

Q3 2013 FINANCIAL RESULTS CONFERENCE CALL

TUESDAY OCTOBER 22, 2013
2:00 P.M. PACIFIC TIME

Forward Looking Statements

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

Use of Non-GAAP Financial Measures

These presentation slides contain references to certain non-GAAP financial measures. For detailed reconciliation between the non-GAAP financial results presented in these slides and corresponding GAAP measures, please refer to the appendix at the end of this slide deck. In addition, for important commentary on why Juniper Networks considers non-GAAP information a useful view of the company's financial results, please see the Form 8-K filed today with the SEC. With respect to future financial guidance provided on a non-GAAP basis, we have excluded estimates for amortization of intangible assets, share-based and judgment compensation expenses, acquisition related charges, restructuring charges, impairment charges, litigation settlements and resolutions, gain or loss on equity investments, non-recurring income tax adjustments, valuation allowance on deferred tax assets, and income tax effect of non-GAAP exclusions.

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

COMPANY REVIEW

KEVIN JOHNSON
CHIEF EXECUTIVE OFFICER

STRONG RESULTS AND GOOD EXECUTION

FIFTH CONSECUTIVE QUARTER OF Y/Y REVENUE GROWTH

SDN	Service Provider	Enterprise	Security
<ul style="list-style-type: none">▪ SDN and Network Function Virtualization strategy continues to resonate with customers▪ SDN is a growth opportunity in networking systems and software▪ Launched Contrail SDN controller earlier than our original 2014 ship date	<ul style="list-style-type: none">▪ Strength across all three geographies▪ Well positioned to take advantage of the continued growth in the edge and the expected growth in the core▪ Focused on advancing the integration of optical and routing	<ul style="list-style-type: none">▪ Tracked largely as expected▪ Focused on transforming the SDN-enabled virtualized data center	<ul style="list-style-type: none">▪ Continuing signs of stabilization – Sequential growth in Security▪ Well positioned to return to growth in 2014

EXECUTING WITH AGILITY TO DELIVER LONG-TERM GROWTH

PLATFORM SYSTEMS DIVISION (PSD) UPDATE

RAMI RAHIM
EXECUTIVE VICE PRESIDENT AND GENERAL MANAGER

PLATFORM SYSTEMS DIVISION: Q3'13

Record Quarter for PSD Product Revenue

ROUTING

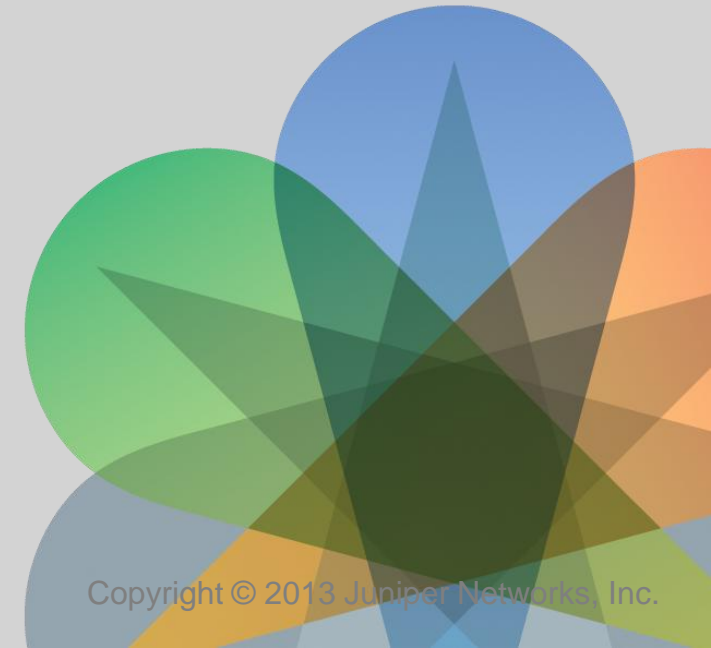
- Quarterly growth driven by Core and Edge Routing
- General availability of Junos 13.2 software release

