is important that we attract and build relationships with other industry leaders with diverse technologies and services that extend the value of the network to our customers. These partnerships ensure that our customers have access to those technologies and services, whether through technology integration, joint development, resale, or other collaboration, in order to better support a broader set of our customers' requirements. In addition, we believe an open network infrastructure that invites partner innovation provides customers with greater choice and control in meeting their evolving business requirements, while enabling them to reduce costs.

Markets and Customers

We sell our high-performance network products and service offerings through direct sales, distributors, value-added resellers ("VARs"), and original equipment manufacturer ("OEM") partners to end-users in the service provider and enterprise markets. We believe the network needs for service providers, such as carriers (wireless and wireline), cable, content and cloud service companies are converging, as are those of large enterprises and national governments, as all of these customers focus on high performance networks and build cloud environments.

Service Providers

Service providers generally include wireline and wireless carriers, and cable operators, as well as major Internet content and application providers, including those that provide social networking and search engine services. We support most of the major service provider networks in the world and our high-performance network infrastructure offerings are designed and built for the performance, reliability, and security that service providers demand. We believe our networking infrastructure offerings benefit our service provider customers by:

- Reducing capital and operational costs by running multiple services over the same network using our secure, high density, highly automated, and highly reliable platforms;
- Creating new or additional revenue opportunities by enabling new services to be offered to new market segments, which includes existing customers and new customers, based on our product capabilities;
- Increasing customer satisfaction, while lowering costs, by enabling customers to self-select automatically provisioned service packages that provide the quality, speed, and pricing they desire; and
- Providing increased asset longevity and higher return on investment as our customers' networks can scale to multi-terabit rates based on the capabilities of our platforms.

While many of these service providers have historically been categorized separately as wireline, wireless, or cable operators, in recent years, we have seen increased convergence of these different types of service providers through acquisitions, mergers, and partnerships. We believe the convergence of offerings by service providers is facilitated by investment in the build-out of high performance networks and cloud environments.

We believe that there are several other trends affecting service providers for which we are well positioned to deliver products and solutions. These trends include: significant growth in IP traffic on service provider networks because of peer-to-peer interaction; broadband usage; video; an increasing reliance on the network as a mission critical business tool in the strategies of our service provider customers and of their enterprise customers; the advent of data center "clouds" that concentrate business applications in large, IP network connected facilities; and growth in mobile traffic as a result of the increase in mobile device usage including smartphones, tablets, and connected devices of all kinds.

The infrastructure market for service providers includes: products and technology at the network core; the network edge to enable access; the aggregation layer; the data center where many services are created; security to protect from the inside out and the outside in; the application awareness and intelligence to optimize the network to meet business and user needs; and the management, service awareness, and control of the entire infrastructure.

Enterprise

Our high-performance network infrastructure offerings are designed to meet the performance, reliability, and security requirements of the world's most demanding businesses. The enterprise market generally is comprised of businesses; federal, state, and local governments; financial services; and research and education institutions. Enterprises and public sector organizations, such as governments and research and education institutions, that view their networks as critical to their success are able to deploy our solutions as a powerful component in delivering the advanced network capabilities needed for their leading-edge applications. In addition, our solutions:

- Assist in the consolidation and delivery of existing services and applications;
- Accelerate the deployment of new services and applications;
- Offer network security across every environment—from the data center to campus and branch environments to assist in the protection and recovery of services and applications; and
- Offer operational improvements that enable cost reductions, including lower administrative, training, customer care, and labor costs.

As with the service provider market, innovation continues to be a critical component in our strategy for the enterprise market. High-performance enterprises require IP networks that are global, distributed, and always available. Network equipment vendors serving these enterprises need to demonstrate performance, reliability, and security with best-in-class open solutions for maximum flexibility. We offer enterprise solutions and services for data centers, branch and campus applications, distributed and extended enterprises.

Customers

In 2014 and 2013, no single customer accounted for 10% or more of our net revenues. In 2012, Verizon Communications, Inc. ("Verizon") accounted for 10.3% of our net revenues.

Products and Technology

Early in our history, we developed, marketed, and sold the first commercially available purpose-built IP backbone router optimized for the specific high-performance requirements of service providers. As the need for core bandwidth continued to increase, the need for service rich platforms at the edge of the network was created.

We have expanded our portfolio to address domains in the network: the core, the edge, access and aggregation, data centers, WANs, and campus and branch. We have systematically focused on how we innovate in silicon, systems, and software (both our Junos OS as well as SDN and automation software) to provide a range of solutions in high-performance networking that can solve unique problems for customers.

Our focus on high-performance networking leads to focus in three product areas: routing, switching, and security. In each of the past three fiscal years, sales of our routing, switching and security products, each accounted for more than 10% of our consolidated net revenues. The following is an overview of our major product families in 2014:

Routing Products

- *ACX Series:* Our ACX Series Universal Access Routers cost-effectively address current operator challenges to rapidly deploy new high-bandwidth services. With industry-leading performance of up to 60Gbps and support for 10GbE interfaces, the ACX Series is well positioned to address the growing mobile backhaul needs of service providers. The platforms deliver the necessary scale and performance needed to support multi-generation services.

- *MX Series:* Our MX Series is a family of high-performance, enterprise class and service provider Ethernet routers that functions as a Universal Edge platform capable of supporting business, mobile, and residential services in even the fastest-growing networks and markets. Powerful switching and security features give the MX Series 3D Universal Edge Routers unmatched flexibility, versatility, and reliability to support advanced services and applications at the edge of the network. Using our groundbreaking Trio chipset, the MX platforms provide the carrier-class performance, scale, and reliability to enable service providers and enterprises to support large-scale Ethernet deployments.

- *M Series:* Our M Series Edge Routers combine IP/multi-protocol label switching ("MPLS") capabilities and can be deployed in small and medium core, multiservice edge, collapsed POP routing, peering, route reflector, and campus or WAN gateway applications. M Series provide reliability, stability, security, and a broad array of services. Services include a broad array of VPNs, network-based security, real-time voice and video, bandwidth on demand, rich multicast of premium content, IPv6 services, and granular accounting.

- *PTX Series:* Our PTX Series Packet Transport Routers are designed for the converged supercore. The system is the first supercore packet system in the industry, and delivers powerful capabilities based on innovative Express silicon and a forwarding architecture that is focused on optimizing MPLS and Ethernet. The PTX, now available in two form factors —PTX5000 and PTX3000, delivers several critical core functionalities and capabilities, including market-leading density and scalability, cost optimization, high availability, and network simplification. Our PTX Series products can readily adapt to today's rapidly changing traffic patterns for video, mobility, and cloud-based services.

- *T Series:* Our T Series routers provide the leading features and multi-terabit scale that service providers need to handle massive growth in core bandwidth requirements. Our T Series routers include, among other features, the following: MPLS Differentiated Services (DiffServ-TE), point-to-multipoint label-switched paths (P2MP LSPs), nonstop routing, unified in-service software upgrades (unified ISSUs), and hierarchical MPLS.

Switching Products

- *EX Series:* Our EX Series Ethernet switches address the access, aggregation, and core layer switching requirements of micro branch, branch office, and campus and data center environments, providing a foundation for the fast, secure, and reliable delivery of applications able to support strategic business processes. EX Series enterprise Ethernet switches are designed to deliver operational efficiency, business continuity, and agility, enabling customers to invest in innovative business initiatives that increase revenue and help them gain a competitive advantage.

- *QFX Series:* Our QFX Series of products offers a revolutionary approach to switching that delivers dramatic improvements in data center performance, operating costs, and business agility for enterprises, high-performance computing systems, and cloud providers. Our QFX family, including the QFabric System (QFabric Nodes, Interconnect and Director) and QFX Series Switches (QFX5100, QFX3600, and QFX3500 Switch), combined with innovative fabric and high availability software features in Junos, enables improvements in speed, scale, and efficiency by removing complexity and improving business agility.

Security Products

- *SRX Series Services Gateways for the Data Center:* Our high-end SRX Series platforms delivers high-performance, scalability, and service integration in a chassis-based form factor ideally suited for medium to large enterprise and service provider data centers and large campus environments where scalability, high performance, and concurrent services, are essential. The SRX Series of dynamic services gateways provides firewall/VPN performance and scalability, and includes the AppSecure suite of next-generation security capabilities that deliver greater visibility, enforcement, control, and protection over the network.

- *SRX Series Gateways for the Campus and Branch:* Consolidates proven security, next generation firewall ("NGFW") and broad UTM services with routing and switching in a single, high-performance, cost-effective, network device. This consolidation enables organizations to securely, reliably, and economically deliver powerful new services and applications to all locations and users with superior service quality. The SRX Series is powered by Junos, the same industry-leading Operating System platform that keeps the world's largest networks available, manageable, and secure.

See Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," in Part II of this Report, and Note 13, *Segments*, in Notes to Consolidated Financial Statements in Item 8 Part II of this Report, for an analysis of net revenue by product and service.

Platform Strategy

In addition to our major product families, our software portfolio has been a key technology element in our strategy to be the leader in high-performance networking.

Our Junos Platform enables our customers to expand network software into the application space, deploy software clients to control delivery, and accelerate the pace of innovation with an ecosystem of developers. The Junos Platform includes the following products:

- *Junos OS:* At the heart of the Junos Platform is Junos OS. We believe Junos OS is fundamentally superior to other network operating systems not only in its design, but also in its development capabilities. The advantages of Junos OS include:

    - One modular operating system with common base of code and a single, consistent implementation for each control plane feature;

- A highly disciplined and firmly scheduled development process; and
- One common modular software architecture that scales across all Junos-based platforms.

Junos OS is designed to improve the availability, performance, and security of business applications running across the network. Junos OS helps to automate network operations by providing a single consistent implementation of features across the network in a single release train that seeks to minimize the complexity, cost, and risk associated with implementing network features and upgrades. This operational efficiency allows network administrators more time to innovate and deliver new revenue-generating applications, helping to advance the economics of high-performance networking.

The security and stability of Junos OS, combined with its modular architecture and common source code base, provides a foundation for delivering performance, reliability, security, and scale at a lower total cost of ownership than multiple operating code base environments. With an increasing number of our platforms able to leverage Junos OS, including routing, switching, and security products, we believe Junos OS provides us a competitive advantage over other major network equipment vendors.

- *Junos Space:* Our Junos Space network management platform offers an open, Service-Oriented Architecture-based ("SOA") platform for creating organic and third-party network management applications to drive network innovation. Junos Space includes applications for network infrastructure management and automation that help customers reduce operational cost and complexity and scale services. These include Network Director, Services Activation Director, Security Director, Edge Services Director, Service Now, and Service Insight.

- *Contrail:* Our Contrail cloud networking and service orchestration solution offers an open-source, standards-based platform for software-defined networks ("SDN") and network function virtualization ("NFV"). This platform enables our customers to address their key problems in the area of network automation, agility, and time-to-service deployment by providing a mechanism to virtualize the network over any physical network and automating the provisioning and management of networking services (such as security and load balancing). Contrail's differentiation includes a distributed architecture that allows us to build in scale-out, high-availability and in-service upgrade capabilities; a multi-vendor solution familiar to our customers that allows Contrail to seamlessly interoperate with equipment from major networking vendors; an open-source licensing model to provide a true freedom of choice without lock-in, and sophisticated granular analytics for network and infrastructure performance, all fully driven by REST APIs that can be used by customers to work with any provisioning and management system.

Significant Product Development Projects

In 2014, we continued to invest in innovation and strengthening our product portfolio, which resulted in new product offerings across routing, switching, and security. In routing, we announced a virtualized version of our flagship MX Series 3D Universal Edge Routing platform, the vMX 3D Universal Edge Router, to deliver the industry's first full-featured, carrier-grade virtualized router. The vMX 3D gives service providers and enterprises the ability to seamlessly leverage the benefits of both virtual and physical networking.

In switching, to address the networking requirements of large cloud providers and enterprise customers who build large and massive scale data centers, we announced OCX1100, the first switch to combine Open Compute Project (OCP) hardware design with Junos OS, our carrier-class network operating system. We also announced a new line of EX4600 Ethernet switches to fulfill the increasing demands for highly available access to cloud services and applications across enterprise campus networks.

Additionally, we expanded our SDN portfolio with new software and hardware, including the NorthStar Controller, a new traffic-engineering controller that leverages open, industry-standard protocols built to optimize service providers' transport networks, as well as the Junos Fusion software that controls thousands of independent network elements from a single management plane.

Our key strategic technology partnerships also delivered new solutions to address the high-performance network requirements of our service provider and enterprise customers. Through integration with Gainspeed's technology and our MX Series 3D Universal Edge Routers and EX Series Switches, we announced the Virtual Converged Cable Access Platform, allowing cable

operators to better automate and scale their edge/access infrastructure while creating a platform for new cloud-based services. Additionally, we partnered with Nokia to advance the Telco Cloud for mobile broadband and accelerate service creation by bringing together Nokia's leading Liquid Core solution and the Juniper Networks MetaFabric™ data center architecture, including Contrail. Furthermore, we signed a go to market agreement with Aruba to deliver an open, converged enterprise network solution by integrating Aruba mobility solutions with Juniper enterprise switches and routers, delivering ongoing product innovation to enterprise customers.

For security, we announced Firefly Perimeter a virtual version of our SRX Series Services Gateway, new advancements in our Spotlight Secure threat intelligence platform, Junos® Space Virtual Director, an application that automates the management and deployment of Firefly Perimeter, as well as Juniper Argon Secure, an advanced anti-malware service.

Research and Development

We have assembled a team of skilled engineers with extensive experience in the fields of high-end computing, network system design, ASIC design, security, routing protocols, software applications and platforms, and embedded operating systems. As of December 31, 2014, we employed 3,797 people in our worldwide R&D organization.

We believe that strong product development capabilities are essential to our strategy of enhancing our core technology, developing additional applications, integrating that technology, and maintaining the competitiveness and innovation of our product and service offerings. In our products, we are leveraging our software, ASIC and systems technology, developing additional network interfaces targeted to our customers' applications, and continuing to develop technology to support the build-out of high performance networks and cloud environments. We continue to expand the functionality of our products to improve performance, reliability and scalability, and to provide an enhanced user interface.

Our R&D process is driven by the availability of new technology, market demand, and customer feedback. We have invested significant time and resources in creating a structured process for all product development projects. Following an assessment of market demand, our R&D team develops a full set of comprehensive functional product specifications based on inputs from the product management and sales organizations. This process is designed to provide a framework for defining and addressing the steps, tasks, and activities required to bring product concepts and development projects to market. Expenditures for R&D were $1,006.2 million, $1,043.2 million, and $1,101.6 million in 2014, 2013, and 2012, respectively.

Sales and Marketing

As of December 31, 2014, we employed 2,348 people in our worldwide sales and marketing organization. These sales and marketing employees operate in different locations around the world in support of our customers.

Our sales organization, with its structure of sales professionals, system engineers, and marketing and channel teams, is generally split between service provider and enterprise customers. Within each team, sales team members serve the following three geographic regions: (i) Americas (including United States, Canada, Mexico, Caribbean and Central and South America), (ii) EMEA, and (iii) APAC. Within each region, there are regional and country teams, as well as vertical market focused teams, to ensure we operate close to our customers.

Our sales teams operate in their respective regions and generally either engage customers directly or manage customer opportunities through our distribution and reseller relationships or channels as described below.

In the United States and Canada, we sell to several service providers directly and sell to other service providers and enterprise customers primarily through distributors and resellers. Almost all of our sales outside the United States and Canada are made through our channel partners.

Direct Sales Structure

Our sales team engages with end-user customers with whom we have direct relationships. The terms and conditions of these arrangements are governed either by customer purchase orders and our acknowledgment of those orders or by purchase contracts. The direct contracts with these customers set forth only general terms of sale and generally do not require customers to purchase specified quantities of our products. We directly receive and process customer purchase orders.

Channel Sales Structure

A critical part of our sales and marketing efforts are our channel partners through which we conduct the majority of our sales. We utilize various channel partners, including but not limited to the following:

- A global network of strategic distributor relationships, as well as region-specific or country-specific distributors who in turn sell to local VARs who sell to end-user customers. Our distribution channel partners resell routing, switching and security products which are purchased by both enterprise and service provider customers. These distributors tend to be focused on particular regions or countries within regions. For example, we have substantial distribution relationships with Ingram Micro in the Americas and Hitachi in Japan. Our agreements with these distributors are generally non-exclusive, limited by region, and provide product and service discounts and other ordinary terms of sale. These agreements do not require our distributors to purchase specified quantities of our products or services. Further, most of our distributors sell our competitor's products and services, and some sell their own competing products and services.

- VARs and Direct value-added resellers ("DVARs"), including our strategic worldwide resellers referenced below, that resell our products to end-users around the world. These channel partners either buy our products and services through VARs, or directly from us, and have expertise in designing, selling, and deploying complex networking solutions in their respective markets. Our agreements with these channel partners are generally non-exclusive, limited by region, and provide product and service discounts and other ordinary terms of sale. These agreements do not require these channel partners to purchase specified quantities of our products or services. Increasingly, our service provider customers also resell our products or services to their customers or purchase our products or services for the purpose of providing managed or cloud-based services to their customers.

- Strategic worldwide reseller relationships with established historical Juniper alliances, comprised of, Nokia Solutions Networks B.V. ("NSN"), Ericsson Telecom A.B. ("Ericsson"), Dimension Data, and International Business Machines ("IBM"). These companies each offer services and products that complement our own product and service offerings and act as a reseller, and in some instances as an integration partner for our products. Our arrangements with these partners allow them to resell our products and services on a worldwide, non-exclusive basis, provide for product and service discounts, and specify other general terms of sale. These agreements do not require these partners to purchase specified quantities of our products or services.

Customer Service

In addition to our products, we offer support, professional, and educational services. We deliver these services directly to our channel partners and to end-users and utilize a multi-tiered support model, leveraging the capabilities of our partners, and third-party organizations, as appropriate.

We also train our channel partners in the delivery of support, professional, and educational services to ensure these services are locally delivered.

As of December 31, 2014, we employed 1,493 people in our worldwide customer service and support organization. We believe that a broad range of services is essential to the successful customer deployment and ongoing support of our products, and we employ support engineers, consultants, and educators with proven network experience to provide those services.

Manufacturing and Operations

As of December 31, 2014, we employed 332 people in worldwide manufacturing and operations who primarily manage relationships with our contract manufacturers, manage our supply chain and sub-tier suppliers, and monitor and manage product testing and quality.

Our manufacturing is primarily conducted through contract manufacturers and outside design manufacturers in the United States ("U.S."), China, Malaysia, Mexico, and Taiwan. As of December 31, 2014, we utilize Celestica Incorporated, Flextronics International Ltd., Accton Technology Corporation, and Alpha Networks Inc. for the majority of our manufacturing activity. Our contract manufacturers and outside design manufacturers in all locations are responsible for all phases of manufacturing from prototypes to full production and assist with activities such as material procurement, final

assembly, test, control, shipment to our customers, and repairs. Together with our contract manufacturers and outside design manufacturers, we design, specify, and monitor the tests that are required for our products to meet internal and external quality standards. These arrangements provide us with the following benefits:

- We can quickly deliver products to customers with turnkey manufacturing and drop-shipment capabilities;
- We gain economies of scale by leveraging our buying power with our contract manufacturers and outside design manufacturers when we purchase large quantities of components;
- We operate with a minimum amount of dedicated space for manufacturing operations; and
- We can reduce our costs by reducing what would normally be fixed overhead expenses.

Our contract manufacturers and outside design manufacturers build our products based on our rolling product demand forecasts. Each contract manufacturer procures components necessary to assemble the products in our forecast and tests the products according to agreed-upon specifications. Products are then shipped to our distributors, VARs, or end-users. Generally, we do not own the components. Title to the finished goods is generally transferred from the contract manufacturers to us when the products leave the contract manufacturer's location. Customers take title to the products upon delivery at a specified destination. If the components remain unused or the products remain unsold for a specified period, we may incur carrying charges or obsolete materials charges for components that our contract manufacturers purchased to build products to meet our forecast or customer orders.

Although we have contracts with our contract manufacturers and outside design manufacturers, those contracts merely set forth a framework within which the contract manufacturer and outside design manufacturer, as applicable, may accept purchase orders from us. The contracts do not require them to manufacture our products on a long-term basis.

We also purchase and hold inventory for strategic reasons and to mitigate the risk of shortages of certain critical component supplies. The majority of our inventory is production components. As a result, we may incur additional holding costs and obsolescence charges, particularly resulting from uncertainties in future product demand.

Some of our custom components, such as application-specific integrated circuits ("ASICs") are manufactured primarily by sole or limited sources, each of which is responsible for all aspects of production using our proprietary designs.

By working collaboratively with our suppliers, we have the opportunity to promote socially responsible business practices beyond our company and into our worldwide supply chain. To this end, we have adopted a supplier code of conduct and promote compliance with such code of conduct to our suppliers. One element of our supplier code of conduct is adoption and compliance with the Electronic Industry Code of Conduct ("EICC"). The EICC outlines standards to promote ethical business practices, eliminate human trafficking, and ensure that working conditions in the electronics industry supply chain are safe, workers are treated with respect and dignity, and manufacturing processes are environmentally responsible. Our Corporate Citizenship Report and Supplier Code of Conduct are available on our website.

Backlog

Our sales are made primarily pursuant to purchase orders under framework agreements with our customers. At any given time, we have backlog orders for products that have not shipped. Because customers may cancel purchase orders or change delivery schedules without significant penalty, we believe that our backlog at any given date may not be a reliable indicator of future operating results. As of December 31, 2014 and December 31, 2013, our total product backlog was approximately $445.3 million and $470.7 million, respectively. Our product backlog consists of confirmed orders for products scheduled to be shipped to customers, generally within the next six months, and excludes orders from distributors as we recognize product revenue on sales made through distributors upon sell-through to end-users. Backlog also excludes certain future revenue adjustments for items such as product revenue deferrals, sales return reserves, service revenue allocations, and early payment discounts.

Seasonality

We, as do many companies in our industry, experience seasonal fluctuations in customer spending patterns. Historically, we have experienced stronger customer demand in the fourth quarter and weaker demand in the first quarter. This historical pattern should not be considered a reliable indicator of our future net revenues or financial performance.

Competition

We compete in the network infrastructure markets. These markets are characterized by rapid change, converging technologies, and a migration to networking solutions that offer agility advantages. In the network infrastructure business, Cisco Systems, Inc. ("Cisco") has historically been the dominant player. However, our principal competitors also include Alcatel-Lucent, Arista Networks, Inc. ("Arista"), Brocade Communications Systems, Inc. ("Brocade"), Hewlett Packard Company ("HP"), and Huawei Technologies Co., Ltd. ("Huawei").

Many of our current and potential competitors, such as Cisco, Alcatel-Lucent, HP, and Huawei, among others, bundle their products with other networking products in a manner that may discourage customers from purchasing our products. In addition, consolidation among competitors, or the acquisition of our partners and resellers by competitors, can increase the competitive pressure faced by us due to their increased size and breadth of their product portfolios. Many of our current and potential competitors have greater name recognition, marketing budgets, and more extensive customer bases that they may leverage to compete more effectively. Increased competition could result in price reductions, fewer customer orders, reduced gross margins, and loss of market share, negatively affecting our operating results.

In addition, there are a number of other competitors in the security space, including Check Point Software Technologies, Ltd. ("Check Point"), F5 Networks, Inc. ("F5 Networks"), Fortinet, Inc. ("Fortinet"), and Palo Alto Networks, Inc. ("Palo Alto Networks"), among others, who tend to be focused on single product line solutions and, therefore, may be considered specialized compared to our broader product line.

In addition to established competitors, a number of public and private companies have announced plans for new products to address the same needs that our products address. We believe that our ability to compete with Cisco and others depends upon our ability to demonstrate that our products are superior in meeting the needs of our current and potential customers.

We expect that over time, large companies with significant resources, technical expertise, market experience, customer relationships, and broad product lines, such as Cisco, Alcatel-Lucent, and Huawei, will introduce new products designed to compete more effectively in the market. There are also several other companies that claim to have products with greater capabilities than our products. Further, there has been significant consolidation in the networking industry, with smaller companies being acquired by larger, established suppliers of network infrastructure products. We believe this trend is likely to continue.

As a result, we expect to face increased competition in the future from larger companies with significantly more resources than we have. Although we believe that our technology and the purpose-built features of our products make them unique and will enable us to compete effectively with these companies, we cannot guarantee that we will be successful.

Environment

We are committed to maintaining compliance with all environmental laws applicable to our operations, products and services and to reducing our environmental impact across our business and supply chain. Our operations and many of our products are subject to various federal, state, local and foreign regulations that have been adopted with respect to the environment, such as the Waste Electrical and Electronic Equipment ("WEEE") Directive, Directive on the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment ("RoHS"), and Registration, Evaluation, Authorization, and Restriction of Chemicals ("REACH") regulations adopted by the European Union and China. To date, compliance with federal, state, local, and foreign laws enacted for the protection of the environment has had no material effect on our capital expenditures, earnings, or competitive position. However, see the risk factor entitled "Regulation of industry in general and the telecommunications industry in particular could harm our operating results and future prospects" in the section entitled "Risk Factors" in Item 1A of Part I of this Report for additional information concerning RoHS compliance.

We are also voluntarily participating in the CDP (formerly the Carbon Disclosure Project) and encourage our direct material suppliers representing an aggregate of at least 80% of our consolidated total direct expenditure to do the same. CDP is a global standardized mechanism by which companies report their greenhouse gas emissions to institutional investors. In fact, in 2014, we achieved a position on CDP's S&P 500 Climate Disclosure Leadership Index, the S&P 500 Climate Performance Leadership Index, and the CDP Supplier Climate Performance Leadership Index 2014. We continue to invest in the infrastructure and systems required to be able to inventory and measure our carbon footprint on a global basis. We believe we have made significant strides in improving our energy efficiency around the world.

In addition, we are committed to the environment through our efforts to improve the energy efficiency of key elements in our high-performance network product offerings. In 2012, we launched a set of carrier-class MPLS switches, the PTX5000 series. In addition to filling the capacity and density requirement for Internet core growth, PTX5000, which featured record energy efficiency of 1.5W per Gigabit of throughput. In 2014, we further enhanced the PTX5000 series and introduced the FPC2 for the PTX5000 MPLS switches, which features energy efficiency of 1.2W per Gigabit of throughput, and we also launched the MPC6 for our MX2020 and MX2010 3D Universal Edge Routers, which uses 2W per Gigabit of full-duplex traffic. The environment will remain a focus area across multiple aspects of our business.

Intellectual Property

Our success and ability to compete are substantially dependent upon our internally developed technology and expertise, as well as our ability to obtain and protect necessary intellectual property rights. While we rely on patent, copyright, trade secret, and trademark law, as well as confidentiality agreements, to protect our technology, we also believe that factors such as the technological and creative skills of our personnel, new product developments, frequent product enhancements, and reliable product maintenance are essential to establishing and maintaining a technology leadership position. There can be no assurance that others will not develop technologies that are similar or superior to our technology.

In addition, we integrate licensed third-party technology into certain of our products and, from time to time, we license additional technology from third parties to develop new products or product enhancements. There can be no assurance that third-party licenses will be available or continue to be available to us on commercially reasonable terms or at all. Our inability to maintain or re-license any third-party licenses required in our products or our inability to obtain third-party licenses necessary to develop new products and product enhancements could require us to obtain substitute technology of lower quality or performance standards or at a greater cost, any of which could harm our business, financial condition, and results of operations.

As of December 31, 2014, we had over 2,400 patents worldwide and numerous patent applications are pending. Patents generally have a term of twenty years from filing. As our patent portfolio has been built over time, the remaining terms on the individual patents vary. We cannot be certain that patents will be issued on the patent applications that we have filed, that we will be able to obtain the necessary intellectual property rights, or that other parties will not contest our intellectual property rights.

Employees

As of December 31, 2014, we had 8,806 full-time employees. We have not experienced any work stoppages, and we consider our relations with our employees to be good. Competition for qualified personnel in our industry is intense. We believe that our future success depends in part on our continued ability to hire, motivate, and retain qualified personnel. We believe that we have been successful in recruiting qualified employees, but there is no assurance that we will continue to be successful in the future.

Our future performance depends significantly upon the continued service of our key technical, sales, and senior management personnel, none of whom are bound by an employment agreement requiring service for any defined period of time. The loss of one or more of our key employees could have a material adverse effect on our business, financial condition, and results of operations.

Executive Officers of the Registrant

The following sets forth certain information regarding our executive officers as of the filing of this Report:

Name	Age	Position
Rami Rahim	44	Chief Executive Officer and Director
Pradeep Sindhu	62	Chief Technical Officer and Vice Chairman of the Board
Robyn M. Denholm	51	Executive Vice President and Chief Financial and Operations Officer
Jonathan Davidson	41	Executive Vice President and General Manager, Juniper Development and Innovation
Vince Molinaro	51	Executive Vice President and Chief Customer Officer
Mitchell Gaynor	55	Executive Vice President, General Counsel and Secretary
Terrance F. Spidell	46	Vice President, Corporate Controller and Chief Accounting Officer

RAMI RAHIM joined Juniper in January 1997 and became Chief Executive Officer of Juniper, and a member of our Board of Directors, in November 2014. From March 2014, until he became Chief Executive Officer, Mr. Rahim served as Executive Vice President and General Manager of Juniper Development and Innovation ("JDI"). His responsibilities included driving strategy, development and business growth for routing, switching, security, silicon technology, and the Junos operating system. Previously, Mr. Rahim served Juniper in a number of roles, including Executive Vice President and General Manager of Platform Systems Division for routing and switching, Senior Vice President of the Edge and Aggregation Business Unit (EABU), and Vice President and General Manager of EABU. Prior to that, Mr. Rahim spent the majority of his time at Juniper in the development organization where he helped with the architecture, design and implementation of many Juniper core, edge, and carrier Ethernet products. Mr. Rahim holds a Bachelor of Science degree in Electrical Engineering from the University of Toronto and a Master of Science degree in Electrical Engineering from Stanford University.

PRADEEP SINDHU founded Juniper in February 1996 and served as Chief Executive Officer and Chairman of the Board until September 1996. Since then, Dr. Sindhu has served as Vice Chairman of the Board and Chief Technical Officer of Juniper. From September 1984 to February 1991, Dr. Sindhu worked as a Member of the Research Staff, from March 1987 to February 1996, as the Principal Scientist, and from February 1994 to February 1996, as Distinguished Engineer at the Computer Science Lab at Xerox Corporation, Palo Alto Research Center, a technology research center. Dr. Sindhu served as a member of the board of directors of Infinera Corporation, a provider of optical networking equipment, from September 2001 to May 2008.

ROBYN M. DENHOLM joined Juniper in August 2007 as Executive Vice President and Chief Financial Officer. In July 2013, Ms. Denholm was promoted to Executive Vice President and Chief Financial and Operations Officer. Prior to joining Juniper, Ms. Denholm was at Sun Microsystems, Inc. ("Sun") from January 1996 to August 2007, where she served in executive assignments that included Senior Vice President of Corporate Strategic Planning, Senior Vice President of Finance, Vice President and Corporate Controller (Chief Accounting Officer), Vice President of Finance, Director of Service Division, and Shared Financial Services APAC and Controller, Australia/New Zealand. Prior to joining Sun, Ms. Denholm served at Toyota Motor Corporation Australia for seven years and at Arthur Andersen & Company for five years in various finance assignments. Ms. Denholm is a Fellow of the Institute of Chartered Accountants of Australia and holds a Bachelor's degree in Economics from the University of Sydney and a Master's degree in Commerce from the University of New South Wales. In addition, since August 2014, Ms. Denholm has served as a member of the board of directors of Tesla Motors, Inc.

JONATHAN DAVIDSON joined Juniper in March 2010 and became Executive Vice President and General Manager of Juniper Development and Innovation ("JDI") in January 2015. From July 2014 until he became Executive Vice President and General Manager of JDI, Mr. Davidson served as Senior Vice President and General Manager for Juniper Networks Security, Switching and Solutions Business Unit. Previously, Mr. Davidson was Juniper's Senior Vice President and General Manager of the Campus and Data Center Business Unit and Vice President, Product Line Management, where he was responsible for Edge Routing and Aggregation Business product management and strategy. Prior to joining Juniper, Mr. Davidson had a 15-year career at Cisco Systems, Inc., where he served as Director of Product Management and led the enterprise routing product management team and service provider Layer 4 through Layer 7 services team.

VINCE MOLINARO joined Juniper in 2009 as Senior Vice President of Sales, and served as Executive Vice President, Sales, Services and Support from July 2013 to February 2014, and currently serves as our Executive Vice President and Chief Customer Officer. Prior to joining Juniper, Mr. Molinaro held senior leadership positions at a number of technology companies including Bell Laboratories, Lucent Technologies, Alcatel-Lucent and Internap Network Services. He has extensive domestic and international experience having lived and managed large organizations throughout Europe and the U.S. Mr. Molinaro holds a Bachelor of Science degree in Biomedical Engineering from Boston University and a Master of Science degree in Electrical Engineering from University of Bridgeport.

MITCHELL GAYNOR joined Juniper in February 2004 as Vice President, General Counsel, and Secretary and served as Senior Vice President, General Counsel and Secretary from February 2008 to February 2011 and is currently our Executive Vice President, General Counsel and Secretary. Prior to joining Juniper, Mr. Gaynor was Vice President, General Counsel, and Secretary of Portal Software, Inc., a provider of account management software that was subsequently acquired by Oracle Corporation ("Oracle"), and Sybase, Inc., an enterprise and mobile software company that was subsequently acquired by SAP AG. In private practice, he was an associate with the law firm of Brobeck, Phleger & Harrison. Mr. Gaynor holds a Law degree from University of California's Hastings College of the Law and a Bachelor degree in History from the University of California, Berkeley.

TERRANCE F. SPIDELL joined Juniper in August 2011 as Vice President, Assistant Corporate Controller, and has served as Vice President, Corporate Controller, since November 2012. In 2013, Mr. Spidell assumed the position of Chief Accounting Officer of the Company. Before joining the Company, Mr. Spidell was at VeriSign, Inc., a provider of Internet infrastructure services, as Vice President, Corporate Controller, from June 2009 through July 2011 and as Vice President, Accounting Operations, from March 2008 through June 2009. Prior to VeriSign, Mr. Spidell held various positions, most recently Senior Manager, at PricewaterhouseCoopers, a registered public accounting firm, from November 1993 through March 2008. Mr. Spidell is a Certified Public Accountant and holds a Bachelor in Business Administration, with degrees in Finance and Accounting, from Boise State University.

Available Information

We file our annual reports on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, with the SEC electronically. The SEC maintains a website that contains reports, proxy and information statements, and other information regarding issuers, including Juniper Networks that file electronically with the SEC. The address of that website is http://www.sec.gov.

You may obtain a free copy of our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports on our website at http://www.juniper.net, by contacting our Investor Relations Department at our corporate offices by calling 1-408-936-5396, or by sending an e-mail message to investorrelations@juniper.net. Such reports and other information are available on our website as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC. Our Corporate Governance Standards, the charters of our Audit Committee, Compensation Committee, Stock Committee, and Nominating and Corporate Governance Committee, as well as our Worldwide Code of Business Conduct and Ethics are also available on our website. Information on our website is not, and will not be deemed, a part of this Report or incorporated into any other filings the Company makes with the SEC.

ITEM 1A. *Risk Factors*

Factors That May Affect Future Results

Investments in our securities involve significant risks. Even small changes in investor expectations for our future growth and earnings, whether as a result of actual or rumored financial or operating results, changes in the mix of the products and services sold, acquisitions, industry changes, or other factors, could trigger, and have triggered in the past, significant fluctuations in the market price of our common stock. Investors in our securities should carefully consider all of the relevant factors disclosed by us, including, but not limited to, the following factors, that could affect our business, operating results and stock price.

Our quarterly results are unpredictable and subject to substantial fluctuations; as a result, we may fail to meet the expectations of securities analysts and investors, which could adversely affect the trading price of our common stock.

Our revenues and operating results may vary significantly from quarter-to-quarter due to a number of factors, many of which are outside of our control and any of which may cause our stock price to fluctuate.

The factors that may cause our quarterly results to vary quarter by quarter and be unpredictable include, but are not limited to: limited visibility into customer spending plans, changes in the mix of products and services sold, changes in the mix of geographies in which our products and services are sold, changing market and economic conditions, current and potential customer consolidation, competition, customer concentration, long sales and implementation cycles, unpredictable ordering patterns, changes in the amount and frequency of share repurchases or dividends, regional economic and political conditions, and seasonality. For example, we, and many companies in our industry, experience adverse seasonal fluctuations in customer spending, particularly in the first quarter. Furthermore market trends, competitive pressures, commoditization of products, seasonal rebates, increased component or shipping costs, regulatory impacts and other factors may result in reductions in revenue or pressure on gross margins of certain segments in a given period, which may necessitate adjustments to our operations. Such adjustments may be difficult or impossible to execute in the short or medium term.

As a result of these factors, as well as other variables affecting our operating results, we believe that quarter-to-quarter comparisons of operating results are not necessarily a good indication of what our future performance will be. It is likely that in some quarters, our operating results will be below our guidance, our long-term financial model or the expectations of securities analysts or investors, in which case the price of our common stock may decline. Such a decline could occur, and has occurred in the past, even when we have met our publicly stated revenues and/or earnings guidance.

A limited number of our customers comprise a significant portion of our revenues and there is an ongoing trend toward consolidation in the industry in which our customers and partners operate. Any decrease in revenues from our customers or partners could have an adverse effect on our net revenues and operating results.

A substantial majority of our net revenues depend on sales to a limited number of customers and distribution partners, particularly in our service provider market. Changes in the business requirements, vendor selection, project prioritization, financial prospects, capital resources, and expenditures, or purchasing behavior (including product mix purchased) of our key customers could significantly decrease our sales to such customers or could lead to delays or cancellations of planned purchases of our products or services, which increases the risk of quarterly fluctuations in our revenues and operating results. Any of these factors could adversely affect our business, financial condition, and results of operations.

In addition, in recent years, there has been movement towards consolidation in the telecommunications industry (for example, Vodafone's acquisition of Spanish cable operator, Ono, Numericable's purchase of SFR, France's second-largest telecommunications operator, the acquisition of TW Telecom by Level 3 Communications, AT&T's proposed acquisition of DirectTV, and Comcast's proposed acquisition of Time Warner Cable) and that consolidation trend has continued. If our customers or partners are parties to consolidation transactions they may delay, suspend or indefinitely reduce or cancel their purchases of our products or other direct or indirect unforeseen consequences could harm our business, financial condition, and results of operations.

Fluctuating economic conditions make it difficult to predict revenues and gross margin for a particular period and a shortfall in revenues or increase in costs of production may harm our operating results.

Our revenues and gross margin depend significantly on general economic conditions and the demand for products in the markets in which we compete. Economic weakness, customer financial difficulties, and constrained spending on network expansion and enterprise infrastructure have in the past resulted in, and may in the future result in, decreased revenues and earnings. Such factors could make it difficult to accurately forecast sales and operating results and could negatively affect our ability to provide accurate forecasts to our contract manufacturers and manage our contract manufacturer relationships and other expenses. In addition, economic uncertainty, as well as continued turmoil in the geopolitical environment in many parts of the world, have, and may continue to, put pressure on global economic conditions, which has led, and could continue to lead, to reduced demand for our products, to delays or reductions in network expansions or infrastructure projects, and/or higher costs of production. For example, if the U.S. dollar continues to strengthen against other currencies such as the Euro, our revenues reported in U.S. dollars would decline. In addition, for U.S. dollar denominated sales, an increase in the value of the U.S. dollar would increase the real cost to customers of our products in markets outside the U.S., which could impact our

competitive position. More generally-speaking, economic weakness may also lead to longer collection cycles for payments due from our customers, an increase in customer bad debt, restructuring initiatives and associated expenses, and impairment of investments. Furthermore, instability in the global credit markets may adversely impact the ability of our customers to adequately fund their expected capital expenditures, which could lead to delays or cancellations of planned purchases of our products or services. Our operating expenses are largely based on anticipated revenue trends and a high percentage of our expenses is, and will continue to be, fixed in the short and medium term. Therefore, fluctuations in revenue could cause significant variations in our operating results and operating margins from quarter to quarter.

Uncertainty about future economic conditions also makes it difficult to forecast operating results and to make decisions about future investments. Future or continued economic weakness, failure of our customers and markets to recover from such weakness, customer financial difficulties, increases in costs of production, and reductions in spending on network maintenance and expansion could result in price concessions in certain markets or have a material adverse effect on demand for our products and consequently on our business, financial condition, and results of operations.

Our success depends upon our ability to effectively plan and manage our resources and restructure our business through rapidly fluctuating economic and market conditions, and such actions may have an adverse effect on our financial and operating results.

