

Q4 2014 Financial Results Conference Call

Tuesday, January 27, 2015
2:00 P.M. Pacific Time

Forward Looking Statements

Information, statements and projections contained in these presentation slides and related conference call concerning Juniper Networks' business outlook, economic and market outlook, future financial and operating results, capital return program, the expected amount of our impairment charge, and overall future prospects are forward looking statements that involve a number of uncertainties and risks. Actual results or events could differ materially from those anticipated in those forward-looking statements as a result of certain factors, including: general economic and political conditions globally or regionally; business and economic conditions in the networking industry; changes in overall technology spending and spending by communication service providers and major customers; the network capacity requirements of communication service providers; contractual terms that may result in the deferral of revenue; increases in and the effect of competition; the timing of orders and their fulfillment; manufacturing and supply chain constraints; ability to establish and maintain relationships with distributors, resellers and other partners; variations in the expected mix of products sold; changes in customer mix; changes in geography mix; customer and industry analyst perceptions of Juniper Networks and its technology, products and future prospects; delays in scheduled product availability; market acceptance of Juniper Networks products and services; rapid technological and market change; adoption of regulations or standards affecting Juniper Networks products, services or the networking industry; the ability to successfully acquire, integrate and manage businesses and technologies; product defects, returns or vulnerabilities; the ability to recruit and retain key personnel; significant effects of tax legislation and judicial or administrative interpretation of tax regulations; currency fluctuations; litigation settlements and resolutions; the potential impact of activities related to the execution of capital return and product rationalization; and other factors listed in Juniper Networks' most recent report on Form 10-Q filed with the Securities and Exchange Commission (SEC). All information, statements and projections contained in these slides and related conference call speak only as of the date of this presentation. Juniper Networks undertakes no obligation to update the information contained in these slides and related conference call in the event facts or circumstances subsequently change.

Use of Non-GAAP Financial Measures

These presentation slides contain references to the following non-GAAP financial measures derived from our Preliminary Condensed Consolidated Statements of Operations: product gross margin, product gross margin as a percentage of product revenue; service gross margin; service gross margin as a percentage of service revenue; gross margin; gross margin as a percentage of revenue; research and development expense; sales and marketing expense; general and administrative expense; operating expense; operating income; operating margin; provision for income taxes; income tax rate; net income; and net income per share. For detailed reconciliation between the non-GAAP financial results presented in these slides and corresponding GAAP measures, please refer to the appendix at the end of this slide deck. In addition, for important commentary on why Juniper Networks considers non-GAAP information a useful view of the company's financial results, please see the press release furnished with our Form 8-K filed today with the SEC. With respect to future financial guidance provided on a non-GAAP basis, we have excluded estimates for amortization of intangible assets, share-based compensation expenses, acquisition-related charges, restructuring and other charges, impairment charges, professional services related to non-routine stockholder matters, product quality-related remediation charges, litigation settlement and resolution charges, gain or loss on contract settlement, gain on the sale of Junos Pulse, gain or loss on equity investments, retroactive impact of certain tax settlements, non-recurring income tax adjustments, valuation allowance on deferred tax assets, and income tax effect of non-GAAP exclusions.

A reconciliation of non-GAAP guidance measures to corresponding GAAP measures is not available on a forward-looking basis due to the high variability and low visibility with respect to the charges which are excluded from these non-GAAP measures.







Q4 2014 Results

Rami Rahim

Chief Executive Officer

2014: A Year of Significant Change

Strategy	To deliver the most scalable, reliable, secure and cost-effective networks while revolutionizing their agility, efficiency and value through automation	
Structure	Streamlined our organization	
Cost Management	Reduced our cost structure	
Capital Allocation	Aggressive capital return plan while preserving flexibility for growth	

Still more we can do to realize the full potential of our company



Juniper Strategy

- We will deliver the most scalable, reliable, secure and cost-effective networks while revolutionizing their agility, efficiency and value through automation
- We will focus 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 primary goal of growing revenue faster than the market

CEO's 90-Day Plan

- Spent considerable time talking and listening to our customers, our partners, and our employees
- Set out key execution initiatives for 2015 aligned with our R&D and go-to-market strategy, in the areas of routing, switching and security for both service provider and enterprise customers
- Appointed Jonathan Davidson as head of Juniper's Development and Innovation to ensure a smooth transition and uninterrupted focus on our product roadmap
- Moved network automation projects that have graduated out of the incubation phase from the Office of the CTO to JDI to ensure tighter alignment with the rest of our portfolio and end-to-end solution development
- Oversaw a comprehensive review of the security component of our business, including our capabilities and product roadmap