SWITCHING

- Strong bookings, healthy Q4 backlog
- Shipped variants of EX family of fixed switches and EX9200 100G linecard

SDN

- General availability of Contrail
- VMware solution development

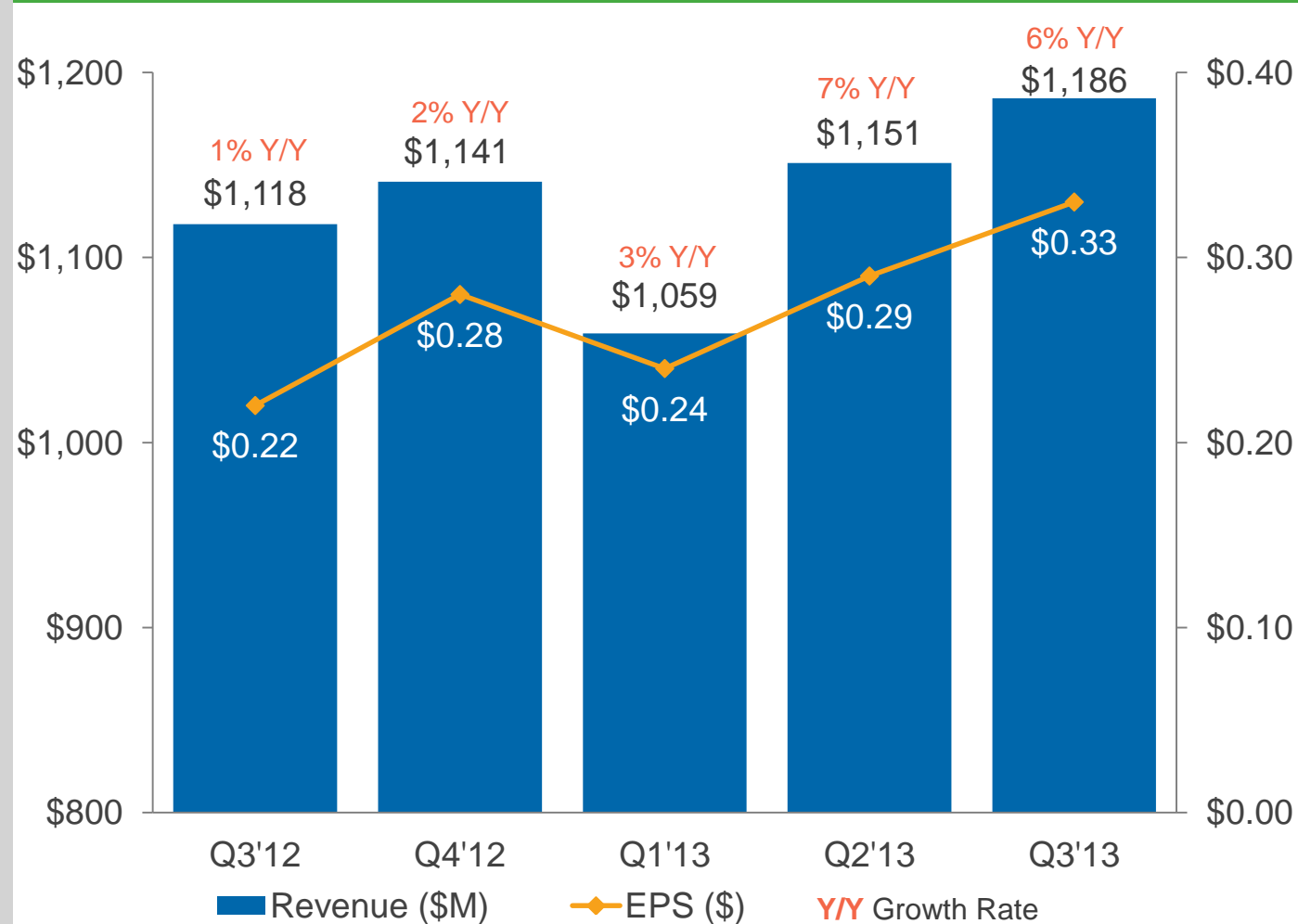


FINANCIAL REVIEW

ROBYN DENHOLM
CHIEF FINANCIAL AND OPERATIONS OFFICER

Q3 2013 RESULTS: CONTINUED MOMENTUM IN REVENUE AND EARNINGS GROWTH