Our ability to successfully offer our products and services in a rapidly evolving market requires an effective planning, forecasting, and management process to enable us to effectively scale and adjust our business in response to fluctuating market opportunities and conditions.

In periods of market expansion, we have increased investment in our business by, for example, increasing headcount and increasing our investment in R&D, sales and marketing, and other parts of our business. Conversely, in 2014, to refocus the Company's strategy, optimize its structure and improve operational efficiencies in connection with our integrated operating plan, or IOP, we implemented a new strategic focus, realigned our organization into a One-Juniper structure, reduced our workforce, consolidated and closed facilities, made changes to enhance efficiency, improved cost management measures and instituted new capital allocation plan. In connection with cost management, we implemented a substantial cost reduction plan accomplished through various restructuring activities across research and development, sales and marketing and general and administrative. We recorded a goodwill impairment charge of $850.0 million in the fourth quarter of 2014 due to the underperformance of our Security reporting unit and product rationalizations. Further strategy-related pivots could lead to delays in achieving revenue and profit forecasts and result in additional impairment. Some of our expenses are fixed costs that cannot be rapidly or easily adjusted in response to fluctuations in our business or numbers of employees. Rapid changes in the size, alignment or organization of our workforce, including sales account coverage, could adversely affect our ability to develop and deliver products and services as planned or impair our ability to realize our current or future business and financial objectives. Our ability to achieve the anticipated cost savings and other benefits from our restructuring initiatives within the expected time frame is subject to many estimates and assumptions. These estimates and assumptions are subject to significant economic, competitive and other uncertainties, some of which are beyond our control. If these estimates and assumptions are incorrect, if we are unsuccessful at implementing changes, or if other unforeseen events occur, our business and results of operations could be adversely affected.

The long sales and implementation cycles for our products, as well as our expectation that some customers will sporadically place large orders with short lead times, may cause our revenues and operating results to vary significantly from quarter-to-quarter.

A customer's decision to purchase certain of our products, particularly new products, involves a significant commitment of its resources and a lengthy evaluation and product qualification process. As a result, the sales cycle may be lengthy. In particular, customers making critical decisions regarding the design and implementation of large network deployments may engage in very lengthy procurement processes that may delay or impact expected future orders. Throughout the sales cycle, we may spend considerable time educating and providing information to prospective customers regarding the use and benefits of our products. Even after making the decision to purchase, customers may deploy our products slowly and deliberately. Timing of deployment can vary widely and depends on the skill set of the customer, the size of the network deployment, the complexity of the customer's network environment, and the degree of hardware and operating system configuration necessary to deploy the products. Customers with large networks usually expand their networks in large increments on a periodic basis. Accordingly, we may receive purchase orders for significant dollar amounts on an irregular basis. These long cycles,

as well as our expectation that customers will tend to sporadically place large orders with short lead times, both of which may be exacerbated by the impact of continued global economic weakness, may cause revenues and operating results to vary significantly and unexpectedly from quarter-to-quarter.

We face intense competition that could reduce our revenues and adversely affect our business and financial results.

Competition is intense in the markets that we serve. The network equipment market has historically been dominated by Cisco, with competition coming from other companies such as Alcatel-Lucent, Brocade, Hewlett Packard Company, and Huawei. In the security market, we face intense competition from these same companies as well as companies such as Check Point, F5 Networks, Fortinet, and Palo Alto Networks. Further, a number of other small public and private companies have products or have announced plans for new products to address the same challenges and markets that our products address.

In addition, actual or speculated consolidation among competitors, or the acquisition of our partners and/or resellers by competitors, can increase the competitive pressures faced by us as, customers may delay spending decisions or not purchase our products at all. For example, in recent years, Oracle acquired Acme Packet, Inc., and Cisco acquired Meraki Networks, Inc. and Sourcefire, Inc., which further consolidated our market. A number of our competitors have substantially greater resources and can offer a wider range of products and services for the overall network equipment market than we do. If we are unable to compete successfully against existing and future competitors on the basis of product offerings or price, we could experience a loss in market share and revenues and/or be required to reduce prices, which could reduce our gross margins, and which could materially and adversely affect our business, financial condition, and results of operations. Our partners and resellers generally sell or resell competing products on a non-exclusive basis and consolidation could delay spending or require us to increase discounts to compete, which could also adversely affect our business.

We expect our gross margins and operating margins to vary over time, and the level of product gross margins achieved by us in recent years may not be sustainable.

We expect our product gross margins to vary from quarter-to-quarter, and the gross margins we have achieved in recent years may not be sustainable and may be adversely affected in the future by numerous factors, including customer, product and geographic mix shifts, increased price competition in one or more of the markets in which we compete, increases in material, labor, or inventory carrying costs, excess product component or obsolescence charges from our contract manufacturers, increased costs due to changes in component pricing or charges incurred due to component holding periods if we do not accurately forecast product demand, warranty related issues, or our introduction of new products or entry into new markets with different pricing and cost structures. For example, in the third quarter of 2012, our margins declined as a result of an inventory charge resulting from inventory we held in excess of forecasted demand. We determine our operating expenses largely on the basis of anticipated revenues and a high percentage of our expenses are fixed in the short and medium term. As a result, a failure or delay in generating or recognizing revenue could cause significant variations in our operating results and operating margin from quarter-to-quarter. Failure to sustain or improve our gross margins reduces our profitability and may have a material adverse effect on our business and stock price.

Further, in early 2014, we announced our IOP, which in combination with our new cost reduction initiative, announced in October 2014, is intended to reduce our operating expenses and to focus on cost controls. We expect that our margins will, accordingly, vary with our ability to achieve the goals of the IOP as supplemented by the new cost reduction initiative, as well as our ability to maintain or increase our revenues. We can provide no assurance that we will be able to achieve all of the goals of these plans or meet our announced expectations, in whole or in part, or that our plans will have the intended effect of improving our margins on the expected timeline, or at all.

To the extent we receive product orders late in a quarter, we may be unable to recognize revenue for these orders in the same period, which could adversely affect our quarterly revenues.

Generally, our network equipment products are not stocked by distributors or resellers due to their cost and complexity and the custom nature of configurations required by our customers; we generally build such products as orders are received. In recent years, the volume of orders received late in any given fiscal quarter has generally stabilized but remains unpredictable. If orders for certain products are received late in any quarter, we may not be able to recognize revenue for these orders in the same period, which could adversely affect our ability to meet our expected revenues for such quarter. Additionally, we

determine our operating expenses largely on the basis of anticipated revenues and a high percentage of our expenses are fixed in the short and medium term. As a result, a failure or delay in generating or recognizing revenue could cause significant variations in our operating results and operating margin from quarter-to-quarter.

Conversion of key internal systems and processes, particularly our ERP system, and problems with the design or implementation of these systems and processes could interfere with, and therefore harm, our business and operations.

We have underway a multi-phase project to convert certain key internal systems and processes, including our customer relationship management ("CRM") system and enterprise resource planning ("ERP") system. Since 2012, we have been implementing major changes to our ERP system, which activities we expect to continue into 2015. In the third quarter of 2014, we implemented the manufacturing, fulfillment, and inventory portion of this ERP project and we are now reliant upon dual ERP systems until completion of the conversion. The next major change to our ERP program is projected for the third quarter of 2015, when we plan to eliminate the dual ERP System. A delay past this time could result in postponement of this systems change until the first quarter of 2016. We have invested, and will continue to invest, significant capital and human resources in the design and implementation of these systems and processes. Any problems, disruptions, delays or other issues in the design and implementation of the new systems or processes, particularly any that impact our operations, could adversely affect our ability to process customer orders, ship products, provide service and support to our customers, bill and track our customers, collect cash from our customers, maintain our DSO measure, fulfill contractual obligations, record and transfer information in a timely and accurate manner, recognize revenue, file SEC reports in a timely manner, or otherwise run our business. Even if we do not encounter these adverse effects, as noted above, the design and implementation of these new systems and processes may be much more costly than we anticipated and in the event of lengthy project delays, we may experience issues with retention of the implementation team. If we are unable to successfully design and implement these new systems and processes as planned, or if the implementation of these systems and processes is more lengthy or costly than anticipated, our business, financial condition, and results of operations could be negatively impacted.

We are dependent on sole source and limited source suppliers for several key components, which makes us susceptible to shortages or price fluctuations in our supply chain, and we may face increased challenges in supply chain management in the future.

We rely on single or limited sources of certain of our components. During periods of high demand for electronic products, component shortages are possible, and the predictability of the availability of such components may be limited. Any future spike in growth in our business, or more likely in IT spending and the economy in general is likely to create greater short-term pressures on us and our suppliers to accurately forecast overall component demand and to establish optimal component inventories. If shortages or delays persist, the price of these components may increase, or the components may not be available at all. We may not be able to secure enough components at reasonable prices or of acceptable quality to build new products in a timely manner, and our revenues and gross margins could suffer until other sources can be developed. For example, from time to time, we have experienced component shortages that resulted in delays of product shipments. We currently purchase numerous key components, including ASICs, from single or limited sources. The development of alternate sources for those components is time-consuming, difficult, and costly. In addition, the lead times associated with certain components are lengthy and preclude rapid changes in quantities and delivery schedules. Also, long-term supply and maintenance obligations to customers increase the duration for which specific components are required, which may further increase the risk of component shortages or the cost of carrying inventory. In the event of a component shortage or supply interruption from these suppliers, we may not be able to develop alternate or second sources in a timely manner. If we are unable to buy these components in quantities sufficient to meet our requirements on a timely basis, we will not be able to deliver products and services to our customers, which would seriously affect present and future sales, which would, in turn, adversely affect our business, financial condition, and results of operations.

In addition, the development, licensing, or acquisition of new products in the future may increase the complexity of supply chain management. Failure to effectively manage the supply of key components and products would adversely affect our business.

We rely on value-added and other resellers, as well as distribution partners, to sell our products, and disruptions to, or our failure to effectively develop and manage, our distribution channel and the processes and procedures that support it could adversely affect our ability to generate revenues from the sale of our products.

Our future success is highly dependent upon establishing and maintaining successful relationships with a variety of value-added and other reseller and distribution partners, including our worldwide strategic partners such as Ericsson, IBM, and NSN. The majority of our revenues are derived through value-added resellers and distributors, most of which also sell our competitors' products, and some of which sell their own competing products. Our revenues depend in part on the performance of these partners. The loss of or reduction in sales to our resellers or distributors could materially reduce our revenues. For example, in 2011 and 2012, one of our OEM partners, Dell, acquired Force10 and SonicWall, both competitors of ours. As a result, Dell became increasingly competitive in certain areas, their resale of our products declined, and we ultimately terminated our OEM relationship with Dell. Our competitors may in some cases be effective in leveraging their market share positions or in providing incentives to current or potential resellers and distributors to favor their products or to prevent or reduce sales of our products. If we fail to develop and maintain relationships with our partners, fail to develop new relationships with value-added resellers and distributors in new markets, fail to expand the number of distributors and resellers in existing markets, fail to manage, train or motivate existing value-added resellers and distributors effectively, determine that we cannot continue to do business with these partners for any reason or if these partners are not successful in their sales efforts, sales of our products may decrease, and our business, financial condition, and results of operations would suffer.

In addition, we recognize a portion of our revenues based on a sell-through model using information provided by our distributors. If those distributors provide us with inaccurate or untimely information, the amount or timing of our revenues could be adversely impacted.

Further, in order to develop and expand our distribution channel, we must continue to offer attractive channel programs to potential partners and scale and improve our processes and procedures that support the channel. As a result, our programs, processes and procedures may become increasingly complex and inherently difficult to manage. We have previously entered into OEM agreements with partners pursuant to which they rebrand and resell our products as part of their product portfolios. These types of relationships are complex and require additional processes and procedures that may be challenging and costly to implement, maintain and manage. Our failure to successfully manage and develop our distribution channel and the programs, processes and procedures that support it could adversely affect our ability to generate revenues from the sale of our products.

System security risks, data protection breaches, and cyber-attacks could compromise our proprietary information, disrupt our internal operations and harm public perception of our products, which could cause our business and reputation to suffer and adversely affect our stock price.

In the ordinary course of business, we store sensitive data, including intellectual property, our proprietary business information and that of our customers, suppliers and business partners on our networks. The secure maintenance of this information is critical to our operations and business strategy. Increasingly, companies, including us, are subject to a wide variety of attacks on their networks on an ongoing basis. Despite our security measures, our information technology and infrastructure may be vulnerable to penetration or attacks by computer programmers and hackers, or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise our networks, creating system disruptions or slowdowns and exploiting security vulnerabilities of our products, and the information stored on our networks could be accessed, publicly disclosed, lost or stolen, which could subject us to liability to our customers, suppliers, business partners and others, and cause us reputational and financial harm. In addition, sophisticated hardware and operating system software and applications that we produce or procure from third parties may contain defects in design or manufacture, including "bugs" and other problems that could unexpectedly interfere with the operation of our networks.

If an actual or perceived breach of network security occurs in our network or in the network of a customer of our products, regardless of whether the breach is attributable to our products, the market perception of the effectiveness of our products could be harmed. Because the techniques used by computer programmers and hackers, many of whom are highly sophisticated and well-funded, to access or sabotage networks change frequently and generally are not recognized until after they are used, we may be unable to anticipate or immediately detect these techniques. This could impede our sales, manufacturing, distribution or other critical functions. In addition, the economic costs to us to eliminate or alleviate cyber or

other security problems, bugs, viruses, worms, malicious software systems and security vulnerabilities could be significant and may be difficult to anticipate or measure because the damage may differ based on the identity and motive of the programmer or hacker, which are often difficult to pinpoint.

Regulation of industry in general and the telecommunications industry in particular could harm our operating results and future prospects.

We are subject to laws and regulations affecting the sale of our products in a number of areas. For example, some governments have regulations prohibiting government entities from purchasing security products that do not meet specified indigenous certification criteria, even though those criteria may be in conflict with accepted international standards. Other regulations that may negatively impact our business include country of origin regulations. These types of regulations are in effect or under consideration in several jurisdictions where we do business.

The Dodd-Frank Wall Street Reform and Consumer Protection Act includes disclosure requirements regarding the use of "conflict minerals" mined from the Democratic Republic of Congo and adjoining countries ("DRC") and procedures regarding a manufacturer's efforts to prevent the sourcing of such "conflict minerals." These minerals are present in our products. SEC rules implementing these requirements may have the effect of reducing the pool of suppliers who can supply DRC "conflict free" components and parts, and we may not be able to obtain DRC conflict free products or supplies in sufficient quantities for our operations. Since our supply chain is complex, we may face reputational challenges with our customers, stockholders and other stakeholders if we are unable to sufficiently verify the origins for the "conflict minerals" used in our products.

In addition, environmental laws and regulations relevant to electronic equipment manufacturing or operations, including laws and regulations governing the hazardous material content of our products and laws relating to the collection of and recycling of electrical and electronic equipment, may adversely impact our business and financial condition. These laws and regulations include the European Union (EU) Restriction on the Use of Certain Hazardous Substances in Electrical and Electronic Equipment Directive (RoHS). The EU RoHS and the similar laws of other jurisdictions limit the content of certain hazardous materials such as lead, mercury, and cadmium in the manufacture of electrical equipment, including our products. Currently, our products comply with the EU RoHS requirements. However, it is possible that certain exemptions may be revoked in the future, including an exemption for lead in network infrastructure equipment upon which we and our competitors rely, and which is currently scheduled to expire in July 2016. Revocation of this exemption or further changes to this or other laws or passage of new similar laws in other jurisdictions, may require us to cease selling non-compliant products in the EU or reengineer our products to use components compatible with these regulations. This reengineering and component substitution could result in additional costs to us, disrupt our operations or logistics and result in an adverse impact on our operating results. Additionally, EU and China have adopted the WEEE directive, which requires producers of electrical and electronic equipment to assume responsibility for collecting, treating, recycling and disposing of products when they have reached the end of their useful life, as well as REACH regulations, which regulate handling of certain chemical substances that may be used in our products.

The traditional telecommunications industry is highly regulated, and our business and financial condition could be adversely affected by changes in regulations relating to the Internet telecommunications industry. Currently, there are few laws or regulations that apply directly to access to or commerce on IP networks, but future regulations could include sales taxes on products sold via the Internet and Internet service provider access charges. We could be adversely affected by regulation of IP networks and commerce in any country where we market equipment and services to service providers or cloud provider companies. Regulations governing the range of services and business models that can be offered by service providers or cloud provider companies could adversely affect those customers' needs for products designed to enable a wide range of such services or business models. For instance, the U.S. Federal Communications Commission is considering new regulations governing aspects of fixed broadband networks and wireless networks through proposals regarding net neutrality and government regulation of the Internet. These regulations and regulations resulting from these proposals might impact service provider and cloud provider business models and as such, providers' needs for Internet telecommunications equipment and services. Also, many jurisdictions are evaluating or implementing regulations relating to cyber security, supply chain integrity, privacy and data protection, any of which can affect the market and requirements for networking and security equipment.

The adoption and implementation of such regulations could reduce demand for our products, increase the cost of building and selling our products, result in product inventory write-offs, impact our ability to ship products into affected areas and recognize revenue in a timely manner and require us to spend significant time and expense to comply, and we could face fines and civil or criminal sanctions or claims if we were to violate or become liable under such regulations. Any of these impacts could have a material adverse effect on our business, financial condition, and results of operations.

Governmental regulations affecting the import or export of products or affecting products containing encryption capabilities could negatively affect our revenues.

The United States and various foreign governments have imposed controls, export license requirements, and restrictions on the import or export of, among other things, encryption technology. Certain of our products contain or use encryption technology. In addition, from time to time, governmental agencies have proposed additional regulation of encryption technology, such as requiring certification, notifications, review of source code, or the escrow and governmental recovery of private encryption keys. For example, Russia and China recently have implemented new requirements relating to products containing encryption and India has imposed special warranty and other obligations associated with technology deemed critical. Governmental regulation of encryption or IP networking technology and regulation of imports or exports, or our failure to obtain required import or export approval for our products, or export sanctions, including recent restrictions on exports to Russia, could harm our international and domestic sales and adversely affect our revenues. In addition, failure to comply with such regulations could result in harm to our reputation, penalties, costs, and restrictions on import or export privileges or adversely affect sales to government agencies or government-funded projects.

Our ability to process orders and ship products in a timely manner is dependent in part on our business systems and performance of the systems and processes of third parties such as our contract manufacturers, suppliers, or other partners, as well as the interfaces between our systems and the systems of such third parties. If our systems, the systems and processes of those third parties, or the interfaces between them experience delays or fail, our business processes and our ability to build and ship products could be impacted, and our financial results could be harmed.

Some of our business processes depend upon our information technology ("IT") systems, the systems and processes of third parties, and the interfaces of our systems with the systems of third parties. For example, our order entry system feeds information into the systems of our contract manufacturers, which enables them to build and ship our products. If those systems fail or are interrupted, our processes may function at a diminished level or not at all. This could negatively impact our ability to ship products or otherwise operate our business, and our financial results could be harmed. For example, although it did not adversely affect our shipments, an earthquake in late December of 2006 disrupted our communications with China, where a significant part of our manufacturing occurs. In addition, as discussed earlier in this "Risk Factors" section, beginning in 2012 and continuing into 2015, we have been implementing major changes to our enterprise resource planning system. Any failure of the new system or interruptions during the transition may impair communications with our manufacturers, and, therefore, adversely affect our ability to build and ship our products.

We also rely upon the performance of the systems and processes of our contract manufacturers to build and ship our products. If those systems and processes experience interruption or delay, our ability to build and ship our products in a timely manner may be harmed. For example, we have experienced instances where our contract manufacturers were not able to ship products in the time periods expected by us, which prevented us from meeting our commitments to our customers. If we are not able to ship our products or if product shipments are delayed, our ability to recognize revenue in a timely manner for those products would be affected and our financial results could be harmed.

Telecommunications and Cloud service provider companies and our other large customers generally require onerous terms and conditions in our contracts with them. As we seek to sell more products to such customers, we may be required to agree to terms and conditions that could have an adverse effect on our business or ability to recognize revenues.

Telecommunications and cloud service provider companies, which comprise a significant portion of our customer base, and other large companies, generally have greater purchasing power than smaller entities and, accordingly, often request and receive more favorable terms from suppliers. For example, our customers, France Telecom-Orange and Deutsche Telekom AG have formed a company for the purpose of purchasing products from, and negotiating more favorable contractual terms with, suppliers. As we seek to sell more products to this class of customer, we may be required to agree to such terms and

conditions, which may include terms that affect the timing of our ability to recognize revenue and have an adverse effect on our business, financial condition, and results of operations. Consolidation among such large customers can further increase their buying power and ability to require onerous terms.

In addition, service providers have purchased products from other vendors who promised but failed to deliver certain functionality and/or had products that caused problems or outages in the networks of these customers. As a result, these customers may request additional features from us and require substantial penalties for failure to deliver such features or may require substantial penalties for any network outages that may be caused by our products. These additional requests and penalties, if we are required to agree to them, may require us to defer revenue recognition from such sales, which may negatively affect our business, financial condition, and results of operations.

If we do not successfully anticipate technological shifts, market needs and opportunities, and develop products and product enhancements that meet those technological shifts, needs and opportunities, or if those products are not made available in a timely manner or do not gain market acceptance, we may not be able to compete effectively and our ability to generate revenues will suffer.

We cannot guarantee that we will be able to anticipate future technological shifts, market needs and opportunities or be able to develop new products or product enhancements to meet such technological shifts, needs or opportunities in a timely manner or at all. For example, the move from traditional network infrastructures towards software-defined networking, or SDN, has been receiving considerable attention. In our view, it will take several years to see the full impact of SDN, and we believe the successful products and solutions in this market will combine hardware and software elements. If we fail to anticipate market requirements or fail to develop and introduce new products or product enhancements to meet those requirements in a timely manner, it could cause us to lose customers, and such failure could substantially decrease or delay market acceptance and sales of our present and future products, which would significantly harm our business, financial condition, and results of operations. Even if we are able to anticipate, develop, and commercially introduce new products and enhancements, there can be no assurance that new products or enhancements will achieve widespread market acceptance.

In addition, in the past two years, we have announced new products, including the QF5100, T4000 Core Router, EX9200 Ethernet Switch, MX Series Routers, PTX 3000 Packet Transport Router, and Juniper Networks Contrail. If these or other new products do not gain market acceptance at a sufficient rate of growth, our ability to meet future financial targets and aspirations may be adversely affected. In addition, if we fail to deliver new or announced products to the market in a timely manner, it could adversely affect the market acceptance of those products and harm our competitive position and our business and financial results.

Our ability to develop, market, and sell products could be harmed if we are unable to retain or hire key personnel.

Our future success depends upon our ability to recruit and retain the services of executive, engineering, sales and marketing, and support personnel. The supply of highly qualified individuals, in particular engineers in very specialized technical areas, or sales people specializing in the service provider and enterprise markets, is limited and competition for such individuals is intense. None of our officers or key employees is bound by an employment agreement for any specific term. The loss of the services of any of our key employees, the inability to attract or retain personnel in the future or delays in hiring required personnel, engineers and sales people, and the complexity and time involved in replacing or training new employees, could delay the development and introduction of new products, and negatively impact our ability to market, sell, or support our products.

We are a party to lawsuits, investigations, proceedings, and other disputes, which are costly to defend and, if determined adversely to us, could require us to pay fines or damages, undertake remedial measures or prevent us from taking certain actions, any or all of which could harm our business, results of operations, financial condition or cash flows.

We, and certain of our current and former officers and current and former members of our Board of Directors, have been or are subject to various lawsuits. We have been served with lawsuits related to employment matters, commercial transactions and patent infringement, as well as securities laws. As noted in Note 16, *Commitments and Contingencies*, in Notes to Consolidated Financial Statements of this Report, under the heading of "Legal Proceedings", the U.S. Securities and Exchange Commission (SEC) and the U.S. Department of Justice (DOJ) are conducting investigations into possible violations by the Company of the U.S. Foreign Corrupt Practices Act (FCPA) in a number of countries. The investigations relate to whether the Company or any third party on behalf of the Company gave money, or anything else of value to any government

official in violation of the FCPA. The Company's Audit Committee, with the assistance of independent advisors, has been investigating and conducting a thorough review of possible violations of the FCPA, and has made recommendations for remedial measures, including employee disciplinary actions in foreign jurisdictions, which the Company has implemented and continues to implement. Litigation and investigations are inherently uncertain. We therefore cannot predict the duration, scope, outcome or consequences of litigation and government investigations. In connection with any government investigations, including those in which we are currently involved as described above, if the government takes action against us or we agree to settle the matter, we may be required to pay substantial fines and incur other sanctions, which may be material, and suffer reputational harm. The lawsuits and investigations are expensive and time-consuming to defend, settle, and/or resolve, and may require us to implement certain remedial measures that could prove costly or disruptive to our business and operations. The unfavorable resolution of one or more of these matters could have a material adverse effect on our business, results of operations, financial condition or cash flows.

We are a party to litigation and claims regarding intellectual property rights, resolution of which may be time-consuming and expensive, as well as require a significant amount of resources to prosecute, defend, or make our products non-infringing.

Our industry is characterized by the existence of a large number of patents and frequent claims and related litigation regarding patent and other intellectual property rights. We expect that infringement claims may increase as the number of products and competitors in our market increases and overlaps occur. Third parties have asserted and may in the future assert claims or initiate litigation related to patent, copyright, trademark, and other intellectual property rights to technologies and related standards that are relevant to our products. The asserted claims and/or initiated litigation may include claims against us or our manufacturers, suppliers, partners, or customers, alleging that our products or services infringe proprietary rights. Regardless of the merit of these claims, they have been and can be time-consuming, result in costly litigation, and may require us to develop non-infringing technologies, enter into license agreements, or cease engaging in certain activities or offering certain products or services. Furthermore, because of the potential for high awards of damages or injunctive relief that are not necessarily predictable, even arguably unmeritorious claims may be settled for significant amounts of money. If any infringement or other intellectual property claim made against us by any third-party is successful, if we are required to settle litigation for significant amounts of money, or if we fail to develop non-infringing technology or license required proprietary rights on commercially reasonable terms and conditions, our business, financial condition, and results of operations could be materially and adversely affected.

Our financial condition and results of operations could suffer if there is an additional impairment of goodwill or other intangible assets with indefinite lives.

We are required to test intangible assets with indefinite lives, including goodwill, annually and on an interim basis if an event occurs or there is a change in circumstance that would more likely than not reduce the fair value of reporting units and intangible assets below their carrying values. As of December 31, 2014, our goodwill was $2,981.5 million and there were no intangible assets with indefinite lives. When the carrying value of a reporting unit's goodwill exceeds its implied fair value of goodwill, a charge to operations is recorded. If the carrying amount of an intangible asset with an indefinite life exceeds its fair value, a charge to operations is recognized. Either event would result in incremental expenses for that quarter, which would reduce any earnings or increase any loss for the period in which the impairment was determined to have occurred.

In the fourth quarter of 2014, we rationalized our Security product portfolio, including developing a new product roadmap and exiting certain point products, including our Junos® Pulse product. These factors decreased our short-term and near-term revenue and profitability forecasts for our Security reporting unit. During our fiscal year 2014 annual goodwill impairment test, the carrying value of our Security reporting unit's goodwill exceeded its fair value, resulting in a goodwill impairment charge of $850.0 million.

In recent years, economic weakness has contributed to extreme price and volume fluctuations in global stock markets that have reduced the market price of many technology company stocks, including ours. Declines in our level of revenues due to restructuring or cost reductions or declines in our operating margins, as well as sustained declines in our stock price, increase the risk that goodwill and intangible assets with indefinite lives may become impaired in future periods.

Our goodwill impairment analysis is sensitive to changes in key assumptions used in our analysis, such as expected future cash flows, the degree of volatility in equity and debt markets, and our stock price. If the assumptions used in our analysis are not realized, it is possible that an impairment charge may need to be recorded in the future. We cannot accurately predict the amount and timing of any impairment of goodwill or other intangible assets. However, any such impairment would have an adverse effect on our results of operations.

Changes in effective tax rates or adverse outcomes resulting from examination of our income or other tax returns could adversely affect our results.

Our future effective tax rates could be subject to volatility or adversely affected by the following: earnings being lower than anticipated in countries where we have lower statutory rates and higher than anticipated earnings in countries where we have higher statutory rates; changes in the valuation of our deferred tax assets and liabilities; expiration of, or lapses in, the research and development ("R&D") tax credit laws applicable to us; transfer pricing adjustments related to certain acquisitions, including the license of acquired intangibles under our intercompany R&D cost sharing arrangement; costs related to intercompany restructuring; tax effects of share-based compensation; or changes in tax laws, regulations, accounting principles, or interpretations thereof. The Organisation for Economic Co-operation and Development ("OECD"), an international association of 34 countries including the U.S., is contemplating changes to numerous long-standing tax principles. These contemplated changes, if finalized and adopted by countries, will increase tax uncertainty and may adversely affect our provision for income taxes. In addition, we are subject to the continuous examination of our income tax returns by the Internal Revenue Service ("IRS") and other tax authorities. We regularly assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for income taxes. There can be no assurance that the outcomes from these continuous examinations will not have an adverse effect on our business, financial condition, and results of operations.

If we fail to accurately predict our manufacturing requirements, we could incur additional costs or experience manufacturing delays, which would harm our business.

We provide demand forecasts to our contract manufacturers, who order components and plan capacity based on these forecasts. If we overestimate our requirements, our contract manufacturers may assess charges, or we may have liabilities for excess inventory, each of which could negatively affect our gross margins. For example, in the third quarter of 2012, our gross margins were reduced as a result of an inventory charge resulting from inventory we held in excess of forecasted demand. Conversely, because lead times for required materials and components vary significantly and depend on factors such as the specific supplier, contract terms, and the demand for each component at a given time, and because our contract manufacturers are third-party manufacturers for numerous other companies, if we underestimate our requirements, as we did in the third quarter of 2010 with respect to certain components, our contract manufacturers may have inadequate time, materials, and/or components required to produce our products, which could increase costs or delay or interrupt manufacturing of our products resulting in delays in shipments and deferral or loss of revenues.

We are dependent on contract manufacturers with whom we do not have long-term supply contracts, and changes to those relationships, expected or unexpected, may result in delays or disruptions that could cause us to lose revenues and damage our customer relationships.

We depend on independent contract manufacturers (each of which is a third-party manufacturer for numerous companies) to manufacture our products. Although we have contracts with our contract manufacturers, these contracts do not require them to manufacture our products on a long-term basis in any specific quantity or at any specific price. In addition, it is time-consuming and costly to qualify and implement additional contract manufacturer relationships. Therefore, if we fail to effectively manage our contract manufacturer relationships, which includes failing to provide accurate forecasts of our requirements, or if one or more of them experiences delays, disruptions, or quality control problems in our manufacturing operations, or if we had to change or add additional contract manufacturers or contract manufacturing sites, our ability to ship products to our customers could be delayed. Also, the addition of manufacturing locations or contract manufacturers would increase the complexity of our supply chain management. Moreover, an increasing portion of our manufacturing is performed in China and other countries and is therefore subject to risks associated with doing business outside of the United States. Each of these factors could adversely affect our business, financial condition and results of operations.

We may face difficulties enforcing our proprietary rights which could adversely affect our ability to compete.

We generally rely on a combination of patents, copyrights, trademarks, and trade secret laws and contractual restrictions on disclosure of confidential and proprietary information, to establish and maintain proprietary rights in our technology and products. Although we have been issued numerous patents and other patent applications are currently pending, there can be no assurance that any of our patent applications will result in issued patents or that any of our patents or other proprietary rights will not be challenged, invalidated, infringed or circumvented or that our rights will, in fact, provide competitive advantages to us or protect our technology, any of which could result in costly product redesign efforts, discontinuance of certain product offerings and other competitive harm. Furthermore, the laws of some foreign countries may not protect our proprietary rights to the same extent as do the laws of the United States. The outcome of any actions taken in these foreign countries may be different than if such actions were determined under the laws of the United States. Although we are not dependent on any individual patents or group of patents for particular segments of the business for which we compete, if we are unable to protect our proprietary rights in a market, we may find ourselves at a competitive disadvantage to others who need not incur the substantial expense, time, and effort required to create innovative products that have enabled our success.

We are subject to risks arising from our international operations, which may adversely affect our business, financial condition, and results of operations.

We derive a majority of our revenues from our international operations, and we plan to continue expanding our business in international markets in the future. We conduct significant sales and customer support operations directly and indirectly through our distributors and VARs in countries throughout the world and depend on the operations of our contract manufacturers and suppliers that are located outside of the United States. In addition, a portion of our R&D and our general and administrative operations are conducted outside the United States. In some countries, we may experience reduced intellectual property protection.

As a result of our international operations, we are affected by economic, business regulatory, social, and political conditions in foreign countries, including the following:

- changes in general IT spending,
- the imposition of government controls, inclusive of critical infrastructure protection;
- changes or limitations in trade protection laws or other regulatory requirements, which may affect our ability to import or export our products from various countries;
- varying and potentially conflicting regulations;
- fluctuations in local economies;
- wage inflation or a tightening of the labor market; and
- the impact of the following on service provider and government spending patterns: political considerations, unfavorable changes in tax treaties or laws, natural disasters, epidemic disease, labor unrest, earnings expatriation restrictions, misappropriation of intellectual property, military actions, acts of terrorism, political and social unrest and difficulties in staffing and managing international operations.

Any or all of these factors could have a material adverse impact on our business, financial condition, and results of operations.

Moreover, local laws and customs in many countries differ significantly from or conflict with those in the United States or in other countries in which we operate. In many foreign countries, particularly in those with developing economies, it is common for others to engage in business practices that are prohibited by our internal policies and procedures or U.S. regulations applicable to us. There can be no assurance that our employees, contractors, channel partners, and agents will not take actions in violation of our policies and procedures, which are designed to ensure compliance with U.S. and foreign laws and policies. Violations of laws or key control policies by our employees, contractors, channel partners, or agents could result in

termination of our relationship, financial reporting problems, fines, and/or penalties for us, or prohibition on the importation or exportation of our products, and could have a material adverse effect on our business, financial condition and results of operations.

We are exposed to fluctuations in currency exchange rates, which could negatively affect our financial condition and results of operations.

Because a majority of our business is conducted outside the United States, we face exposure to adverse movements in non-U.S. currency exchange rates. These exposures may change over time as business practices evolve and could have a material adverse impact on our financial condition and results of operations.

The majority of our revenues and expenses are transacted in U.S. Dollars. We also have some transactions that are denominated in foreign currencies, primarily the British Pound, Euro, Indian Rupee, and Japanese Yen related to our sales and service operations outside of the United States. An increase in the value of the U.S. Dollar could increase the real cost to our customers of our products in those markets outside the United States in which we sell in U.S. Dollars, and a weakened U.S. Dollar could increase the cost of local operating expenses and procurement of raw materials to the extent we must purchase components in foreign currencies.

Currently, we hedge only those currency exposures associated with certain assets and liabilities denominated in nonfunctional currencies and periodically hedge anticipated foreign currency cash flows. The hedging activities undertaken by us are intended to offset the impact of currency fluctuations on certain nonfunctional currency assets and liabilities. However, such attempts to offset the impact of currency fluctuations are costly and no amount of hedging can be effective against all circumstances, including long-term declines in the value of the U.S. Dollar. If our attempts to hedge against these risks are not successful, or if long-term declines in the value of the U.S. Dollar persist, our financial condition and results of operations could be adversely impacted.

Integration of acquisitions could disrupt our business and harm our financial condition and stock price and may dilute the ownership of our stockholders.

We have made, and may continue to make, acquisitions in order to enhance our business. For example, in 2014, we acquired WANDL, Inc. and in 2012, we acquired Contrail Systems Inc. ("Contrail") and Mykonos Software, Inc. ("Mykonos"). Acquisitions involve numerous risks, including problems combining the purchased operations, technologies or products, unanticipated costs and liabilities, diversion of management's attention from our core businesses, adverse effects on existing business relationships with suppliers and customers, risks associated with entering markets in which we have no or limited prior experience, and potential loss of key employees. There can be no assurance that we will be able to integrate successfully any businesses, products, technologies, or personnel that we might acquire. The integration of businesses that we may acquire is likely to be a complex, time-consuming, and expensive process and we may not realize the anticipated revenues or other benefits associated with our acquisitions if we fail to successfully manage and operate the acquired business. If we fail in any acquisition integration efforts and are unable to efficiently operate as a combined organization utilizing common information and communication systems, operating procedures, financial controls, and human resources practices, our business, financial condition, and results of operations may be adversely affected.

In connection with certain acquisitions, we may agree to issue common stock or assume equity awards that dilute the ownership of our current stockholders, use a substantial portion of our cash resources, assume liabilities, record goodwill and amortizable intangible assets that will be subject to impairment testing on a regular basis and potential periodic impairment charges, incur amortization expenses related to certain intangible assets, and incur large and immediate write-offs and restructuring and other related expenses, all of which could harm our financial condition and results of operations.

The divestiture of our Junos Pulse product portfolio could disrupt our business and may not yield the intended benefits.

We recently completed the sale of our Junos Pulse product portfolio to an affiliate of Siris Capital, a private equity firm, for total consideration of $230.7 million, of which $105.7 million was in cash, net of a $19.3 million working capital adjustment, and $125.0 million was in the form of an 18-month non-contingent interest bearing promissory note issued to the Company. Since approximately $125.0 million of the transaction consideration is in the form of an 18-month non-contingent seller promissory note, there is also the risk that we may not receive the amount owed to us by the buyer under the note and that instead the Junos Pulse assets will return to us.

If we fail to adequately evolve our financial and managerial control and reporting systems and processes, our ability to manage and grow our business will be negatively affected.

Our ability to successfully offer our products and implement our business plan in a rapidly evolving market depends upon an effective planning and management process. We will need to continue to improve our financial and managerial control and our reporting systems and procedures in order to manage our business effectively in the future. If we fail to effectively implement improved systems and processes, our ability to manage our business, financial condition, and results of operations may be negatively affected.

Our products are highly technical and if they contain undetected defects errors or malware or do not meet customer quality expectations, our business could be adversely affected, and we may be subject to additional costs or lawsuits or be required to pay damages in connection with any alleged or actual failure of our products and services.

Our products are highly technical and complex, are critical to the operation of many networks, and, in the case of our security products, provide and monitor network security and may protect valuable information. Our products have contained and may contain one or more undetected errors, defects, malware, or security vulnerabilities. Some errors in our products may only be discovered after a product has been installed and used by end-customers. Any errors, defects, malware or security vulnerabilities discovered in our products after commercial release could result in monetary penalties, loss of revenues or delay in revenue recognition, loss of customers, loss of future business and reputation, penalties, and increased service and warranty cost, any of which could adversely affect our business, financial condition, and results of operations. In addition, in the event an error, defect, malware, or vulnerability is attributable to a component supplied by a third-party vendor, we may not be able to recover from the vendor all of the costs of remediation that we may incur. In addition, we could face claims for product liability, tort, or breach of warranty or indemnification. Defending a lawsuit, regardless of its merit, is costly and may divert management's attention. If our business liability insurance coverage is inadequate, or future coverage is unavailable on acceptable terms or at all, our financial condition and results of operations could be harmed. Moreover, if our products fail to satisfy our customers' quality expectations for whatever reason, the perception of and the demand for our products could be adversely affected.

If our products do not interoperate with our customers' networks, installations will be delayed or cancelled and could harm our business.

Our products are designed to interface with our customers' existing networks, each of which have different specifications and utilize multiple protocol standards and products from other vendors. Many of our customers' networks contain multiple generations of products that have been added over time as these networks have grown and evolved. Our products must interoperate with many or all of the products within these networks as well as future products in order to meet our customers' requirements. If we find errors in the existing software or defects in the hardware used in our customers' networks, we may need to modify our software or hardware to fix or overcome these errors so that our products will interoperate and scale with the existing software and hardware, which could be costly and could negatively affect our business, financial condition, and results of operations. In addition, if our products do not interoperate with those of our customers' networks, demand for our products could be adversely affected or orders for our products could be cancelled. This could hurt our operating results, damage our reputation, and seriously harm our business and prospects.

Our products incorporate and rely upon licensed third-party technology, and if licenses of third-party technology do not continue to be available to us or are not available on terms acceptable to us, our revenues and ability to develop and introduce new products could be adversely affected.

We integrate licensed third-party technology into certain of our products. From time to time, we may be required to license additional technology from third-parties to develop new products or product enhancements. Third-party licenses may not be available or continue to be available to us on commercially reasonable terms. The failure to comply with the terms of any license, including free open source software, may result in our inability to continue to use such license. Our inability to maintain or re-license any third-party licenses required in our products or our inability to obtain third-party licenses necessary to develop new products and product enhancements, could require us, if possible, to develop substitute technology or obtain substitute technology of lower quality or performance standards or at a greater cost, any of which could delay or prevent product shipment and harm our business, financial condition, and results of operations.

