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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-Q**

(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the quarterly period ended **March 31, 2018**  
or  
 **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 001-34501

**JUNIPER NETWORKS, INC.**  
*(Exact name of registrant as specified in its charter)*

**Delaware**

*(State or other jurisdiction of incorporation or organization)*

**77-0422528**

*(I.R.S. Employer Identification No.)*

**1133 Innovation Way**

**Sunnyvale, California**

*(Address of principal executive offices)*

**94089**

*(Zip code)*

**(408) 745-2000**

*(Registrant's telephone number, including area code)*

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer       Accelerated filer       Non-accelerated filer       Smaller reporting company       Emerging growth company   
(Do not check if a smaller reporting company)

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

There were 349,152,345 shares of the Company's Common Stock, par value \$0.00001, outstanding as of May 4, 2018 .

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**Juniper Networks, Inc.**

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**PART I — FINANCIAL INFORMATION****Item 1. Financial Statements****Juniper Networks, Inc.****Condensed Consolidated Statements of Operations**  
**(In millions, except per share amounts)**  
**(Unaudited)**

	Three Months Ended March 31,	
	2018	2017
Net revenues:		
Product	\$ 710.8	\$ 828.9
Service	371.8	392.1
Total net revenues	1,082.6	1,221.0
Cost of revenues:		
Product	306.4	330.2
Service	157.8	144.2
Total cost of revenues	464.2	474.4
Gross margin	618.4	746.6
Operating expenses:		
Research and development	269.4	276.2
Sales and marketing	239.4	244.2
General and administrative	56.0	50.5
Restructuring (benefits) charges	(1.9)	19.4
Total operating expenses	562.9	590.3
Operating income	55.5	156.3
Other expense, net	(14.1)	(15.7)
Income before income taxes	41.4	140.6
Income tax provision	7.0	31.8
Net income	\$ 34.4	\$ 108.8
Net income per share:		
Basic	\$ 0.10	\$ 0.29
Diluted	\$ 0.10	\$ 0.28
Shares used in computing net income per share:		
Basic	355.3	380.9
Diluted	360.6	388.0
Cash dividends declared per common stock	\$ 0.18	\$ 0.10

See accompanying Notes to Condensed Consolidated Financial Statements

**Juniper Networks, Inc.****Condensed Consolidated Statements of Comprehensive Income**  
**(In millions)**  
**(Unaudited)**

	<b>Three Months Ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
Net income	\$ 34.4	\$ 108.8
Other comprehensive income, net of tax:		
Available-for-sale debt securities:		
Unrealized (loss) gain, net of tax benefit of \$1.4 and tax provision \$0.7, respectively	(2.0)	1.5
Reclassification adjustment for realized net loss (gain) included in net income, net of tax provisions of zero for each period	0.9	(0.1)
Net change on available-for-sale debt securities, net of tax	(1.1)	1.4
Cash flow hedges:		
Unrealized gains, net of tax provisions of \$0.3 and \$1.7, respectively	13.1	5.3
Reclassification adjustment for realized net (gain) loss included in net income, net of tax provisions of \$0.6 and \$0.3, respectively	(5.1)	1.1
Net change on cash flow hedges, net of tax	8.0	6.4
Change in foreign currency translation adjustments	5.3	7.9
Other comprehensive income, net of tax	12.2	15.7
Comprehensive income	\$ 46.6	\$ 124.5

See accompanying Notes to Condensed Consolidated Financial Statements

**Juniper Networks, Inc.**  
**Condensed Consolidated Balance Sheets**  
(In millions, except par values)

	March 31, 2018	December 31, 2017
	(Unaudited)	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 2,614.2	\$ 2,006.5
Short-term investments	317.7	1,026.1
Accounts receivable, net of allowances	679.9	852.0
Prepaid expenses and other current assets	308.9	299.9
Total current assets	3,920.7	4,184.5
Property and equipment, net	1,013.8	1,021.1
Long-term investments	516.5	988.4
Purchased intangible assets, net	123.8	128.1
Goodwill	3,096.2	3,096.2
Other long-term assets	407.5	415.5
Total assets	\$ 9,078.5	\$ 9,833.8
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 189.2	\$ 217.6
Accrued compensation	172.8	186.0
Deferred revenue	888.2	1,030.3
Short-term debt	349.3	—
Other accrued liabilities	230.5	304.3
Total current liabilities	1,830.0	1,738.2
Long-term debt	1,787.7	2,136.3
Long-term deferred revenue	368.7	509.0
Long-term income taxes payable	649.5	650.6
Other long-term liabilities	117.9	118.8
Total liabilities	4,753.8	5,152.9
Commitments and contingencies (Note 14)		
Stockholders' equity:		
Convertible preferred stock, \$0.00001 par value; 10.0 shares authorized; none issued and outstanding	—	—
Common stock, \$0.00001 par value; 1,000.0 shares authorized; 349.0 shares and 365.5 shares issued and outstanding as of March 31, 2018 and December 31, 2017, respectively	—	—
Additional paid-in capital	7,615.5	8,042.1
Accumulated other comprehensive income (loss)	12.5	(5.4)
Accumulated deficit	(3,303.3)	(3,355.8)
Total stockholders' equity	4,324.7	4,680.9
Total liabilities and stockholders' equity	\$ 9,078.5	\$ 9,833.8

See accompanying Notes to Condensed Consolidated Financial Statements

**Juniper Networks, Inc.****Condensed Consolidated Statements of Cash Flows  
(In millions)  
(Unaudited)**

	<b>Three Months Ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
<b>Cash flows from operating activities:</b>		
Net income	\$ 34.4	\$ 108.8
Adjustments to reconcile net income to net cash provided by operating activities:		
Share-based compensation expense	70.4	62.0
Depreciation, amortization, and accretion	55.7	55.8
Other	1.7	(1.0)
Changes in operating assets and liabilities, net of effects from acquisitions:		
Accounts receivable, net	170.8	383.0
Prepaid expenses and other assets	(11.7)	(3.5)
Accounts payable	(31.2)	(18.4)
Accrued compensation	(14.1)	(47.2)
Income taxes payable	(7.6)	4.1
Other accrued liabilities	(51.1)	(8.9)
Deferred revenue	53.8	11.9
Net cash provided by operating activities	<u>271.1</u>	<u>546.6</u>
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(42.2)	(32.1)
Purchases of available-for-sale debt investments	(8.1)	(378.9)
Proceeds from sales of available-for-sale debt investments	968.0	218.8
Proceeds from maturities and redemptions of available-for-sale debt investments	215.4	184.3
Purchases of trading investments	—	(1.8)
Purchases of equity investments	(2.0)	—
Proceeds from sales of equity investments	3.3	—
Payment of escrow balance related to prior year acquisition	(22.2)	—
Net cash provided by (used in) investing activities	<u>1,112.2</u>	<u>(9.7)</u>
<b>Cash flows from financing activities:</b>		
Repurchase and retirement of common stock, including prepayment under an accelerated share repurchase program	(754.2)	(129.7)
Proceeds from issuance of common stock	29.3	33.7
Payment of dividends	(62.1)	(38.0)
Change in customer financing arrangement	(16.6)	—
Net cash used in financing activities	<u>(803.6)</u>	<u>(134.0)</u>
Effect of foreign currency exchange rates on cash, cash equivalents and restricted cash	6.2	7.2
Net increase in cash, cash equivalents and restricted cash	<u>585.9</u>	<u>410.1</u>
Cash, cash equivalents and restricted cash at beginning of period	2,059.1	1,880.6
Cash, cash equivalents and restricted cash at end of period	<u>\$ 2,645.0</u>	<u>\$ 2,290.7</u>

See accompanying Notes to Condensed Consolidated Financial Statements

**Juniper Networks, Inc.**

**Notes to Condensed Consolidated Financial Statements  
(Unaudited)**

**Note 1. Basis of Presentation**

***Basis of Presentation***

The unaudited Condensed Consolidated Financial Statements of Juniper Networks, Inc. (the "Company" or "Juniper") have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") for interim financial information. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. The Condensed Consolidated Balance Sheet as of December 31, 2017, has been derived from the audited Consolidated Financial Statements at that date. In the opinion of management, all adjustments, including normal recurring accruals, considered necessary for a fair presentation have been included. The results of operations for the three months ended March 31, 2018, are not necessarily indicative of the results that may be expected for the year ending December 31, 2018, or any future period.

The information included in this Quarterly Report on Form 10-Q ("Report") should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Risk Factors," "Quantitative and Qualitative Disclosures About Market Risk," and the Consolidated Financial Statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2017 (the "Form 10-K").

The Company adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2016-18 (Topic 230) *Statement of Cash Flow: Restricted Cash*, effective January 1, 2018, using the retrospective transition method. Restricted cash of \$47.4 million and \$48.7 million in the prior period have been included with cash and cash equivalents when reconciling the beginning and ending total amounts, respectively, on the statement of cash flows for the three months ended March 31, 2017, to conform to the current period presentation. The adoption did not have a material impact on the cash flow activity presented on the Company's Condensed Consolidated Statement of Cash Flows for the three months ended March 31, 2017. See Note 3, *Cash Equivalents and Investments* for a reconciliation of the cash balances within our Condensed Consolidated Statements of Cash Flows to the Condensed Consolidated Balance Sheets.

The preparation of the financial statements and related disclosures in accordance with U.S. GAAP requires the Company to make judgments, assumptions, and estimates that affect the amounts reported in the Condensed Consolidated Financial Statements and the accompanying notes. Actual results could differ materially from those estimates under different assumptions or conditions.

**Note 2. Summary of Significant Accounting Policies**

Except for the change in certain policies upon adoption of the accounting standards described below, there have been no material changes to the Company's significant accounting policies, compared to the accounting policies described in Note 2, *Significant Accounting Policies*, in Notes to Consolidated Financial Statements in Item 8 of Part II of the Form 10-K.

***Recently Adopted Accounting Standard***

***Comprehensive Income:*** Effective January 1, 2018, the Company early adopted FASB ASU No. 2018-02 (Topic 220), *Income Statement - Reporting Comprehensive Income*, issued in February 2018, with an election to reclassify stranded tax effects resulting from the U.S. Tax Cuts and Jobs Act (the "Tax Act"), from accumulated other comprehensive income to retained earnings. The adoption resulted in a reclassification of \$5.7 million in income from accumulated other comprehensive income (loss) to accumulated deficit as of the adoption date. The comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods.

***Financial Instruments:*** On January 1, 2018, the Company adopted FASB ASU No. 2016-01, *Financial Instruments—Overall: Recognition and Measurement of Financial Assets and Financial Liabilities* and FASB ASU No. 2018-03, *Technical Corrections and Improvements to Financial Instruments - Overall*, which changes how entities classify and measure equity investments and present changes in the fair value of financial liabilities measured under the fair value option. The guidance also updates certain presentation and disclosure requirements. The impact of the adoption on the Company's Condensed Consolidated Financial Statements was as follows:

**Juniper Networks, Inc.****Notes to Condensed Consolidated Financial Statements (Continued)  
(Unaudited)**

- Equity investments with readily determinable fair value: The Company is required to account for changes in fair value of its equity investments with readily determinable fair value in the statements of operations. The Company adopted the standard using a modified retrospective transition method, resulting in no impact to the January 1, 2018 opening accumulated deficit balance.
- Equity investments without readily determinable fair value: The Company elected the measurement alternative, defined as cost, less impairments, adjusted for subsequent observable price changes on a prospective basis for all equity investments without readily determinable fair value and is required to account for any subsequent observable changes in fair value in the statements of operations. In addition, the Company is required to perform a qualitative assessment considering impairment indicators at each reporting period to evaluate whether the investment is impaired. If the investment is impaired, the Company will estimate the fair value of the investment and record an impairment loss in the statements of operations equal to the difference between the estimated fair value of the investment and its carrying amount. See Note 3, *Cash Equivalents and Investments* for additional disclosures required upon adopting the standard.
- Deferred tax assets: The Company is required to assess the realizability of deferred tax assets related to available for sale debt securities in combination with its other deferred tax assets, using the same sources of taxable income that are used to assess the need for a valuation allowance on other deferred tax assets. The Company adopted the standard using a modified retrospective transition method, resulting in no impact to the January 1, 2018 opening accumulated deficit balance.

**Revenue Recognition:** On January 1, 2018, the Company adopted FASB ASU No. 2014-09 (Topic 606) - *Revenue from Contracts with Customers* ("ASU 2014-09" or "Topic 606"), which provides guidance for revenue recognition that superseded the revenue recognition requirements in Accounting Standards Codification ("ASC") Topic 605, *Revenue Recognition* ("Topic 605") and most industry specific guidance. Under ASU 2014-09, revenue is recognized when promised goods or services are transferred to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company adopted ASU 2014-09 under the modified retrospective approach, applying the amendments to prospective reporting periods. Results for reporting periods beginning after January 1, 2018 are presented under Topic 606, while prior period amounts are not adjusted and continue to be reported in accordance with the historic accounting under Topic 605.

The cumulative effect of the changes made to our Condensed Consolidated Balance Sheet as of January 1, 2018 for the adoption of Topic 606 to all contracts with customers that were not completed as of December 31, 2017 was recorded as an adjustment to accumulated deficit as of the adoption date as follows:

	December 31, 2017		January 1, 2018	
	As reported	Adjustments	As adjusted	
<b>Assets:</b>				
Accounts receivable, net of allowances	\$ 852.0	\$ (1.9)	\$ 850.1	
Prepaid expenses and other current assets	299.9	31.5	331.4	
Other long-term assets	415.5	(21.1)	394.4	
<b>Total assets</b>	<b>\$ 9,833.8</b>	<b>\$ 8.5</b>	<b>\$ 9,842.3</b>	
<b>Liabilities:</b>				
Deferred revenue	\$ 1,030.3	\$ (211.7)	\$ 818.6	
Other accrued liabilities	304.3	31.3	335.6	
Long-term deferred revenue	509.0	(124.6)	384.4	
<b>Total liabilities</b>	<b>\$ 5,152.9</b>	<b>\$ (305.0)</b>	<b>\$ 4,847.9</b>	
<b>Equity:</b>				
Accumulated deficit	\$ (3,355.8)	\$ 313.5	\$ (3,042.3)	

**Juniper Networks, Inc.****Notes to Condensed Consolidated Financial Statements (Continued)  
(Unaudited)**

Upon adoption, the Company recorded a cumulative effect adjustment of \$313.5 million, net of tax adjustment of \$61.4 million, which decreased the January 1, 2018 opening accumulated deficit balance on the Condensed Consolidated Balance Sheet, primarily as a result of the following items:

- **Distributor Sales:** Under Topic 606, the Company recognizes revenue from sales to distributors upon delivery of the product to the distributor, rather than upon delivery of the product to the end customer. Rebates and incentives offered to distributors, which are earned when sales to end customers are completed, are estimated at the point of revenue recognition.
- **Software Revenue:** Under Topic 605, the Company deferred revenue for software licenses where vendor-specific objective evidence ("VSOE") of fair value had not been established for undelivered items (primarily services). Under Topic 606, revenue for software licenses is recognized at the time of delivery unless the ongoing services provide frequent, critical updates to the software, without which the software functionality would be rapidly diminished.
- **Variable Consideration:** Some of the Company's contracts include penalties, extended payment terms, acceptance provisions or other price variability that precluded revenue recognition under Topic 605 because of the requirement for amounts to be fixed or determinable. Topic 606 requires the Company to estimate and account for variable consideration as a reduction of the transaction price.
- **Revenue Allocation:** Similar to Topic 605, Topic 606 requires an allocation of revenue between deliverables, or performance obligations, within an arrangement. Topic 605 restricted the allocation of revenue that is contingent on future deliverables to current deliverables; however, Topic 606 removes this restriction. In addition, the nature of the performance obligations identified within a contract under Topic 606 as compared to Topic 605 will impact the allocation of the transaction price between product and services.
- **Contract Acquisition Costs:** Topic 606 requires the deferral and amortization of "incremental" costs incurred to obtain a contract where the associated contract duration is greater than one year. The primary contract acquisition cost for the Company are sales commissions. Prior to January 1, 2018, the Company expensed sales commissions. The change required by Topic 606 resulted in the creation of an asset on January 1, 2018.

The impact of adoption of Topic 606 on the Company's Condensed Consolidated Statement of Operations and Condensed Consolidated Balance Sheet was as follows (in millions):

	<b>Three Months Ended March 31, 2018<sup>*</sup></b>		
	<b>As reported</b>	<b>Without Adoption of Topic 606</b>	<b>Topic 606 Impact</b>
<b>Net revenues:</b>			
Product	\$ 710.8	\$ 682.1	\$ 28.7
Service	371.8	398.6	(26.8)
<b>Total net revenues</b>	<b>\$ 1,082.6</b>	<b>\$ 1,080.7</b>	<b>\$ 1.9</b>

\* Except as disclosed above, the adoption of Topic 606 did not have a significant impact on the Company's Condensed Consolidated Statement of Operations for the three months ended March 31, 2018.

**Juniper Networks, Inc.****Notes to Condensed Consolidated Financial Statements (Continued)  
(Unaudited)**

	As of March 31, 2018		
	As reported	Without Adoption of Topic 606	Topic 606 Impact
<b>Assets:</b>			
Accounts receivable, net of allowances	\$ 679.9	\$ 674.6	\$ 5.3
Prepaid expenses and other current assets	308.9	280.4	28.5
Other long-term assets	407.5	402.2	5.3
<b>Total assets</b>	<b>\$ 9,078.5</b>	<b>\$ 9,039.4</b>	<b>\$ 39.1</b>
<b>Liabilities:</b>			
Deferred revenue	\$ 888.2	\$ 1,104.5	\$ (216.3)
Other accrued liabilities	230.5	170.6	59.9
Long-term deferred revenue	368.7	484.5	(115.8)
<b>Total liabilities</b>	<b>\$ 4,753.8</b>	<b>\$ 5,026.0</b>	<b>\$ (272.2)</b>
<b>Equity:</b>			
Accumulated deficit	\$ (3,303.3)	\$ (3,614.6)	\$ 311.3

**Revenue Recognition**

Revenue is recognized when promised goods or services are transferred to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services by following a five-step process, (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price, and (5) recognize revenue when or as the Company satisfies a performance obligation, as further described below.

*Identify the contract with a customer* . The Company generally considers a sales contract or agreement with an approved purchase order as a customer contract provided that collection is considered probable, which is assessed based on the creditworthiness of the customer as determined by credit checks, payment histories, and/or other circumstances. The Company combines contracts with a customer if contracts are negotiated with a single commercial substance or contain price dependencies.

*Identify the performance obligations in the contract* . Product performance obligations include hardware and software licenses and service performance obligations include maintenance, software post-contract support, training, and professional services. Certain software licenses and related post-contract support are combined into a single performance obligation when the maintenance updates are critical to the continued functionality of the software.

*Determine the transaction price* . The transaction price for the Company's contracts with its customers consists of both fixed and variable consideration provided it is probable that a significant reversal of revenue will not occur when the uncertainty related to variable consideration is resolved. Fixed consideration includes amounts to be contractually billed to the customer while variable consideration includes estimates for rights of return, rebates, and price protection, which are based on historical sales returns and price protection credits, specific criteria outlined in rebate agreements, and other factors known at the time. The Company generally invoices customers for hardware, software licenses and related maintenance arrangements at time of delivery, and professional services either upfront or upon meeting certain milestones. Customer invoices are generally due within 30 to 90 days after issuance. The Company's contracts with customers typically do not include significant financing components as the period between the transfer of performance obligations and timing of payment are generally within one year.

*Allocate the transaction price to the performance obligations in the contract* . For contracts that contain multiple performance obligations, the Company allocates the transaction price to the performance obligations on a relative standalone selling price basis. Standalone selling prices are based on multiple factors including, but not limited to historical discounting trends for products and

**Juniper Networks, Inc.**

**Notes to Condensed Consolidated Financial Statements (Continued)  
(Unaudited)**

services, pricing practices in different geographies and through different sales channels, gross margin objectives, internal costs, competitor pricing strategies, and industry technology lifecycles.

*Recognize revenue when or as the Company satisfies a performance obligation* . Revenue for hardware and certain software licenses, are recognized at a point in time, which is generally upon shipment or delivery. Certain software licenses combined with post-contract support are recognized over time on a ratable basis over the term of the license. Revenue for maintenance and software post-contract support is recognized over time on a ratable basis over the contract term. Revenue from training and professional services is recognized over time as services are completed or ratably over the contractual period of generally one year or less.

***Deferred Commissions***

Sales commissions earned by the Company's sales force are considered incremental and recoverable costs of obtaining a contract with a customer. These costs are deferred and then amortized over a period of benefit which is typically over the term of the customer contracts as initial commission rates and renewal rates are the same. Amortization expense is included in sales and marketing expenses in the accompanying Condensed Consolidated Statements of Operations.

***Recent Accounting Standards Not Yet Effective***

***Derivatives and Hedging:*** In August 2017, the FASB issued ASU No. 2017-12 (Topic 815) *Derivatives and Hedging — Targeted Improvements to Accounting for Hedging Activities*, which expands an entity's ability to hedge financial and nonfinancial risk components and amends how companies assess effectiveness as well as changes the presentation and disclosure requirements. The new standard is to be applied on a modified retrospective basis and is effective for interim and annual periods beginning after December 15, 2018, with early adoption permitted. The Company is currently evaluating the impact of adoption on the Consolidated Financial Statements.

***Amortization on Purchased Callable Debt Securities:*** In March 2017, the FASB issued ASU No. 2017-08 *Receivables—Nonrefundable Fees and Other Costs (Subtopic 310-20): Premium Amortization on Purchased Callable Debt Securities* which shortens the amortization period for the premium on certain purchased callable debt securities to the earliest call date. The ASU will not impact debt securities held at a discount. This standard is effective for annual reporting periods beginning after December 15, 2018, including interim reporting periods within those annual reporting periods, and is to be applied on a modified retrospective basis with early adoption permitted. The Company is currently evaluating the impact of adoption on the Consolidated Financial Statements.

***Simplifying the Test for Goodwill Impairment:*** In January 2017, the FASB issued ASU No. 2017-04 (Topic 350) *Intangibles—Goodwill and Other: Simplifying the Test for Goodwill Impairment*, which removes Step 2 of the goodwill impairment test, which requires a hypothetical purchase price allocation. Under the amended guidance, a goodwill impairment charge will now be recognized for the amount by which the carrying value of a reporting unit exceeds its fair value, not to exceed the carrying amount of goodwill. This ASU will be applied on a prospective basis and is effective for interim and annual periods beginning after December 15, 2019, with early adoption permitted for any impairment tests performed after January 1, 2017.

***Credit Losses on Financial Instruments:*** In June 2016, the FASB issued ASU No. 2016-13 (Topic 326) *Financial Instruments—Credit Losses: Measurement of Credit Losses on Financial Instruments*, which provides more decision-useful information about the expected credit losses on financial instruments and changes the loss impairment methodology. This pronouncement is effective for reporting periods beginning after December 15, 2019, and interim periods within those fiscal years, using a modified retrospective adoption method. Early adoption is permitted. The Company is currently evaluating the impact that this standard will have on its Consolidated Financial Statements and disclosures.

