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EDITED TRANSCRIPT

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PRESENTATION

Robyn Denholm *- Juniper Networks, Inc. - EVP and CFO*

I am Robyn Denholm. I am the CFO of Juniper. While we are waiting for Rod Hall to join us, I will just start with some opening remarks.

So, from a Company perspective, there are three things that we are very focused on at Juniper. The first is innovation, and both in terms of new products that we have been introducing to market over the last several quarters, as well as continuing the development of those products that are right already in market, both in terms of features and functionality.

The second area is operational excellence, and across the board at Juniper we are focused on continuing to improve our execution. And we call that our operational execution engine. And whether it is on the innovation side or whether it is on the cost side, we are continuing to focus on that as a Company.

And the third area is, again, continuing to work on taking market share in the market that we serve.

So if I recap where we are currently, we started the year off with a solid start to the year in terms of our execution. In the first quarter we grew revenues year-over-year 3%. We improved our operating margins by 3.7%. And we did that through a combination of improved gross margins of 2% year-over-year improvement, and also operating expenses down 1% year-over-year.

So with that I will turn it over to Rod for questions.

Rod Hall *- JPMorgan - Analyst*

Thank you for starting, Robyn. Sorry, I'm trying to be in two places at one time, which never seems to work that well. So, anyway, apologies for being late.

I wanted to start off maybe with security if we could, and get you to talk a little bit about the decline at $20 million that you guys mentioned in Q1, and whether we see that revenue rolling on into Q2, or how the security, that lost $20 million, materializes over the next couple of quarters.

Robyn Denholm *- Juniper Networks, Inc. - EVP and CFO*

Yes, so in terms of our business in Q1, our routing business was up 7% year-over-year. Our switching business was up 6% year-over-year and our security business did decline 9%, 10% year-over-year.

And of the $20 million decline that we saw -- sorry, $30 million decline that we saw in the first quarter, $20 million was related to the service provider business. And, actually, the service provider security area is a particular highlight of our business overall in security.

We have actually, since the introduction of the high-end SRX a couple of years ago, actually have captured quite a nice marketshare position in that security business. And what we have seen, though, as those deployments have happened over the years is that they're actually quite lumpy. So the $20 million decline year-over-year was a result of some nice deployments last year in Q1 and fewer deployments in the first quarter of 2013.

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And so, in terms of the health of that business, we continue to bring out improved functionality or increased functionality ahead of the competitors. We are at 45 million concurrent sessions currently with that product. And we have a roadmap for 60 million and 100 million concurrent sessions that we have already announced that will be in market before the end of the year. And so from a service provider security perspective, that business is doing very well.

On the enterprise side, the other $10 million of the decline year-over-year was in enterprise. And if you look at our enterprise business, we have obviously brought out the SRX, the Junos-based both campus and data center products. The dater center product is the high-end SRX that we have talked about just a few minutes ago on the LTE side.

When we brought those products to market last year, actually they were late the year before, what we discovered particularly on the campus and branch, that we didn't have the management software. The NetScreen OS products had a very good NMS -- network management system, and we didn't have that when we brought out the Junos based SRX.

We have actually brought that out in the fourth quarter of 2012. It is and deployment in a number of our customers already, and very well-received by customers.

And so we believe in our enterprise security business, both in the campus and in the branch, in the totality will actually stabilize that business during 2013. So, in other words, the declines that we have seen of recent quarters, that will start to turn around into growth as we continue through this year.

Rod Hall - *JPMorgan - Analyst*

Do you think that -- how much is that reliant on the macro situation? If enterprise spending continues to be weaker than expected, do you think that makes it harder? Or do you think even a weak enterprise spending environment it is going to be relatively straightforward to stabilize that?

Robyn Denholm - *Juniper Networks, Inc. - EVP and CFO*

Yes, I think in terms of security the market overall for security is actually growing. And despite some headwinds, particularly on the federal side with enterprise spending in general, which we did see in Q4 and we called that through the first quarter of 2013, we expect that to continue, by the way, in the second quarter and we have guided accordingly.