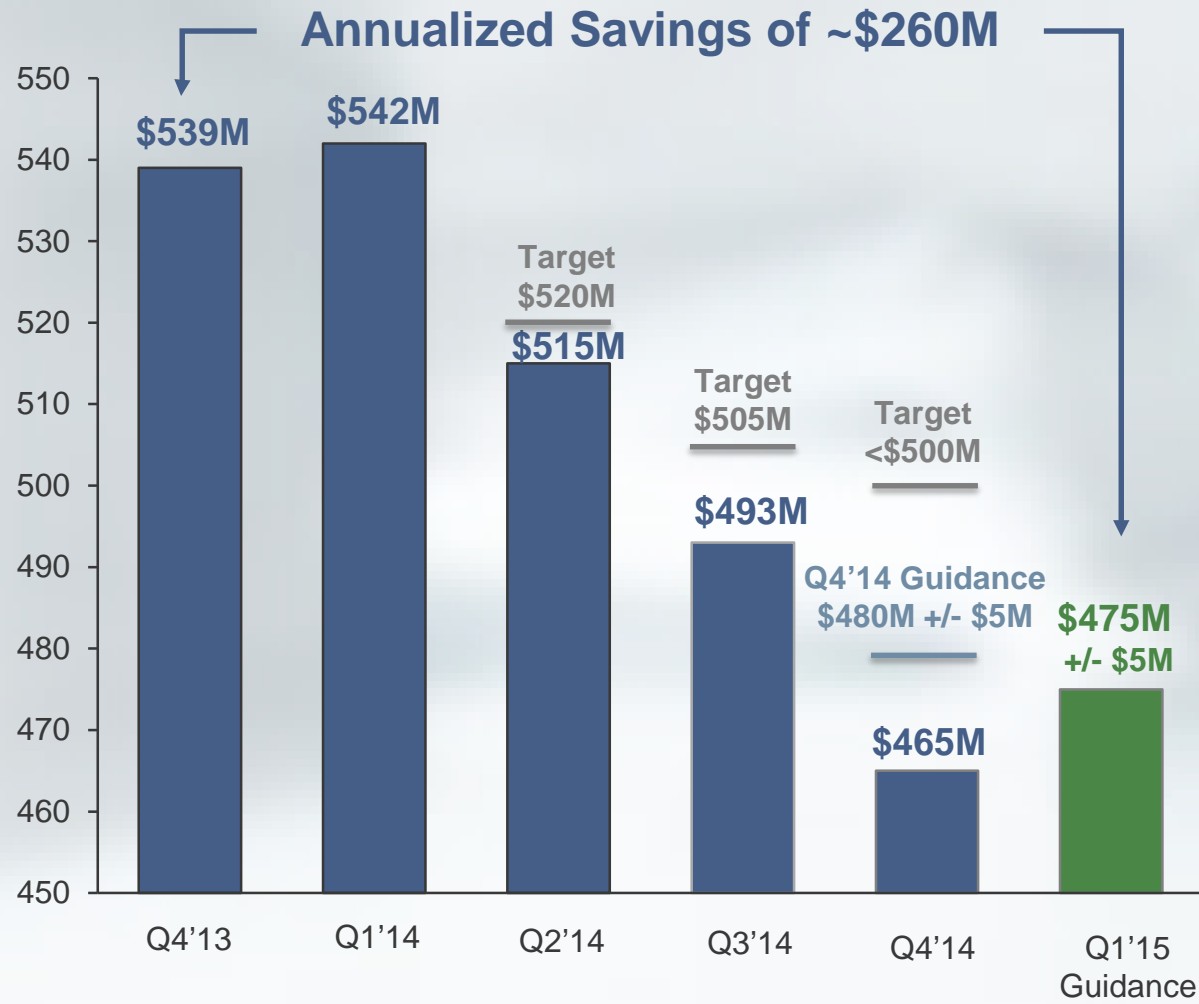
Financial Review

Robyn Denholm

Chief Financial and Operations Officer

Achieved Cost Commitments*

2013 Total Opex: \$2,102M
2014 Total Opex: \$2,015M



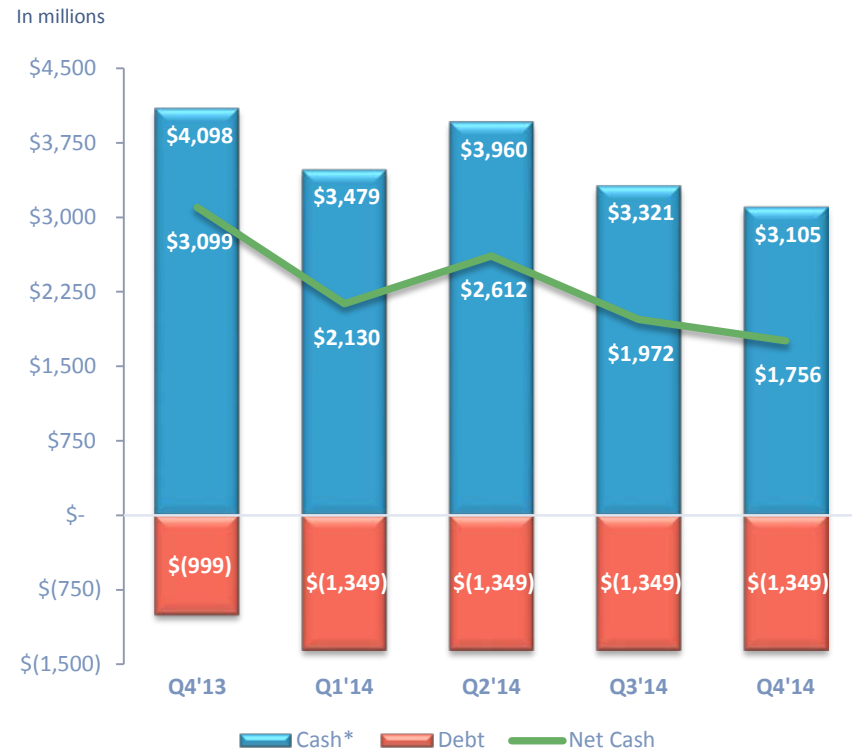
IOP Target Actual

- ✓ Improvement in the overall cost structure in 2014 reflect the implementation of structural cost savings and the benefit of reduced variable expenses
 - ✓ Headcount of 8,806 reduced by ~7% Y/Y
 - ✓ Reduced facilities footprint by ~300K sq.ft. or ~13%
 - ✓ Rationalized the R&D and security portfolio; divested Junos Pulse

- ✓ Q1 2015 operating expense guidance is \$475M +/- \$5M, resulting in annualized savings of ~\$260M

Solid Cash Flow and Executing Well on Capital Return Plan

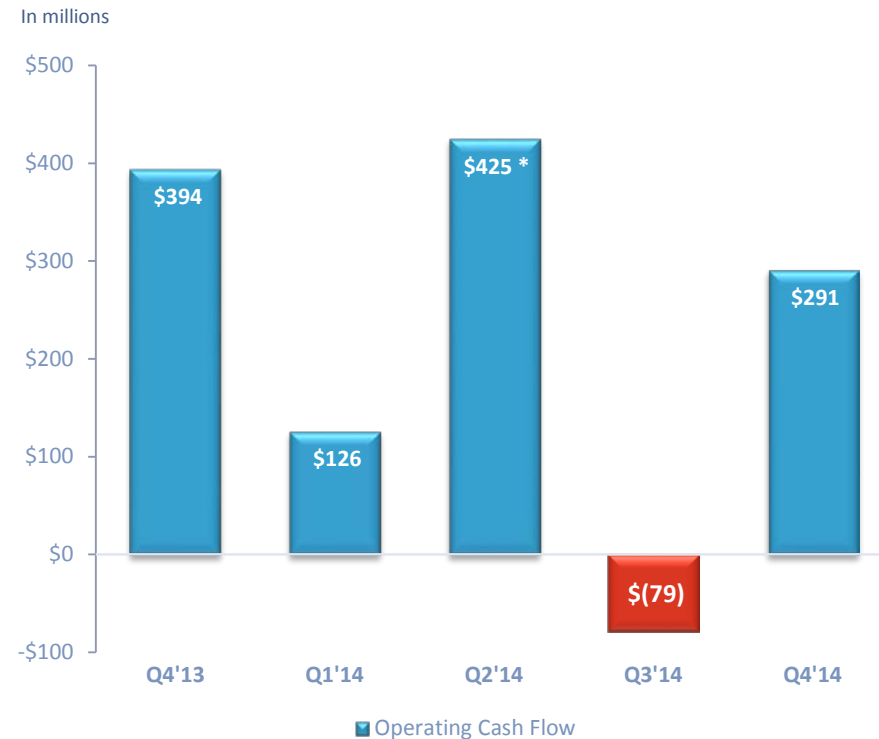
Well Positioned Capital Structure...



- Stable and healthy net cash balances over time
- Gross cash of \$3.1B, with 15% held onshore
- Total debt of \$1.35B; well staggered maturities
- Investment grade credit rating of BBB/Baa2 by S&P/Moody's

*Cash includes cash equivalents and investment.