Revenue and Non-GAAP Diluted EPS Trend



Financial Overview

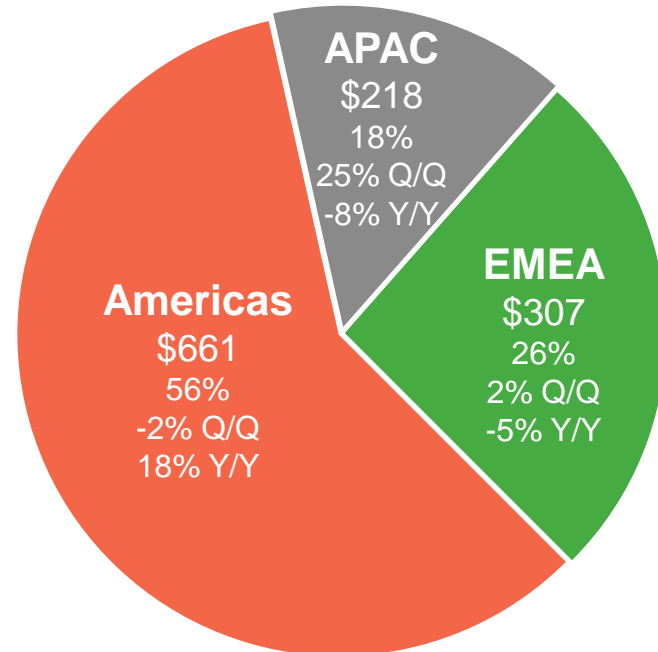
- Fifth consecutive quarter of Y/Y revenue growth
- Revenue up 3% Q/Q and 6% Y/Y
- Non-GAAP Operating Margin of 19.8%
- Non-GAAP Diluted EPS up \$0.04 Q/Q and \$0.11 Y/Y

Demand Metrics

- Book-to-bill greater than 1
- Product backlog remained at healthy levels
- Product deferred revenue up slightly Q/Q

