

Q4 2013 FINANCIAL RESULTS CONFERENCE CALL

THURSDAY, JANUARY 23, 2014
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, 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 the Juniper Networks Integrated Operating Plans; 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. 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 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 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.

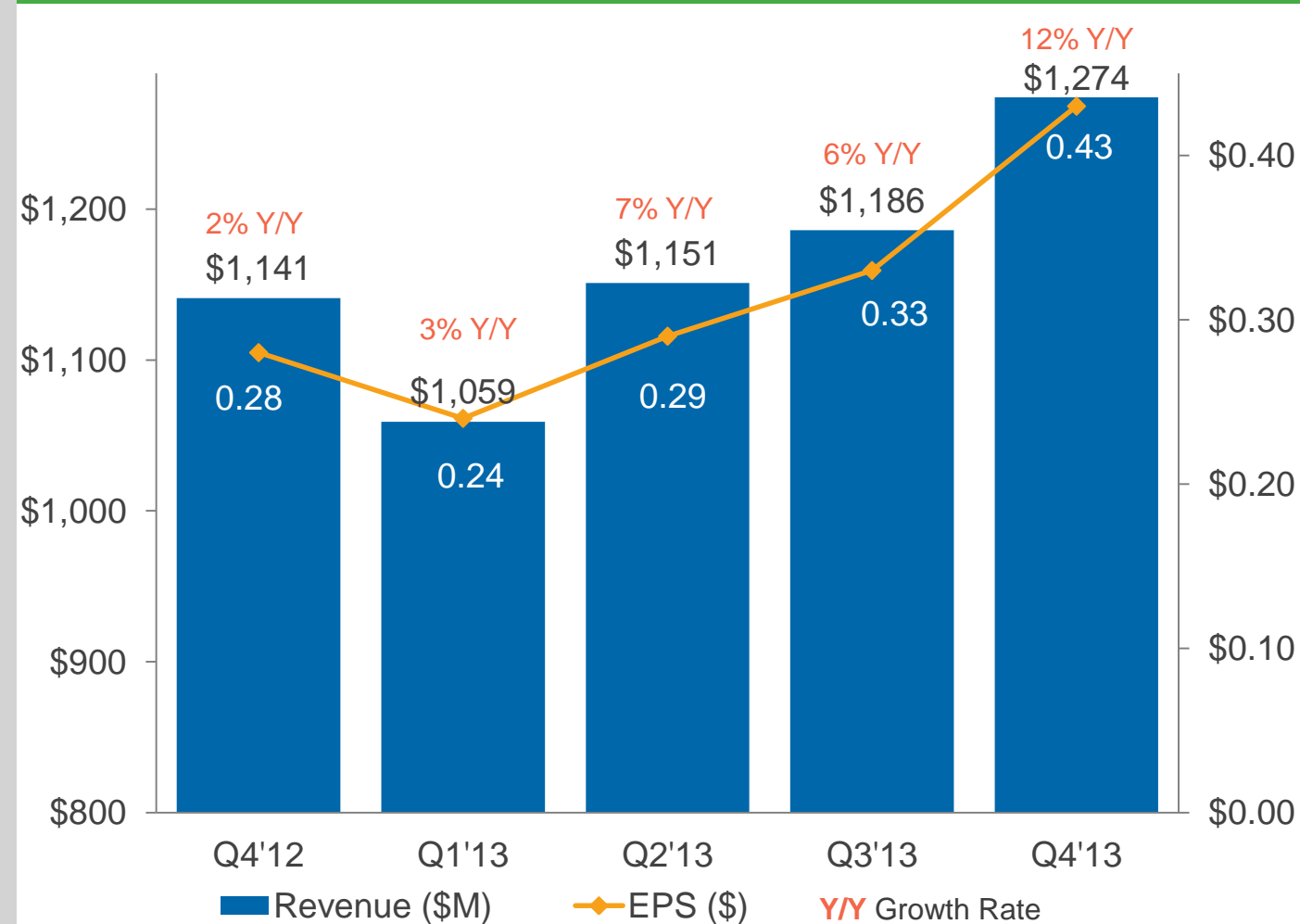
A reconciliation of non-GAAP guidance measures to corresponding GAAP measures is not available on a forward-looking basis due to the high variability and low visibility with respect to the charges which are excluded from these non-GAAP measures.