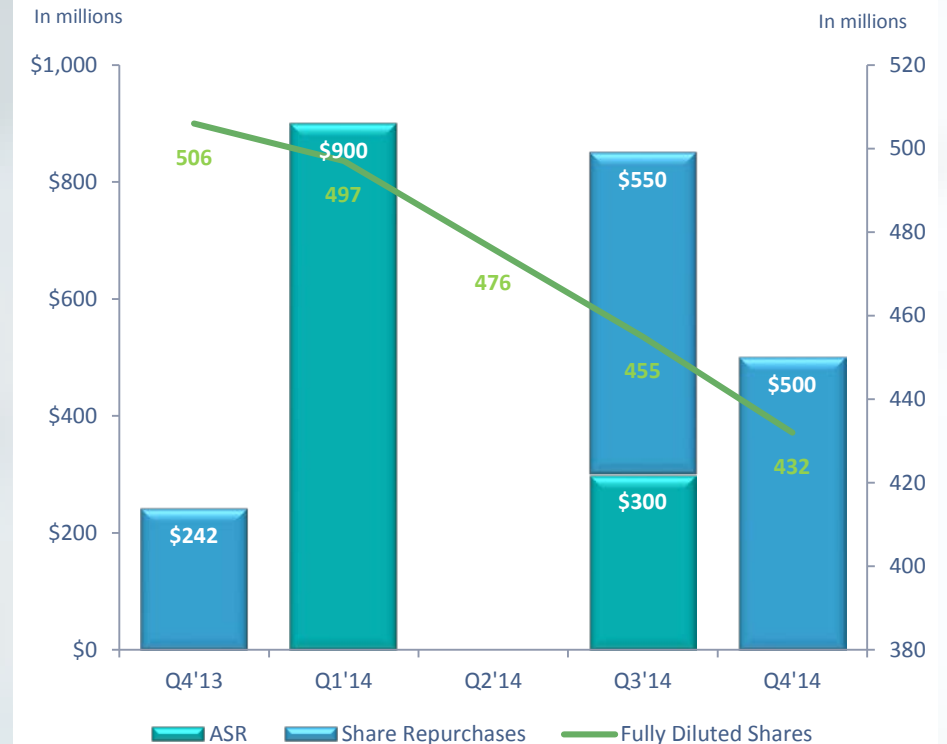
...And Solid Cash Flow Generation...



- Q4'14 operating cash flows from improved working capital metrics
- Profitability in the business results in healthy operating cash flows of \$0.8B over last 12-months

*Includes \$75 million from patent litigation settlement

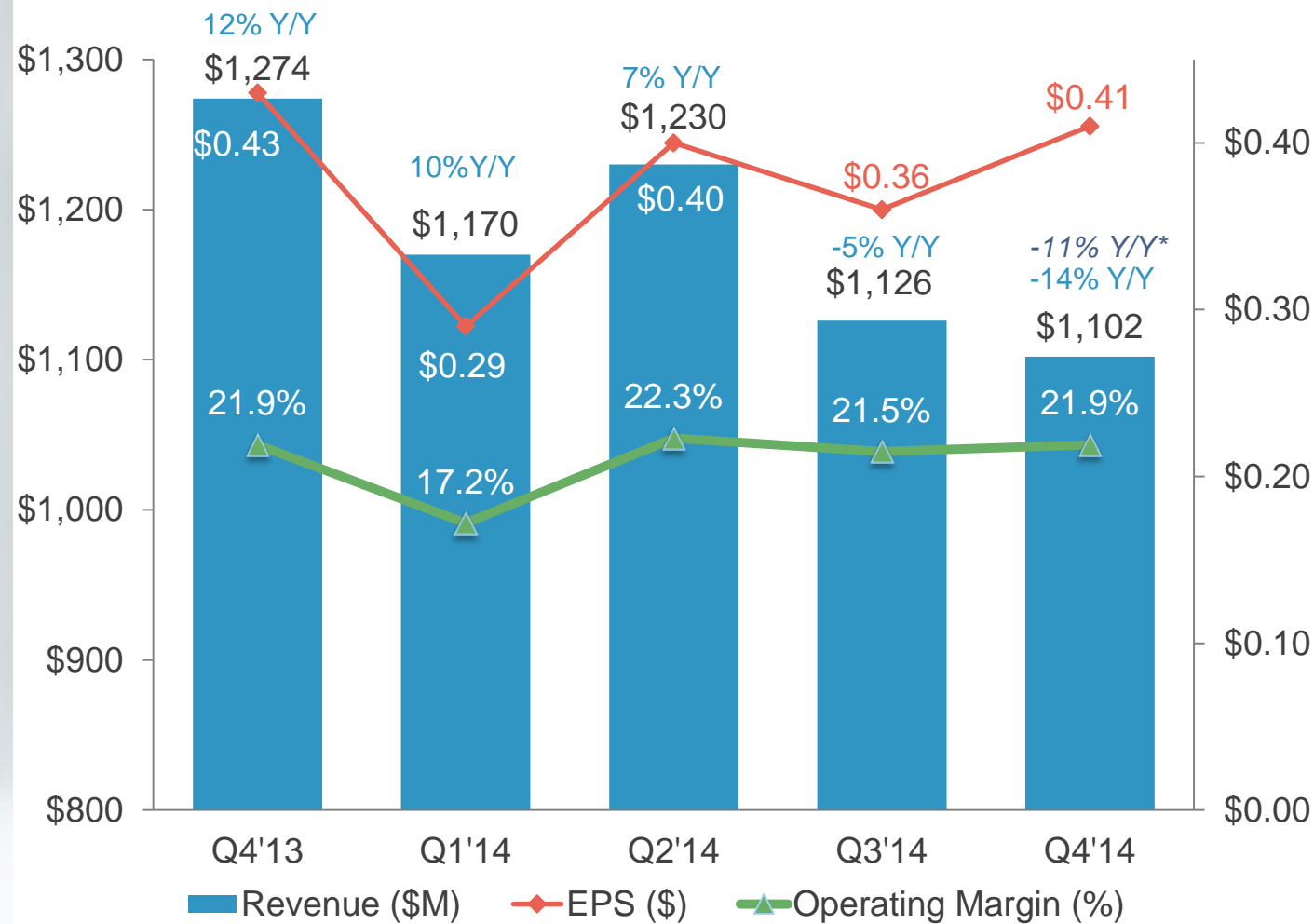
...Capital Return



- Returned \$2.3 billion of capital
- Paid quarterly dividend of \$0.10 per share in Q3 and Q4 2014, with intent to grow over time
- ~15% reduction in diluted share count from Q4'13 to Q4'14

