



Q1 2010 FINANCIAL RESULTS CONFERENCE CALL

**TUESDAY, APRIL 20, 2010
1:45 P.M. PACIFIC TIME**

Kevin Johnson, Chief Executive Officer
Robyn Denholm, Chief Financial Officer



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 could differ materially from those anticipated in those forward-looking statements as a result of certain factors, including: general economic conditions globally or regionally; business and economic conditions in the networking industry; changes in overall technology spending; 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-K 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 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. A reconciliation for non-GAAP guidance 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.

SOLID FOUNDATION FOR A YEAR OF GROWTH

Financially

- Economic environment continues to improve; pace and trajectory will vary by geography
- Service Provider showed good year-over-year growth
- Enterprise momentum continues with another record revenue quarter

Operationally

- Strengthening organization to support growth agenda
- New field operating model, new CRM system, created Junos Ready Software Business Group

Strategically

- Introduced new mobility solutions; expanded footprint into video
- Ankeena acquisition – strengthens edge routing platform, opens addressable market for iCDN

Executing well against our 2010 operating principles

DELIVERING THE NEW NETWORK

Service Provider: Expanding breadth and depth



Core Routing Leadership

- TX Matrix Plus customer wins reinforce demand for core routing solutions
- Innovations: Advances in 100GE networking, T series capacity



Transforming Economics and User Experience

- Mobility and video complement MX3D and programmable Junos
- Roadmap to additional media and content capabilities



Enterprise: Expanding share



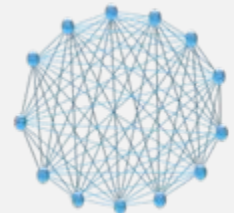
Innovation Roadmap: Delivering a portfolio