We sell our products to customers that use those products to build networks and IP infrastructure, and if the demand for network and IP systems does not continue to grow, our business, financial condition, and results of operations could be adversely affected.

A substantial portion of our business and revenues depends on the growth of secure IP infrastructure and on the deployment of our products by customers that depend on the continued growth of IP services. As a result of changes in the economy, capital spending or the building of network capacity in excess of demand, all of which have in the past particularly affected telecommunications service providers, spending on IP infrastructure can vary, which could have a material adverse effect on our business, financial condition, and results of operations. In addition, a number of our existing customers are evaluating the build-out of their next generation networks. During the decision-making period when our customers are determining the design of those networks and the selection of the equipment they will use in those networks, such customers may greatly reduce or suspend their spending on secure IP infrastructure. Such delays in purchases can make it more difficult to predict revenues from such customers can cause fluctuations in the level of spending by these customers and, even where our products are ultimately selected, can have a material adverse effect on our business, financial condition, and results of operations.

We are required to evaluate the effectiveness of our internal control over financial reporting, and any adverse results from such evaluation may adversely affect investor perception, our stock price and cause us to incur additional expense.

Section 404 of the Sarbanes-Oxley Act of 2002 requires our management to report on, and our independent auditors to attest to, the effectiveness of our internal control over financial reporting. We have an ongoing program to perform the system and process evaluation and testing necessary to comply with these requirements. We have and will continue to incur significant expenses and devote management resources to Section 404 compliance on an ongoing basis. In the event that our Chief Executive Officer, Chief Financial Officer, or independent registered public accounting firm determine in the future that, our internal controls over financial reporting are not effective as defined under Section 404, investor perceptions may be adversely affected if our financial statements are not reliable and could cause a decline in the market price of our stock and otherwise negatively affect our liquidity and financial condition.

Failure to maintain our credit ratings could adversely affect our cost of funds and related margins, liquidity, competitive position and access to capital markets.

The major credit rating agencies routinely evaluate our indebtedness. This evaluation is based on a number of factors, which include financial strength as well as transparency with rating agencies and timeliness of financial reporting. There can be no assurance that we will be able to maintain our credit ratings and failure to do so could adversely affect our cost of funds and related margins, liquidity, competitive position and access to capital markets.

We may be unable to generate the cash flow to service our debt obligations, including the Senior Notes and the Revolving Credit Facility.

In February 2014, we issued $350.0 million aggregate principal amount of 4.50% senior unsecured notes due 2024 (the "2024 Notes") and in March 2011, we issued $1.0 billion aggregate principal amount of senior unsecured notes (the "Senior Notes" and together with the 2024 Notes, the "Notes"), and (see discussion in Note 10, Long-Term Debt and Financing, in the Notes to Consolidated Financial Statements of this Report). As of December 31, 2014, we had $1,349.0 million in outstanding long-term debt. In June 2014, we entered into a Credit Agreement with certain institutional lenders that provides for a five year $500.0 million unsecured Revolving Credit Facility, with an option to increase the credit facility, up to a maximum of $700.0 million. The Credit Agreement will terminate in June 2019, at which point all amounts borrowed must be repaid. As of December 31, 2014, no amounts were outstanding under the Credit Agreement.

We may not be able to generate sufficient cash flow to enable us to service our indebtedness, including the Notes and the Revolving Credit Facility (if drawn upon) or to make anticipated capital expenditures. Our ability to pay our expenses and satisfy our debt obligations, refinance our debt obligations and fund planned capital expenditures will depend on our future performance, which will be affected by general economic, financial, competitive, legislative, regulatory and other factors beyond our control. Based upon current levels of operations, we believe cash flow from operations and available cash will be adequate for the foreseeable future to meet our anticipated requirements for working capital, capital expenditures and scheduled payments of principal and interest on our indebtedness, including the Notes and the Revolving Credit Facility (if drawn upon). However, if we are unable to generate sufficient cash flow from operations or to borrow sufficient funds in the

future to service our debt, we may be required to sell assets, reduce capital expenditures, refinance all or a portion of our existing debt (including the Notes) or obtain additional financing. There is no assurance that we will be able to refinance our debt, sell assets or borrow more money on terms acceptable to us, or at all.

The indentures that govern the Notes contain various covenants that limit our ability and the ability of our subsidiaries to, among other things:

- incur liens;
- incur sale and leaseback transactions; and
- consolidate or merge with or into, or sell substantially all of our assets to, another person.

The Credit Agreement contains two financial covenants along with customary affirmative and negative covenants that include the following:

- maintenance of a leverage ratio no greater than 3.0x and an interest coverage ratio no less than 3.0x
- covenants that limit or restrict the ability of the Company and its subsidiaries to, among other things, grant liens, merge or consolidate, dispose of all or substantially all of its assets, change their accounting or reporting policies, change their business and incur subsidiary indebtedness, in each case subject to customary exceptions for a credit facility of this size and type.

As a result of these covenants, we are limited in the manner in which we can conduct our business, and we may be unable to engage in favorable business activities or finance future operations or capital needs. Accordingly, these restrictions may limit our ability to successfully operate our business. A failure to comply with these restrictions could lead to an event of default, which could result in an acceleration of the indebtedness. Our future operating results may not be sufficient to enable compliance with these covenants to remedy any such default. In addition, in the event of an acceleration, we may not have or be able to obtain sufficient funds to make any accelerated payments, including those under the Senior Notes, any notes issued in connection with the recently-announced capital return program discussed above and the Revolving Credit Facility (if drawn upon).

Our failure to pay quarterly dividends to our stockholders or the failure to meet our commitments to return capital to our stockholders could have a material adverse effect on our stock price.

In October 2014, we announced a cash dividend of $0.10 per share of common stock payable on December 23, 2014 to stockholders of record as of the close of business on December 2, 2014. Our ability to pay quarterly dividends will be subject to, among other things, our financial position and results of operations, available cash and cash flow, capital requirements and other factors. Any failure to pay or increase future dividends as announced, reduction or discontinuation of quarterly dividends could have a material adverse effect on our stock price.

In addition, our Board of Directors recently authorized a $1.1 billion increase to our current capital return plan, which includes a planned $1.5 billion of share repurchases before the end of the second quarter of 2015. The capital return plan will be funded by a combination of onshore cash, previously issued debt and potentially, additional debt financing, to preserve our financial flexibility to invest in future growth opportunities and maintain our investment grade credit rating. Any failure to meet our commitments to return capital to our shareholders could have a material adverse effect on our stock price.

The investment of our cash balance and our investments in government and corporate debt securities are subject to risks, which may cause losses and affect the liquidity of these investments.

At December 31, 2014, we had $1,639.6 million in cash and cash equivalents and $1,465.3 million in short- and long-term investments. We have invested these amounts primarily in asset-backed securities, certificates of deposit, commercial paper, corporate debt securities, foreign government debt securities, government- sponsored enterprise obligations, money market funds, mutual funds, publicly-traded equity securities, time deposits and U.S. government securities. Certain of these investments are subject to general credit, liquidity, market, sovereign debt, and interest rate risks. Our future investment

income may fall short of expectations due to changes in interest rates or if the decline in fair value of our publicly traded debt or equity investments is judged to be other-than-temporary. These market risks associated with our investment portfolio may have a material adverse effect on our liquidity, financial condition, and results of operations.

Uninsured losses could harm our operating results.

We self-insure against many business risks and expenses, such as intellectual property litigation and our medical benefit programs, where we believe we can adequately self-insure against the anticipated exposure and risk or where insurance is either not deemed cost-effective or is not available. We also maintain a program of insurance coverage for various types of property, casualty, and other risks. We place our insurance coverage with various carriers in numerous jurisdictions. The types and amounts of insurance that we obtain vary from time to time and from location to location, depending on availability, cost, and our decisions with respect to risk retention. The policies are subject to deductibles, policy limits, and exclusions that result in our retention of a level of risk on a self-insurance basis. Losses not covered by insurance could be substantial and unpredictable and could adversely affect our financial condition and results of operations.

ITEM 1B. *Unresolved Staff Comments*

Not applicable.

ITEM 2. *Properties*

Our corporate headquarters are located on 80 acres of owned land in Sunnyvale, California and includes approximately 0.7 million square feet of owned buildings. In addition to our owned facilities, we lease approximately 0.4 million square feet in buildings as part of our corporate headquarters.

In addition to our leased offices in Sunnyvale, we also lease offices in various locations throughout the United States, Canada, South America, EMEA, and APAC regions, including offices in Australia, China, Hong Kong, India, Ireland, Israel, Japan, the Netherlands, Russia, United Arab Emirates, and the United Kingdom. We lease approximately 2.1 million square feet worldwide, with approximately 36 percent in North America. Each leased facility is subject to an individual lease or sublease, which could provide various options to renew/terminate the agreement or to expand/contract the leased space.

Our leases expire at various times through October 31, 2024. We believe that our current offices are in good condition and appropriately support our business needs.

For additional information regarding obligations under our operating leases, see Note 16, *Commitments and Contingencies*, in Notes to Consolidated Financial Statements in Item 8 of Part II of this Report, which is incorporated by reference herein. For additional information regarding properties by geographic region, see Note 13, *Segment Information*, in Notes to Consolidated Financial Statements in Item 8 of Part II of this Report, which is incorporated by reference herein.

ITEM 3. *Legal Proceedings*

The information set forth under the heading “Legal Proceedings” in Note 16, *Commitments and Contingencies*, in Notes to Consolidated Financial Statements in Item 8 of Part II of this Report, is incorporated herein by reference.

ITEM 4. *Mine Safety Disclosures*

Not applicable.

PART II

ITEM 5. *Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities*

Price Range of Common Stock

The principal market in which our common stock is traded is the New York Stock Exchange (the "NYSE") under the symbol JNPR. The following table sets forth the high and low sales prices for our common stock for each full quarterly period within the two most recent fiscal years as reported on the NYSE.

	2014		2013	
	High	Low	High	Low
First quarter	$ 28.75	$ 22.28	$ 22.98	$ 18.47
Second quarter	$ 26.88	$ 23.81	$ 19.62	$ 15.62
Third quarter	$ 25.19	$ 21.90	$ 22.25	$ 18.71
Fourth quarter	$ 23.10	$ 18.41	$ 22.71	$ 18.36

Stockholders

As of February 13, 2015, there were 943 stockholders of record of our common stock and we believe a substantially greater number of beneficial owners who hold shares through brokers, banks or other nominees.

Dividends

We paid quarterly cash dividends in the third and fourth quarter of 2014 of $0.10 per share totaling $86.0 million, and paid no cash dividends in fiscal 2013. The declaration and amount of any future cash dividends are at the discretion of the Board of Directors and will depend on our financial performance, economic outlook, and any other relevant considerations. See Note 18, *Subsequent Events*, in Notes to Consolidated Financial Statements in Item 8 of Part II of this Report for our dividend declaration subsequent to December 31, 2014.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The following table provides share repurchase activity during the three months ended December 31, 2014 (in millions, except per share amounts):

Period	Total Number of Shares Purchased[1]	Average Price Paid per Share[1]	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs[2]	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs[2]
October 1 - October 31, 2014	1.3	$ 20.34	1.2	$ 1,650.0
November 1 - November 30, 2014	14.6	$ 21.15	14.6	$ 1,340.9
December 1 - December 31, 2014	7.6	$ 22.05	7.5	$ 1,175.0
Total	23.5	$ 21.40	23.3	

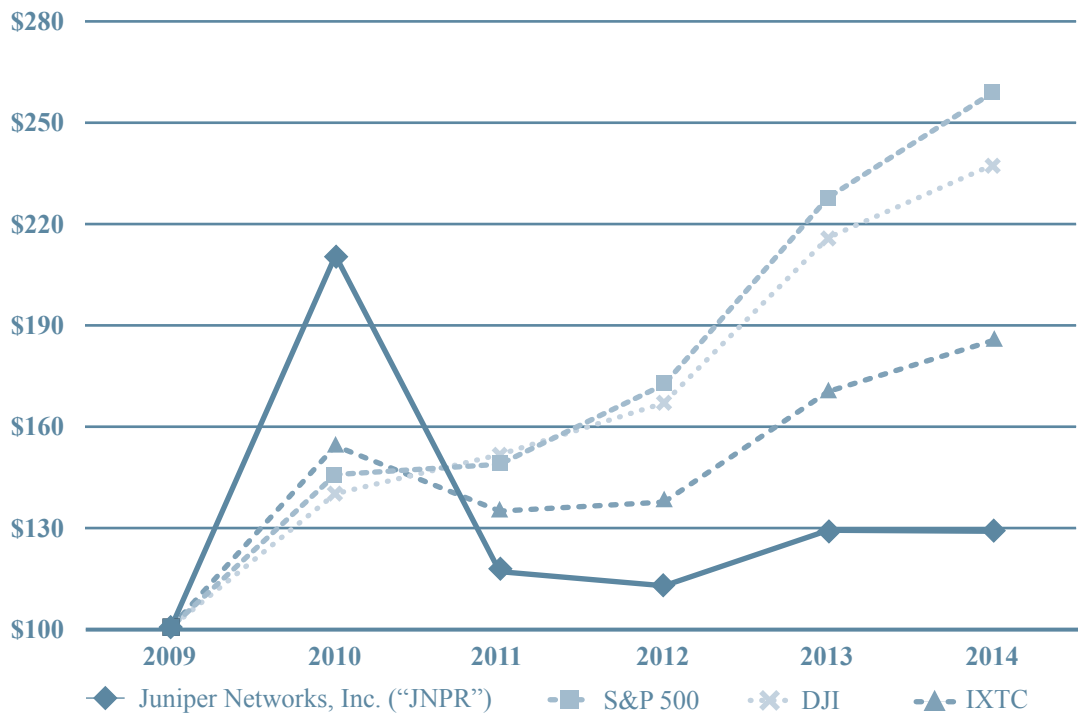
(1) Amounts include repurchases under our stock repurchase programs and repurchases of our common stock for our employees in connection with net issuances of shares to satisfy minimum tax withholding obligations for the vesting of certain stock awards. The amount of shares of common stock repurchased from our employees in connection with minimum tax withholdings was not significant during the three months ended December 31, 2014.

(2) Shares were repurchased under our stock repurchase program approved by the Board in February 2014 and October 2014, which authorized us to purchase an aggregate of up to $3.4 billion of our common stock. Future share repurchases under our capital return plan will be subject to a review of the circumstances in place at that time and will be made from time to time in private transactions or open market purchases as permitted by securities laws and other legal requirements. This program may be discontinued at any time.

Company Stock Performance

The graph below shows the cumulative total stockholder return over a five-year period assuming the investment of $100 on December 31, 2009, in each of Juniper Networks' common stock (with the reinvestment of all dividends), the Standard & Poor's 500 Stock Index ("S&P 500"), the NYSE Dow Jones Industrial Average ("DJI"), and the NASDAQ Telecommunications Index ("IXTC"). The graph shall not be deemed to be incorporated by reference into other SEC filings; nor deemed to be soliciting material or filed with the Commission or subject to Regulation 14A or 14C or subject to Section 18 of the Exchange Act. The comparisons in the graph below are based upon historical data and are not indicative of, or intended to forecast, future performance of our common stock.

Stock Performance Graph



	As of December 31,					
	2009	2010	2011	2012	2013	2014
JNPR	$ 100.00	$ 210.85	$ 116.56	$ 112.34	$ 128.90	$ 128.60
S&P 500	$ 100.00	$ 145.51	$ 148.59	$ 172.37	$ 228.19	$ 259.43
DJI	$ 100.00	$ 139.81	$ 151.47	$ 166.87	$ 216.20	$ 237.88
IXTC	$ 100.00	$ 154.06	$ 134.62	$ 137.31	$ 170.29	$ 185.46

ITEM 6. *Selected Financial Data*

The following selected consolidated financial data should be read in conjunction with Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," and the Consolidated Financial Statements and the notes thereto in Item 8, "Financial Statements and Supplementary Data," of this Report, which are incorporated herein by reference.

The information presented below reflects the impact of certain significant transactions and the adoption of certain accounting pronouncements, which makes a direct comparison difficult between each of the last five fiscal years. For a complete description of matters affecting the results in the tables below during the three years ended December 31, 2014, see "Notes to Consolidated Financial Statements" in Item 8 of Part II of this Report.

Consolidated Statements of Operations Data

	Years Ended December 31,				
	2014[a]	2013[b]	2012[c]	2011[d]	2010[e]
	(In millions, except per share amounts)				
Net revenues	$ 4,627.1	$ 4,669.1	$ 4,365.4	$ 4,448.7	$ 4,093.3
Cost of revenues	1,768.9	1,727.7	1,656.6	1,580.1	1,351.5
Gross margin	2,858.2	2,941.4	2,708.8	2,868.6	2,741.8
Operating expenses	3,277.9	2,375.5	2,400.7	2,250.1	1,974.2
Operating (loss) income	(419.7)	565.9	308.1	618.5	767.6
Other income (expense), net	333.4	(40.4)	(16.6)	(46.8)	10.6
(Loss) income before income taxes and noncontrolling interest	(86.3)	525.5	291.5	571.7	778.2
Income tax provision	248.0	85.7	105.0	146.7	158.8
Consolidated net (loss) income	(334.3)	439.8	186.5	425.0	619.4
Adjust for net loss (income) attributable to noncontrolling interest	—	—	—	0.1	(1.0)
Net (loss) income attributable to Juniper Networks	$ (334.3)	$ 439.8	$ 186.5	$ 425.1	$ 618.4
Net (loss) income per share attributable to Juniper Networks common stockholders:					
Basic	$ (0.73)	$ 0.88	$ 0.36	$ 0.80	$ 1.18
Diluted	$ (0.73)	$ 0.86	$ 0.35	$ 0.79	$ 1.15
Shares used in computing net income per share:					
Basic	457.4	501.8	520.9	529.8	522.4
Diluted	457.4	510.3	526.2	541.4	538.8
Cash dividends declared per common stock	$ 0.20	$ —	$ —	$ —	$ —

(a) Includes the following significant pre-tax items: Impairment of goodwill of $850.0 million, restructuring and other charges of $208.5 million, gain on the sale of equity investments of $163.0 million, gain, net of legal fees in connection with the litigation settlement with Palo Alto Networks, Inc., of $196.1 million, gain on sale of Junos Pulse of $19.6 million, and interest expense on debt (net of amounts capitalized) of $57.5 million. Income tax has been provided on the pre-tax loss primarily due to the non-deductible goodwill charge. In addition, includes $52.8 million of significant tax items related to the gain on the sale of Junos Pulse offset by the release of the Company's valuation allowance attributable to investment losses.

(b) Includes the following significant pre-tax items: restructuring and other charges of $47.5 million, interest expense on debt (net of amounts capitalized) of $45.2 million, and an increase in depreciation expense within research and development of $28.3 million related to a change in estimate of the useful lives of certain computers and equipment. In addition, includes $64.2 million of significant tax items for a multi-year claim related to the U.S. production activities deduction, a tax settlement with the IRS, and the reinstatement of the U.S. federal R&D tax credit on January 2, 2013 retroactive to January 1, 2012.

(c) Includes the following significant pre-tax items: restructuring and other charges of $99.7 million, interest expense on debt (net of amounts capitalized) of $40.0 million, and a net gain on privately-held investments of $25.5 million.

(d) Includes the following significant pre-tax items: restructuring and other charges of $30.6 million and interest expense on debt (net of amounts capitalized) of $37.7 million.

(e) Includes pre-tax restructuring charges of $10.8 million. In addition, includes a non-recurring income tax benefit of $54.1 million recorded in the first quarter from a change in estimate of unrecognized tax benefits related to share-based compensation.

Consolidated Balance Sheet Data

	As of December 31,				
	2014	2013	2012	2011	2010
	(In millions)				
Cash, cash equivalents, and investments	$ 3,104.9	$ 4,097.8	$ 3,837.4	$ 4,292.4	$ 2,821.6
Working capital	1,444.2	2,262.5	2,178.7	2,973.0	1,742.4
Goodwill	2,981.5	4,057.7	4,057.8	3,928.1	3,927.8
Total assets	8,403.1	10,326.0	9,832.1	9,983.8	8,467.9
Long-term debt	1,349.0	999.3	999.2	999.0	—
Total long-term liabilities (excluding long-term debt)	607.3	583.1	411.4	428.4	387.1
Total Juniper Networks stockholders' equity	$ 4,919.1	$ 7,302.2	$ 6,999.0	$ 7,089.2	$ 6,608.2

ITEM 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations*

The following discussion should be read with the Consolidated Financial Statements and the related notes in Item 8, of this Report.

The following discussion is based upon our Consolidated Financial Statements included elsewhere in this Report, which have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"). In the course of operating our business, we routinely make decisions as to the timing of the payment of invoices, the collection of receivables, the manufacturing and shipment of products, the fulfillment of orders, the purchase of supplies, and the building of inventory and spare parts, among other matters. Each of these decisions has some impact on the financial results for any given period. In making these decisions, we consider various factors including contractual obligations, customer satisfaction, competition, internal and external financial targets and expectations, and financial planning objectives. For further information about our critical accounting policies and estimates, see "Critical Accounting Policies and Estimates" section included in this "Management's Discussion and Analysis of Financial Condition and Results of Operations."

To aid in understanding our operating results for the periods covered by this Report, we have provided an executive overview and a summary of the business and market environment. These sections should be read in conjunction with the more detailed discussion and analysis of our consolidated financial condition and results of operations in this Item 7, our "Risk Factors" section included in Item 1A of Part I, and our Consolidated Financial Statements and notes thereto included in Item 8 of Part II of this Report.

Business and Market Environment

At Juniper Networks, we design, develop, and sell products and services for high-performance networks to enable customers to build highly scalable, reliable, secure and cost-effective networks for their businesses, while achieving agility, efficiency and value through automation. We focus on customers and partners across our key verticals who view these network attributes as fundamental to their business; including global service providers, enterprises, financial services, cloud hosting providers, governments, research, and public sector organizations. Product and solution differentiation, with a relentless customer focus, will allow us to achieve our primary goal of growing revenue faster than the market.

We sell our products in more than 100 countries in three geographic regions: Americas; Europe, Middle East, and Africa ("EMEA"); and Asia Pacific ("APAC"). We sell our high-performance routing, switching, and security network products and service offerings to service provider and enterprise markets. Our silicon, systems, and software represent innovations that transform the economics and experience of networking, helping customers achieve superior performance, greater choice, and flexibility, while reducing overall total cost of ownership. In addition to our products, we offer technical support and professional services, as well as education and training programs to our customers. Together, our high-performance product and service offerings help our customers convert legacy networks that provide commoditized services into more valuable assets that provide differentiation, value, and increased performance, reliability, and security to end-users.

During 2014, we saw a slight decline in net revenues year-over-year, primarily due to reduced spending by U.S. Carriers, however the diversity in our business across verticals such as Cloud and Cable Providers helped to partially offset the decline. We expect the overall revenue environment to be challenging over the next several quarters, as market dynamics, including consolidation, are impacting demand from our largest U.S. service provider customers. We believe our product gross margins may continue to vary in the future due to competitive pricing pressures, which may be offset by additional operational efficiencies. Nevertheless, we are focused on executing our strategy that is focused on designing, developing and selling products and services for high-performance networks. We believe our product portfolio continues to be strong, and we remain focused on operational excellence, cost discipline and targeted growth initiatives.

In 2014, we continued to invest in innovation and strengthening our product portfolio, which resulted in new product offerings across routing, switching, and security. In routing, we announced a virtualized version of our flagship MX Series 3D Universal Edge Routing platform, the vMX 3D Universal Edge Router, to deliver the industry's first full-featured, carrier-grade virtualized router, giving service providers and enterprises the ability to seamlessly leverage the benefits of both virtual and physical networking. In switching, to address the networking requirements of large cloud providers and enterprise customers who build large and massive scale data centers, we announced OCX1100, the first switch to combine

Open Compute Project (OCP) hardware design with a carrier-class network operating system, Junos OS. We also announced a new line of EX4600 Ethernet switches to fulfill the increasing demands for highly available access to cloud services and applications across enterprise campus networks.

Additionally, we expanded our SDN portfolio with new software and hardware, including the NorthStar Controller, a new traffic-engineering controller leveraging open, industry-standard protocols built to optimize service providers' transport networks, as well as the Junos Fusion software that controls thousands of independent network elements from a single management plane.

Key strategic technology partnerships also delivered new solutions to address the high-performance network requirements of our service provider and enterprise customers. Through integration with Gainspeed's technology and our MX Series 3D Universal Edge Routers and EX Series Switches, we announced the Virtual Converged Cable Access Platform, allowing cable operators to better automate and scale their edge/access infrastructure while creating a platform for new cloud-based services. Additionally, we partnered with Nokia to advance the Telco Cloud for mobile broadband and accelerate service creation by bringing together Nokia's leading Liquid Core solution and the Juniper Networks MetaFabric™ data center architecture, including Contrail. Furthermore, we signed a go to market agreement with Aruba to deliver an open, converged enterprise network solution by integrating Aruba mobility solutions with Juniper enterprise switches and routers, delivering ongoing product innovation to enterprise customers.

For security, we announced Firefly Perimeter a virtual version of our SRX Series Service Gateway, new advancements in our Spotlight Secure threat intelligence platform, Junos Space Virtual Director, an application that automates the management and deployment of Firefly Perimeter, as well as Juniper Argon Secure, an advanced anti-malware service.

Due to the recent underperformance of our security products and efforts to refocus our security offerings, we recorded a goodwill impairment charge of $850.0 million in the fourth quarter of 2014. We intend to focus on stabilizing revenues in our security reporting unit in 2015, and, as a result, we are pivoting our security strategy to focus on building integrated solutions that focus on network resiliency and business continuity across cloud, data center, branch, campus, and service provider mobile infrastructure, by taking advantage of the existing and ongoing innovation of our Junos-based SRX platform.

In 2014, we implemented a series of initiatives designed to streamline our organization, improve operational efficiencies, rationalize our product portfolios, and return capital to our shareholders. These actions were largely completed by the end of 2014.

In the first quarter of 2014, we realigned our organization into a One-Juniper structure, which included consolidating each of our research and development ("R&D") and go-to-market functions to reduce complexity, increase clarity of responsibilities, and improve efficiency.

To improve operational efficiency, in 2014, we implemented various restructuring activities and structural cost saving actions across research and development, sales and marketing, and general and administrative expenses. We completed the 2014 restructuring plan through workforce reductions, facility consolidations or closures, asset write-downs, contract terminations and other actions. As a result, we recorded a total restructuring charge of $207.7 million in cost of sales and restructuring and other charges. In connection with the rationalization of our product portfolio, we completed the sale of Junos Pulse for total consideration of $230.7 million which resulted in a gain of $19.6 million in other income (expense), net in the Consolidated Statement of Operations. As a result of these cost management actions, we achieved our total annualized operating expense savings commitment of $260.0 million compared to the fourth quarter of 2013.

In addition to these cost reduction activities, we introduced a capital allocation program to return capital to our stockholders through share repurchases and dividends. In 2014, we returned $2.3 billion of capital to our stockholders through the completion of a $1.2 billion accelerated share repurchase program ("ASR") and the repurchase of $1.1 billion of our common stock subsequent to the ASR. We also paid two quarterly cash dividends of $0.10 per share for an aggregate amount of $86.0 million and issued $350.0 million aggregate principal amount of 4.50% senior notes due 2024 ("2024 Notes"), which allowed us to partially fund the ASR. We intend to return $1.0 billion of aggregate share repurchases by the end of the second quarter of 2015 subject to raising additional debt financing.

Financial Results and Key Performance Metrics Overview

The following table provides an overview of our key financial metrics for the years ended December 31, 2014, 2013, and 2012 (in millions, except per share amounts, percentages, days sales outstanding ("DSO"), and book-to-bill):

	As of and for the Years Ended December 31,						
	2014	2013	2012	2014 vs. 2013		2013 vs. 2012	
				$ Change	% Change	$ Change	% Change
Net revenues	$ 4,627.1	$ 4,669.1	$ 4,365.4	$ (42.0)	(1)%	$ 303.7	7%
Gross Margin	$ 2,858.2	$ 2,941.4	$ 2,708.8	$ (83.2)	(3)%	$ 232.6	9%
Percentage of net revenues	*61.8%*	*63.0%*	*62.1%*				
Operating (loss) income	$ (419.7)	$ 565.9	$ 308.1	$ (985.6)	(174)%	$ 257.8	84%
Percentage of net revenues	*(9.1)%*	*12.1%*	*7.1%*				
Net (loss) income	$ (334.3)	$ 439.8	$ 186.5	$ (774.1)	(176)%	$ 253.3	136%
Percentage of net revenues	*(7.2)%*	*9.4%*	*4.3%*				
Net (loss) income per share							
Basic	$ (0.73)	$ 0.88	$ 0.36	$ (1.61)	(183)%	$ 0.52	144%
Diluted	$ (0.73)	$ 0.86	$ 0.35	$ (1.59)	(185)%	$ 0.51	146%
Cash dividends declared per common stock	$ 0.20	$ —	$ —	$ 0.20	—%	$ —	—%
Stock repurchase plan activity	$ 2,250.0	$ 570.6	$ 645.6	$ 1,679.4	294%	$ (75.0)	(12)%
Operating cash flows	$ 763.4	$ 845.9	$ 637.7	$ (82.5)	(10)%	$ 208.2	33%
DSO(*)	49	41	35	8	20%	6	17%
Book-to-bill(*)	>1	>1	>1				
Deferred revenue	$ 1,075.7	$ 1,069.3	$ 923.4	$ 6.4	1%	$ 145.9	16%

(*) DSO and book-to-bill are for the fourth quarter ended December 31, 2014, 2013, and 2012.

- *Net Revenues:* During 2014, net revenues were slightly down, compared to 2013, as a result of a decline in net revenues from US carriers, partially offset by growing demand from cloud providers in the Americas, as well as improving demand among service provider in EMEA. The year-over-year decline in our net revenues was primarily due to a decrease in net revenues from our routing and security products, partially offset by an increase in our switching products revenue and service revenue.

  During 2013, compared to 2012, we experienced net revenue growth in the Americas, in both service provider and enterprise, offset by a decline in revenue in APAC and EMEA. The year-over-year increase in our net revenues during 2013 was primarily due to increases in edge routing, switching, and service revenue, partially offset by a decline in our security products revenue.

- *Gross Margin:* Our gross margin as a percentage of net revenues decreased during 2014, compared to 2013, as a result of higher inventory charges driven by product rationalizations in connection with our 2014 Restructuring Plan and charges related to an industry-wide memory product quality defect for a component from a third party supplier.

  During 2013, compared to 2012, our gross margin as a percentage of net revenues increased primarily due to higher restructuring and other charges recorded in 2012, partially offset by higher inventory provisions in 2013 for legacy platforms.

- *Operating (Loss) Income:* During 2014, compared to 2013, we experienced a decline in operating (loss) income as a percentage of net revenues, primarily due to an $850.0 million goodwill impairment charge related to the Security reporting unit recorded in the fourth quarter of 2014, restructuring and other charges of $207.7 million, related to

severance, facility consolidations and closures, asset-write-offs, and contract terminations in connection with our 2014 Restructuring Plan, as well as a component remediation charge of $20.7 million relating to the memory product quality defect.

Our operating income as a percentage of revenues increased in 2013, compared to 2012, primarily due to growth in net revenues. Also contributing to the increase in operating income were lower restructuring and other charges of $52.2 million compared to 2012.

- *Cash Dividends Declared per Common Stock:* During 2014, we declared two quarterly cash dividends of $0.10 per share, payable on September 23, 2014 and on December 23, 2014 to stockholders of record as of the close of business on September 2, 2014 and December 2, 2014, respectively, in the aggregate amount of $86.0 million. We had not previously paid cash dividends.

- *Stock Repurchase Plan Activity:* Under our stock repurchase program, we repurchased approximately 96.1 million shares of our common stock in the open market at an average price of $23.41 per share for an aggregate purchase of $2,250.0 million during the year ended December 31, 2014.

- *Operating Cash Flows:* Operating cash flows decreased in 2014, compared to 2013, primarily due to lower cash collections from customers, higher payments primarily related to our 2014 restructuring plans, higher taxes paid, and lower prepayments compared to prior year.

  Operating cash flows increased in 2013, compared to 2012, primarily due to the timing of payments to our vendors, higher deferred revenue, and lower taxes paid, partially offset by the timing of payments for incentive compensation to our employees and the timing of receipts from our customers.

- *DSO:* DSO is calculated as the ratio of ending accounts receivable, net of allowances, divided by average daily net sales for the preceding 90 days. DSO for the quarter ended December 31, 2014 increased by 8 days, or 20% compared to the quarter ended December 31, 2013. During 2014, we transitioned certain distribution partners from a third party financing program to Juniper's commercial payment terms. Going forward, we expect DSO to be in the range of 45 to 55 days.

  DSO increased by 6 days or 17% for the quarter ended December 31, 2013 compared to the quarter ended December 31, 2012. The increase was primarily due to large multi-year service renewals at the end of the period which increased our outstanding receivables compared to the same period in 2012.

- *Book-to-Bill:* Book-to-bill represents the ratio of product orders booked divided by product revenues during the respective period. Book-to-bill was greater than one for the quarters ended December 31, 2014, 2013 and 2012, indicating strong product demand.

- *Deferred Revenue:* Total deferred revenue increased slightly by $6.4 million to $1,075.7 million as of December 31, 2014, compared to $1,069.3 million as of December 31, 2013, primarily due to an increase in deferred service revenue of $25.8 million, primarily driven by the execution of several multi-year support agreements and annual agreement renewals. The increase in deferred service revenue was partially offset by a decrease in deferred product revenue of $19.4 million as a result of lower distributor inventory and multiple revenue releases in relation to previously deferred product revenue.

  As of December 31, 2013 compared to December 31, 2012, total deferred revenue increased by $145.9 million, primarily due to an increase in deferred service revenue driven by the execution of several multi-year support agreements, and to a lesser extent an increase in annual agreement renewals, slightly offset by a decrease in deferred product revenue.

Critical Accounting Policies and Estimates

The preparation of the financial statements and related disclosures in conformity with U.S. GAAP requires us to make judgments, assumptions, and estimates that affect the amounts reported in the Consolidated Financial Statements and the accompanying notes. On an ongoing basis, we evaluate our estimates, including those related to sales returns, pricing credits, warranty costs, allowance for doubtful accounts, impairment of long-term assets, especially goodwill and intangible assets, contract manufacturer exposures for carrying and obsolete material charges, assumptions used in the valuation of share-based compensation, and litigation. We base our estimates and assumptions on current facts, historical experience, and various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. For further information about our significant accounting policies, see Note 2, *Significant Accounting Policies*, in Notes to Consolidated Financial Statements in Item 8 of Part II of this Report, which describes the significant accounting policies and methods used in the preparation of the Consolidated Financial Statements. The accounting policies described below are significantly affected by critical accounting estimates. Such accounting policies require significant judgments, assumptions, and estimates used in the preparation of the Consolidated Financial Statements and actual results could differ materially from the amounts reported based on these policies. To the extent there are material differences between our estimates and the actual results, our future consolidated results of operations may be affected.

- *Goodwill.* We make significant estimates, assumptions, and judgments when valuing goodwill and other intangible assets in connection with the initial purchase price allocation of an acquired entity, as well as when evaluating impairment of goodwill and other intangible assets on an ongoing basis. These estimates are based upon a number of factors, including historical experience, market conditions, and information obtained from the management of the acquired company. Critical estimates in valuing certain intangible assets include, but are not limited to, historical and projected customer retention rates, anticipated growth in revenue from the acquired customer and product base, and the expected use of the acquired assets. These factors are also considered in determining the useful life of the acquired intangible assets. The amounts and useful lives assigned to identified intangible assets impacts the amount and timing of future amortization expense.

  Goodwill represents the future economic benefits arising from other assets acquired in a business combination or an acquisition that are not individually identified and separately recorded. The excess of the purchase price over the estimated fair value of net assets of businesses acquired in a business combination is recognized as goodwill. We evaluate our goodwill for impairment on an annual basis, as of November 1st, or more frequently if an event occurs or facts and circumstances change that would more likely than not reduce the fair value of our reporting units below their carrying amount.

  Goodwill is tested for impairment at the reporting unit level, which is one level below our operating segment level, by comparing the reporting unit's carrying value, including goodwill, to the fair value of the reporting unit. The reporting units are determined based on the components of our operating segment that constitutes a business for which discrete financial information is available and segment management regularly review the operating results of the component.

  The provisions of the accounting standard for goodwill and other intangibles allows us to first assess qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. While we are permitted to conduct a qualitative assessment to determine whether it is necessary to perform a two-step quantitative goodwill impairment test, for our annual goodwill impairment test in the fourth quarter of fiscal 2014, we performed a quantitative test for all of our reporting units.

  Our goodwill impairment test involves a two-step process to identify goodwill impairment and measure the amount of goodwill impairment loss to be recognized, if any. The first step tests for potential impairment by comparing the fair value of reporting units with the reporting unit's net asset values. If the fair value of the reporting units exceeds the carrying value of the reporting unit's net assets, goodwill is not impaired and no further testing is required. If the fair value of the reporting units does not exceed the carrying value of the net assets assigned to the reporting unit, then we perform the second step of the impairment test in order to determine the implied fair value of the reporting unit's goodwill. The second step requires an assignment of the reporting unit's fair value to the reporting unit's assets and liabilities, using the relevant acquisition accounting guidance, to determine the implied fair value of the

reporting unit's goodwill. The implied fair value of the reporting unit's goodwill is then compared with the carrying amount of the reporting unit's goodwill, and if the carrying value of a reporting unit's goodwill exceeds its implied fair value, we record an impairment loss equal to the difference.

In the first step, the fair value of each of our reporting units is determined using both the income and market valuation approaches. We believe the income approach and the market approach are equally representative of the reporting unit's fair value. Under the income approach, the fair value of the reporting unit is based on the present value of estimated future cash flows that the reporting unit is expected to generate over its remaining life. Under the market approach, the value of the reporting unit is based on an analysis that compares the value of the reporting unit to values of publicly-traded companies in similar lines of business. In the application of the income and market valuation approaches, we are required to make estimates of future operating trends and judgments on discount rates and other variables. Determining the fair value of a reporting unit is highly judgmental in nature and involves the use of significant estimates and assumptions. We base our fair value estimates on assumptions we believe to be reasonable but that are unpredictable and inherently uncertain. Actual future results related to assumed variables could differ from these estimates. In addition, we make certain judgments and assumptions in allocating shared assets and liabilities to determine the carrying values for each of our reporting units.

Under the income approach, we calculate the fair value of a reporting unit based on the present value of estimated future cash flows. Cash flow projections are based on management's estimates of revenue growth rates and operating margins, taking into consideration industry and market conditions. The discount rate used is based on the weighted-average cost of capital adjusted for the relevant risk associated with business-specific characteristics and the uncertainty related to the business's ability to execute on the projected cash flows. Under the market approach, we estimate the fair value based on market multiples of revenue and earnings derived from comparable publicly-traded companies with similar operating and investment characteristics as the reporting units, and then apply a control premium which is determined by considering control premiums offered as part of the acquisitions that have occurred in market segments that are comparable with our reporting units. The income approach and the market approach are equally weighted to derive the fair value of the reporting unit.

Prior to the second step, the long-lived assets, such as property, plant, and equipment, and purchased intangible assets subject to amortization, are reviewed for impairment. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset, or asset group, to estimated undiscounted future cash flows expected to be generated by the asset, or asset group. If needed, an impairment charge is recognized by the amount by which the carrying amount of the asset, or asset group, exceeds its fair value.

In the second step, the reporting unit's fair value is allocated to all of the assets and liabilities, including any unrecognized intangible assets; such as, existing technology, backlog, and customer relationships, in a hypothetical analysis that calculates the implied fair value of goodwill in the same manner as if the reporting unit was being acquired in a business combination. If the implied fair value of the reporting unit's goodwill is less than the carrying value, the difference is recorded as an impairment loss. Assumptions used in measuring the fair value of these assets and liabilities included the discount rates, customer renewal rates, and technology obsolescence rates used in valuing intangible assets, and pricing of comparable transactions in the market in valuing the tangible assets.

During our fiscal year 2014 annual goodwill impairment test, our reporting units were: Routing, Switching and Security.