Q4 2014 Results

Revenue, Non-GAAP Diluted EPS & Op Margin Trend



Financial Overview

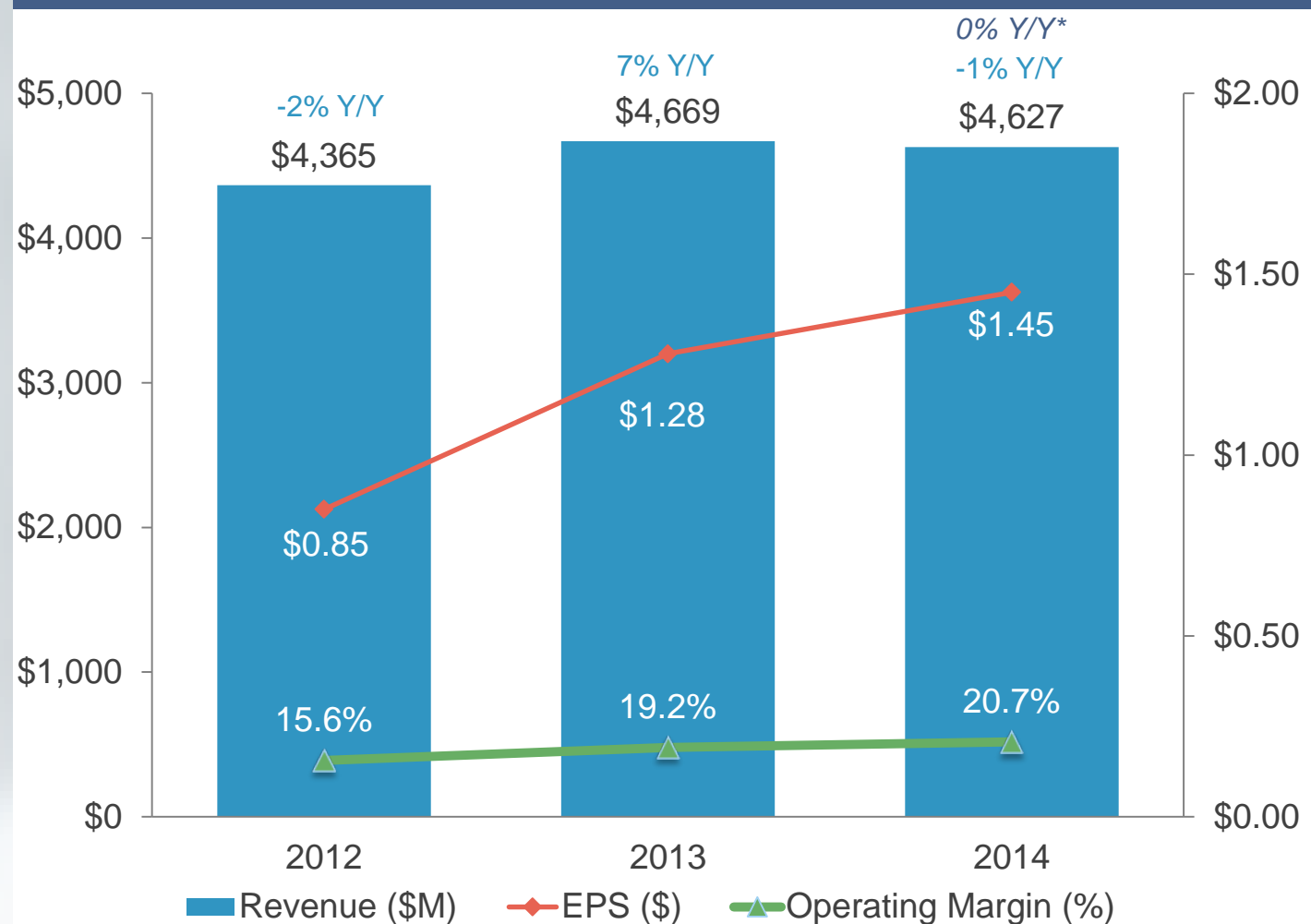
- Revenue decreased 14% Y/Y and 2% Q/Q
- Excluding Junos Pulse, revenue decreased 11% Y/Y and increased 1% Q/Q
- Revenue was better than expected, however the demand environment from large US carriers remains challenging
- Non-GAAP Operating Margin of 21.9%
- Q/Q Non-GAAP Diluted EPS growth of \$0.05

Demand Metrics

- Book-to-bill much greater than 1
- Total product deferred revenue decreased \$19M Y/Y primarily due to lower distributor inventory

FY 2014 Results: Expanded Non-GAAP Operating Margin and EPS

Revenue, Non-GAAP Diluted EPS & Op Margin Trend

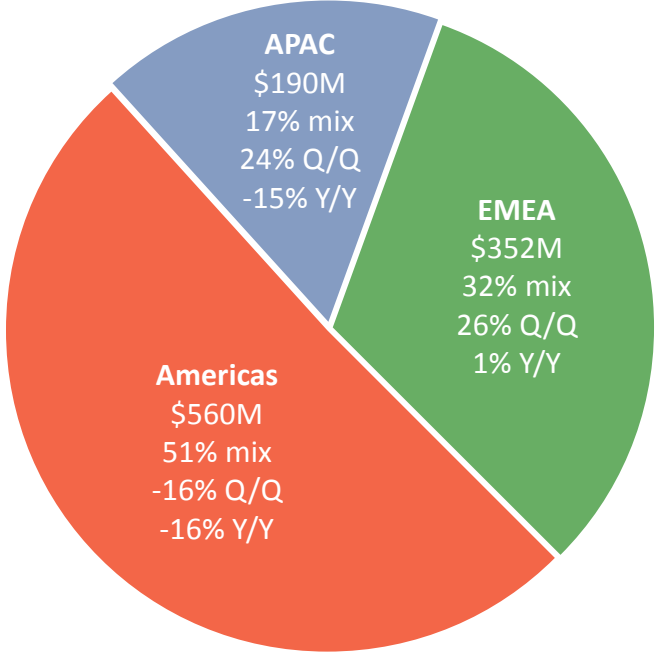


Financial Overview & Demand Metrics

- Revenue decreased 1% Y/Y
- Excluding Junos Pulse, revenue is flat Y/Y
- Expanded non-GAAP Operating Margin by 1.5 points to 20.7% due to focus on cost reductions
- Non-GAAP diluted EPS up \$0.17 or 13% Y/Y
- Exited 2014 with ~\$445 million in product backlog

