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JNPR - Juniper Networks Annual Shareholder Meeting

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CORPORATE PARTICIPANTS

Scott Kriens *Juniper Networks, Inc. - Chairman*

Mary Anne Becking *Juniper Networks, Inc. - Associate General Counsel*

Kevin Johnson *Juniper Networks, Inc. - CEO*

PRESENTATION

Unidentified Speaker

Good morning, everybody. We are going to get started in a moment. We can remind everybody that we are being webcast, so if there is Q&A, please wait for the microphone. Also, just a reminder to place your phones on silent if you do have them on ring at this time. And I will let the meeting begin.

Scott Kriens - *Juniper Networks, Inc. - Chairman*

That includes me, I guess, with phone, huh, I will do that too. Good morning, everyone. Thank you for being here. My name is Scott Kriens. Are we going? Are we ready to go?

Unidentified Speaker

Ready to go.

Scott Kriens - *Juniper Networks, Inc. - Chairman*

These (inaudible) you can't tell where the cameras are anymore, the cameras are everywhere.

Okay. So my name is Scott Kriens and I'm the Chairman of the Board. Welcome, thank you for all being here. It's time to call the Annual Meeting of Stockholders of Juniper to order. And so I will do that.

I'm going to introduce the members of the team here in no particular order -- Mike Lawrie, our Lead Director; Bob Calderoni; Robyn Denholm, our CFO; Mercedes Johnson; Mary Cranston; of the Board; Bill Stensrud; Dave Schlotterbeck.

Let's see. Oh, Kevin. I was looking, I was saying -- where did Kevin go? If he's not here we can't even start. Kevin, and let's see; Pradeep is not here, but will be, I assume. Let's see. Matt Taggart and Garrett Hunt from Ernst & Young are also here -- and Garrett.

And the first order of business is proof for the mailing of the proxy materials and notice of this meeting to our stockholders, and Mary Anne Becking, who's acting as Secretary for this meeting, will now submit the required proof and advise us as to whether the necessary quorum is present. So, Mary Anne?

Mary Anne Becking - *Juniper Networks, Inc. - Associate General Counsel*

Thanks, Scott. We've got the proof over there in our folders, we have proof signed by Linda Guadagnin of Broadridge and states that the Proxy Statement and the Notice of Annual Meeting, (inaudible) the availability on the Internet and the proxy card were mailed on April 9 to all holders of Juniper common stock at the close of the business on March 28, 2013.



That means legal notice of the meeting has been duly given. In addition, I can report that the Inspector of Elections has taken and signed an oath as an Inspector of Elections and the affidavit of delivery and the oath of Inspector of Elections will be filed with the minutes of this meeting.

The Inspector of Elections has advised me that we have present, in person or by proxy holders of more than 88% of the shares of the Company's outstanding common stock entitled to vote at the meeting. Therefore, in accordance with the bylaws, we have a quorum present. The Company has adopted rules of conduct for the meeting. You'll find a copy sitting in front of you on the table. Scott?

Scott Kriens - *Juniper Networks, Inc. - Chairman*

Great. Thank you, Mary Anne. So we'll first conduct the formal part of meeting and the proposals to be considered. After voting is over and the polls are closed, then Kevin will give a presentation.

So we are now ready to proceed with the matters to be considered this morning and Mary Anne will describe the voting procedures in those matters. Mary Anne?

Mary Anne Becking - *Juniper Networks, Inc. - Associate General Counsel*

Voting is by written ballot. The polls for voting on the items of business we presented are now open. If you previously voted by proxy and do not wish to change your vote, your vote will be cast as you've previously instructed and no further action is necessary. However, we have ballots available for you if you wish to change your vote at this time or if you have not previously voted.

If you received a voting instruction card from your bank, broker or nominee, you are required to submit your voting instructions to them and you will not be permitted to vote at this meeting unless you've obtained both the legal proxy from the record holder. If you are a record holder and you wish to change your vote or didn't send in a proxy card and wish to change -- to cast your vote now, you will need to submit your proxy card or ballot before the polls close. Again, it's not necessary to vote at this time if you previously sent in your proxy and do not want to change your prior instructions.