***Leases:*** In February 2016, the FASB issued ASU No. 2016-02 (Topic 842), *Leases*, which requires recognition of lease assets and lease liabilities on the balance sheet by lessees for leases classified as operating leases with a lease term of more than twelve months. This ASU should be applied on a modified retrospective basis and is effective for financial statements issued for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Early adoption is permitted. The Company has commenced the assessment phase to determine the approach for implementing this standard and expects it to have a material impact on its Consolidated Balance Sheets and disclosures. The Company is still evaluating the impact this standard will have on the Consolidated Statements of Operations.

**Juniper Networks, Inc.**
**Notes to Condensed Consolidated Financial Statements (Continued)**  
**(Unaudited)**
**Note 3. Cash Equivalents and Investments**
**Investments in Available-for-Sale Debt Securities**

The following table summarizes the Company's unrealized gains and losses and fair value of investments designated as available-for-sale debt securities as of March 31, 2018 and December 31, 2017 (in millions):

	As of March 31, 2018				As of December 31, 2017			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Fixed income securities:								
Asset-backed securities	\$ 118.6	\$ —	\$ (0.7)	\$ 117.9	\$ 287.1	\$ —	\$ (0.6)	\$ 286.5
Certificates of deposit	16.5	—	—	16.5	83.8	—	—	83.8
Commercial paper	40.2	—	—	40.2	217.1	—	—	217.1
Corporate debt securities	464.9	—	(5.1)	459.8	929.6	0.4	(3.0)	927.0
Foreign government debt securities	24.5	—	(0.2)	24.3	62.9	—	(0.2)	62.7
Time deposits	265.6	—	—	265.6	239.2	—	—	239.2
U.S. government agency securities	56.7	—	(0.5)	56.2	143.9	—	(0.7)	143.2
U.S. government securities	140.8	—	(0.9)	139.9	406.8	0.1	(0.9)	406.0
Total fixed income securities	1,127.8	—	(7.4)	1,120.4	2,370.4	0.5	(5.4)	2,365.5
Privately-held debt and redeemable preferred stock securities								
	16.1	37.4	—	53.5	15.9	37.4	—	53.3
Total available-for-sale debt securities	\$ 1,143.9	\$ 37.4	\$ (7.4)	\$ 1,173.9	\$ 2,386.3	\$ 37.9	\$ (5.4)	\$ 2,418.8
Reported as:								
Cash equivalents	\$ 286.2	\$ —	\$ —	\$ 286.2	\$ 351.0	\$ —	\$ —	\$ 351.0
Short-term investments	318.9	—	(1.2)	317.7	1,027.2	0.1	(1.2)	1,026.1
Long-term investments	522.7	—	(6.2)	516.5	992.2	0.4	(4.2)	988.4
Other long-term assets	16.1	37.4	—	53.5	15.9	37.4	—	53.3
Total	\$ 1,143.9	\$ 37.4	\$ (7.4)	\$ 1,173.9	\$ 2,386.3	\$ 37.9	\$ (5.4)	\$ 2,418.8

The following table presents the contractual maturities of the Company's total fixed income securities as of March 31, 2018 (in millions):

	Amortized Cost	Estimated Fair Value
Due in less than one year	\$ 605.1	\$ 603.9
Due between one and five years	522.7	516.5
Total	\$ 1,127.8	\$ 1,120.4

**Juniper Networks, Inc.**
**Notes to Condensed Consolidated Financial Statements (Continued)**  
**(Unaudited)**

The following tables present the Company's total fixed income securities that were in an unrealized loss position as of March 31, 2018 and December 31, 2017 (in millions):

	As of March 31, 2018					
	Less than 12 Months		12 Months or Greater		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Fixed income securities:						
Asset-backed securities	\$ 90.7	\$ (0.5)	\$ 26.2	\$ (0.2)	\$ 116.9	\$ (0.7)
Corporate debt securities	359.4	(4.0)	87.8	(1.1)	447.2	(5.1)
Foreign government debt securities	18.8	(0.2)	5.5	—	24.3	(0.2)
U.S. government agency securities	21.9	(0.1)	34.3	(0.3)	56.2	(0.4)
U.S. government securities	97.0	(0.6)	32.8	(0.4)	129.8	(1.0)
Total fixed income securities	\$ 587.8	\$ (5.4)	\$ 186.6	\$ (2.0)	\$ 774.4	\$ (7.4)

	As of December 31, 2017					
	Less than 12 Months		12 Months or Greater		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Fixed income securities:						
Asset-backed securities	\$ 215.2	\$ (0.4)	\$ 38.4	\$ (0.2)	\$ 253.6	\$ (0.6)
Corporate debt securities	646.7	(2.1)	108.6	(0.9)	755.3	(3.0)
Foreign government debt securities	47.3	(0.2)	6.6	—	53.9	(0.2)
U.S. government agency securities	68.3	(0.2)	67.9	(0.5)	136.2	(0.7)
U.S. government securities	260.8	(0.7)	51.8	(0.2)	312.6	(0.9)
Total fixed income securities	\$ 1,238.3	\$ (3.6)	\$ 273.3	\$ (1.8)	\$ 1,511.6	\$ (5.4)

For available-for-sale debt securities that have unrealized losses, the Company assesses impairment by evaluating various factors, including whether (i) it has the intention to sell any of these investments and (ii) whether it is more likely than not that it will be required to sell any of these investments before recovery of the entire amortized cost basis. As of March 31, 2018, the Company had 583 investments in unrealized loss positions. The gross unrealized losses related to these investments were primarily due to changes in market interest rates. The Company anticipates that it will recover the entire amortized cost basis of such available-for-sale debt securities and has determined that no other-than-temporary impairments associated with credit losses were required to be recognized during the three months ended March 31, 2018 and March 31, 2017.

During the three months ended March 31, 2018 and March 31, 2017, there were no material gross realized gains or losses from available-for-sale debt securities.

**Juniper Networks, Inc.**
**Notes to Condensed Consolidated Financial Statements (Continued)  
(Unaudited)**
**Investments in Equity Securities**

The following table presents the Company's investments in equity securities as of March 31, 2018 . Balances as of December 31, 2017 were included for comparative purpose and continue to be reported under the accounting standard in effect before adoption of ASU 2016-01 (in millions):

	As of	
	March 31, 2018	December 31, 2017
Equity investments with readily determinable fair value		
Money market funds <sup>(1)</sup>	\$ 1,584.1	\$ 969.8
Mutual funds <sup>(2)</sup>	25.9	27.6
Equity investments without readily determinable fair value <sup>(3)</sup>	30.4	29.7
<b>Total equity securities</b>	<b>\$ 1,640.4</b>	<b>\$ 1,027.1</b>
Reported as:		
Cash equivalents	\$ 1,542.3	\$ 928.0
Prepaid expenses and other current assets	34.6	36.3
Other long-term assets	63.5	62.8
<b>Total</b>	<b>\$ 1,640.4</b>	<b>\$ 1,027.1</b>

<sup>(1)</sup> Prior to January 1, 2018, money market funds were classified as available-for-sale securities and accounted for at fair value with unrealized gains and losses recognized in accumulated other comprehensive income (loss). Realized gains or losses from sales or impairments were recognized in the Condensed Consolidated Statements of Operations.

<sup>(2)</sup> Prior to January 1, 2018, mutual funds related to the Company's non-qualified deferred compensation ("NQDC") plan, were classified as trading securities. Unrealized gains or losses were recognized in the Condensed Consolidated Statements of Operations.

<sup>(3)</sup> Prior to January 1, 2018, certain investments in privately-held companies were accounted for at cost less impairment. Realized gains or losses from sales or impairments were recognized in the Condensed Consolidated Statements of Operations.

For the three months ended March 31, 2018 and March 31, 2017, there were no material unrealized gains or losses recognized for equity investments.

**Restricted Cash and Investments**

There have been no material changes to the composition of the Company's restricted cash and investments as described in Note 4, *Cash Equivalents and Investments* , in Notes to Consolidated Financial Statements in Item 8 of Part II of the Form 10-K, except that the restricted investments are now designated as equity investments upon adoption of ASU 2016-01 as described in Note 2, *Summary of Significant Accounting Policies* . As of March 31, 2018 , total restricted cash and investments was \$98.5 million , of which \$62.4 million was included in prepaid expenses and other current assets and \$36.1 million was included in other long-term assets on the Condensed Consolidated Balance Sheets.

The following table provides a reconciliation of cash, cash equivalents and restricted cash included in the Condensed Consolidated Balance Sheets as of March 31, 2018 and December 31, 2017 (in millions):

	As of	
	March 31, 2018	December 31, 2017
Cash and cash equivalents	\$ 2,614.2	\$ 2,006.5
Restricted cash included in Prepaid expenses and other current assets	27.8	49.6
Restricted cash included in Other long-term assets	3.0	3.0
<b>Total cash, cash equivalents and restricted cash</b>	<b>\$ 2,645.0</b>	<b>\$ 2,059.1</b>

**Juniper Networks, Inc.**
**Notes to Condensed Consolidated Financial Statements (Continued)**  
**(Unaudited)**
**Note 4. Fair Value Measurements**
**Assets and Liabilities Measured at Fair Value on a Recurring Basis**

The following table provides a summary of assets and liabilities measured at fair value on a recurring basis and as reported in the Condensed Consolidated Balance Sheets (in millions):

	Fair Value Measurements at March 31, 2018				Fair Value Measurements at December 31, 2017			
	Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Remaining Inputs (Level 2)	Significant Other Unobservable Remaining Inputs (Level 3)	Total	Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Remaining Inputs (Level 2)	Significant Other Unobservable Remaining Inputs (Level 3)	Total
<b>Assets:</b>								
Available-for-sale debt securities:								
Asset-backed securities	\$ —	\$ 117.9	\$ —	\$ 117.9	\$ —	\$ 286.5	\$ —	\$ 286.5
Certificates of deposit	—	16.5	—	16.5	—	83.8	—	83.8
Commercial paper	—	40.2	—	40.2	—	217.1	—	217.1
Corporate debt securities	—	459.8	—	459.8	—	927.0	—	927.0
Foreign government debt securities	—	24.3	—	24.3	—	62.7	—	62.7
Time deposits	—	265.6	—	265.6	—	239.2	—	239.2
U.S. government agency securities	—	56.2	—	56.2	—	143.2	—	143.2
U.S. government securities	122.9	17.0	—	139.9	322.4	83.6	—	406.0
Privately-held debt and redeemable preferred stock securities	—	—	53.5	53.5	—	—	53.3	53.3
<b>Total available-for-sale debt securities</b>	<b>122.9</b>	<b>997.5</b>	<b>53.5</b>	<b>1,173.9</b>	<b>322.4</b>	<b>2,043.1</b>	<b>53.3</b>	<b>2,418.8</b>
Equity securities:								
Mutual funds <sup>(1)</sup>	25.9	—	—	25.9	27.6	—	—	27.6
Money market funds <sup>(2)</sup>	1,584.1	—	—	1,584.1	969.8	—	—	969.8
<b>Total equity securities</b>	<b>1,610.0</b>	<b>—</b>	<b>—</b>	<b>1,610.0</b>	<b>997.4</b>	<b>—</b>	<b>—</b>	<b>997.4</b>
Derivative assets:								
Foreign exchange contracts	—	15.9	—	15.9	—	9.2	—	9.2
<b>Total assets measured at fair value</b>	<b>\$ 1,732.9</b>	<b>\$ 1,013.4</b>	<b>\$ 53.5</b>	<b>\$ 2,799.8</b>	<b>\$ 1,319.8</b>	<b>\$ 2,052.3</b>	<b>\$ 53.3</b>	<b>\$ 3,425.4</b>
<b>Liabilities:</b>								
Derivative liabilities:								
Foreign exchange contracts	\$ —	\$ (0.7)	\$ —	\$ (0.7)	\$ —	\$ (1.8)	\$ —	\$ (1.8)
<b>Total liabilities measured at fair value</b>	<b>\$ —</b>	<b>\$ (0.7)</b>	<b>\$ —</b>	<b>\$ (0.7)</b>	<b>\$ —</b>	<b>\$ (1.8)</b>	<b>\$ —</b>	<b>\$ (1.8)</b>
<b>Total assets, reported as:</b>								
Cash equivalents	\$ 1,542.3	\$ 286.2	\$ —	\$ 1,828.5	\$ 928.1	\$ 350.9	\$ —	\$ 1,279.0
Short-term investments	77.1	240.6	—	317.7	247.5	778.6	—	1,026.1
Long-term investments	45.8	470.7	—	516.5	74.8	913.6	—	988.4
Prepaid expenses and other current assets	34.6	15.9	—	50.5	36.3	9.2	—	45.5
Other long-term assets	33.1	—	53.5	86.6	33.1	—	53.3	86.4
<b>Total assets measured at fair value</b>	<b>\$ 1,732.9</b>	<b>\$ 1,013.4</b>	<b>\$ 53.5</b>	<b>\$ 2,799.8</b>	<b>\$ 1,319.8</b>	<b>\$ 2,052.3</b>	<b>\$ 53.3</b>	<b>\$ 3,425.4</b>
<b>Total liabilities, reported as:</b>								
Other accrued liabilities	\$ —	\$ (0.7)	\$ —	\$ (0.7)	\$ —	\$ (1.8)	\$ —	\$ (1.8)
<b>Total liabilities measured at fair value</b>	<b>\$ —</b>	<b>\$ (0.7)</b>	<b>\$ —</b>	<b>\$ (0.7)</b>	<b>\$ —</b>	<b>\$ (1.8)</b>	<b>\$ —</b>	<b>\$ (1.8)</b>

<sup>(1)</sup> Balance relates to restricted investments measured at fair value related to the Company's NQDC plan.

<sup>(2)</sup> Balance includes \$41.8 million restricted investments measured at fair value, related to the Company's Directors and Officers indemnification trust ("D&O") Trust and acquisition-related escrows as of March 31, 2018 and December 31, 2017.

**Juniper Networks, Inc.**

**Notes to Condensed Consolidated Financial Statements (Continued)  
(Unaudited)**

The Company's Level 2 available-for-sale debt securities are priced using quoted market prices for similar instruments or non-binding market prices that are corroborated by observable market data. The Company uses inputs such as actual trade data, benchmark yields, broker/dealer quotes, or alternative pricing sources with reasonable levels of price transparency which are obtained from quoted market prices, independent pricing vendors, or other sources, to determine the ultimate fair value of these assets. The Company's derivative instruments are classified as Level 2, as they are not actively traded and are valued using pricing models that use observable market inputs. The Company's policy is to recognize asset or liability transfers among Level 1, Level 2, and Level 3 at the beginning of the quarter in which a change in circumstances resulted in a transfer. During the three months ended March 31, 2018, the Company had no transfers between levels of the fair value hierarchy of its assets or liabilities measured at fair value.

All of the Company's privately-held debt and redeemable preferred stock securities are classified as Level 3 assets due to the lack of observable inputs to determine fair value. The Company estimates the fair value of its privately-held debt and redeemable preferred stock securities on a recurring basis using an analysis of the financial condition and near-term prospects of the investee, including recent financing activities and the investee's capital structure. During the three months ended March 31, 2018, there were no significant activities related to privately-held debt and redeemable preferred stocks securities.

***Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis***

Certain of the Company's assets, including intangible assets and goodwill are measured at fair value on a nonrecurring basis, when they are deemed to be other-than-temporarily impaired. There were no impairment charges recognized during the three months ended March 31, 2018.

Equity investments without readily determinable fair value are measured at fair value, when they are deemed to be impaired or when there is an adjustment from observable price changes. For the three months ended March 31, 2018, there was no impairment charges or adjustments resulting from observable price changes for equity investments without readily determinable fair value.

As of March 31, 2018 and December 31, 2017, the Company had no liabilities required to be measured at fair value on a nonrecurring basis.

***Assets and Liabilities Not Measured at Fair Value***

The carrying amounts of the Company's accounts receivable, accounts payable, and other accrued liabilities approximate fair value due to their short maturities. As of March 31, 2018 and December 31, 2017, the estimated fair value of the Company's short-term and long-term debt in the Condensed Consolidated Balance Sheets was \$2,200.0 million and \$2,252.9 million, respectively, based on observable market inputs (Level 2). The carrying value of the promissory note issued to the Company in connection with the previously completed sale of Junos Pulse (the "Pulse Note"), of \$61.2 million approximates its fair value as of March 31, 2018 and December 31, 2017. The Pulse Note is classified as a Level 3 asset due to the lack of observable inputs to determine fair value.

**Juniper Networks, Inc.****Notes to Condensed Consolidated Financial Statements (Continued)  
(Unaudited)****Note 5. Derivative Instruments**

The Company uses derivatives to partially offset its market exposure to fluctuations in certain foreign currencies and does not enter into derivatives for speculative or trading purposes.

The notional amount of the Company's foreign currency derivatives are summarized as follows (in millions):

	As of	
	March 31, 2018	December 31, 2017
Cash flow hedges	\$ 378.3	\$ 521.1
Non-designated derivatives	157.7	108.3
Total	\$ 536.0	\$ 629.4

**Cash Flow Hedges**

The Company uses foreign currency forward contracts to hedge the Company's planned cost of revenues and operating expenses denominated in foreign currencies. These derivatives are designated as cash flow hedges. Execution of cash flow hedge derivatives typically occurs every month with maturities of eighteen months or less. As of March 31, 2018, an estimated \$15.9 million of existing net gains within accumulated other comprehensive income (loss) is expected to be reclassified into earnings within the next 12 months.

The Company recognized an unrealized gain of \$13.4 million and \$7.0 million in accumulated other comprehensive income (loss) for the effective portion of its derivative instruments for the three months ended March 31, 2018 and March 31, 2017, respectively. The Company reclassified a gain of \$ 5.6 million out of accumulated other comprehensive income (loss) to cost of revenues and operating expenses in the Condensed Consolidated Statements of Operations during the three months ended March 31, 2018. The amount reclassified out of accumulated other comprehensive income (loss) to cost of revenues and operating expenses in the Condensed Consolidated Statements of Operations during the three months ended March 31, 2017 was not material.

The ineffective portion of the Company's derivative instruments recognized in its Condensed Consolidated Statements of Operations was not material during the three months ended March 31, 2018 and March 31, 2017.

See Note 4, *Fair Value Measurements*, for the fair values of the Company's derivative instruments in the Condensed Consolidated Balance Sheets.

**Non-Designated Derivatives**

The Company also uses foreign currency forward contracts to mitigate variability in gains and losses generated from the remeasurement of certain monetary assets and liabilities denominated in foreign currencies. These foreign exchange forward contracts typically have maturities of approximately one to three months. The outstanding non-designated derivative instruments are carried at fair value. Changes in the fair value of these derivatives recorded in other expense, net within the Condensed Consolidated Statements of Operations were not material during the three months ended March 31, 2018 and March 31, 2017.

**Juniper Networks, Inc.**
**Notes to Condensed Consolidated Financial Statements (Continued)**  
**(Unaudited)**
**Note 6. Other Financial Information**
**Inventory**

Total inventory consisted of the following (in millions):

	As of	
	March 31, 2018	December 31, 2017
Production and service materials	\$ 62.9	\$ 71.2
Finished goods	33.1	26.6
Inventory	<u>\$ 96.0</u>	<u>\$ 97.8</u>
Reported as:		
Prepaid expenses and other current assets	\$ 92.6	\$ 93.8
Other long-term assets	3.4	4.0
Total	<u>\$ 96.0</u>	<u>\$ 97.8</u>

**Warranties**

Changes during the three months ended March 31, 2018 in the Company's warranty reserve as reported within other accrued liabilities in the Condensed Consolidated Balance Sheets were as follows (in millions):

Balance as of December 31, 2017	\$ 27.4
Provisions made during the period	8.2
Actual costs incurred during the period	(8.3)
Balance as of March 31, 2018	<u>\$ 27.3</u>

**Deferred Revenue**

Details of the Company's deferred revenue, as reported in the Condensed Consolidated Balance Sheets, were as follows (in millions):

	As of	
	March 31, 2018	December 31, 2017
Deferred product revenue:		
Undelivered product commitments and other product deferrals	\$ 166.4	\$ 312.6
Distributor inventory and other sell-through items	—	68.1
Deferred gross product revenue	166.4	380.7
Deferred cost of product revenue	(7.6)	(46.5)
Deferred product revenue, net	158.8	334.2
Deferred service revenue	1,098.1	1,205.1
Total	<u>\$ 1,256.9</u>	<u>\$ 1,539.3</u>
Reported as:		
Current	\$ 888.2	\$ 1,030.3
Long-term	368.7	509.0
Total	<u>\$ 1,256.9</u>	<u>\$ 1,539.3</u>

**Juniper Networks, Inc.****Notes to Condensed Consolidated Financial Statements (Continued)  
(Unaudited)****Revenue**

See Note 11, *Segments* for disaggregated revenue by product and service, customer vertical and geographic region.

Product and service revenue of \$39.5 million and \$265.0 million included in deferred revenue at January 1, 2018 was recognized during the three months ended March 31, 2018.

The following table summarizes the transaction price for contracts that have not yet been recognized as revenue as of March 31, 2018 and when the Company expects to recognize the amounts as revenue (in millions):

	<b>Revenue Recognition Expected by Period</b>			
	<b>Total</b>	<b>Less than 1 year</b>	<b>1-3 years</b>	<b>More than 3 years</b>
Product	\$ 166.4	\$ 144.0	\$ 19.1	\$ 3.3
Service	1,098.1	751.9	324.2	22.0
<b>Total</b>	<b>\$ 1,264.5</b>	<b>\$ 895.9</b>	<b>\$ 343.3</b>	<b>\$ 25.3</b>

**Deferred Commissions**

Deferred commissions were \$30.9 million as of March 31, 2018. For the three months ended March 31, 2018, amortization expense for the deferred commissions was \$40.5 million and there was no impairment loss in relation to the deferred commissions.

**Other Expense, Net**

Other expense, net, consisted of the following (in millions):

	<b>Three Months Ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
Interest income	\$ 14.9	\$ 10.4
Interest expense	(26.0)	(25.3)
(Loss) gain on investments, net	(0.5)	1.2
Other	(2.5)	(2.0)
<b>Other expense, net</b>	<b>\$ (14.1)</b>	<b>\$ (15.7)</b>

**Juniper Networks, Inc.****Notes to Condensed Consolidated Financial Statements (Continued)  
(Unaudited)****Note 7. Restructuring (Benefits) Charges**

During 2017, the Company initiated a restructuring plan (the "2017 Restructuring Plan") to realign its workforce and increase operational efficiencies. The 2017 Restructuring Plan consisted of severance and contract termination costs that were recorded to restructuring (benefits) charges in the Condensed Consolidated Statements of Operations.