The fair value of the Routing and Switching reporting units significantly exceeded their carrying value. However the fair value of the Security reporting unit did not exceed its carrying value and therefore we determined the Security reporting unit's goodwill was impaired. In 2014, we re-aligned our go-to-market and research and development resources on projects with the highest potential for growth and continued to leverage our engineering efforts across our Routing, Switching, and Security products. In the fourth quarter of 2014, we began to implement a new Security strategy focused on network resiliency and performance based on the SRX platform. As a result, we rationalized our Security product portfolio including developing a new product roadmap and exiting certain point products, including the divestiture of Junos Pulse. These factors decreased our short-term and near-term revenue and profitability forecasts of the Security reporting unit.

As a result, the carrying value of the Security reporting unit's goodwill exceeded the implied fair value of goodwill, resulting in a goodwill impairment charge of $850.0 million which was recorded in the Consolidated Statement of Operations.

Refer to Item 8 of Part II, Note 7, Goodwill and Purchased Intangible Assets, of the notes to the Consolidated Financial Statements, for further information.

- *Inventory Valuation and Contract Manufacturer Liabilities.* Inventory consists primarily of component parts to be used in the manufacturing process and is stated at lower of average cost or market. A provision is recorded when inventory is determined to be in excess of anticipated demand or obsolete, to adjust inventory to its estimated realizable value. In determining the provision, we also consider estimated recovery rates based on the nature of the inventory. As of December 31, 2014 and December 31, 2013, our inventory balances were $62.5 million and $52.7 million, respectively.

  We establish a liability for non-cancelable, non-returnable purchase commitments with our contract manufacturers for quantities in excess of our demand forecasts or obsolete materials charges for components purchased by the contract manufacturers based on our demand forecasts or customer orders. We also take estimated recoveries of aged inventory into consideration when determining the liability. As of December 31, 2014 and December 31, 2013, our contract manufacturer liabilities were $25.3 million and $22.9 million, respectively.

  Significant judgment is used in establishing our forecasts of future demand, recovery rates based on the nature and age of inventory, and obsolete material exposures. We perform a detailed analysis and review of data used in establishing our demand forecasts. If the actual component usage and product demand are significantly lower than forecast, which may be caused by factors within and outside of our control, or if there were a higher incidence of inventory obsolescence because of rapidly changing technology and our customer requirements, we may be required to increase our inventory write-downs and contract manufacturer liabilities, which could have an adverse impact on our gross margins and profitability. We regularly evaluate our exposure for inventory write-downs and adequacy of our contract manufacturer liabilities. Inventory and supply chain management remains an area of focus as we balance the risk of material obsolescence and supply chain flexibility in order to reduce lead times.

- *Revenue recognition.* Revenue is recognized when all of the following criteria have been met: (1) persuasive evidence of an arrangement exists, (2) delivery has occurred, (3) sales price is fixed or determinable, and (4) collectability is reasonably assured. We enter into contracts to sell our products and services, and while some of our sales agreements contain standard terms and conditions, there are agreements that contain multiple elements or non-standard terms and conditions. As a result, significant contract interpretation may be required to determine the appropriate accounting, including whether the deliverables specified in a multiple element arrangement should be treated as separate units of accounting for revenue recognition purposes, and, if so, how the price should be allocated among the elements and when to recognize revenue for each element. Changes in the allocation of the sales price between elements may impact the timing of revenue recognition but will not change the total revenue recognized on the contract.

  Under our revenue recognition policies, we allocate revenue to each element based on a selling price hierarchy. The selling price for a deliverable is based on our vendor-specific objective evidence ("VSOE") if available, third-party evidence ("TPE") if VSOE is not available, or estimated selling price ("ESP") if neither VSOE nor TPE is available. We establish VSOE of selling price using the price charged for a deliverable when sold separately. TPE of selling price is established by evaluating largely interchangeable competitor products or services in stand-alone sales to similarly situated customers. We do not use TPE as we do not consider our products to be similar or interchangeable to our competitors' products in standalone sales to similarly situated customers. ESP is established considering internal factors such as margin objectives, pricing practices and controls, customer segment pricing strategies and product life cycle. Consideration is also given to market conditions such as industry pricing strategies and technology life cycles. When determining ESP, we apply management judgment to establish margin objectives and pricing strategies and to evaluate market conditions and product life cycles. Revenue from maintenance service contracts is deferred and recognized ratably over the contractual support period, which is generally one to three years.

- *Income Taxes.* We are subject to income taxes in the United States and numerous foreign jurisdictions. Significant judgment is required in evaluating our uncertain tax positions and determining our taxes. Although we believe our reserves are reasonable, no assurance can be given that the final tax outcome of these matters will not be different from that which is reflected in our historical income tax provisions and accruals. We adjust these reserves in light of changing facts and circumstances, such as the closing of a tax audit or the refinement of an estimate. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will affect the provision for income taxes in the period in which such determination is made.

  Significant judgment is also required in determining any valuation allowance recorded against deferred tax assets. In assessing the need for a valuation allowance, we consider all available evidence, including past operating results, estimates of future taxable income, and the feasibility of tax planning strategies. In the event that we change our determination as to the amount of deferred tax assets that can be realized, we will adjust our valuation allowance with a corresponding impact to the provision for income taxes in the period in which such determination is made.

  Our provision for income taxes is subject to volatility and could be adversely affected by earnings being lower than anticipated in countries that have lower tax rates and higher than anticipated in countries that have higher tax rates; by changes in the valuation of our deferred tax assets and liabilities; by expiration of or lapses in the R&D tax credit laws; by transfer pricing adjustments, including the effect of acquisitions on our intercompany R&D cost-sharing arrangement and legal structure; by tax effects of nondeductible compensation; by tax costs related to intercompany realignments; by changes in accounting principles; or by changes in tax laws and regulations, including possible U.S. changes to the taxation of earnings of our foreign subsidiaries, the deductibility of expenses attributable to foreign income, or the foreign tax credit rules. In addition, OECD's contemplated changes to numerous long-standing tax principles, if finalized and adopted by countries, will increase tax uncertainty and may adversely affect our provision for income taxes. Significant judgment is required to determine the recognition and measurement attributes prescribed in the accounting guidance for uncertainty in income taxes. The accounting guidance for uncertainty in income taxes applies to all income tax positions, including the potential recovery of previously paid taxes, which if settled unfavorably could adversely affect our provision for income taxes or additional paid-in capital. In addition, we are subject to the continuous examination of our income tax returns by the IRS and other tax authorities. We regularly assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for income taxes. There can be no assurance that the outcomes from these continuous examinations will not have an adverse effect on our operating results and financial condition.

- *Loss Contingencies.* We use significant judgment and assumptions to estimate the likelihood of loss or impairment of an asset, or the incurrence of a liability, in determining loss contingencies. An estimated loss contingency is accrued when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. We record a charge equal to the minimum estimated liability for litigation costs or a loss contingency only when both of the following conditions are met: (i) information available prior to issuance of our consolidated financial statements indicates that it is probable that an asset had been impaired or a liability had been incurred at the date of the financial statements and (ii) the range of loss can be reasonably estimated. We regularly evaluate current information available to us to determine whether such accruals should be adjusted and whether new accruals are required.

Recent Accounting Pronouncements

See Note 2, *Significant Accounting Policies*, in Notes to the Consolidated Financial Statements in Item 8 of Part II of this Report, for a full description of recent accounting pronouncements, including the expected dates of adoption and estimated effects on financial condition and results of operations, which is incorporated herein by reference.

Results of Operations

The following table presents product and service net revenues (in millions, except percentages):

	Years Ended December 31,						
	2014	2013	2012	2014 vs. 2013		2013 vs. 2012	
				$ Change	% Change	$ Change	% Change
Routing	$ 2,223.9	$ 2,318.0	$ 2,037.6	$ (94.1)	(4)%	$ 280.4	14%
Switching	721.2	638.0	554.8	83.2	13%	83.2	15%
Security	463.6	563.9	669.7	(100.3)	(18)%	(105.8)	(16)%
Total Product	3,408.7	3,519.9	3,262.1	(111.2)	(3)%	257.8	8%
Percentage of net revenues	*73.7%*	*75.4%*	*74.7%*				
Total Service	1,218.4	1,149.2	1,103.3	69.2	6%	45.9	4%
Percentage of net revenues	*26.3%*	*24.6%*	*25.3%*				
Total net revenues	$ 4,627.1	$ 4,669.1	$ 4,365.4	$ (42.0)	(1)%	$ 303.7	7%

2014 Compared to 2013

Routing product net revenues decreased in 2014, compared to 2013, as a result of weaker demand for core routing, partially offset by strong growth of our PTX series products. Edge routing net revenues increased as a result of strong demand for our MX series products, partly offset by older edge routing platforms. The year-over year decline was driven by weakness from large US carriers, partially offset by strength from Cloud Providers.

Switching product net revenues increased in 2014, compared to 2013, reflecting growth from both our QFabric system and our EX series products. During the year we saw strong adoption of QFabric data center switches by a growing number of customers, with especially strong demand from Cloud Providers in the Americas.

Security product net revenues decreased in 2014, compared to 2013, primarily due to a continuing decline in our legacy Screen OS products and the divestiture of our Junos Pulse product lines. Sales of our SRX platform declined slightly year-over-year, due to lower demand from U.S. Carrier customers.

The increase in service revenue in 2014, compared to 2013, was primarily driven by new service contracts and strong contract renewals. Service revenues are largely correlated with product revenues, therefore if product net revenues decline, it can have an impact on future service revenues.

2013 Compared to 2012

Routing product net revenues increased in 2013, compared to 2012, due to an increase in volume of sales of our edge routing products to both service provider and enterprise customers reflecting customer demand for the MX platform in particular.

Switching product net revenues increased in 2013, compared to 2012, as a result of an increase in EX and QFabric product lines for both service provider and enterprise markets. Also contributing to the increase in net revenues were new product introductions for the enterprise campus and data center infrastructure.

Security product net revenues decreased in 2013, compared to 2012, primarily due to a decline in legacy Screen OS and our SRX platform.

The increase in service revenue in 2013, compared to 2012, was primarily driven by strong contract renewals from our installed base across routing, switching and security products.

Net Revenues by Geographic Region

The following table presents net revenues by geographic region (in millions, except percentages):

	Years Ended December 31,						
	2014	2013	2012	2014 vs. 2013		2013 vs. 2012	
				$ Change	% Change	$ Change	% Change
Americas:							
United States	$ 2,410.6	$ 2,381.5	$ 2,067.5	$ 29.1	1%	$ 314.0	15%
Other	219.7	232.0	218.4	(12.3)	(5)%	13.6	6%
Total Americas	2,630.3	2,613.5	2,285.9	16.8	1%	327.6	14%
Percentage of net revenues	*56.8%*	*56.0%*	*52.4%*				
EMEA	1,263.3	1,256.9	1,266.3	6.4	1%	(9.4)	(1)%
Percentage of net revenues	*27.3%*	*26.9%*	*29.0%*				
APAC	733.5	798.7	813.2	(65.2)	(8)%	(14.5)	(2)%
Percentage of net revenues	*15.9%*	*17.1%*	*18.6%*				
Total net revenues	$ 4,627.1	$ 4,669.1	$ 4,365.4	$ (42.0)	(1)%	$ 303.7	7%

2014 Compared to 2013

The increase in net revenues in the Americas in 2014, compared to 2013, was primarily due to an increase in net revenues from service provider markets, partially offset by a decline in the enterprise market. The increase in net revenues in the service provider market was due to strong demand from cloud and cable providers, partially offset by a decrease in demand from carriers. The decline in the enterprise market resulted from a decline in net revenues due to recognition of revenue from a large U.S. federal government contract in 2013.

Net revenues in EMEA slightly increased in 2014, compared to 2013, primarily due to stronger demand from service providers partially offset by a decrease in net revenues from the enterprise market, although demand from the public sector remained strong.

Net revenues in APAC decreased in 2014, compared to 2013, primarily due to a decline in net revenues from both the service provider and enterprise market.

2013 Compared to 2012

Net revenues in the Americas increased in 2013, compared to 2012, primarily due to an increase in revenues from both the service provider and enterprise markets. The increase in service provider revenues was due to an increase in sales to cloud providers and cable providers, partially offset by a slight decrease in sales to carriers. The increase in enterprise revenues in 2013, compared to 2012, was primarily attributable to a broad-based improvement in customer demand as well as the recognition of a large U.S. federal government contract.

Net revenues in EMEA decreased in 2013, compared to 2012, primarily due to a decline in revenues in the enterprise market attributable to certain large sales in 2012.

Net revenues in APAC decreased in 2013, compared to 2012, primarily due to lower revenues in enterprise resulting from weaker conditions in the China enterprise market. Service provider revenues were relatively flat as a decline in sales with certain large service providers in Japan were offset by higher revenue with certain large carriers in China. Additionally, the recognition of revenue from a large service provider in Singapore was offset by declines in revenues from other service providers in APAC.

Net Revenues by Market and Customer

The following table presents net revenues by market (in millions, except percentages):

	Years Ended December 31,						
	2014	2013	2012	2014 vs. 2013		2013 vs. 2012	
				$ Change	% Change	$ Change	% Change
Service Provider	$ 3,100.4	$ 3,054.2	$ 2,811.2	$ 46.2	2%	$ 243.0	9%
Percentage of net revenues	*67.0%*	*65.4%*	*64.4%*				
Enterprise	1,526.7	1,614.9	1,554.2	(88.2)	(5)%	60.7	4%
Percentage of net revenues	*33.0%*	*34.6%*	*35.6%*				
Total net revenues	$ 4,627.1	$ 4,669.1	$ 4,365.4	$ (42.0)	(1)%	$ 303.7	7%

We sell our high-performance routing, switching, and security network products and service offerings to two primary markets: service provider and enterprise. Determination of which market a particular revenue transaction relates to is based primarily upon the customer's industrial classification code, but may also include subjective factors such as the intended use of the product. The service provider market generally includes wireline and wireless carriers, and cable operators, as well as major Internet content and application providers, including those that provide social networking and search engine services. The enterprise market generally is comprised of businesses; federal, state, and local governments; research and education institutions; and financial services.

2014 Compared to 2013

Net revenues from sales to the service provider market increased in 2014, compared to 2013, with growth in the Americas and EMEA. The increase in service provider net revenues in the Americas was driven by increased revenues from cloud and cable providers, partially offset by decreased revenues from large carriers. The increase in service provider net revenues in EMEA was attributable to growth with large carriers, while in APAC net revenues in the service provider market declined as a result of lower demand with both small and large carriers. In addition, service provider demand for switching products continued to be strong.

Net revenues from sales to the enterprise market decreased in 2014, compared to 2013, primarily due to a decline in sales in all geographic regions, however, revenue demand from public sector customers was higher for all three regions.

2013 Compared to 2012

Net revenues from sales to the service provider market increased in 2013, compared to 2012, primarily due to an increase in sales to cloud providers and cable providers in the Americas, partially offset by a slight decrease in sales to wireless carriers, while the service provider market in EMEA and APAC was relatively flat. In addition, service provider demand for switching and data center solutions in 2013 was stronger than in 2012.

Net revenues from the enterprise market increased in 2013, compared to 2012, primarily due to broad-based growth in the Americas enterprise market, as well as recognition of a large U.S. federal government contract, partially offset by weaker demand in APAC and EMEA.

Customer

No customer accounted for greater than 10% of our net revenues during the year ended December 31, 2014 and 2013. During the year ended December 31, 2012, Verizon accounted for 10.3% of our net revenues.

Gross Margins

The following table presents gross margins (in millions, except percentages):

	Years Ended December 31,						
	2014	2013	2012	2014 vs. 2013		2013 vs. 2012	
				$ Change	% Change	$ Change	% Change
Product gross margin	$ 2,121.9	$ 2,243.3	$ 2,058.1	$ (121.4)	(5)%	$ 185.2	9%
Percentage of product revenues	*62.2%*	*63.7%*	*63.1%*				
Service gross margin	736.3	698.1	650.7	38.2	5%	47.4	7%
Percentage of service revenues	*60.4%*	*60.7%*	*59.0%*				
Total gross margin	$ 2,858.2	$ 2,941.4	$ 2,708.8	$ (83.2)	(3)%	$ 232.6	9%
Percentage of net revenues	*61.8%*	*63.0%*	*62.1%*				

2014 Compared to 2013

Product gross margin decreased as a percentage of product net revenues in 2014, compared to 2013, primarily due to an increase in cost of revenues. The increase in cost of revenues was primarily due to asset write-downs of $41.5 million for product rationalizations in connection with our 2014 Restructuring Plan and $20.7 million in connection with an industry-wide memory product quality defect in a component from a third-party supplier. Excluding the costs of the restructuring and component defect, product gross margin as a percentage of net revenues improved slightly primarily due to the favorability in product mix in the 2014 period.

Service gross margin as a percentage of service net revenues decreased slightly in 2014, compared to 2013, primarily due to an increase in labor and logistics delivery costs to support new contracts and product introductions.

2013 Compared to 2012

Product gross margin percentage increased slightly in 2013, compared to 2012, primarily due to higher restructuring and other charges recorded in 2012, partially offset by higher inventory provisions in 2013 for legacy platforms. Product gross margin benefited from cost reductions in the supply chain in 2013, which more than offset the impact of higher pricing discounts.

Service gross margin as a percentage of service net revenues increased in 2013, compared to 2012, primarily due to higher service revenues and greater efficiency in the delivery of services.

Operating Expenses

The following table presents operating expenses (in millions, except percentages):

	Years Ended December 31,						
	2014	2013	2012	2014 vs. 2013		2013 vs. 2012	
				$ Change	% Change	$ Change	% Change
Research and development	$ 1,006.2	$ 1,043.2	$ 1,101.6	$ (37.0)	(4)%	$ (58.4)	(5)%
Percentage of net revenues	*21.7%*	*22.3%*	*25.2%*				
Sales and marketing	1,023.6	1,075.9	1,045.5	(52.3)	(5)%	30.4	3%
Percentage of net revenues	*22.1%*	*23.0%*	*23.9%*				
General and administrative	231.1	217.3	206.8	13.8	6%	10.5	5%
Percentage of net revenues	*5.0%*	*4.7%*	*4.7%*				
Restructuring and other charges	167.0	39.1	46.8	127.9	327%	(7.7)	(16)%
Percentage of net revenues	*3.6%*	*0.8%*	*1.1%*				
Impairment of goodwill	850.0	—	—	850.0	—%	—	—%
Percentage of net revenues	*18.4%*	—%	$ —				
Total operating expenses	$ 3,277.9	$ 2,375.5	$ 2,400.7	$ 902.4	38%	$ (25.2)	(1)%
Percentage of net revenues	*70.8%*	*50.9%*	*55.0%*				

Our operating expenses have historically been driven in large part by personnel-related costs, including wages, commissions, bonuses, benefits, share-based compensation, and travel, particularly with respect to research and development and sales and marketing activities. Facility and information technology ("IT") departmental costs are allocated to each department based on usage and headcount. Facility and IT related headcount was 366, 396, and 368, as of December 31, 2014, 2013, and 2012, respectively. We had a total of 8,806, 9,483, and 9,234, employees as of December 31, 2014, 2013, and 2012, respectively.

2014 Compared to 2013

Research and development

Research and development expense decreased in 2014, compared to 2013, primarily due to lower personnel-related expenses as a result of restructuring actions and divestiture of our Junos Pulse product lines. Research and development headcount decreased 8% from 4,135 as of December 31, 2013 to 3,797 as of December 31, 2014. The decrease in research and development personnel expense was partially offset by higher share-based compensation expense as a result of our acquisition of WANDL, Inc. in the first quarter, and engineering program costs in 2014, compared to 2013.

Sales and marketing

Sales and marketing expense decreased in 2014, compared to 2013, primarily due to lower personnel-related expenses and other discretionary expenses due to our cost reduction efforts and creating efficiency in our sales activities. The decrease in personnel-related expenses is primarily due to headcount reductions. Sales and marketing headcount decreased 11% from 2,626 as of December 31, 2013 to 2,348 as of December 31, 2014.

General and administrative

General and administrative expense increased in 2014, compared to 2013, primarily due to higher litigation and investigation related costs incurred in the current period in connection with investigation into possible violations of the U.S. Foreign Corrupt Practices Act and, to a lesser extent, our patent litigation case with Palo Alto Networks, Inc. ("PAN"), as well as other litigation matters. This increase was partially offset by personnel-related expenses as a result of headcount reductions of 8% from 513 as of December 31, 2013 to 470 as of December 31, 2014. Our patent litigation with PAN was settled in 2014.

Restructuring and other charges

Restructuring and other charges increased in 2014, compared to 2013, due to higher charges recorded in 2014 in connection with our 2014 Restructuring Plan. During 2014, we implemented the 2014 Restructuring Plan and incurred restructuring charges of $166.2 million related to workforce reductions, contract terminations, project cancellations, and facility closures. The 2014 Restructuring Plan has been substantially completed as of December 31, 2014 and we do not expect to record significant future charges. See Note 9, Restructuring and Other Charges, in Notes to Consolidated Financial Statements in Item 8 of Part II of this Report, for further discussion of our restructuring activities.

Impairment of goodwill

In the fourth quarter of 2014, we began to implement a new security strategy focused on network resiliency and performance based on the SRX platform. As a result, we rationalized our Security product portfolio including developing a new product roadmap and exiting certain point products, including the divestiture of Junos Pulse. These factors decreased our short term and near term revenue and profitability forecasts of the security reporting unit. During our fiscal year 2014 annual goodwill impairment test, the carrying value of our security reporting unit's goodwill exceeded the implied fair value of goodwill, resulting in a goodwill impairment charge of $850.0 million which was recorded in the Consolidated Statement of Operations in Part II Item 8 of this report. See Note 7, Goodwill and Purchased Intangibles, in Notes to Consolidated Financial Statements in Item 8 of Part II of this Report, for further discussion on the impairment of goodwill.

2013 Compared to 2012

Research and development

Research and development expense decreased in 2013, compared to 2012, primarily due to lower depreciation expense of $28.3 million attributable to the extended useful lives of computers and equipment in 2013 as well as lower prototype development costs of $18.6 million. In addition, outside services, facilities, and IT costs decreased related to the cancellation of certain projects and facility closures. The decrease in research and development expense was partially offset by increases in personnel-related expenses primarily attributable to higher share-based compensation expense, and to a lesser extent, higher variable compensation. Research and development headcount increased 1% from 4,081 as of December 31, 2012 to 4,135 as of December 31, 2013. Additionally, we continued to shift headcount to lower cost regions.

Sales and marketing

Sales and marketing expense increased in 2013, compared to 2012, primarily due to higher personnel-related expenses related to an increase in commission expense driven by improved sales achievement, partially offset by lower share-based compensation expense and lower outside service and travel due to our cost reduction efforts and creating efficiency in our sales activities. Sales and marketing headcount decreased 2% from 2,680 as of December 31, 2012 to 2,626 as of December 31, 2013 as a result of our restructuring activities.

General and administrative

General and administrative expense increased in 2013, compared to 2012, primarily due to higher litigation costs. The increase in general and administrative expense was partially offset by lower personnel-related expenses, primarily share-based compensation expense. General and administrative headcount increased 6% from 486 as of December 31, 2012 to 513 as of December 31, 2013 to support our finance-related initiatives, including our ERP implementation.

Restructuring and other charges

Restructuring and other charges decreased in 2013, compared to 2012, due to higher charges recorded in 2012 in connection with our 2012 Restructuring Plan. During 2013, we implemented the 2013 Restructuring Plan and incurred restructuring charges of $39.1 million related to workforce reductions, contract terminations, project cancellations, and facility closures in connection with our plans. See Note 9, *Restructuring and Other Charges*, in Notes to Consolidated Financial Statements in Item 8 of Part II of this Report, for further discussion of our restructuring activities.

Share-Based Compensation

Share-based compensation expense associated with equity incentive awards ("awards"), which include stock options, restricted stock units ("RSUs"), restricted stock awards ("RSAs") and performance share awards ("PSAs"), as well as our Employee Stock Purchase Plan ("ESPP") was recorded in the following cost and expense categories (in millions, except percentages):

	Years Ended December 31,						
	2014	2013	2012	2014 vs. 2013		2013 vs. 2012	
				$ Change	% Change	$ Change	% Change
Cost of revenues - Product	$ 5.0	$ 4.7	$ 4.6	$ 0.3	6%	$ 0.1	2%
Cost of revenues - Service	14.2	15.4	17.0	(1.2)	(8)%	(1.6)	(9)%
Research and development	134.5	127.6	109.1	6.9	5%	18.5	17%
Sales and marketing	60.2	70.9	81.6	(10.7)	(15)%	(10.7)	(13)%
General and administrative	26.1	26.0	31.1	0.1	—%	(5.1)	(16)%
Total	$ 240.0	$ 244.6	$ 243.4	$ (4.6)	(2)%	$ 1.2	—%

2014 Compared to 2013

Share-based compensation expense remained consistent in 2014, compared to 2013. The increase in expense related to RSUs, RSAs, and PSAs assumed in connection with our acquisition of WANDL in 2014 and the increase in grant date fair values due to higher stock prices was offset by a decrease in actual shares vested.

2013 Compared to 2012

Share-based compensation expense remained consistent in 2013, compared to 2012. Offsetting increases in expense related to RSAs assumed in connection with our acquisition of Contrail at the end of 2012 were decreases in actual shares vested and a decline in grant date fair values due to our lower stock prices.

Other Income (Expense), Net and Income Tax Provision

The following table presents other income (expense), net and income tax provision (in millions, except percentages):

	Years Ended December 31,						
	2014	2013	2012	2014 vs. 2013		2013 vs. 2012	
				$ Change	% Change	$ Change	% Change
Interest income	$ 10.0	$ 8.7	$ 11.0	$ 1.3	15%	$ (2.3)	(21)%
Interest expense	(66.9)	(58.4)	(52.9)	(8.5)	15%	(5.5)	10%
Net gain on legal settlement	196.1	—	—	196.1	—%	—	—%
Gain on investments	167.9	11.3	26.7	156.6	1,386%	(15.4)	(58)%
Gain on sale of Junos Pulse	19.6	—	—	19.6	—%	—	—%
Other	6.7	(2.0)	(1.4)	8.7	435%	(0.6)	43%
Total other income (expense), net	$ 333.4	$ (40.4)	$ (16.6)	$ 373.8	925%	$ (23.8)	143%
Percentage of net revenues	*7.2%*	*(0.9)%*	*(0.4)%*				
Income tax provision	$ 248.0	$ 85.7	$ 105.0	$ 162.3	189%	$ (19.3)	(18)%
Effective tax rate	*(287.4)%*	*16.3%*	*36.0%*				

Other Income (Expense), Net

Interest income primarily includes interest income from our cash, cash equivalents, and investments. Interest expense primarily includes interest, net of capitalized interest expense from our long-term debt and customer financing arrangements. Other typically consists of foreign exchange gains and losses and other non-operational income and expense items.

2014 Compared to 2013

Interest Income

Interest income increased in 2014 compared to 2013, primarily due to a higher balance of longer term investments yielding higher interest.

Interest Expense

Interest expense increased in 2014, compared to 2013, primarily due to the issuance of our 2024 Notes in the first quarter of 2014. See Note 10, *Long-Term Debt and Financing*, in Notes to Consolidated Financial Statements in Item 8 in Part II of this report for additional information regarding our 2024 Notes.

Gain on Legal Settlement

During the year ended December 31, 2014, we entered into a settlement agreement with PAN resolving patent litigation between the two companies, which resulted in a realized gain on legal settlement and subsequent sale of related securities of $196.1 million, net of legal fees.

Gain on Investments

During the year ended December 31, 2014, we recorded a gain of $163.0 million, primarily related to the sale of investments which were converted from privately-held investments to publicly-traded equity upon IPO and subsequently sold. During the year ended December 31, 2013, net gain on investments was primarily comprised of a gain of $7.1 million related to the Company's privately-held investments and publicly traded-equity investments.

Gain on Sale of Junos Pulse

The sale of our Junos Pulse product portfolio was completed on October 1, 2014 and we recorded a gain of $19.6 million in other income (expense), net in the Consolidated Statement of Operations. This sale was driven by product rationalization in connection with our initiative to focus on projects with the highest potential for growth. See Note 8. Other Financial Information, in Notes to Consolidated Financial Statements in Item 8 of Part II of this Report for further discussion on the sale Junos Pulse.

2013 Compared to 2012

Interest Income

Interest income decreased in 2013, compared to 2012, due to lower cash balances and interest rates, as well as a shift to certain investments yielding lower interest.

Interest Expense

Interest expense increased in 2013, compared to 2012, primarily due to higher capitalized interest in 2012 resulting from our phased Sunnyvale campus build-out.

Gain on Investments

Gain on investments decreased in 2013, compared to 2012, due to higher net gains recorded in 2012 related to our privately-held investments which included a $14.7 million gain from the acquisition of our privately-held investment in Contrail.

Income Tax Provision

The effective rate for 2014 differs from the federal statutory rate of 35% primarily due to the impact of the non-deductible goodwill charge and tax gain on sale of Junos Pulse offset by the benefit from release of the Company's valuation allowance attributable to investment losses, the federal R&D credit, recognition of domestic production activities deductions, and earnings in foreign jurisdictions, which are subject to lower tax rates. The passage of Tax Increase Prevention Act of 2014 on December 19, 2014 retroactively reinstated the U.S. federal R&D tax credit from January 1, 2014 to December 31, 2014.

The effective rate for 2013 was lower than the federal statutory rate of 35% primarily due to the benefit of the federal R&D credit, a tax settlement with the IRS, recognition of domestic production activities deductions, and earnings in foreign jurisdictions, which are subject to lower tax rates.

The effective tax rate for 2012 was substantially similar to the federal statutory rate of 35%. The effective rate for 2012 does not reflect the benefit of the federal R&D credit which expired on December 31, 2011.

Our effective tax rate could fluctuate significantly on a quarterly basis and could be adversely affected to the extent earnings are lower than anticipated in countries that have lower statutory rates and higher than anticipated in countries that have higher statutory rates. Our effective tax rate could also fluctuate due to changes in the valuation of our deferred tax assets or liabilities, or by changes in tax laws, regulations, or accounting principles, as well as certain discrete items. As a result of the expiration of the federal research and development credit on December 31, 2014, we expect our effective tax rate to increase in 2015 See Item1A of Part I, "Risk Factors" of this Report for a description of relevant risks which may adversely affect our results.

For a complete reconciliation of our effective tax rate to the U.S. federal statutory rate of 35% and further explanation of our income tax provision, see Note 14, *Income Taxes*, in Notes to Consolidated Financial Statements in Item 8 of Part II of this Report.

Liquidity and Capital Resources

Historically, we have funded our business primarily through our operating activities, the issuance of our common stock, and the issuance of our long-term debt. The following table shows our capital resources (in millions, except percentages):

	As of December 31,			
	2014	2013	$ Change	% Change
Working capital	$ 1,444.2	$ 2,262.5	$ (818.3)	(36)%
Cash and cash equivalents	$ 1,639.6	$ 2,284.0	$ (644.4)	(28)%
Short-term investments	332.2	561.9	(229.7)	(41)%
Long-term investments	1,133.1	1,251.9	(118.8)	(9)%
Total cash, cash equivalents, and investments	3,104.9	4,097.8	(992.9)	(24)%
Long-term debt	1,349.0	999.3	349.7	35%
Net cash, cash equivalents, and investments	$ 1,755.9	$ 3,098.5	$ (1,342.6)	(43)%

The significant components of our working capital are cash and cash equivalents, short-term investments, and accounts receivable, reduced by accounts payable, accrued liabilities, and short-term deferred revenue. Working capital decreased by $818.3 million during the year ended December 31, 2014, primarily due to a decrease in cash and cash equivalents as a result of our stock repurchase activities, tax payments, dividends, and purchase of capital equipment, as well as a decline in short term investments.

Summary of Cash Flows

As of December 31, 2014, our cash and cash equivalents decreased by $644.4 million from December 31, 2013 primarily due to purchases and retirement of our common stock in connection with our stock repurchase program, capital expenditures, federal estimated tax payment, dividend payout and higher payments related to all restructuring plans, partially offset by the issuance of the 2024 Notes in February 2014, cash received from the sale of certain equity investments, cash received from the patent litigation settlement, and proceeds from the sale of Junos Pulse.

The following table summarizes cash flows from our Consolidated Statements of Cash Flows (in millions, except percentages):

	Years Ended December 31,						
	2014	2013	2012	2014 vs. 2013		2013 vs. 2012	
				$ Change	% Change	$ Change	% Change
Net cash provided by operating activities	$ 763.4	$ 845.9	$ 637.7	$ (82.5)	(10)%	$ 208.2	33%
Net cash provided by (used in) investing activities	$ 434.0	$ (561.0)	$ (595.6)	$ 995.0	(177)%	$ 34.6	(6)%
Net cash (used in) financing activities	$ (1,824.2)	$ (401.7)	$ (548.3)	$ (1,422.5)	354%	$ 146.6	(27)%

Operating Activities

2014 Compared to 2013

Cash flow from operations decreased by $82.5 million in 2014, compared to 2013, primarily due to lower cash collections from customers, higher payments related to our restructuring plans, higher taxes paid, and lower prepayments compared to prior year.

2013 Compared to 2012

Cash flows from operations increased by $208.2 million in 2013, compared to 2012, primarily due to higher net income, the timing of payments to our vendors, higher deferred revenue, and lower taxes paid, partially offset by the timing of payments for incentive compensation to our employees and the timing of collections on our outstanding receivables.

Investing Activities

2014 Compared to 2013

Net cash provided by investing was $434.0 million in 2014, compared to net cash used in investing of $561.0 million in 2013. The increase in net cash provided by investing activities was primarily due to higher proceeds from sale of investments and fewer purchases of investments, as well as proceeds received from the sale of Junos Pulse.

2013 Compared to 2012

Net cash used in investing activities decreased by $34.6 million in 2013, compared to 2012, primarily due to lower spending on acquisitions and asset purchases as well as lower capital expenditures as we completed our phased Sunnyvale campus build-out, partially offset by higher purchases of investments.

Financing Activities

2014 Compared to 2013

Net cash used in financing activities increased by $1,422.5 million in 2014, compared to 2013, primarily due to purchases and retirement of our common stock and payment of cash dividends, partially offset by the issuance of the 2024 Notes.

2013 Compared to 2012

Net cash used in financing activities decreased by $146.6 million in 2013, compared to 2012, primarily due to lower purchases and retirement of our common stock, partially offset by an increase in proceeds from employee stock option exercises as well as proceeds from customer financing arrangements.

Stock Repurchase Activities

In February 2014, the Board approved a stock repurchase program that authorized us to repurchase up to $2.1 billion of our common stock ("2014 Stock Repurchase Program"). In October 2014, the Board authorized a $1.3 billion increase to the 2014 Stock Repurchase Program for a total of $3.4 billion. As of December 31, 2014, there was $1.2 billion of authorized funds remaining under the 2014 Stock Repurchase Program. We intend to repurchase $1.0 billion of our common stock by the end of the second quarter of 2015 as part of our three year capital return program, subject to raising additional debt financing. Future share repurchases will be subject to a review of the circumstances at that time and will be made from time to time in private transactions or open market purchases as permitted by securities laws and other legal requirements. Our stock repurchase programs may be discontinued at any time.

The following table summarizes our stock repurchase activities (in millions, except per share amounts):

	Shares Repurchased	Average price per share	Amount Repurchased
2014			
Repurchases under stock repurchase programs	46.8	$ 22.42	$ 1,050.0
Accelerated share repurchase[1]	49.3	$ 24.35	$ 1,200.0
Repurchases for tax withholding	0.6	$ 19.69	$ 12.5
2013			
Repurchases under stock repurchase programs	28.9	$ 19.76	$ 570.6
Repurchases for tax withholding	0.4	$ 20.23	$ 7.2
2012			
Repurchases under stock repurchase programs	35.8	$ 18.05	$ 645.6
Repurchases for tax withholding	0.2	$ 23.40	$ 5.0

(1) As part of the 2014 Stock Repurchase Program, we entered into two separate accelerated share repurchase agreements (collectively, the "ASR") with two financial institutions to repurchase $1.2 billion of our common stock. We made an up-front payment of $1.2 billion pursuant to the ASR to repurchase our common stock. The aggregate number of shares ultimately purchased was determined based on a volume weighted average repurchase price, less an agreed upon discount. The shares received with respect to the ASR have been retired. Retired shares return to authorized but unissued shares of common stock.

Dividends

On July 22, 2014, we declared a quarterly cash dividend of $0.10 per share of our common stock, or $43.8 million in the aggregate, to stockholders of record on September 2, 2014 which was paid on September 23, 2014. On October 23, 2014, we declared a cash dividend of $0.10 per share of common stock, or $42.2 million, on December 23, 2014 to stockholders of record as of the close of business on December 2, 2014. Any future dividends, and the establishment of record and payment dates, are subject to approval by our Board or an authorized committee thereof. See Note 18, *Subsequent Events*, in Notes to Consolidated Financial Statements in Item 8 of Part II of this Report for further discussion on our dividend declaration subsequent to December 31, 2014.

Restructuring

As of December 31, 2014, our restructuring liability was $17.0 million of which $9.4 million is related to severance, which are expected to be paid in full by the first quarter of 2015, $7.4 million related to facility closures, expected to be paid through March 2018, and $0.2 million related to contract and other charges. See Note 9, *Restructuring and Other Charges*, in Notes to Consolidated Financial Statements in Item 8 of Part II of this Report for further discussion on our restructuring plans.

Deferred Revenue

Deferred product revenue represents unrecognized revenue related to shipments to distributors that have not sold through to end-users, undelivered product commitments, and other shipments that have not met all revenue recognition criteria. Deferred product revenue is recorded net of the related costs of product revenue. Deferred service revenue represents customer payments made in advance for services, which include technical support, hardware and software maintenance, professional services, and training.

The following table summarizes our deferred product and service revenues (in millions):

	As of December 31,	
	2014	2013
Deferred product revenue:		
Undelivered product commitments and other product deferrals	$ 180.3	$ 184.9
Distributor inventory and other sell-through items	103.7	118.7
Deferred gross product revenue	284.0	303.6
Deferred cost of product revenue	(58.4)	(58.6)
Deferred product revenue, net	225.6	245.0
Deferred service revenue	850.1	824.3
Total	$ 1,075.7	$ 1,069.3

As of December 31, 2014, net deferred product revenue decreased $19.4 million to $225.6 million, compared to $245.0 million as of December 31, 2013, as a result of lower distributor inventory and multiple revenue releases in relation to previously deferred product revenue. As of December 31, 2014, the increase in deferred service revenue of $25.8 million attributed to the execution of several multi-year support agreements, and an increase in annual agreement renewals.

Off-Balance Sheet Arrangements

As of December 31, 2014 and 2013, we did not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. It is not our business practice to enter into off-balance sheet arrangements. However, in the normal course of business, we enter into contracts consisting of guarantees of product and service performance, guarantees related to third-party customer-financing arrangements, customs and duties guarantees, and standby letters of credit for certain lease facilities. See “Guarantees” below and Note 16, *Commitments and Contingencies,* in Notes to Consolidated Financial Statements in Item 8 of Part II of this Report for additional information regarding our guarantees.

Contractual Obligations

Our principal commitments consist of obligations outstanding under operating leases, purchase commitments, debt, and other contractual obligations. The following table summarizes our principal contractual obligations as of December 31, 2014 and the effect such obligations are expected to have on our liquidity and cash flow in future periods (in millions):

	Payments Due by Period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Operating leases[1]	$ 137.1	$ 41.2	$ 52.1	$ 21.8	$ 22.0
Purchase commitments with contract manufacturers and suppliers[1]	476.2	476.2	—	—	—
Long-term debt[2]	1,350.0	—	300.0	—	1,050.0
Interest payment on long-term debt[2]	881.4	62.7	111.0	106.7	601.0
Other contractual obligations[1]	19.2	13.1	6.1	—	—
Total	$ 2,863.9	$ 593.2	$ 469.2	$ 128.5	$ 1,673.0

(1) See Note 16, *Commitments and Contingencies,* in Notes to Consolidated Financial Statements in Item 8 of Part II of this Report for additional information regarding our contractual commitments.

(2) See Note 10, *Long-Term Debt and Financing,* in Notes to Consolidated Financial Statements in Item 8 of Part II of this Report for additional information regarding our debt.

As of December 31, 2014, we had $177.5 million included in long-term income taxes payable in the Consolidated Balance Sheets for unrecognized tax positions. At this time, we are unable to make a reasonably reliable estimate of the timing of payments related to this amount due to uncertainties in the timing of tax audit outcomes. As a result, this amount is not included in the table above.