FINANCIAL REVIEW

ROBYN DENHOLM
CHIEF FINANCIAL AND OPERATIONS OFFICER

Q4 2013 RESULTS: RECORD REVENUE AND EARNINGS GROWTH

Revenue and Non-GAAP Diluted EPS Trend



Financial Overview

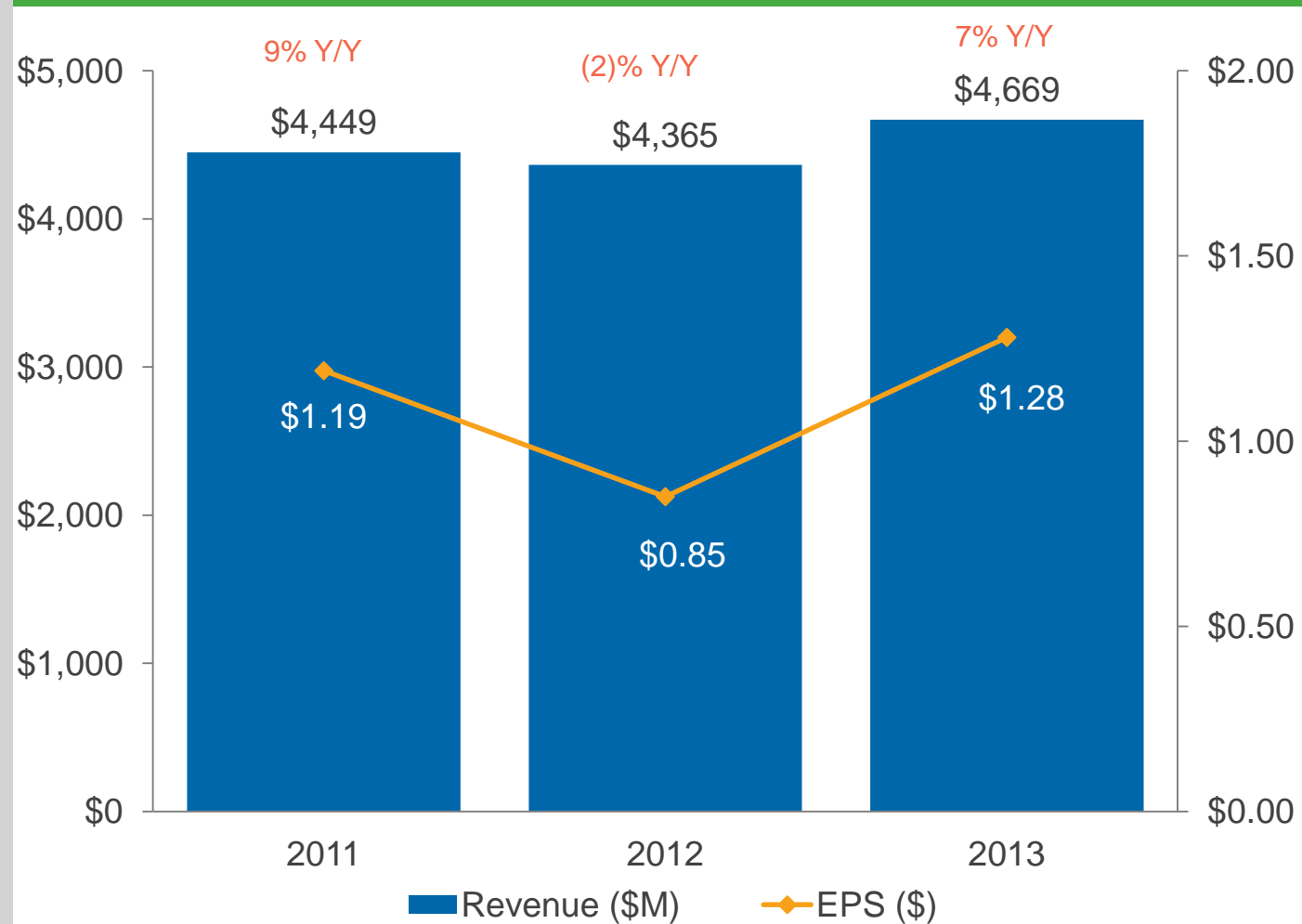
- Sixth consecutive quarter of Y/Y revenue growth
- Revenue up 7% Q/Q and 12% Y/Y
- Non-GAAP Operating Margin of 21.9%
- Non-GAAP Diluted EPS up \$0.10 Q/Q and \$0.15 Y/Y