Despite that, security still is an area of investment by a lot of enterprise customers. And so whilst we are focused on turning that business around, we do expect the overall market to grow in 2013 for enterprise security.

Rod Hall - *JPMorgan - Analyst*

Okay, so even if macro -- general enterprise spending is a little bit weak, the security market grows and that gives you a decent backdrop for stabilizing things.

Robyn Denholm - *Juniper Networks, Inc. - EVP and CFO*

Yes, well, we think that despite the macro, whether or not -- we do think it will grow, but despite that, we believe we will grow our security business, because we are in that turnaround phase through the rest of this year for enterprise.

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Rod Hall - *JPMorgan - Analyst*

Okay, and I wanted to ask you, you guys have talked about the changes in enterprise and service provider. Would you be willing to give us any kind of a split between those two in terms of revenues or some idea of just how that is breaking down?

Robyn Denholm - *Juniper Networks, Inc. - EVP and CFO*

So in terms of service provider and enterprise, we talked about it for 2012. For the full year our service provider business is roughly 35% of the total security business that we have. And that fluctuates by quarter given the lumpy nature of the deployments in SP, but it is around 35%, plus or minus a little bit in terms of percentage, of the overall business itself.

Rod Hall - *JPMorgan - Analyst*

Okay, all right, thank you. So I wanted to just talk a little bit about the -- you have mentioned screen OS and that leading to the $12 million year-over-year decline in enterprise. Is there any additional detail you can give us on screen OS revenues versus SRX that might help us understand exposure there?

Robyn Denholm - *Juniper Networks, Inc. - EVP and CFO*

Yes, so the screen OS business is only on the enterprise side. As I mentioned before, we entered the security market in service provider with the SRX products. And so, if you look at that totality of the enterprise business, the majority of the revenue is now coming from the SRX-based products. And it is more than 50% of the revenues is in that SRX based products.

And so as we move forward, clearly that tale of screen OS will continue to decline, but we believe that the growth rate in terms of SRX will outstrip that decline.

Rod Hall - *JPMorgan - Analyst*

And that is now Q2 going forward that happens?

Robyn Denholm - *Juniper Networks, Inc. - EVP and CFO*

That's right. Yes.

Rod Hall - *JPMorgan - Analyst*

Okay, all right. Thank you.

I wanted to see what you would -- what your assumptions for the enterprise security market growth might be in 2013. Do you have -- is there any way to quantify that for us? You say you think it's going to grow. Can you talk about how fast it grows?

Robyn Denholm - *Juniper Networks, Inc. - EVP and CFO*

If you go back to June of last year, when we talked about the next three years -- 2013, 2014 and 2015, we thought that the enterprise security market would grow in the mid-single-digits. That is actually the analyst estimates. We thought it would grow faster than that, if you recall back to June.

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For 2013 it is probably going to be in that mid-to-upper single-digit area. That is what we believe at this point in terms of the overall enterprise security market.

Rod Hall - *JPMorgan - Analyst*

Okay. All right, and maybe shift gears a little bit off security and talk about routing. You made some pretty positive comments, I thought, about routing in the quarter. You have actually made positive comments a couple quarters now, really, but this quarter in particular I thought the commentary was pretty upbeat.

I wonder if you can just talk about where we are, particularly with some of the routing cycles. We now PTX is growing. We know of one big customer that it is probably growing with. I don't know if there are other customers out there that are our emerging, though, that might drive further PTX revenue through the year.

MX 3D seems to have a lot of traction. And then you mentioned the T4000 in the quarter, so maybe if you could just touch on each of those and what you are seeing out there, what your expectations are for the routing.