- Introduced EX2200
- Hitting key Stratus milestones



Expanding routes to market

- Deeper engagement with channel, field sales and partners

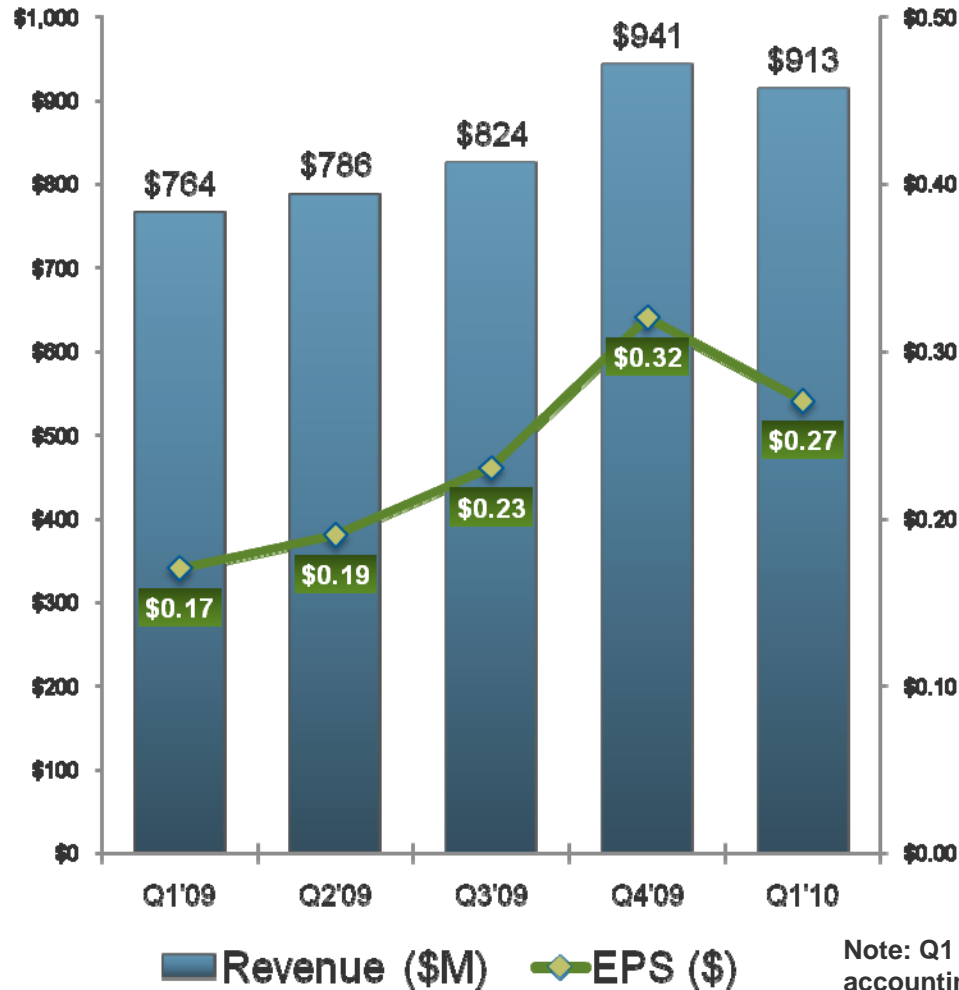


FINANCIAL REVIEW

Robyn Denholm



QUARTERLY REVENUE AND EPS TRENDS: Q1 '10



Revenue grew 19% Y/Y and decreased 3% Q/Q

Diluted non-GAAP EPS increased 10 cents Y/Y and decreased 5 cents Q/Q

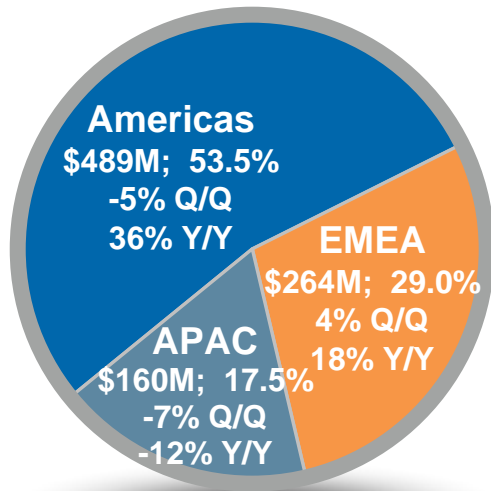
Solid foundation for 2010 growth

Good operating margin of 23.2% due to strong execution

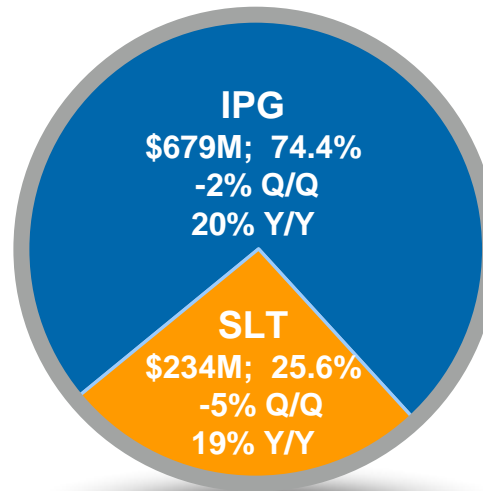
Note: Q1 2010 revenue includes approximately \$25M recognized under new accounting rules, all related to orders booked and shipped in Q1

Q1 '10 REVENUE MIX

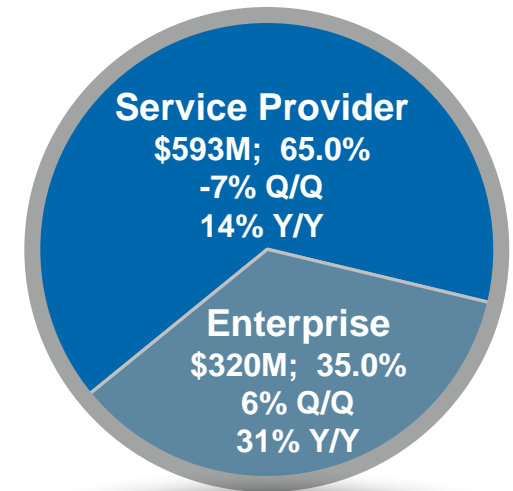
Geography



Segment



Markets



- Americas reflects good Y/Y growth; sequential decline reflects lower spending by certain US carriers; EMEA grew Y/Y and Q/Q due to UK and Germany strength
- Growth in MX and T series drove IPG results
- Momentum in EX switch business results in more than double the revenue Y/Y
- SRX continues to gain traction; annual run rate of \$240M
- Record Enterprise revenue quarter; good Service Provider performance

