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PRESENTATION

Sanjiv Wadhwani - *Stifel Nicolaus & Company - Analyst*

Let's get started. Thanks so much for coming out the first day of our Stifel tech conference. I'm Sanjiv Wadhwani. I cover the comm [unications] equipment space at Stifel. Really pleased to have Juniper with us this morning. Kathleen Nemeth is Vice President of Investor Relations. She's going to go through slides for maybe five, seven minutes and, then, we'll open it up for Q&A. Thanks. Kathleen?

Kathleen Nemeth - *Juniper Networks, Inc. - VP, IR*

Thank you, Sanjiv. And, good morning and welcome everyone here in the room and, also, I'd like to extend a welcome to those who may be joining today via the webcast.

Before we get started, just a couple of statements in terms of safe harbor. Information and projections contained in today's presentation and slides could contain forward-looking statements related to our business outlook and market conditions. For a full list of risk factors, please see our most recent 10-Q filed on November 8th, 2012.

Let's talk a little bit about where Juniper is today and frame the conversation that I'll have shortly with Sanjiv. We announced our results just about two weeks ago. We feel like we exited 2012 on a strong note. Throughout the year, we introduced several new products, and we've believed overall we've strengthened our product portfolio, particularly as it relates to routing and switching. And, within the security space, we're focused on stabilizing our share there and adding additional new features.

We have sharpened our focus at Juniper over the last 18 months on execution -- and I'll talk about that in a moment -- as well. In addition, we announced in June of last year some initiatives that are aimed at reducing our overall cost envelope by about $150 million. Subsequent to that, we noted that about 75% to 80% of that would come out of OpEx, full year 2013 over 2012, with the rest in COGS and other areas of the business.

And, throughout the last couple of years, we've had a very thoughtful approach to capital allocation at Juniper. One of the attributes of the Company has been our ability to consistently generate strong cash flows. And, of course, this provides us with great opportunities to invest in the business, to invest in R&D and growth initiatives, and then also, as market conditions allow, take advantage of opportunities to return capital to shareholders. And, we've done that over the last year.

So, in terms of our new product portfolio, what drives our growth is, of course, serving some great markets, both on the Service Provider side and the Enterprise side, but clearly we're focused on next generation networking, both in the routing side and switching side and also security. Over the last 18 months, we've introduced new products in terms of -- the T4000; our PTX; MX, and, in fact, we've got a new iteration and version of MX, which we call the MX2020, which we announced last quarter and we'll begin shipping this quarter; and, then, ACX which targets traditional mobile backhaul applications, but brings a great new level of functionality and intelligence to that part of the network. That's been a great product for us.

In addition, we have QFabric. We've announced that -- it's been in the market for a couple of years, but we did announce a new version of that called the QFabric-M in the middle of last year, and we're starting to see some very good customer adoption. And, we noted that in our conference call last week. And, then, of course, MobileNext, which addresses mobile packet core. It's been slower to adopt, but it is running in production at this point, and it is a software overlay that runs on top of our MX routers.

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So, just very quickly -- I know many of you may have listened to our conference call about two weeks ago -- just reflecting on the December quarter of 2012, we did have a good quarter. We exited the year on a strong note. You saw good modest sequential growth in revenues throughout the year. For the fourth quarter, revenue was up 2%, both quarter on quarter and year over year. Non-GAAP operating margins, up a bit above 18%. And, of course, EPS showing some good progress, as well, in the December quarter.

And, then, very importantly from a forward look, the demand metrics for the quarter were good. We had a book to bill above 1. Product backlog was very strong, up 37% year on year, ending at about $410 million. And, so, those are good predictive indicators for our business, and we feel that that helps us with visibility into this first quarter.

So, when we think about 2013, we do believe that we are positioned for growth. The Company is very focused on execution across various areas of the business -- business transformation, putting new processes in place, making sure that we're agile and we can really address some of the market opportunities that we see ahead of us. We're making good progress on the new, long-term targets we put out at our financial analyst meeting last year and, again, as I mentioned, we've got a very strong product portfolio, particularly in routing. And, given the fact that the overall service provider business is seeing some more encouraging signs, having a good, strong product portfolio in routing is very helpful to us. Same with switching. In security, we are starting to strengthen our portfolio there, and we're addressing some of the feature gaps that we've had and that we've talked about over the last year or so. And, so, that should begin to stabilize and to show some good results for us as we go forward.