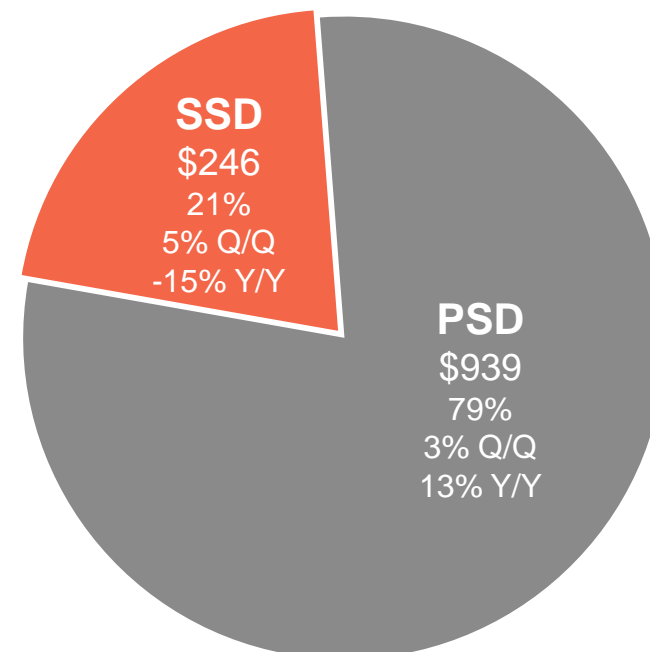
Q3 2013 REVENUE MIX

GEOGRAPHY



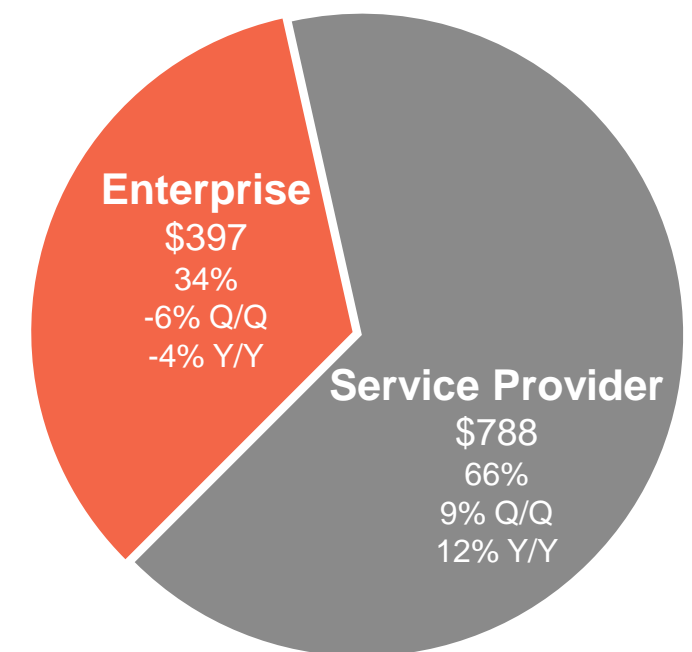
- **Americas:** Q/Q decline due to Enterprise & Q2 Federal revenue recognition; SP had third quarter in a row of double-digit Y/Y growth
- **EMEA:** Q/Q growth driven by strong SP design wins in UK and Middle East
- **APAC:** Both SP & Enterprise saw double-digit sequential growth; Good growth in China, Australia and S. Korea

SEGMENT



- **Total Routing: \$609M**
MX had second successive record quarter growing 15% Q/Q; MX2020 & MX2010 showing good traction; Core routing grew 11% Q/Q
- **Total Switching: \$148M**
Down 8% Q/Q and up 1% Y/Y
- **Total Security: \$144M**
Strong SRX quarter; Remain focused on stabilizing business and driving growth

MARKET



- **Service Provider:**
Strength across all geographies; Focused on carrier, including wireless & wireline, along with cable & Web 2.0 companies
- **Enterprise:**
Excluding Federal government deferred revenue in Q2, Enterprise would have been up slightly Q/Q; Y/Y decline due to weaker financial services & government business globally & timing of some large switching deals in APAC and EMEA

FINANCIAL RESULTS

Non-GAAP Except Revenue

	Q3'13	Q2'13	Q3'12	Q/Q Change	Y/Y Change
Revenue	\$1,185.6M	\$1,150.7M	\$1,118.3M	3%	6%
Gross Margin %	64.4%	63.7%	65.6%	0.7 pts	-1.2 pts
R&D	\$227.9M	\$224.5M	\$262.1M	2%	-13%
Sales & Marketing	\$248.1M	\$247.8M	\$239.6M	0%	4%
G&A	\$53.6M	\$43.1M	\$42.8M	24%	25%
Total Operating Expense	\$529.6M	\$515.4M	\$544.5M	3%	-3%
Operating Margin %	19.8%	18.9%	16.9%	0.9 pts	2.9 pts
Net Income	\$166.3M	\$148.1M	\$117.9M	12%	41%
EPS (Diluted)	\$0.33	\$0.29	\$0.22	\$0.04	\$0.11

CASH FLOW AND BALANCE SHEET METRICS

Cash Position	Net cash, cash equivalents and investments of \$3.0B Net cash flows from operations of \$176M
Share Repurchase	\$93M or 4.4M shares, average price of \$20.92/share
DSO	42 days
Product Deferred Revenue	Healthy level at \$280M

Q4 2013 OUTLOOK

3 Months Ending December 31, 2013

Non-GAAP (Except for Revenue and Share Count)