Restructuring liabilities are reported within other accrued liabilities in the Condensed Consolidated Balance Sheets. The following table provides a summary of changes in the restructuring liabilities (in millions):

	December 31, 2017	Benefits	Cash Payments	Other	March 31, 2018
Severance	\$ 17.7	\$ (0.9)	\$ (14.2)	\$ 0.1	\$ 2.7
Contract terminations and other	2.3	(1.0)	(1.3)	—	—
<b>Total</b>	<b>\$ 20.0</b>	<b>\$ (1.9)</b>	<b>\$ (15.5)</b>	<b>\$ 0.1</b>	<b>\$ 2.7</b>

The Company does not anticipate future charges under the 2017 Restructuring Plan and expects to pay the remaining restructuring liabilities in the second quarter of 2018, at which time, the Company would consider the 2017 Restructuring Plan to be substantially completed.

**Note 8. Financing Arrangements**

The Company provides certain customers with access to extended financing arrangements that allow for longer payment terms than those typically provided by the Company by factoring accounts receivable to third-party financing providers ("financing providers"). The program does not and is not intended to affect the timing of the Company's revenue recognition. Under the financing arrangements, proceeds from the financing providers are due to the Company within 1 to 90 days from the sale of the receivable. In these transactions with the financing providers, the Company surrenders control over the transferred assets.

Pursuant to the financing arrangements for the sale of receivables, the Company sold net receivables of \$35.8 million and \$25.4 million during the three months ended March 31, 2018 and March 31, 2017, respectively. The Company received cash proceeds from financing providers of \$33.0 million and \$23.1 million during the three months ended March 31, 2018 and March 31, 2017, respectively. As of March 31, 2018 and December 31, 2017, the amounts owed by the financing providers were \$16.5 million and \$13.7 million, respectively, which were recorded in accounts receivable in the Condensed Consolidated Balance Sheets.

**Note 9. Equity****Cash Dividends on Shares of Common Stock**

During the three months ended March 31, 2018, the Company declared a quarterly cash dividend of \$0.18 per share of common stock on January 30, 2018, which was paid on March 22, 2018 to stockholders of record on March 1, 2018 in the aggregate amount of \$62.1 million. Any future dividends, and the establishment of record and payment dates, are subject to approval by the Board of Directors (the "Board") of Juniper Networks or an authorized committee thereof. See Note 15, *Subsequent Events*, for discussion of the Company's dividend declaration subsequent to March 31, 2018.

**Stock Repurchase Activities**

In January 2018, the Board approved a \$2.0 billion share repurchase program, including \$750.0 million to be used pursuant to an accelerated share repurchase program ("2018 Stock Repurchase Program"). The 2018 Stock Repurchase Program replaces the previous authorization approved by the Board in 2014 ("2014 Stock Repurchase Program").

As part of the 2018 Stock Repurchase Program, in February 2018, the Company entered into an accelerated share repurchase program (the "ASR") with two financial institutions to repurchase \$750.0 million of the Company's common stock. During the three months ended March 31, 2018, the Company made an up-front payment of \$750.0 million pursuant to the ASR and received an initial 23.3 million shares of the Company's common stock for an aggregate price of \$600.0 million, based on the market value of the Company's common stock on the date of the transaction. The initial shares received by the Company were retired, accounted

**Juniper Networks, Inc.****Notes to Condensed Consolidated Financial Statements (Continued)  
(Unaudited)**

for as a reduction to stockholders' equity in the Condensed Consolidated Balance Sheets, and treated as a repurchase of common stock for purposes of calculating earnings per share. The forward contract for the remaining \$150.0 million is considered indexed to the Company's common stock and met all of the applicable criteria for equity classification.

The total number of shares of the Company's common stock to be ultimately received under the ASR will be calculated using the average daily volume weighted average price of the Company's stock during the repurchase period, less an agreed upon discount. Final settlement of the transactions under the ASR is expected to be completed no sooner than May 11, 2018 and no later than August 6, 2018. If the initial shares received are less than the calculated total number of shares to be ultimately received under the ASR, then the financial institutions will be required to deliver additional shares of common stock to the Company at settlement. If however, the initial shares received are greater than the calculated total number of shares to be ultimately received, the Company has the option to either issue shares of common stock or make cash payments to the financial institutions.

The following table summarizes the Company's stock repurchases and retirements, including prepayment pursuant to the ASR, under its stock repurchase programs (in millions, except per share amounts):

	Three Months Ended March 31,	
	2018 <sup>(1)</sup>	2017 <sup>(2)</sup>
<b>Repurchases Under Stock Repurchase Program</b>		
Shares repurchased	23.3	4.5
Average price per share	\$ 25.80	\$ 28.03
Amount repurchased	\$ 750.0	\$ 125.0

<sup>(1)</sup> Shares repurchased under the 2018 Stock Repurchase Program.

<sup>(2)</sup> Shares repurchased under the 2014 Stock Repurchase Program.

As of March 31, 2018, there was \$1.3 billion of authorized funds remaining under the 2018 Stock Repurchase Program.

Future share repurchases under the 2018 Stock Repurchase Program will be subject to a review of the circumstances at that time and will be made from time to time in private transactions or open market purchases as permitted by securities laws and other legal requirements. The Company's 2018 Stock Repurchase Program may be discontinued at any time.

In addition to repurchases under the 2018 Stock Repurchase Program, the Company also repurchases common stock from certain employees in connection with the net issuance of shares to satisfy applicable tax withholding requirements upon the vesting of certain stock awards issued to such employees. Repurchases associated with tax withholdings were not material during the three months ended March 31, 2018 and March 31, 2017.

**Juniper Networks, Inc.****Notes to Condensed Consolidated Financial Statements (Continued)  
(Unaudited)*****Accumulated Other Comprehensive Income (Loss), Net of Tax***

The components of accumulated other comprehensive income (loss), net of related taxes, for the three months ended March 31, 2018 were as follows (in millions):

	Unrealized Gains/Losses on Available-for- Sale Debt Securities <sup>(1)</sup>	Unrealized Gains on Cash Flow Hedges <sup>(2)</sup>	Foreign Currency Translation Adjustments	Total
Balance as of December 31, 2017	\$ 19.0	\$ 6.0	\$ (30.4)	\$ (5.4)
Other comprehensive income before reclassifications	(2.0)	13.1	5.3	16.4
Amount reclassified from accumulated other comprehensive income (loss)	0.9	(5.1)	—	(4.2)
Reclassification of tax effects upon adoption of ASU 2018-02	5.0	0.7	—	5.7
Other comprehensive income, net	3.9	8.7	5.3	17.9
Balance as of March 31, 2018	\$ 22.9	\$ 14.7	\$ (25.1)	\$ 12.5

<sup>(1)</sup> The reclassifications out of accumulated other comprehensive income (loss) during the three months ended March 31, 2018 for realized losses on available-for-sale debt securities were included in other expense, net, in the Condensed Consolidated Statements of Operations.

<sup>(2)</sup> The reclassifications out of accumulated other comprehensive income (loss) during the three months ended March 31, 2018 for realized gains on cash flow hedges were included within cost of revenues, research and development, sales and marketing, and general and administrative in the Condensed Consolidated Statements of Operations and were not material individually.

**Note 10. Employee Benefit Plans*****Equity Incentive Plans***

The Company has stock-based compensation plans pursuant to which it has granted stock options, restricted stock units (“RSUs”), and performance share awards (“PSAs”). The Company also maintains its 2008 Employee Stock Purchase Plan (the “ESPP”) for all eligible employees.

As of March 31, 2018, 24.3 million and 9.9 million shares were available for future issuance under the Company's 2015 Equity Incentive Plan (the "2015 Plan") and the ESPP, respectively.

**Juniper Networks, Inc.**
**Notes to Condensed Consolidated Financial Statements (Continued)**  
**(Unaudited)**
**Stock Option Activities**

The following table summarizes the Company's stock option activity and related information as of and for the three months ended March 31, 2018 (in millions, except for per share amounts and years):

	<b>Outstanding Options</b>			
	<b>Number of Shares</b>	<b>Weighted Average Exercise Price per Share</b>	<b>Weighted Average Remaining Contractual Term (In Years)</b>	<b>Aggregate Intrinsic Value</b>
Balance as of December 31, 2017	0.9	\$ 34.41		
Expired/Canceled	(0.6)	40.75		
Balance as of March 31, 2018	<u>0.3</u>	<u>\$ 20.02</u>	2.5	\$ 1.9

**As of March 31, 2018:**

Vested and expected-to-vest options	0.3	\$ 20.02	2.5	\$ 1.9
Exercisable options	0.2	\$ 21.87	1.8	\$ 1.4

**Restricted Stock Unit, Restricted Stock Award, and Performance Share Award Activities**

The Company's RSU, restricted stock award ("RSA"), and PSA activity and related information as of and for the three months ended March 31, 2018 were as follows (in millions, except per share amounts and years):

	<b>Outstanding RSUs, RSAs, and PSAs <sup>(4)</sup></b>			
	<b>Number of Shares</b>	<b>Weighted Average Grant-Date Fair Value per Share</b>	<b>Weighted Average Remaining Contractual Term (In Years)</b>	<b>Aggregate Intrinsic Value</b>
Balance as of December 31, 2017	19.5	\$ 25.39		
RSUs granted <sup>(1)(3)</sup>	4.9	25.11		
PSAs granted <sup>(2)(3)</sup>	0.7	24.43		
RSUs vested	(4.5)	25.42		
PSAs vested	(1.1)	24.13		
RSUs canceled	(0.5)	26.36		
PSAs canceled	(0.6)	24.26		
Balance as of March 31, 2018	<u>18.4</u>	<u>\$ 25.35</u>	1.4	\$ 448.0

<sup>(1)</sup> Includes service-based and market-based RSUs. The number of shares subject to market-based condition represents the aggregate maximum number of shares that may be issued pursuant to the award over its full term. The aggregate number of shares subject to market-based condition that would be issued if market criteria determined by the Compensation Committee of the Board are achieved at target is 0.1 million shares. Depending on achievement of such performance goals, the range of shares that could be issued under these awards is 0 to 0.3 million shares.

<sup>(2)</sup> The number of shares subject to PSAs granted represents the aggregate maximum number of shares that may be issued pursuant to the award over its full term. The aggregate number of shares subject to these PSAs that would be issued if performance goals determined by the Compensation Committee of the Board are achieved at target is 0.4 million shares. Depending on achievement of such performance goals, the range of shares that could be issued under these awards is 0 to 0.7 million shares.

<sup>(3)</sup> The grant date fair value of RSUs and PSAs were reduced by the present value of dividends expected to be paid on the underlying shares of common stock during the requisite and derived service period as these awards are not entitled to receive dividends until vested. During the three months ended March 31, 2018, the Company declared a quarterly cash dividend of \$0.18 per share of common stock on January 30, 2018.

<sup>(4)</sup> Excludes 1.9 million shares of PSAs that were modified during the three months ended March 31, 2018, which relate primarily to PSAs assumed by the Company in connection with acquisitions consummated in 2016. These awards are contingent upon the achievement of certain performance milestones. The total incremental compensation cost resulting from the modifications totaled \$5.6 million to be recognized over the remaining terms of the modified awards.

**Juniper Networks, Inc.****Notes to Condensed Consolidated Financial Statements (Continued)  
(Unaudited)*****Employee Stock Purchase Plan***

On November 6, 2017, the Company's Compensation Committee amended and restated the ESPP to provide that for the offering period that begins on February 1, 2018, the ESPP will consist of a 24 -month offering period with four 6 -month purchase periods in each offering period. The purchase price for the Company's common stock under the ESPP will be 85% of the lower of the fair market value of the shares at (1) the beginning of a rolling 2 year offering period or (2) the end of each 6 -month purchase period during such offering period. The ESPP will continue in effect until February 25, 2028, unless terminated earlier under the provisions of the ESPP.

For the three months ended March 31, 2018 and March 31, 2017 , employees purchased approximately 1.3 million and 1.5 million shares of common stock through the ESPP at an average exercise price of \$22.23 and \$19.21 per share, respectively.

***Share-Based Compensation Expense***

Share-based compensation expense associated with stock options, RSUs, RSAs, PSAs, and ESPP was recorded in the following cost and expense categories in the Condensed Consolidated Statements of Operations (in millions):

	<b>Three Months Ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
Cost of revenues - Product	\$ 1.9	\$ 0.9
Cost of revenues - Service	4.8	4.3
Research and development	44.1	34.8
Sales and marketing	13.5	15.3
General and administrative	6.1	6.7
Total	<u>\$ 70.4</u>	<u>\$ 62.0</u>

The following table summarizes share-based compensation expense by award type (in millions):

	<b>Three Months Ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
Stock options	\$ 0.1	\$ 0.1
RSUs, RSAs, and PSAs	65.6	57.8
ESPP	4.7	4.1
Total	<u>\$ 70.4</u>	<u>\$ 62.0</u>

As of March 31, 2018 , the total unrecognized compensation cost related to unvested share-based awards was \$413.9 million to be recognized over a weighted-average period of 1.9 years.

**Juniper Networks, Inc.****Notes to Condensed Consolidated Financial Statements (Continued)**  
**(Unaudited)****Note 11. Segments**

The Company operates in one reportable segment. The Company's chief executive officer, who is the chief operating decision maker, reviews financial information presented on a consolidated basis for purposes of allocating resources and evaluating financial performance, accompanied by disaggregated information about net revenues by product and service, customer vertical, and geographic region as presented below.

The following table presents net revenues by product and service (in millions):

	<b>Three Months Ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
Routing	\$ 408.1	\$ 521.6
Switching	230.0	241.6
Security	72.7	65.7
Total product	710.8	828.9
Total service	371.8	392.1
<b>Total</b>	<b>\$ 1,082.6</b>	<b>\$ 1,221.0</b>

The following table presents net revenues by customer vertical (in millions):

	<b>Three Months Ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
Cloud	\$ 268.3	\$ 331.6
Service Provider	479.9	568.5
Enterprise	334.4	320.9
Total	\$ 1,082.6	\$ 1,221.0

The Company attributes revenues to geographic region based on the customer's shipping address. The following table presents net revenues by geographic region (in millions):

	<b>Three Months Ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
Americas:		
United States	\$ 532.3	\$ 658.1
Other	55.3	53.5
Total Americas	587.6	711.6
Europe, Middle East, and Africa	308.0	284.5
Asia Pacific	187.0	224.9
Total	\$ 1,082.6	\$ 1,221.0

**Juniper Networks, Inc.****Notes to Condensed Consolidated Financial Statements (Continued)  
(Unaudited)****Note 12. Income Taxes**

The following table provides details of income taxes (in millions, except percentages):

	Three Months Ended March 31,	
	2018	2017
Income before income taxes	\$ 41.4	\$ 140.6
Income tax provision	\$ 7.0	\$ 31.8
<i>Effective tax rate</i>	<i>16.9%</i>	<i>22.6%</i>

The Tax Act enacted in December 22, 2017 introduced significant changes to U.S. income tax law. Effective January 1, 2018, the Tax Act reduced the U.S. federal corporate income tax rate from 35% to 21% and created a minimum tax on foreign earnings.

Due to the timing of the enactment and the complexity involved in applying the provisions of the Tax Act, the Company made reasonable estimates of the effects and recorded provisional amounts in the financial statements as of December 31, 2017. As the Company collects and prepares the necessary data, interprets the Tax Act and reviews any additional guidance issued by the U.S. Treasury Department, state revenue and taxation authorities and other standard-setting bodies, the Company may make adjustments to the provisional amounts which may materially impact its provision for income taxes from continuing operations in the period in which the adjustments are made. The adjustments made in the first quarter of 2018 were not material. The accounting for the tax effects of the Tax Act will be completed later in 2018.

The Tax Act also includes provisions for Global Intangible Low-Taxed Income (“GILTI”), which imposes taxes on foreign income in excess of a deemed return on tangible assets of foreign corporations. Because of the complexities of the new provisions, the Company is continuing to evaluate how the provisions will be accounted for under U.S. GAAP. Companies are allowed to make an accounting policy election of either (i) account for GILTI as a component of income tax expense in the period in which the Company is subject to the rules (the “period cost method”), or (ii) account for GILTI in the Company’s measurement of deferred taxes (the “deferred method”). The Company has not elected a method and will do so after completing its analysis of the GILTI provisions of the Tax Act depending on the analysis of the Company’s global income. Therefore, the Company has not recorded any potential deferred tax effects related to the GILTI in its financial statements and has no policy election regarding whether to record deferred taxes on GILTI or use the period cost method. The Company has however, included an estimate of the current GILTI impact in its annual effective tax rate for 2018. The Company expects to complete the accounting during the measurement period.

The Company's effective tax rate during the three months ended March 31, 2018 differs from the statutory rate of 21% primarily due to the benefit of the federal research and development credit and foreign earnings taxed at lower rates. The rate for the period includes a discrete benefit of 4.4% primarily related to the net impact of unrecognized tax benefits.

As of March 31, 2018, the total amount of gross unrecognized tax benefits was \$263.1 million.

The Company engages in continuous discussions and negotiations with tax authorities regarding tax matters in various jurisdictions. It is reasonably possible that the balance of unrecognized tax benefits could decrease up to \$45.8 million within the next twelve months due to lapses of applicable statutes of limitations and the completion of tax review cycles in various tax jurisdictions. The balance primarily relates to matters involving U.S and non-U.S taxation of cross-border transactions and the utilization of losses.

**Juniper Networks, Inc.****Notes to Condensed Consolidated Financial Statements (Continued)  
(Unaudited)****Note 13. Net Income per Share**

The Company computed basic and diluted net income per share as follows (in millions, except per share amounts):

	Three Months Ended March 31,	
	2018	2017
Numerator:		
Net income	\$ 34.4	\$ 108.8
Denominator:		
Weighted-average shares used to compute basic net income per share	355.3	380.9
Dilutive effect of employee stock awards	5.3	7.1
Weighted-average shares used to compute diluted net income per share	360.6	388.0
Net income per share		
Basic	\$ 0.10	\$ 0.29
Diluted	\$ 0.10	\$ 0.28
Anti-dilutive shares	10.4	1.6

**Juniper Networks, Inc.**

**Notes to Condensed Consolidated Financial Statements (Continued)  
(Unaudited)**

**Note 14. Commitments and Contingencies**

***Commitments***

Except for the items below, there have been no material changes to the Company's commitments compared to the commitments described in Note 16, *Commitments and Contingencies*, in Notes to Consolidated Financial Statements in Item 8 of Part II of the Form 10-K.

***Purchase Commitments with Contract Manufacturers and Suppliers***

In order to reduce manufacturing lead times and in the interest of having access to adequate component supply, the Company enters into agreements with contract manufacturers and certain suppliers to procure inventory based on the Company's requirements. A significant portion of the Company's purchase commitments arising from these agreements consists of firm and non-cancelable commitments. These purchase commitments totaled \$616.6 million as of March 31, 2018.

The Company establishes a liability in connection with purchase commitments related to quantities in excess of its demand forecasts or obsolete materials charges for components purchased by the contract manufacturers based on the Company's demand forecast or customer orders. As of March 31, 2018, the Company had accrued \$25.8 million based on its estimate of such charges.

***Guarantees***

The Company enters into agreements with customers that contain indemnification provisions relating to potential situations where claims could be alleged that the Company's products solely, or in combination with other third party products, infringe the intellectual property rights of a third-party. As of March 31, 2018 and December 31, 2017, the Company recorded \$9.4 million and \$20.4 million, respectively, for such indemnification obligations in other accrued liabilities and other long-term liabilities on the Condensed Consolidated Balance Sheets.

***Legal Proceedings***

***Investigations***

The Company previously disclosed that the U.S. Securities and Exchange Commission ("SEC") and the U.S. Department of Justice ("DOJ") were conducting investigations into possible violations by the Company of the U.S. Foreign Corrupt Practices Act ("FCPA"). The Company has been cooperating with these agencies regarding these matters. In the fourth quarter of 2017, the DOJ notified the Company that the DOJ has closed its investigation related to these matters without taking any action against the Company. The Company's Audit Committee, with the assistance of independent advisors, has been investigating and conducting a thorough review of possible violations of the FCPA, and has made recommendations for remedial measures, including employee disciplinary actions in foreign jurisdictions, which the Company has implemented and continues to implement. The Company is unable to predict the duration, scope or outcome of the ongoing SEC investigation, but believes that an adverse outcome is reasonably possible. However, the Company is not able to estimate a reasonable range of possible loss. The SEC could take action against the Company or the Company could agree to settle. In such event, the Company could be required to pay substantial fines and sanctions and/or implement additional remedial measures; in addition, it may be determined that the Company violated the FCPA.

***Other Litigations and Investigations***

In addition to the investigations discussed above, the Company is involved in other investigations, disputes, litigations, and legal proceedings. The Company records an accrual for loss contingencies for legal proceedings when it believes that an unfavorable outcome is both (a) probable and (b) the amount or range of any possible loss is reasonably estimable. The Company intends to aggressively defend itself in these matters, and while there can be no assurances and the outcome of these matters is currently not determinable, the Company currently believes that none of these existing claims or proceedings are likely to have a material adverse effect on its financial position. Notwithstanding the foregoing, there are many uncertainties associated with any litigation and these matters or other third-party claims against the Company may cause the Company to incur costly litigation and/or substantial settlement charges. In addition, the resolution of any intellectual property litigation may require the Company to make royalty

**Juniper Networks, Inc.**

**Notes to Condensed Consolidated Financial Statements (Continued)**  
**(Unaudited)**

payments, which could adversely affect gross margins in future periods. If any of those events were to occur, the Company's business, financial condition, results of operations, and cash flows could be adversely affected. The actual liability in any such matters may be materially different from the Company's estimates, if any, which could result in the need to adjust the liability and record additional expenses.

**Note 15. Subsequent Events**

*Dividend Declaration*

On May 2, 2018, the Company announced that it had declared a cash dividend of \$0.18 per share of common stock payable on June 22, 2018 to stockholders of record as of the close of business on June 1, 2018.

## **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

*This Quarterly Report on Form 10-Q, which we refer to as the Report, including "Management's Discussion and Analysis of Financial Condition and Results of Operations," contains forward-looking statements regarding future events and the future results of Juniper Networks, Inc., which we refer to as "we," "us," "Juniper," or the "Company," that are based on our current expectations, estimates, forecasts, and projections about our business, economic and market outlook, our results of operations, the industry in which we operate and the beliefs and assumptions of our management. Words such as "expects," "anticipates," "targets," "goals," "projects," "would," "will," "could," "intends," "plans," "believes," "seeks," "estimates," variations of such words, and similar expressions are intended to identify such forward-looking statements. Forward-looking statements by their nature address matters that are, to different degrees, uncertain, and these forward-looking statements are only predictions and are subject to risks, uncertainties, and assumptions that are difficult to predict. Therefore, actual results may differ materially and adversely from those expressed in any forward-looking statements. Factors that might cause or contribute to such differences include, but are not limited to, those discussed in this Report under the section entitled "Risk Factors" in Item 1A of Part II and elsewhere, and in other reports we file with the U.S. Securities and Exchange Commission, or the SEC. While forward-looking statements are based on reasonable expectations of our management at the time that they are made, you should not rely on them. We undertake no obligation to revise or update publicly any forward-looking statements for any reason, except as required by applicable law.*

The following discussion is based upon our unaudited Condensed Consolidated Financial Statements included in Part 1, Item I, of this Report, which have been prepared in accordance with U.S. generally accepted accounting principles, or U.S. GAAP. In the course of operating our business, we routinely make decisions as to the timing of the payment of invoices, the collection of receivables, the manufacturing and shipment of products, the fulfillment of orders, the purchase of supplies, and the building of inventory and spare parts, among other matters. In making these decisions, we consider various factors, including contractual obligations, customer satisfaction, competition, internal and external financial targets and expectations, and financial planning objectives. Each of these decisions has some impact on the financial results for any given period.