Robyn Denholm - *Juniper Networks, Inc. - EVP and CFO*

Yes, I think routing, as I mentioned, was up 7% year-over-year in totality. If you look at our routing portfolio as a Company, we have a very strong lineup, whether it is in the core with the T4000 and the PTX products and now the MX2020, or in the edge with the MX product range that we have across all of the edge, and also the access areas that we have in terms of the ACX products that we launched at the beginning of this year.

So if you look at our routing portfolio as a whole, it is the best product portfolio that is out there in the marketplace bar none. In our view is the growth that we saw in the US, we started to see design wins in the middle of last year, in 2012, that are actually starting to roll out. And so our US SP business actually grew 18% year-over-year and it was broad-based.

Yes, both AT&T and Verizon were 10% customers in the quarter. But we also saw strength in the revenue in the first quarter in the content and the cable area. So, content for us are the web companies, and the cable are obviously the cable operators. So we saw broad-based growth across all of the verticals -- wireless, wireline, content and cable in the US.

And what we talked about on the earnings call is that we actually are starting to see early indicators of improved demand in EMEA. And we actually commented on that for the first quarter.

In the first quarter results, if you excluded Eastern Europe, which a year ago Q1 of 2012 we were finishing up the deployment in Eastern Europe in Q1 of 2012. If you excluded that in the year-over-year comparison we actually saw growth in EMEA in SP as well. So our view is we are seeing very good traction with our routing portfolio across the world.

Rod Hall - *JPMorgan - Analyst*

Okay. Do you -- can you comment a little bit further -- give us any more color on the EMEA growth? Do you think that that is because they have got capital freed up from other projects maybe they were spending on? Do think it is just because they are seeing economic stability? What do you think is behind that turnaround in EMEA?

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Robyn Denholm - *Juniper Networks, Inc. - EVP and CFO*

I think it is, from our perspective, an indication of the performance of the products that we have, both in terms of helping reduce the cost per bit of traffic, which every service provider around the world is talking about. So the PTX does that better than any other product that is out there from a core perspective.

Our T4000 does that as well for existing customers. It is actually the fastest way to get reduced cost per bit of traffic in our installed base.

And then, also, on the services edge with the MX lineup as well, what we are seeing is service providers in all verticals are actually looking at the architecture of their network not only to cope with proliferation -- the expansion of traffic -- but, also, the -- working on the economics of their business model as well with the cost per bit of traffic. So we are seeing that across the board in Europe.

And many of those engagements start sometime in advance of revenue. So when we are talking about an architecture change, that takes service providers quite some time to actually work through before you start seeing the deployments even.

Rod Hall - *JPMorgan - Analyst*

Are you seeing -- just to follow up on one thing you said -- are you seeing material PTX sales in Europe? Is that (multiple speakers)?

Robyn Denholm - *Juniper Networks, Inc. - EVP and CFO*

So in terms of PTX, I wanted to actually comment on that. We have multiple customers of PTX. Yes, we have a very large US service provider that has endorsed that product and is deploying. But we actually have many customers of PTX around the world, not just in the US, but also in Europe and in Asia as well.

Rod Hall - *JPMorgan - Analyst*

Okay, and the European revenue from those, we know you have got some. Is it a material amount of revenue? Or is it still pretty nascent?

Robyn Denholm - *Juniper Networks, Inc. - EVP and CFO*

Again, large amounts of revenue follow deployments as opposed to the initial sales into service providers. So, how that normally happens is there will be a few units to start off with. And then as the deployments or the architecture starts actually building out, then you see more revenue.

Rod Hall - *JPMorgan - Analyst*

So we are in the early -- the few-unit stage now over there, but we maybe down the road into the year or next year we will (multiple speakers)?

Robyn Denholm - *Juniper Networks, Inc. - EVP and CFO*

In terms of any geography that is the way the revenue tends to flow. And while we are on that, in terms of the new products in the routing space, both the T4000, that upgrade cycle has commenced. We started talking about that in Q4 timeframe. And I talked about sequential increase in the core routing revenue from both T and PTX in the first quarter.