Revenue	Between \$1,200 million and \$1,230 million
Gross Margin	64.5%, plus or minus half a percent
OPEX	Between \$510 million and \$525 million
Operating Margin	At mid-point of revenue guidance, expect 22.0%
EPS	Between \$0.35 and \$0.37 per diluted share
Tax Rate	Approximately 27.5%
Share Count	Assume flat with Q3'13

APPENDIX

SEGMENT OPERATING RESULTS

	Three Months Ended		
(in millions, except per share amounts and percentages)	Q3'13	Q2'13	Q3'12
Platform Systems Division Segment:			
Product revenue	\$741.9	\$718.1	\$633.7
Service revenue	197.4	197.9	194.8
Total PSD revenue	\$939.3	\$916.0	\$828.5
Non-GAAP PSD contribution margin \$	\$424.1	\$397.5	\$318.9
Non-GAAP PSD contribution margin %	45.1%	43.4%	38.5%
Software Solutions Division Segment:			
Product revenue	\$158.9	\$145.7	\$204.5
Service revenue	87.4	89.0	85.3
Total SSD revenue	\$246.3	\$234.7	\$289.8
Non-GAAP SSD contribution margin \$	\$95.2	\$96.8	\$137.0
Non-GAAP SSD contribution margin %	38.7%	41.2%	47.3%
Total revenue	\$1,185.6	\$1,150.7	\$1,118.3

SEGMENT OPERATING RESULTS

	Three Months Ended		
(in millions, except per share amounts and percentages)	Q3'13	Q2'13	Q3'12
Non-GAAP segment contribution margin \$	\$519.3	\$494.3	455.9
Non-GAAP segment contribution margin %	43.8%	43.0%	40.8%
Corporate unallocated expenses	(\$284.9)	(\$277.1)	(\$266.5)
Non-GAAP total segment operating margin \$	\$234.4	\$217.2	\$189.4
Non-GAAP total segment operating margin %	19.8%	18.9%	16.9%
Share-based compensation expense	(69.3)	(61.5)	(59.1)
Share-based payroll tax expense	(0.4)	(0.6)	(0.1)
Amortization of purchased intangible assets	(7.6)	(7.7)	(9.0)
Restructuring and other charges	(12.1)	(8.8)	(83.4)
Other	—	—	5.3
Acquisition-related charges	—	(0.1)	(0.3)
GAAP operating income	\$145.0	\$138.5	\$42.8

GAAP TO NON-GAAP RECONCILIATIONS

	Three Months Ended		
(in millions, except per share amounts and percentages)	Q3'13	Q2'13	Q3'12
GAAP gross margin - Product	\$575.3	\$542.5	\$503.5
GAAP product gross margin % of product revenue	63.9%	62.8%	60.1%
Share-based compensation expense	1.4	1.2	1.2
Share-based payroll tax expense	—	—	—
Amortization of purchased intangible assets	6.5	6.5	7.9
Restructuring and other charges	6.1	0.8	52.4
Other	—	—	(5.3)
Non-GAAP gross margin – Product	\$589.3	\$551.0	\$559.7
Non-GAAP product gross margin % of product revenue	65.4%	63.8%	66.8%
GAAP gross margin – Service	\$171.2	\$178.0	\$170.3
GAAP service gross margin % of service revenue	60.1%	62.0%	60.8%
Share-based compensation expense	3.4	3.5	3.8
Share-based payroll tax expense	0.1	0.1	0.1
Non-GAAP gross margin – Service	\$174.7	\$181.6	\$174.2
Non-GAAP service gross margin % of service revenue	61.3%	63.3%	62.2%

GAAP TO NON-GAAP RECONCILIATIONS

	Three Months Ended		
(in millions, except per share amounts and percentages)	Q3'13	Q2'13	Q3'12
GAAP gross margin	\$746.5	\$720.5	\$673.8
GAAP gross margin % of revenue	63.0%	62.6%	60.3%
Share-based compensation expense	4.8	4.7	5.0
Share-based payroll tax expense	0.1	0.1	0.1
Amortization of purchased intangible assets	6.5	6.5	7.9
Restructuring and other charges	6.1	0.8	52.4
Other	—	—	(5.3)
Non-GAAP gross margin	\$764.0	\$732.6	\$733.9
Non-GAAP gross margin % of revenue	64.4%	63.7%	65.6%