To aid in understanding our operating results for the periods covered by this Report, we have provided an executive overview, which includes a summary of our business and market environment along with a financial results and key performance metrics overview. These sections should be read in conjunction with the more detailed discussion and analysis of our condensed consolidated financial condition and results of operations in this Item 2, our "Risk Factors" section included in Item 1A of Part II of this Report, and our unaudited Condensed Consolidated Financial Statements and Notes included in Item 1 of Part I of this Report, as well as our audited Consolidated Financial Statements and Notes included in Item 8 of Part II of our Annual Report on Form 10-K for the fiscal year ended December 31, 2017, or Form 10-K.

### **Business and Market Environment**

Juniper designs, develops, and sells products and services for high-performance networks to enable customers to build scalable, reliable, secure and cost-effective networks for their businesses, while achieving agility, efficiency and value through automation.

Our products are sold in three geographic regions: Americas; Europe, Middle East, and Africa, or EMEA; and Asia Pacific, or APAC. We sell our high-performance network products and service offerings across routing, switching, and security technologies. In addition to our products, we offer our customers services, including maintenance and support, professional services, and education and training programs. We believe our silicon, systems, and software represent innovations that transform the economics and experience of networking, helping our customers achieve superior performance, greater choice, and flexibility, while reducing overall total cost of ownership.

Further, our intent is to lead in the area of software solutions that simplify the operation of networks, and to allow our customers across our key verticals to deliver further value over their networks. We anticipate that our increased focus on software business models will result in an increase in software revenue as a percentage of total revenue over time.

In the first quarter of 2018, we revised the naming convention of our key customer verticals as follows:

- Telecom/Cable will now be referred to as 'Service Provider'
- Strategic Enterprise will now be referred to as 'Enterprise'
- Cloud will remain unchanged

Types of customers included in the key verticals will remain unchanged.

We are focused on and continue to see significant opportunities from the implementation of cloud architectures, such as large public and private data centers, as well as distributed cloud infrastructure which resides in multiple, distributed data centers in order to place applications or services closer to end users, such as enabling security and "network-as-a-service."

We believe the network needs for our customers in our Service Provider, Cloud and Enterprise verticals are converging, as these customers recognize the need for high performance networks and leveraging the cloud for improved agility and greater levels of operating efficiency.

As these customers continue to grow, we believe their network architectures will continue to evolve. We believe our understanding of high performance networking technology, and our strategy, position us to capitalize on the industry transition to more automated, cost-efficient, scalable networks.

In routing, we believe that certain large Cloud customers are transitioning their wide area networks from scale-up to a scale-out architecture as they continue to add capacity. This has resulted in, and we expect this may continue to result in, a transition of these customers from purchasing our MX product family to our PTX product family. These architectural shifts have led to a near-term slowdown in our net revenues as in some cases there is a pause before the new architecture ramps.

In switching, we see that certain large Cloud customers who can rapidly scale based on increased demand are in the process of adopting 100-Gigabit connections, or 100G, resulting in certain large deployment delays at our largest Cloud customers as they prepare for this adoption.

Despite these ongoing deployment delays and architectural shifts, we remain confident in our competitive position and strong relationships with these strategic customers. Our overall strategy with our Cloud customers has not changed and we continue to execute against our innovation roadmap, which includes our plan to continue to grow our relevance and our business in the Cloud vertical.

During the first quarter of 2018, we continued to execute on our product strategy, specifically around the cloud. We introduced a new and smaller branch network services platform to combine branch security and hybrid WAN functionality with wireless 4G and LTE connectivity between branches, which can run third-party virtual network functions (VNFs). Also, we introduced new secure connectivity solutions to public clouds that combine on-boarding services with Juniper's virtualized security and routing functions for both AWS and Azure cloud environments.

We also expanded on our capabilities to help customers transform to accelerated 5G/IoT (Internet of Things) services in a distributed mobile cloud with the introduction of a 'Network Slicing Bot' that is designed to simplify network operations by translating intended outcomes expressed in human language into actionable workflows.

We also introduced the Juniper Metro Fabric to modernize metro service delivery for operators across multiple business use cases including cable, residential fiber, public cloud connective and mobile backhaul services. Juniper Metro Fabric incorporates a 5G-ready architecture that is designed to bring together new and existing ACX, MX and PTX series products lines that merge optical and packet into a single holistic experience to simplify and speed-up metro service delivery and optimize cost.

### Financial Results and Key Performance Metrics Overview

The following table provides an overview of our financial results and key financial metrics (in millions, except per share amounts, percentages, and days sales outstanding, or DSO):

	Three Months Ended March 31,			
	2018	2017	\$ Change	% Change
Net revenues	\$ 1,082.6	\$ 1,221.0	\$ (138.4)	(11)%
Gross margin	\$ 618.4	\$ 746.6	\$ (128.2)	(17)%
<i>Percentage of net revenues</i>	<i>57.1%</i>	<i>61.1%</i>		
Operating income	\$ 55.5	\$ 156.3	\$ (100.8)	(64)%
<i>Percentage of net revenues</i>	<i>5.1%</i>	<i>12.8%</i>		
Net income	\$ 34.4	\$ 108.8	\$ (74.4)	(68)%
<i>Percentage of net revenues</i>	<i>3.2%</i>	<i>8.9%</i>		
Net income per share:				
Basic	\$ 0.10	\$ 0.29	\$ (0.19)	(66)%
Diluted	\$ 0.10	\$ 0.28	\$ (0.18)	(64)%
Cash dividends declared per common stock	\$ 0.18	\$ 0.10	\$ 0.08	80 %
Operating cash flows	\$ 271.1	\$ 546.6	\$ (275.5)	(50)%
Stock repurchase plan activity	\$ 750.0	\$ 125.0	\$ 625.0	500 %
DSO	57	49	8	16 %

	March 31, 2018	December 31, 2017	\$ Change	% Change
Deferred revenue	\$ 1,256.9	\$ 1,539.3	\$ (282.4)	(18)%
Product deferred revenue	\$ 158.8	\$ 334.2	\$ (175.4)	(52)%
Service deferred revenue	\$ 1,098.1	\$ 1,205.1	\$ (107.0)	(9)%

- *Net Revenues*: Net revenues decreased during the three months ended March 31, 2018, compared to the same period in 2017, primarily due to lower routing and switching revenues, offset by an increase in security revenue. Of our top ten customers for the first quarter of 2018, four were Cloud, four were Service Provider, and two were Enterprise. Of these customers, four were located outside of the U.S.

For the three months ended March 31, 2018, the accounting impact of adoption of Topic 606 resulted in an increase in revenue recognition by \$1.9 million. Product revenue was \$28.7 million higher under Topic 606, compared to Topic 605 during this quarter, primarily due to the impact of allocation of revenue between products and services, and recognition of variable consideration, partially offset by timing of recognition of revenue from sales to distributors. The product revenue increase was primarily allocated between Routing and Switching. Service revenue was \$26.8 million lower under Topic 606, compared to Topic 605 this quarter, primarily due to the allocation of revenue between products and services. On a go forward basis, we do not expect a material difference in total annual revenue as a result of the adoption of Topic 606; however, we believe the adoption of Topic 606 will impact the allocation of revenue between product and service. See Note 2, *Summary of Significant Accounting Policies*, in the Notes to Condensed Consolidated Financial Statements in Item 1 of Part 1 of this report, for further discussion on the adoption of Topic 606.

- *Gross Margin*: Our gross margin as a percentage of net revenues decreased during the three months ended March 31, 2018, compared to the same period in 2017, primarily due to lower revenues, customer mix, product mix and higher costs of certain memory components, partially offset by improvements in our cost structure.
- *Operating Margin*: Our operating income as a percentage of net revenues decreased during the three months ended March 31, 2018, compared to the same period in 2017, primarily due to the drivers described in the gross margin discussion above, partially offset by a net decrease in our operating expenses from restructuring charges during the first quarter of 2017 that we did not incur during the same period in 2018.

- *Capital Return:* During the three months ended March 31, 2018, we entered into an accelerated share repurchase program (the "ASR") to purchase an aggregate of \$750.0 million in shares. Under the ASR, we made an upfront payment of \$750.0 million and received an initial delivery of 23.3 million shares for an aggregate price of \$600.0 million. The ASR is still underway and is expected to settle no later than August 6, 2018. During the first quarter, we also paid a quarterly cash dividend of \$0.18 per share, for an aggregate amount of \$62.1 million.
- *Operating Cash Flow s:* Net cash provided by operations decreased during the three months ended March 31, 2018, compared to the same period in 2017. The decrease was primarily due to higher cash collections from customers during the first quarter of 2017 related to service renewals invoiced during the fourth quarter of 2016, partially offset by a decrease in cash paid for personnel-related costs, in particular as a result of a reduction in headcount and lower incentive compensation.
- *DSO:* DSO is calculated as the ratio of ending accounts receivable, net of allowances, divided by average daily net revenues for the preceding 90 days. DSO for the first quarter of 2018 increased eight days, compared to the same period in 2017, primarily due to a decrease in revenues.
- *Deferred Revenue:* Total deferred revenue decreased as of March 31, 2018, compared to December 31, 2017, due to the impact of adoption of Topic 606. See Note 2, *Summary of Significant Accounting Policies*, in the Notes to Condensed Consolidated Financial Statements in Item 1 of Part 1 of this report, for further discussion on the adoption of Topic 606.

### **Critical Accounting Policies and Estimates**

The preparation of financial statements and related disclosures in conformity with U.S. GAAP requires us to make judgments, assumptions, and estimates that affect the amounts reported in the Condensed Consolidated Financial Statements and the accompanying notes. On an ongoing basis, we evaluate our estimates and assumptions. These estimates and assumptions are based on current facts, historical experience, and various other factors that we believe are reasonable under the circumstances to determine reported amounts of assets, liabilities, revenues, and expenses that are not readily apparent from other sources.

During the three months ended March 31, 2018, except for the change in accounting estimates related to adoption of Topic 606 described below and changes in certain accounting policies described in Note 2, *Summary of Significant Accounting Policies* in the Notes to Condensed Consolidated Financial Statements in Item 1 of Part I of this Report, there were no other material changes to our critical accounting policies and estimates as compared to the critical accounting policies and estimates disclosed in Management's Discussion and Analysis of Financial Condition and Results of Operations contained in Part II, Item 7 of our Form 10-K.

*Revenue Recognition:* We enter into contracts to sell our products and services, and while some of our sales agreements contain standard terms and conditions, there are agreements that contain non-standard terms and conditions and include promises to transfer multiple goods or services. As a result, significant interpretation and judgment is sometimes required to determine the appropriate accounting for these transactions including: (1) whether performance obligations are considered distinct that should be accounted for separately versus together and how the price should be allocated among the performance obligations and when to recognize revenue for each performance obligation; (2) developing an estimate of the stand-alone selling price ("SSP") of each distinct performance obligation; (3) combining contracts that may impact the allocation of the transaction price between product and services; and (4) estimating and accounting for variable consideration, including rights of return, rebates, price protection, expected penalties or other price concessions as a reduction of the transaction price.

Our estimates of SSP for each performance obligation requires judgment that considers multiple factors, including, but not limited to, historical discounting trends for products and services, pricing practices in different geographies and through different sales channels, gross margin objectives, internal costs, competitor pricing strategies, and industry technology lifecycles. Our estimates for rights of return, rebates, and price protection are based on historical sales returns and price protection credits, specific criteria outlined in customer contracts or rebate agreements, and other factors known at the time. Our estimates for expected penalties and other price concessions are based on historical trends and expectations regarding future incurrence.

Changes in judgments with respect to these assumptions and estimates could impact the timing or amount of revenue recognition.

***Recent Accounting Pronouncements***

See Note 2, *Summary of Significant Accounting Policies*, in the Notes to Condensed Consolidated Financial Statements in Item 1 of Part I of this Report, for a full description of the recently adopted accounting standard and recent accounting standards not yet effective, including the actual and expected dates of adoption and estimated effects on our consolidated results of operations and financial condition, which is incorporated herein by reference.

## Results of Operations

The following table presents net revenues by product and service, customer vertical, and geographic region (in millions, except percentages):

	Three Months Ended March 31,			
	2018	2017	\$ Change	% Change
Routing	\$ 408.1	\$ 521.6	\$ (113.5)	(22)%
Switching	230.0	241.6	(11.6)	(5)%
Security	72.7	65.7	7.0	11 %
Total Product	710.8	828.9	(118.1)	(14)%
<i>Percentage of net revenues</i>	<i>65.7%</i>	<i>67.9%</i>		
Total Service	371.8	392.1	(20.3)	(5)%
<i>Percentage of net revenues</i>	<i>34.3%</i>	<i>32.1%</i>		
Total net revenues	\$ 1,082.6	\$ 1,221.0	\$ (138.4)	(11)%
Cloud	\$ 268.3	\$ 331.6	\$ (63.3)	(19)%
<i>Percentage of net revenues</i>	<i>24.8%</i>	<i>27.2%</i>		
Service Provider	479.9	568.5	(88.6)	(16)%
<i>Percentage of net revenues</i>	<i>44.3%</i>	<i>46.5%</i>		
Enterprise	334.4	320.9	13.5	4 %
<i>Percentage of net revenues</i>	<i>30.9%</i>	<i>26.3%</i>		
Total net revenues	\$ 1,082.6	\$ 1,221.0	\$ (138.4)	(11)%
Americas:				
United States	\$ 532.3	\$ 658.1	\$ (125.8)	(19)%
Other	55.3	53.5	1.8	3 %
Total Americas	587.6	711.6	(124.0)	(17)%
<i>Percentage of net revenues</i>	<i>54.3%</i>	<i>58.3%</i>		
EMEA	308.0	284.5	23.5	8 %
<i>Percentage of net revenues</i>	<i>28.4%</i>	<i>23.3%</i>		
APAC	187.0	224.9	(37.9)	(17)%
<i>Percentage of net revenues</i>	<i>17.3%</i>	<i>18.4%</i>		
Total net revenues	\$ 1,082.6	\$ 1,221.0	\$ (138.4)	(11)%

Product net revenues decreased during the three months ended March 31, 2018, compared to the same period in 2017, due to a decrease in revenue from routing and switching products, partially offset by the impact of adoption of Topic 606 and growth in security.

The year-over-year decrease in routing revenue was primarily driven by Service Provider due to the timing of customer deployments, and the recognition of one-time deferred revenue of an APAC Service Provider during the first quarter of 2017 that did not occur during the same period in 2018. The decrease in routing revenue from Cloud customers was driven by ongoing architectural shifts in the Americas. Revenues from our MX and legacy product family declined year-over-year due to the timing of customer deployments, which was partially offset by growth in revenues from our PTX products.

The decrease in switching revenue during the three months ended March 31, 2018, compared to the same period in 2017, was primarily driven by Cloud. The decrease in switching revenue was partially offset by the impact of adoption of Topic 606, and Enterprise. Revenue from our QFX series of products declined year-over-year, which remain under pressure due to the timing of Cloud deployments; however, we expect that our switching business should return to year-over-year growth for the full year 2018.

Security net revenue increased during the three months ended March 31, 2018, compared to the same period in 2017, driven by all verticals. We expect that our security business will see year-over-year growth for the full year 2018.

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Service net revenue decreased during the three months ended March 31, 2018, compared to the same period in 2017, due to the impact of adoption of Topic 606. Excluding the impact of adoption of Topic 606, our service net revenue increased year-over-year, which was driven primarily by strong renewal and attach rates of support contracts. As a result of Topic 606, we expect that our service net revenue will see a decrease for the full year 2018 compared to 2017.

**Gross Margins**

The following table presents gross margins (in millions, except percentages):

	Three Months Ended March 31,			
	2018	2017	\$ Change	% Change
Product gross margin	\$ 404.4	\$ 498.7	\$ (94.3)	(19)%
<i>Percentage of product revenues</i>	56.9%	60.2%		
Service gross margin	214.0	247.9	(33.9)	(14)%
<i>Percentage of service revenues</i>	57.6%	63.2%		
Total gross margin	\$ 618.4	\$ 746.6	\$ (128.2)	(17)%
<i>Percentage of net revenues</i>	57.1%	61.1%		

Our gross margins as a percentage of net revenues have been and will continue to be affected by a variety of factors, including the mix and average selling prices of our products and services, new product introductions and enhancements, manufacturing and component costs, expenses for inventory obsolescence and warranty obligations, cost of support and service personnel, customer mix as we continue to expand our footprint with certain strategic customers, and the mix of distribution channels through which our products and services are sold.

*Product gross margin*

Product gross margin as a percentage of product revenue decreased during the three months ended March 31, 2018, compared to the same period in 2017, primarily due to lower revenue, customer mix, product mix, and higher costs of certain memory components. This was partially offset by improvements in our cost structure. In the near-term, we expect product gross margin to be positively affected by higher revenue volumes, but the pace of improvement will be impacted by customer mix, including the impact from our customers' architectural shifts.

*Service gross margin*

Service gross margin as a percentage of service net revenues decreased during the three months ended March 31, 2018, compared to the same period in 2017, primarily due to lower revenue and higher service delivery costs.

**Operating Expenses**

The following table presents operating expenses (in millions, except percentages):

	Three Months Ended March 31,			
	2018	2017	\$ Change	% Change
Research and development	\$ 269.4	\$ 276.2	\$ (6.8)	(2)%
<i>Percentage of net revenues</i>	24.9%	22.6%		
Sales and marketing	239.4	244.2	(4.8)	(2)%
<i>Percentage of net revenues</i>	22.1%	20.0%		
General and administrative	56.0	50.5	5.5	11%
<i>Percentage of net revenues</i>	5.2%	4.1%		
Restructuring charges	(1.9)	19.4	(21.3)	N/M
<i>Percentage of net revenues</i>	(0.2)%	1.6%		
Total operating expenses	\$ 562.9	\$ 590.3	\$ (27.4)	(5)%
<i>Percentage of net revenues</i>	52.0%	48.3%		

N/M - Not meaningful

During the three months ended March 31, 2018, compared to the same period in 2017, research and development expenses decreased primarily due to lower personnel-related expenses, specifically in salaries and wages and variable compensation, partially offset by higher share-based compensation expenses from certain performance share awards. The decrease in sales and marketing was primarily due to decreased marketing-related expenses, partially offset by personnel-related expenses. The increase in general and administrative costs were primarily due to outside accounting and consulting services. We had lower headcount during the first quarter of 2018, compared to the same period in 2017, driven by a restructuring plan initiated during the first quarter of 2017, which we refer to as our 2017 Restructuring Plan. We had no restructuring charges during the first quarter of 2018, nor do we anticipate any further charges under the 2017 Restructuring Plan.

### Other Expense, Net

The following table presents other expense, net (in millions, except percentages):

	Three Months Ended March 31,			
	2018	2017	\$ Change	% Change
Interest income	\$ 14.9	\$ 10.4	\$ 4.5	43 %
Interest expense	(26.0)	(25.3)	(0.7)	3 %
(Loss) gain on investments, net	(0.5)	1.2	(1.7)	(142)%
Other	(2.5)	(2.0)	(0.5)	25 %
Total other expense, net	\$ (14.1)	\$ (15.7)	\$ 1.6	(10)%
<i>Percentage of net revenues</i>	<i>(1.3)%</i>	<i>(1.3)%</i>		

Total other expense, net decreased during the three months ended March 31, 2018, compared to the same period in 2017, primarily due to an increase in interest income related to our fixed income investment portfolio, as a result of higher yields.

### Income Tax Provision

	Three Months Ended March 31,			
	2018	2017	\$ Change	% Change
Income tax provision	\$ 7.0	\$ 31.8	\$ (24.8)	(78)%
<i>Effective tax rate</i>	<i>16.9%</i>	<i>22.6%</i>		

The Tax Act enacted in December 22, 2017 introduced significant changes to U.S. income tax law. Effective January 1, 2018, the Tax Act reduced the U.S. federal corporate income tax rate from 35% to 21% and created a minimum tax on foreign earnings.

Due to the timing of the enactment and the complexity involved in applying the provisions of the Tax Act, we made reasonable estimates of the effects and recorded provisional amounts in the financial statements as of December 31, 2017. As we collect and prepare the necessary data, interpret the Tax Act and review any additional guidance issued by the U.S. Treasury Department, state revenue and taxation authorities and other standard-setting bodies, we may make adjustments to the provisional amounts which may materially impact our provision for income taxes from continuing operations in the period in which the adjustments are made. The adjustments made in the first quarter of 2018 were not significant. The accounting for the tax effects of the Tax Act will be completed later in 2018.

The Tax Act also includes provisions for Global Intangible Low-Taxed Income (“GILTI”), which imposes taxes on foreign income in excess of a deemed return on tangible assets of foreign corporations. Because of the complexities of the new provisions, we are continuing to evaluate how the provisions will be accounted for under U.S. generally accepted accounting principles. Companies are allowed to make an accounting policy election of either (i) account for GILTI as a component of income tax expense in the period in which the Company is subject to the rules (the “period cost method”), or (ii) account for GILTI in the Company’s measurement of deferred taxes (the “deferred method”). We have not elected a method and will do so after completing our analysis of the GILTI provisions of the Tax Act depending on the analysis of our global income. Therefore, we have not recorded any potential deferred tax effects related to the GILTI in our financial statements and have no policy election regarding whether to record deferred taxes on GILTI or use the period cost method. We have however, included an estimate of the current GILTI impact in our annual effective tax rate for 2018. We expect to complete the accounting during the measurement period.

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Our effective tax rate during the three months ended March 31, 2018 differs from the statutory rate of 21% primarily due to the benefit of the federal research and development credit and foreign earnings taxed at lower rates. The rate for the period includes a discrete benefit of 4.4% primarily related to the net impact of unrecognized tax benefits.

As a result of recommendations by the Organisation for Economic Cooperation and Development, or OECD, on Base Erosion and Profit Shifting, certain countries in EMEA and APAC have either enacted new corporate tax legislation or are considering enacting such legislation in the near future. We expect the effect of these reform measures to potentially impact long-standing tax principles, particularly as regards to transfer pricing. Consequently, we expect global tax authorities to increasingly challenge our cost sharing and other intercompany arrangements, and the related sourcing of taxable profits in global jurisdictions. We are continuing to hold discussions with the tax authorities, including UK and Australian, regarding corporate tax reform legislation enacted by those countries.