FINANCIAL RESULTS (NON-GAAP)

	Q1'10	Q4'09**	Q1'09**	Q/Q Change	Y/Y Change
REVENUE	\$912.6M	\$941.5M	\$764.2M	-3%	19%
GROSS MARGIN %	67.6%	67.6%	66.4%	n/c	1.2pts
R&D	\$189.3M	\$172.3M	\$170.7M	10%	11%
SALES & MARKETING	\$180.2M	\$200.1M	\$177.5M	-10%	2%
G&A	\$35.8M	\$33.6M	\$34.0M	7%	5%
TOTAL OPERATING EXPENSE	\$405.3M	\$406.0M	\$382.2M	0%	6%
OPERATING MARGIN %	23.2%	24.4%	16.4%	-1.2pts	6.8pts
NET INCOME*	\$146.4M	\$173.7M	\$91.6M	-16%	60%
EPS (DILUTED)*	\$0.27	\$0.32	\$0.17	-\$0.05	\$0.10

* Net income and diluted EPS attributable to Juniper Networks exclude net income or loss pertaining to non-controlling interest

** During 2010, the Company reclassified certain selling and marketing costs that were previously reported as cost of service revenues as sales and marketing expense. Accordingly, such costs reported in prior periods have been reclassified to conform to the current period's presentation. The reclassification did not impact the Company's previously reported net revenues, segment results, operating margin, net income, or earnings per share.

CASH FLOW AND BALANCE SHEET METRICS

Healthy cash position

- Cash flow from operations in the quarter was approximately \$258M before payments of litigation settlements of \$169M, which were incurred as charges against Q4 2009 results
- Repurchased \$74M of stock in the quarter
- Cash and investments nearly \$2.8B

No debt

DSO: 40 days

Record deferred revenue balance of \$790M

- Y/Y increase of 29%, Q/Q increase of 5%
- Product deferred revenue up 71% Y/Y; 4% Q/Q
- Services deferred revenue up 16% Y/Y; 5% Q/Q

Note: With the adoption of the new revenue recognition rules, we continue to defer product revenue for arrangements entered into prior to the beginning of the year and will recognize those revenues under the old rules



Q2 '10 GUIDANCE

3 MONTHS ENDING JUNE 30, 2010

REVENUE	Plan for \$950M plus or minus \$20M
GROSS MARGINS	Within long term target range of 66% to 68%
OPERATING MARGINS	Expect range of 23% plus or minus half a point
EPS	Expect range from \$0.27 to \$0.29 per diluted share
TAX RATE	Approximately 31%
SHARE COUNT	Expect to be flat compared to Q1'10
ACQUISITION IMPACT ON EPS	Up to \$0.01

Non-GAAP (except for revenue and share count)

2010 OPERATING PRINCIPLES: PLANNING FOR GROWTH



Assume macro economy will continue to improve



Accelerate out of the downturn and outpace the market recovery



Invest in innovations that deliver long term value to our customers



Drive year over year operating margin expansion



Maintain a healthy balance sheet and generate strong cash flows

APPENDIX



PERCENT OF REVENUE BY MARKET

	2008				2009				2010
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Total SP	73.8%	72.6%	72.7%	68.7%	68.1%	65.3%	63.6%	67.9%	65.0%
Total Enterprise	26.2%	27.4%	27.3%	31.3%	31.9%	34.7%	36.4%	32.1%	35.0%