Submission of a ballot or proxy at this time will revoke all your prior proxies. If you do not mark the number of shares represented by your ballot, your ballot will represent all shares that you're entitled to vote at this meeting. If anyone would like to vote in person at this time, please raise your hand and we'll be sure you get a ballot. Any takers? The polls are now open for voting.

We have three matters properly before the meeting. The first is to elect Pradeep Sindhu, Robert Calderoni and William F. Meehan to serve as Directors of the Company until the 2014 Annual Meeting. These nominees were proposed by the Board. No nominees were submitted by stockholders and the Board unanimously recommends a vote for each of these nominees.

The second matter is the proposal is to ratify the appointment of Ernst & Young, an independent registered public accounting firm, as Juniper's auditors for fiscal year ending December 31, 2013. As Scott mentioned, representatives of Ernst & Young are present at the meeting and can respond to questions and if they desire, make a statement. The Board of Directors unanimously recommends a vote for this proposal.

And the third matter is the proposal to approve a nonbinding advisory vote regarding the compensation of the Company's named Executive Officer. The Board of Directors unanimously recommends a vote for this proposal. Detailed information concerning each of our nominees and proposals is contained in the proxy statement sent or made available for our shareholders and these matters are being duly presented at this meeting.

Do we have any questions regarding the director nominees? Any questions for Ernst & Young? Does anyone have any questions about the advisory vote on executive compensation? Scott?

Scott Kriens - Juniper Networks, Inc. - Chairman

Great. Thank you, Mary Anne. Well, as no ballots were requested, the polls are now closed. And based upon all the proxies and ballots received prior to commencement of the meeting and subject to final adjustment of the numbers for any ballot collected here today, I can tell you, preliminarily, that each of -- Pradeep Sindhu, Robert Calderoni and William Meehan has been elected.

And the appointment of Ernst & Young as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2013, has been ratified by you (inaudible). And the nonbinding advisory vote on executive comp has been approved by requisite votes.

The Inspector of Elections will conduct the final count of all votes on these matters and the final results will be included in the minutes of this meeting. So there being no further formal business, I'll declare the formal portion of the meeting adjourned and then I'll turn this over to Kevin for a brief presentation and the Q&A session. Kevin?

Kevin Johnson - Juniper Networks, Inc. - CEO

Great. Thank you, Scott. Well, good morning; and thank you for everyone for joining us this morning and for those joining us by the webcast. I would take 10 minutes to just share a perspective on our business and give you some views of how we are evolving as a Company.

Before I begin though, I'd like to refer you to our Safe Harbor Statement. In the event that forward-looking statements are made in today's presentation and Q&A, I'd like to remind you that there are certain risks and uncertainties associated with such forward-looking statements, and Juniper undertakes no obligation to update these statements in the event factors or circumstances subsequently change.

Clearly, there's a great power that's been created in the form of a connected world. Our vision as a Company is to connect everything and empower everyone. And this map shows the view of all interconnections, Internet connections globally. It's really the foundation for these connections; is the network, and that network plays a more critical role than ever before. In fact, broadband traffic is doubling every year-and-a-half, every two years.

There are 2.5 billion Internet users in the world. Recent projections show that in the next 10 years, that 2.5 billion will grow to 5 billion, people in the world connected to Internet. So the next 10 years, two-thirds of the population of the planet will be connected to the Internet.

Certainly, the reliance of the network is very critical; independent of what industry -- healthcare industry is using new ways to deliver healthcare services digitally. Commerce is conducted on the Internet. Public sector, government conducts their business on the Internet. Education has changed profoundly by access to more information, content for student and people to learn and grow; the way that we communicate and connect with the people we care about most has been enabled by this network.

And our view is there's only three major connections or inflection points that are evolving today. The first is the mobile Internet. The fact that in 2013 it is projected that over 1 billion smartphones will be shipped; and those smartphones have Internet connections. If you combine that with tablets and the fact that people are now going mobile, and that's driving more and more usage, more and more scenarios, more and more applications.