Our effective tax rate could fluctuate significantly on a quarterly basis and could be adversely affected to the extent earnings are lower than anticipated in countries that have lower statutory rates and higher than anticipated in countries that have higher statutory rates. Our effective tax rate could also fluctuate due to changes in the valuation of our deferred tax assets or liabilities, or by changes in tax laws, regulations, or accounting principles, as well as certain discrete items. See Item 1A of Part II, "Risk Factors" of this Report for a description of relevant risks which may adversely affect our results.

### Liquidity and Capital Resources

We have funded our business primarily through our operating activities and the issuance of our long-term debt. The following table presents our capital resources (in millions, except percentages):

	As of		\$ Change	% Change
	March 31, 2018	December 31, 2017		
Working capital	\$ 2,090.7	\$ 2,446.3	\$ (355.6)	(15)%
Cash and cash equivalents	\$ 2,614.2	\$ 2,006.5	\$ 607.7	30 %
Short-term investments	317.7	1,026.1	(708.4)	(69)%
Long-term investments	516.5	988.4	(471.9)	(48)%
Total cash, cash equivalents, and investments	3,448.4	4,021.0	(572.6)	(14)%
Short-term debt	349.3	—	349.3	N/A
Long-term debt	1,787.7	2,136.3	(348.6)	(16)%
Cash, cash equivalents, and investments, net of debt	\$ 1,311.4	\$ 1,884.7	\$ (573.3)	(30)%

### Summary of Cash Flows

The following table summarizes cash flow activity from our Condensed Consolidated Statements of Cash Flows (in millions, except percentages):

	Three Months Ended March 31,			
	2018	2017	\$ Change	% Change
Net cash provided by operating activities <sup>(*)</sup>	\$ 271.1	\$ 546.6	\$ (275.5)	(50)%
Net cash provided by (used in) investing activities	\$ 1,112.2	\$ (9.7)	\$ 1,121.9	N/M
Net cash used in financing activities	\$ (803.6)	\$ (134.0)	\$ (669.6)	500 %

N/M - percentage is not meaningful.

<sup>(\*)</sup> On January 1, 2018, we adopted the new accounting pronouncement on Statement of Cash Flows: Restricted Cash. We applied this provision on a retrospective basis to conform to the current-period presentation. The adoption did not have a material impact on the cash flow activity presented in our Condensed Consolidated Statement of Cash Flows for the three months ended March 31, 2017.

### Operating Activities

Net cash provided by operations decreased during the three months ended March 31, 2018, compared to the same period in 2017. The decrease was primarily due to higher cash collections from customers during the first quarter of 2017 related to service renewals.

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invoiced during the fourth quarter of 2016, partially offset by a decrease in cash paid for personnel-related costs, in particular as a result of a reduction in headcount and lower incentive compensation.

### *Investing Activities*

Net cash provided by investing activities was \$ 1,112.2 million during the three months ended March 31, 2018 , compared to net cash used in investing activities of \$ 9.7 million for the same period in 2017 , primarily due to the liquidation of repatriated offshore investments to fund the accelerated share repurchase program discussed below.

### *Financing Activities*

Net cash used in financing activities increased during the three months ended March 31, 2018 , compared to the same period in 2017 , primarily due to the payment of \$750.0 million pursuant to the accelerated share repurchase program as described further below and increases in payment of cash dividends.

### **Capital Return**

In January 2018, our Board of Directors, which we refer to as the Board, approved a \$2.0 billion share repurchase program, which we refer to as the 2018 Stock Repurchase Program. The 2018 Stock Repurchase Program replaces the previous authorization approved by the Board in 2014.

As part of the 2018 Stock Repurchase Program, during the quarter ended March 31, 2018, we entered into the ASR with two financial institutions to repurchase \$750.0 million of our common stock. During the three months ended March 31, 2018 , we made an up-front payment of \$750.0 million pursuant to the ASR and received an initial 23.3 million shares of our common stock for an aggregate price of \$600.0 million , based on the market value of our common stock on the date of the transaction.

The total number of shares of our common stock to be ultimately received under the ASR, will be calculated using the average daily volume weighted average price of our stock during the repurchase period, less an agreed upon discount. Final settlement of the transactions under the ASR is expected to be completed no sooner than May 11, 2018 and no later than August 6, 2018 . If the initial shares received are less than the calculated total number of shares to be ultimately received under the ASR, then the financial institution will be required to deliver additional shares of common stock to us at settlement. If, however, the initial shares received are greater than the calculated total number of shares to be ultimately received, we have the option to either issue shares of common stock or make cash payments to the financial institutions.

As of March 31, 2018 , there was \$1.3 billion of authorized funds remaining under the 2018 Stock Repurchase Program.

Future share repurchases under the 2018 Stock Repurchase Program will be subject to a review of the circumstances at that time and will be made from time to time in private transactions or open market purchases as permitted by securities laws and other legal requirements. Our 2018 Stock Repurchase Program may be discontinued at any time.

In addition to repurchases under the 2018 Stock Repurchase Program, we also repurchase common stock from certain employees in connection with satisfying applicable tax withholding requirements upon the vesting of certain stock awards issued to such employees. Repurchases associated with tax withholdings were not material during the three months ended March 31, 2018 and March 31, 2017 .

During the three months ended March 31, 2018 , we declared a quarterly cash dividend of \$0.18 per share of common stock on January 30, 2018, which was paid on March 22, 2018 to stockholders of record on March 1, 2018 in the aggregate amount of \$62.1 million . Any future dividends, and the establishment of record and payment dates, are subject to approval by the Board of Juniper Networks or an authorized committee thereof. See Note 15, *Subsequent Events*, for discussion of our dividend declaration subsequent to March 31, 2018 .

### **Revolving Credit Facility**

We have an unsecured revolving credit facility that will expire in 2019, which enables borrowings of up to \$500.0 million, with the option to increase the amount of the credit facility by up to an additional \$200.0 million. As of March 31, 2018 , we were in compliance with all covenants and there were no amounts outstanding under our credit facility.

***Liquidity and Capital Resource Requirements***

Liquidity and capital resources may be impacted by our operating activities as well as acquisitions, investments in strategic relationships, repurchases of additional shares of our common stock, and payment of cash dividends on our common stock. Following the enactment of the Tax Act, we repatriated approximately \$2.5 billion of our cash, cash equivalents and investments balance from outside of the U.S as of March 31, 2018 . We expect the new territorial tax system to provide us lower cost access to nearly all of our global free cash flow on an ongoing basis. Free cash flow is calculated as net cash provided by operating activities less capital expenditures. We intend to use the repatriated cash to invest in the business, support value-enhancing merger and acquisitions, or M&A, and fund our return of capital to stockholders.

Based on past performance and current expectations, we believe that our existing cash and cash equivalents, short-term, and long-term investments, together with cash generated from operations and access to capital markets and the revolving credit facility will be sufficient to fund our operations, planned stock repurchases and dividends, capital expenditures, commitments, and other liquidity requirements and anticipated growth for at least the next twelve months. However, our future liquidity and capital requirements may vary materially from those now planned depending on many factors, including, but not limited to, our growth rate, the timing and amount we spend to support development efforts, the expansion of sales and marketing activities, the introduction of new and enhanced products and services, the costs to acquire or invest in businesses and technologies, and the risks and uncertainties detailed in the “Risk Factors” section of Item 1A of Part II of this Report.

**Item 3. *Quantitative and Qualitative Disclosures About Market Risk***

Our exposures to market risk have not changed materially since December 31, 2017. For quantitative and qualitative disclosures about market risk, see Item 7A Quantitative and Qualitative Disclosures about Market Risk, in our Form 10-K

**Item 4. *Controls and Procedures***

**Evaluation of Disclosure Controls and Procedures**

Attached as exhibits to this Report are certifications of our principal executive officer and principal financial officer, which are required in accordance with Rule 13a-14 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). This “Controls and Procedures” section includes information concerning the controls and related evaluations referred to in the certifications and it should be read in conjunction with the certifications for a more complete understanding of the topics presented.

We carried out an evaluation, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based upon that evaluation, our principal executive officer and principal financial officer concluded that, as of the end of the period covered in this Report, our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in Securities and Exchange Commission rules and forms and is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

**Changes in Internal Controls Over Financial Reporting**

On January 1, 2018, we implemented new and modified existing internal controls for the adoption of the new revenue recognition accounting standard, Topic 606. There were no additional changes in our internal control over financial reporting during the first quarter of 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II — OTHER INFORMATION

### Item 1. *Legal Proceedings*

The information set forth under the “Legal Proceedings” section in Note 14, *Commitments and Contingencies*, in Notes to Condensed Consolidated Financial Statements in Item 1 of Part I of this Report, is incorporated herein by reference.

### Item 1A. *Risk Factors*

#### Factors That May Affect Future Results

Investments in our securities involve significant risks. Even small changes in investor expectations for our future growth and earnings, whether as a result of actual or rumored financial or operating results, changes in the mix of the products and services sold, acquisitions, industry changes, or other factors, could trigger, and have triggered in the past, significant fluctuations in the market price of our common stock. Investors in our securities should carefully consider all of the relevant factors disclosed by us, including, but not limited to, the following factors, that could affect our business, operating results and stock price.

***Our quarterly results are unpredictable and subject to substantial fluctuations; as a result, we may fail to meet the expectations of securities analysts and investors, which could adversely affect the trading price of our common stock.***

Our revenues and operating results may vary significantly from quarter-to-quarter due to a number of factors, many of which are outside of our control and any of which may cause our stock price to fluctuate.

The factors that may cause our quarterly results to vary quarter by quarter and be unpredictable include, but are not limited to:

- limited visibility into customer spending plans;
- changes in customer mix;
- changes in the mix of products and services sold;
- changes in the mix of geographies in which our products and services are sold;
- changing market and economic conditions;
- current and potential customer, partner and supplier consolidation and concentration;
- price and product competition;
- long sales, qualification and implementation cycles;
- unpredictable ordering patterns and reduced visibility into our customers’ spending plans and associated revenue;
- how well we execute on our strategy and operating plans and the impact of changes in our business model that could result in significant restructuring charges;
- our ability to achieve targeted cost reductions;
- changes in tax laws or accounting rules, or interpretations thereof;
- changes in the amount and frequency of share repurchases or dividends;
- regional economic and political conditions; and
- seasonality.

For example, we, and many companies in our industry, experience adverse seasonal fluctuations in customer spending, particularly in the first quarter. In addition, while we may have backlog orders for products that have not shipped, we believe that our backlog may not be a reliable indicator of future operating results for a number of reasons, including project delays, changes in project scope and the fact that our customers may cancel purchase orders or change delivery schedules without significant penalty. Furthermore, market trends, competitive pressures, commoditization of products, rebates and discounting, increased component or logistics costs, issues with product quality, regulatory impacts and other factors may result in reductions in revenue or pressure on gross margins in a given period, which may necessitate adjustments to our operations. Such adjustments may be difficult or impossible to execute in the short or medium term.

As a result of these factors, as well as other variables affecting our operating results, we believe that quarter-to-quarter comparisons of operating results are not necessarily a good indication of what our future performance will be. In the past, our operating results have been below our guidance, our long-term financial model or the expectations of securities analysts or investors, and this may happen in the future, in which case the price of our common stock may decline and has declined in the past. Such a decline could also occur, and has occurred in the past, even when we have met our publicly stated revenues and/or earnings guidance.

***We expect our gross margins and operating margins to vary over time, and the level of gross margins and operating margins we have achieved in recent years may not be sustainable.***

We expect our product and service gross margins to vary, both in the near-term and in the long-term, and the gross margins we have achieved in recent years may not be sustainable and may be adversely affected in the future by numerous factors, some of which have occurred and may occur in the future, including customer, vertical, product and geographic mix shifts, an increase or decrease in our software sales or services we provide, increased price competition in one or more of the markets in which we compete, changes in the actions of our competitors or their pricing strategies, which may be difficult to predict and respond to, modifications to our pricing strategy in order to gain footprint in certain markets or with certain customers, currency fluctuations that impact our costs or the cost of our products and services to our customers, increases in material, labor, logistics, warranty costs, or inventory carrying costs, excess product component or obsolescence charges from our contract manufacturers, issues with manufacturing or component quality or efficiencies, increased costs due to changes in component pricing or charges incurred due to inaccurately forecasting product demand, warranty related issues, or our introduction of new products and enhancements or entry into new markets with different pricing and cost structures. For example, in fiscal year 2017, our margins decreased as compared to fiscal year 2016, primarily due to lower product net revenues and product mix, resulting from the year-over-year decline in routing revenues, our customers' architectural shifts, and higher costs of certain memory components. In fiscal year 2016, our margins decreased compared to fiscal year 2015, primarily due to elevated pricing pressure and product mix. In fiscal year 2015, our margins increased compared to fiscal year 2014, as a result of higher restructuring and other charges recorded in 2014 but not in 2015, in connection with the restructuring plan we initiated in the first quarter of 2014. Failure to sustain or improve our gross margins reduces our profitability and may have a material adverse effect on our business and stock price.

Further, we will continue to remain diligent in our long-term financial objective to increase revenue and operating margins and manage our operating expenses as a percentage of revenue. We expect that our margins will vary with our ability to achieve these goals. We can provide no assurance that we will be able to achieve all or any of the goals of these plans or meet our announced expectations, in whole or in part, or that our plans will have the intended effect of improving our margins on the expected timeline, or at all.

***A limited number of our customers comprise a material portion of our revenues and any changes in the way they purchase products and services from us could affect our business. In addition, there is an ongoing trend toward consolidation in the industry in which our customers and partners operate. Any decrease in revenues from our customers or partners could have an adverse effect on our net revenues and operating results.***

A material portion of our net revenues depend on sales to a limited number of customers and distribution partners, particularly in our Service Provider and Cloud verticals. Changes in the business requirements or focus, vendor selection, project prioritization, financial prospects, capital resources, and expenditures, or purchasing behavior (including product mix purchased or delays in deployment) of our key customers could significantly decrease our sales to such customers or could lead to delays or cancellations of planned purchases of our products or services, which increases the risk of quarterly fluctuations in our revenues and operating results. Any of these factors could adversely affect our business, financial condition, and results of operations.

In addition, in recent years, there has been movement towards consolidation in the telecommunications industry (for example, CenturyLink, Inc.'s acquisition of Level 3 Communications, Inc., Vodafone India's proposed acquisition of Idea Cellular Ltd. and T-Mobile US, Inc.'s proposed acquisition of Sprint Corp.) and that consolidation trend has continued. Certain telecommunications companies have also announced their intent towards vertical consolidation through acquisitions of media and content companies, such as Verizon's acquisition of Yahoo and AT&T's proposed acquisition of Time Warner. If our customers or partners are parties to consolidation transactions they may delay, suspend or indefinitely reduce or cancel their purchases of our products or other direct or indirect unforeseen consequences could harm our business, financial condition, and results of operations.

***We sell our products to customers that use those products to build networks and IP infrastructure, and if the demand for network and IP systems does not continue to grow, our business, financial condition, and results of operations could be adversely affected.***

A substantial portion of our business and revenues depends on the growth of secure IP infrastructure and on the deployment of our products by customers that depend on the continued growth of IP services. As a result of changes in the economy, capital spending or the building of network capacity in excess of demand, all of which have in the past particularly affected telecommunications service providers, spending on IP infrastructure can vary, which could have a material adverse effect on our business, financial condition, and results of operations. In addition, a number of our existing customers are evaluating the build-out of their next generation networks. During the decision-making period when our customers are determining the design of those networks and the selection of the software and equipment they will use in those networks, such customers may greatly reduce or

suspend their spending on secure IP infrastructure. For example, in recent quarters, our switching and routing results were adversely affected by spending delays from our largest Cloud customers, who we believe are in the process of implementing a networking architectural shift. The duration of the delay is difficult to predict, in part because each Cloud customer will migrate their network architecture based on their own constraints. Such delays in purchases can make it more difficult to predict revenues from customers, can cause fluctuations in the level of spending by customers and, even where our products are ultimately selected, can have a material adverse effect on our business, financial condition, and results of operations.

***Fluctuating economic conditions make it difficult to predict revenues and gross margin for a particular period and a shortfall in revenues or increase in costs of production may harm our operating results.***

Our revenues and gross margin depend significantly on general economic conditions and the demand for products in the markets in which we compete. Economic weakness or uncertainty, customer financial difficulties, and constrained spending on network expansion and enterprise infrastructure have in the past resulted in, and may in the future result in, decreased revenues and earnings. Such factors could make it difficult to accurately forecast revenues and operating results and could negatively affect our ability to provide accurate forecasts to our contract manufacturers and manage our contract manufacturer relationships and other expenses. In addition, economic instability or uncertainty, as well as continued turmoil in the geopolitical environment in many parts of the world, have, and may continue to, put pressure on economic conditions, which has led and could lead, to reduced demand for our products, to delays or reductions in network expansions or infrastructure projects, and/or higher costs of production. More generally-speaking, economic weakness may also lead to longer collection cycles for payments due from our customers, an increase in customer bad debt, restructuring initiatives and associated expenses, and impairment of investments. Furthermore, instability in the global markets may adversely impact the ability of our customers to adequately fund their expected expenditures, which could lead to delays or cancellations of planned purchases of our products or services. Our operating expenses are largely based on anticipated revenue trends and a high percentage of our expenses is, and will continue to be, fixed in the short and medium term. Therefore, fluctuations in revenue and gross margins could cause significant variations in our operating results and operating margins from quarter to quarter. Uncertainty about future economic conditions also makes it difficult to forecast operating results and to make decisions about future investments. Future or continued economic weakness, failure of our customers and markets to recover from such weakness, customer financial difficulties, increases in costs of production, and reductions in spending on network maintenance and expansion could result in price concessions in certain markets or have a material adverse effect on demand for our products and consequently on our business, financial condition, and results of operations.

***Our success depends upon our ability to effectively plan and manage our resources and restructure our business through rapidly fluctuating economic and market conditions, and such actions may have an adverse effect on our financial and operating results.***

Our ability to successfully offer our products and services in a rapidly evolving market requires an effective planning, forecasting, and management process to enable us to effectively scale and adjust our business and business models in response to fluctuating market opportunities and conditions.

From time to time, we have increased investment in our business by, for example, increasing headcount, acquiring companies, and increasing our investment in R&D, sales and marketing, and other parts of our business. Conversely, in February 2017 we initiated the 2017 Restructuring Plan to realign our workforce and increase operational efficiencies. This included workforce reductions and contract terminations. As we assessed the performance of our operating results against our long-term operating goals and evaluated potential opportunities for improvement, the 2017 Restructuring Plan was expanded and additional restructuring charges were incurred in the fourth quarter of 2017 to further align our workforce. Some of our expenses are fixed costs that cannot be rapidly or easily adjusted in response to fluctuations in our business or numbers of employees. Rapid changes in the size, alignment or organization of our workforce, including sales account coverage, could adversely affect our ability to develop and deliver products and services as planned or impair our ability to realize our current or future business and financial objectives. Our ability to achieve the anticipated cost savings and other benefits from our restructuring initiatives within the expected time frame is subject to many estimates and assumptions. These estimates and assumptions are subject to significant economic, competitive and other uncertainties, some of which are beyond our control. If these estimates and assumptions are incorrect, if we are unsuccessful at implementing changes, or if other unforeseen events occur, our business and results of operations could be adversely affected.

***We face intense competition that could reduce our revenues and adversely affect our business and financial results.***

Competition is intense in the markets that we serve. The routing and switching markets have historically been dominated by Cisco, with competition coming from other companies such as Nokia Corporation (following its acquisition of Alcatel-Lucent), Arista, HPE, and Huawei. In the security market, we face intense competition from Cisco and Palo Alto Networks, as well as companies

such as Check Point, F5 Networks, and Fortinet. Further, a number of other small public and private companies have products or have announced plans for new products to address the same challenges and markets that our products address.

In addition, actual or speculated consolidation among competitors, or the acquisition by, or of, our partners and/or resellers by competitors can increase the competitive pressures faced by us as customers may delay spending decisions or not purchase our products at all. For example, in recent years, Nokia Corporation merged with Alcatel-Lucent, HPE acquired Aruba Networks, Cisco acquired Viptela, Symantec Corporation acquired Blue Coat Systems, and Dell acquired EMC, which further consolidated our market. A number of our competitors have substantially greater resources and can offer a wider range of products and services for the overall network equipment market than we do. In addition, some of our competitors have become more integrated, including through consolidation, and offer a broader range of products and services, which could make their solutions more attractive to our customers. Many of our competitors sell networking products as bundled solutions with other IT products, such as compute and storage systems. If we are unable to compete successfully against existing and future competitors on the basis of product offerings or price, we could experience a loss in market share and revenues and/or be required to reduce prices, which could reduce our gross margins, and which could materially and adversely affect our business, financial condition, and results of operations. Our partners and resellers generally sell or resell competing products on a non-exclusive basis and consolidation could delay spending or require us to increase discounts to compete, which could also adversely affect our business.

***The long sales and implementation cycles for our products, as well as our expectation that some customers will sporadically place large orders with short lead times, may cause our revenues and operating results to vary significantly from quarter-to-quarter.***

A customer's decision to purchase certain of our products, particularly new products, involves a significant commitment of its resources and a lengthy evaluation and product qualification process. As a result, the sales cycle may be lengthy. In particular, customers making critical decisions regarding the design and implementation of large network deployments may engage in very lengthy procurement processes that may delay or impact expected future orders. Throughout the sales cycle, we may spend considerable time educating and providing information to prospective customers regarding the use and benefits of our products. Even after making the decision to purchase, customers may deploy our products slowly and deliberately. Timing of deployment can vary widely and depends on the skill set of the customer, the size of the network deployment, the complexity of the customer's network environment, and the degree of hardware and operating system configuration necessary to deploy the products. Customers with large networks usually expand their networks in large increments on a periodic basis. Accordingly, we may receive purchase orders for significant dollar amounts on an irregular basis. These long cycles, as well as our expectation that customers will tend to sporadically place large orders with short lead times, both of which may be exacerbated by the impact of global economic weakness, may cause revenues and operating results to vary significantly and unexpectedly from quarter-to-quarter.

***The timing of product orders and/or our reliance on revenue from sales of certain software or subscriptions and professional, support and maintenance services may cause us to recognize revenue in a different period than the one in which a transaction takes place. This may make it difficult for investors to observe quarterly trends and may cause significant variations in our operating results and operating margin on a quarterly basis.***

Due to the cost, complexity and custom nature of configurations required by our customers; we generally build our network equipment products as orders are received. The volume of orders received late in any given fiscal quarter remains unpredictable. If orders for certain products are received late in any quarter, we may not be able to recognize revenue for these orders in the same period, which could adversely affect our ability to meet our expected revenues for such quarter.

In addition, services revenue accounts for a significant portion of our revenue, comprising 31%, 29%, and 27% of total revenue in fiscal year 2017, 2016, and 2015, respectively. Sales of new or renewal professional services, support and maintenance contracts may decline and/or fluctuate as a result of a number of factors, including end-customers' level of satisfaction with our products and services, the prices of our products and services or those offered by our competitors, and reductions in our end-customers' spending levels. We recognize professional services, support and maintenance revenue periodically over the term of the relevant service period.