SEGMENT OPERATING RESULTS

(in '000's except percentages)	Q1'08	Q2'08	Q3'08	Q4'08	FY'08	Q1'09	Q2'09	Q3'09	Q4'09	FY'09	Q1'10*
IPG:											
Product revenue	\$528,661	\$575,949	\$610,289	\$586,945	\$2,301,844	\$454,356	\$469,888	\$471,976	\$562,978	\$1,959,198	\$556,127
Service revenue	93,170	96,517	118,976	115,349	424,012	112,788	114,057	123,229	132,363	482,437	122,569
Total	621,831	672,466	729,265	702,294	2,725,856	567,144	583,945	595,205	695,341	2,441,635	678,696
Operating margin	191,558	195,085	216,845	202,513	806,001	111,906	119,941	126,928	182,640	541,415	176,483
Operating margin as a % of segment revenue	30.8%	29.0%	29.7%	28.8%	29.6%	19.7%	20.5%	21.3%	26.3%	22.2%	26.0%
SLT:											
Product revenue	\$145,553	\$147,968	\$156,680	\$158,915	\$609,116	\$133,507	\$137,071	\$162,098	\$176,118	\$608,794	\$165,074
Service revenue	55,503	58,600	61,017	62,284	237,404	63,532	65,347	66,609	69,995	265,483	68,848
Total	201,056	206,568	217,697	221,199	846,520	197,039	202,418	228,707	246,113	874,277	233,922
Operating margin	6,181	12,314	20,734	26,534	65,763	13,101	22,151	44,361	47,379	126,992	35,137
Operating margin as a % of segment revenue	3.1%	6.0%	9.5%	12.0%	7.8%	6.6%	10.9%	19.4%	19.3%	14.5%	15.0%

All numbers are GAAP

* Q1'10 numbers are preliminary pending the filing of our Quarterly Report on Form 10-Q

FINANCIAL RESULTS (GAAP)

	Q1'10	Q4'09**	Q1'09**	Q/Q Change	Y/Y Change
REVENUE	\$912.6M	\$941.5M	\$764.2M	-3%	19%
GROSS MARGIN %	67.1%	67.1%	65.7%	n/c	1.4pts
TOTAL OPERATING EXPENSE	\$451.7M	\$625.4M	\$421.1M	-28%	7%
OPERATING MARGIN %	17.6%	0.6%	10.6%	17.0pts	7.0pts
NET INCOME*	\$163.1M	\$22.9M	-\$4.5M	612%	3,757%
EPS (DILUTED)*	\$0.30	\$0.04	-\$0.01	\$0.26	\$0.31

* Net income and diluted EPS attributable to Juniper Networks exclude net income or loss pertaining to non-controlling interest

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Special Q1'10 items:

- Net income on a GAAP basis includes non-recurring tax benefit of \$54.1 million, partially offset by a restructuring charge of \$8.1 million. Combined, these items represent \$0.09 per diluted share.

GAAP TO NON-GAAP RECONCILIATIONS

(in '000's except per share amounts and percentages)	Q1'09*	Q2'09*	Q3'09*	Q4'09*	FY'09*	Q1'10
GAAP Cost of revenues – Product	\$193,061	\$207,576	\$206,329	\$234,756	\$841,722	\$222,381
Stock-based compensation expense	(1,059)	(863)	(910)	(1,074)	(3,906)	(1,105)
Stock-based compensation related payroll tax	(2)	(14)	(32)	23	(25)	(71)
Amortization of purchased intangible assets	(1,369)	(1,369)	(1,369)	(904)	(5,011)	(25)
Non-GAAP Cost of revenues – Product	\$190,631	\$205,330	\$204,018	\$232,801	\$832,780	\$221,180
GAAP Cost of revenues – Service	\$68,830	\$72,405	\$74,300	\$75,452	\$290,987	\$78,216
Stock-based compensation expense	(2,460)	(2,490)	(2,615)	(2,922)	(10,487)	(3,494)
Stock-based compensation related payroll tax	(12)	(44)	(89)	70	(75)	(165)
Non-GAAP Cost of revenues – Service	\$66,358	\$69,871	\$71,596	\$72,600	\$280,425	\$74,557

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GAAP TO NON-GAAP RECONCILIATIONS (CONT.)