Demand Metrics

- Book-to-bill greater than 1
- Product backlog healthy
- Total deferred revenue was up \$48 million dollars quarter-over-quarter

FY 2013 RESULTS: EXPANDED OPERATING MARGIN AND EPS

Revenue and Non-GAAP Diluted EPS Trend

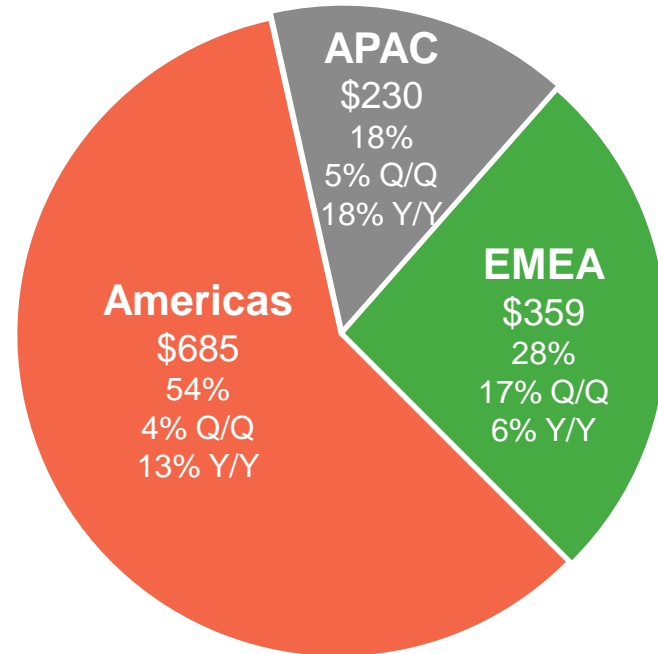


Financial Overview

- Revenue increased 7%
- Non-GAAP Operating Margin of 19.2%
- Non-GAAP Diluted EPS of \$1.28, up \$0.43 Y/Y
- Strong Balance Sheet exiting the year with \$3.1B net cash and investments