Revolving Credit Facility

On June 27, 2014, we entered into a Credit Agreement with certain institutional lenders that provides for a five year $500.0 million unsecured revolving credit facility, with an option to increase the amount of the credit facility by up to an additional $200.0 million, subject to certain conditions. Proceeds from borrowing made under the Credit Agreement may be used by us for working capital and general corporate purposes. Revolving loans may be borrowed, repaid and reborrowed until June 27, 2019, at which time all amounts borrowed must be repaid. We will pay to each lender a facility fee on a quarterly basis based on the amount of each lender's commitment to make loans, of between 0.100% and 0.250% depending on our public debt rating. Revolving loans may be prepaid without penalty, subject to customary breakage costs for loans bearing interest at the Eurocurrency rate. We are also obligated to pay customary fees for a credit facility of this size and type.

The Credit Agreement includes customary events of default that, include among other things, non-payment of principal, interest or fees, inaccuracy of representations and warranties, violation of covenants, cross default to certain other indebtedness, bankruptcy and insolvency events involving the Company or its material subsidiaries, material judgments, change of control and certain ERISA events. The occurrence of an event of default could result in the acceleration of the obligations under the Credit Agreement. A default interest rate shall apply, at the request of the required lenders, on all obligations during a payment event of default under the Credit Agreement at a rate per annum equal to 2.000% above the applicable interest rate.

The Credit Agreement requires us to maintain a leverage ratio no greater than 3.0x and an interest coverage ratio no less than 3.0x during the term of the credit facility. In addition, the Credit Agreement contains customary affirmative and negative covenants, including covenants that limit or restrict the ability of the Company and its subsidiaries to, among other things, grant liens, merge or consolidate, dispose of all or substantially all of its assets, change their accounting or reporting policies, change their business and incur subsidiary indebtedness, in each case subject to customary exceptions for a credit facility of this size and type. As of December 31, 2014, the Company was in compliance with all covenants in the Credit Agreement, and no amounts were outstanding. See Note 10, *Long-term Debt and Financing*, in Notes to Consolidated Financial Statements in Item 8 of Part II of this Report.

Guarantees

We have entered into agreements with customers that contain indemnification provisions relating to potential situations where claims could be alleged that our products infringe the intellectual property rights of a third-party. We also have financial guarantees consisting of guarantees of product and service performance, guarantees related to third-party customer-financing arrangements, custom and duty guarantees, and standby letters of credit for certain lease facilities. Under certain third-party customer financing arrangements that contain guarantee provisions, which have terms of up to four years, we are liable for the aggregate unpaid payments to the third-party financing company in the event of customer default. As of December 31, 2014, we have not made any payments under these arrangements. As of December 31, 2014 and December 31, 2013, we had $26.2 million and $40.1 million, respectively, in financing guarantees, bank guarantees, and standby letters of credit related to these financial guarantees of which $22.2 million in financing guarantees was recorded in other accrued liabilities and other long-term liabilities in the Consolidated Balance Sheets as of December 31, 2014.

Liquidity and Capital Resources

Liquidity and capital resources may be impacted by our operating activities as well as acquisitions and investments in strategic relationships that we have made or we may make in the future. Additionally, in 2014, we indicated that we intend to return $4.1 billion to our stockholders in the form of stock repurchases and dividends from February 2014 through the end of 2016. To the extent we repurchase additional shares of our common stock under our stock repurchase program or pay cash dividends on our common stock, our liquidity may be impacted.

In August 2013, we filed an automatic shelf registration statement with the SEC enabling us to offer for sale, from time to time, an unspecified amount of securities in one or more offerings and is intended to give us flexibility to take advantage of financing opportunities as needed or deemed desirable in light of market conditions. Our 2024 Notes were issued under the automatic shelf registration statement which was issued pursuant to a prospectus filed with the SEC on February 28, 2014. Any other offerings of securities under the automatic shelf registration statement will be made pursuant to a prospectus. In addition, the revolving credit facility under our Credit Agreement will also provide additional flexibility for future liquidity needs.

We have been focused on managing our annual equity usage as a percentage of our common stock outstanding to align with peer group competitive levels and have made changes in recent years to reduce the number of shares underlying the equity awards we grant. Our intention for 2014 was to target the number of shares underlying equity awards granted on an annual basis at 2.50% or less of our common stock outstanding on a pure share basis (where each option, RSU, RSA or PSA granted is counted as one share). Based upon shares underlying options, RSUs, RSAs, and PSAs granted during 2014, we were at or below this target.

Based on past performance and current expectations, we believe that our existing cash and cash equivalents, short-term, and long-term investments, together with cash generated from operations and access to capital markets and the revolving credit facility under the Credit Agreement will be sufficient to fund our operations, planned stock repurchases and dividends, and anticipated growth for at least the next twelve months. We believe our working capital is sufficient to meet our liquidity requirements for capital expenditures, commitments, and other liquidity requirements associated with our existing operations during the same period. However, our future liquidity and capital requirements may vary materially from those now planned depending on many factors, including, but not limited to:

- level and mix of our product, sales, and gross profit margins;
- our business, product, capital expenditures and R&D plans;
- repurchases of our common stock;
- payment of dividends;
- incurrence and repayment of debt and related interest obligations;

- litigation expenses, settlements, and judgments, or similar items related to resolution of tax audits;
- volume price discounts and customer rebates;
- accounts receivable levels that we maintain;
- acquisitions and/or funding of other businesses, assets, products, or technologies;
- changes in our compensation policies;
- capital improvements for new and existing facilities;
- technological advances;
- our competitors' responses to our products and/or pricing;
- our relationships with suppliers, partners, and customers;
- possible future investments in raw material and finished goods inventories;
- expenses related to future restructuring plans;
- tax expense associated with share-based awards;
- issuance of share-based awards and the related payment in cash for withholding taxes in the current year and possibly during future years;
- level of exercises of stock options and stock purchases under our equity incentive plans; and
- general economic conditions and specific conditions in our industry and markets, including the effects of disruptions in global credit and financial markets, international conflicts, and related uncertainties.

ITEM 7A. *Quantitative and Qualitative Disclosures about Market Risk*

Interest Rate Risk

We maintain an investment portfolio of various holdings, types, and maturities. The value of our investments is subject to market price volatility. In addition, as of December 31, 2014, 85% of our cash, cash equivalents, and marketable securities were held outside of the U.S., which may be subject to U.S. taxes if repatriated. Our marketable securities are generally classified as available-for-sale and, consequently, are recorded on our Consolidated Balance Sheets at fair value with unrealized gains or losses reported as a separate component of accumulated other comprehensive income. These investments are also reviewed to identify and evaluate indications of potential other-than-temporary impairments as discussed in Note 4, *Cash Equivalents and Investments,* in Notes to Consolidated Financial Statements in Item 8 of Part II of this Report.

At any time, a rise in interest rates could have a material adverse impact on the fair value of our investment portfolio. Conversely, a decline in interest rates could have a material impact on interest income from our investment portfolio. We do not currently hedge these interest rate exposures. We recognized immaterial gains and losses during the years ended December 31, 2014, 2013, and 2012, related to the sales of certain investments.

The following tables present hypothetical changes in fair value of our available-for-sale fixed income securities held as of December 31, 2014 and 2013 that are sensitive to changes in interest rates (in millions):

	Valuation of Securities Given an Interest Rate Decrease of X BPS			Fair Value as of December 31, 2014	Valuation of Securities Given an Interest Rate Increase of X BPS		
	(150 BPS)	(100 BPS)	(50 BPS)		50 BPS	100 BPS	150 BPS
Available-for-sale fixed income securities	$ 1,487.2	$ 1,481.6	$ 1,476.1	$ 1,470.6	$ 1,465.1	$ 1,459.5	$ 1,454.0

	Valuation of Securities Given an Interest Rate Decrease of X BPS			Fair Value as of December 31, 2013	Valuation of Securities Given an Interest Rate Increase of X BPS		
	(150 BPS)	(100 BPS)	(50 BPS)		50 BPS	100 BPS	150 BPS
Available-for-sale fixed income securities	$ 1,741.6	$ 1,734.4	$ 1,727.1	$ 1,719.9	$ 1,712.6	$ 1,705.3	$ 1,698.1

These instruments are not leveraged and are held for purposes other than trading. The modeling technique used measures the changes in fair value arising from selected potential changes in interest rates. Market changes reflect immediate hypothetical parallel shifts in the yield curve of plus or minus 50 basis points ("BPS"), 100 BPS, and 150 BPS, which are representative of the historical movements in the Federal Funds Rate.

Foreign Currency Risk and Foreign Exchange Forward Contracts

Periodically, we use derivatives to hedge against fluctuations in foreign exchange rates. We do not enter into derivatives for speculative or trading purposes.

We use foreign currency forward contracts to mitigate variability in gains and losses generated from the re-measurement of certain monetary assets and liabilities denominated in non-functional currencies. These derivatives are carried at fair value with changes recorded in other income (expense), net in our Consolidated Statements of Operations in the same period as the changes in the fair value from the re-measurement of the underlying assets and liabilities. These foreign exchange contracts have maturities of one year or less.

Our sales and costs of product revenues are primarily denominated in U.S. Dollars. Our cost of service revenue and operating expenses are denominated in U.S. Dollars as well as other foreign currencies including the British Pound, the Euro, Indian Rupee, and Japanese Yen. Approximately 78% of such costs and operating expenses are denominated in U.S. Dollars. Periodically, we use foreign currency forward and/or option contracts to hedge certain forecasted foreign currency transactions to reduce variability in cost of service revenue and operating expenses caused by non-U.S. Dollar denominated operating expense and costs. In designing a specific hedging approach, we consider several factors, including offsetting exposures, significance of exposures, costs associated with entering into a particular hedge instrument, and potential effectiveness of the hedge. These derivatives are designated as cash flow hedges and have maturities of less than one year. The effective portion of the derivative's gain or loss is initially reported as a component of accumulated other comprehensive income and, upon occurrence of the forecasted transaction, is subsequently reclassified into the line item in the Consolidated Statements of Operations to which the hedged transaction relates. We record the ineffectiveness of the hedging instruments, which was immaterial during the years ended December 31, 2014, 2013, and 2012, respectively, in other income (expense), net on our Consolidated Statements of Operations. The change in operating expenses including cost of service revenue, research and development, sales and marketing, and general and administrative expenses, due to foreign currency fluctuations was a reduction to operating expenses of 2.1% in 2014, and an increase of 0.8%, and 1.5% in 2013, and 2012, respectively.

We have performed a sensitivity analysis as of December 31, 2014 and as of December 31, 2013, using a modeling technique that measures the change in the amount of non-U.S. dollar cash, cash equivalents and marketable securities arising from a hypothetical 10% movement in the levels of foreign currency exchange rates relative to the U.S. dollar, with all other variables held constant. The foreign currency exchange rates we used were based on market rates in effect on December 31, 2014 and December 31, 2013, respectively. The sensitivity analysis indicated that a hypothetical 10% movement in foreign currency exchange rates would change the amount of cash, cash equivalents and marketable securities we would report in U.S. Dollars as of December 31, 2014 and December 31, 2013 by less than 1.2%.

Equity Price Risk

Our portfolio of publicly-traded equity securities and our non-qualified deferred compensation ("NQDC") plan, which may also hold publicly-traded equity securities, are inherently exposed to equity price risk as the stock market fluctuates.

We do not purchase our publicly-traded equity securities, classified as available-for-sale securities on our Consolidated Balance Sheets, for speculative purposes. As of December 31, 2014 and December 31, 2013, our portfolio of publicly-traded equity securities had an estimated fair value of $2.0 million and $114.6 million, respectively. A hypothetical 30% adverse change in the stock prices of our publicly-traded equity securities would result in a loss in the fair value of $0.7 million and $34.5 million as of December 31, 2014 and December 31, 2013, respectively.

Investments under the NQDC plan are considered trading securities and are also reported at fair value on our Consolidated Balance Sheets. As of December 31, 2014 and December 31, 2013, the total investments under our NQDC plan were $16.3 million and $15.4 million, respectively. A hypothetical 30% adverse change on the total investments under the NQDC plan would result in a loss in the fair value of $4.9 million and $4.6 million as of December 31, 2014 and December 31, 2013, respectively.

We have also invested in privately-held companies. Depending on the nature of these investments, some can be carried at cost and others can be carried at fair value. In 2014, 2013, and 2012 we recorded impairment charges of $1.1 million, $2.8 million, and $20.0 million, respectively, on our investments in privately-held companies that we judged to be other than temporary as discussed in Note 5, *Fair Value Measurements*, in Notes to Consolidated Financial Statements in Item 8 of Part II of this Report. The aggregate cost of our investments in privately-held companies was $89.9 million and $57.2 million as of December 31, 2014 and December 31, 2013, respectively.

ITEM 8. ***Financial Statements and Supplementary Data***

Juniper Network, Inc.
Index to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of Juniper Networks, Inc.

We have audited the accompanying consolidated balance sheets of Juniper Networks, Inc. as of December 31, 2014 and 2013, and the related consolidated statements of operations, comprehensive income, changes in stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2014. Our audits also included the financial statement schedule listed in the Index at Item 15(a)2. These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the consolidated financial position of Juniper Networks, Inc., at December 31, 2014 and 2013, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2014, in conformity with U.S generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Juniper Networks, Inc.'s internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework) and our report dated February 20, 2015 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

San Jose, California
February 20, 2015

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of Juniper Networks, Inc.

We have audited Juniper Networks, Inc.'s internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework) (the COSO criteria). Juniper Networks, Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Juniper Networks, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014 based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Juniper Networks, Inc. as of December 31, 2014, and 2013 and the related consolidated statements of operations, comprehensive income, changes in stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2014, of Juniper Networks, Inc. and our report dated February 20, 2015, expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

San Jose, California
February 20, 2015

Management's Report on Internal Control Over Financial Reporting

The management of Juniper Networks, Inc. (the "Company") is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. The Company's internal control over financial reporting is a process designed under the supervision of the Company's principal executive and principal financial officers to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external purposes in accordance with U.S. generally accepted accounting principles.

The Company's internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Consolidated Financial Statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2014, based on the framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in *Internal Control - Integrated Framework* as published in 2013. Based on that assessment, management concluded that, as of December 31, 2014, the Company's internal control over financial reporting was effective.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2014 has been audited by Ernst & Young LLP, the independent registered public accounting firm that audits the Company's Consolidated Financial Statements, as stated in their report preceding this report, which expresses an unqualified opinion on the effectiveness of the Company's internal control over financial reporting as of December 31, 2014.

Juniper Networks, Inc.

Consolidated Statements of Operations
(In millions, except per share amounts)

	Years Ended December 31,		
	2014	2013	2012
Net revenues:			
Product	$ 3,408.7	$ 3,519.9	$ 3,262.1
Service	1,218.4	1,149.2	1,103.3
Total net revenues	4,627.1	4,669.1	4,365.4
Cost of revenues:			
Product	1,286.8	1,276.6	1,204.0
Service	482.1	451.1	452.6
Total cost of revenues	1,768.9	1,727.7	1,656.6
Gross margin	2,858.2	2,941.4	2,708.8
Operating expenses:			
Research and development	1,006.2	1,043.2	1,101.6
Sales and marketing	1,023.6	1,075.9	1,045.5
General and administrative	231.1	217.3	206.8
Restructuring and other charges	167.0	39.1	46.8
Impairment of goodwill	850.0	—	—
Total operating expenses	3,277.9	2,375.5	2,400.7
Operating (loss) income	(419.7)	565.9	308.1
Other income (expense), net	333.4	(40.4)	(16.6)
(Loss) income before income taxes	(86.3)	525.5	291.5
Income tax provision	248.0	85.7	105.0
Net (loss) income	$ (334.3)	$ 439.8	$ 186.5
Net (loss) income per share:			
Basic	$ (0.73)	$ 0.88	$ 0.36
Diluted	$ (0.73)	$ 0.86	$ 0.35
Shares used in computing net income per share:			
Basic	457.4	501.8	520.9
Diluted	457.4	510.3	526.2
Cash dividends declared per common stock	$ 0.20	$ —	$ —

See accompanying Notes to Consolidated Financial Statements

Juniper Networks, Inc.

Consolidated Statements of Comprehensive Income
(In millions)

	Years Ended December 31,		
	2014	2013	2012
Net (loss) income	$ (334.3)	$ 439.8	$ 186.5
Other comprehensive (loss) income, net of tax:			
Available-for-sale securities:			
Unrealized gains on available-for-sale securities, net of tax provision of ($29.5), ($37.9) and ($0.6) for 2014, 2013 and 2012, respectively	48.7	65.1	3.2
Reclassification adjustment for realized net gains on available-for-sale securities included in net (loss) income, net of tax provision of $61.8, $0.4 and $0.2 for 2014, 2013 and 2012, respectively	(106.5)	(1.0)	(1.2)
Net change in unrealized gains on available-for-sale securities, net of taxes	(57.8)	64.1	2.0
Cash flow hedges:			
Unrealized (losses) gains on cash flow hedges, net of tax (provision) benefit of ($0.7), $1.7 and $0.2 for 2014, 2013 and 2012, respectively	(4.1)	0.7	7.4
Reclassification adjustment for realized (gains) losses on cash flow hedges included in net (loss) income, net of tax provision (benefit) of $1.1, ($0.8) and ($1.0) for 2014, 2013 and 2012, respectively	(2.3)	(1.5)	6.5
Net change in unrealized (losses) gains on cash flow hedges, net of taxes	(6.4)	(0.8)	13.9
Change in foreign currency translation adjustments	(14.2)	(3.4)	6.4
Other comprehensive (loss) income, net of tax	(78.4)	59.9	22.3
Comprehensive (loss) income	$ (412.7)	$ 499.7	$ 208.8

See accompanying Notes to Consolidated Financial Statements

Juniper Networks, Inc.

Consolidated Balance Sheets
(In millions, except par values)

	December 31, 2014	December 31, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,639.6	$ 2,284.0
Short-term investments	332.2	561.9
Accounts receivable, net of allowance for doubtful accounts of $4.7 and $5.4 as of December 31, 2014 and 2013, respectively	598.9	578.3
Deferred tax assets, net	147.0	79.8
Prepaid expenses and other current assets	254.2	199.9
Total current assets	2,971.9	3,703.9
Property and equipment, net	904.3	882.3
Long-term investments	1,133.1	1,251.9
Restricted cash and investments	46.0	89.5
Purchased intangible assets, net	62.4	106.9
Goodwill	2,981.5	4,057.7
Other long-term assets	303.9	233.8
Total assets	$ 8,403.1	$ 10,326.0
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 234.6	$ 200.4
Accrued compensation	225.0	273.9
Deferred revenue	780.8	705.8
Other accrued liabilities	287.3	261.3
Total current liabilities	1,527.7	1,441.4
Long-term debt	1,349.0	999.3
Long-term deferred revenue	294.9	363.5
Long-term income tax payable	177.5	114.4
Other long-term liabilities	134.9	105.2
Total liabilities	3,484.0	3,023.8
Commitments and contingencies (Note 16)		
Stockholders' equity:		
Convertible preferred stock, $0.00001 par value; 10.0 shares authorized; none issued and outstanding	—	—
Common stock, $0.00001 par value; 1,000.0 shares authorized; 416.2 shares and 495.2 shares issued and outstanding as of December 31, 2014 and 2013, respectively	—	—
Additional paid-in capital	8,794.0	9,868.9
Accumulated other comprehensive (loss) income	(13.8)	64.6
Accumulated deficit	(3,861.1)	(2,631.3)
Total stockholders' equity	4,919.1	7,302.2
Total liabilities and stockholders' equity	$ 8,403.1	$ 10,326.0

See accompanying Notes to Consolidated Financial Statements

Juniper Networks, Inc.

Consolidated Statements of Cash Flows
(In millions)

	Years Ended December 31,		
	2014	2013	2012
Cash flows from operating activities:			
Net (loss) income	$ (334.3)	$ 439.8	$ 186.5
Adjustments to reconcile net (loss) income to net cash provided by operating activities:			
Share-based compensation expense	240.0	244.6	242.7
Depreciation, amortization, and accretion	186.1	189.9	187.9
Restructuring and other charges	208.5	47.5	99.7
Deferred income taxes	(16.9)	72.2	(18.2)
Impairment of goodwill	850.0	—	—
Gain on sale of Junos Pulse	(19.6)	—	—
Gain on investments, net	(167.9)	(11.3)	(26.7)
Gain on legal settlement, net	(121.1)	—	—
Excess tax benefits from share-based compensation	(9.4)	(1.9)	(7.2)
Loss on disposal of fixed assets	1.7	1.4	0.6
Changes in operating assets and liabilities, net of effects from acquisitions:			
Accounts receivable, net	(16.8)	(139.9)	139.1
Prepaid expenses and other assets	(24.5)	(126.0)	(11.4)
Accounts payable	38.3	(8.9)	(133.6)
Accrued compensation	(46.0)	(5.4)	54.8
Income taxes payable	51.0	(38.5)	(7.5)
Other accrued liabilities	(100.8)	36.5	(15.4)
Deferred revenue	45.1	145.9	(53.6)
Net cash provided by operating activities	763.4	845.9	637.7
Cash flows from investing activities:			
Purchases of property and equipment	(192.9)	(230.0)	(347.7)
Proceeds from sale of Junos Pulse	105.7	—	—
Purchases of available-for-sale investments	(2,440.7)	(1,776.0)	(1,496.5)
Proceeds from sales of available-for-sale investments	2,627.7	1,167.2	894.2
Proceeds from maturities of available-for-sale investments	337.6	334.6	559.7
Purchases of trading investments	(4.1)	(3.7)	(4.1)
Proceeds from sales of privately-held investments	4.9	9.4	36.5
Purchases of privately-held investments	(21.7)	(41.3)	(12.2)
Payments for business acquisitions, net of cash and cash equivalents acquired	(27.1)	(10.0)	(139.4)
Purchase of licensed software	—	(10.0)	(65.3)
Changes in restricted cash	44.6	(1.2)	(20.8)
Net cash provided by (used in) investing activities	434.0	(561.0)	(595.6)
Cash flows from financing activities:			
Proceeds from issuance of common stock	159.8	141.7	99.1
Purchases and retirement of common stock	(2,262.5)	(577.8)	(650.6)
Issuance of long-term debt, net	346.5	—	—
Payment for capital lease obligation	(0.4)	(1.4)	(1.4)
Customer financing arrangements	9.0	33.9	(2.6)
Excess tax benefits from share-based compensation	9.4	1.9	7.2
Payment of cash dividends	(86.0)	—	—
Net cash used in financing activities	(1,824.2)	(401.7)	(548.3)
Effect of foreign currency exchange rates on cash and cash equivalents	(17.6)	(7.0)	3.6
Net decrease in cash and cash equivalents	(644.4)	(123.8)	(502.6)
Cash and cash equivalents at beginning of period	2,284.0	2,407.8	2,910.4
Cash and cash equivalents at end of period	$ 1,639.6	$ 2,284.0	$ 2,407.8
Supplemental disclosures of cash flow information:			
Cash paid for interest, net of amounts capitalized	$ 44.9	$ 57.4	$ 50.1
Cash paid for income taxes, net	$ 206.0	$ 105.1	$ 118.7
Non-cash investing activities:			
Receipt of a promissory note in connection with the sale of Junos Pulse	$ 125.0	$ —	$ —
Issuance of common stock and equity awards assumed in business acquisitions	$ —	$ —	$ 16.5
Property and equipment acquired under capital lease	$ —	$ —	$ 3.7
Licensed software acquired	$ —	$ —	$ 19.0

See accompanying Notes to Consolidated Financial Statements

Juniper Networks, Inc.

Consolidated Statements of Changes in Stockholders' Equity
(In millions)

	Juniper Networks						
	Shares	Amount	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Noncontrolling Interest	Total Stockholders' Equity
Balance at December 31, 2011	526.4	$ —	$ 10,079.2	$ (17.6)	$ (2,972.4)	$ 0.5	$ 7,089.7
Consolidated net income	—	—	—	—	186.5	—	186.5
Other comprehensive income, net	—	—	—	22.3	—	—	22.3
Issuance of common stock	12.2	—	99.2	—	—	—	99.2
Shares assumed in connection with business acquisitions	5.8	—	16.5	—	—	—	16.5
Repurchase and retirement of common stock	(36.0)	—	(525.1)	—	(125.5)	—	(650.6)
Share-based compensation expense	—	—	242.7	—	—	—	242.7
Tax effects from employee stock option plans	—	—	(6.8)	—	—	—	(6.8)
Balance at December 31, 2012	508.4	—	9,905.7	4.7	(2,911.4)	0.5	6,999.5
Consolidated net income	—	—	—	—	439.8	—	439.8
Other comprehensive income, net	—	—	—	59.9	—	—	59.9
Issuance of common stock	16.0	—	142.2	—	—	—	142.2
Dissolution of non-controlling interest	—	—	—	—	—	(0.5)	(0.5)
Repurchase and retirement of common stock	(29.2)	—	(418.1)	—	(159.7)	—	(577.8)
Share-based compensation expense	—	—	244.9	—	—	—	244.9
Tax effects from employee stock option plans	—	—	(5.8)	—	—	—	(5.8)
Balance at December 31, 2013	495.2	—	9,868.9	64.6	(2,631.3)	—	7,302.2
Net loss	—	—	—	—	(334.3)	—	(334.3)
Other comprehensive loss, net	—	—	—	(78.4)	—	—	(78.4)
Issuance of common stock	17.7	—	159.1	—	—	—	159.1
Repurchase and retirement of common stock and net issuances	(96.7)	—	(1,367.0)	—	(895.5)	—	(2,262.5)
Share-based compensation expense	—	—	240.0	—	—	—	240.0
Tax effects from employee stock option plans	—	—	(21.0)	—	—	—	(21.0)
Payment of cash dividends	—	—	(86.0)	—	—	—	(86.0)
Balance at December 31, 2014	416.2	$ —	$ 8,794.0	$ (13.8)	$ (3,861.1)	$ —	$ 4,919.1

See accompanying Notes to Consolidated Financial Statements

Note 1. Description of Business and Basis of Presentation

Description of Business

Juniper Networks, Inc. (the "Company" or "Juniper") designs, develops, and sells products and services for high-performance networks, to enable customers to build scalable, reliable, secure and cost-effective networks for their businesses, while achieving agility, efficiency and value through automation. The Company serves the high-performance networking requirements for global service providers, cloud environments, enterprises, governments, and research and public sector organizations that view the network as critical to their success. In addition to the Company's products, the Company offers technical support and professional services, as well as education and training programs to its customers. Together, the high-performance product and service offerings help the Company's customers convert legacy networks that provide commoditized services into more valuable assets that provide differentiation, value, and increased performance, reliability, and security to end-users.

Basis of Presentation

The Consolidated Financial Statements, which include the Company and its wholly-owned subsidiaries, are prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"). All intercompany balances and transactions have been eliminated. Certain amounts in the prior years' Consolidated Financial Statements have been reclassified to conform to the current year presentation.

In 2014, the Company realigned its organization into a One-Juniper structure which includes consolidating each of the Company's research and development ("R&D") and go-to-market functions to reduce complexity, increase clarity of responsibilities, and improve efficiency. As a result of these changes, the Company's consolidated business is considered to be one reportable segment. In fiscal 2013, the Company operated under two reportable segments: Platform Systems Division ("PSD") and Software Solutions Division ("SSD"). This change did not impact previously reported consolidated results of operations. See Note 13, *Segments*, for further discussion of the Company's segment reorganization.

Note 2. Significant Accounting Policies

Use of Estimates

The preparation of the financial statements and related disclosures in conformity with U.S. GAAP requires the Company to make judgments, assumptions, and estimates that affect the amounts reported in the Consolidated Financial Statements and the accompanying notes. The Company bases its estimates and assumptions on current facts, historical experience, and various other factors that it believes are reasonable under the circumstances, to determine the carrying values of assets and liabilities that are not readily apparent from other sources. To the extent there are material differences between the Company's estimates and the actual results, the Company's future consolidated results of operation may be affected.

Cash, Cash Equivalents and Investments

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, demand deposits with banks, highly liquid investments in money market funds, commercial paper, government securities, certificates of deposit, and corporate debt securities, which are readily convertible into cash. All highly liquid investments purchased with original maturities of three months or less are classified as cash and cash equivalents.

Investments in Available-for-Sale and Trading Securities

The Company's investments in publicly-traded debt and equity securities are classified as available-for-sale. Available-for-sale investments are initially recorded at cost and periodically adjusted to fair value in the Consolidated Balance Sheets. Unrealized gains and losses on these investments are reported as a separate component of accumulated other comprehensive income. Realized gains and losses are determined based on the specific identification method and are reported in the Consolidated Statements of Operations.

The Company periodically evaluates its investments to determine if impairment charges are required. The Company considers various factors in determining whether to recognize an impairment charge, including the length of time the investment has been in a loss position, the extent to which the fair value has been less than the Company's cost basis, the investment's financial condition, and near-term prospects of the investee. If the Company determines that the decline in an investment's fair value is other than temporary, the difference is recognized as an impairment loss in its Consolidated Statements of Operations. The Company's non-qualified compensation plan is invested in mutual funds which are classified as trading securities and reported at fair value in the Consolidated Balance Sheets. The realized and unrealized holding gains and losses are reported in the Consolidated Statements of Operations.

Privately-Held Investments

The Company has privately-held investments, which are included in other long-term assets in the Consolidated Balance Sheets. These investments include debt and redeemable preferred stock securities that are carried at fair value, and non-redeemable preferred stock securities that are carried at cost. The investments carried at cost are adjusted for any impairment, as the Company does not have a controlling interest and does not have the ability to exercise significant influence over these companies. These investments are inherently high risk as the market for technologies or products manufactured by these companies are usually in their early stages at the time of the investment by the Company and such markets may never be significant. The Company measures the fair value of privately-held investments using an analysis of the financial conditions and near term prospects of the investees, including recent financing activities and their capital structure. Realized gains and losses, if any, are reported in the Consolidated Statements of Operations.

Fair Value

Fair value is defined as the price that would be received upon sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining fair value, the Company considers the principal or most advantageous market in which it transacts, and considers assumptions that market participants would use when pricing the asset or liability. The Company applies the following fair value hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument. These inputs are valued using market based approaches.

Level 3 – Inputs are unobservable inputs based on the Company's assumptions. These inputs, if any, are valued using internal financial models.

Derivatives

The Company uses derivatives to partially offset its market exposure to fluctuations in certain foreign currencies. The Company does not enter into derivatives for speculative or trading purposes.

The Company uses foreign currency forward or option contracts to hedge certain forecasted foreign currency transactions relating to operating expenses. These derivatives are designated as cash flow hedges. Execution of these cash flow hedge derivatives typically occurs every month with maturities of one year or less. These derivatives are carried at fair value and the effective portion of the derivative's gain or loss is initially reported as a component of accumulated other comprehensive income, and upon occurrence of the forecasted transaction, is subsequently reclassified into the costs of services or operating expense line item to which the hedged transaction relates. The Company records any ineffectiveness of the hedging instruments in other income (expense), net, on its Consolidated Statements of Operations. Cash flows from such hedges are classified as operating activities. All amounts within other comprehensive income are expected to be reclassified into earnings within the next twelve months.

The Company also uses foreign currency forward contracts to mitigate variability in gains and losses generated from the remeasurement of certain monetary assets and liabilities denominated in foreign currencies. These derivatives are carried at fair value with changes recorded in other income (expense), net in the Consolidated Statements of Operations. Changes in the fair value of these derivatives are largely offset by remeasurement of the underlying assets and liabilities. Cash flows from such derivatives are classified as operating activities. These foreign exchange forward contracts have maturities of one year or less.

Inventory

Inventory consists primarily of component parts to be used in the manufacturing process and finished goods in-transit, and is stated at the lower of cost or market. Cost is computed using standard cost, which approximates actual cost, on a first-in, first-out basis. A charge is recorded to cost of product when inventory is determined to be in excess of anticipated demand or considered obsolete. At the point of loss recognition, a new, lower-cost basis for that inventory is established, and subsequent changes in facts and circumstances do not result in the restoration or increase in the newly established cost basis.

Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation. Depreciation is calculated using the straight-line method, over the estimated useful lives of the following assets:

	Estimated Useful Life (years)
Computers, equipment, and software	3 to 7
Furniture and fixtures	5
Building and building improvements	7 to 40
Land improvements	5 to 40
Leasehold improvements	Lease term, not to exceed 10 years

Construction in progress is related to the construction or development of property and equipment that have not yet been placed in service for their intended use. Depreciation for equipment commences once it is placed in service and depreciation for buildings and leasehold improvements commences once they are ready for their intended use.

Goodwill and Other Long-Lived Assets

Goodwill represents the future economic benefits arising from other assets acquired in a business combination or an acquisition that are not individually identified and separately recorded. The excess of the purchase price over the estimated fair value of net assets of businesses acquired in a business combination is recognized as goodwill. Goodwill is tested for impairment annually during the fourth quarter or more frequently if certain circumstances change that would more likely than not indicate that the fair value of a reporting unit is below its carrying value. An impairment loss is recognized to the extent that the carrying amount of goodwill exceeds the asset's implied fair value. Other intangible assets acquired in a business combination and determined to have an indefinite useful life are not amortized but are assessed for potential impairment annually or when events or circumstances indicate that their carrying amounts might be impaired.

Long-lived assets, such as property, plant, and equipment, and purchased intangible assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset, or asset group, to estimated undiscounted future cash flows expected to be generated by the asset, or asset group. An impairment charge is recognized by the amount by which the carrying amount of the asset, or asset group, exceeds its fair value.

The Company amortizes intangible assets with estimable useful lives on a straight-line basis over their useful lives.

Revenue Recognition

Revenue is recognized when all of the following criteria have been met:

- *Persuasive evidence of an arrangement exists.* The Company generally relies upon sales contracts or agreements, and customer purchase orders to determine the existence of an arrangement.

- *Delivery has occurred.* The Company uses shipping terms and related documents, or written evidence of customer acceptance, when applicable, to verify delivery or performance.

- *Sales price is fixed or determinable.* The Company assesses whether the sales price is fixed or determinable based on the payment terms and whether the sales price is subject to refund or adjustment.

- *Collectability is reasonably assured.* The Company assesses collectability based on creditworthiness of customers as determined by its credit checks, their payment histories, or changes in circumstances that indicate that collectability is not reasonably assured.

When sales arrangements contain multiple elements the Company allocates revenue to each element based on a selling price hierarchy. The selling price for a deliverable is based on either vendor-specific objective evidence ("VSOE") if available, third-party evidence ("TPE") if VSOE is not available, or estimated selling price ("ESP") if neither VSOE nor TPE is available. The Company then recognizes revenue on each deliverable in accordance with its policies for product and service revenue recognition. VSOE of selling price is based on the price charged when the element is sold separately. In determining VSOE, the Company requires that a substantial majority of the selling prices fall within a reasonable range based on historical discounting trends for specific products and services. TPE of selling price is established by evaluating largely interchangeable competitor products or services in stand-alone sales to similar situated customers. However, as the Company's products contain a significant element of proprietary technology and its solutions offer substantially different features and functionality, the comparable pricing of third-party products with similar functionality typically cannot be obtained and therefore TPE is not used. ESP is established considering multiple factors including, but not limited to pricing practices in different geographies and through different sales channels, gross margin objectives, internal costs, competitor pricing strategies, and industry technology lifecycles.

In multiple element arrangements where software deliverables are included, revenue is allocated to each separate unit of accounting for each of the non-software deliverables and to the software deliverables as a group using the relative selling prices of each of the deliverables in the arrangement based on the aforementioned selling price hierarchy. If the arrangement contains more than one software deliverable, the arrangement consideration allocated to the software deliverables as a group is then allocated to each software deliverable using the residual method when VSOE of fair value of the undelivered items exists. Under the residual method, the amount of revenue allocated to delivered elements equals the total arrangement consideration less the aggregate fair value of any undelivered elements. If VSOE of one or more undelivered items does not exist, revenue from the entire arrangement is deferred and recognized at the earlier of: (i) delivery of those elements or (ii) when fair value can be established unless maintenance services is the only undelivered element, in which case, the entire arrangement fee is recognized ratably over the maintenance service period.

The Company limits the amount of revenue recognition for delivered elements to the amount that is not contingent on the future delivery of products or services or subject to customer-specific return or refund privileges.

The Company records reductions to revenue for estimated product returns and pricing adjustments, such as rebates and price protection, in the same period that the related revenue is recorded. The amount of these reductions is based on historical sales returns and price protection credits, specific criteria outlined in rebate agreements, and other factors known at the time.

A portion of the Company's sales is made through distributors under agreements allowing for pricing credits or rights of return. As reliable estimates of these credits or returns cannot be made, product revenue on sales made through these distributors is recognized upon sell-through as reported by the distributors to the Company. Deferred revenue on shipments to distributors reflects the effects of distributor pricing credits given and the amount of gross margin expected to be realized upon sell-through. Deferred revenue is recorded net of the related product costs of revenue.

Service revenues include revenue from maintenance, training, and professional services. Maintenance is offered under renewable contracts. Revenue from maintenance service contracts is deferred and recognized ratably over the contractual support period, which is generally one to three years. Revenue from training and professional services is recognized as services are completed or ratably over the contractual period, which is generally one year or less.

Allowance for Doubtful Accounts

The allowance for doubtful accounts is based on the Company's assessment of the collectability of customer accounts. The Company regularly reviews its receivables that remain outstanding past their applicable payment terms and establishes an allowance by considering factors such as historical experience, credit quality, and age of the accounts receivable balances, and current economic conditions that may affect a customer's ability to pay.

Warranty Reserves

The Company generally offers a one-year warranty on most of its hardware products, and a 90-day warranty on the media that contains the software embedded in the products. Warranty costs are recognized as part of the Company's cost of sales based on associated material costs, logistics costs, labor costs, and overhead at the time revenue is recognized. Material costs are estimated primarily based upon the historical costs to repair or replace product returns within the warranty period. Labor, logistics and overhead costs are estimated primarily based upon historical trends in the cost to support customer cases within the warranty period.

Contract Manufacturer Liabilities

The Company establishes a liability for non-cancelable, non-returnable purchase commitments with its contract manufacturers for carrying charges, quantities in excess of its demand forecasts, or obsolete material charges for components purchased by the contract manufacturers to meet the Company's demand forecast or customer orders. The demand forecasts are based upon historical trends and analysis from the Company's sales and marketing organizations, adjusted for overall market conditions.

Research and Development

Costs to research, design, and develop the Company's products are expensed as incurred.

Software Development Costs

Capitalization of software development costs for software to be sold, leased, or otherwise marketed begins when a product's technological feasibility has been established and ends when a product is available for general release to customers. Generally, the Company's products are released soon after technological feasibility has been established. As a result, costs incurred between achieving technological feasibility and product general availability have not been significant.

The Company capitalizes costs associated with internal-use software systems that have reached the application development stage and are primarily attributable to the Company's enterprise resource planning ("ERP") implementation. Such capitalized costs include external direct costs utilized in developing or obtaining the applications and payroll and payroll-related costs for employees, who are directly associated with the development of the applications.

Advertising

Advertising costs are charged to sales and marketing expense as incurred. Advertising expense was $19.2 million, $20.1 million, and $20.0 million, for 2014, 2013, and 2012, respectively.

Foreign Currency

Assets and liabilities of foreign operations with non-U.S. Dollar functional currency are translated to U.S. Dollars using exchange rates in effect at the end of the period. Revenue and expenses are translated to U.S. Dollars using average exchange rates for the period. The resulting translation adjustments are included in the Company's Consolidated Balance Sheets in the stockholders' equity section as a component of accumulated other comprehensive income. For the Company's international subsidiaries in which the functional currency is the U.S. dollar, the Company records foreign exchange gains and losses for assets and liabilities denominated in non-US dollar currencies. These remeasurement adjustments are recorded in other income (expense), net in the Consolidated Statements of Operations.

Loss Contingencies

The Company is subject to the possibility of various loss contingencies arising in the ordinary course of business. Management considers the likelihood of loss related to an asset, or the incurrence of a liability, as well as its ability to reasonably estimate the amount of loss, in determining loss contingencies. An estimated loss contingency is accrued when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. The Company regularly evaluates current information available to determine whether such accruals should be adjusted and whether new accruals are required.

Share-Based Compensation

The Company measures and recognizes compensation cost for all share-based awards made to employees and directors, including employee stock options, stock awards, stock units, and employee stock purchases related to the Employee Stock Purchase Plan ("ESPP"). Share-based compensation expense is based on the fair value of the underlying awards and amortized on a straight-line basis, net of estimated forfeitures.

The Company utilizes the Black-Scholes-Merton ("BSM") option-pricing model to estimate the fair value of its stock options and Employee Stock Purchase Plan ("ESPP") shares. The BSM model requires various highly subjective assumptions that represent management's best estimates of volatility, risk-free interest rate, expected life, and dividend yield. The Company estimates expected volatility based on the implied volatility of market-traded options, on the Company's common stock, adjusted for other relevant factors including historical volatility of the Company's common stock over the most recent period commensurate with the estimated expected life of the Company's stock options and ESPP. The expected life of a stock option is based on historical experience of employee exercises and post-vesting termination behavior as well as the potential effect from options that have not been exercised. The expected life of ESPP approximates the offering period.