So, with that, that concludes my presentation. I'm happy to sit down and talk with Sanjiv a bit.

Sanjiv Wadhwani - *Stifel Nicolaus & Company - Analyst*

Great. Thanks, Kathleen. I'll let you get settled in.

Kathleen Nemeth - *Juniper Networks, Inc. - VP, IR*

Thank you.

QUESTIONS AND ANSWERS

Sanjiv Wadhwani - *Stifel Nicolaus & Company - Analyst*

So, just some broad strokes. When we're looking at 2013, carrier spending obviously looks to be up versus last year, particularly in the US market. You had some good metrics, exiting the quarter. You sounded optimistic on the call. Can you talk about overall, when you look at the demand environment, where are you seeing opportunities? Is it mostly on the core routing side? Is it mostly on the edge routing side? Obviously, this relates mainly to the routing portfolio as far as this question is concerned?

Kathleen Nemeth - *Juniper Networks, Inc. - VP, IR*

Yes. Thanks, Sanjiv. I do think that we are seeing some more encouraging signs for the service provider market overall. Specific to your question on core versus edge, we commented on the call that we had a very good quarter with edge routers and that we expect that to begin to translate into additional core upgrades, because that is so much centered on capacity needs for our carrier customers, in particular. And, so, we do expect to see an improved profile there as we go out through 2013.

I would note that, of course, for our business the breakout in revenue is 65% Service Provider, the balance being in Enterprise. Within Service Provider, we have three segments. We have our carrier base and, then, we of course have cable and, then, we have what we call Content Service Providers, which is what you'd think of as typically as [Web 2.0] companies. So, those are all areas that have been more constructive as we look at the recent conversations and engagements that we've been having with customers.

So, edge has been quite strong and, again, the introduction of the MX2020 has been very positive for us in that regard, as well.

Sanjiv Wadhwani - *Stifel Nicolaus & Company - Analyst*

Got it. So, just to sum that up, you're expecting that edge strength to translate into some sort of core strength in 2013.

Kathleen Nemeth - *Juniper Networks, Inc. - VP, IR*

Yes.

Sanjiv Wadhwani - *Stifel Nicolaus & Company - Analyst*

Got it.

Kathleen Nemeth - *Juniper Networks, Inc. - VP, IR*

Typically, that's what you'll see, in terms of sequencing of investment from our customers.

Sanjiv Wadhwani - *Stifel Nicolaus & Company - Analyst*

Sure. OK. You mentioned the MX2020 product which was out last quarter. You're shipping it this quarter. There seems to be some good demand for that. What portion of the market is it addressing? And, how does it stack up against Alcatel and Cisco, in terms of what they bring to the table?

Kathleen Nemeth - *Juniper Networks, Inc. - VP, IR*

Well, first of all, those are great competitors that you just mentioned. And, for us, this product really targets an area of the edge which has richer and, I would say, more next-generation services. So, we took really the trio chip set, and we added features and functionalities and enabled greater scale.

Sanjiv Wadhwani - *Stifel Nicolaus & Company - Analyst*

OK.

Kathleen Nemeth - *Juniper Networks, Inc. - VP, IR*

So, it's really strengthening that edge portfolio, which is what customers are looking for as they continue to add services and want to manage traffic that would sometimes be near the core of the network.

Sanjiv Wadhwani - *Stifel Nicolaus & Company - Analyst*

Got it. And, when you look at the comparable products from Alcatel, it's sort of the 7950 from Alcatel? Is that the product that you would compete against?

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Kathleen Nemeth - *Juniper Networks, Inc. - VP, IR*

In many cases, that would be the product.

Sanjiv Wadhwani - *Stifel Nicolaus & Company - Analyst*

Got it. And, then, the ASR --?

Kathleen Nemeth - *Juniper Networks, Inc. - VP, IR*

The 9000 series.