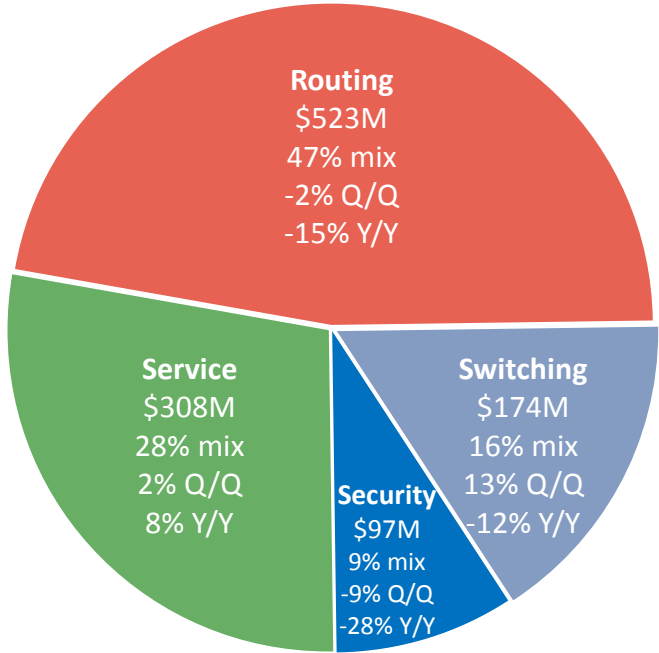
Q4 2014 Revenue Mix

GEOGRAPHY



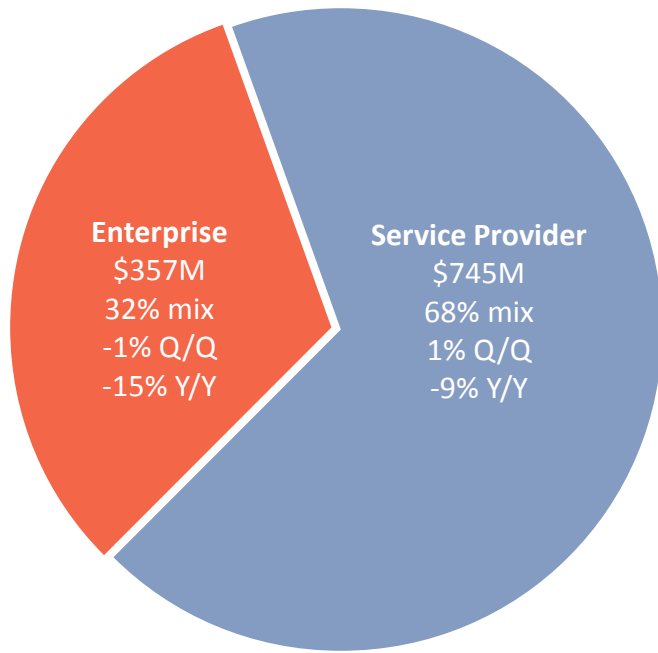
- **Americas:** As expected, US carriers drove the decline partially offset by Cloud Providers.
- **EMEA:** Q/Q increase from strength in Service Providers and improving demand in broader Enterprise market.
- **APAC:** Q/Q Service Provider growth in China and Japan. Y/Y declines largely due to China.

PRODUCT & SERVICE



- **Routing:** Weakness Y/Y from US carriers
- **Switching:** Q/Q increase in demand from Cloud Providers and Financial Services for QFX. Y/Y decrease primarily due to declines in enterprise.
- **Security:** Decline in the SRX Platform and Security Software from US carriers; continued decline from Screen OS products.

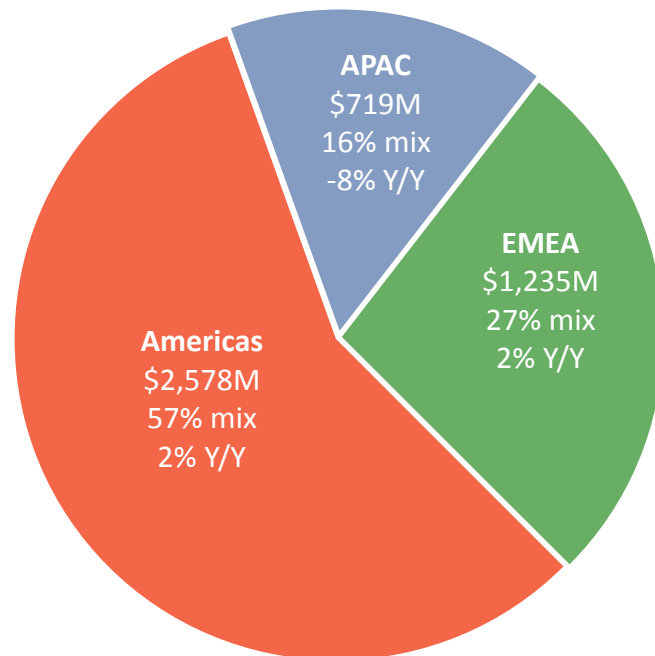
MARKET



- **Service Provider:** As expected, Q/Q declines in the Americas offset by strength in EMEA and APAC. Y/Y decline from large carriers in the Americas and APAC.
- **Enterprise:** Decline Q/Q in security and routing. Y/Y declines across all three geographies primarily in security.