Many of those applications are being delivered from the cloud. And think of the cloud as these large virtualized data centers that provide applications and services, whether it's to a consumer or to a business user. The fact is now studies are showing that 80% of new Enterprise applications are actually being deployed in the cloud, whether that is private cloud hosted on-premise, or public cloud connected or deployed over the Internet.

And then, certainly, video and additional content is really accelerating. In fact, much of the broadband traffic growth that is being experienced today is being driven by video consumption and additional digital content. So this is placing more and more pressure on network.

Innovation is required in order to handle the scale and the volume of this traffic, to ensure it does so economically, and reducing that costs for better traffic, to make sure it does so in a way that provides a great experience for the users and does it in a way that's secure. This is a business that we are in.

And our focus in this area is a pure play in high performance network starts with the fact that we focus on two customer sectors. We focus on our service provider customers. These are the large wire line -- wireless content service providers and cable companies that have massive networks that connect the world and provide that connectivity.

And we also focus on Enterprise customers. We put our Federal Government customers, public sector on Enterprise, large financial services, healthcare, energy, all the different industry verticals of businesses that invest in networking, invest in networks to help run and operate their business.

We focus on three product families, or three areas of business -- routing, switching, security. All three of those areas are important parts of our business. They all relate to the components that go in to creating great network solutions of scale.

And we do it in a way where we focused then on the architecture in seven domains of the network; whether it's the core of the Internet for service providers, the edge of the network, the access layers, data centers in both service provider and enterprise, the [wider] network, campus and branch and even the end devices so that they can securely connect in to these networks.

When we think of winning at Juniper, we have three key goals that we are focused on that we pursue. The first is to build the best product and we invest in organic R&D. We have world-class engineers in the domain of networking, and as a Company, we continue to invest in, enhancing and innovating in the product families that we bring to market with the view that we've got to build the best products.

Products that can handle the scale and performance of these networks, do it in the most economical fashion, enable the best user experiences and the most services. If we do that well, that enables us to take market share and to grow our position in the marketplace.

It's also important that we balance that as well with customer satisfaction and delivering a remarkable customer experience. We believe that if we invest in the right projects with world-class talents, build the best products, take market share and enable our customers to have a remarkable customer experience; that is the winning formula for our Company.

Now certainly, these are three forms or three key pillars in terms of how we work to differentiate our product set. We work to differentiate our product set in ways that have direct impact on the economics and experiences of network. We've got a laser-focus on the attributes of high-performance networking. How can our systems, how can our technology handle the scale, the massive scale, that it takes to run these networks today? Much of that comes from our innovation in silicon and the systems that we put together, and we've got a track record of breakthroughs in this particular area.

We recently announced new product in over the last year, year-and-a-half, in the core of the Internet, the product family called the [PCX] that provides unprecedented scale. We've scaled up our MX product family to the very high end with the MX2000 product. These products are leveraging that silicon system and the software that goes with it.

The software innovation is the second pillar of differentiation and that's not only our Junos operating systems provide simplicity and flexibility for our customers, but it's also the software again that we are driving to enhance the number of new services that our customers can deploy and operate.

Software-defined networking is an area that we are investing in and that we think we've got a line of sight to a thought-leadership agenda on how to enable a new paradigm to deploy these services in a way that help customers reduce the operating expenses of running these services in these networks.



And then, certainly, differentiating a remarkable customer experience, the architectural approach we can bring to customers, the way that we engage and partner with them to solve these problems, the way that we support them once they've deployed our technology in their network.

Now, certainly, in addition to the focus that we have on innovation, we are also focused on ways to build sustainability into the Company. And certainly, that's part of the work that we are doing as responsible corporate citizens and there's a number of awards that we won here over the last year.

In our supply chain, we recently incorporated standards from the Electronic Industry Citizenship Coalition Code of Conduct to ensure that the organizations and the people that manufacture our products are able to do so in a safe and healthy environment, just one example work that we've done in this area. We recently consolidated our global repair operation to a single strategic supplier, with one location in each region around the globe; and not only to the streamliner repair operation, but it also reduces our cost.