And so, if you look at our five new product revenue goal for Q4 of 2013, which we stated was $150 million from the five new products, we are more than halfway there. We talked about having in excess of $85 million of revenue in the first quarter. And they were primarily from PTX, T4000 -- actually, T4000, PTX and QFabric, in that order, in terms of revenue contributing to the more than $85 million.

Rod Hall - *JPMorgan - Analyst*

Given you're only halfway there, do you think you're conservative on the $150 million? Seems like you might be.

Robyn Denholm - *Juniper Networks, Inc. - EVP and CFO*

We put out the $150 million a year ago, and so my view is that is the milestone that we are heading for, for the fourth quarter. That is a demonstration of the curve in terms of what we see with the new architectures being deployed.

Rod Hall - *JPMorgan - Analyst*

Okay, do you think -- one thing I wanted to ask you, while we are on routing is -- do think that -- the PTX seems like the next generation of routing in the network for a lot of carriers. They're trying to hollow the core out, if you will, and spend less on T4000 type products, more maybe on PTX type products.

Is that -- how do you think that cycles? Do we see a large PTX or a large T-Series refresh now? And then PTX is something that becomes more prominent over time, the next two or three years or --?

Robyn Denholm - *Juniper Networks, Inc. - EVP and CFO*

One thing we do know is that architectural changes do take time. So -- and in the core of the network what we are seeing is this cost per bit of traffic discussion.

We are leading that discussion with the PTX, because as I mentioned before, it is by far the best solution that is out there. It is the only converged optical MPLS solution in the market today. And we started talking about that with our customers a couple of years ago in terms of where we think the core goes over time.

Now, again, not every service provider will move to a new architecture in these early phases. I mentioned that the T4000 upgrade is happening. And you can't do a PTX-only core. You always have to have some core routing boxes in that solution as well.

But we are pleased with the engagements that we have both in terms of the upgrade cycle on T and also in PTX. And for us it is about capturing the market share opportunity that we have in the core.

So, many of the engagements that we have are it into cores that we don't currently have the core routing installed base, if you like. And so, some of them are also in our existing core. You would expect that from customers that have worked with us for many years in the core of the networks to be some of the first customers to actually deploy that new architecture.

Rod Hall - *JPMorgan - Analyst*

Okay, there is a lot of noise being made about core routing competition now, mainly from Alcatel-Lucent. I wonder if you could comment on that. That is not something -- we have never seen that gain much traction.

What are you guys seeing in the market when you're out bidding RFPs? Are you just out talking to customers? Are people really seriously considering alternatives? Or do you think it is really you guys and Cisco that remain (multiple speakers) focused.

Robyn Denholm *- Juniper Networks, Inc. - EVP and CFO*

I will come back to the fact that we are very pleased with the lineup that we have in market today. That actually is the leading set of products across both the PTX or the converged Supercore as well as the traditional core, if you like, the T-Series. And then, also, and competitively those products are better than anything else that is in the marketplace.

The type of product that [ALU] is talking about is more on the services core. Our MX2020, which is shipping, is actually a much better version of what that router is trying to do. And so there is this blurring of the services edge in some types of service providers, and now MX2020 addresses that.

So whether it is PTX, T4000, MX lineup, we believe we have the strongest routing product of any competitor. And we are not afraid to compete with what we have in terms of products, and the knowledge that we have on the routing side.

Rod Hall *- JPMorgan - Analyst*

Okay. Want to ask you, while you said -- you mentioned the edge. Do you think that -- one of the things seems to be happening in carrier networks today is there is this continuous investment in the edge. A lot of times we cycle from the access to the edge to the core, and you keep cycling through those three things.

It seems like now we are actually at a stage where we are seeing edge investment at the same time we're beginning to see some core investment. Do you think the edge investment tails off and the core picks up, or do they both just continue to grow as this traffic (multiple speakers)?