The introduction of new software products and services is part of our intended strategy to expand our software business, and certain software revenues may be recognized periodically over the term of the relevant use period or subscription period. As a result, certain software, subscription and support and maintenance revenue we report each fiscal quarter is the recognition of deferred revenue from contracts entered into during previous fiscal quarters. Consequently, a decline in such new or renewed contracts in any one fiscal quarter will not be fully or immediately reflected in revenue in that fiscal quarter but will negatively affect our revenue in future fiscal quarters. Accordingly, the effect of significant downturns in new or renewed sales of certain software products, subscriptions or support and maintenance is not reflected in full in our operating results until future periods. Also, it is

difficult for us to rapidly increase such software or services revenue through additional sales in any period, as revenue from those software, subscription and support and maintenance contracts must be recognized over the applicable period.

Additionally, we determine our operating expenses largely on the basis of anticipated revenues and technology roadmap and a high percentage of our expenses are fixed in the short and medium term. As a result, a failure or delay in generating or recognizing revenue could cause significant variations in our operating results and operating margin from quarter-to-quarter.

***If we do not successfully anticipate technological shifts, market needs and opportunities, and develop products, product enhancements and business strategies that meet those technological shifts, needs and opportunities, or if those products are not made available or strategies are not executed in a timely manner or do not gain market acceptance, we may not be able to compete effectively and our ability to generate revenues will suffer.***

The markets for our products are characterized by rapid technological change, frequent new product introductions, changes in customer requirements, continuous pricing pressures and a constantly evolving industry. We may not be able to anticipate future technological shifts, market needs and opportunities or be able to develop new products, product enhancements or business strategies to meet such technological shifts, needs or opportunities in a timely manner or at all. For example, the move from traditional wide area network, or WAN, infrastructures towards software-defined WAN, or SD-WAN, has been receiving considerable attention. In our view, it will take several years to see the full impact of SD-WAN, and we believe the successful products and solutions in this market will combine hardware and software elements. If we fail to anticipate market requirements or opportunities or fail to develop and introduce new products, product enhancements or business strategies to meet those requirements or opportunities in a timely manner, it could cause us to lose customers, and such failure could substantially decrease or delay market acceptance and sales of our present and future products and services, which would significantly harm our business, financial condition, and results of operations. In addition, if we invest time, energy and resources in developing products for a market that doesn't develop, it could likewise significantly harm our business, financial condition, and results of operations. Even if we are able to anticipate, develop, and commercially introduce new products, enhancements or business strategies, there can be no assurance that new products, enhancements or business strategies will achieve widespread market acceptance.

In recent years, we have announced a number of new products and enhancements to our hardware and software products across routing, switching and security. The success of our new products depends on several factors, including, but not limited to, component costs, timely completion and introduction of these products, prompt resolution of any defects or bugs in these products, our ability to support these products, differentiation of new products from those of our competitors and market acceptance of these products.

The introduction of new software products is part of our intended strategy to expand our software business. We have also begun to disaggregate certain software from certain hardware products, such that customers would be able to purchase or license our hardware and software products independently, which we expect could in time enable our hardware to be deployed with third party networking applications and services and our software to be used with third party hardware. The success of our strategy to expand our software business, including our strategy to disaggregate software from certain hardware products, is subject to a number of risks and uncertainties, including:

- the additional development efforts and costs required to create new software products and/or to make our disaggregated products compatible with multiple technologies;
- the possibility that our new software products or disaggregated products may not achieve widespread customer adoption;
- the possibility that our strategy could erode our revenue and gross margins;
- the impact on our financial results of longer periods of revenue recognition for certain types of software products and changes in tax treatment associated with software sales;
- the additional costs associated with regulatory compliance and changes we need to make to our distribution chain in connection with increased software sales;
- the ability of our disaggregated hardware and software products to operate independently and/or to integrate with current and future third party products; and
- issues with third-party technologies used with our disaggregated products may be attributed to us.

If any of our new products or business strategies do not gain market acceptance or meet our expectations for growth, our ability

to meet future financial targets may be adversely affected and our competitive position and our business and financial results could be harmed.

***We are dependent on contract manufacturers with whom we do not have long-term supply contracts, and changes to or disruptions in those relationships or manufacturing processes, expected or unexpected, may result in delays that could cause us to lose revenues and damage our customer relationships.***

We depend on independent contract manufacturers (each of which is a third-party manufacturer for numerous companies) to manufacture our products. Although we have contracts with our contract manufacturers, these contracts do not require them to manufacture our products on a long-term basis in any specific quantity or at any specific price. In addition, it is time-consuming and costly to qualify and implement additional contract manufacturer relationships. Therefore, if we fail to effectively manage our contract manufacturer relationships, which includes failing to provide accurate forecasts of our requirements, or if one or more of them experiences delays, disruptions, or quality control problems in our manufacturing operations, or if we had to change or add additional contract manufacturers or contract manufacturing sites, our ability to ship products to our customers could be delayed. We have experienced in the past and may experience in the future an increase in the expected time required to manufacture our products or ship products. Such delays could result in supply shortfalls that damage our ability to meet customer demand for those products and could cause our customers to purchase alternative products from our competitors. Also, the addition of manufacturing locations or contract manufacturers or the introduction of new products by us would increase the complexity of our supply chain management. Moreover, an increasing portion of our manufacturing is performed in China and other foreign countries and is therefore subject to risks associated with doing business outside of the United States, including the possibility of import tariffs or regional conflicts. For example, the United States and Chinese governments have recently had discussions regarding potential import tariffs by both countries. These tariffs, depending upon their ultimate scope and how they are implemented, could negatively impact our business by increasing our costs and by making our products less cost competitive in China. Each of these factors could adversely affect our business, financial condition and results of operations.

***If we fail to accurately predict our manufacturing requirements, we could incur additional costs or experience manufacturing delays, which would harm our business.***

We provide demand forecasts for our products to our contract manufacturers and original design manufacturers, who order components and plan capacity based on these forecasts. If we overestimate our requirements, our original design or contract manufacturers may assess charges, or we may have liabilities for excess inventory, each of which could negatively affect our gross margins. For example, in certain prior quarters, our gross margins were reduced as a result of an inventory charge resulting from inventory we held in excess of forecasted demand. In addition, some optical modules we use are experiencing faster product transitions than our other products, which increases the risk that we could have excess inventory of those modules. Conversely, lead times for required materials and components vary significantly and depend on factors such as the specific supplier, contract terms, and the demand for each component at a given time. Given that our contract manufacturers are third-party manufacturers for numerous other companies, if we underestimate our requirements, as we have in certain prior quarters with respect to certain products, our contract manufacturers may have inadequate time, materials, and/or components required to produce our products. This could increase costs or delay or interrupt manufacturing of our products, resulting in delays in shipments and deferral or loss of revenues and could negatively impact customer satisfaction.

***System security risks, data protection breaches, and cyber-attacks could compromise our and our customers' proprietary information, disrupt our internal operations and harm public perception of our products, which could cause our business and reputation to suffer and adversely affect our stock price.***

In the ordinary course of business, we store sensitive data, including intellectual property, personal data, our proprietary business information and that of our customers, suppliers and business partners on our networks. In addition, we store sensitive data through cloud-based services that may be hosted by third parties and in data center infrastructure maintained by third parties. The secure maintenance of this information is critical to our operations and business strategy. The growing cyber risk environment means that individuals, companies, and organizations of all sizes, including Juniper, have been and are increasingly subject to the threat of intrusions on their networks and systems by a wide range of actors on an ongoing and regular basis. Despite our security measures, and those of our third-party vendors, our information technology and infrastructure has experienced breaches and may be vulnerable in the future to breach or attacks by computer programmers, hackers or sophisticated nation-state and nation-state supported actors or breached due to employee error or wrongful conduct, malfeasance, or other disruptions. If any breach or attack compromises our networks, creates system disruptions or slowdowns or exploits security vulnerabilities of our products, the information stored on our networks or those of our customers could be accessed and modified, publicly disclosed, lost or stolen, and we may be subject to liability to our customers, suppliers, business partners and others, and suffer reputational and financial harm. In addition, hardware, components and operating system software and applications that we produce or procure from third parties may contain

defects in design or manufacture, including "bugs", vulnerabilities and other problems that could unexpectedly interfere with the operation of our networks or expose us or our products to cyber attacks. This can be true even for "legacy" products that have been determined to have reached an end of life engineering status but will continue to operate for a limited amount of time.

When vulnerabilities are discovered, we evaluate the risk, apply patches or take other remediation actions as required and notify customers and suppliers when appropriate. All of this requires significant time and attention from management and our employees.

As a result of any actual or perceived breach of network security that occurs in our network or in the network of a customer of our products, regardless of whether the breach is attributable to our products, the market perception of the effectiveness of our products and our overall reputation could be harmed. As a large, well known provider of networking products, cyber attackers may specifically target our products or attempt to imitate us or our products in order to compromise a network. Because the techniques used by attackers, many of whom are highly sophisticated and well-funded, to access or sabotage networks change frequently and generally are not recognized until after they are used, we may be unable to anticipate or immediately detect these techniques or the vulnerabilities they have caused. This could impede our sales, manufacturing, distribution or other critical functions, which could have an adverse impact on our financial results. The economic costs to us to eliminate or alleviate cyber or other security problems, bugs, viruses, worms, malicious software systems and security vulnerabilities could be significant and may be difficult to anticipate or measure, because the damage may differ based on the identity and motive of the attacker, which are often difficult to pinpoint. Additionally, we could be subject to regulatory investigations, potential fines and litigation in connection with a security breach or related issue and be liable to third parties for these types of breaches.

***We are dependent on sole source and limited source suppliers for several key components, which makes us susceptible to shortages, quality issues or price fluctuations in our supply chain, and we may face increased challenges in supply chain management in the future.***

We rely on single or limited sources for certain of our components. During periods of high demand for electronic products, component shortages are possible, and the predictability of the availability of such components may be limited. For example, some optical transceivers and memory components used in our networking solutions might experience extended lead times and higher pricing, given the demand in the market. Any future spike in growth in our business, or more likely in IT spending and the economy in general is likely to create greater short-term pressures on us and our suppliers to accurately forecast overall component demand and to establish optimal component inventories. If shortages or delays persist, the price of these components may increase, or the components may not be available at all. We may not be able to secure enough components at reasonable prices or of acceptable quality to build products in a timely manner, and our revenues, gross margins and customer relationships could suffer until other sources can be developed. In addition, we have experienced, and from time-to-time may experience, component shortages or quality issues that resulted, or could result, in delays of product shipments and/or warranty or other claims. For example, in late 2016, we became aware of a defect in a clock-signal component from a third-party supplier that affected certain of our products and which resulted in remediation costs. As a result of this issue, we recorded a product cost of revenue charge that impacted our product gross margins for our fiscal year ended December 31, 2016 and three months ended March 31, 2017, and we may incur additional costs. We also currently purchase numerous key components, including ASICs and other semiconductor chips, from single or limited sources and many of our component suppliers are concentrated in China and Korea. In addition, there has been consolidation among certain suppliers of our components. For example, GLOBALFOUNDRIES acquired IBM's semiconductor manufacturing business, Avago Technologies Limited acquired Broadcom Corporation and Intel Corporation acquired Altera Corporation. Consolidation among suppliers can result in the reduction of the number of independent suppliers of components available to us, which could negatively impact our ability to access certain component parts or the prices we have to pay for such parts. In addition, our suppliers may determine not to continue a business relationship with us for other reasons that may be beyond our control. Any disruptions to our supply chain could decrease our sales, earnings and liquidity or otherwise adversely affect our business and result in increased costs. Such a disruption could occur as a result of any number of events, including, but not limited to, increases in wages that drive up prices, the imposition of regulations, quotas or embargoes on key components, labor stoppages, transportation failures affecting the supply and shipment of materials and finished goods, the unavailability of raw materials, severe weather conditions, natural disasters, civil unrest, military conflicts, geopolitical developments, war or terrorism and disruptions in utility and other services.

The development of alternate sources for key components is time-consuming, difficult, and costly. In addition, the lead times associated with certain components are lengthy and preclude rapid changes in quantities and delivery schedules. Also, long-term supply and maintenance obligations to customers increase the duration for which specific components are required, which may further increase the risk of component shortages or the cost of carrying inventory. In the event of a component shortage or supply interruption from these suppliers, we may not be able to develop alternate or second sources in a timely manner. If we are unable to buy these components in quantities sufficient to meet our requirements on a timely basis, we will not be able to deliver products

and services to our customers, which would seriously affect present and future sales, which would, in turn, adversely affect our business, financial condition, and results of operations.

In addition, the development, licensing, or acquisition of new products in the future may increase the complexity of supply chain management. Failure to effectively manage the supply of key components and products would adversely affect our business.

***We rely on value-added and other resellers, as well as distribution partners, to sell our products, and disruptions to, or our failure to effectively develop and manage, our distribution channel and the processes and procedures that support it could adversely affect our ability to generate revenues from the sale of our products.***

Our future success is highly dependent upon establishing and maintaining successful relationships with a variety of value-added and other reseller and distribution partners, including our worldwide strategic partners such as Ericsson, IBM, Dimension Data and NEC Corporation. The majority of our revenues are derived through value-added resellers and distributors, most of which also sell our competitors' products, and some of which sell their own competing products. Our revenues depend in part on the performance of these partners. The loss of or reduction in sales to our resellers or distributors could materially reduce our revenues. For example, in 2016, Nokia Corporation merged with Alcatel-Lucent, a competitor of ours, and in 2015 Cisco announced a partnership with Ericsson, which is one of our existing partners. Our competitors may in some cases be effective in leveraging their market share positions or in providing incentives to current or potential resellers and distributors to favor their products or to prevent or reduce sales of our products. If we fail to develop and maintain relationships with our partners, fail to develop new relationships with value-added resellers and distributors in new markets, fail to expand the number of distributors and resellers in existing markets, fail to manage, train or motivate existing value-added resellers and distributors effectively, determine that we cannot continue to do business with these partners for any reason or if these partners are not successful in their sales efforts, sales of our products may decrease, and our business, financial condition, and results of operations would suffer.

In addition, we recognize a portion of our revenues at the time we sell products to our distributors. If these sales are made based on inaccurate or untimely information, the amount or timing of our revenues could be adversely impacted.

We are also vulnerable to third parties who illegally distribute or sell counterfeit, stolen or unfit versions of our products, which has happened in the past and could happen in the future. Such sales could have a negative impact on our reputation and business.

Further, in order to develop and expand our distribution channel, we must continue to offer attractive channel programs to potential partners and scale and improve our processes and procedures that support the channel. As a result, our programs, processes and procedures may become increasingly complex and inherently difficult to manage. We have previously entered into OEM agreements with partners pursuant to which they rebrand and resell our products as part of their product portfolios. These types of relationships are complex and require additional processes and procedures that may be challenging and costly to implement, maintain and manage. Our failure to successfully manage and develop our distribution channel and the programs, processes and procedures that support it could adversely affect our ability to generate revenues from the sale of our products. We also depend on our global channel partners to comply with applicable legal and regulatory requirements. To the extent that they fail to do so, that could have a material adverse effect on our business, operating results, and financial condition.

***Our ability to process orders and ship products in a timely manner is dependent in part on our business systems and performance of the systems and processes of third parties such as our contract manufacturers, suppliers, data center providers or other partners, as well as the interfaces between our systems and the systems of such third parties. If our systems, the systems and processes of those third parties, or the interfaces between them experience delays or fail, our business processes and our ability to build and ship products could be impacted, and our financial results could be harmed.***

Some of our business processes depend upon our information technology, or IT, systems, the systems and processes of third parties, and the interfaces of our systems with the systems of third parties. For example, we are in the process of further consolidating our on-site data centers to the cloud and to off-site facilities that are hosted and controlled by third-parties. These cloud providers and off-site facilities are vulnerable to damage, interruption or performance problems from earthquakes, hurricanes, floods, fires, power loss, telecommunications failures, equipment failure, adverse events caused by operator error, cybersecurity attacks and similar events. In addition, because we lease our cloud storage space and off-site data center facilities, we cannot be assured that we will be able to expand our data center infrastructure to meet user demand in a timely manner, or on favorable economic terms. If we have issues receiving and processing data, this may delay our ability to provide products and services to our customers and damage our business. We also rely upon the performance of the systems and processes of our contract manufacturers to build and ship our products. If those systems and processes experience interruption or delay, our ability to build and ship our products in a timely manner may be harmed.

***Integration of acquisitions could disrupt our business and harm our financial condition and stock price and may dilute the ownership of our stockholders.***

We have made, and may continue to make, acquisitions in order to enhance our business. For example, in 2017 we acquired Cyphort Inc. and in 2016, we acquired AppFormix Inc., Aurion, Inc. and BTI Systems Inc. Acquisitions involve numerous risks, including, but not limited to, problems combining the purchased operations, technologies or products, unanticipated costs and liabilities, diversion of management's attention from our core businesses, adverse effects on existing business relationships with suppliers and customers, risks associated with entering markets in which we have no or limited prior experience, and potential loss of key employees. There can be no assurance that we will be able to integrate successfully any businesses, products, technologies, or personnel that we might acquire. The integration of businesses that we may acquire is likely to be a complex, time-consuming, and expensive process and we may not realize the anticipated revenues or other benefits associated with our acquisitions if we fail to successfully manage and operate the acquired business. If we fail in any acquisition integration efforts and are unable to efficiently operate as a combined organization utilizing common information and communication systems, operating procedures, financial controls, and human resources practices, our business, financial condition, and results of operations may be adversely affected.

In connection with certain acquisitions, we may agree to issue common stock or assume equity awards that dilute the ownership of our current stockholders, use a substantial portion of our cash resources, assume liabilities, record goodwill and amortizable intangible assets that will be subject to impairment testing on a regular basis and potential periodic impairment charges, incur amortization expenses related to certain intangible assets, and incur large and immediate write-offs and restructuring and other related expenses, all of which could harm our financial condition and results of operations.

***Telecommunications, cable and cloud service provider companies and our other large customers generally require onerous terms and conditions in our contracts with them. As we seek to sell more products to such customers, we may be required to agree to terms and conditions that could have an adverse effect on our business or impact the amount of revenues to be recognized.***

Telecommunications, cable and cloud service provider companies, which comprise a significant portion of our customer base, and other large companies, generally have greater purchasing power than smaller entities and, accordingly, often request and receive more favorable terms from suppliers. For example, our customers France Telecom-Orange and Deutsche Telekom AG have formed a company for the purpose of purchasing products from, and negotiating more favorable contractual terms with, suppliers. As we seek to sell more products to this class of customer, we may be required to agree to such terms and conditions, which may include terms that affect the timing of our ability to recognize revenue, increase our costs and have an adverse effect on our business, financial condition, and results of operations. Consolidation among such large customers can further increase their buying power and ability to require onerous terms.

In addition, service providers have purchased products from other vendors who promised but failed to deliver certain functionality and/or had products that caused problems or outages in the networks of these customers. As a result, these customers may request additional features from us and require substantial penalties for failure to deliver such features or may require substantial penalties for any network outages that may be caused by our products. These additional requests and penalties, if we are required to agree to them, may impact the amount of revenue recognition from such sales, which may negatively affect our business, financial condition and results of operations. In addition, increased patent litigation brought against customers by non-practicing entities in recent years, may result, and in some cases has resulted, in customers requesting or requiring vendors to absorb a portion of the costs of such litigation or providing broader indemnification for litigation, each of which could increase our expenses and negatively affect our business, financial condition and results of operations.

***We are a party to lawsuits, investigations, proceedings, and other disputes, which are costly to defend and, if determined adversely to us, could require us to pay fines or damages, undertake remedial measures or prevent us from taking certain actions, any or all of which could harm our business, results of operations, financial condition or cash flows.***

We, and certain of our current and former officers and current and former members of our Board of Directors, have been or are subject to various lawsuits. We have been served with lawsuits related to employment matters, commercial transactions and patent infringement, as well as securities laws. As noted in Note 14, *Commitments and Contingencies*, in Notes to Consolidated Financial Statements of this Report, under the heading of "Legal Proceedings", the U.S. Securities and Exchange Commission, or the SEC, is conducting, and the U.S. Department of Justice, or the DOJ, was previously conducting, investigations into possible violations by the Company of the U.S. Foreign Corrupt Practices Act, or the FCPA, in a number of countries. The investigations relate to certain of the Company's marketing practices and whether the Company or any third party on behalf of the Company gave anything

of value to any government official in violation of the FCPA. The Company's Audit Committee, with the assistance of independent advisors, has been investigating and conducting a thorough review of possible violations of the FCPA, and has made recommendations for remedial measures, including employee disciplinary actions in foreign jurisdictions, which the Company has implemented and continues to implement. Litigation and investigations are inherently uncertain. We therefore cannot predict the duration, scope, outcome or consequences of litigation and government investigations. In connection with any government investigations, including those in which we are currently involved as described above, if the government takes action against us or we agree to settle the matter, we may be required to pay substantial fines and incur other sanctions, which may be material, and suffer reputational harm. The lawsuits and investigations are expensive and time-consuming to defend, settle, and/or resolve, and may require us to implement certain remedial measures that could prove costly or disruptive to our business and operations. The unfavorable resolution of one or more of these matters could have a material adverse effect on our business, results of operations, financial condition or cash flows.

***We are a party to litigation and claims regarding intellectual property rights, resolution of which may be time-consuming and expensive, as well as require a significant amount of resources to prosecute, defend, or make our products non-infringing.***

Our industry is characterized by the existence of a large number of patents and frequent claims and related litigation regarding patent and other intellectual property rights. We expect that infringement claims may increase as the number of products and competitors in our market increases and overlaps occur. Third parties have asserted and may in the future assert claims or initiate litigation related to patent, copyright, trademark, and other intellectual property rights to technologies and related standards that are relevant to our products. The asserted claims and/or initiated litigation may include claims against us or our manufacturers, suppliers, partners, or customers, alleging that our products or services infringe proprietary rights. In addition, increased patent litigation brought by non-practicing entities in recent years may result, and in some cases has resulted, in our customers requesting or requiring us to absorb a portion of the costs of such litigation or providing broader indemnification for litigation, each of which could increase our expenses and negatively affect our business, financial condition and results of operations. Regardless of the merit of these claims, they have been and can be time-consuming, result in costly litigation, and may require us to develop non-infringing technologies, enter into license agreements, or cease engaging in certain activities or offering certain products or services. Furthermore, because of the potential for high awards of damages or injunctive relief that are not necessarily predictable, even arguably unmeritorious claims may be settled for significant amounts of money. If any infringement or other intellectual property claim made against us or anyone we are required to indemnify by any third-party is successful, if we are required to settle litigation for significant amounts of money, if we fail to develop non-infringing technology, if we incorporate infringing technology in our products or if we license required proprietary rights at material expense, our business, financial condition, and results of operations could be materially and adversely affected.