GAAP TO NON-GAAP RECONCILIATIONS

	Three Months Ended		
(in millions, except per share amounts and percentages)	Q3'13	Q2'13	Q3'12
GAAP research and development expense	\$264.6	\$257.7	\$288.2
Share-based compensation expense	(36.6)	(33.0)	(26.1)
Share-based payroll tax expense	(0.1)	(0.2)	—
Non-GAAP research and development expense	\$227.9	\$ 224.5	\$262.1
GAAP sales and marketing expense	\$268.7	\$266.2	\$261.0
Share-based compensation expense	(20.4)	(18.1)	(21.4)
Share-based payroll tax expense	(0.2)	(0.3)	—
Non-GAAP sales and marketing expense	\$248.1	\$247.8	\$239.6

GAAP TO NON-GAAP RECONCILIATIONS

	Three Months Ended		
(in millions, except per share amounts and percentages)	Q3'13	Q2'13	Q3'12
GAAP general and administrative expense	\$61.1	\$48.8	\$49.4
Share-based compensation expense	(7.5)	(5.7)	(6.6)
Share-based payroll tax expense	—	—	—
Non-GAAP general and administrative expense	\$53.6	\$43.1	\$42.8
GAAP operating expense	\$601.5	\$582.0	\$631.0
Share-based compensation expense	(64.5)	(56.8)	(54.1)
Share-based payroll tax expense	(0.3)	(0.5)	—
Amortization of purchased intangible assets	(1.1)	(1.2)	(1.1)
Restructuring charges	(6.0)	(8.0)	(31.0)
Acquisition-related charges	—	(0.1)	(0.3)
Non-GAAP operating expense	\$529.6	\$515.4	\$544.5

GAAP TO NON-GAAP RECONCILIATIONS

	Three Months Ended		
(in millions, except per share amounts and percentages)	Q3'13	Q2'13	Q3'12
GAAP operating income	\$145.0	\$138.5	\$42.8
GAAP operating margin	12.2%	12.0%	3.8%
Share-based compensation expense	69.3	61.5	59.1
Share-based payroll tax expense	0.4	0.6	0.1
Amortization of purchased intangible assets	7.6	7.7	9.0
Restructuring and other charges	12.1	8.8	83.4
Other	—	—	(5.3)
Acquisition-related charges	—	0.1	0.3
Non-GAAP operating income	\$234.4	\$217.2	\$189.4
Non-GAAP operating margin	19.8%	18.9%	16.9%
GAAP income tax provision	\$38.4	\$28.0	\$22.0
GAAP income tax rate	27.9%	22.2%	56.7%
Income tax effect of non-GAAP exclusions	18.6	27.9	39.7
Non-GAAP provision for income tax	\$57.0	\$55.9	\$61.7
Non-GAAP income tax rate	25.5%	27.4%	34.4%

GAAP TO NON-GAAP RECONCILIATIONS

	Three Months Ended		
(in millions, except per share amounts and percentages)	Q3'13	Q2'13	Q3'12
GAAP net income	\$99.1	\$ 97.9	\$16.8
Share-based compensation expense	69.3	61.5	59.1
Share-based payroll tax expense	0.4	0.6	0.1
Amortization of purchased intangible assets	7.6	7.7	9.0
Restructuring and other charges	12.1	8.8	83.4
Other	—	—	(5.3)
Acquisition-related charges	—	0.1	0.3
Gain on equity investments	(3.6)	(0.6)	(5.8)
Income tax effect of non-GAAP exclusions	(18.6)	(27.9)	(39.7)
Non-GAAP net income	\$166.3	\$148.1	\$117.9
GAAP diluted net income per share	\$0.19	\$0.19	\$0.03
Non-GAAP diluted net income per share	\$0.33	\$0.29	\$0.22
Shares used in computing diluted net income per share	508.6	506.3	524.5

THANK YOU