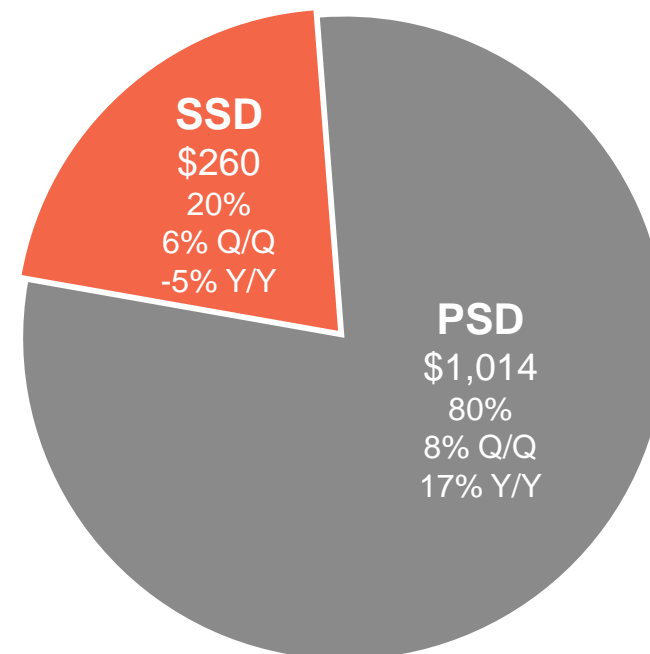
Q4 2013 REVENUE MIX

GEOGRAPHY



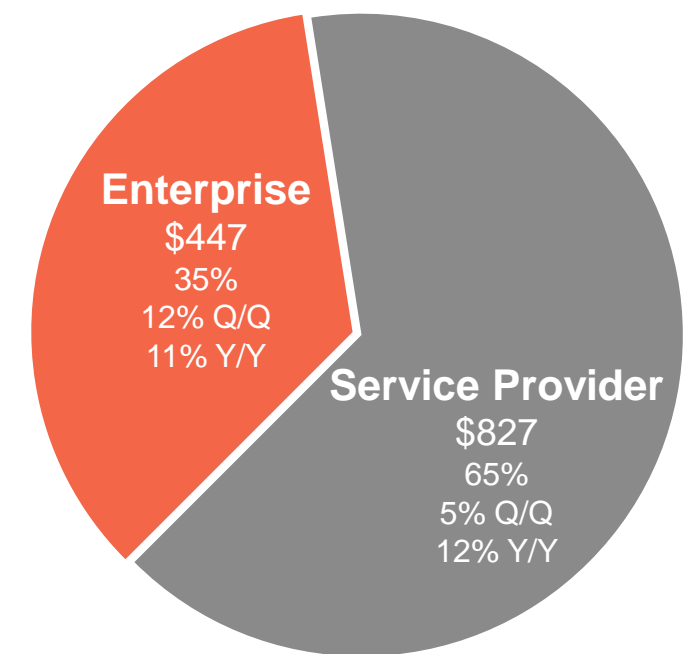
- Americas: Strength in SP driven by cable and content providers. Enterprise driven by strong performance in Financial and Federal.
- EMEA: Q/Q growth driven by strong SP performance in Germany, UK and Eastern Europe Rebound in EMEA Enterprise.
- APAC: Both SP & Enterprise increased.

SEGMENT



- Total Routing: \$618M
Bookings very strong Over 20% Q/Q driven by MX and PTX.
- Total Switching: \$199M
Up 35% Q/Q and up 36% Y/Y driven by strong EX and QFabric sales.
- Total Security: \$157M
Remain focused on stabilizing business and driving growth. Up 9% Q/Q and increased bookings.

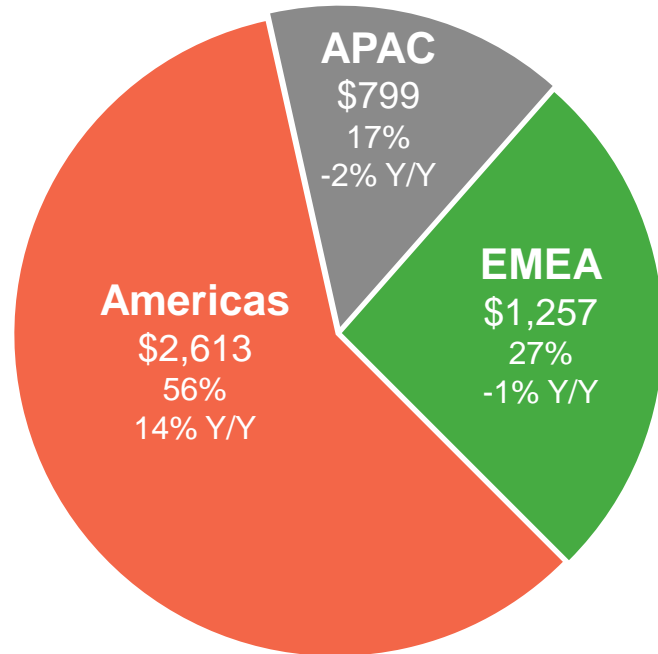
MARKET



- Service Provider:
Good design wins across all theatres.
- Enterprise:
Broad-based strength across customer verticals.