Sanjiv Wadhwani - *Stifel Nicolaus & Company - Analyst*

9000. OK. From Cisco. From a geographic perspective, when you look into 2013, again, sort of extension of the first question, where are you seeing opportunities? Is it mostly in the US, with AT&T talking about increased CapEx? Are you seeing some opportunities in Europe and Asia? Can you elaborate on that a little bit?

Kathleen Nemeth - *Juniper Networks, Inc. - VP, IR*

Yes. From a geographic perspective, I think we may have been one of the first companies to talk about more constructive signals coming out of the US carrier space in September. So, that's clearly an area that we're seeing some encouraging signs and, of course, there's been the public announcement by AT&T. So, that's helped.

In addition, since then, we've seen an announcement from DT in Europe, and on the call we talked about the different geographies. We talked about strength in the Americas, seeing some improving signs in EMEA, although we're clearly cognizant that that's still an area that can be under pressure. But, overall, we should begin to see some general improvements there as we go throughout the year. We talked about Asia-Pac as being a little bit more mixed. And, so, those are the --. Of course, from a regional perspective, things are relative. So, if we were to look at areas of strength, it would be Americas and, then, EMEA and, then, Asia-Pac.

Sanjiv Wadhwani - *Stifel Nicolaus & Company - Analyst*

Got it. Within the context of just this year being better -- obviously, there's a carrier spending element over there -- how much of the confidence that you showed on the call was because you're starting to see some market share gains happening? Or, was it entirely because your customers are saying, OK, the spending environment is getting better? Can you maybe parse through those two dynamics?

Kathleen Nemeth - *Juniper Networks, Inc. - VP, IR*

Yes. Well, the overall environment, to the extent that that improves, that helps us, clearly. But, based on our engagements with our customers and based on the reception and responsiveness to some of the new products that we have out there, that's very encouraging.

Now, I will note that, overall -- our business, again, 65% Service Provider, the rest in Enterprise -- there are some offsets in the Enterprise business both macro-driven, whether it's federal having some of an impact or whether it's some of the things that we've been very frank about in terms of our security portfolio. So, those are some of the offsets to some of the strength we're seeing on the Service Provider side.

Sanjiv Wadhwani - *Stifel Nicolaus & Company - Analyst*

Got it. I wanted to move maybe to the Enterprise side and talk specifically. You just mentioned security portfolio, that you have to make some enhancements to your Enterprise portfolio and, hopefully, 2013 is a better year. Can you just talk about what are the enhancements you're looking at? What are the issues that you're seeing in the Enterprise side on the security part of the equation?

Kathleen Nemeth - *Juniper Networks, Inc. - VP, IR*

So, from a high level, I would direct our attention to the presentation we did at our financial analyst meeting in June, where Nawaf Bitar walked through -- Nawaf heads up our security part of the business. And, he walked through what the strategy is, what some of the challenges have been. But, essentially, we've had very good success with what we call our high-end SRX, which goes into the carriers and secures a preponderance of the mobile traffic, certainly here in the States, and provides us with opportunities for international mobile operators as they move to 4G and LTE. So, that's been very good.

It's been in the Enterprise campus and branch that we've had some challenges. And, I think we've been very clear about that. And, some of the features that we've talked about have had to do with manageability - User interface and manageability. And, those are things we're addressing with a feature that we call Security Director. And, so, that's been out and released in to the market.

In addition, we'll be making additional announcements over the next couple of months in terms of our overall security portfolio.

Sanjiv Wadhwani - *Stifel Nicolaus & Company - Analyst*

So, do you think most of the product related issues are behind you, at the back half of the year?

Kathleen Nemeth - *Juniper Networks, Inc. - VP, IR*

I think, overall, we have work to do there. I think we're starting to see some good signs of stabilization. We acquired a company called Mykonos, which has been generating an enthusiastic response from customers.

Sanjiv Wadhwani - *Stifel Nicolaus & Company - Analyst*

Right.

Kathleen Nemeth - *Juniper Networks, Inc. - VP, IR*

I think but, overall, our focus right now is really assessing that portfolio, stabilizing that business. And, as we go forward, we'll communicate more about forward-looking targets. But, right now, it's about getting things stabilized.