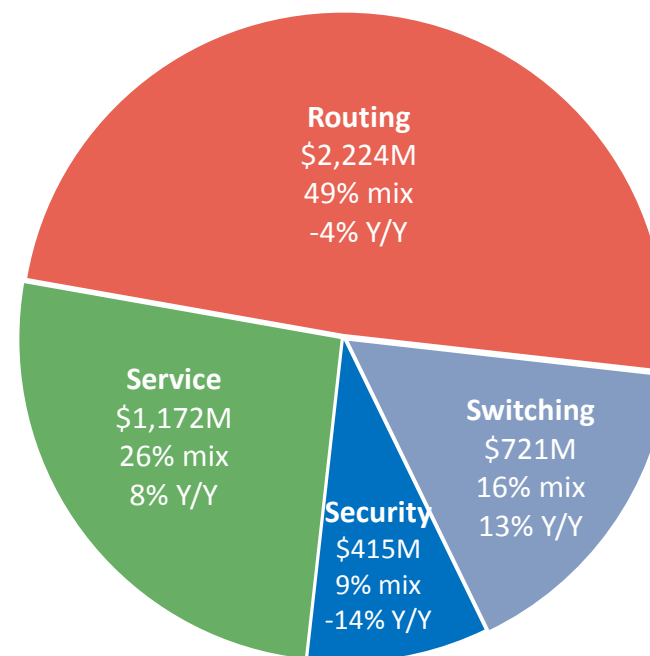
FY 2014 Revenue Mix

GEOGRAPHY



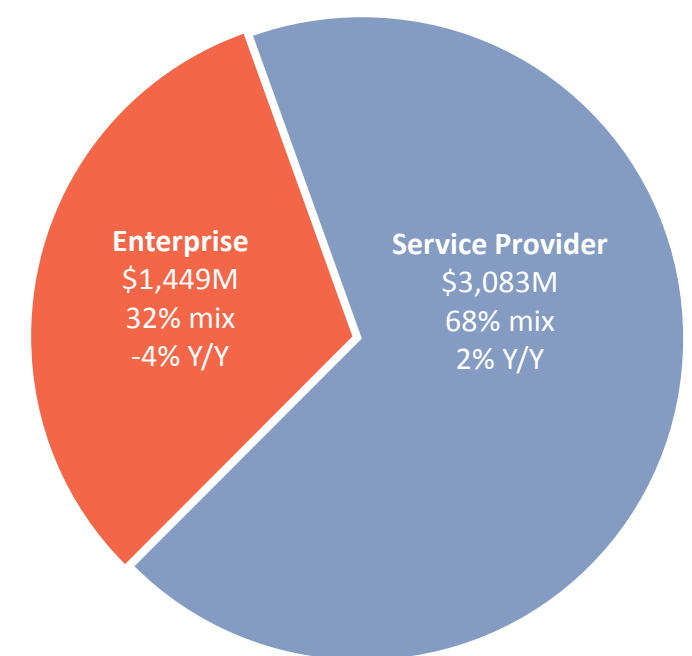
- **Americas:** Weaker demand from large carriers and offset by strength in Cloud Providers and Cable as well as steady enterprise performance.
- **EMEA:** Strength in large carriers. Pockets of strength across Europe with weakness in the Middle East.
- **APAC:** Declines primarily in China.

PRODUCT & SERVICE



- **Routing:** Soft US carrier demand, offset by Cloud Providers and Cable.
- **Switching:** Growth driven largely by Cloud Providers. QFX drove most of the growth.
- **Security:** Weakness primarily in the Enterprise market with Service Provider down to a lesser extent. Majority of the declines from Screen OS.

MARKET



- **Service Provider:** Growth in Americas and EMEA offset by a decline in APAC. Strength in Americas from Cloud Providers offset by weakness from large carriers. Large carriers grew in EMEA.
- **Enterprise:** Steady performance in Enterprise excluding Security.

Financial Results

Non-GAAP Except Revenue

(in millions, except per share amounts and percentages)

	Q4'14	Q3'14	Q4'13	Q/Q Change	Y/Y Change
Revenue	\$1,101.6	\$1,125.9	\$1,273.6	-2%	-14%
<i>Revenue-Ex Junos Pulse</i>	\$1,106.6	\$1,095.3	\$1,235.5	1%	-11%
Gross Margin %	64.1%	65.2%	64.2%	-1.1 pts	-0.1 pts
R&D	199.4	215.1	224.1	-7%	-11%
Sales & Marketing	226.3	231.5	264.2	-2%	-14%
G&A	39.2	46.1	51.0	-15%	-23%
Total Operating Expense	464.9	492.7	539.3	-6%	-14%
Operating Margin %	21.9%	21.5%	21.9%	0.4 pts	flat
Net Income	\$179.3	\$165.4	\$215.8	8%	-17%
EPS (Diluted)	\$0.41	\$0.36	\$0.43	14%	-5%

Revenue by Geography Ex-Junos Pulse

Revenue, As Reported

(in millions)	Q1'13	Q2'13	Q3'13	Q4'13	Q1'14	Q2'14	Q3'14	Q4'14	Q/Q		Y/Y	
Americas	592.1	675.1*	661.3	685.0	681.5	711.0	678.3	559.5	(118.8)	-18%	(125.5)	-18%
EMEA	290.6	300.9	306.5	358.9	295.7	324.8	290.5	352.3	61.8	21%	(6.6)	-2%
APAC	176.5	174.7	217.8	229.7	192.9	193.7	157.1	189.8	32.7	21%	(39.9)	-17%
Total	1,059.2	1,150.7	1,185.6	1,273.6	1,170.1	1,229.5	1,125.9	1,101.6	(24.3)	-2%	(172.0)	-14%

Revenue, Excluding Junos Pulse

(in millions)	Q1'13	Q2'13	Q3'13	Q4'13	Q1'14	Q2'14	Q3'14	Q4'14	Q/Q		Y/Y	
Americas	574.7	656.0*	641.5	663.8	662.7	693.9	662.2	559.5	(102.7)	-16%	(104.3)	-16%
EMEA	279.4	289.7	296.2	347.3	286.7	315.3	280.6	352.3	71.7	26%	5.0	1%
APAC	171.9	170.0	212.5	224.4	187.7	188.9	152.5	189.8	37.3	24%	(34.6)	-15%
Total	1,026.0	1,115.7	1,150.2	1,235.5	1,137.1	1,198.1	1,095.3	1,101.6	6.3	1%	(133.9)	-11%

Revenue by Product & Service Ex-Junos Pulse

Revenue, As Reported

(in millions)	Q1'13	Q2'13	Q3'13	Q4'13	Q1'14	Q2'14	Q3'14	Q4'14	Q/Q		Y/Y	
Routing	513.7	577.5*	609.0	617.8	549.8	617.8	533.2	523.1	(10.1)	-2%	(94.7)	-15%
Switching	131.5	160.2	147.6	198.7	192.0	199.8	155.0	174.4	19.4	13%	(24.3)	-12%
Security	136.6	126.1	144.2	157.0	134.2	111.6	121.3	96.5	(24.8)	-20%	(60.5)	-39%
Product	781.8	863.8	900.8	973.5	876.0	929.2	809.5	794.0	(15.5)	-2%	(179.5)	-18%
Service	277.4	286.9	284.8	300.1	294.1	300.3	316.4	307.6	(8.8)	-3%	7.5	2%
Total	1,059.2	1,150.7	1,185.6	1,273.6	1,170.1	1,229.5	1,125.9	1,101.6	(24.3)	-2%	(172.0)	-14%

Revenue, Excluding Junos Pulse

(in millions)	Q1'13	Q2'13	Q3'13	Q4'13	Q1'14	Q2'14	Q3'14	Q4'14	Q/Q		Y/Y	
Routing	513.7	577.5*	609.0	617.8	549.8	617.8	533.2	523.1	(10.1)	-2%	(94.7)	-15%
Switching	131.5	160.2	147.6	198.7	192.0	199.8	155.0	174.4	19.4	13%	(24.3)	-12%
Security	118.9	106.7	124.5	134.6	116.6	95.7	105.9	96.5	(9.4)	-9%	(38.1)	-28%
Product	764.1	844.4	881.1	951.1	858.4	913.3	794.1	794.0	(0.1)	0%	(157.1)	-17%
Service	261.9	271.3	269.1	284.4	278.7	284.8	301.2	307.6	6.4	2%	23.2	8%
Total	1,026.0	1,115.7	1,150.2	1,235.5	1,137.1	1,198.1	1,095.3	1,101.6	6.3	1%	(133.9)	-11%

¹⁶ *Includes \$34M in deferred revenue recognition for routing with a US government customer