The Company determines the fair value of its restricted stock units ("RSUs"), restricted stock awards ("RSAs"), and performance share awards ("PSAs") based on the closing market price of the Company's common stock on the date of grant, adjusted by the present value of the expected dividend.

For market-based RSUs, the Company estimates the fair value and derived service period using the Monte Carlo simulation option pricing model ("Monte Carlo model"). The determination of the grant date fair value and derived service periods using the Monte Carlo model is affected by our stock price as well as various highly subjective assumptions that represent

management's best estimates of volatility, risk-free interest rate, and dividend yield. The Company estimates expected volatility based on the implied volatility of market-traded options, on the Company's common stock, adjusted for other relevant factors including historical volatility of the Company's common stock over the contractual life of the Company's market-based RSUs.

Provision for Income Taxes

Deferred tax assets and liabilities are recognized for the expected tax consequences of temporary differences between the tax bases of assets and liabilities and their reported amounts. Valuation allowances are recorded to reduce deferred tax assets to the amount that will more likely than not be realized.

The Company accounts for uncertainty in income taxes using a two-step approach to recognize and measure uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon settlement. The Company classifies the liability for unrecognized tax benefits as current to the extent that the Company anticipates payment (or receipt) of cash within one year. Interest and penalties related to uncertain tax positions are recognized in the provision for income taxes.

Concentrations of Risk

Financial instruments that subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents, investments, and accounts receivable. The Company invests only in high-quality credit instruments and maintains its cash, cash equivalents and available-for-sale investments in fixed income securities with several high-quality institutions. Deposits held with banks, including those held in foreign branches of global banks, may exceed the amount of insurance provided on such deposits. These deposits may be redeemed upon demand and, therefore, bear minimal credit risk.

The Company's derivatives expose it to credit risk to the extent that counterparties may be unable to meet the terms of the agreement. To mitigate concentration of risk related to its derivatives, the Company establishes counterparty limits to major credit-worthy financial institutions. In addition, the potential risk of loss with any one counterparty resulting from this type of credit risk is monitored and the derivatives transacted with these entities are relatively short in duration. Therefore, the Company does not expect material losses as a result of defaults by counterparties.

Generally, credit risk with respect to accounts receivable is diversified due to the number of entities comprising the Company's customer base and their dispersion across different geographic locations throughout the world. The Company performs ongoing credit evaluations of its customers and generally does not require collateral on accounts receivable. During the years ended December 31, 2014 and December 31, 2013, no single customer accounted for 10% or more of net revenues. During the year ended December 31, 2012, Verizon Communications, Inc. ("Verizon") accounted for 10.3% of net revenues.

The Company relies on sole suppliers for certain of its components such as application-specific integrated circuits ("ASICs") and custom sheet metal. Additionally, the Company relies primarily on a limited number of significant independent contract manufacturers and outside design manufacturers for the production of its products. The inability of any supplier or manufacturer to fulfill supply requirements of the Company could negatively impact future operating results.

Recent Accounting Pronouncements

In January 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2015-01 (Subtopic 225-20) - *Income Statement - Extraordinary and Unusual Items*, which eliminates the concept of extraordinary items. ASU 2015-01 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. Early adoption is permitted. The adoption of this standard is not expected to have an impact on the Company's Consolidated Financial Statements.

In December 2014, the FASB issued ASU No. 2014-17 (Topic 805) - *Business Combinations*, which provides an acquired entity with an option to apply pushdown accounting in its separate financial statements upon occurrence of an event in which an acquirer obtains control of the acquired entity. ASU 2014-17 is effective on November 18, 2014. The adoption of this standard is not expected to have an impact on the Company's Consolidated Financial Statements.

In November 2014, the FASB issued ASU No. 2014-16 (Topic 815) - *Derivatives and Hedging*, which provides clarification on how current guidance should be interpreted in evaluating the economic characteristics and risks of a host contract in a hybrid financial instrument that is issued in the form of a share. Specifically, the amendments clarify that an entity should consider all relevant terms and features in evaluating the host contract and that no single term or feature would necessarily determine the economic characteristics and risks of the host contract ASU 2014-16 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. The amendment should be applied on a modified retrospective basis to existing hybrid financial instruments issued in the form of a share as of the beginning of the year for which the amendments are effective. Early adoption is permitted. The adoption of this standard is not expected to have a material impact on the Company's Consolidated Financial Statements.

In August 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-15 (Subtopic 205-40) - *Presentation of Financial Statements—Going Concern: Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern* ("ASU 2014-15") which provides guidance about management's responsibility to evaluate whether or not there is substantial doubt about the Company's ability to continue as a going concern and to provide related footnote disclosure. ASU 2014-15 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2016. Early application is permitted. The adoption of this standard is not expected to have an impact on the Company's Consolidated Financial Statements.

In June 2014, the FASB issued ASU No. 2014-12 (Topic 718) - *Compensation - Stock Compensation* ("ASU 2014-12") which provides guidance that a performance target that affects vesting of a share-based payment and that could be achieved after the requisite service period is a performance condition. As a result, the target is not reflected in the estimation of the award's grant date fair value. Compensation cost for such an award would be recognized over the required service period, if it is probable that the performance condition will be achieved. ASU 2014-12 is effective for all entities for annual periods beginning after December 15, 2015 and interim periods within those annual periods. ASU 2014-12 should be applied on a prospective basis to awards that are granted or modified on or after the effective date. The adoption of this standard is not expected to have an impact on the Company's Consolidated Financial Statements.

In May 2014, the FASB issued ASU No. 2014-09 (Topic 606)—*Revenue from Contracts with Customers* ("ASU 2014-09") which provides guidance for revenue recognition. This ASU affects all contracts that the Company enters into with customers to transfer goods and services or for the transfer of nonfinancial assets. This ASU will supersede the revenue recognition requirements in Topic 605, and most industry specific guidance. This ASU also supersedes some cost guidance included in Subtopic 605-35, Revenue Recognition-Construction-Type and Production-Type Contracts. The standard's core principle is that revenue is recognized when promised goods or services are transferred to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. In doing so, the Company will need to use additional judgment and estimates than under the existing guidance. These may include identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation. ASU 2014-09 is effective for annual and interim periods beginning after December 15, 2016. Early adoption is not permitted. Accordingly, the ASU will be effective for the Company beginning fiscal year 2017. The Company is currently evaluating the impact of the adoption on its Consolidated Financial Statements.

In April 2014, the FASB issued ASU No. 2014-08, *Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity* ("ASU 2014-08") which raises the threshold for a disposal to qualify as a discontinued operation and requires new disclosures of both discontinued operations and certain other disposals that do not meet the definition of a discontinued operation.

ASU 2014-08 is effective for annual periods beginning on or after December 15, 2014. Early adoption is permitted but only for disposals that have not been reported in financial statements previously issued. The Company has determined that this pronouncement would not have a material impact on the Company's financial position or results of operations.

Note 3. Business Combinations

The Company's Consolidated Financial Statements include the operating results of acquired businesses from the date of each acquisition. Pro forma results of operations for these acquisitions have not been presented as the financial impact to the Company's consolidated results of operations, both individually and in aggregate, is not material. Additional information, if any, existing as of the acquisition dates but unknown to the Company may become known during the remainder of the measurement period, not to exceed 12 months from the acquisition date, which may result in changes to the amounts and allocations recorded.

The Company completed one business combination in 2014, one business combination in 2013, and three business combinations in 2012 for cash consideration including the fair value of vested share-based awards assumed, if any, of approximately $28.7 million, $10.0 million, and $187.3 million, respectively.

The following table presents the purchase consideration allocations for these acquisitions based upon acquisition-date fair values, including cash and cash equivalents acquired (in millions):

	2014 Acquisitions	2013 Acquisitions	2012 Acquisitions
Net tangible assets acquired	$ —	$ 0.1	$ 3.5
Net liabilities acquired	(2.7)	—	—
Intangible assets acquired	17.8	9.9	54.1
Goodwill	13.6	—	129.7
Total	$ 28.7	$ 10.0	$ 187.3

The goodwill recognized for the 2014 and 2012 acquisitions was primarily attributable to expected synergies and was not deductible for U.S. federal income tax purposes.

2014 Acquisition

On January 7, 2014, the Company acquired 100% of the equity securities of WANDL, Inc. ("WANDL"), for $28.7 million of cash and stock consideration. WANDL, a provider of software solutions for advanced planning, management, design and optimization of next-generation multi-layer networks, provides the Company with technology and experience in traffic engineering, multi-layer optimization and path computation to help service provider customers optimize the performance and cost of their networks.

Under the terms of the purchase agreement, the Company assumed share-based awards for employees with a fair value of $34.9 million, which were granted in contemplation of future services and will be expensed as share-based compensation over the remaining service period.

Intangible Assets Acquired

The following table presents details of the Company's intangible assets acquired through the business combination completed during the twelve months ended December 31, 2014 (in millions, except years):

	Weighted Average Estimated Useful Life (In Years)	Amount
Existing technology	7	$ 10.7
Customer relationships	7	6.0
Trade name	4	0.6
Backlog	1	0.2
Non-compete agreements	2	0.3
Total	7	$ 17.8

2013 Acquisition

During 2013, the Company completed a business combination for approximately $10.0 million in cash consideration of which $0.1 million was allocated to net tangible assets acquired and $9.9 million to intangible assets. Intangible assets acquired consisted of existing technology with a weighted-average estimated useful life of five years.

2012 Acquisitions

Contrail

On December 14, 2012, the Company acquired the remaining ownership interest in Contrail, increasing its ownership from 12% to 100%, in a cash and stock transaction for approximately $91.7 million. Contrail, a privately-held software networking company, provides software-defined networking solutions technology that augments Juniper's portfolio of products and services.

The aggregate consideration of $91.7 million was allocated as follows: net tangible assets acquired of $3.6 million, including cash and cash equivalents of $8.6 million; intangible assets of $17.4 million; and recognized goodwill of $70.7 million.

The Company previously accounted for its investment in Contrail at cost, which was $3.0 million prior to the acquisition. As of the acquisition date, the fair value of the Company's previous equity interest in Contrail was remeasured to its fair value of $17.7 million, which was based upon adjustments market participants would consider when estimating the fair value of the previously held interest in Contrail. This resulted in a $14.7 million gain, which was reported within other income (expense), net in the Consolidated Statements of Operations.

Mykonos Software, Inc.

On February 13, 2012, the Company acquired 100% of the equity securities of Mykonos Software, Inc. ("Mykonos") for $82.6 million in cash. In connection with this acquisition, the Company acquired net tangible liabilities of $0.2 million, intangible assets of $24.3 million, and recognized goodwill of $58.5 million.

BitGravity, Inc.

On March 8, 2012, the Company acquired a source code license and patent joint-ownership related to the service management layer of BitGravity, Inc.'s ("BitGravity") Content Delivery Network ("CDN") technology for $13.0 million in cash. In connection with this acquisition, the Company acquired net tangible assets of $0.1 million, intangible assets of $12.4 million, and recognized goodwill of $0.5 million.

Intangible Assets Acquired

The following table presents details of the intangible assets acquired for the business combinations completed during 2012 as of their respective acquisition dates (in millions, except years):

	Contrail		Mykonos		BitGravity	
	Weighted Average Estimated Useful Life (In Years)	Amount	Weighted Average Estimated Useful Life (In Years)	Amount	Weighted Average Estimated Useful Life (In Years)	Amount
Existing technology	—	$ —	6	$ 19.3	3	$ 12.4
Trade name and trademarks	—	—	7	1.0	—	—
In-process research and development	N/A	17.4	N/A	4.0	—	—
Total	—	$ 17.4	6	$ 24.3	3	$ 12.4

Acquired in-process research and development ("IPR&D") consists of existing research and development projects at the time of the acquisition. Projects that qualify as IPR&D assets represent those that have not yet reached technological feasibility and have no alternative future use. After initial recognition, acquired IPR&D assets are accounted for as indefinite-lived intangible assets. Development costs incurred after acquisition on acquired development projects are expensed as incurred. Upon completion of development, acquired IPR&D assets are considered amortizable intangible assets. If the IPR&D project is abandoned, the related purchased intangible asset is written-off in the period abandoned.

Note 4. Cash Equivalents and Investments

Investments in Available-for-Sale and Trading Securities

The following tables summarize the Company's unrealized gains and losses and fair value of investments designated as available-for-sale and trading securities as of December 31, 2014 and December 31, 2013 (in millions):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
As of December 31, 2014				
Fixed income securities:				
Asset-backed securities	$ 269.3	$ —	$ (0.3)	$ 269.0
Certificates of deposit	10.6	—	—	10.6
Commercial paper	20.3	—	—	20.3
Corporate debt securities	738.6	0.5	(1.1)	738.0
Foreign government debt securities	24.6	—	—	24.6
Government-sponsored enterprise obligations	162.2	—	(0.1)	162.1
U.S. government securities	246.1	—	(0.1)	246.0
Total fixed income securities	1,471.7	0.5	(1.6)	1,470.6
Money market funds	594.2	—	—	594.2
Mutual funds	3.9	0.1	—	4.0
Publicly-traded equity securities	2.1	—	(0.1)	2.0
Total available-for-sale securities	2,071.9	0.6	(1.7)	2,070.8
Trading securities in mutual funds[1]	16.3	—	—	16.3
Total	$ 2,088.2	$ 0.6	$ (1.7)	$ 2,087.1
Reported as:				
Cash equivalents	$ 576.6	$ —	$ —	$ 576.6
Restricted investments	45.2	—	—	45.2
Short-term investments	332.2	0.2	(0.2)	332.2
Long-term investments	1,134.2	0.4	(1.5)	1,133.1
Total	$ 2,088.2	$ 0.6	$ (1.7)	$ 2,087.1

[1] Balance includes the Company's non-qualified deferred compensation plan assets.

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
As of December 31, 2013				
Fixed income securities:				
Asset-backed securities	$ 249.9	$ 0.1	$ (0.1)	$ 249.9
Certificates of deposit	27.6	—	—	27.6
Commercial paper	6.9	—	—	6.9
Corporate debt securities	813.6	2.0	(0.3)	815.3
Foreign government debt securities	10.7	—	—	10.7
Government-sponsored enterprise obligations	306.2	0.1	(0.1)	306.2
U.S. government securities	303.3	0.1	(0.1)	303.3
Total fixed income securities	1,718.2	2.3	(0.6)	1,719.9
Money market funds	1,043.7	—	—	1,043.7
Mutual funds	3.9	0.1	—	4.0
Publicly-traded equity securities	12.0	104.5	(1.9)	114.6
Total available-for-sale securities	2,777.8	106.9	(2.5)	2,882.2
Trading securities in mutual funds[1]	15.4	—	—	15.4
Total	$ 2,793.2	$ 106.9	$ (2.5)	$ 2,897.6
Reported as:				
Cash equivalents	$ 996.2	$ —	$ —	$ 996.2
Restricted investments	87.5	0.1	—	87.6
Short-term investments	459.0	104.9	(2.0)	561.9
Long-term investments	1,250.5	1.9	(0.5)	1,251.9
Total	$ 2,793.2	$ 106.9	$ (2.5)	$ 2,897.6

(1) Balance includes the Company's non-qualified deferred compensation plan assets.

The following table presents the contractual maturities of the Company's total fixed income securities as of December 31, 2014 (in millions):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Due in less than one year	$ 337.5	$ 0.1	$ (0.2)	$ 337.4
Due between one and five years	1,134.2	0.4	(1.4)	1,133.2
Total	$ 1,471.7	$ 0.5	$ (1.6)	$ 1,470.6

The Company had 437 and 178 investments in unrealized loss positions as of December 31, 2014 and December 31, 2013, respectively. The gross unrealized losses related to these investments were primarily due to changes in market interest rates and stock prices. The Company periodically reviews its investments to identify and evaluate investments that have an indication of possible impairment. The Company aggregates its investments by category and length of time the securities have been in a continuous unrealized loss position to facilitate its evaluation.

For available-for-sale debt securities that have unrealized losses, the Company evaluates whether (i) it has the intention to sell any of these investments and (ii) whether it is not more likely than not that it will be required to sell any of these investments before recovery of the entire amortized cost basis. As of December 31, 2014, the Company anticipates that it will recover the entire amortized cost basis of such available-for-sale debt securities and has determined that no other-than-temporary impairments associated with credit losses were required to be recognized during the year ended December 31, 2014, 2013, and 2012.

For available-for-sale equity securities that have unrealized losses, the Company evaluates whether there is an indication of other-than-temporary impairments. This determination is based on several factors, including the financial condition and near-term prospects of the issuer and the Company's intent and ability to hold the publicly-traded equity securities for a period of time sufficient to allow for any anticipated recovery in market value. During the year ended December 31, 2014, the Company determined that certain available-for-sale equity securities were other-than temporarily impaired, resulting in an impairment charge of $1.1 million that was recorded within other income (expense), net, in the Consolidated Statement of Operations. During the years ended December 31, 2013 and December 31, 2012 the Company did not recognize other-than-temporary impairments associated with these investments.

During the year ended December 31, 2014, gross realized gains from available-for-sale securities were $166.8 million and gross realized losses were not material, excluding the impairment charge noted above. There were no material gross realized gains or losses from trading securities during the year ended December 31, 2014, and there were no material gross realized gains or losses from available-for-sale and trading securities during the years ended December 31, 2013, and December 31, 2012.

The following tables present the Company's available-for-sale securities that were in an unrealized loss position as of December 31, 2014 and December 31, 2013 (in millions):

	Less than 12 Months		12 Months or Greater		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
As of December 31, 2014						
Fixed income securities:						
Asset-backed securities	$ 221.9	$ (0.3)	$ —	$ —	$ 221.9	$ (0.3)
Corporate debt securities	515.9	(1.1)	—	—	515.9	(1.1)
Foreign government debt securities[1]	24.6	—	—	—	24.6	—
Government-sponsored enterprise obligations	113.8	(0.1)	—	—	113.8	(0.1)
U.S. government securities	189.0	(0.1)	—	—	189.0	(0.1)
Total fixed income securities	1,065.2	(1.6)	—	—	1,065.2	(1.6)
Publicly-traded equity securities	2.0	(0.1)	—	—	2.0	(0.1)
Total available-for sale securities	$ 1,067.2	$ (1.7)	$ —	$ —	$ 1,067.2	$ (1.7)

(1) Balances less than 12 months include investments that were in an immaterial unrealized loss position as of December 31, 2014.

	Less than 12 Months		12 Months or Greater		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
As of December 31, 2013						
Fixed income securities:						
Asset-backed securities[1]	$ 153.0	$ (0.1)	$ 0.6	$ —	$ 153.6	$ (0.1)
Corporate debt securities[1]	156.1	(0.3)	9.7	—	165.8	(0.3)
Foreign government debt securities[2]	10.0	—	—	—	10.0	—
Government-sponsored enterprise obligations	123.1	(0.1)	—	—	123.1	(0.1)
U.S. government securities	119.7	(0.1)	—	—	119.7	(0.1)
Total fixed income securities	561.9	(0.6)	10.3	—	572.2	(0.6)
Publicly-traded equity securities	6.8	(1.9)	—	—	6.8	(1.9)
Total available-for-sale securities	$ 568.7	$ (2.5)	$ 10.3	$ —	$ 579.0	$ (2.5)

(1) Balances 12 months or greater include investments that were in an immaterial unrealized loss position as of December 31, 2013.
(2) Balances less than 12 months include investments that were in an immaterial unrealized loss position as of December 31, 2013.

Restricted Cash and Investments

The Company classifies certain cash and investments as restricted cash and investments on its Consolidated Balance Sheets for: (i) amounts held in escrow accounts, as required in connection with certain acquisitions completed between 2005 and 2014; (ii) the India Gratuity Trust and Israel Retirement Trust, which cover statutory severance obligations in the event of termination of any of the Company's India and Israel employees, respectively; and (iii) the Directors and Officers indemnification trust ("D&O Trust"). The restricted investments are designated as available-for-sale securities.

Privately-Held Investments

As of December 31, 2014 and December 31, 2013, the carrying values of the Company's privately-held investments of $89.9 million and $57.2 million, respectively, were included in other long-term assets in the Consolidated Balance Sheets. As of December 31, 2014, the carrying value of the privately-held investments includes debt and redeemable preferred stock securities of $47.5 million. For the year ended December 31, 2014, the Company recorded $15.0 million in other comprehensive income for unrealized gains associated with its privately-held debt securities. During the year ended December 31, 2013, there were $102.7 million unrealized gains associated with its privately-held securities in other comprehensive income.

The Company reviews its investments to identify and evaluate investments that have an indication of possible impairment. The Company adjusts the carrying value for its privately-held investments for any impairment if the fair value is less than the carrying value of the respective assets on an other-than-temporary basis.

During the years ended December 31, 2014, 2013, and 2012, the Company determined that certain privately-held investments were other-than-temporarily impaired, resulting in impairment charges of $1.1 million, $2.8 million, and $20.0 million, respectively, that were recorded within other income (expense), net in the Consolidated Statements of Operations.

Note 5. Fair Value Measurements

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following tables provide a summary of assets and liabilities measured at fair value on a recurring basis and as reported in the Consolidated Balance Sheets (in millions):

	Fair Value Measurements at December 31, 2014 Using:			
	Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Remaining Inputs (Level 2)	Significant Other Unobservable Remaining Inputs (Level 3)	Total
Assets measured at fair value:				
Available-for-sale securities:				
Asset-backed securities	$ —	$ 269.0	$ —	$ 269.0
Certificates of deposit	—	10.6	—	10.6
Commercial paper	—	20.3	—	20.3
Corporate debt securities	—	738.0	—	738.0
Foreign government debt securities	—	24.6	—	24.6
Government-sponsored enterprise obligations	—	162.1	—	162.1
Money market funds[1]	594.2	—	—	594.2
Mutual funds[2]	4.0	—	—	4.0
Publicly-traded equity securities	2.0	—	—	2.0
U.S. government securities	246.0	—	—	246.0
Total available-for-sale securities	846.2	1,224.6	—	2,070.8
Trading securities in mutual funds[3]	16.3	—	—	16.3
Privately-held debt securities	—	—	47.5	47.5
Derivative assets:				
Foreign exchange contracts	—	0.1	—	0.1
Total assets measured at fair value	$ 862.5	$ 1,224.7	$ 47.5	$ 2,134.7
Liabilities measured at fair value:				
Derivative liabilities:				
Foreign exchange contracts	$ —	$ (3.9)	$ —	$ (3.9)
Total liabilities measured at fair value	$ —	$ (3.9)	$ —	$ (3.9)
Total assets measured at fair value, reported as:				
Cash equivalents	$ 552.9	$ 23.7	$ —	$ 576.6
Restricted investments	45.2	—	—	45.2
Short-term investments	87.0	245.2	—	332.2
Long-term investments	177.4	955.7	—	1,133.1
Prepaid expenses and other current assets	—	0.1	—	0.1
Other long-term assets	—	—	47.5	47.5
Total assets measured at fair value	$ 862.5	$ 1,224.7	$ 47.5	$ 2,134.7
Total liabilities measured at fair value, reported as:				
Other accrued liabilities	$ —	$ (3.9)	$ —	$ (3.9)
Total liabilities measured at fair value	$ —	$ (3.9)	$ —	$ (3.9)

(1) Balance includes $41.3 million of restricted investments measured at fair market value, related to the Company's D&O trust and acquisitions related escrows.

(2) Balance relates to the restricted investments measured at fair market value of the Company's India Gratuity Trust.

(3) Balance relates to the investments measured at fair value related to the Company's non-qualified deferred compensation plan assets.

	Fair Value Measurements at December 31, 2013 Using:			
	Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Remaining Inputs (Level 2)	Significant Other Unobservable Remaining Inputs (Level 3)	Total
Assets measured at fair value:				
Available-for-sale securities:				
Asset-backed securities	$ —	$ 249.9	$ —	$ 249.9
Certificates of deposit	—	27.6	—	27.6
Commercial paper	—	6.9	—	6.9
Corporate debt securities	—	815.3	—	815.3
Foreign government debt securities	—	10.7	—	10.7
Government-sponsored enterprise obligations	—	306.2	—	306.2
Money market funds[1]	1,043.7	—	—	1,043.7
Mutual funds[2]	4.0	—	—	4.0
Publicly-traded equity securities	114.6	—	—	114.6
U.S. government securities	197.2	106.1	—	303.3
Total available-for-sale securities	1,359.5	1,522.7	—	2,882.2
Trading securities in mutual funds[3]	15.4	—	—	15.4
Privately-held debt securities	—	—	28.1	28.1
Derivative assets:				
Foreign exchange contracts	—	3.0	—	3.0
Total assets measured at fair value	$ 1,374.9	$ 1,525.7	$ 28.1	$ 2,928.7
Liabilities measured at fair value:				
Derivative liabilities:				
Foreign exchange contracts	$ —	$ (0.7)	$ —	$ (0.7)
Total liabilities measured at fair value	$ —	$ (0.7)	$ —	$ (0.7)
Total assets measured at fair value, reported as:				
Cash equivalents	$ 965.1	$ 31.1	$ —	$ 996.2
Restricted investments	87.6	—	—	87.6
Short-term investments	246.5	315.4	—	561.9
Long-term investments	75.7	1,176.2	—	1,251.9
Prepaid expenses and other current assets	—	3.0	—	3.0
Other long-term assets	—	—	28.1	28.1
Total assets measured at fair value	$ 1,374.9	$ 1,525.7	$ 28.1	$ 2,928.7
Total liabilities measured at fair value, reported as:				
Other accrued liabilities	$ —	$ (0.7)	$ —	$ (0.7)
Total liabilities measured at fair value	$ —	$ (0.7)	$ —	$ (0.7)

(1) Balance includes $83.6 million of restricted investments measured at fair market value, related to the Company's D&O trust and acquisition related escrows.
(2) Balance relates to the restricted investments measured at fair market value of the Company's India Gratuity Trust.
(3) Balance relates to the investments measured at fair value related to the Company's non-qualified deferred compensation plan assets.

The Company's Level 2 available-for-sale fixed income securities are priced using quoted market prices for similar instruments or non-binding market prices that are corroborated by observable market data. The Company uses inputs such as actual trade data, benchmark yields, broker/dealer quotes, or alternative pricing sources with reasonable levels of price transparency which are obtained from quoted market prices, independent pricing vendors, or other sources, to determine the ultimate fair value of these assets. The Company's derivative instruments are classified as Level 2, as they are not actively

traded and are valued using pricing models that use observable market inputs. The Company's policy is to recognize asset or liability transfers among Level 1, Level 2, and Level 3 at the beginning of the quarter in which a change in circumstances resulted in a transfer. During the year ended December 31, 2014, the Company had no transfers between levels of the fair value hierarchy of its assets or liabilities measured at fair value. During the year ended December 31, 2013, the Company transferred approximately $287.4 million of government agency bonds within government sponsored enterprise obligations from Level 1 to Level 2 primarily due to the use of additional valuation inputs more appropriately classified as Level 2 inputs. During the year ended December 31, 2013, the Company had no transfers to Level 3.

All of the Company's privately-held debt securities are classified as Level 3 assets due to the absence of quoted market prices and an inherent lack of liquidity. The Company estimates the fair value of its privately-held debt investments on a recurring basis using an analysis of the financial condition and near-term prospects of the investee, including recent financing activities and the investee's capital structure. During the year ended December 31, 2014, there were purchases of $5.0 million related to privately-held debt securities.

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

Certain of the Company's assets, including intangible assets, goodwill, and privately-held equity investments, are measured at fair value on a nonrecurring basis, only if impairment is indicated. Privately-held equity investments, which are normally carried at cost, are measured at fair value on a nonrecurring basis due to events and circumstances that the Company identified as significantly impacting the fair value of investments. The Company estimates the fair value of its privately-held equity investments using an analysis of the financial condition and near-term prospects of the investee, including recent financing activities and the investee's capital structure.

As of December 31, 2014, the Company recorded a goodwill impairment charge of $850.0 million for its Security reporting unit measured at fair value on a nonrecurring basis. The remeasurement of goodwill is classified as Level 3 value assessment due to the significance of unobservable inputs developed using company-specific information. Refer to Note 7 Goodwill and Purchased Intangible Assets for further information on the goodwill impairment charge and the unobservable inputs used.

As of December 31, 2014, the Company had no significant privately-held equity investments measured at fair value on a nonrecurring basis. As of December 31, 2013, the Company had $2.0 million of privately-held equity investments measured at fair value on a nonrecurring basis and were classified as Level 3 assets due to the absence of quoted market prices and inherent lack of liquidity. The impairment charges of $2.8 million, representing the difference between the net book value and the fair value, are recorded to other income (expense), net in the Consolidated Statements of Operations.

As of December 31, 2012, certain purchased intangible assets with a carrying value of $5.4 million, were impaired and were written-down to their fair value of zero. The impairment charge of $5.4 million was recorded within cost of revenues on the Consolidated Statement of Operations and was classified as Level 3. The Company measured the fair value of these assets primarily using discounted cash flow projections. As of December 31, 2014, the Company had no impairments associated with purchased intangible assets.

As of December 31, 2014 and 2013, the Company had no liabilities measured at fair value on a nonrecurring basis.

Assets and Liabilities Not Measured at Fair Value

The carrying amounts of the Company's accounts receivable, financing receivables, accounts payable, and other accrued liabilities approximate fair value due to their short maturities. As of December 31, 2014, the estimated fair value of the Company's promissory note in connection with the sale of Junos Pulse recorded in other long term assets in the Consolidated Balance Sheet was $125.0 million classified as Level 3 assets due to the absence of quoted market prices and inherent lack of liquidity. As of December 31, 2014 and December 31, 2013, the estimated fair value of the Company's long-term debt in the Consolidated Balance Sheets was approximately $1,395.2 million and $1,023.5 million, respectively, based on observable market inputs (Level 2).

Note 6. Derivative Instruments

The Company uses derivatives to partially offset its market exposure to fluctuations in certain foreign currencies and does not enter into derivatives for speculative or trading purposes.

The notional amount of the Company's foreign currency derivatives are summarized as follows (in millions):

	As of December 31,	
	2014	2013
Cash flow hedges	$ 160.7	$ 137.6
Non-designated derivatives	78.0	144.4
Total	$ 238.7	$ 282.0

Cash Flow Hedges

The Company uses foreign currency forward or option contracts to hedge the Company's planned cost of services and operating expenses denominated in foreign currencies. These derivatives are designated as cash flow hedges. Execution of these cash flow hedge derivatives typically occurs every month with maturities of one year or less.

See Note 5, *Fair Value Measurements*, for the fair values of the Company's derivative instruments in the Consolidated Balance Sheets.

As of December 31, 2014, the Company recognized a loss of $3.4 million in accumulated other comprehensive (loss) income for the effective portion of its derivative instruments and reclassified a gain of $3.4 million during the year ended December 31, 2014 from other comprehensive income to operating expense in the Consolidated Statements of Operations. As of December 31, 2013, the Company recognized a loss of $1.0 million in accumulated other comprehensive income for the effective portion of its derivative instruments and reclassified a gain of $0.7 million during the year ended December 31, 2013 from other comprehensive income to operating expense in the Consolidated Statements of Operations. As of December 31, 2012, the Company recognized a gain of $7.2 million in accumulated other comprehensive income for the effective portion of its derivative instruments and reclassified a loss of $7.5 million during the year ended December 31, 2012 from other comprehensive income to operating expense in the Consolidated Statements of Operations.

The ineffective portion of the Company's derivative instruments recognized in its Consolidated Statements of Operations was not material during the years ended December 31, 2014, 2013, and 2012.

Non-Designated Derivatives

During the years ended December 31, 2014, 2013, and 2012, the Company recognized a net loss of $2.4 million, a net gain of $0.9 million, and a gain of $1.0 million, respectively, on non-designated derivative instruments within other income (expense), net, in its Consolidated Statements of Operations.

Offsetting of Derivatives

The Company presents its derivative assets and derivative liabilities on a gross basis in the Consolidated Balance Sheets. However, under agreements containing provisions on netting with certain counterparties of foreign exchange contracts, subject to applicable requirements, the Company is allowed to net-settle transactions on the same date in the same currency, with a single net amount payable by one party to the other. As of December 31, 2014 and December 31, 2013, the potential effect of rights of setoff associated with derivative instruments was not material. The Company is neither required to pledge nor entitled to receive cash collateral related to these derivative transactions.

Note 7. Goodwill and Purchased Intangible Assets

Goodwill

The following table presents the goodwill activity (in millions):

	Total
December 31, 2012	$ 4,057.8
Foreign currency translation adjustment	(0.1)
December 31, 2013	4,057.7
Additions due to business combination	13.6
Impairment	(850.0)
Divestiture	(239.8)
December 31, 2014	$ 2,981.5

In the fourth quarter of 2014, the Company performed its annual goodwill impairment test for the Company's three reporting units: Routing, Switching, and Security. The Company compared each reporting units' fair value to their current value to determine whether an impairment exists. The fair value was determined by using a combination of the income approach and the market approach.

Under the income approach, the fair value of each reporting unit was based on the present value of the estimated future cash flows that the reporting unit is expected to generate over its remaining life. Cash flow projections were based on management's estimates of revenue growth rates and operating margins, taking into consideration industry and market conditions. The discount rates used were based on the weighted-average cost of capital adjusted for the relevant risk associated with business-specific characteristics and the uncertainty related to the reporting unit's ability to execute on the projected cash flows. Under the market approach, the Company estimated the fair value based on market multiples of revenue and earnings derived from comparable publicly-traded companies with similar operating and investment characteristics as the reporting units. The income approach and the market approach were equally weighted to derive the fair value of each reporting unit.

The fair value of the Company's Routing and Switching reporting units significantly exceeded their carrying value. However the fair value of the Security reporting unit did not exceed its carrying value and therefore the Company determined the Security reporting unit's goodwill was impaired. In 2014, the Company re-aligned its go-to-market and research and development resources on projects with the highest potential for growth and continued to leverage its engineering efforts across its Routing, Switching, and Security products. In the fourth quarter of 2014, the Company began to implement a new Security strategy focused on network resiliency and performance based on the SRX platform. As a result, the Company rationalized its Security product portfolio including developing a new product roadmap and exiting certain point products, including the divestiture of Junos Pulse. These factors decreased the Company's short term and near term revenue and profitability forecasts of the Security reporting unit.

In determining the impairment amount, the fair value of the Security reporting unit was allocated to its assets and liabilities, including any unrecognized intangible assets, based on their respective fair values. Assumptions used in measuring the value of these assets and liabilities included the discount rates, customer renewal rates, and technology obsolescence rates used in valuing the intangible assets, and pricing of comparable transactions in the market in valuing the tangible assets. Based on this allocation, the Security reporting unit's carrying value of goodwill exceeded the implied fair value of goodwill, resulting in a goodwill impairment charge of $850.0 million which was recorded in the Consolidated Statement of Operations.

There were no impairments to goodwill during the years ended December 31, 2013, and 2012.

Purchased Intangible Assets

The Company's purchased intangible assets were as follows (in millions):

	Gross	Accumulated Amortization	Impairments and Other Charges	Net
As of December 31, 2014				
Intangible assets with finite lives:				
Technologies and patents	$ 567.7	$ (466.1)	$ (49.9)	$ 51.7
Customer contracts, support agreements, and related relationships	78.1	(65.2)	(2.8)	10.1
Other	1.1	(0.5)	—	0.6
Total purchased intangible assets	$ 646.9	$ (531.8)	$ (52.7)	$ 62.4
As of December 31, 2013				
Intangible assets with finite lives:				
Technologies and patents	$ 581.4	$ (453.4)	$ (30.5)	$ 97.5
Customer contracts, support agreements, and related relationships	74.3	(62.7)	(2.2)	9.4
Total purchased intangible assets	$ 655.7	$ (516.1)	$ (32.7)	$ 106.9

The following table presents the amortization of intangible assets included in the Consolidated Statements of Operations (in millions):

	Years Ended December 31,		
	2014	2013	2012
Cost of revenues	$ 30.9	$ 27.3	$ 27.6
Operating expenses:			
Sales and marketing	4.2	3.4	3.5
General and administrative	1.2	1.2	1.2
Total operating expenses	5.4	4.6	4.7
Total	$ 36.3	$ 31.9	$ 32.3

In connection with the restructuring plan in 2014 and 2012 discussed in Note 9, *Restructuring and Other Charges*, the Company determined certain intangible assets of $20.0 million and $10.7 million, respectively, were no longer utilized. Additionally, in 2012 the Company recorded a $5.4 million impairment charge as a result of the fair value assessment. During the year ended December 31, 2014, the Company recorded charges of $19.3 million in cost of revenues and $0.7 million in restructuring and other charges in the Consolidated Statements of Operations. During the year ended December 31, 2012, the Company recorded charges of $16.1 million in cost of revenues in the Consolidated Statements of Operations. There were no impairment charges to purchased intangible assets during the years ended December 31, 2013.

As of December 31, 2014, the estimated future amortization expense of purchased intangible assets with finite lives is as follows (in millions):

Years Ending December 31,	Amount
2015	$ 24.2
2016	13.8
2017	8.9
2018	5.2
2019	4.9
Thereafter	5.4
Total	$ 62.4

Note 8. Other Financial Information

Inventories

The Company purchases and holds inventory to provide adequate component supplies over the life of the underlying products. The majority of the Company's inventory is production components to be used in the manufacturing process and finished goods inventory in transit. Inventories are reported within prepaid expenses and other current assets and other long-term assets in the Consolidated Balance Sheets. Total inventories consisted of the following (in millions):

	As of December 31,	
	2014	2013
Production materials	$ 38.3	$ 51.3
Finished goods	24.2	1.4
Inventories	$ 62.5	$ 52.7

During the year ended December 31, 2014, the Company recorded $15.5 million to cost of revenues, related to the acceleration of the end-of-life of certain products in connection with the 2014 Restructuring Plan discussed in *Note 9, Restructuring and Other Charges*. There were no such charges during the year ended December 31, 2013.

During the year ended December 31, 2012, the Company recorded charges of $44.3 million, to cost of revenues, representing inventory held in excess of forecasted demand, of which $36.3 million was in connection with the restructuring plan in 2012 discussed in Note 9, *Restructuring and Other Charges.*

Property and Equipment, Net

Property and equipment, net, consisted of the following (in millions):

	As of December 31,	
	2014	2013
Computers and equipment	$ 806.1	$ 794.6
Software	161.2	108.4
Leasehold improvements	179.5	202.6
Furniture and fixtures	33.7	42.5
Building and building improvements	238.4	242.6
Land and land improvements	241.0	238.9
Construction-in-process	70.3	79.5
Property and equipment, gross	1,730.2	1,709.1
Accumulated depreciation	(825.9)	(826.8)
Property and equipment, net	$ 904.3	$ 882.3

Depreciation expense was $141.9 million, $148.2 million, and $154.7 million in 2014, 2013, and 2012, respectively. Property and equipment is periodically reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Other Long-Term Assets

Other long-term assets consisted of the following (in millions):

	As of December 31,	
	2014	2013
Privately-held investments	$ 89.9	$ 57.2
Licensed software	8.6	90.4
Federal income tax receivable	20.0	20.0
Customer financing receivable	16.9	19.9
Inventory	8.0	15.2
Prepaid costs, deposits, and other	35.5	31.1
Promissory note in connection with the sale of Junos Pulse[1]	125.0	—
Other long-term assets	$ 303.9	$ 233.8

[1] Refer to Other Income (Expense), net below for further information on the promissory note.

In connection with the 2014 Restructuring Plan discussed in Note 9, *Restructuring and Other Charges*, the Company reviewed its product portfolio and determined to cease development of the application delivery controller software technology licensed in July 2012 as well as development of another technology, for which the Company has a prepaid license. As a result, the Company recognized a total charge of $85.4 million recorded within operating expenses in the Consolidated Statements of Operations during the year ended December 31, 2014. There were no revenues associated with this technology.