In addition, it makes the repair process much easier for our customers and just in terms of the forecast that we will be able to reduce our carbon emissions from the transportation of these products by also almost 90%; but the focus on how we can create a safe and healthy environment, how we can do operate the Company efficiently but also have an impact on things like carbon emission.

Our efforts have also focused on operating our business in a responsible and ethical manner; and we are recently selected by Ethisphere as one of the world's most ethical Company. These are things that we do to make sure that we are responsible corporate citizens, and that we are also focused on operating the Company ethically and around the values and principles that the Company was founded upon.

One example of sustainability is the new Juniper campus that you're in here today. The two buildings that we put up on this campus, they targeted LEED Gold Certification, which is the most recognized Gold global standards for high-performance building. It really embraces new design principles and materials to ensure that these buildings are efficient, cost-effective and better for the occupants, as well as the environment. These are just examples of our sustainability work that you have the opportunity to be here today. And we think about growth, I start by looking at the growth that we've driven over the last five years.

Our enterprise business has grown at a 14% compound annual growth rate from roughly \$800 million in 2007 to \$1.6 billion in 2012. We think this is due to the innovation and continue to drive into the new product areas specifically switching and complementing that with the work we are doing in routing security.

Likewise, our service provider business, since 2007 and 2012, has grown from roughly \$2 billion to \$2.8 billion, a 7% CAGR. Now, certainly as we transition into 2012, we delivered results in a challenging environment.

Revenue declined slightly in 2012 and much of that was the fact -- of the enterprise decline that we experienced in the US. Our US enterprise revenue declined. Much of it was the result of the US Federal Government spending. US Federal Government is our largest Enterprise customer in the world. And certainly, that had an impact.

As a Company, though, we focus on the things that we can do and do well. We enhance the product portfolio. We focus on the set of things around execution. We also restructured the cost base of the Company to be more in line with the revenue. And throughout 2012, from Q1 to Q2, Q3 and Q4, we continued consecutively to expand our operating margins, as think this set us up well for 2013.

Certainly now we've had, in the second half of 2012 and in the first quarter of 2013, three consecutive quarters with year-on-year growth, yet we look at operating principles and we anticipate the (inaudible) of assumptions that we are operating the Company around in 2013.

And the first is that we believe the macroeconomic environment will continue to remain uncertain. Certainly as things evolve in Europe with the economic situation, as the US Federal Government goes through sequestration and the implications of that, certainly there's different dynamics in GDP growth in different countries throughout Asia.



We think it's important for us just to be aware that the macro environment will continue to have some twists and turns in different geographies around the world. Now certainly we are focused on growth. And focus on the growth in the markets we serve, which means we've got to take share in routing, switching and this is the year that we focused on stabilizing our share in Enterprise Security.

We do look to expand operating margins in 2013 over 2012 and we've seen that already with our Q1 performance, and we will continue to focus on that throughout the year. We put a significant amount of attention on helping the Company get more focused, more agile and more efficient in our cost structure. And as a result, we have reduced and continue to reduce our operating expense and our cost of goods sold against the target that we outlined last year at our Financial Analyst Meeting.

And then finally, we are continuing to generate solid cash flows and be very thoughtful about how we are allocating our cash. As our cash has grown, we've used some of that cash to buy back shares of stock and reduce the number of outstanding shares. We think we continue to maintain a strong balance sheet and being thoughtful about capital allocation as an important part of how we operate.

So, in summary, I think the long-term drivers for demand in networking remain intact, the mobile Internet, cloud computing, video distribution over the Internet is going to continue to drive volumes of traffic for this network. Solving the problems of complexity in scale and reliability and security is right -- plays right to the strength of Juniper Networks. We focused on improving our execution.

We've returned to growth in the second half of 2012 and we look to 2013 to continue to be a year of growth, as the result of building the best products, and expanding or strengthening our product portfolio in the areas of routing, switching, security and continuing our focus on (inaudible) allocation.

With that, I want to thank you for taking the time to join us. And I think we have a little bit of time if there are any questions. Before we adjourn this morning, I'll open it up to the group here.

Okay. No questions here in the panel. So with that, well thank you for taking the time to join us and our Management Team and Board will be happy to stick around here a bit here as we adjourn. Thank you.

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