Sanjiv Wadhwani - *Stifel Nicolaus & Company - Analyst*

OK. On the QFabric, you had that small form-factor QFabric release that, obviously, is starting to do well. Can you talk about the customer profile for that product versus what you had for the original QFabric? And, do you see an opportunity for those newer customers to potentially adopt the larger form-factor QFabric down the road?

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Kathleen Nemeth - *Juniper Networks, Inc. - VP, IR*

Thanks, Sanjiv. That's a good question. And, I think that it -- our initial introduction of the QFabric was targeted more what we would characterize as massively scalable datacenters. And, the QFabric-M which we talked a bit about on the Q4 conference call does target a different segment of the market, more mid-tier, some smaller datacenter type customers. And, so, it can be quite different, now.

I think what's been very helpful for us is that we have been engaged with customers in conversations in the datacenter since the introduction of the QFabric. It's been a good learning loop. We've learned a lot, and we've been able to incorporate some of the customer feedback into the different form-factor, the QFabric-M. And, that's where you're seeing a lot of activity today. And, we just had a good response in the December quarter and a good breadth of customers, and Kevin talked about that a bit on the call.

Sanjiv Wadhwani - *Stifel Nicolaus & Company - Analyst*

But, you don't see those customers maybe adopting the larger form-factor in the future?

Kathleen Nemeth - *Juniper Networks, Inc. - VP, IR*

Not necessarily. If they're in a smaller, mid-tier, they may stay -- likely to stay with the QFabric-M.

Sanjiv Wadhwani - *Stifel Nicolaus & Company - Analyst*

Got it. Got it. And, then, about two weeks ago, three weeks ago, you talked about your SDN strategy. Made an acquisition of Contrail. I'm just trying to see, does that create some sort of confusion in the marketplace with the QFabric and what you're doing with Contrail and SDN and how that all comes together, essentially?

Kathleen Nemeth - *Juniper Networks, Inc. - VP, IR*

No, we don't think so. So, we think that QFabric will continue to be well received in the market, the QFabric-M, et cetera. So, SDN, of course, it relates in the datacenter, but it's different in terms of the vision and the strategy that we're bringing to customers. So, we'll continue to have QFabric in the market and offer that as an option for customers.

Sanjiv Wadhwani - *Stifel Nicolaus & Company - Analyst*

OK. Let me just see if there's any questions from the audience. Typically, shy in the first half of the first day. All right.

We'll just continue on. You talked about OpEx savings this year. $150 million was the target. Can you talk about how far are you into that? Are you completely done with that? Are there still some moving parts around that? And, obviously, you have some OpEx increases that happen typically in Q1, but I'm just trying to see how that, sort of, flows through the rest of the year in terms of OpEx from Q1 to Q2. Obviously, still looking at that maybe moving down post those increases coming up.

Kathleen Nemeth - *Juniper Networks, Inc. - VP, IR*

Sure. So, just to clarify, the $150 million is in total costs and, out of that $150 million, about 75% to 80% is in OpEx, that we would expect year-on-year improvements, 2013 over 2012. We did initiate a reduction in force that is for the most part complete. There may be some additional headcount impacted by that, but that's complete for the most part. There are also other areas, whether it's in COGS or facilities consolidation. We are moving into a new campus, as many of you know. And, then, there are other areas of the business where we're driving for efficiency throughout the supply chain and ways that we can leverage and get a better overall cost profile for the Company.

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You saw clearly the reduction happened in our guidance for this quarter. So, we were running much higher, in terms of quarterly OpEx. Our guidance for Q1 was $515 million, plus or minus $5 million. And, so, you're already beginning to see that.

So, a lot of it's there, but there's still more to do, and there's still more opportunities for us to improve the overall cost profile, if you will, of Juniper. And, we'll be working on that throughout this year.

Sanjiv Wadhwani - *Stifel Nicolaus & Company - Analyst*

OK. And, so, when you look at Q1 to Q2 OpEx flow, should we expect that to move down, just given the reductions?

Kathleen Nemeth - *Juniper Networks, Inc. - VP, IR*

Well, I think that one of the things that Robyn noted on the call is we do tend to have more OpEx, as you also mentioned, Sanjiv, due to FICA and other things that always hits us for this first quarter. So, there is that potential and certainly to hit that target, you would need that type of profile to happen throughout 2013.