Warranties

The Company accrues for warranty costs based on associated material, labor for customer support, and overhead at the time revenue is recognized. This accrual is reported as accrued warranty within current liabilities in the Consolidated Balance Sheets. Changes in the Company's warranty reserve were as follows (in millions):

	As of December 31,	
	2014	2013
Beginning balance	$ 28.0	$ 29.7
Provisions made during the period, net	28.6	28.8
Adjustments related to pre-existing warranties	—	(2.1)
Actual costs incurred during the period	(27.9)	(28.4)
Ending balance	$ 28.7	$ 28.0

Deferred Revenue

Details of the Company's deferred revenue, as reported in the Consolidated Balance Sheets, were as follows (in millions):

	As of December 31,	
	2014	2013
Deferred product revenue:		
Undelivered product commitments and other product deferrals	$ 180.3	$ 184.9
Distributor inventory and other sell-through items	103.7	118.7
Deferred gross product revenue	284.0	303.6
Deferred cost of product revenue	(58.4)	(58.6)
Deferred product revenue, net	225.6	245.0
Deferred service revenue	850.1	824.3
Total	$ 1,075.7	$ 1,069.3
Reported as:		
Current	$ 780.8	$ 705.8
Long-term	294.9	363.5
Total	$ 1,075.7	$ 1,069.3

Deferred product revenue represents unrecognized revenue related to shipments to distributors that have not sold through to end-users, undelivered product commitments, and other shipments that have not met all revenue recognition criteria. Deferred product revenue is recorded net of the related costs of product revenue. Deferred service revenue represents billable amounts for service contracts, which include technical support, hardware and software maintenance, professional services, and training, for which services have not been rendered.

Other Income (Expense), Net

Other income (expense), net consisted of the following (in millions):

	Years Ended December 31,		
	2014	2013	2012
Interest income	$ 10.0	$ 8.7	$ 11.0
Interest expense	(66.9)	(58.4)	(52.9)
Net gain on legal settlement	196.1	—	—
Gain on investments	167.9	11.3	26.7
Gain on sale of Junos Pulse	19.6	—	—
Other	6.7	(2.0)	(1.4)
Other income (expense), net	$ 333.4	$ (40.4)	$ (16.6)

Interest income primarily includes interest earned on the Company's cash, cash equivalents, and investments. Interest expense primarily includes interest, net of capitalized interest expense, from long-term debt and customer financing arrangements. Other typically consists of investment and foreign exchange gains and losses and other non-operational income and expense items.

Interest Expense

For the years ended December 31, 2014, 2013 and 2012, interest expense included $57.5 million, net of $2.7 million capitalized, $45.2 million, net of $1.9 million capitalized, and $40.0 million, net of $7.1 million capitalized, respectively, related to the Company's outstanding long-term debt issued in March 2011 and in February 2014 discussed in Note 10, *Long-Term Debt and Financing.*

Gain on Legal Settlement

During the year ended December 31, 2014, the Company entered into a settlement agreement with Palo Alto Networks, Inc. ("PAN") resolving a patent litigation between the two companies, which resulted in a realized gain on legal settlement and subsequent sale of related securities of $196.1 million, net of legal fees.

Gain on Investments

During the year ended December 31, 2014, the Company recorded a gain of $163.0 million, primarily related to the sale of investments which were converted from privately-held investments to publicly-traded equity upon IPO and subsequently sold.

During the year ended December 31, 2013, net gain on investments was primarily comprised of a gain of $7.1 million related to the Company's privately-held investments.

Gain on Sale of Junos Pulse

On October 1, 2014, the Company completed the sale of its Junos Pulse product portfolio. The Company received total consideration of $230.7 million, of which $105.7 million was in cash, net of a $19.3 million working capital adjustment, and $125.0 million was in the form of an 18-month non-contingent interest bearing promissory note issued to the Company. As a result of the sale, the Company recorded a gain of $19.6 million in other income (expense), net in the Consolidated Statement of Operations. The Company's sale of Junos Pulse is driven by product rationalization in connection with the Company's initiative to focus on projects with the highest potential for growth.

Note 9. Restructuring and Other Charges

The following table presents restructuring and other charges included in cost of revenues and restructuring and other charges in the Consolidated Statements of Operations under the Company's restructuring plans (in millions):

	Years Ended December 31,		
	2014	2013	2012
Severance	$ 52.6	$ 22.9	$ 36.7
Facilities	14.4	10.0	5.8
Contract terminations and other	2.3	14.6	57.2
Asset impairments and write-downs	139.2	—	—
Total	$ 208.5	$ 47.5	$ 99.7
Reported as:			
Cost of revenues	$ 41.5	$ 8.4	$ 52.9
Restructuring and other charges	167.0	39.1	46.8
Total	$ 208.5	$ 47.5	$ 99.7

Restructuring and other charges noted above are based on the Company's 2014 Restructuring Plan and Other Restructuring Plans that were committed to by management. Any changes in the estimates of executing the approved plans are reflected in the Company's results of operations.

2014 Restructuring Plan

In the first quarter of 2014, the Company initiated a restructuring plan (the "2014 Restructuring Plan") designed to refocus the Company's strategy, optimize its structure, and improve operational efficiencies. The 2014 Restructuring Plan consists of workforce reductions, facility consolidations and closures, asset write-downs, contract terminations and other charges.

During the year ended December 31, 2014, the Company recorded $52.0 million of severance costs, $14.2 million of facility consolidation and closures costs, $85.4 million of impairment charges related to licensed software, $12.3 million of asset write-downs, and $2.3 million of charges related to contract terminations, which were recorded to restructuring and other charges in the Consolidated Statements of Operations. In connection with the facility consolidation and closures charge of $14.2 million, the Company, with the consent of its landlord and the administrative agent for the holder of certain liens secured upon the buildings on the leased premises, assigned certain of its real property leases, totaling approximately 0.4 million square feet, to a third party. Concurrently with the assignments, the Company executed a sublease with the assignee for one of the properties of approximately 0.1 million square feet, for a period of two years, with one-time right to extend the term for up to six months. Under these arrangements, the Company paid $12.3 million to the landlord and was released from all future lease obligations following the date of the assignments. The Company also incurred $5.3 million of transaction fees, which were recorded to restructuring and other charges in the Consolidated Statements of Operations. Offsetting these charges was an adjustment relating to deferred rent liability relating to these premises of $9.8 million.

The Company also recorded inventory write-downs of $15.5 million, intangibles write-downs of $19.3 million, and a charge related to products with contract manufacturers of $6.7 million for acceleration of the end-of-service life of certain products to cost of revenues in the Consolidated Statements of Operations during the year ended December 31, 2014.

The 2014 Restructuring Plan has been substantially completed as of December 31, 2014, and the Company does not expect to record significant future charges under this restructuring plan.

2013 Restructuring Plan

During 2013, the Company initiated a restructuring plan (the "2013 Restructuring Plan") to continue to improve its cost structure and rationalize its product portfolio and rebalance its investments. The 2013 Restructuring Plan consists of workforce reductions, contract terminations, and project cancellations. The Company recorded $0.6 million in severance costs related to the 2013 Restructuring Plan during the year ended December 31, 2014. Under the 2013 Restructuring Plan, total costs incurred through December 31, 2014 were $28.9 million, of which $3.3 million was recorded within cost of revenues and $25.6 million was recorded within restructuring and other charges in the Consolidated Statements of Operations. The restructuring activities related to this plan are substantially complete, and the Company does not expect to record significant future charges under this plan.

2012 Restructuring Plan

During 2012, the Company initiated a restructuring plan (the "2012 Restructuring Plan") to bring its cost structure more in line with its desired long-term financial and strategic model. The 2012 Restructuring Plan consists of workforce reductions, facility consolidations or closures, and supply chain and procurement efficiencies. During the year ended December 31, 2014, the Company continued to implement restructuring activities under the 2012 Restructuring Plan and recorded $0.2 million in charges for facility consolidations or closures. Under the 2012 Restructuring Plan, total costs incurred through December 31, 2014 were $112.8 million, of which $58.0 million was recorded within cost of revenues, primarily related to certain inventory and intangible asset impairment charges, and $54.8 million was recorded within restructuring and other charges in the Consolidated Statements of Operations. The restructuring activities related to this plan are substantially complete, and the Company does not expect to record significant future charges under this plan.

Restructuring Liability

Restructuring liabilities are reported within other accrued liabilities and other long-term liabilities in the Consolidated Balance Sheets. The following table provides a summary of changes in the restructuring liability related to the Company's plans during the year ended December 31, 2014 (in millions):

	December 31, 2013	Charges	Cash Payments	Non-cash Settlements and Other	December 31, 2014
Severance	$ 5.6	$ 52.6	$ (47.4)	$ (1.4)	$ 9.4
Facilities	5.1	14.4	(20.2)	8.1	7.4
Contract terminations and other	7.1	2.3	(8.3)	(0.9)	0.2
Total	$ 17.8	$ 69.3	$ (75.9)	$ 5.8	$ 17.0

As of December 31, 2014, the Company's restructuring liability was $17.0 million, of which $9.6 million is related to severance and other charges expected to be settled by the first quarter of 2015. The remaining $7.4 million related to facility closures is expected to be paid through March 2018.

Note 10. Long-Term Debt and Financing

Long-Term Debt

The following table summarizes the Company's long-term debt (in millions, except percentages):

	As of December 31, 2014	
	Amount	Effective Interest Rates
Senior notes:		
3.10% fixed-rate notes, due 2016	$ 300.0	3.25%
4.60% fixed-rate notes, due 2021	300.0	4.69%
4.50% fixed-rate notes, due 2024	350.0	4.63%
5.95% fixed-rate notes, due 2041	400.0	6.03%
Total senior notes	1,350.0	
Unaccreted discount	(1.0)	
Total	$ 1,349.0	

In March 2011, the Company issued $300.0 million aggregate principal amount of 3.10% senior notes due 2016 ("2016 Notes"), $300.0 million aggregate principal amount of 4.60% senior notes due 2021 ("2021 Notes"), and $400.0 million aggregate principal amount of 5.95% senior notes due 2041 ("2041 Notes"). In February 2014, the Company issued $350.0 million aggregate principal amount of 4.50% senior notes due 2024 ("2024 Notes" and, collectively the "Notes").

The 2024 Notes are senior unsecured obligations and rank equally with all of the Company's other existing and future senior unsecured indebtedness. Interest on the Notes is payable in cash semiannually. The Company may redeem the Notes, at any time in whole or from time to time in part, subject to a make-whole premium, and, in the event of a change in control, the holders of the Notes may require the Company to repurchase for cash all or part of the Notes at a purchase price equal to 101% of the aggregate principle amount, plus accrued and unpaid interest, if any. The indenture that governs the Notes also contains various covenants, including limitations on the Company's ability to incur liens or enter into sale-leaseback transactions over certain dollar thresholds.

The effective interest rates for the Notes include the interest on the Notes, accretion of the discount, and amortization of issuance costs. As of December 31, 2014, the Company was in compliance with all of its covenants in the indentures governing the Company's notes.

Revolving Credit Facility

On June 27, 2014, the Company entered into a Credit Agreement ("Credit Agreement") with certain institutional lenders and Citibank, N.A., as administrative agent, that provides for a $500.0 million unsecured revolving credit facility, with an option of the Company to increase the amount of the credit facility by up to an additional $200.0 million, subject to certain conditions. Proceeds of loans made under the Credit Agreement may be used by the Company for working capital and general corporate purposes. Revolving loans may be borrowed, repaid and reborrowed until June 27, 2019, at which time all amounts borrowed must be repaid. Borrowing may be denominated, at the Company's option in U.S. dollars, Pounds Sterling or Euro.

Borrowings under the Credit Agreement will bear interest, at either i) a floating rate per annum equal to the base rate plus a margin of between 0.00% and 0.50%, depending on the Company's public debt rating or ii) a per annum rate equal to the reserve adjusted Eurocurrency rate, plus a margin of between 0.90% and 1.50%, depending on the Company's public debt

rating. Base rate is defined as the greatest of (A) Citibank's base rate, (B) the Federal Funds rate plus 0.50% or (C) the ICE Benchmark Administration Settlement Rate applicable to dollars for a period of one month plus 1.00%. The Eurocurrency rate is determined for U.S. dollars and Pounds Sterling as the rate at which deposits in such currency are offered in the London interbank market for the applicable interest period and for Euro as the rate specified for deposits in Euro with a maturity comparable to the applicable interest period.

As of December 31, 2014, the Company was in compliance with all covenants in the Credit Agreement, and no amounts were outstanding.

Customer Financing Arrangements

The Company provides certain distribution partners access to extended financing arrangements for certain end-user customers that require longer payment terms than those typically provided by the Company through factoring accounts receivable to third-party financing providers ("financing providers"). The program does not and is not intended to affect the timing of the Company's revenue recognition. Under the financing arrangements, proceeds from the financing provider are due to the Company within 30 to 90 days from the sale of the receivable. In these transactions with the financing provider, the Company surrenders control over the transferred assets. The factored accounts receivable are isolated from the Company and put beyond the reach of the Company's creditors, even in the event of bankruptcy. The Company does not maintain effective control over the transferred assets through obligations or rights to redeem, transfer, or repurchase the receivables after they have been transferred. In 2014, the Company transitioned certain distribution partners from the third party financing program to the Company's commercial payment terms. As a result the Company's customer financing activities significantly declined from fiscal year 2013 to 2014.

Pursuant to the financing arrangements for the sale of receivables, the Company sold net receivables of $440.3 million, $898.4 million and $677.8 million during the years ended December 31, 2014, 2013, and 2012, respectively.

The Company received cash proceeds from the financing provider of $602.1 million, $843.9 million, and $679.8 million during the years ended December 31, 2014, 2013, and 2012, respectively. As of December 31, 2014 and December 31, 2013, the amounts owed by the financing provider were $28.0 million and $189.8 million, respectively, and were recorded in accounts receivable on the Company's Consolidated Balance Sheets.

The Company has provided guarantees to third-party financing companies for certain third-party financing arrangements extended to certain end-user customers, which have terms of up to four years. The Company is liable for the aggregate unpaid payments to the third-party financing company in the event of customer default. As of December 31, 2014, the Company has not been required to make any payments under these arrangements. Pursuant to these arrangements, the Company has guarantees for third-party financing arrangements of $22.2 million as of December 31, 2014.

The portion of the receivable financed that has not been recognized as revenue is accounted for as a financing arrangement and is included in other accrued liabilities and other long-term liabilities in the Consolidated Balance Sheets. As of December 31, 2014 and 2013, the estimated cash received from the financing provider not recognized as revenue from distributors was $67.5 million and $62.3 million, respectively.

Note 11. Equity

Cash Dividends on Shares of Common Stock

During 2014, the Company declared two quarterly cash dividends of $0.10 per share on July 22, 2014 and on October 23, 2014, paid on September 23, 2014 and on December 23, 2014 to stockholders of record as of the close of business on September 2, 2014 and December 2, 2014, respectively, in the aggregate amount of $86.0 million. Any future dividends, and the establishment of record and payment dates, are subject to approval by the Board of Directors (the "Board") of Juniper Networks or authorized committee thereof. See Note 18, *Subsequent Events*, for discussion of the Company's dividend declaration subsequent to December 31, 2014.

Stock Repurchase Activities

In February 2014, the Company's Board approved a stock repurchase program that authorized the Company to repurchase up to $2.1 billion of its common stock, including $1.2 billion pursuant to an accelerated share repurchase program ("2014 Stock Repurchase Program"). In October 2014, the Board authorized a $1.3 billion increase to the 2014 Stock Repurchase Program for a total of $3.4 billion. As of December 31, 2014, there was $1.2 billion of authorized funds remaining under the 2014 Stock Repurchase Program. In addition to repurchases under the Company's stock repurchase program, the Company also repurchases common stock from certain employees in connection with the net issuance of shares to satisfy minimum tax withholding obligations upon the vesting of certain stock awards issued to such employees.

The following table summarizes the Company's repurchases and retirements of its common stock under its stock repurchase programs and accelerated share repurchase, and repurchases associated with minimum tax withholdings (in millions, except per share amounts):

	Shares Repurchased	Average price per share	Amount Repurchased
2014			
Repurchases under stock repurchase program	46.8	$ 22.42	$ 1,050.0
Accelerated share repurchase[1]	49.3	$ 24.35	$ 1,200.0
Repurchases for tax withholding	0.6	$ 19.69	$ 12.5
2013			
Repurchases under stock repurchase program	28.9	$ 19.76	$ 570.6
Repurchases for tax withholding	0.4	$ 20.23	$ 7.2
2012			
Repurchases under stock repurchase program	35.8	$ 18.05	$ 645.6
Repurchases for tax withholding	0.2	$ 23.40	$ 5.0

(1) As part of the 2014 Stock Repurchase Program, the Company entered into two separate accelerated share repurchase agreements (collectively, the "ASR") with two financial institutions to repurchase $1.2 billion of the Company's common stock. The Company made an up-front payment of $1.2 billion pursuant to the ASR to repurchase the Company's common stock. The aggregate number of shares ultimately purchased was determined based on a volume weighted average repurchase price, less an agreed upon discount. The shares received with respect to the ASR have been retired. Retired shares return to authorized but unissued shares of common stock.

The Company intends to repurchase $1.0 billion of its common stock by the end of the second quarter of 2015, as part of its three year capital return program. Future share repurchases under the Company's stock repurchase programs will be subject to a review of the circumstances at that time and will be made from time to time in private transactions or open market purchases as permitted by securities laws and other legal requirements. The Company's stock repurchase programs may be discontinued at any time. See Note 18, *Subsequent Events*, for discussion of the Company's stock repurchase activity subsequent to December 31, 2014.

Accumulated Other Comprehensive (Loss) Income, Net of Tax

The components of accumulated other comprehensive income, net of related taxes, for the years ended December 31, 2014 and December 31, 2013 were as follows (in millions):

	Unrealized Gains (Losses) on Available-for-Sale Securities[1]	Unrealized Gains (Losses) on Cash Flow Hedges[2]	Foreign Currency Translation Adjustments	Total
Balance as of December 31, 2012	$ 2.1	$ 3.0	$ (0.4)	$ 4.7
Other comprehensive gain (loss) before reclassifications	65.1	0.7	(3.4)	62.4
Amount reclassified from accumulated other comprehensive income	(1.0)	(1.5)	—	(2.5)
Other comprehensive gain (loss)	64.1	(0.8)	(3.4)	59.9
Balance as of December 31, 2013	$ 66.2	$ 2.2	$ (3.8)	$ 64.6
Other comprehensive gain (loss) before reclassifications	48.7	(4.1)	(14.2)	30.4
Amount reclassified from accumulated other comprehensive income	(106.5)	(2.3)	—	(108.8)
Other comprehensive loss, net	(57.8)	(6.4)	(14.2)	(78.4)
Balance as of December 31, 2014	$ 8.4	$ (4.2)	$ (18.0)	$ (13.8)

(1) The reclassifications out of accumulated other comprehensive income during the years ended December 31, 2014 and December 31, 2013 for realized gains on available-for-sale securities of $104.3 million and $1.0 million, respectively, are included in other income (expense), net, in the Consolidated Statements of Operations.

(2) The reclassifications out of accumulated other comprehensive income during the year ended December 31, 2014 for realized gains on cash flow hedges are included within research and development of $1.4 million, sales and marketing of $0.3 million, and general and administrative of $0.7 million and for realized losses within cost of revenues of $0.1 million for which the hedged transactions relate in the Consolidated Statements of Operations. The reclassifications out of accumulated other comprehensive income during the year ended December 31, 2013 for realized gains on cash flow hedges are included within cost of revenues of $1.1 million and sales and marketing of $4.3 million and for realized losses within research and development of $3.4 million and general and administrative of $0.5 million for which the hedged transactions relate in the Consolidated Statements of Operations.

Note 12. Employee Benefit Plans

Equity Incentive Plans

The Company's equity incentive plans include the 2006 Equity Incentive Plan (the "2006 Plan"), the 2000 Nonstatutory Stock Option Plan (the "2000 Plan"), the Amended and Restated 1996 Stock Plan (the "1996 Plan"), various equity incentive plans assumed through acquisitions, and the 2008 Employee Stock Purchase Plan (the "ESPP"). Under these plans, the Company has granted (or, in the case of acquired plans, assumed) stock options, restricted stock units ("RSUs"), restricted stock awards ("RSAs"), and performance share awards ("PSAs").

As of December 31, 2014, a total of approximately 82.3 million shares of common stock were reserved for future issuance upon exercise of stock options and vesting of RSUs, RSAs, and PSAs, and for the future grant of share-based compensation awards under the Company's equity incentive plans.

The 2006 Plan was adopted and approved by the Company's stockholders in May 2006. To date, the Company's stockholders have approved a share reserve of 149.5 million shares of common stock plus the addition of any shares subject to options under the 2000 Plan and the 1996 Plan that were outstanding as of May 18, 2006, and that subsequently expire unexercised, up to a maximum of an additional 75.0 million shares. As of December 31, 2014, the 2006 Plan had 27.1 million shares subject to currently outstanding equity awards and 47.8 million shares available for future issuance. Options granted under the 2006 Plan have a maximum term of seven years from the date of grant, and generally vest and become exercisable over a four-year period. Subject to the terms of change of control severance agreements, and except for a limited number of shares allowed under the 2006 Plan, RSUs or PSAs that vest solely based on continuing employment or provision of services will vest in full no earlier than three years from the grant date, or in the event vesting is based on factors other than continued future provision of services, such awards will vest in full no earlier than one year from the grant date.

During 2012 through 2014, the Company completed the acquisitions of Mykonos, Contrail, and WANDL and assumed their respective plans: Mykonos Software, Inc. 2010 Stock Plan; Contrail Systems Inc. 2012 Stock Plan, and WANDL, Inc. 2013 Restricted Stock Unit Plan. In connection with these plans, the Company assumed stock options, RSUs, RSAs, and PSAs and exchanged the assumed awards for Juniper Networks' stock options, RSUs, RSAs, and PSAs, respectively. No additional awards can be granted under these plans. The Company assumed an aggregate of 8.5 million shares of stock options, RSUs, RSAs, and PSAs in connection with the acquisitions of Mykonos, Contrail, and WANDL. As of December 31, 2014 stock options, RSUs, RSAs, and PSAs representing approximately 4.1 million shares of common stock were outstanding under all awards assumed through the Company's acquisitions.

The ESPP was adopted in May 2008. To date, the Company's stockholders have approved a share reserve of 19.0 million shares of the Company's common stock for issuance under the ESPP. The ESPP permits eligible employees to acquire shares of the Company's common stock at a 15% discount to the offering price (as determined in the ESPP) through periodic payroll deductions of up to 10% of base compensation, subject to individual purchase limits of 6,000 shares in any twelve-month period or $25,000 worth of stock, determined at the fair market value of the shares at the time the stock purchase option is granted, in one calendar year. As of December 31, 2014, approximately 15.7 million shares have been issued and 3.3 million shares remain available for future issuance under the ESPP.

Stock Option Activities

Since 2006, the Company has granted stock option awards that have a maximum contractual life of seven years from the date of grant. Prior to 2006, stock option awards generally had a ten-year contractual life from the date of grant.

The following table summarizes the Company's stock option activity and related information as of and for the three years ended December 31, 2014 (in millions, except for per share amounts and years):

	Outstanding Options			
	Number of Shares	Weighted Average Exercise Price per Share	Weighted Average Remaining Contractual Term (In Years)	Aggregate Intrinsic Value
Balance as of December 31, 2011	38.6	$ 23.98	3.7	$ 75.3
Granted	3.1	22.81		
Assumed(*)	0.9	0.57		
Canceled	(2.8)	26.64		
Exercised	(3.6)	11.71		
Expired	(2.1)	26.97		
Balance as of December 31, 2012	34.1	$ 24.13	3.1	$ 52.5
Canceled	(1.3)	29.56		
Exercised	(5.6)	15.58		
Expired	(4.1)	28.35		
Balance as of December 31, 2013	23.1	$ 25.15	2.4	$ 44.6
Canceled	(0.6)	30.15		
Exercised	(5.4)	19.76		
Expired	(7.2)	29.11		
Balance as of December 31, 2014	9.9	$ 24.87	2.0	$ 24.7
As of December 31, 2014:				
Vested and expected-to-vest options	9.8	$ 25.00	2.0	$ 23.6
Exercisable options	9.1	$ 25.88	1.7	$ 15.9

(*) Stock options assumed in connection with the acquisition of Contrail.

Aggregate intrinsic value represents the difference between the Company's closing stock price on the last trading day of the period, which was $22.32 per share as of December 31, 2014 and the exercise price, multiplied by the number of related options. The pre-tax intrinsic value of options exercised, representing the difference between the fair market value of the Company's common stock on the date of the exercise and the exercise price of each option, was $33.4 million, $29.4 million, and $27.9 million for 2014, 2013, and 2012, respectively. Total fair value of options vested during 2014, 2013, and 2012 was $20.8 million, $45.2 million, and $70.9 million, respectively.

The following table summarizes additional information regarding outstanding and exercisable options as of December 31, 2014:

	Options Outstanding			Options Exercisable	
Range of Exercise Price (In dollars)	Number Outstanding (In millions)	Weighted Average Remaining Contractual Life (In years)	Weighted Average Exercise Price (In dollars)	Number Exercisable (In millions)	Weighted Average Exercise Price (In dollars)
$0.03 - $15.09	1.7	3.6	$ 9.58	1.3	$ 12.23
$16.39 - $22.59	1.4	1.5	20.36	1.2	20.34
$22.74 - $24.61	1.1	2.0	23.85	0.9	23.81
$24.73 - 24.73	0.1	0.4	24.73	0.1	24.73
$25.16- $25.16	1.2	0.2	25.16	1.2	25.16
$25.19 - $26.90	1.0	1.3	26.24	1.0	26.24
$26.97 - $29.89	1.6	1.8	28.71	1.6	28.70
$30.01 - $38.93	0.7	2.9	33.57	0.7	33.60
$40.26 - $40.26	0.7	2.8	40.26	0.7	40.26
$44.00 - $44.00	0.4	3.0	44.00	0.4	44.00
$0.03 - $44.00	9.9	2.0	$ 24.87	9.1	$ 25.88

Restricted Stock Unit, Restricted Stock Award, and Performance Share Award Activities

RSUs and RSAs generally vest over a period of three to four years from the date of grant and PSAs generally vest over a period of two to three years provided that certain annual performance targets and other vesting criteria are met. Until vested, RSUs and PSAs do not have the voting and dividend participation rights of common stock and the shares underlying the awards are not considered issued and outstanding.

The following table summarizes the Company's RSU, RSA, and PSA activity and related information as of and for the three years ended December 31, 2014 (in millions, except per share amounts and years):

	Outstanding RSUs, RSAs, and PSAs			
	Number of Shares	Weighted Average Grant-Date Fair Value per Share	Weighted Average Remaining Contractual Term (In Years)	Aggregate Intrinsic Value
Balance as of December 31, 2011	19.6	$ 30.27	1.5	$ 400.5
RSUs granted	9.9	20.79		
RSUs assumed[1][2]	0.2	22.21		
PSAs granted[3]	2.2	23.07		
RSAs assumed[2]	5.8	19.59		
RSUs vested[8]	(3.1)	27.04		
PSAs vested[8]	(1.9)	18.21		
RSAs vested[8]	(0.7)	19.59		
RSUs canceled	(2.9)	27.77		
PSAs canceled	(2.3)	29.71		
Balance as of December 31, 2012	26.8	$ 27.76	1.7	$ 565.0
RSUs granted	10.3	20.32		
PSAs granted[4]	2.2	21.27		
RSUs vested[8]	(6.1)	26.15		
PSAs vested[8]	(1.1)	28.52		
RSAs vested[8]	(1.6)	19.59		
RSUs canceled	(3.4)	22.99		
PSAs canceled	(1.7)	29.10		
Balance as of December 31, 2013	25.4	$ 23.44	1.1	$ 573.5
RSUs granted[5][9]	10.0	22.52		
RSUs assumed[6]	0.4	22.66		
RSAs assumed[6]	0.9	22.66		
PSAs granted[7][9]	1.4	24.25		
PSAs assumed[6]	0.2	22.66		
RSUs vested[8]	(7.3)	22.98		
RSAs vested[8]	(1.4)	19.59		
PSAs vested[8]	(1.1)	36.19		
RSUs canceled	(4.0)	21.63		
PSAs canceled	(3.2)	30.43		
Balance at December 31, 2014	21.3	$ 22.05	1.1	$ 475.0
As of December 31, 2014				
Vested and expected-to-vest RSUs, RSAs, and PSAs	17.7	$ 21.99	1.0	$ 395.2

(1) RSUs assumed in connection with the acquisition of Mykonos.

(2) RSUs and RSAs assumed in connection with the acquisition of Contrail.

(3) The number of shares subject to PSAs granted represents the aggregate maximum number of shares that may be issued pursuant to the award over its full term. The aggregate number of shares subject to these PSAs that would be issued if performance goals determined by the Compensation Committee are achieved at target is 0.9 million shares. Depending on achievement of such performance goals, the range of shares that could be issued under these awards is 0 to 2.2 million shares.

(4) The number of shares subject to PSAs granted represents the aggregate maximum number of shares that may be issued pursuant to the award over its full term. The aggregate number of shares subject to these PSAs that would be issued if performance goals determined by the Compensation Committee are achieved at target is 1.1 million shares. Depending on achievement of such performance goals, the range of shares that could be issued under these awards is 0 to 2.2 million shares.

(5) Includes service-based and market-based RSUs granted under the 2006 Plan according to its terms.

(6) RSUs, RSAs, and PSAs assumed in connection with the acquisition of WANDL.

(7) The number of shares subject to PSAs granted represents the aggregate maximum number of shares that may be issued pursuant to the award over its full term. The aggregate number of shares subject to these PSAs that would be issued if performance goals determined by the Compensation Committee are achieved at target is 0.9 million shares. Depending on achievement of such performance goals, the range of shares that could be issued under these awards is 0 to 1.4 million shares.

(8) Total fair value of RSUs, RSAs, and PSAs vested during 2014, 2013, and 2012 was $210.1 million, $221.5 million, and $132.0 million, respectively.

(9) On February 20, 2014, the Company announced its intention to initiate a quarterly cash dividend of $0.10 per share of common stock in the third quarter of 2014. As a result of the Company's announcement, the grant date fair value of RSUs and PSAs granted after the announcement date were reduced by the present value of the dividends expected to be paid on the underlying shares of common stock during the requisite and derived service period as these awards are not entitled to receive dividends until vested. The Company paid quarterly cash dividends in the third and fourth quarter of 2014 of $0.10 per share totaling $86.0 million. The declaration and amount of any future cash dividends are at the discretion of the Board of Directors and will depend on the Company's financial performance, economic outlook, and any other relevant considerations.

Shares Available for Grant

The following table presents the stock activity and the total number of shares available for grant under the 2006 Plan as of December 31, 2014 (in millions):

	Number of Shares
Balance as of December 31, 2013	49.1
RSUs and PSAs granted[1]	(24.1)
RSUs and PSAs canceled[1]	15.0
Options canceled[2]	0.6
Options expired[2]	7.2
Balance as of December 31, 2014	47.8

(1) RSUs and PSAs with a per share or unit purchase price lower than 100% of the fair market value of the Company's common stock on the day of the grant under the 2006 Plan are counted against shares authorized under the plan as two and one-tenth shares of common stock for each share subject to such award. The number of shares subject to PSAs granted represents the maximum number of shares that may be issued pursuant to the award over its full term.

(2) Includes canceled or expired options under the 1996 Plan and the 2000 Plan that expired after May 18, 2006, which become available for grant under the 2006 Plan according to its terms.

Employee Stock Purchase Plan

The Company's ESPP is implemented in a series of offering periods, each six months in duration, or a shorter period as determined by the Board. Employees purchased approximately 2.9 million, 3.3 million, and 3.5 million shares of common stock through the ESPP at an average exercise price of $19.30, $16.53, and $16.26 per share during 2014, 2013, and 2012, respectively.

Valuation Assumptions

The weighted-average assumptions used and the resulting estimates of fair value for stock options, ESPP, and market-based RSUs were as follows:

	Years Ended December 31,		
	2014	2013	2012
Stock Options[1]:			
Volatility	—	—	45%
Risk-free interest rate	—	—	0.7%
Expected life (years)	—	—	4.2
Dividend yield	—	—	—
Weighted-average fair value per share	—	—	$8.47
ESPP[1]:			
Volatility	30%	36%	47%
Risk-free interest rate	0.1%	0.1%	0.1%
Expected life (years)	0.5	0.5	0.5
Dividend yield	0% - 1.8%	—	—
Weighted-average fair value per share	$5.72	$5.54	$5.53
Market-based RSUs[2]			
Volatility	36%	—	—
Risk-free interest rate	1.6%	—	—
Dividend yield	0% - 2.0%	—	—
Weighted-average fair value per share	$16.89	—	—

(1) The Black-Scholes-Merton option-pricing model is utilized to estimate the fair value of stock options and ESPP.

(2) The fair value of market-based RSUs utilizes the Monte Carlo simulation option pricing model. The Company amortizes the fair value of these awards over the derived service period adjusted for estimated forfeitures for each separately vesting tranche of the award. Provided that the derived service is rendered, the total fair value of the market-based RSUs at the date of grant is recognized as compensation expense even if the market condition is not achieved. However, the number of shares that ultimately vest can vary significantly with the performance of the specified market criteria.

Share-Based Compensation Expense

Share-based compensation expense associated with stock options, RSUs, RSAs, PSAs, and ESPP was recorded in the following cost and expense categories in the Company's Consolidated Statements of Operations (in millions):

	Years Ended December 31,		
	2014	2013	2012
Cost of revenues - Product	$ 5.0	$ 4.7	$ 4.6
Cost of revenues - Service	14.2	15.4	17.0
Research and development	134.5	127.6	109.1
Sales and marketing	60.2	70.9	81.6
General and administrative	26.1	26.0	31.1
Total	$ 240.0	$ 244.6	$ 243.4

The following table summarizes share-based compensation expense by award type (in millions):

	Years Ended December 31,		
	2014	2013	2012
Stock options	$ 14.9	$ 31.5	$ 58.9
RSUs, RSAs, and PSAs	209.7	196.8	163.7
ESPP	15.4	16.3	20.8
Total	$ 240.0	$ 244.6	$ 243.4

The following table presents unrecognized compensation cost, adjusted for estimated forfeitures, recognized over a weighted-average period related to unvested stock options, RSUs, RSAs, and PSAs as of December 31, 2014 (in millions, except years):

	Unrecognized Compensation Cost	Weighted Average Period (In Years)
Stock options	$ 11.4	1.3
RSUs, RSAs, and PSAs	$ 257.8	1.7

401(k) Plan

The Company maintains a savings and retirement plan qualified under Section 401(k) of the Internal Revenue Code of 1986, as amended (the "IRC"). Employees meeting the eligibility requirements, as defined under the IRC, may contribute up to the statutory limits each year. The Company currently matches 30% of all eligible employee contributions which vest immediately. The Company's matching contributions to the plan totaled $20.2 million, $20.7 million, and $20.2 million during the years ended December 31, 2014, 2013, and 2012, respectively.

Deferred Compensation Plan

The Company's non-qualified deferred compensation ("NQDC") plan is an unfunded and unsecured deferred compensation arrangement. Under the NQDC plan, officers and other senior employees may elect to defer a portion of their compensation and contribute such amounts to one or more investment funds. The NQDC plan assets are included within short-term investments and offsetting obligations are included within accrued compensation in the Consolidated Balance Sheets. The investments are considered trading securities and are reported at fair value. The realized and unrealized holding gains and losses related to these investments are recorded in other income (expense), net, and the offsetting compensation expense is recorded as operating expenses in the Consolidated Statements of Operations. The deferred compensation liability under the NQDC plan was approximately $16.3 million and $15.4 million as of December 31, 2014 and December 31, 2013, respectively.

Note 13. Segments

In 2014, the Company realigned its organization into a One-Juniper structure which includes consolidating each of the Company's R&D and go-to-market functions to reduce complexity, increase clarity of responsibilities, and improve efficiency. As a result of these changes, the consolidated business is considered to be one reportable segment, consistent with how the Company's chief operating decision maker ("CODM") views the business, allocates resources, and assesses the performance of the Company.

The Company continues to sell its high-performance network products and service offerings across routing, switching, and security to service provider and enterprise markets.

The following table presents net revenues by product and service (in millions):

	Years Ended December 31,		
	2014	2013	2012
Routing	$ 2,223.9	$ 2,318.0	$ 2,037.6
Switching	721.2	638.0	554.8
Security	463.6	563.9	669.7
Total product	3,408.7	3,519.9	3,262.1
Total service	1,218.4	1,149.2	1,103.3
Total	$ 4,627.1	$ 4,669.1	$ 4,365.4

The Company attributes revenues to geographic region based on the customer's ship-to location. The following table presents net revenues by geographic region (in millions):

	Years Ended December 31,		
	2014	2013	2012
Americas:			
United States	$ 2,410.6	$ 2,381.5	$ 2,067.5
Other	219.7	232.0	218.4
Total Americas	2,630.3	2,613.5	2,285.9
Europe, Middle East, and Africa	1,263.3	1,256.9	1,266.3
Asia Pacific	733.5	798.7	813.2
Total	$ 4,627.1	$ 4,669.1	$ 4,365.4

During the years ended December 31, 2014 and 2013, no customer accounted for greater than 10% of the Company's net revenues. During the year ended December 31, 2012, Verizon accounted for 10.3% of the Company's net revenues.

The following table presents geographic information for property and equipment, net and purchased intangible assets, net (in millions):

	As of December 31,	
	2014	2013
United States	$ 871.7	$ 885.6
International	95.0	103.6
Property and equipment, net and purchased intangible assets, net	$ 966.7	$ 989.2

The Company tracks assets by physical location. The majority of the Company's assets, excluding cash and cash equivalents and investments, as of December 31, 2014 and December 31, 2013, were attributable to U.S. operations.

Note 14. Income Taxes

The components of pretax (loss) income and noncontrolling interest are summarized as follows (in millions):

	Years Ended December 31,		
	2014	2013	2012
Domestic	$ (509.7)	$ 248.7	$ 114.1
Foreign	423.4	276.8	177.4
Total pretax (loss) income	$ (86.3)	$ 525.5	$ 291.5

The provision for income taxes is summarized as follows (in millions):

	Years Ended December 31,		
	2014	2013	2012
Current provision (benefit):			
Federal	$ 180.1	$ (12.9)	$ 94.3
States	15.2	(5.0)	8.4
Foreign	33.7	32.5	37.1
Total current provision (benefit)	229.0	14.6	139.8
Deferred provision (benefit):			
Federal	17.3	51.2	(28.8)
States	1.2	(2.7)	(1.5)
Foreign	0.5	22.6	3.5
Total deferred provision (benefit)	19.0	71.1	(26.8)
Income tax benefits attributable to employee stock plan activity	—	—	(8.0)
Total provision (benefit) for income taxes	$ 248.0	$ 85.7	$ 105.0

The provision for income taxes differs from the amount computed by applying the federal statutory rate to pretax (loss) income as follows (in millions):

	Years Ended December 31,		
	2014	2013	2012
Expected (benefit) provision at 35% rate	$ (30.2)	$ 184.0	$ 102.0
State taxes (benefit), net of federal benefit	9.5	(3.6)	2.0
Foreign income at different tax rates	(90.2)	(37.7)	(11.6)
Research and development credits	(17.1)	(32.5)	(0.5)
Share-based compensation	25.3	25.6	22.4
Non-deductible goodwill impairment	297.5	—	—
Gain on sale of Junos Pulse	75.6	—	—
Release of valuation allowance	(22.8)	—	(3.4)
Settlement with tax authorities	—	(28.3)	—
Domestic production activities	(6.8)	(26.3)	—
Non-deductible compensation	3.2	1.5	0.6
Equity investment gain on acquisition	—	—	(5.3)
Other	4.0	3.0	(1.2)
Total provision for income taxes	$ 248.0	$ 85.7	$ 105.0

In 2014, the Company has provided tax on a pre-tax loss primarily due to the non-deductible goodwill charge. In 2013, the Company recorded $64.2 million of net income tax benefit related to items unique to the year. These amounts included $19.7 million for a multi-year claim related to the U.S. production activities deduction, $28.3 million for a tax settlement with the IRS, and $16.2 million of U.S. federal R&D tax credit resulting from the American Taxpayer Relief Act of 2012 signed on January 2, 2013, which retroactively reinstated the U.S. federal R&D tax credit from January 1, 2012 to December 31, 2013.