Revenue by Market Ex-Junos Pulse

Revenue, As Reported

(in millions)	Q1'13	Q2'13	Q3'13	Q4'13	Q1'14	Q2'14	Q3'14	Q4'14
Service Provider	712.9	726.0	788.3	827.0	782.7	831.8	741.5	744.4
Enterprise	346.3	424.7*	397.3	446.6	387.4	397.7	384.4	357.2
Total	1,059.2	1,150.7	1,185.6	1,273.6	1,170.1	1,229.5	1,125.9	1,101.6

Q/Q		Y/Y	
2.9	0%	(82.6)	-10%
(27.2)	-7%	(89.4)	-20%
(24.3)	-2%	(172.0)	-14%

Revenue, Excluding Junos Pulse

(in millions)	Q1'13	Q2'13	Q3'13	Q4'13	Q1'14	Q2'14	Q3'14	Q4'14
Service Provider	705.7	721.2	779.6	817.7	777.4	827.5	733.8	744.4
Enterprise	320.3	394.5*	370.6	417.8	359.7	370.6	361.5	357.2
Total	1,026.0	1,115.7	1,150.2	1,235.5	1,137.1	1,198.1	1,095.3	1,101.6

Q/Q		Y/Y	
10.6	1%	(73.3)	-9%
(4.3)	-1%	(60.6)	-15%
6.3	1%	(133.9)	-11%

Q4 2014 Financial Metrics

Cash Position	<ul style="list-style-type: none">➤ Net cash, cash equivalents, and investments of ~\$1.8 billion➤ Net cash flow from operations of \$291 million
Depreciation & Amortization	<ul style="list-style-type: none">➤ \$43 million
Capital Expenditures	<ul style="list-style-type: none">➤ \$52 million
Share Repurchase	<ul style="list-style-type: none">➤ Repurchased \$500 million of shares in Q4
Dividend	<ul style="list-style-type: none">➤ Paid dividend of \$0.10 per share, with intent to grow over time
DSO	<ul style="list-style-type: none">➤ 49 days➤ 45 to 55 days expected long-term DSO range
Deferred Revenue	<ul style="list-style-type: none">➤ Total product deferred revenue was down \$19 million Y/Y primarily due to lower distributor inventory
Headcount	<ul style="list-style-type: none">➤ 8,806, a decline of 677 employees or 7% Y/Y

Q1 2015 Outlook*

3 Months Ending March 31, 2015

Revenue	Between \$1,020 million and \$1,060 million
Gross Margin	63.5%, plus or minus half a percent, at low end of long-term range due to lower volumes
Operating Expense	\$475 million, plus or minus \$5 million
Operating Margin	~18%, at midpoint of guidance
EPS	Between \$0.28 and \$0.32 per diluted share
Tax Rate	27%, assuming no extension of the R&D tax credit
Share Count	~420 million shares

Security Products: Quarterly Revenue Trend

\$ in millions	Q1'13	Q2'13	Q3'13	Q4'13	Q1'14	Q2'14	Q3'14	Q4'14
SRX Platform & Security Software	\$81.7	\$73.1	\$94.6	\$102.4	\$92.8	\$79.6	\$88.5	\$82.3
Screen OS	\$24.5	\$25.4	\$22.6	\$25.8	\$18.3	\$13.2	\$14.3	\$11.4
Other Legacy	\$12.8	\$8.3	\$7.3	\$6.4	\$5.5	\$2.9	\$3.1	\$2.8
Junos Pulse	\$17.6	\$19.3	\$19.7	\$22.4	\$17.6	\$15.9	\$15.4	\$0.0
Total Product Revenue	\$136.6	\$126.1	\$144.2	\$157.0	\$134.2	\$111.6	\$121.3	\$96.5



Appendix

Net Revenues by Product and Service

(in millions)	Three Months Ended		
	Q4'14	Q3'14	Q4'13
Routing	\$523.1	\$533.2	\$617.8
Switching	174.4	155.0	198.7
Security	96.5	121.3	157.0
Total Product	794.0	809.5	973.5
Total Service	307.6	316.4	300.1
Total	\$1,101.6	\$1,125.9	\$1,273.6

GAAP to Non-GAAP Reconciliations

(in millions, except percentages)	Three Months Ended		
	Q4'14	Q3'14	Q4'13
GAAP gross margin – Product	\$483.1	\$519.5	\$621.9
GAAP product gross margin % of product revenue	60.8%	64.2%	63.9%
Share-based compensation expense	1.1	1.3	1.2
Share-based payroll tax expense	—	—	—
Amortization of purchased intangible assets	7.2	7.1	8.0
Restructuring and other charges	19.4	—	0.8
Memory-related, supplier component remediation charge	—	7.0	—
Non-GAAP gross margin – Product	\$510.8	\$534.9	\$631.9
Non-GAAP product gross margin % of product revenue	64.3%	66.1%	64.9%

GAAP to Non-GAAP Reconciliations

(in millions, except percentages)	Three Months Ended		
	Q4'14	Q3'14	Q4'13
GAAP gross margin – Service	\$192.0	\$195.3	\$181.7
GAAP service gross margin % of service revenue	62.4%	61.7%	60.5%
Share-based compensation expense	3.5	3.6	3.9
Share-based payroll tax expense	0.2	0.4	0.1
Non-GAAP gross margin – Service	\$195.7	\$199.3	\$185.7
Non-GAAP service gross margin % of service revenue	63.6%	63.0%	61.9%

GAAP to Non-GAAP Reconciliations

(in millions, except percentages)	Three Months Ended		
	Q4'14	Q3'14	Q4'13
GAAP gross margin	\$675.1	\$714.8	\$803.6
GAAP gross margin % of revenue	61.3%	63.5%	63.1%
Share-based compensation expense	4.6	4.9	5.1
Share-based payroll tax expense	0.2	0.4	0.1
Amortization of purchased intangible assets	7.2	7.1	8.0
Restructuring and other charges	19.4	—	0.8
Memory-related, supplier component remediation charge	—	7.0	—
Non-GAAP gross margin	\$706.5	\$734.2	\$817.6
Non-GAAP gross margin % of revenue	64.1%	65.2%	64.2%

GAAP to Non-GAAP Reconciliations

(in millions)	Three Months Ended		
	Q4'14	Q3'14	Q4'13
GAAP research and development expense	\$233.5	\$253.2	\$258.7
Share-based compensation expense	(33.7)	(37.1)	(34.4)
Share-based payroll tax expense	(0.4)	(1.0)	(0.2)
Non-GAAP research and development expense	\$199.4	\$215.1	\$224.1
GAAP sales and marketing expense	\$243.0	\$249.2	\$283.2
Share-based compensation expense	(15.3)	(15.9)	(17.9)
Share-based payroll tax expense	(0.4)	(0.7)	(0.3)
Amortization of purchased intangible assets	(1.0)	(1.1)	(0.8)
Non-GAAP sales and marketing expense	\$226.3	\$231.5	\$264.2