Sanjiv Wadhwani - *Stifel Nicolaus & Company - Analyst*

Got it. OK. Great. Going back to routing and particularly core routing, and as it relates to the PTX, PTX seems to be doing fairly well. T4000 maybe is taking a little bit longer to pick up, just maybe given the nuances of where customers are in their upgrades or what-have-you. Can you parse through, when you look at the opportunity for the PTX, do you see some of it cannibalizing the T4000 opportunity? And, if not, why not? And, then, just as an extension to that, beyond what's going on with this year in terms of CapEx increases by service providers which probably helps your routing portfolio, do you see core routing as a growth opportunity down the road, let's say, two to three years from now?

Kathleen Nemeth - *Juniper Networks, Inc. - VP, IR*

Well, a couple of elements to that. So, in terms of cannibalization, there may be some, but it's not significant because it's two different types of functionality that both products bring. If you look at the adoption rate of T4000 and overlay that with some of our other upgrade cycles in the past, they're very, very similar. So, to your point, though, customers can be in different parts of their acceptance cycle, et cetera, that that could have an impact, as well.

But, overall, I think the uptake has been good and I think as Rami Rahim, our executive who runs our platform systems division, noted on the Q4 call, a lot of that edge activity typically at some point starts to translate into core uptake. And, we do expect that to happen as we go forward.

So, as far as the relationship between PTX and T4000, we're highly, highly engaged and involved with customers in terms of core evolution. And, so, what we call the super core, that opportunity to bring that functionality is a great opportunity for Juniper, and we're very, very focused on that. And, so, I think as we go forward we should see core begin to show some -- an improved profile.

Sanjiv Wadhwani - *Stifel Nicolaus & Company - Analyst*

So, you do expect three-year CAGR, that there is growth opportunities on the core routing side, versus that product just being stagnant? Not because of Juniper, just because of the overall landscape of core routing.

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Kathleen Nemeth - *Juniper Networks, Inc. - VP, IR*

Well, typically, edge has been growing faster than core and, at some point because of the capacity requirements of core, you start to see that growth. So, they can be a bit countercyclical.

Sanjiv Wadhwani - *Stifel Nicolaus & Company - Analyst*

Sure. Got it.

Kathleen Nemeth - *Juniper Networks, Inc. - VP, IR*

So, we'll see.

Sanjiv Wadhwani - *Stifel Nicolaus & Company - Analyst*

OK. Maybe, take another shot at the audience. See if there are any questions out there? None, again? OK.

I wanted to talk about when you look at 2013 -- and, I know you haven't given guidance for the full year -- but, it's fair to say that there is obviously an expectation for growth versus what you saw in 2012. And, going back to your financial analysts day and in talking about the three-year growth target of 9% to 12% -- I think that was a number which is slightly higher than the market growth -- can you talk about how that relates to what we should think about 2013? And, just maybe clarify some of those points?

Kathleen Nemeth - *Juniper Networks, Inc. - VP, IR*

Yes. I'm happy to. So, you're correct. We didn't provide a full-year for 2013. The model that we talked about at FAM was also a CAGR. Right? So, that was a three-year CAGR. So, it wouldn't necessarily imply one particular year.

So, we'll see. As I mentioned in my opening comments, we are encouraged by some of the signals and signs that we're seeing and improved visibility on the Service Provider side. We're also very mindful that the macro economic outlook out there is still very uneven. So, I think that's very important to keep in mind as we go forward.

We do believe that there are great opportunities for growth for us particularly, again, in routing and switching, and we'll start to stabilize in terms of security.

Sanjiv Wadhwani - *Stifel Nicolaus & Company - Analyst*

Got it. And, in terms of your switching portfolio, you obviously have three elements right now -- QFabric, the EX line, and then the SDN strategy that you talked about three weeks ago. When you look at the growth profiles of all those three -- and, actually, there's Trapeze, which I didn't mention, also there, in terms of wireless LANs. When you look at the growth profile of all those four, how should we think about, let's say, a three-year CAGR? Or, a two-year CAGR? Maybe, not specific numbers, but what do you think is the fastest growing portion of those four segments of your switching portfolio?