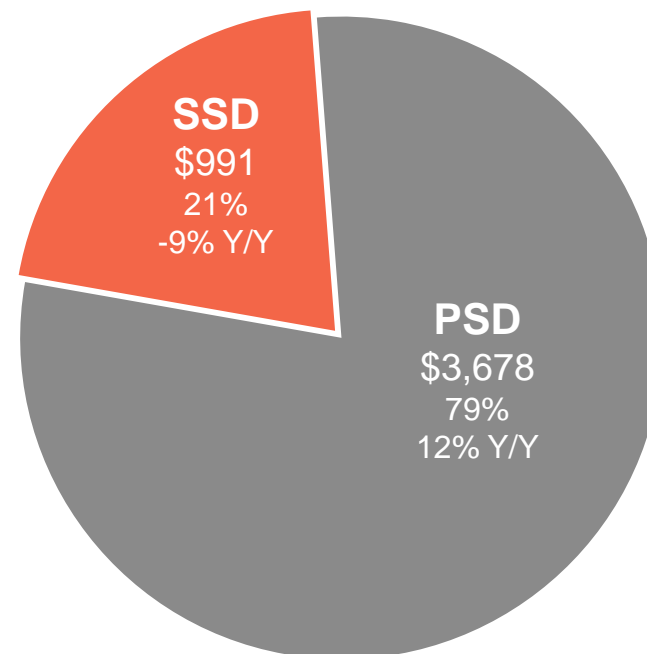
FY 2013 REVENUE GROWTH REFLECTS DIVERSITY IN CUSTOMER BASE

GEOGRAPHY



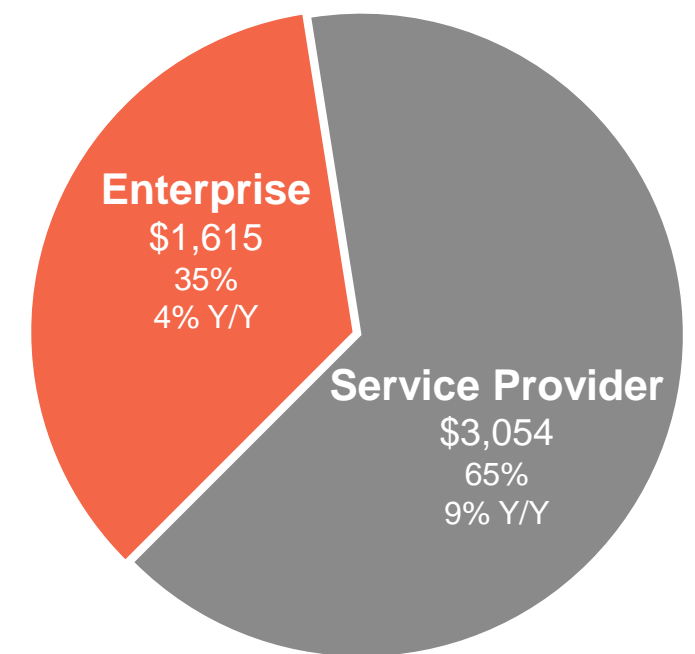
- Americas:**
 Strength across both segments.
- EMEA:**
 Signs of growth in second half of 2013, with good design wins.
- APAC:**
 Good growth in China; focused on driving more broad-based growth across the region.

SEGMENT



- Routing product revenues grew 14% Y/Y.
- Switching product revenue grew 15% Y/Y.
- Security product revenue declined 16% Y/Y.

MARKET



- >50% of total revenue growth came from web services/content and cable customers.
- Enterprise growth primarily driven by broad based strength in the US.

FINANCIAL RESULTS

Non-GAAP Except Revenue

	Q4'13	Q3'13	Q4'12	Q/Q Change	Y/Y Change
Revenue	\$1,273.6M	\$1,185.6M	\$1,140.8M	7%	12%
Gross Margin %	64.2%	64.4%	65.3%	-0.2 pts	-1.1 pts
R&D	\$224.1M	\$227.9M	\$246.1M	-2%	-9%
Sales & Marketing	\$264.2M	\$248.1M	\$246.5M	6%	7%
G&A	\$51.0M	\$53.6M	\$44.3M	-5%	15%
Total Operating Expense	\$539.3M	\$529.6M	\$536.9M	2%	0%
Operating Margin %	21.9%	19.8%	18.2%	2.1 pts	3.7 pts
Net Income	\$215.8M	\$166.3M	\$144.6M	30%	49%
EPS (Diluted)	\$0.43	\$0.33	\$0.28	\$0.10	\$0.15