Robyn Denholm *- Juniper Networks, Inc. - EVP and CFO*

I think it is very hard to characterize all service providers the same way. Some actually do do serial investments and some actually do simultaneous investments. And we are seeing both in this cycle.

So, from our perspective, we are seeing good engagements in the core and the edge across the four verticals or three verticals that we actually focus on in the service provider space.

Rod Hall *- JPMorgan - Analyst*

Okay, all right. So you are seeing a mix of the two things, but do you think over the next couple of years does it tend to be more simultaneous deployment, or more phased edge than core deployment, just the way you are seeing things move in the market right now?

Robyn Denholm *- Juniper Networks, Inc. - EVP and CFO*

We are seeing both today, because if you take Q1 -- Q4 was a very strong edge deployment quarter. Q1 was actually stronger in the core sequentially, but also a very strong edge deployment quarter as well. So it is tough to say whether that will continue in terms of both going on at the same time.

But what we do see is engagements around the world doing both areas. And depending on when the timing of those deployments happen, you could see strength in the revenues in both in particular quarters.

Rod Hall - *JPMorgan - Analyst*

Okay, can you talk a little bit about enterprise routing, because it seems like the numbers implied that at least in the last quarter enterprise routing declined. We would expect some seasonality. Could you just talk about what is going on with enterprise routing? Is it part of this whole enterprise spending malaise or is it just normal seasonality we are seeing?

Robyn Denholm - *Juniper Networks, Inc. - EVP and CFO*

Enterprise routing decline in the first quarter is directly tied to the federal decline. So, federal has been and is a large routing customer of ours. And so -- and typically what we see in the first quarter is actually routing procurement by the federal sector. We didn't see that in the first quarter. So that is one of the reasons -- the primary reason why routing was down year-over-year.

Rod Hall - *JPMorgan - Analyst*

Right, okay. What about the PTX3000? That seems like a pretty interesting product. Do you think --?

Robyn Denholm - *Juniper Networks, Inc. - EVP and CFO*

It is a really cute box. Have you seen it?

Rod Hall - *JPMorgan - Analyst*

I wouldn't call it cute.

Robyn Denholm - *Juniper Networks, Inc. - EVP and CFO*

It is only about this big.

Rod Hall - *JPMorgan - Analyst*

It is not like a kitten.

Robyn Denholm - *Juniper Networks, Inc. - EVP and CFO*

No, no. It is grey and it is only about this big.

Rod Hall - *JPMorgan - Analyst*

For a telecom equipment I will give you that. Do you think there will be material revenue for it this year? Or is that a product that is really -- it's more of a 2014 spinout?

Robyn Denholm - *Juniper Networks, Inc. - EVP and CFO*

It only starts shipping in the second half of the year. So we will see some revenue, but it is actually a very -- it is a very neat unit to actually put in both in terms of service provider, spending in terms of the converged MPLS and switching lineup, as well as in some applications in the enterprise as well.

And so we are quite pleased with the product lineup in terms of this convergence of the two areas that we see as we move forward.

Rod Hall - *JPMorgan - Analyst*

And do you guys -- it feels like you have now gone through a pretty decent refresh over time in that routing product line. Now you have deployed the PTX3000. Is there any other gaps in the product line you feel like you need to fill? Or are we now just in selling mode for 12 or 18 months before we see much more on the products?

Robyn Denholm - *Juniper Networks, Inc. - EVP and CFO*

We are, obviously, continuing to evolve the product lines that we have, both those that are in market and those that we are still yet to release. But from our perspective, it is all about capturing market share with the products that we have in market. On the routing side, whether it is on the core or the edge, and the recent MX2000 series, 2020, being -- shipping already is one of those things.

And don't forget, we continually update Junos, which adds features and functionality to the existing systems that are out there. So by deploying the Junos code release, which happens three or four times a year, that actually enables service providers or enterprise customers, for that matter, to add features and functionality through the software that we deliver.

So -- and that is one of the secrets behind the longevity of the product platforms that we do have in market and in installed base.