Kathleen Nemeth - *Juniper Networks, Inc. - VP, IR*

Well, clearly, we talked about overall switching showing very good bookings numbers in the fourth quarter, and a significant portion of that went into backlog as some of that was due to carriers. So, overall, I think that that part of the business has been doing well. And, it has been a combination of EX finding some good momentum and, then, the new QFabric-M.

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So, all of those taken together, we haven't broken it out in terms of what those specific products could contribute. But, the overall growth perspectives that we shared at FAM -- I would have to double check the numbers-- but they're I think mid-single digits for that overall market.

Sanjiv Wadhwani - *Stifel Nicolaus & Company - Analyst*

OK.

Kathleen Nemeth - *Juniper Networks, Inc. - VP, IR*

And, it's our intention to grow faster than that. And, I think we've been doing that over the last couple of quarters.

Sanjiv Wadhwani - *Stifel Nicolaus & Company - Analyst*

But, you're not going to take a shot at which do you think has the bigger opportunity, or maybe grows the fastest of those four?

Kathleen Nemeth - *Juniper Networks, Inc. - VP, IR*

No, not at this point. I think --.

Sanjiv Wadhwani - *Stifel Nicolaus & Company - Analyst*

OK. Fair enough. Also, on the SDN side, I think you talked about unbundling software with hardware. Can you run us through how you're going to do that? How does it impact your distributors, or resellers? Are they onboard with that? Can you maybe walk us through some of those dynamics?

Kathleen Nemeth - *Juniper Networks, Inc. - VP, IR*

Well, I would point out that it's been about two weeks or so since we've really went out and communicated what our overall vision and strategy is for SDN. So, we're not at the point yet where we're breaking out how that would directly impact distributors or other areas of the business.

We're really focused on helping customers understand the really comprehensive elements of our SDN strategy. We talk about six principles and then four steps that we're taking to help customers really start to implement that and think about that. And, clearly, with our acquisition of Contrail, that helps as well. It helps to strengthen the product portfolio that we'll have going forward.

So, I think it's early days for us to comment specifically on the software and hardware interplay of that strategy.

Sanjiv Wadhwani - *Stifel Nicolaus & Company - Analyst*

Got it. Is this something that starts happening in 2013, in terms of --?

Kathleen Nemeth - *Juniper Networks, Inc. - VP, IR*

Well, we said that there would be some. Right?

Sanjiv Wadhwani - *Stifel Nicolaus & Company - Analyst*

Right.

Kathleen Nemeth - *Juniper Networks, Inc. - VP, IR*

So, we've already got some of the elements in place, with the Junos Space and JunosV App. Right? And, so, we'll be announcing things in the first half of this year.

Sanjiv Wadhwani - *Stifel Nicolaus & Company - Analyst*

Right.

Kathleen Nemeth - *Juniper Networks, Inc. - VP, IR*

So, there will be some activity there and some momentum with SDN, although it's not material for this year, clearly.

Sanjiv Wadhwani - *Stifel Nicolaus & Company - Analyst*

Got it.

Kathleen Nemeth - *Juniper Networks, Inc. - VP, IR*

But, we do expect that to be a good incremental growth driver of the business, as we go forward.

Sanjiv Wadhwani - *Stifel Nicolaus & Company - Analyst*

OK. I think that in your slides -- I'm trying to look at the language you actually used -- thoughtful capital allocation. I guess, what should we take away from that? Are we talking increasing buybacks? Are we talking about maybe a discussion of dividends? Any thoughts around --?

Kathleen Nemeth - *Juniper Networks, Inc. - VP, IR*

Well, our method of returning capital to shareholders has been through buybacks. And, so, clearly, as I mentioned, we consistently generate very strong cash flows. And, so, I think that we do a very good job in Juniper of resource allocation in terms of how do we invest in the business, how do we support growth initiatives, R&D, and then also make determinations on how we allocate that back to our investors.

And, so, that's really what we've been saying. And we have taken the share count down. We've taken advantage of some of the opportunities that we've seen in the market. And, we'll continue to be mindful of that and focused as we go forward.