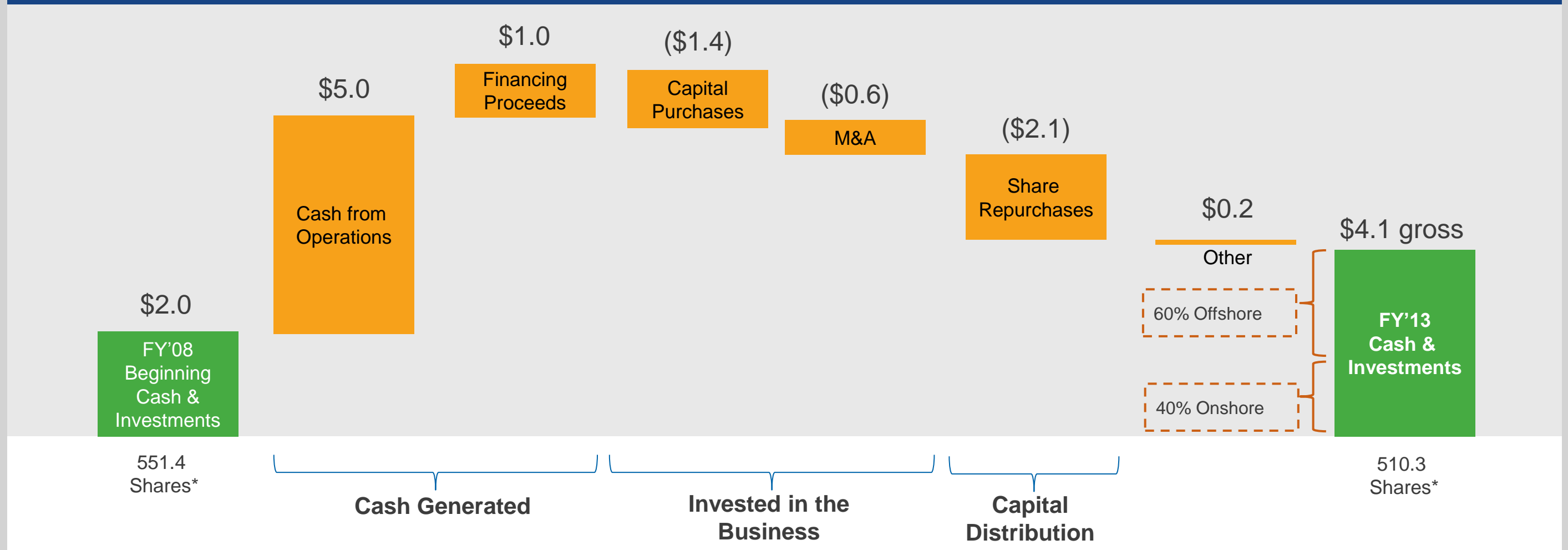
Q4 2013 CASH FLOW AND BALANCE SHEET METRICS

Cash Position	Net cash, cash equivalents and investments of \$3.1B Net cash flows from operations of \$390M
Share Repurchase	\$242M or 11.8M shares, average price of \$20.47/share
DSO	41 days
Product Deferred Revenue	Total deferred revenue up \$48 million dollars Q/Q Product deferred down \$35 million Q/Q

HISTORICAL SOURCES/USES OF CAPITAL

2008-2013

Demonstrated ability and commitment to generate strong cash flows, enabling investments in the business and capital distribution to shareholders



In Billions

Share Repurchases shown, net of proceeds from share issuances

"Other" consists of change in investments, purchase of licensed software, excess tax benefit, and change in restricted cash

*Fully diluted shares outstanding

Q1 2014 OUTLOOK*

3 Months Ending March 31, 2014

Non-GAAP (Except for Revenue and Share Count)

Revenue	Between \$1,120 million and \$1,160 million
Gross Margin	64.0%, plus or minus half a percent
OPEX	Flat to slightly down versus Q4'13
Operating Margin	At mid-point of revenue guidance, expect 17.0%
EPS	Between \$0.27 and \$0.30 per diluted share
Tax Rate	Approximately 25%, assumes R&D tax credit is approved by the end of March. If not approved, tax rate may be higher by 1.5% and would impact EPS by approx. \$0.01.
Share Count	Assume flat with Q4'13