***Regulation of our industry in general and the telecommunications industry in particular could harm our operating results and future prospects.***

We are subject to laws and regulations affecting the sale of our products in a number of areas. For example, some governments have regulations prohibiting government entities from purchasing security products that do not meet specified indigenous certification criteria, even though those criteria may be in conflict with accepted international standards. Other regulations that may negatively impact our business include country of origin regulations. These types of regulations are in effect or under consideration in several jurisdictions where we do business.

The Dodd-Frank Wall Street Reform and Consumer Protection Act includes disclosure requirements applicable to public companies regarding the use of "conflict minerals" mined from the Democratic Republic of Congo and adjoining countries, which we refer to collectively as the DRC, and procedures regarding a manufacturer's efforts to prevent the sourcing of such "conflict minerals." These minerals are present in our products. In addition, the European Union reached agreement in late 2016 on a EU-wide conflict minerals rule under which most EU importers of tin, tungsten, tantalum, gold and their ores will have to conduct due diligence to ensure the minerals do not originate from conflict zones and do not fund armed conflicts. Large manufacturers also will have to disclose how they plan to monitor their sources to comply with the rules. The regulation was adopted in 2017 with compliance required by 2021.

In addition, environmental laws and regulations relevant to electronic equipment manufacturing or operations, including laws and regulations governing the hazardous material content of our products and laws relating to the collection of and recycling of electrical and electronic equipment, may adversely impact our business and financial condition. These laws and regulations include, among others, the European Union, or EU, Restriction on the Use of Certain Hazardous Substances in Electrical and Electronic Equipment Directive, or RoHS. The EU RoHS and the similar laws of other jurisdictions limit the content of certain hazardous materials, such as lead, mercury, and cadmium, in electronic equipment, including our products. Currently, our products comply with the EU RoHS requirements. However, certain exemptions are scheduled to lapse, or have lapsed. The lapse of any exemption, further

changes to this or other laws, or passage of similar laws in the EU or other jurisdictions, would require us to cease selling non-compliant products in the EU and to reengineer our products to use components compatible with these regulations. This reengineering and component substitution could result in additional costs to us, disrupt our operations or logistics, and result in an adverse impact on our operating results. In addition, in validating the compliance of our products with applicable hazardous materials restrictions, we rely substantially on affirmations by our component suppliers as to the compliance of their products with respect to those same restrictions. Failure by our component suppliers to furnish accurate and timely information could subject us to penalties or liability for violation of such hazardous materials restrictions, interrupt our supply of products to the EU, and result in our customers refusing or being unable to purchase our products. Additionally, the EU and a number of other countries have adopted regulations requiring producers of electrical and electronic equipment to assume certain responsibilities for collecting, treating, recycling and disposing of products when they have reached the end of their useful life. Finally, the EU REACH regulations regulate the handling of certain chemical substances that may be used in our products.

In addition, as a contractor and subcontractor to U.S. government departments and agencies, we are subject to Federal regulations pertaining to our IT systems. For instance, as a subcontractor to the U.S. Department of Defense, or DOD, the Defense Federal Acquisition Regulation Supplement (DFARS) required that our IT systems comply with the security and privacy controls described in National Institute of Standards and Technology Special Publication 800-171, or NIST SP 800-171 no later than December 31, 2017. The DFARS also requires that we flow the security control requirement down to certain of our own subcontractors. Failure to comply with these requirements could result in a loss of Federal government business, subject us to claims or other remedies for non-compliance and negatively impact our business, financial condition, and results of operations.

The telecommunications industry is highly regulated, and our business and financial condition could be adversely affected by changes in regulations relating to the Internet telecommunications industry. Currently, there are few laws or regulations that apply directly to access to or commerce on IP networks, but future regulations could include sales taxes on products sold via the Internet and Internet service provider access charges. We could be adversely affected by regulation of IP networks and commerce in any country where we market equipment and services to service providers or cloud provider companies. Regulations governing the range of services and business models that can be offered by service providers or cloud provider companies could adversely affect those customers' needs for products. For instance, in December 2017, the U.S. Federal Communications Commission repealed its 2015 regulations governing aspects of fixed broadband networks and wireless networks. This change in regulatory treatment of networks might impact service provider and cloud provider business models and, as such, providers' needs for Internet telecommunications equipment and services. Also, many jurisdictions are evaluating or implementing regulations relating to cyber security, supply chain integrity, privacy and data protection, any of which can affect the market and requirements for networking and security equipment.

The adoption and implementation of additional regulations could reduce demand for our products, increase the cost of building and selling our products, result in product inventory write-offs, impact our ability to ship products into affected areas and recognize revenue in a timely manner, require us to spend significant time and expense to comply, and subject us to fines and civil or criminal sanctions or claims if we were to violate or become liable under such regulations. Any of these impacts could have a material adverse effect on our business, financial condition, and results of operations.

***Governmental regulations and economic sanctions affecting the import or export of products generally or affecting products containing encryption capabilities could negatively affect our revenues and operating results.***

The United States and various foreign governments have imposed controls and restrictions on the export of, among other things, products that contain or use encryption technology. Most of our products contain or use encryption technology and, consequently, are subject to such controls, requirements and restrictions. Certain governments also control importation and in-country use of encryption items and technology. The scope, nature and severity of such controls vary widely across different countries and may change frequently over time. For example, China has promulgated cybersecurity regulations and published a new draft export law affecting networking products that may impair our ability to profitably market and sell our products in China. Certain countries' encryption control regimes may significantly limit our ability to sell major lines of our products in those countries.

Certain governments also impose special local content, certification, testing, source code review, escrow and governmental recovery of private encryption keys, or feature requirements on network equipment for purposes of government procurements. Similar requirements may also be imposed in procurements by state owned entities ("SOE's"). Our ability to sell into substantial government and SOE markets (whether or not the products we sell include encryption) is vulnerable to changes in applicable government procurement regulations, any associated local content requirements and changes in the government's interpretation of such regulations. In addition, the U.S. government has broader sanctions and embargoes that generally forbid supply of most items to or involving certain countries, territories, governments, legal entities and individuals, including restrictions imposed by the U.S.

and EU on exports to Russia and Ukraine. We have implemented systems to detect and prevent sales into these countries or to prohibited entities or individuals, but there can be no assurance that they will always be effective.

In addition, governments sometimes impose additional taxes on certain imported products. For example, the United States and Chinese governments have recently had discussions regarding potential import tariffs by both countries. These tariffs, depending upon their ultimate scope and how they are implemented, could negatively impact our business by increasing our costs and by making our products less cost competitive in China.

Governmental regulation of encryption or IP networking technology and regulation of imports or exports, or our failure to obtain required import or export approval for our products, or related economic sanctions could harm our international and domestic sales and adversely affect our revenues and operating results. In addition, failure to comply with such regulations could result in harm to our reputation and ability to compete in international markets, penalties, costs, seizure of assets (including source code) and restrictions on import or export privileges or adversely affect sales to government agencies or government-funded projects.

***Our actual or perceived failure to adequately protect personal data could adversely affect our business, financial condition and results of operations.***

A variety of state, national, foreign, and international laws and regulations apply to the collection, use, retention, protection, disclosure, transfer, and other processing of personal data. These privacy- and data protection-related laws and regulations are evolving, with new or modified laws and regulations proposed and implemented frequently and existing laws and regulations subject to new or different interpretations. Compliance with these laws and regulations can be costly and can delay or impede the development and offering of new products and services.

For example, we previously relied upon adherence to the U.S. Department of Commerce's Safe Harbor Privacy Principles and compliance with the U.S.-EU Safe Harbor Framework, which we refer to as the Safe Harbor, agreed to by the U.S. Department of Commerce and the EU. The Safe Harbor, which established means for legitimizing the transfer of personal data by U.S. companies from the European Economic Area, or EEA, to the U.S., was invalidated in 2015 by a decision of the European Court of Justice, or the ECJ. Now that the EU and U.S. have implemented a successor privacy framework called the Privacy Shield, we are reviewing and documenting our practices required to obtain certification under the Privacy Shield, in addition to entering into EU Model Contracts with our vendors where appropriate and feasible in anticipation of the possibility that either the Privacy Shield or EU Model Contracts may be legally challenged or voided like Safe Harbor in an uncertain political environment. In addition, the EU General Data Protection Regulation, which goes into full effect in May 2018, is expected to result in substantial changes to our compliance obligations, including contractual requirements for data transfers outside the EEA, and a significant increase in potential administrative fines for non-compliance. Similarly, the June 2016 approval by voters in the United Kingdom, or U.K., of a referendum to leave the EU could require us to make additional changes to the way we conduct our business and transmit data between the U.S., U.K., EU and the rest of the world.

Our actual or alleged failure to comply with applicable laws and regulations, or to protect personal data, could result in enforcement actions, significant penalties or other legal action against us or our customers or suppliers, which could result in negative publicity, increase our operating costs, subject us to claims or other remedies and have a material adverse effect on our business, financial condition, and results of operations.

***Our ability to develop, market, and sell products could be harmed if we are unable to retain or hire key personnel.***

Our future success depends upon our ability to recruit and retain the services of executive, engineering, sales and marketing, and support personnel. The supply of highly qualified individuals, in particular engineers in very specialized technical areas, or sales people with specialized industry expertise, is limited and competition for such individuals is intense. None of our officers or key employees is bound by an employment agreement for any specific term. The loss of the services of any of our key employees, the inability to attract or retain personnel in the future or delays in hiring required personnel, engineers and sales people, and the complexity and time involved in replacing or training new employees, could delay the development and introduction of new products, and negatively impact our ability to market, sell, or support our products.

A number of our team members are foreign nationals who rely on visas and entry permits in order to legally work in the United States and other countries. In recent years, the United States has increased the level of scrutiny in granting H-1(B), L-1 and other business visas. In addition, the current U.S. administration has indicated that immigration reform is a priority. Compliance with United States immigration and labor laws could require us to incur additional unexpected labor costs and expenses or could restrain our ability to retain skilled professionals. Any of these restrictions could have a material adverse effect on our business, results of operations and financial conditions.

***Our financial condition and results of operations could suffer if there is an impairment of goodwill or other intangible assets with indefinite lives.***

We are required to test intangible assets with indefinite lives, including goodwill, annually or more frequently if certain circumstances change that would more likely than not reduce the fair value of a reporting unit and intangible assets below their carrying values. As of March 31, 2018, our goodwill was \$3,096.2 million and intangible assets with indefinite lives was \$49.0 million. When the carrying value of a reporting unit's goodwill exceeds its implied fair value of goodwill, or if the carrying amount of an intangible asset with an indefinite life exceeds its fair value, a charge to operations is recorded. Either event would result in incremental expenses for that quarter, which would reduce any earnings or increase any loss for the period in which the impairment was determined to have occurred.

In the past, we recorded a goodwill impairment charge of \$850.0 million due to the underperformance of our Security reporting unit and product rationalizations.

From time to time, economic weakness has contributed to extreme price and volume fluctuations in global stock markets that have reduced the market price of many technology company stocks, including ours. Declines in our level of revenues or declines in our operating margins, or sustained declines in our stock price, increase the risk that goodwill and intangible assets with indefinite lives may become impaired in future periods.

During the three months ended June 30, 2017, we concluded that there were sufficient indicators to require us to perform an interim goodwill impairment analysis on our Security reporting unit. Based on our analysis, we determined that our Security reporting unit's goodwill was not impaired. However, our goodwill impairment analysis is sensitive to changes in key assumptions used in our analysis, such as expected future cash flows, the degree of volatility in equity and debt markets, and our stock price. If the assumptions used in our analysis are not realized, it is possible that an impairment charge may need to be recorded in the future. We cannot accurately predict the amount and timing of any impairment of goodwill or other intangible assets. However, any such impairment would have an adverse effect on our results of operations.

***Changes in effective tax rates or adverse outcomes resulting from examination of our income or other tax returns could adversely affect our results.***

Our future effective tax rates could be subject to volatility or adversely affected by the following: earnings being lower than anticipated in countries where we have lower statutory rates and higher than anticipated earnings in countries where we have higher statutory rates; changes in the valuation of our deferred tax assets and liabilities; expiration of, or lapses in, the R&D tax credit laws applicable to us; transfer pricing adjustments related to certain acquisitions, including the license of acquired intangibles under our intercompany R&D cost sharing arrangement; costs related to intercompany restructuring; tax effects of share-based compensation; challenges to our methodologies for valuing developed technology or intercompany arrangements; limitations on the deductibility of net interest expense; or changes in tax laws, regulations, accounting principles, or interpretations thereof. The Tax Cuts and Jobs Act of 2017 (the "Tax Act"), which was signed into law on December 22, 2017, makes significant changes to the taxation of U.S. business entities that will have a meaningful impact to our provision for income taxes. These changes include a reduction to the federal corporate income tax rate, the current taxation of certain foreign earnings, the imposition of base-erosion prevention measures which may limit the deduction of certain transfer pricing payments, and possible limitations on the deductibility of net interest expense or corporate debt obligations. Accounting for the income tax effects of the Tax Act requires significant judgments and estimates that are based on current interpretations of the Tax Act and could be affected by changing interpretations of the Act, as well as additional legislation and guidance around the Act. Any refinements to these provisional estimates are difficult to predict and could impact our results.

Furthermore, on October 5, 2015, the Organisation for Economic Co-operation and Development, or OECD, an international association of 35 countries including the U.S., published final proposals under its Base Erosion and Profit Shifting, or BEPS, Action Plan. The BEPS Action Plan includes fifteen Actions to address BEPS in a comprehensive manner and represents a significant change to the international corporate tax landscape. These proposals, as adopted by countries, may increase tax uncertainty and adversely affect our provision for income taxes. In addition, we are subject to the continuous examination of our income tax returns by the Internal Revenue Service, or IRS, and other tax authorities. It is possible that tax authorities may disagree with certain positions we have taken and any adverse outcome of such a review or audit could have a negative effect on our financial position and operating results. We regularly assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for income taxes, but the determination of our worldwide provision for income taxes and other tax liabilities requires significant judgment by management, and there are transactions where the ultimate tax determination is uncertain. Although we believe that our estimates are reasonable, the ultimate tax outcome may differ from the amounts recorded in our

consolidated financial statements and may materially affect our financial results in the period or periods for which such determination is made. There can be no assurance that the outcomes from continuous examinations will not have an adverse effect on our business, financial condition, and results of operations.

***We may face difficulties enforcing our proprietary rights, which could adversely affect our ability to compete.***

We generally rely on a combination of patents, copyrights, trademarks, and trade secret laws and contractual restrictions on disclosure of confidential and proprietary information, to establish and maintain proprietary rights in our technology and products. Although we have been issued numerous patents and other patent applications are currently pending, there can be no assurance that any of our patent applications will result in issued patents or that any of our patents or other proprietary rights will not be challenged, invalidated, infringed or circumvented or that our rights will, in fact, provide competitive advantages to us or protect our technology, any of which could result in costly product redesign efforts, discontinuance of certain product offerings and other competitive harm.

In addition, despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy aspects of our products or obtain and use information that we regard as proprietary. We generally enter into confidentiality or license agreements with our employees, consultants, vendors, and customers, and generally limit access to and distribution of our proprietary information. However, we cannot assure you that we have entered into such agreements with all parties who may have or have had access to our confidential information or that the agreements we have entered into will not be breached. We cannot guarantee that any of the measures we have taken will prevent misappropriation of our technology.

Furthermore, the laws of some foreign countries may not protect our proprietary rights to the same extent as do the laws of the United States. The outcome of any actions taken in these foreign countries may be different than if such actions were determined under the laws of the United States. Although we are not dependent on any individual patents or group of patents for particular segments of the business for which we compete, if we are unable to protect our proprietary rights in a market, we may find ourselves at a competitive disadvantage to others who need not incur the substantial expense, time, and effort required to create innovative products that have enabled our success.

***We are subject to risks arising from our international operations, which may adversely affect our business, financial condition, and results of operations.***

We derive a substantial portion of our revenues from our international operations, and we plan to continue expanding our business in international markets. We conduct significant sales and customer support operations directly and indirectly through our distributors and VARs in countries throughout the world and depend on the operations of our contract manufacturers and suppliers that are located outside of the United States. In addition, a portion of our R&D and our general and administrative operations are conducted outside the United States. In some countries, we may experience reduced intellectual property protection.

As a result of our international operations, we are affected by economic, business regulatory, social, and political conditions in foreign countries, including the following:

- changes in general IT spending,
- the imposition of government controls, inclusive of critical infrastructure protection;
- changes or limitations in trade protection laws or other regulatory requirements, which may affect our ability to import or export our products from various countries;
- laws that restrict sales of products developed or manufactured outside of the country;
- varying and potentially conflicting laws and regulations;
- fluctuations in local economies;
- wage inflation or a tightening of the labor market;
- tax policies that could have a business impact;
- potential import tariffs imposed by the United States and the possibility of reciprocal tariffs by foreign countries;

- data privacy rules and other regulations that affect cross border data flow; and
- the impact of the following on customer spending patterns: political considerations, unfavorable changes in tax treaties or laws, natural disasters, epidemic disease, labor unrest, earnings expatriation restrictions, misappropriation of intellectual property, military actions, acts of terrorism, political and social unrest and difficulties in staffing and managing international operations.

Any or all of these factors could have a material adverse impact on our business, financial condition, and results of operations.

In addition, the June 2016 approval by voters in the U.K. of a referendum to leave the EU and the U.K.'s formal initiation of the exit process in March 2017, commonly referred to as Brexit, has caused, and may continue to cause, uncertainty in the global markets. The U.K.'s exit from the EU, if implemented, will take some period of time to complete and could result in regulatory changes that impact our business. For example, changes to the way service providers conduct business and transmit data between the U.K. and the EU could require us to make changes to the way we handle customer data. We will also review the impact of any resulting changes to EU or U.K. law that could affect our operations, such as labor policies, financial planning, product manufacturing, and product distribution. Political and regulatory responses to the vote are still developing and we are in the process of assessing the impact the vote may have on our business as more information becomes available. Nevertheless, because we conduct business in the EU, including the U.K., any of the effects of Brexit, including those we cannot anticipate, could have a material adverse effect on our business, operating results, financial condition and cash flows.

Moreover, local laws and customs in many countries differ significantly from or conflict with those in the United States or in other countries in which we operate. In many foreign countries, it is common for others to engage in business practices that are prohibited by our internal policies and procedures or U.S. regulations applicable to us. There can be no assurance that our employees, contractors, channel partners, and agents will not take actions in violation of our policies and procedures, which are designed to ensure compliance with U.S. and foreign laws and policies. Violations of laws or key control policies by our employees, contractors, channel partners, or agents could result in termination of our relationship, financial reporting problems, fines, and/or penalties for us, or prohibition on the importation or exportation of our products, and could have a material adverse effect on our business, financial condition and results of operations.

***Our products are highly technical and if they contain undetected defects, errors or malware or do not meet customer quality expectations, our business could be adversely affected, and we may be subject to additional costs or lawsuits or be required to pay damages in connection with any alleged or actual failure of our products and services.***

Our products are highly technical and complex, are critical to the operation of many networks, and, in the case of our security products, provide and monitor network security and may protect valuable information. Our products have contained and may contain one or more undetected errors, defects, malware, or security vulnerabilities. These errors may arise from hardware or software we produce or procure from third parties. Some errors in our products may only be discovered after a product has been installed and used by end-customers. For example, in December 2015, we disclosed that we identified unauthorized code in ScreenOS that could allow a knowledgeable attacker to gain administrative access to NetScreen devices and to decrypt VPN connections.

Any errors, defects, malware or security vulnerabilities discovered in our products after commercial release could result in monetary penalties, negative publicity, loss of revenues or delay in revenue recognition, loss of customers, loss of future business and reputation, penalties, and increased service and warranty cost, any of which could adversely affect our business, financial condition, and results of operations. In addition, in the event an error, defect, malware, or vulnerability is attributable to a component supplied by a third-party vendor, we may not be able to recover from the vendor all of the costs of remediation that we may incur. In addition, we could face claims for product liability, tort, or breach of warranty or indemnification. Defending a lawsuit, regardless of its merit, is costly and may divert management's attention. If our business liability insurance coverage is inadequate, or future coverage is unavailable on acceptable terms or at all, our financial condition and results of operations could be harmed. Moreover, if our products fail to satisfy our customers' quality expectations for whatever reason, the perception of and the demand for our products could be adversely affected.

***We are exposed to fluctuations in currency exchange rates, which could negatively affect our financial condition and results of operations.***

Because a substantial portion of our business is conducted outside the United States, we face exposure to adverse movements in non-U.S. currency exchange rates. These exposures may change over time as business practices evolve and could have a material adverse impact on our financial condition and results of operations.

The majority of our revenues and expenses are transacted in U.S. Dollars. We also have some transactions that are denominated in foreign currencies, primarily the British Pound, Chinese Yuan, Euro, and Indian Rupee related to our sales and service operations outside of the United States. An increase in the value of the U.S. Dollar could increase the real cost to our customers of our products in those markets outside the United States in which we sell in U.S. Dollars. This could negatively affect our ability to meet our customers' pricing expectations in those markets and may result in erosion of gross margin and market share. A weakened U.S. Dollar could increase the cost of local operating expenses and procurement of raw materials to the extent we must purchase components in foreign currencies.

Currently, we hedge currency exposures associated with certain assets and liabilities denominated in nonfunctional currencies and periodically hedge anticipated foreign currency cash flows, with the aim of offsetting the impact of currency fluctuations on these exposures. However, hedge activities can be costly, and hedging cannot fully offset all risks, including long-term declines or appreciation in the value of the U.S. Dollar. If our attempts to hedge against these risks are not successful, or if long-term declines or appreciation in the value of the U.S. Dollar persist, our financial condition and results of operations could be adversely impacted.

***A portion of the transaction consideration we received from the divestiture of our Junos Pulse product portfolio is in the form of a non-contingent seller promissory note and we may not receive the amount owed to us (including accrued interest), including in the time frame contemplated, by the buyer under the note.***

In the fourth quarter of fiscal 2014, we completed the sale of our Junos Pulse product portfolio to an affiliate of Siris Capital, a private equity firm, for total consideration of \$230.7 million, of which \$125.0 million was in the form of an 18-month non-contingent interest-bearing promissory note issued to the Company. On October 2, 2015, we and the issuer of the promissory note agreed to modify the original terms of the note to extend the maturity date from April 1, 2016 to December 31, 2018. On May 1, 2017, we received a principal payment in the amount of \$75.0 million and outstanding interest on the note and we and the issuer agreed to further amend the terms of the note with respect to the remaining approximately \$58.0 million to, among other things, extend the maturity date from December 31, 2018 to September 30, 2022, provide that interest due can be paid in kind by increasing the outstanding principal amount of the note and subordinate the note to other debt issued by senior lenders. Since a portion of the transaction consideration is in the form of a non-contingent seller promissory note and the note is subordinated to debt issued by senior lenders, there is the risk that we may not receive the amount owed to us (including accrued interest), including in the time frame contemplated, under the note. In the event that the promissory note is not repaid on the terms we contemplate, any collection or restructuring efforts we undertake may be costly and require significant time and attention from our management and there is no guarantee that we will be able to recover the amounts owed to us in full.