GAAP to Non-GAAP Reconciliations

(in millions)	Three Months Ended		
	Q4'14	Q3'14	Q4'13
GAAP general and administrative expense	\$40.6	\$55.0	\$48.2
Share-based compensation expense	(1.0)	(7.4)	(6.5)
Share-based payroll tax expense	(0.1)	(0.2)	—
Amortization of purchased intangible assets	(0.3)	(0.3)	(0.3)
Acquisition/divestiture-related charges	—	(1.0)	(0.7)
Non-GAAP general and administrative expense	\$39.2	\$46.1	\$51.0

GAAP to Non-GAAP Reconciliations

(in millions)	Three Months Ended		
	Q4'14	Q3'14	Q4'13
GAAP operating expense	\$1,376.9	\$542.4	\$608.2
Share-based compensation expense	(50.0)	(60.4)	(58.8)
Share-based payroll tax expense	(0.9)	(1.9)	(0.5)
Amortization of purchased intangible assets	(1.3)	(1.4)	(1.1)
Restructuring and other (credit) charges	(9.8)	15.0	(18.1)
Impairment of goodwill	(850.0)	—	—
Acquisition/divestiture-related charges	—	(1.0)	(0.7)
Litigation charge	—	—	10.3
Non-GAAP operating expense	\$464.9	\$492.7	\$539.3

GAAP to Non-GAAP Reconciliations

(in millions, except percentages)	Three Months Ended		
	Q4'14	Q3'14	Q4'13
GAAP operating (loss) income	(\$701.8)	\$172.4	\$195.4
GAAP operating margin	(63.7%)	15.3%	15.3%
Share-based compensation expense	54.6	65.3	63.9
Share-based payroll tax expense	1.1	2.3	0.6
Amortization of purchased intangible assets	8.5	8.5	9.1
Restructuring and other charges (credit)	29.2	(15.0)	18.9
Impairment of goodwill	850.0	—	—
Memory-related, supplier component remediation charge	—	7.0	—
Acquisition/divestiture-related charges	—	1.0	0.7
Litigation charge	—	—	(10.3)
Non-GAAP operating income	\$241.6	\$241.5	\$278.3
Non-GAAP operating margin	21.9%	21.5%	21.9%

GAAP to Non-GAAP Reconciliations

(in millions, except percentages)	Three Months Ended		
	Q4'14	Q3'14	Q4'13
GAAP (loss) income tax provision	\$75.2	\$62.0	\$33.4
GAAP (loss) income tax rate	(10.8%)	37.4%	18.0%
Income tax effect of non-GAAP exclusions	(27.7)	(0.8)	16.5
Non-GAAP provision for income tax	\$47.5	\$61.2	\$49.9
Non-GAAP income tax rate	20.9%	27.0%	18.8%

GAAP to Non-GAAP Reconciliations

(in millions)	Three Months Ended		
	Q4'14	Q3'14	Q4'13
GAAP (loss) net income	(\$769.6)	\$103.6	\$151.8
Share-based compensation expense	54.6	65.3	63.9
Share-based payroll tax expense	1.1	2.3	0.6
Amortization of purchased intangible assets	8.5	8.5	9.1
Restructuring and other charges (credit)	29.2	(15.0)	18.9
Impairment of goodwill	850.0	—	—
Memory-related, supplier component remediation charge	—	7.0	—
Acquisition/divestiture-related charges	—	1.0	0.7
Litigation charge	—	—	(10.3)
(Gain) loss on equity investments	(0.6)	1.6	(2.4)
Gain on legal/contract settlement, net	—	(10.8)	—
Gain on sale of Junos Pulse	(19.6)	—	—
Other	(2.0)	1.1	—
Income tax effect of non-GAAP exclusions	27.7	0.8	(16.5)
Non-GAAP net income	\$179.3	\$165.4	\$215.8

GAAP to Non-GAAP Reconciliations

(in millions, except per share amounts)	Three Months Ended		
	Q4'14	Q3'14	Q4'13
GAAP diluted net (loss) income per share	\$(1.81)	\$0.23	\$0.30
Non-GAAP diluted net income per share	\$0.41	\$0.36	\$0.43
Shares used in computing GAAP diluted net (loss) income per share	426.1	454.8	505.6
Shares used in computing Non-GAAP diluted net income per share	432.4	454.8	505.6

GAAP to Non-GAAP Reconciliations

(in millions, except percentages)	Twelve Months Ended		
	FY'12	FY'13	FY'14
GAAP operating income (loss)	\$308.1	\$565.9	(\$419.7)
GAAP operating margin	7.1%	12.1%	(9.1%)
Share-based compensation expense	243.4	244.6	240.0
Share-based payroll tax expense	1.1	5.1	13.1
Amortization of purchased intangible assets	32.3	31.9	36.3
Restructuring and other charges	99.7	47.5	208.6
Other	(5.3)	—	—
Impairment of goodwill	—	—	850.0
Memory-related, supplier component remediation charge	—	—	20.7
Acquisition/divestiture-related charges	2.0	0.9	1.7

GAAP to Non-GAAP Reconciliations

	Twelve Months Ended		
	FY'12	FY'13	FY'14
(in millions, except percentages)			
Professional services related to non-routine stockholder matters	—	—	7.7
Non-GAAP operating income	\$681.3	\$895.9	\$958.4
Non-GAAP operating margin	15.6%	19.2%	20.7%

GAAP to Non-GAAP Reconciliations

(in millions)	Twelve Months Ended		
	FY'12	FY'13	FY'14
GAAP net income (loss)	\$186.5	\$439.8	(\$334.3)
Share-based compensation expense	243.4	244.6	240.0
Share-based payroll tax expense	1.1	5.1	13.1
Amortization of purchased intangible assets	32.3	31.9	36.3
Restructuring and other charges	99.7	47.5	208.6
Impairment of goodwill	—	—	850.0
Memory-related, supplier component remediation charge	—	—	20.7
Acquisition/divestiture-related charges	2.0	0.9	1.7
Professional services related to non-routine stockholder matters	—	—	7.7

GAAP to Non-GAAP Reconciliations

(in millions, except per share amounts)	Twelve Months Ended		
	FY'12	FY'13	FY'14
(Gain) loss on equity investments	(25.5)	(8.2)	(163.0)
Gain on legal/contract settlement, net	—	—	(206.1)
Gain on sale of Junos Pulse	—	—	(19.6)
Other	(5.3)	—	(0.9)
Income tax effect of non-GAAP exclusions	(84.6)	(107.6)	23.4
Non-GAAP net income	\$449.6	\$654.0	\$677.6
GAAP diluted net income (loss) per share	\$0.35	\$0.86	(\$0.73)
Non-GAAP diluted net income per share	\$0.85	\$1.28	\$1.45
Shares used in computing GAAP diluted net income (loss) per share	526.2	510.3	457.4
Shares used in computing Non-GAAP diluted net income per share	526.2	510.3	466.4

Thank You