(in '000's except per share amounts and percentages)	Q1'09*	Q2'09*	Q3'09*	Q4'09*	FY'09*	Q1'10
GAAP Gross margin	\$502,292	\$506,382	\$543,283	\$631,246	\$2,183,203	\$612,021
Stock-based compensation expense	3,519	3,353	3,525	3,996	14,393	4,599
Stock-based compensation related payroll tax	14	58	121	(93)	100	236
Amortization of purchased intangible assets	1,369	1,369	1,369	904	5,011	25
Non-GAAP Gross margin	\$507,194	\$511,162	\$548,298	\$636,053	\$2,202,707	\$616,881
GAAP Gross margin % of revenue	65.7%	64.4%	65.9%	67.1%	65.8%	67.1%
Stock-based compensation expense % of revenue	0.5%	0.4%	0.4%	0.4%	0.4%	0.5%
Stock-based compensation related payroll tax % of revenue	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Amortization of purchased intangible assets % of revenue	0.2%	0.2%	0.2%	0.1%	0.2%	0.0%
Non-GAAP Gross margin % of revenue	66.4%	65.0%	66.5%	67.6%	66.4%	67.6%

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GAAP TO NON-GAAP RECONCILIATIONS (CONT.)

(in '000's except per share amounts and percentages)	Q1'09*	Q2'09*	Q3'09*	Q4'09*	FY'09*	Q1'10
GAAP Research and development expense	\$185,400	\$183,894	\$185,204	\$187,210	\$741,708	\$206,994
Stock-based compensation expense	(14,680)	(14,981)	(14,327)	(15,294)	(59,282)	(16,986)
Stock-based compensation related payroll tax	(31)	(156)	(353)	407	(133)	(755)
Non-GAAP Research and development expense	\$170,689	\$168,757	\$170,524	\$172,323	\$682,293	\$189,253
GAAP Sales and marketing expense	\$187,864	\$176,555	\$183,424	\$211,288	\$759,131	\$192,375
Stock-based compensation expense	(10,199)	(10,645)	(10,964)	(11,340)	(43,148)	(11,728)
Stock-based compensation related payroll tax	(202)	(191)	(276)	155	(514)	(432)
Non-GAAP Sales and marketing expense	\$177,463	\$165,719	\$172,184	\$200,103	\$715,469	\$180,215

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GAAP TO NON-GAAP RECONCILIATIONS (CONT.)

(in '000's except per share amounts and percentages)	Q1'09*	Q2'09*	Q3'09*	Q4'09*	FY'09*	Q1'10
GAAP General and administrative expense	\$39,211	\$39,175	\$39,877	\$41,196	\$159,459	\$43,138
Stock-based compensation expense	(5,164)	(4,550)	(5,538)	(7,584)	(22,836)	(7,248)
Stock-based compensation related payroll tax	(12)	(31)	(38)	(4)	(85)	(97)
Non-GAAP General and administrative expense	\$34,035	\$34,594	\$34,301	\$33,608	\$136,538	\$35,793
GAAP Operating expense	\$421,094	\$410,692	\$415,328	\$625,394	\$1,872,508	\$451,749
Stock-based compensation expense	(30,043)	(30,176)	(30,829)	(34,218)	(125,266)	(35,962)
Stock-based compensation related payroll tax	(245)	(378)	(667)	558	(732)	(1,284)
Amortization of purchased intangible assets	(4,390)	(3,539)	(1,330)	(1,157)	(10,416)	(1,137)
Restructuring charges	(4,229)	(7,529)	(4,493)	(3,212)	(19,463)	(8,105)
Other charges – legal settlement	-	-	(1,000)	(181,331)	(182,331)	-
Non-GAAP Operating expense	\$382,187	\$369,070	\$377,009	\$406,034	\$1,534,300	\$405,261

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GAAP TO NON-GAAP RECONCILIATIONS (CONT.)

(in '000's except per share amounts and percentages)	Q1'09	Q2'09	Q3'09	Q4'09	FY'09	Q1'10
GAAP Operating income	\$81,198	\$95,690	\$127,955	\$5,852	\$310,695	\$160,272
Stock-based compensation expense	33,562	33,529	34,354	38,214	139,659	40,561
Stock-based compensation related payroll tax	259	436	788	(651)	832	1,520
Amortization of purchased intangible assets	5,759	4,908	2,699	2,061	15,427	1,162
Restructuring charges	4,229	7,529	4,493	3,212	19,463	8,105
Other charges – legal settlement	-	-	1,000	181,331	182,331	-
Non-GAAP Operating income	\$125,007	\$142,092	\$171,289	\$230,019	\$668,407	\$211,620

GAAP TO NON-GAAP RECONCILIATIONS (CONT.)