APPENDIX

SEGMENT OPERATING RESULTS

	Three Months Ended		
(in millions, except per share amounts and percentages)	Q4'13	Q3'13	Q4'12
Platform Systems Division Segment:			
Product revenue	\$802.0	\$741.9	\$659.5
Service revenue	211.7	197.4	206.9
Total PSD revenue	\$1,013.7	\$939.3	\$866.4
Non-GAAP PSD contribution margin \$	\$469.3	\$424.1	\$365.5
Non-GAAP PSD contribution margin %	46.3%	45.1%	42.2%
Software Solutions Division Segment:			
Product revenue	\$171.5	\$158.9	\$187.8
Service revenue	88.4	87.4	86.6
Total SSD revenue	\$259.9	\$246.3	\$274.4
Non-GAAP SSD contribution margin \$	\$108.6	\$95.2	\$116.4
Non-GAAP SSD contribution margin %	41.8%	38.7%	42.4%
Total revenue	\$1,273.6	\$1,185.6	\$1,140.8

SEGMENT OPERATING RESULTS

	Three Months Ended		
(in millions, except per share amounts and percentages)	Q4'13	Q3'13	Q4'12
Non-GAAP segment contribution margin \$	\$577.9	\$519.3	\$481.9
Non-GAAP segment contribution margin %	45.4%	43.8%	42.2%
Corporate unallocated expenses	(\$299.6)	(\$284.9)	(\$274.4)
Non-GAAP total segment operating margin \$	\$278.3	\$234.4	\$207.5
Non-GAAP total segment operating margin %	21.9%	19.8%	18.2%
Share-based compensation expense	(63.9)	(69.3)	(57.5)
Share-based payroll tax expense	(0.6)	(0.4)	(0.1)
Amortization of purchased intangible assets	(9.1)	(7.6)	(7.2)
Restructuring and other charges	(18.9)	(12.1)	(11.1)
Acquisition-related charges	(0.7)	—	(0.7)
Litigation charge	10.3	—	—
GAAP operating income	\$195.4	\$145.0	\$130.9

GAAP TO NON-GAAP RECONCILIATIONS

(in millions, except per share amounts and percentages)	Three Months Ended		
	Q4'13	Q3'13	Q4'12
GAAP gross margin - Product	\$621.9	\$575.3	\$551.2
GAAP product gross margin % of product revenue	63.9%	63.9%	65.1%
Share-based compensation expense	1.2	1.4	1.1
Share-based payroll tax expense	—	—	—
Amortization of purchased intangible assets	8.0	6.5	6.0
Restructuring and other charges	0.8	6.1	0.5
Non-GAAP gross margin – Product	\$631.9	\$589.3	\$558.8
Non-GAAP product gross margin % of product revenue	64.9%	65.4%	66.0%
GAAP gross margin – Service	\$181.7	\$171.2	\$181.8
GAAP service gross margin % of service revenue	60.5%	60.1%	62.0%
Share-based compensation expense	3.9	3.4	3.8
Share-based payroll tax expense	0.1	0.1	—
Non-GAAP gross margin – Service	\$185.7	\$174.7	\$185.6
Non-GAAP service gross margin % of service revenue	61.9%	61.3%	63.2%

GAAP TO NON-GAAP RECONCILIATIONS

	Three Months Ended		
	Q4'13	Q3'13	Q4'12
(in millions, except per share amounts and percentages)			
GAAP gross margin	\$803.6	\$746.5	\$733.0
GAAP gross margin % of revenue	63.1%	63.0%	64.3%
Share-based compensation expense	5.1	4.8	4.9
Share-based payroll tax expense	0.1	0.1	—
Amortization of purchased intangible assets	8.0	6.5	6.0
Restructuring and other charges	0.8	6.1	0.5
Non-GAAP gross margin	\$817.6	\$764.0	\$744.4
Non-GAAP gross margin % of revenue	64.2%	64.4%	65.3%