Deferred income taxes reflect the net tax effects of tax carry-forward items and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities are as follows (in millions):

	As of December 31,	
	2014	2013
Deferred tax assets:		
Net operating loss carry-forwards	$ 1.3	$ 1.1
Foreign tax credit carry-forwards	69.7	63.4
Research and other credit carry-forwards	122.5	106.6
Deferred revenue	104.9	71.0
Stock-based compensation	55.8	86.1
Reserves and accruals not currently deductible	129.8	153.9
Other	19.8	13.7
Total deferred tax assets	503.8	495.8
Valuation allowance	(144.5)	(155.7)
Deferred tax assets, net of valuation allowance	359.3	340.1
Deferred tax liabilities:		
Property and equipment basis differences	(35.6)	(3.1)
Purchased intangibles	(16.7)	(10.1)
Unremitted foreign earnings	(260.6)	(258.9)
Deferred compensation and other	(5.1)	(38.7)
Other	—	(0.4)
Total deferred tax liabilities	(318.0)	(311.2)
Net deferred tax assets	$ 41.3	$ 28.9

The breakdown between current and long-term deferred tax assets and deferred tax liabilities are as follows (in millions):

	As of December 31,	
	2014	2013
Current deferred tax assets	$ 147.0	$ 79.8
Long-term deferred tax assets	1.7	2.4
Long-term deferred tax liabilities	(107.4)	(53.3)
Total net deferred tax assets	$ 41.3	$ 28.9

As of December 31, 2014, and 2013, the Company had a valuation allowance on its U.S. domestic deferred tax assets of approximately $144.5 million and $155.7 million, respectively. The balance at December 31, 2014 consisted of approximately $125.2 million and $9.7 million against the Company's California and Massachusetts deferred tax assets, respectively, which the Company believes are not more likely than not to be utilized in future years. The remaining deferred tax assets on which the Company recorded a valuation allowance are approximately $9.6 million related to losses that are capital in nature and may carry forward to offset future capital gains only. The valuation allowance decreased $11.2 million in 2014 related to utilization of losses that are capital in nature offset by the increase in the California R&D credit. Valuation allowance increased in 2013 by $14.7 million related to an increase in the California R&D credit.

As of December 31, 2014, the Company had federal and California net operating loss carry-forwards of approximately $1.6 million and $27.8 million, respectively. The Company also had California tax credit carry-forwards of approximately $231.9 million. Approximately $16.2 million of the benefit from the California tax credit carry-forwards will be credited to additional paid-in capital when realized on the Company's income tax returns. Unused net operating loss carry-forwards will expire at various dates beginning in the year 2021. The California tax credit carry-forwards will carry forward indefinitely.

The Company provides U.S. income taxes on the earnings of foreign subsidiaries unless the subsidiaries' earnings are considered indefinitely reinvested outside of the United States. The Company has made no provision for U.S. income taxes on approximately $1.9 billion of cumulative undistributed earnings of certain foreign subsidiaries through December 31, 2014. These earnings are considered indefinitely invested in operations outside of the U.S., as the Company intends to utilize these amounts to fund future expansion of its international operations. If these earnings were distributed to the United States in the form of dividends or otherwise, or if the shares of the relevant foreign subsidiaries were sold or otherwise transferred, the Company would be subject to additional U.S. income taxes (subject to an adjustment for foreign tax credits) and foreign withholding taxes. Determination of the amount of unrecognized deferred income tax liability related to these earnings is not practicable.

As of December 31, 2014, 2013, and 2012 the total amount of gross unrecognized tax benefits was $199.2 million, $137.6 million, and $136.1 million, respectively. As of December 31, 2014, approximately $164.9 million of the $199.2 million gross unrecognized tax benefits, if recognized, would affect the effective tax rate.

A reconciliation of the beginning and ending amount of the Company's total gross unrecognized tax benefits was as follows (in millions):

	Years Ended December 31,		
	2014	2013	2012
Balance at beginning of year	$ 137.6	$ 136.1	$ 132.2
Tax positions related to current year:			
Additions	62.5	15.8	8.8
Tax positions related to prior years:			
Additions	0.6	22.6	0.9
Reductions	—	(2.2)	—
Settlements	—	(31.1)	(1.2)
Lapses in statutes of limitations	(1.5)	(3.6)	(4.6)
Balance at end of year	$ 199.2	$ 137.6	$ 136.1

As of December 31, 2014, 2013, and 2012 the Company had accrued interest and penalties related to unrecognized tax benefits of $22.3 million, $18.4 million, and $16.7 million, respectively, within other long-term liabilities in the Consolidated Balance Sheets. The Company recognized an expense for net interest and penalties of $2.8 million and $0.6 million, and a benefit of $0.6 million in its Consolidated Statements of Operations during the years ended December 31, 2014, 2013, and 2012, respectively.

The Company engages in continuous discussions and negotiations with tax authorities regarding tax matters in various jurisdictions. There is a greater than remote likelihood that the balance of the gross unrecognized tax benefits will decrease by approximately $3.2 million within the next twelve months due to lapses of applicable statutes of limitations and the completion of tax review cycles in various tax jurisdictions.

In 2013, the Company executed a closing agreement with the Appeals Division of the IRS related to its intercompany R&D cost sharing arrangement for the license of intangibles acquired in 2004, 2005, and 2006. The Company reached a final resolution with the IRS on all proposed adjustments for all tax years through 2006, which resulted in a settlement of approximately $19.6 million, including interest.

The Company conducts business globally and, as a result, Juniper Networks or one or more of its subsidiaries files income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. In the normal course of business the Company is subject to examination by taxing authorities throughout the world, including such major jurisdictions as the Netherlands, U.K., France, Germany, Japan, China, Australia, India, and the U.S. With few exceptions, the Company is no longer subject to U.S. federal, state and local, and non-U.S. income tax examinations for years before 2004.

The Company is currently under examination by the IRS for the 2007 through 2009 tax years and the California Franchise Tax Board for the 2004 through 2006 tax years. The Company is also subject to separate ongoing examinations by the India tax authorities for the 2004 tax year, 2004 through 2008 tax years, and the 2008 through 2010 tax years. The Company is not aware of any other examinations by tax authorities in any other major jurisdictions in which it files income tax returns as of December 31, 2014.

In 2008, the Company received a proposed adjustment from the India tax authorities related to the 2004 tax year. In 2009, the India tax authorities commenced a separate investigation of our 2004 through 2008 tax returns and are disputing the Company's determination of taxable income due to the cost basis of certain fixed assets. The Company accrued $4.6 million in penalties and interest in 2009 related to this matter. The Company understands that in accordance with the administrative and judicial process in India, the Company may be required to make payments that are substantially higher than the amount accrued in order to ultimately settle this issue. The Company strongly believes that any assessment it may receive in excess of the amount accrued would be inconsistent with applicable India tax laws and intends to defend this position vigorously.

The Company is pursuing all available administrative remedies relative to these matters. The Company believes that it has adequately provided for any reasonably foreseeable outcomes related to these proposed adjustments and the ultimate resolution of these matters is unlikely to have a material effect on its consolidated financial condition or results of operations; however there is still a possibility that an adverse outcome of these matters could have a material effect on its consolidated financial condition and results of operations.

Note 15. Net Income per Share

The Company computed basic and diluted net (loss) income per share attributable to Juniper Networks common stockholders as follows (in millions, except per share amounts):

	Years Ended December 31,		
	2014	2013	2012
Numerator:			
Net (loss) income	$ (334.3)	$ 439.8	$ 186.5
Denominator:			
Weighted-average shares used to compute basic net income per share	457.4	501.8	520.9
Dilutive effect of employee stock awards	—	8.5	5.3
Weighted-average shares used to compute diluted net income per share	457.4	510.3	526.2
Net (loss) income per share attributable to Juniper Networks common stockholders:			
Basic	$ (0.73)	$ 0.88	$ 0.36
Diluted	$ (0.73)	$ 0.86	$ 0.35
Anti-dilutive:			
Potential anti-dilutive shares	20.8	13.2	32.3

Basic net income per share is computed using net (loss) income available to common stockholders and the weighted-average number of common shares outstanding for the period. Diluted net income per share is computed using net (loss) income available to common stockholders and the weighted-average number of common shares outstanding plus potentially dilutive common shares outstanding during the period. Dilutive potential common shares consist of common shares issuable upon exercise of stock options, issuances of ESPP, and vesting of RSUs, RSAs, and PSAs. The Company includes the common shares underlying PSAs in the calculation of diluted net income per share when they become contingently issuable and excludes such shares when they are not contingently issuable. Potentially dilutive common shares were excluded from the computation of diluted net loss per share because their effect would be anti-dilutive.

Note 16. Commitments and Contingencies

Operating Leases

The following table summarizes the Company's future minimum payments under non-cancelable operating leases for each of the next five years and thereafter as of December 31, 2014 (in millions):

Years Ending December 31,	Amount
2015	$ 41.2
2016	30.1
2017	22.0
2018	14.3
2019	7.5
Thereafter	22.0
Total	$ 137.1

The Company leases its facilities and certain equipment under non-cancelable operating leases that expire at various dates through October 31, 2024. Certain leases require the Company to pay variable costs such as taxes, maintenance, and insurance and include renewal options and escalation clauses. Rent expense for 2014, 2013, and 2012 was approximately $46.0 million, $52.8 million, and $63.2 million, respectively.

Purchase Commitments with Contract Manufacturers and Suppliers

In order to reduce manufacturing lead times and ensure adequate component supply, the Company enters into agreements with contract manufacturers and certain suppliers to procure inventory based on the Company's requirements. A significant portion of the Company's purchase commitments arising from these agreements consists of firm and non-cancelable commitments. These purchase commitments totaled $476.2 million as of December 31, 2014.

The Company establishes a liability in connection with purchase commitments related to quantities in excess of its demand forecasts or obsolete materials charges for components purchased by the contract manufacturers based on the Company's demand forecast or customer orders. As of December 31, 2014, the Company had accrued $25.3 million based on its estimate of such charges. This includes $9.4 million related to net losses on firm and non-cancelable purchase commitments.

Long-Term Debt and Interest Payment on Long-Term Debt

As of December 31, 2014, the Company held long-term debt consisting of senior notes with a carrying value of $1,349.0 million. Of these Notes, $300.0 million will mature in 2016 and bears interest at a fixed rate of 3.10%, $300.0 million will mature in 2021 and bears interest at a fixed rate of 4.60%, $350.0 million will mature in 2024 and bears interest at a fixed rate of 4.50%, and $400.0 million will mature in 2041 and bears interest at a fixed rate of 5.95%. Interest on the Notes is payable semiannually. See Note 10, *Long-Term Debt and Financing*, for further discussion of the Company's long-term debt.

Other Contractual Obligations

As of December 31, 2014, other contractual obligations primarily consisted of $46.0 million in indemnity-related and service related escrows, as required in connection with certain asset purchases and acquisitions completed between 2005 and 2014, campus build-out obligations of $3.5 million, and $19.2 million of agreements that are firm, non-cancelable and specify terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of payment.

Tax Liabilities

As of December 31, 2014, the Company had $177.5 million included in long-term income taxes payable in the Consolidated Balance Sheets for unrecognized tax positions. At this time, the Company is unable to make a reasonably reliable estimate of the timing of payments related to this amount due to uncertainties in the timing of tax audit outcomes.

Guarantees

The Company enters into agreements with customers that contain indemnification provisions relating to potential situations where claims could be alleged that the Company's products infringe the intellectual property rights of a third-party. The Company also has financial guarantees consisting of guarantees of product and service performance, guarantees related to third-party customer-financing arrangements, custom and duty guarantees, and standby letters of credit for certain lease facilities. As of December 31, 2014 and December 31, 2013, the Company had $26.2 million and $40.1 million, respectively, in financing arrangements, bank guarantees, and standby letters of credit related to these financial guarantees, of which $22.2 million in financing guarantees was recorded in other accrued liabilities and other long-term liabilities in the Consolidated Balance Sheets as of December 31, 2014. See Note 10, *Long-Term Debt and Financing*, for further discussion of the Company's third-party customer financing arrangements that contain guarantee provisions.

Legal Proceedings

Investigations

The U.S. Securities and Exchange Commission (SEC) and the U.S. Department of Justice (DOJ) are conducting investigations into possible violations by the Company of the U.S. Foreign Corrupt Practices Act (FCPA). The Company is cooperating with these agencies regarding these matters. The Company's Audit Committee, with the assistance of independent advisors, has been investigating and conducting a thorough review of possible violations of the FCPA, and has made recommendations for remedial measures, including employee disciplinary actions in foreign jurisdictions, which the Company has implemented and continues to implement. The Company is unable to predict the duration, scope or outcome of the SEC and DOJ investigations, but believes that an adverse outcome is reasonably possible. However, the Company is not able to estimate a reasonable range of possible loss. The SEC and/or DOJ could take action against us or we could agree to settle. In such event, we could be required to pay substantial fines and sanctions and/or implement additional remedial measures; in addition, it may be determined that we violated the FCPA.

Other Litigation

In addition to the investigations discussed above, the Company is involved in other disputes, litigation, and other legal actions. The Company is aggressively defending these current litigation matters, and while there can be no assurances and the outcome of these matters is currently not determinable, and the Company currently believes that none of these existing claims or proceedings are likely to have a material adverse effect on its financial position. There are many uncertainties associated with any litigation and these actions or other third-party claims against the Company may cause the Company to incur costly litigation and/or substantial settlement charges. In addition, the resolution of any intellectual property litigation may require the Company to make royalty payments, which could adversely affect gross margins in future periods. If any of those events were to occur, the Company's business, financial condition, results of operations, and cash flows could be adversely affected. The actual liability in any such matters may be materially different from the Company's estimates, if any, which could result in the need to adjust the liability and record additional expenses.

We record an accrual for loss contingencies for legal proceedings when we believe that an unfavorable outcome is both (a) probable and (b) the amount or range of any possible loss is reasonably estimable. We have not recorded any accrual for loss contingencies associated with such legal proceedings or the investigations discussed above.

Note 17. Selected Quarterly Financial Data (Unaudited)

The tables below set forth selected unaudited financial data for each quarter of the two years ended December 31, 2014 (in millions, except per share amounts):

Year Ended December 31, 2014	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net revenues:				
Product	$ 876.0	$ 929.2	$ 809.5	$ 794.0
Service	294.1	300.3	316.4	307.6
Total net revenues	1,170.1	1,229.5	1,125.9	1,101.6
Cost of revenues:				
Product	326.6	359.3	290.0	310.9
Service	123.4	122.0	121.1	115.6
Total cost of revenues[1]	450.0	481.3	411.1	426.5
Gross margin	720.1	748.2	714.8	675.1
Operating expenses:				
Research and development	264.0	255.5	253.2	233.5
Sales and marketing	273.4	258.0	249.2	243.0
General and administrative	74.9	60.6	55.0	40.6
Restructuring and other (credit) charges[1]	114.0	58.2	(15.0)	9.8
Impairment of goodwill[2]	—	—	—	850.0
Total operating expenses	726.3	632.3	542.4	1,376.9
Operating (loss) income	(6.2)	115.9	172.4	(701.8)
Other income (expense), net[3]	154.2	178.6	(6.8)	7.4
Income (loss) before income taxes	148.0	294.5	165.6	(694.4)
Income tax provision	37.4	73.4	62.0	75.2
Net income (loss)	$ 110.6	$ 221.1	$ 103.6	$ (769.6)
Net income (loss) per share:[4]				
Basic	$ 0.23	$ 0.47	$ 0.23	$ (1.81)
Diluted	$ 0.22	$ 0.46	$ 0.23	$ (1.81)
Cash dividends declared per common stock[5]	$ —	$ —	$ 0.10	$ 0.10

(1) In the first quarter of 2014, the company initiated a 2014 Restructuring Plan, which consisted of $84.7 million asset write-downs, $28.0 million of severance costs, and $0.8 million of contract terminations that were recorded in restructuring and other charges. In addition, the Company recorded inventory write-downs related to the acceleration of the end-of-service life of certain products totaling $8.4 million to cost of revenues. In the second quarter, the Company recorded $9.9 million of severance costs, $37.6 million of facility consolidation and closures, $8.9 million of asset write-downs, and $1.5 million of contract terminations that were recorded to restructuring and other charges. The Company also recorded inventory write-downs of $11.5 million and a charge related to products with contract manufacturers of $2.3 million for acceleration of the end-of-life service of certain products to cost of revenues. In the third quarter, the Company recorded $7.1 million of severance costs, a benefit of $25.0 million of facility consolidation and closures as a result of a lease assignment, and $2.9 million of asset write-downs, that were recorded to restructuring and other (credit) charges. In the fourth quarter, the Company recorded $6.9 million in severance costs, $1.6 million of facility consolidation and closures, and $20.6 million in asset impairment and write-downs.

(2) During the fourth quarter of 2014, the Company recorded an $850.0 million goodwill impairment charge related to its Security reporting unit.

(3) In the first quarter of 2014, the Company recorded a gain of $163.0 million related to the sale of investments which were converted from privately-held investments to publicly-traded equity upon IPO. In the second quarter, the Company entered into a settlement agreement with PAN, which resulted in a realized gain on legal settlement of $195.3 million, net of legal fees. All such PAN securities were sold in the third quarter, and the Company recorded an additional $0.8 million gain. In the fourth quarter, the Company recorded a gain of $19.6 million on the sale of Junos Pulse.

(4) Net income (loss) per share is computed independently. Therefore, the sum of the quarterly net income per share may not equal the total computed for the year or any cumulative interim period.

(5) On July 22, 2014 and October 23, 2014 the company declared a quarterly cash dividend of $0.10 per share of common stock to stockholders on record as of the close of business September 2, 2014 and December 2, 2014, respectively.

Year Ended December 31, 2013	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net revenues:				
Product	$ 781.8	$ 863.8	$ 900.8	$ 973.5
Service	277.4	286.9	284.8	300.1
Total net revenues	1,059.2	1,150.7	1,185.6	1,273.6
Cost of revenues:				
Product	278.2	321.3	325.5	351.6
Service	110.2	108.9	113.6	118.4
Total cost of revenues[2]	388.4	430.2	439.1	470.0
Gross margin	670.8	720.5	746.5	803.6
Operating expenses:				
Research and development[1]	262.2	257.7	264.6	258.7
Sales and marketing[4]	256.1	267.1	269.5	283.2
General and administrative[4]	58.5	49.2	61.4	48.2
Restructuring and other charges[2]	7.0	8.0	6.0	18.1
Total operating expenses	583.8	582.0	601.5	608.2
Operating income	87.0	138.5	145.0	195.4
Other expense, net	(10.1)	(12.6)	(7.5)	(10.2)
Income before income taxes	76.9	125.9	137.5	185.2
Income tax (benefit) provision	(14.1)	28.0	38.4	33.4
Net income	$ 91.0	$ 97.9	$ 99.1	$ 151.8
Net income per share[3]				
Basic	$ 0.18	$ 0.19	$ 0.20	$ 0.30
Diluted	$ 0.18	$ 0.19	$ 0.19	$ 0.30

(1) In the second quarter of 2013, the Company extended the useful lives of certain computers and equipment based on actual historical usage, which demonstrated longer useful lives, as well as the planned use of these assets. The change was accounted for as a change in estimate and applied prospectively. This change in accounting estimate decreased depreciation expense within research and development expense by approximately $11.0 million or $0.01 per diluted share for the second quarter of 2013, $9.4 million or $0.01 for the third quarter of 2013, and $7.9 million or $0.01 for the fourth quarter of 2013.

(2) In the third quarter of 2013, the Company implemented the 2013 Restructuring Plan for workforce reductions, contract terminations, and project cancellations and recorded restructuring charges of $7.4 million and $3.7 million to operating expenses and cost of revenues, respectively. In the fourth quarter of 2013, the Company continued to implement restructuring activities under the 2013 Restructuring Plan and primarily recorded charges to operating expenses of $17.6 million.

(3) Net income per share is computed independently. Therefore, the sum of the quarterly net income per share may not equal the total computed for the year or any cumulative interim period.

(4) Certain amounts in the prior quarters' Condensed Consolidated Statements of Operations have been reclassified to conform to the current year presentation.

Note 18. Subsequent Events

Dividend Declaration

On January 27, 2015, the Company announced that it had declared a quarterly cash dividend of $0.10 per share of common stock payable on March 24, 2015 to stockholders of record as of the close of business on March 3, 2015.

Stock Repurchase Activities

Subsequent to December 31, 2014, through the filing of this Report, the Company repurchased 10.9 million shares of its common stock, for an aggregate purchase price of $248.1 million at an average price of $22.75 per share, under the 2014 Stock Repurchase Program and were settled prior to the filing of this Report. Under the 2014 Stock Repurchase Program, the Company has $926.9 million authorized funds remaining as of the filing date.

ITEM 9. *Changes in and Disagreements with Accountants on Accounting and Financial Disclosure*

Not applicable.

ITEM 9A. *Controls and Procedures*

(a) *Management's Annual Report on Internal Control Over Financial Reporting:* See "Management's Annual Report on Internal Control over Financial Reporting" under Item 8 of Part II of this Report, which is incorporated herein by reference.

(b) For the "Report of Independent Registered Public Accounting Firm," see the report under Item 8 of Part II of this Report, which is incorporated herein by reference.

Evaluation of Disclosure Controls and Procedures

Attached, as exhibits to this Report are certifications of our principal executive officer and principal financial officer, which are required in accordance with Rule 13a-14 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). This "Controls and Procedures" section includes information concerning the controls and related evaluations referred to in the certifications and it should be read in conjunction with the certifications for a more complete understanding of the topics presented.

We carried out an evaluation, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based upon that evaluation, our principal executive officer and principal financial officer concluded that, as of the end of the period covered in this report, our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in Securities and Exchange Commission rules and forms and is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the fourth quarter of 2014 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. *Other Information*

On February 20, 2015, the Company entered into a modified form of its standard form severance agreement with Robyn Denholm, the Company's Executive Vice President and Chief Financial and Operations Officer (the "Severance Agreement"), which will expire on January 1, 2017. The modifications are consistent with Ms. Denholm's prior severance agreement as described in the Company's current report on Form 8-K filed on July 25, 2013, which expired per its terms on January 1, 2015. The foregoing description of the Severance Agreement is a summary and is qualified in its entirety by the terms of the Severance Agreement, which is filed as Exhibit 10.67 to this Report.

PART III

ITEM 10. ***Directors, Executive Officers and Corporate Governance***

For information with respect to our Executive Officers, see Part I, Item 1 of this Annual Report on Form 10-K, under "Executive Officers of the Registrant."

Information concerning our directors, including director nominations, and our audit committee and audit committee financial expert, appearing in our definitive Proxy Statement to be filed with the SEC in connection with the 2015 Annual Meeting of Stockholders (the "Proxy Statement") under "Corporate Governance Principles and Board Matters," "Director Compensation" and "Election of Directors" is incorporated herein by reference.

Information concerning Section 16(a) beneficial ownership reporting compliance appearing in the Proxy Statement under "Section 16(a) Beneficial Ownership Reporting Compliance," is incorporated herein by reference.

Information concerning our Worldwide Code of Business Conduct and Ethics that applies to our principal executive officer and all other employees appearing in the Proxy Statement under "Corporate Governance Principles and Board Matters," is incorporated herein by reference.

ITEM 11. ***Executive Compensation***

Information concerning executive compensation appearing in the Proxy Statement under "Executive Compensation" is incorporated herein by reference.

Information concerning compensation committee interlocks and insider participation appearing in the Proxy Statement under "Compensation Committee Interlocks and Insider Participation" is incorporated herein by reference.

Information concerning the compensation committee report appearing in the Proxy Statement under "Compensation Committee Report" is incorporated herein by reference.

ITEM 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters***

Information concerning the security ownership of certain beneficial owners and management appearing in the Proxy Statement, under "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters," is incorporated herein by reference.

Information concerning our equity compensation plan information appearing in the Proxy Statement, under "Equity Compensation Plan Information," is incorporated herein by reference.

ITEM 13. ***Certain Relationships and Related Transactions, and Director Independence***

The information appearing in the Proxy Statement under the heading "Certain Relationships and Related Transactions" is incorporated herein by reference.

The information appearing in the Proxy Statement under the heading "Board Independence" is incorporated herein by reference.

ITEM 14. ***Principal Accounting Fees and Services***

Information concerning principal accountant fees and services and the audit committee's preapproval policies and procedures appearing in the Proxy Statement under the heading "Principal Accountant Fees and Services" is incorporated herein by reference.

PART IV

ITEM 15. *Exhibits, Financial Statement Schedules*

(a) The following documents are filed as part of this Report:

1. Consolidated Financial Statements

See Index to Consolidated Financial Statements at Item 8 herein.

2. Financial Statement Schedules

The following financial statement schedule is included as part of this Report:

All other schedules have been omitted as the required information is not applicable or the information is presented in the Consolidated Financial Statements or notes thereto under Item 8 herein.

3. Exhibits

See Exhibit Index in this Report.

(b) Exhibits

See Exhibit Index in this Report.

(c) None

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Juniper Networks, Inc.

February 20, 2015 By: /s/ Robyn M. Denholm
Robyn M. Denholm
Executive Vice President and Chief Financial and Operations Officer
(Duly Authorized Officer and Principal Financial Officer)

February 20, 2015 By: /s/ Terrance F. Spidell
Terrance F. Spidell
Vice President, Corporate Controller and Chief Accounting Officer
(Duly Authorized Officer and Principal Accounting Officer)

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Mitchell L. Gaynor and Robyn M. Denholm, and each of them individually, as his or her attorney-in-fact, each with full power of substitution, for him or her in any and all capacities to sign any and all amendments to this Annual Report on Form 10-K, and to file the same with, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that said attorney-in-fact, or his or her substitute, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Rami Rahim Rami Rahim	Chief Executive Officer and Director (Principal Executive Officer)	February 20, 2015
/s/ Robyn M. Denholm Robyn M. Denholm	Executive Vice President and Chief Financial and Operations Officer (Principal Financial Officer)	February 20, 2015
/s/ Terrance F. Spidell Terrance F. Spidell	Vice President, Corporate Controller and Chief Accounting Officer (Principal Accounting Officer)	February 20, 2015
/s/ Scott Kriens Scott Kriens	Chairman of the Board	February 20, 2015
/s/ Pradeep Sindhu Pradeep Sindhu	Vice Chairman of the Board and Chief Technical Officer	February 20, 2015
/s/ Robert M. Calderoni Robert M. Calderoni	Director	February 20, 2015

Signature	Title	Date
/s/ Mary B. Cranston Mary B. Cranston	Director	February 20, 2015
/s/ Mercedes Johnson Mercedes Johnson	Director	February 20, 2015
/s/ Kevin DeNuccio Kevin DeNuccio	Director	February 20, 2015
/s/ Gary Daichendt Gary Daichendt	Director	February 20, 2015
/s/ David Schlotterbeck David Schlotterbeck	Director	February 20, 2015
/s/ William R. Stensrud William R. Stensrud	Director	February 20, 2015

Juniper Networks, Inc.

Schedule II - Valuation and Qualifying Account
Years Ended December 31, 2014, 2013, and 2012
(In millions)

Allowance for Doubtful Accounts	Balance at Beginning of Year	Charged to (Reversed from) Costs and Expenses	Write-offs, Net of Recoveries	Balance at End of Year
2014	$ 5.4	$ (0.7)	$ —	$ 4.7
2013	$ 9.5	$ (3.8)	$ (0.3)	$ 5.4
2012	$ 9.5	$ 0.1	$ (0.1)	$ 9.5

		Additions			
Sales Return Reserve	Balance at Beginning of Year	Charged as a Reduction in Revenues	Charged to Other Accounts	Used	Balance at End of Year
2014	$ 49.0	$ 53.2	$ 80.9	$ (132.9)	$ 50.2
2013	$ 52.7	$ 35.0	$ 61.5	$ (100.2)	$ 49.0
2012	$ 52.0	$ 40.0	$ 48.6	$ (87.9)	$ 52.7

Exhibit Index

Exhibit No.	Exhibit	Incorporated by Reference			
		Filing	Exhibit No.	File No.	File Date
3.1	Restated Certificate of Incorporation of Juniper Networks, Inc.	10-K	3.1	001-34501	2/26/2014
3.2	Amended and Restated Bylaws of Juniper Networks, Inc.	8-K	3.2	001-34501	12/31/2013
4.1	Indenture, dated March 3, 2011, by and between Juniper Networks, Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee	8-K	4.1	001-34501	3/4/2011
4.2	First Supplemental Indenture, dated March 3, 2011, by and between Juniper Networks, Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee	10-Q	4.8	001-34501	3/4/2011
4.3	Second Supplemental Indenture, dated March 4, 2014, by and between Juniper Networks, Inc. and The Bank of New York	8-K	4.1	001-34501	3/4/2014
4.4	Form of Note for Juniper Networks, Inc.'s 3.100% Senior Notes due 2016 (incorporated by reference to Exhibit 4.8 hereto)	10-Q	4.9	001-34501	3/4/2011
4.5	Form of Note for Juniper Networks, Inc.'s 4.600% Senior Notes due 2021 (incorporated by reference to Exhibit 4.8 hereto)	10-Q	4.10	001-34501	3/4/2011
4.6	Form of Note for Juniper Networks, Inc.'s 5.950% Senior Notes due 2041 (incorporated by reference to Exhibit 4.8 hereto)	10-Q	4.11	001-34501	3/4/2011
4.7	Form of Note for Juniper Networks, Inc.'s 4.500% Senior Notes due 2024	10-Q	4.1	001-34501	5/8/2014
10.1	Form of Indemnification Agreement entered into by the Registrant with each of its directors, officers and certain employees	10-Q	10.1	000-26339	11/14/2003
10.2	Amended and Restated 1996 Stock Plan++	8-K	10.1	000-26339	11/9/2005
10.3	Form of Stock Option Agreement for the Juniper Networks, Inc. Amended and Restated 1996 Stock Plan++	10-Q	10.16	000-26339	11/2/2004
10.4	Form of Notice of Grant and Restricted Stock Unit Agreement for the Juniper Networks, Inc. Amended and Restated 1996 Stock Plan++	8-K	10.2	000-26339	11/9/2005
10.5	Juniper Networks 2000 Nonstatutory Stock Option Plan++	S-8	10.1	333-92086	7/9/2002
10.6	Form of Option Agreement for the Juniper Networks 2000 Nonstatutory Stock Option Plan++	10-K	10.6	000-26339	3/4/2005
10.7	Juniper Networks, Inc. 2006 Equity Incentive Plan, as amended October 2, 2014++	10-Q	10.9	001-34501	11/10/2014
10.8	Form of Stock Option Agreement for the Juniper Networks, Inc. 2006 Equity Incentive Plan++	8-K	10.2	000-26339	5/24/2006
10.9	Form of Non-Employee Director Stock Option Agreement for the Juniper Networks, Inc. 2006 Equity Incentive Plan++	8-K	10.3	000-26339	5/24/2006
10.10	Form of Notice of Grant and Restricted Stock Unit Agreement for the Juniper Networks, Inc. 2006 Equity Incentive Plan++	10-K	10.20	000-26339	2/29/2008
10.11	Form of Notice of Grant and Performance Share Agreement for the Juniper Networks, Inc. 2006 Equity Incentive Plan++	10-K	10.21	000-26339	2/29/2008
10.12	Form of India Stock Option Agreement under the Juniper Networks, Inc. 2006 Equity Incentive Plan++	10-Q	10.2	000-26339	5/9/2008
10.13	Form of India Restricted Stock Unit Agreement under the Juniper Networks, Inc. 2006 Equity Incentive Plan++	10-Q	10.3	000-26339	5/9/2008
10.14	Unisphere Networks, Inc. Second Amended and Restated 1999 Stock Incentive Plan++	S-8	10.1	333-92090	7/9/2002

Exhibit No.	Exhibit	Incorporated by Reference			
		Filing	Exhibit No.	File No.	File Date
10.15	NetScreen Technologies, Inc. 1997 Equity Incentive Plan++	S-1+	10.2	333-71048	10/5/2001
10.16	NetScreen Technologies, Inc. 2001 Equity Incentive Plan++	S-1+	10.3	333-71048	12/10/2001
10.17	NetScreen Technologies, Inc. 2002 Stock Option Plan++	S-8	4.7	333-114688	4/21/2004
10.18	Neoteris 2001 Stock Plan++	S-8+	4.1	333-110709	11/24/2003
10.19	Kagoor Networks, Inc. 2003 General Stock Option Plan++	S-8	4.1	333-124572	5/3/2005
10.20	Kagoor Networks, Inc. 2003 Israel Stock Option Plan++	S-8	4.2	333-124572	5/3/2005
10.21	Redline Networks 2000 Stock Plan++	S-8	4.1	333-124610	5/4/2005
10.22	Peribit Networks 2000 Stock Plan++	S-8	99.1	333-126404	7/6/2005
10.23	Juniper Networks, Inc. 2008 Employee Stock Purchase Plan, as amended++	8-K	10.2	001-34501	5/24/2012
10.24	Sub-plan to the Juniper Networks, Inc. 2008 Employee Stock Purchase Plan For Employees Located in the European Economic Area	10-K	10.25	000-26339	3/2/2009
10.25	Juniper Networks, Inc. Deferred Compensation Plan++	S-8	4.4	333-151669	6/16/2008
10.26	Tolling Agreement by and between Juniper Networks, Inc. and Scott Kriens++	10-Q	10.3	000-26339	11/10/2008
10.27	Agreement for ASIC Design and Purchase of Products between IBM Microelectronics and the Registrant dated August 26, 1997	S-1	10.8	333-76681	6/18/1999
10.28	Lease between Mathilda Associates LLC and the Registrant dated June 18, 1999	S-1	10.10	333-76681	6/23/1999
10.29	Lease between Mathilda Associates LLC and the Registrant dated February 1, 2000	10-K	10.9	000-26339	3/27/2001
10.30	Lease between Mathilda Associates II LLC and the Registrant dated August 15, 2000	10-Q	10.15	000-26339	11/2/2004
10.31	First Amendment to Lease between Sunnyvale Office Park, L.P. and the Registrant dated January 24, 2002	10-K	10.47	000-34501	2/26/2010
10.32	First Amendment to Lease between Sunnyvale Office Park, L.P. and the Registrant dated February 28, 2000	10-K	10.48	000-34501	2/26/2010
10.33	First Amendment to Lease between Sunnyvale Office Park, L.P. and the Registrant dated October 14, 2009	10-K	10.49	000-34501	2/26/2010
10.34	Second Amendment to Lease between Sunnyvale Office Park, L.P. and the Registrant dated October 14, 2009	10-K	10.50	000-34501	2/26/2010
10.35	Amendment No. 2 to Lease between Sunnyvale Office Park, L.P. and the Registrant dated October 14, 2009	10-K	10.51	000-34501	2/26/2010
10.36	Ankeena Networks, Inc. 2008 Stock Plan++	S-8	4.3	333-166248	4/23/2010
10.37	Altor Networks, Inc. 2007 Stock Plan and 2009 Israeli Equity Incentive Sub Plan++	S-8	10.1	333-171299	12/21/2010
10.38	Australian Addendum to the Juniper Networks, Inc. 2006 Equity Incentive Plan, as amended++	10-Q	10.2	000-34501	11/5/2010
10.39	Australian Addendum to the Juniper Networks, Inc. 2008 Employee Stock Purchase Plan, as amended++	10-Q	10.3	000-34501	11/5/2010
10.40	Description of 2012 Annual Incentive Plan++	8-K	Item 5.02	001-34501	2/21/2012
10.41	Form of Severance Agreement for Certain Officers first used in April 2012++	10-Q	10.2	001-34501	5/9/2012
10.42	Form of Change of Control Agreement for Certain Officers first used in April 2012++	10-Q	10.3	001-34501	5/9/2012

Exhibit No.	Exhibit	Incorporated by Reference			
		Filing	Exhibit No.	File No.	File Date
10.43	Juniper Networks, Inc. Performance Bonus Plan++	8-K	10.56	001-34501	5/23/2011
10.44	Consulting Agreement by and between Juniper Networks, Inc. and Stefan Dyckerhoff++	10-Q	10.2	001-34501	11/8/2012
10.45	Service Agreement by and between Juniper Networks, Inc. and Stefan Dyckerhoff++	10-K	10.55	001-34501	2/26/2013
10.46	Amended and Restated Contrail Systems Inc. 2012 Stock Plan dated December 2, 2012++	10-K	10.56	001-34501	2/26/2013
10.47	Employment Offer Letter between Juniper Networks, Inc. and Shaygan Kheradpir++	8-K	10.1	001-34501	11/13/2013
10.50	Amended and Restated Severance Agreement between Juniper Networks, Inc., and Robyn Denholm++	8-K		001-34501	7/25/2013
10.51	WANDL, Inc. 2013 Restricted Stock Unit Plan++	S-8	4.4	333-193906	2/12/2014
10.52	Form of Change of Control Agreement for Certain Officers first used in November 2013++	10-Q	10.2	001-34501	11/8/2013
10.53	Share Repurchase Transaction Agreement, dated February 27, 2014 between Juniper Networks, Inc. and Barclays Bank PLC, Inc., through its agent Barclays Capital, Inc.	10-Q	10.1	001-34501	5/8/2014
10.54	Share Repurchase Transaction Agreement, dated February 27, 2014, between Juniper Networks, Inc. and Goldman, Sachs & Co.	10-Q	10.2	001-34501	5/8/2014
10.55	Settlement, Release and Cross-License Agreement, dated May 27, 2014, by and between Juniper Networks, Inc. and Palo Alto Networks, Inc.	8-K	10.1	001-34501	5/29/2014
10.56	Credit Agreement, dated as of June 27, 2014, by and among Juniper Networks, Inc., the lenders from time to time party thereto and Citibank, N.A., as administrative agent	8-K	10.1	001-34501	6/27/2014
10.57	Assignment and Assumption of Lease by and between Juniper Networks, Inc., as Assignor, and Google Inc., as Assignee, dated August 18, 2014 -1194 N. Mathilda Avenue, Sunnyvale, California (Building 1)	10-Q	10.1	001-34501	11/10/2014
10.58	Assignment and Assumption of Lease by and between Juniper Networks, Inc., as Assignor, and Google Inc., as Assignee, dated August 18, 2014 -1184 N. Mathilda Avenue, Sunnyvale, California (Building 2)	10-Q	10.2	001-34501	11/10/2014
10.59	Assignment and Assumption of Lease by and between Juniper Networks, Inc., as Assignor, and Google Inc., as Assignee, dated August 18, 2014 -1220 N. Mathilda Avenue, Sunnyvale, California (Building 3)	10-Q	10.3	001-34501	11/10/2014
10.60	Consent to Assignment and Third Amendment to Lease by and between Juniper Networks, Inc., FSP-Sunnyvale Office Park, LLC and Google Inc., dated August 18, 2014 - 1194 N. Mathilda Avenue, Sunnyvale, California (Building 1)	10-Q	10.4	001-34501	11/10/2014
10.61	Consent to Assignment and Second Amendment to Lease by and between Juniper Networks, Inc., FSP-Sunnyvale Office Park, LLC and Google Inc., dated August 18, 2014 - 1184 N. Mathilda Avenue, Sunnyvale, California (Building 2)	10-Q	10.5	001-34501	11/10/2014
10.62	Consent to Assignment and Amendment No. 3 to Lease by and between Juniper Networks, Inc., FSP-Sunnyvale Office Park, LLC and Google Inc., dated August 18, 2014 - 1220 N. Mathilda Avenue, Sunnyvale, California (Building 3)	10-Q	10.6	001-34501	11/10/2014

Exhibit No.	Exhibit	Incorporated by Reference			
		Filing	Exhibit No.	File No.	File Date
10.63	Sublease by and between Juniper Networks, Inc., as Subtenant, and Google Inc., as Sublandlord, dated August 18, 2014 - 1194 N. Mathilda Avenue, Sunnyvale, California (Building 1)	10-Q	10.7	001-34501	11/10/2014
10.64	Consent to Sublease by and between Juniper Networks, Inc., FSP-Sunnyvale Office Park, LLC and Google Inc., dated August 18, 2014 - 1194 N. Mathilda Avenue, Sunnyvale, California (Building 1)	10-Q	10.8	001-34501	11/10/2014
10.65	Form of Severance Agreement for Certain Officers first used in November 2014++	10-Q	10.10	001-34501	11/10/2014
10.66	Employment Offer Letter, dated November 18, 2014 between Juniper Networks, Inc. and Rami Rahim++	8-K	10.1	001-34501	11/24/2014
10.67	Severance Agreement, dated February 20, 2015, between Juniper Networks, Inc. and Robyn Denholm*++				
12.1	Computation of Ratio of Earnings to Fixed Charges*				
21.1	Subsidiaries of the Company*				
23.1	Consent of Independent Registered Public Accounting Firm*				
24.1	Power of Attorney (included on the signature page to the Report)				
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934*				
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934*				
32.1	Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**				
32.2	Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**				
101	The following materials from Juniper Networks Inc.'s Annual Report on Form 10-K for the year ended December 31, 2014, formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Statements of Operations, (ii) Consolidated Statements of Comprehensive Income, (iii) Consolidated Balance Sheets, (iv) the Consolidated Statements of Cash Flows, and (v) Consolidated Statements of Changes in Stockholders' Equity, and (iv) Notes to Consolidated Financial Statements, tagged as blocks of text				
101.INS	XBRL Instance Document				
101.SCH	XBRL Taxonomy Extension Schema Document				
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document				
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document				
101.LAB	XBRL Taxonomy Extension Label Linkbase Document				
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document				

*	Filed herewith
**	Furnished herewith
+	Filed by NetScreen Technologies, Inc.
++	Indicates management contract or compensatory plan, contract or arrangement.

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