Rod Hall - *JPMorgan - Analyst*

Okay. Could you talk a little bit, just shifting gears to SDN, the topic of the last 18 months, I guess? You guys have come out and talked about your strategy now in some detail, in E&S the investor day in Barcelona or the investor event.

I wonder if you could just talk to us big picture about how you see that affecting carrier networks. It feels like it is a ways off. Do you agree with that, and where do you think is going to come in carrier networks first? Where do we see this having an impact initially?

Robyn Denholm - *Juniper Networks, Inc. - EVP and CFO*

I think if you boil SDN down as it relates to service providers, and enterprises for that matter, in my layman's speak I think about it as automating a lot of the service chaining and automating a lot of the steps that have to be undertaken manually today in networks. Whether it is in an enterprise network, where every time you have to move a server you have to actually reconnect the network and do things like that with the switching environment.

So, for me, that automation is a good thing across both service providers and enterprises. And it is something that we've been working on for quite some time, whether it is the programmability in the MX. One of the reasons why MX is such a popular platform in the edge of the network is the degree of programmability that service providers can actually do on the MX today.

In the data center it is obviously a very key component of how enterprises get more effectiveness and efficiency out of their resources in the data centers. And if you look at the data center in particular, which we do think is the first area for SDN-like deployments to happen, it is what we have done with QFabric. Even though it is a very early implementation of an SDN type of architecture with the controller and the interconnect and the director, that is where we think the market is headed from a data center perspective.

And we do think programmability in software is very important. At Juniper it's a very key asset that we do have as a Company across the board, whether it is service provider or enterprise. As I mentioned before, Junos continues to deliver a lot of features through software into networks.

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And I think with all the hype around SDN, some of the real principles around our systems and making sure that you have got the ASIC architecture actually adding to the hardware, adding to the software, I think the missing piece in networking has been that software hasn't been as well thought through and delivered to the networking community as in other parts of the IT landscape.

And so we do believe that will happen. At Interop, Bob Muglia actually announced the fact that we are in beta with our Contrail Controller and it's actually in customer site. We had a live demo there in terms of the controller itself. And we are very pleased with the progress.

And, again, it is building on lot of the principles that we already have in some of the products, but also taking into account some of the standards that are starting to emerge, which is a good thing for the industry.

QUESTIONS AND ANSWERS

Rod Hall - *JPMorgan - Analyst*

Okay, great. I want to make sure people in the audience have a chance to ask questions. So does anybody out there have a question for Robyn they would like to ask? Nothing on the iPad, so I assume that people just want to get up on the mic. Okay, all right, everybody is very shy. We will keep going.

Do you think -- what kind of timeframe -- you say you have got Contrail in test now?

Robyn Denholm - *Juniper Networks, Inc. - EVP and CFO*

Beta, yes.

Rod Hall - *JPMorgan - Analyst*

In beta test. What kind of timeframe do you think we are looking at for carrier deployment in actual production networks? Do you think it is -- is it next 18 months or is it two or three years away? Or when would you guys expect to see that?

Robyn Denholm - *Juniper Networks, Inc. - EVP and CFO*

No, I think -- no, again, coming back to some of the principles we have in deployment in certain aspects today, but in terms of wholesale deployment of newer products, they may take some time. Now, whether that is 12 months or longer it is hard to tell.

What we have learned is architectural change takes a long time, even in the data center, right? So our view as it takes some time for those new principles, those new architectures to seed in the market.

Rod Hall - *JPMorgan - Analyst*

Okay, back to the data center. Since you bought out brought up QFabric, I will ask a question or two about that.

You guys have just rolled out the EX9200. You have always talked about the fact that you have got the EX line. You have got the QFabric. But is there -- QFabric has never really gotten very much traction. You have got some customers but it hasn't gotten significant [traction] at least as far as we can see.