GAAP TO NON-GAAP RECONCILIATIONS

(in millions, except per share amounts and percentages)	Three Months Ended		
	Q4'13	Q3'13	Q4'12
GAAP research and development expense	\$258.7	\$264.6	\$275.1
Share-based compensation expense	(34.4)	(36.6)	(28.9)
Share-based payroll tax expense	(0.2)	(0.1)	(0.1)
Non-GAAP research and development expense	\$224.1	\$227.9	\$246.1
GAAP sales and marketing expense	\$283.2	\$269.5	\$264.7
Share-based compensation expense	(17.9)	(20.4)	(17.3)
Share-based payroll tax expense	(0.3)	(0.2)	—
Amortization of purchased intangible assets	(0.8)	(0.8)	(0.9)
Non-GAAP sales and marketing expense	\$264.2	\$248.1	\$246.5

GAAP TO NON-GAAP RECONCILIATIONS

(in millions, except per share amounts and percentages)	Three Months Ended		
	Q4'13	Q3'13	Q4'12
GAAP general and administrative expense	\$48.2	\$61.4	\$51.7
Share-based compensation expense	(6.5)	(7.5)	(6.4)
Share-based payroll tax expense	—	—	—
Amortization of purchased intangible assets	(0.3)	(0.3)	(0.3)
Acquisition-related charges	(0.7)	—	(0.7)
Litigation charge	10.3	—	—
Non-GAAP general and administrative expense	\$51.0	\$53.6	\$44.3
GAAP operating expense	\$608.2	\$601.5	\$602.1
Share-based compensation expense	(58.8)	(64.5)	(52.6)
Share-based payroll tax expense	(0.5)	(0.3)	(0.1)
Amortization of purchased intangible assets	(1.1)	(1.1)	(1.2)
Restructuring and other charges	(18.1)	(6.0)	(10.6)
Acquisition-related charges	(0.7)	—	(0.7)
Litigation charge	10.3	—	—
Non-GAAP operating expense	\$539.3	\$529.6	\$536.9

GAAP TO NON-GAAP RECONCILIATIONS

(in millions, except per share amounts and percentages)	Three Months Ended		
	Q4'13	Q3'13	Q4'12
GAAP operating income	\$195.4	\$145.0	\$130.9
GAAP operating margin	15.3%	12.2%	11.5%
Share-based compensation expense	63.9	69.3	57.5
Share-based payroll tax expense	0.6	0.4	0.1
Amortization of purchased intangible assets	9.1	7.6	7.2
Restructuring and other charges	18.9	12.1	11.1
Acquisition-related charges	0.7	—	0.7
Litigation charge	(10.3)	—	—
Non-GAAP operating income	\$278.3	\$234.4	\$207.5
Non-GAAP operating margin	21.9%	19.8%	18.2%
GAAP income tax provision	\$33.4	\$38.4	\$44.2
GAAP income tax rate	18.0%	27.9%	31.6%
Income tax effect of non-GAAP exclusions	16.5	18.6	8.8
Non-GAAP provision for income tax	\$49.9	\$57.0	\$53.0
Non-GAAP income tax rate	18.8%	25.5%	26.8%

GAAP TO NON-GAAP RECONCILIATIONS

(in millions, except per share amounts and percentages)	Three Months Ended		
	Q4'13	Q3'13	Q4'12
GAAP net income	\$151.8	\$99.1	\$95.7
Share-based compensation expense	63.9	69.3	57.5
Share-based payroll tax expense	0.6	0.4	0.1
Amortization of purchased intangible assets	9.1	7.6	7.2
Restructuring and other charges	18.9	12.1	11.1
Acquisition-related charges	0.7	—	0.7
Litigation charge	(10.3)	—	—
Gain on equity investments	(2.4)	(3.6)	(18.9)
Income tax effect of non-GAAP exclusions	(16.5)	(18.6)	(8.8)
Non-GAAP net income	\$215.8	\$166.3	\$144.6
GAAP diluted net income per share	\$0.30	\$0.19	\$0.19
Non-GAAP diluted net income per share	\$0.43	\$0.33	\$0.28
Shares used in computing diluted net income per share	505.6	508.6	513.1

THANK YOU