(in '000's except per share amounts and percentages)	Q1'09	Q2'09	Q3'09	Q4'09	FY'09	Q1'10
GAAP Operating margin	10.6%	12.2%	15.5%	0.6%	9.4%	17.6%
Stock-based compensation expense	4.4%	4.3%	4.2%	4.1%	4.2%	4.4%
Stock-based compensation related payroll tax	0.0%	0.0%	0.1%	-0.1%	0.1%	0.2%
Amortization of purchased intangible assets	0.8%	0.6%	0.3%	0.2%	0.5%	0.1%
Restructuring charges	0.6%	1.0%	0.6%	0.3%	0.5%	0.9%
Other charges – legal settlement	0.0%	0.0%	0.1%	19.3%	5.5%	0.0%
Non-GAAP Operating margin	16.4%	18.1%	20.8%	24.4%	20.2%	23.2%

GAAP TO NON-GAAP RECONCILIATIONS (CONT.)

(in '000's except per share amounts and percentages)	Q1'09	Q2'09	Q3'09	Q4'09	FY'09	Q1'10
GAAP Other income and expense, net	\$264	\$1,273	\$1,733	(\$1,904)	\$1,366	\$1,459
Loss on investments	1,686	1,625	-	2,251	5,562	-
Non-GAAP Other income and expense, net	\$1,950	\$2,898	\$1,733	\$347	\$6,928	\$1,459
GAAP Income tax provision (benefit)	\$85,922	\$82,194	\$45,902	(\$17,185)	\$196,833	(\$2,879)
Non-recurring income tax (charge) benefit	-	(52,124)	(4,559)	-	(56,683)	54,069
Valuation allowance on deferred tax assets	(61,755)	-	-	-	(61,755)	-
Income tax effect of non-GAAP exclusions	11,216	11,120	9,162	75,672	107,170	13,977
Non-GAAP Provision for income tax	\$35,383	\$41,190	\$50,505	\$58,487	\$185,565	\$65,167
Non-GAAP Income tax rate	27.9%	28.4%	29.2%	25.4%	27.5%	30.6%
Non-GAAP Income before income taxes and noncontrolling interest	\$126,957	\$144,990	\$173,022	\$230,366	\$675,335	\$213,079

GAAP TO NON-GAAP RECONCILIATIONS (CONT.)

(in '000's except per share amounts and percentages)	Q1'09	Q2'09	Q3'09	Q4'09	FY'09	Q1'10
GAAP Net income (loss) attributable to Juniper Networks	(\$4,460)	\$14,769	\$83,786	\$22,904	\$116,999	\$163,115
Stock-based compensation expense	33,562	33,529	34,354	38,214	139,659	40,561
Stock-based compensation related payroll tax	259	436	788	(651)	832	1,520
Amortization of purchased intangible assets	5,759	4,908	2,699	2,061	15,427	1,162
Restructuring charges	4,229	7,529	4,493	3,212	19,463	8,105
Other charges – legal settlement	-	-	1,000	181,331	182,331	-
Loss on investments	1,686	1,625	-	2,251	5,562	-
Non-recurring income tax charge (benefit)	-	52,124	4,559	-	56,683	(54,069)
Valuation allowance on deferred tax assets	61,755	-	-	-	61,755	-
Income tax effect of non-GAAP exclusions	(11,216)	(11,120)	(9,162)	(75,666)	(107,164)	(13,977)
Non-GAAP Net income	\$91,574	\$103,800	\$122,517	\$173,656	\$491,547	\$146,417

GAAP TO NON-GAAP RECONCILIATIONS (CONT.)

(in '000's except per share amounts and percentages)	Q1'09	Q2'09	Q3'09	Q4'09	FY'09	Q1'10
Non-GAAP Net income	\$91,574	\$103,800	\$122,517	\$173,656	\$491,547	\$146,417
Non-GAAP Net income per share:						
Basic	\$0.17	\$0.20	\$0.23	\$0.33	\$0.94	\$0.28
Diluted	\$0.17	\$0.19	\$0.23	\$0.32	\$0.92	\$0.27
Shares used in computing non-GAAP net income per share:						
Basic	524,429	523,105	523,878	523,200	523,603	521,141
Diluted	530,705	532,850	538,132	538,887	534,015	536,718