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Have you -- are you rethinking how you go after data center business at all? Do think that the EX series maybe has more legs than the QFabric product? Or does it -- can you just talk to us about the split of thinking on those two?

Robyn Denholm - *Juniper Networks, Inc. - EVP and CFO*

Yes, I think in terms of QFabric, it is definitely not a lot of revenue today. It is contributing positively from a revenue perspective today. It is -- if I go back a few years it is much lower than we had anticipated being at, at this point in time in the cycle, which is proof to the fact that architectural change takes time even in the data center.

So, our view is we are continuing to iterate on the data center offerings that we have with full knowledge from the deployments that we have in market today, whether they are PX or QFabric. Our focus is the data center in terms of the switching market.

Yes, we have some very good campus products as well, but the data center is the area where we think the most disruption will happen. And given our very low share of TAM out there, we are very much focused on disrupting the data center switching market. And QFabric was our first set of products in [offering] -- in market to actually go after that. And we will keep working at that to actually continue that journey in terms of changing the architectures of the data center switching arena.

Rod Hall - *JPMorgan - Analyst*

But you are not wedded to one architecture. Now that you wait and see what the customers want and then go see -- you seem to have a couple of options right now in the direction you need to go.

Robyn Denholm - *Juniper Networks, Inc. - EVP and CFO*

We do think, and have talked about for quite some time, there always being two-tier data centers and being one-tier data centers. And we still believe that. There are different types of parameters around data center that will mean that both are in existence for a long time to come.

How the technology evolves will be different in terms of those two domains. What we brought out, which is the EX9200, is the most programmable switch that is in the market today for a core switch in the data center. So that is -- as I mentioned before, some of the thinking around making sure that we are using all of the assets around software and programmability in the data centers to continue that journey on disrupting the data center economics for the customers as well as the market in terms of market share.

Rod Hall - *JPMorgan - Analyst*

Okay, got an iPad question here which is wondering if you could update us on the progress of the $150 million cost-cutting target.

Robyn Denholm - *Juniper Networks, Inc. - EVP and CFO*

Okay. So on the cost side, we are executing very well. As you saw in the first quarter we were down year-over-year 1% and down sequentially 4% in terms of OpEx.

In terms of the total cost of $150 million, that has always been broken up between COGS and OpEx, about 75% to 80% in the OpEx area. I put out guidance for the second quarter of $510 million plus or minus $5 million. And I expect a step down from that in the second half of the year, given that we are consolidating facilities and doing some of that restructuring as we speak. And so that will take effect in the second half of the year.

We did restructure, if you like, the cost structure to really take out structural -- make a structural difference, so that as we move forward we should continue to reap some of those benefits. But from our perspective, we are on track to achieve the total of $150 million, and roughly $90 million to $100 million in the OpEx area.

Rod Hall - *JPMorgan - Analyst*

Yes, because from memory you guys -- most all the headcount reduction that you would expect to incur has been done. Is that correct?

Robyn Denholm - *Juniper Networks, Inc. - EVP and CFO*

All of the employees were notified pretty much by the end of the fourth quarter, and so some did come out in the first quarter. But the majority -- so the headcount actions are behind us. We are still working on some of the supply chain initiatives, and some of the other non-headcount related costs, like facilities. Okay?

Rod Hall - *JPMorgan - Analyst*

Okay. Do you feel like you have got a lot further flexibility on costs beyond that target or do you feel like that is (multiple speakers)?

Robyn Denholm - *Juniper Networks, Inc. - EVP and CFO*

For me it is part of the operational discipline -- the operational excellence that we'll continue to drive for productivity improvements as we move forward. In terms of structural reduction, I think we have seen -- we will see that during this year. And then as we move forward, we will actually keep that base and then move from there.

Rod Hall - *JPMorgan - Analyst*

Great, okay, thanks. I think we are out of time. So, thanks everyone for coming. Robyn, thanks for coming.

Robyn Denholm - *Juniper Networks, Inc. - EVP and CFO*

Thank you.