Sanjiv Wadhwani - *Stifel Nicolaus & Company - Analyst*

Got it. And, any discussion, thoughts around a dividend?

Kathleen Nemeth - *Juniper Networks, Inc. - VP, IR*

At this point, our preferred method is through buybacks.

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Sanjiv Wadhwani - *Stifel Nicolaus & Company - Analyst*

OK.

Kathleen Nemeth - *Juniper Networks, Inc. - VP, IR*

Clearly, we're always open to feedback from our investors and listening to what their views are on that. But, at this point, we've determined that there's an opportunity, and we've returned capital through buybacks.

Sanjiv Wadhwani - *Stifel Nicolaus & Company - Analyst*

Is the buyback --? I know at the FAM you mentioned it was primarily to offset dilution. Are you increasing that beyond that?

Kathleen Nemeth - *Juniper Networks, Inc. - VP, IR*

It's been typically intended to offset dilution, but we did get more aggressive the beginning of last year. And, you see that just in the numbers, in terms of the share count reduction.

Sanjiv Wadhwani - *Stifel Nicolaus & Company - Analyst*

Sure. Right.

Kathleen Nemeth - *Juniper Networks, Inc. - VP, IR*

And, so, we did believe that the market was presenting us with some opportunities, and we took advantage of that.

Sanjiv Wadhwani - *Stifel Nicolaus & Company - Analyst*

So, you're opportunistic in what you see and then you act on that.

Kathleen Nemeth - *Juniper Networks, Inc. - VP, IR*

Absolutely. Yes. Yes.

Sanjiv Wadhwani - *Stifel Nicolaus & Company - Analyst*

Any --? Question at the back.

Unidentified Audience Member

Given that SDN strategy itself is still evolving, what do you think the changes have been (inaudible)?

Kathleen Nemeth - *Juniper Networks, Inc. - VP, IR*

Well, I think that for us SDN is really an opportunity, because we have a very limited share profile in the datacenter, for example. And, so, that's an area that we believe will provide us with an opportunity to really begin to engage with customers in a new way. So, we see a potential to overlay incremental growth because of SDN. And, so, it's much, much different from other companies who maybe have a larger installed base in that area. But, in general, that's our view point there, in terms of the competition. Thank you, though. Good question.

Sanjiv Wadhwani - *Stifel Nicolaus & Company - Analyst*

Anything else from the audience? Well, maybe one last question on my side. Competitively, when you look at the pricing dynamics in the routing market, how do you think they've evolved over the last 12 months? And, any thoughts on 2013 pricing dynamics?

Kathleen Nemeth - *Juniper Networks, Inc. - VP, IR*

Overall, we don't typically lead with price in our business. It's about competitive differentiation, next-generation networking, and things like that. But, typically, we would be more aggressive and surgical when it comes to price. So, if there's a certain area that we feel is very strategic to us, we do have that at our disposal to be more aggressive. The overall environment I would describe as a bit more stable in terms of the overall pricing environment, versus where it was a year ago.

Sanjiv Wadhwani - *Stifel Nicolaus & Company - Analyst*

OK. So, when you --. Right. So, if I'd asked you this question a year ago, I think it was fairly aggressive in 2011. Do you think it's stabilized over the last 12 months?

Kathleen Nemeth - *Juniper Networks, Inc. - VP, IR*

Yes, and certainly we're in a strong position with a great portfolio of new products. Right? And, so, that really helps us as we go forward.

Sanjiv Wadhwani - *Stifel Nicolaus & Company - Analyst*

Right. Got it. OK. Unless there's another question, maybe we should wrap it up over here. All right?

Kathleen Nemeth - *Juniper Networks, Inc. - VP, IR*

OK.

Sanjiv Wadhwani - *Stifel Nicolaus & Company - Analyst*

Great. Thanks, again, Kathleen.

Kathleen Nemeth - *Juniper Networks, Inc. - VP, IR*

All right. Thank you, Sanjiv.

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Sanjiv Wadhwani - *Stifel Nicolaus & Company - Analyst*

Appreciate your taking the time.

Kathleen Nemeth - *Juniper Networks, Inc. - VP, IR*

Thank you everyone for being here, today. Thank you.