***If we fail to adequately evolve our financial and managerial control and reporting systems and processes, our ability to manage and grow our business will be negatively affected.***

Our ability to successfully offer our products and implement our business plan in a rapidly evolving market depends upon an effective planning and management process. We will need to continue to improve our financial and managerial control and our reporting systems and procedures in order to manage our business effectively in the future. If we fail to effectively improve our systems and processes or we fail to monitor and ensure that these systems and processes are being used correctly, our ability to manage our business, financial condition, and results of operations may be negatively affected.

***If our products do not interoperate with our customers' networks, installations will be delayed or cancelled and could harm our business.***

Our products are designed to interface with our customers' existing networks, each of which have different specifications and utilize multiple protocol standards and products from other vendors. Many of our customers' networks contain multiple generations of products that have been added over time as these networks have grown and evolved. Our products must interoperate with many or all of the products within these networks as well as future products in order to meet our customers' requirements. If we find errors in the existing software or defects in the hardware used in our customers' networks, we may need to modify our software or hardware to fix or overcome these errors so that our products will interoperate and scale with the existing software and hardware, which could be costly and could negatively affect our business, financial condition, and results of operations. In addition, if our

products do not interoperate with those of our customers' networks, demand for our products could be adversely affected or orders for our products could be cancelled. This could hurt our operating results, damage our reputation, and seriously harm our business and prospects.

***Our products incorporate and rely upon licensed third-party technology, and if licenses of third-party technology do not continue to be available to us or are not available on terms acceptable to us, our revenues and ability to develop and introduce new products could be adversely affected.***

We integrate licensed third-party technology into certain of our products. From time to time, we may be required to renegotiate our current third party licenses or license additional technology from third-parties to develop new products or product enhancements or to facilitate new business models. Third-party licenses may not be available or continue to be available to us on commercially reasonable terms. The failure to comply with the terms of any license, including free open source software, may result in our inability to continue to use such license. Some of our agreements with our licensors may be terminated for convenience by them. In addition, we cannot be certain that our licensors are not infringing the intellectual property rights of third parties or that our licensors have sufficient rights to the licensed intellectual property in all jurisdictions in which we may sell our products. Third party technology we incorporate into our products that is deemed to infringe on the intellectual property of others may result, and in some cases has resulted, in limitations on our ability to source technology from those third parties, restrictions on our ability to sell products that incorporate the infringing technology, increased exposure to liability that we will be held responsible for incorporating the infringing technology in our products and increased costs involved in removing that technology from our products or developing substitute technology. Our inability to maintain or re-license any third-party licenses required in our products or our inability to obtain third-party licenses necessary to develop new products and product enhancements, could require us, if possible, to develop substitute technology or obtain substitute technology of lower quality or performance standards or at a greater cost, any of which could delay or prevent product shipment and harm our business, financial condition, and results of operations.

***We are required to evaluate the effectiveness of our internal control over financial reporting and publicly disclose material weaknesses in our controls. Any adverse results from such evaluation may adversely affect investor perception, and our stock price.***

Section 404 of the Sarbanes-Oxley Act of 2002 requires our management to assess the effectiveness of our internal control over financial reporting and to disclose in our filing if such controls were unable to provide assurance that a material error would be prevented or detected in a timely manner. We have an ongoing program to review the design of our internal controls framework in keeping with changes in business needs, implement necessary changes to our controls design and test the system and process controls necessary to comply with these requirements. If in the future, our internal controls over financial reporting are determined to be not effective resulting in a material weakness or significant deficiency, investor perceptions regarding the reliability of our financial statements may be adversely affected which could cause a decline in the market price of our stock and otherwise negatively affect our liquidity and financial condition.

***Failure to maintain our credit ratings could adversely affect our cost of funds and related margins, liquidity, competitive position and access to capital markets.***

The major credit rating agencies routinely evaluate our indebtedness. This evaluation is based on a number of factors, which include financial strength as well as transparency with rating agencies and timeliness of financial reporting. There can be no assurance that we will be able to maintain our credit ratings and failure to do so could adversely affect our cost of funds and related margins, liquidity, competitive position and access to capital markets.

***We may be unable to generate the cash flow to satisfy our expenses, make anticipated capital expenditures or service our debt obligations, including the Notes and the Revolving Credit Facility.***

As of March 31, 2018, we have issued \$2,150 million in aggregate principal amount of senior notes, which we refer to collectively as the Notes, and had \$2,137.0 million in outstanding short-term and long-term debt. In June 2014, we entered into a Credit Agreement with certain institutional lenders that provides for a five year \$500.0 million unsecured revolving credit facility, which we refer to as the Revolving Credit Facility, with an option to increase the Revolving Credit Facility by up to an additional \$200.0 million. The Credit Agreement will terminate in June 2019, at which point all amounts borrowed must be repaid. As of March 31, 2018, no amounts were outstanding under the Credit Agreement.

We may not be able to generate sufficient cash flow to enable us to satisfy our expenses, make anticipated capital expenditures or service our indebtedness, including the Notes and the Revolving Credit Facility (if drawn upon). Our ability to pay our expenses, satisfy our debt obligations, refinance our debt obligations and fund planned capital expenditures will depend on our future

performance, which will be affected by general economic, financial, competitive, legislative, regulatory and other factors beyond our control. Based upon current levels of operations, we believe cash flow from operations and available cash will be adequate for at least the next twelve months to meet our anticipated requirements for working capital, capital expenditures and scheduled payments of principal and interest on our indebtedness, including the Notes and the Revolving Credit Facility (if drawn upon). However, if we are unable to generate sufficient cash flow from operations or to borrow sufficient funds in the future to service our debt, we may be required to sell assets, reduce capital expenditures, refinance all or a portion of our existing debt (including the Notes) or obtain additional financing. There is no assurance that we will be able to refinance our debt, sell assets or borrow more money on terms acceptable to us, or at all.

The indentures that govern the Notes contain various covenants that limit our ability and the ability of our subsidiaries to, among other things:

- incur liens;
- incur sale and leaseback transactions; and
- consolidate or merge with or into, or sell substantially all of our assets to, another person.

The Credit Agreement contains two financial covenants along with customary affirmative and negative covenants that include the following:

- maintenance of a leverage ratio no greater than 3.0x and an interest coverage ratio no less than 3.0x
- covenants that limit or restrict the ability of the Company and its subsidiaries to, among other things, grant liens, merge or consolidate, dispose of all or substantially all of its assets, change their accounting or reporting policies, change their business and incur subsidiary indebtedness, in each case subject to customary exceptions for a credit facility of this size and type.

As a result of these covenants, we are limited in the manner in which we can conduct our business, and we may be unable to engage in favorable business activities or finance future operations or capital needs. Accordingly, these restrictions may limit our ability to successfully operate our business. A failure to comply with these restrictions could lead to an event of default, which could result in an acceleration of the indebtedness. Our future operating results may not be sufficient to enable compliance with these covenants to remedy any such default. In addition, in the event of an acceleration, we may not have or be able to obtain sufficient funds to make any accelerated payments, including those under the Notes, and the Revolving Credit Facility (if drawn upon).

In addition, certain changes under the Tax Act may result in limitations on the deductibility of our net business interest expenses. Beginning in 2018, the Tax Act generally limits the annual deduction for net business interest expense to an amount equal to 30% of adjusted taxable income. As a result, if our taxable income were to decline, we may not be able to fully deduct our net interest expense. These changes, among others under the Tax Act, could result in increases to our future U.S. tax expenses, which could have a material impact on our business.

***Our failure to pay quarterly dividends to our stockholders or the failure to meet our commitments to return capital to our stockholders could have a material adverse effect on our stock price.***

Our ability to pay quarterly dividends or achieve our intended capital return policy will be subject to, among other things, our financial position and results of operations, available cash and cash flow, capital and debt service requirements, use of cash for acquisitions and other factors. Any failure to pay or increase future dividends as announced, or a reduction or discontinuation of quarterly dividends could have a material adverse effect on our stock price.

We announced that, beginning in 2017, we intend to target a capital return policy, inclusive of share repurchases and dividends, of approximately 50% of annual free cash flow. Free cash flow is calculated as net cash provided by operating activities less capital expenditures. In January 2018, we announced that our Board of Directors approved a new \$2 billion buyback authorization, which replaced our prior authorization. In February 2018, as a part of our new buyback authorization, we entered into a \$750 million accelerated share repurchase program. In addition, our Board of Directors declared an increase to our quarterly cash dividend to \$0.18 per share, which reflects an increase of 80% compared to previous quarterly dividends. Any failure to meet our commitments to return capital to our stockholders could have a material adverse effect on our stock price.

***The investment of our cash balance and our investments in government and corporate debt securities and equity securities are subject to risks, which may cause losses and affect the liquidity of these investments.***

At March 31, 2018, we had \$2,614.2 million in cash and cash equivalents, \$834.2 million in short- and long-term investments. We have invested these amounts primarily in asset-backed securities, certificates of deposit, commercial paper, corporate debt securities, foreign government debt securities, money market funds, mutual funds, publicly-traded equity securities, time deposits, U.S. government agency securities, and U.S. government securities. We also have \$83.9 million in other long-term assets for our investments in privately-held companies. Certain of our investments are subject to general credit, liquidity, market, sovereign debt, and interest rate risks. Our future investment income may fall short of expectations due to changes in interest rates or if the decline in fair value of our publicly traded debt or equity investments is judged to be other-than-temporary. These market risks associated with our investment portfolio may have a material adverse effect on our liquidity, financial condition, and results of operations.

***Our amended and restated bylaws provide that the Court of Chancery of the State of Delaware will be the sole and exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees.***

Our amended and restated bylaws provide that, unless we consent to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or if the Court of Chancery does not have jurisdiction, the U.S. District Court for the District of Delaware) is the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf; (ii) any action asserting a claim of breach of fiduciary duty owed by any of our current or former directors, officers, or other employees to us or to our stockholders; (iii) any action asserting a claim arising pursuant to the Delaware General Corporation Law, our restated certificate of incorporation, or our bylaws; (iv) any action or proceeding asserting a claim as to which Delaware General Corporation Law confers jurisdiction on the Court of Chancery or (v) any action asserting a claim governed by the internal affairs doctrine. The exclusive forum provisions in our bylaws may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our current or former directors, officers, or other employees, which may discourage such lawsuits against us and our current or former directors, officers, and other employees. Alternatively, if a court were to find the exclusive forum provisions contained in our bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could have a material and adverse impact on our business.

***Uninsured losses could harm our operating results.***

We self-insure against many business risks and expenses, such as intellectual property litigation and our medical benefit programs, where we believe we can adequately self-insure against the anticipated exposure and risk or where insurance is either not deemed cost-effective or is not available. We also maintain a program of insurance coverage for various types of property, casualty, and other risks. We place our insurance coverage with various carriers in numerous jurisdictions. The types and amounts of insurance that we obtain vary from time to time and from location to location, depending on availability, cost, and our decisions with respect to risk retention. The policies are subject to deductibles, policy limits, and exclusions that result in our retention of a level of risk on a self-insurance basis. In addition, our insurance coverage may not be adequate to compensate us for all losses or failures that may occur. Losses not covered by insurance could be substantial and unpredictable and could adversely affect our financial condition and results of operations.

***Our stock price may be volatile.***

Historically, our common stock has experienced substantial price volatility, particularly as a result of variations between our actual financial results and the published expectations of analysts and as a result of announcements by our competitors and us. Furthermore, speculation in the press or investment community about our strategic position, financial condition, results of operations, business, security of our products, or significant transactions can cause changes in our stock price. In addition, the stock market has experienced extreme price and volume fluctuations that have affected the market price of many technology companies in particular and that have often been unrelated to the operating performance of these companies. These factors, as well as general economic and political conditions and the announcement of proposed and completed acquisitions or other significant transactions, or any difficulties associated with such transactions, by us or our current or potential competitors, may materially adversely affect the market price of our common stock in the future.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds****Purchases of Equity Securities by the Issuer and Affiliated Purchasers**

The following table provides stock repurchase activity during the three months ended March 31, 2018 (in millions, except per share amounts):

Period	Total Number of Shares Purchased <sup>(1)</sup>	Average Price Paid per Share <sup>(1)</sup>	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs <sup>(1)</sup>	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs <sup>(1)</sup>
January 1 - January 31, 2018	—	\$ —	—	\$ 2,000.0
February 1 - February 28, 2018	23.3	\$ 25.80	23.3	\$ 1,400.0
March 1 - March 31, 2018	—	\$ —	—	\$ 1,400.0
Total	23.3	\$ 25.80	23.3	

<sup>(1)</sup> Shares were repurchased under our Board approved 2018 Stock Repurchase Program, which authorized us to purchase an aggregate of up to \$2.0 billion of our common stock. Future share repurchases will be subject to a review of the circumstances in place at that time and will be made from time to time in private transactions or open market purchases as permitted by securities laws and other legal requirements, including Rule 10b-18 promulgated under the Exchange Act. This program may be discontinued at any time.

As part of the 2018 Stock Repurchase Program, we entered into the ASR in February 2018 with two financial institutions to repurchase \$750.0 million of our common stock. During the three months ended March 31, 2018, we made an up-front payment of \$750.0 million pursuant to the ASR and received and retired an initial 23.3 million shares of our common stock for an aggregate price of \$600.0 million based on the market value of our common stock on the date of the transaction. This does not represent the final number of shares to be delivered under the ASR. The remaining \$150.0 million was recorded as a forward contract indexed to the price of our common stock. For further explanation of our ASR, see Note 9, *Equity*, in Notes to Condensed Consolidated Financial Statements in Item 1 of Part I of this Report.

**Item 5. Other Information**

As previously disclosed, Vincent Molinaro, Executive Vice President and interim Chief Customer Officer of the Company, intends to step down from his role at such time as his successor has been named and is in place. Shortly thereafter, he will transition to part-time employment as an advisor to the Company for a period of up to one year. In connection with his future transition, the Company entered into a Letter Agreement, dated May 4, 2018, with Mr. Molinaro that outlines Mr. Molinaro's responsibilities, obligations, compensation and benefits, including during the period he acts as an advisor to the Company, which we refer to as the Advisory Period.

During the Advisory Period, Mr. Molinaro (i) will be paid a prorated portion of his base salary and will be eligible for a pro-rated portion of his annual cash bonus based on the number of hours he works, (ii) will continue to vest in his equity awards pursuant to their terms, (iii) will continue to receive standard health benefits made available to similarly situated employees, subject to satisfying eligibility requirements, and (iv) will remain subject to all Juniper policies and agreements applicable to him as an employee.

Subject to certain terms and conditions, including his continued compliance with Juniper policies and his Confidential Information and Invention Assignment Agreement and his execution of a release, Mr. Molinaro will be entitled to receive severance payments consistent with his Severance Agreement in the event he is not terminated for Cause (as defined by his Severance Agreement). Any bonus payments payable under his Severance Agreement will be prorated for the number of hours he works.

The foregoing summary of the Letter Agreement does not purport to be complete and is qualified in its entirety by reference to the text of the Letter Agreement, which is attached as Exhibit 10.4, and is incorporated herein by reference.

**Item 6. Exhibits**

<b>Exhibit Number</b>	<b>Description of Document</b>
10.1	<a href="#">Share Repurchase Transaction Agreement, dated February 12, 2018 between Juniper Networks, Inc. and Barclays Bank PLC, Inc., through its agent Barclays Capital, Inc.*</a>
10.2	<a href="#">Share Repurchase Transaction Agreement, dated February 12, 2018 between Juniper Networks, Inc. and Wells Fargo Bank, National Association*</a>
10.3	<a href="#">Employment Offer Letter, dated March 5, 2018, between Juniper Networks, Inc. and Manoj Leelanivas*++</a>
10.4	<a href="#">Letter Agreement, dated May 4, 2018, between Juniper Networks, Inc. and Vincent Molinaro*++</a>
12.1	<a href="#">Computation of Ratio of Earnings to Fixed Charges*</a>
31.1	<a href="#">Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934*</a>
31.2	<a href="#">Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934*</a>
32.1	<a href="#">Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350**</a>
32.2	<a href="#">Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350**</a>
101	The following materials from Juniper Network Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2018, formatted in XBRL (Extensible Business Reporting Language): (i) the Condensed Consolidated Statements of Operations (ii) the Condensed Consolidated Statements of Comprehensive Income, (iii) the Condensed Consolidated Balance Sheets, and (iv) the Condensed Consolidated Statements of Cash Flows, and (v) Notes to Condensed Consolidated Financial Statements*
101.INS	XBRL Instance Document*
101.SCH	XBRL Taxonomy Extension Schema Document*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document*
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document*
101.LAB	XBRL Taxonomy Extension Label Linkbase Document*
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document*

\*Filed herewith.

\*\*Furnished herewith.

++Indicates management contract or compensatory plan, contract or arrangement.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant had duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

Juniper Networks, Inc.

May 8, 2018 By: /s/ Kenneth B. Miller

\_\_\_\_\_  
Kenneth B. Miller

*Executive Vice President, Chief Financial Officer*

(Duly Authorized Officer and Principal Financial Officer)

May 8, 2018 By: /s/ Terrance F. Spidell

\_\_\_\_\_  
Terrance F. Spidell

*Vice President, Corporate Controller and Chief Accounting Officer*

(Duly Authorized Officer and Principal Accounting Officer)

Barclays Bank PLC  
5 The North Colonnade  
Canary Wharf, London E14 4BB  
Facsimile:+44(20)77736461  
Telephone: +44 (20) 777 36810

c/o Barclays Capital Inc.  
as Agent for Barclays Bank PLC  
745 Seventh Ave  
New York, NY 10019

**DATE:** February 12, 2018

**TO :** Juniper Networks, Inc.

**Attention :** Chief Financial Officer  
**Facsimile :** (408) 745-2100  
**Telephone :** (408) 745-2000  
**Email :** kmiller@juniper.net

**FROM:** Barclays Capital Inc., acting as Agent for Barclays Bank PLC  
**TELEPHONE :** (212) 412-4000

**SUBJECT:** Share Repurchase Transaction

The purpose of this letter agreement (this “ **Confirmation** ”) is to confirm the terms and conditions of the Transaction entered into between Barclays Bank PLC (“ **Dealer** ”), through its agent Barclays Capital Inc. (the “ **Agent** ”), and Juniper Networks, Inc. (“ **Counterparty** ”) on the Trade Date specified below (the “ **Transaction** ”). This Confirmation constitutes a “ **Confirmation** ” as referred to in the Agreement specified below. Dealer is not a member of the Securities Investor Protection Corporation (“ **SIPC** ”). Dealer is authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

The definitions and provisions contained in the 2002 ISDA Equity Derivatives Definitions (the “ **Equity Definitions** ”), as published by the International Swaps and Derivatives Association, Inc., are incorporated into this Confirmation. For purposes of the Equity Definitions, the Transaction shall be deemed to be a Share Forward Transaction.

Each party is hereby advised, and each such party acknowledges, that the other party has engaged in, or refrained from engaging in, substantial financial transactions and has taken other material actions in reliance upon the parties’ entry into the Transaction to which this Confirmation relates on the terms and conditions set forth below.

1. This Confirmation evidences a complete and binding agreement between Dealer and Counterparty as to the terms of the Transaction to which this Confirmation relates. This Confirmation shall supplement, form a part of and be subject to an agreement in the form of the ISDA 2002 Master Agreement (the “ **Agreement** ”) as if Dealer and Counterparty had executed an agreement in such form (without any Schedule and with such other elections set forth in this Confirmation except for (i) the election that subparagraph (ii) of Section 2(c) will not apply to the Transactions and (ii) the election that the “Cross Default”

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provisions of Section 5(a)(vi) shall apply to Dealer and Counterparty, with a “Threshold Amount” of 3% of Dealer’s shareholders’ equity for Dealer and with a “Threshold Amount” of \$100,000,000 for Counterparty, (provided that (a) the phrase “or becoming capable at such time of being declared” shall be deleted from clause (1) of such Section 5(a)(vi) of the Agreement and (b) the following sentence shall be added to the end thereof: “Notwithstanding the foregoing, a default under subsection (2) hereof shall not constitute an Event of Default if (i) the default was caused solely by error or omission of an administrative or operational nature; (ii) funds were available to enable the party to make the payment when due; and (iii) the payment is made within two Local Business Days of such party’s receipt of written notice of its failure to pay.”)) on the Trade Date. In the event of any inconsistency among this Confirmation, the Equity Definitions or the Agreement, the following will prevail for purposes of the Transaction in the order of precedence indicated: (i) this Confirmation; (ii) the Equity Definitions; and (iii) the Agreement. The parties hereby agree that no transaction other than the Transaction to which this Confirmation relates shall be governed by the Agreement. “ **Other ASR Transaction** ” shall mean the accelerated share repurchase transaction with the Transaction Reference Number provided to Dealer by Counterparty the Exchange Business Day after Trade Date of even date herewith between the Counterparty and Wells Fargo Bank, National Association.

2. The terms of the particular Transaction to which this Confirmation relates are as follows:

**General Terms:**

Trade Date:	February 12, 2018
Seller:	Dealer
Buyer:	Counterparty
Shares:	The Common Stock, par value USD 0.00001 per share, of Counterparty (Ticker symbol “JNPR”).
Prepayment:	Applicable.
Prepayment Amount:	As specified in Schedule A
Prepayment Date:	One Exchange Business Day following the Trade Date.
Initial Shares:	As specified in Schedule A.
Initial Share Delivery:	Dealer shall deliver a number of Shares equal to the Initial Shares to Counterparty on the Initial Share Delivery Date in accordance with Section 9.4 of the Equity Definitions, with the Initial Share Delivery Date being deemed to be a “Settlement Date” for purpose of such Section 9.4.
Initial Share Delivery Date:	One Exchange Business Days following the Trade Date.
Exchange:	The New York Stock Exchange.
Related Exchange(s): Relevant Day	The primary U.S. exchange on which options or futures with respect to the Shares are traded. Each day that is (i) listed in Schedule A and every second Scheduled Trading Day after the last day so listed (such day determined as of the Trade Date), in each case that occurs prior to the completion of all payments and deliveries under the Transaction and (ii) an Exchange Business Day.
Relevant Contract Day:	Each day listed in Schedule A and every second Scheduled Trading Day after the last day so listed (such day determined as of the Trade Date), in each case that occurs prior to the completion of all payments and deliveries under the Transaction.
Calculation Agent:	Dealer; provided that all determinations made by the Calculation Agent shall be made in good faith and in a commercially reasonable manner. Following any calculation by the Calculation Agent hereunder, upon a prior written request by Counterparty, the Calculation Agent will provide to Counterparty by e-mail to the e-mail address provided by Counterparty

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in such a prior written request a report (in a commonly used file format for the storage and manipulation of financial data) displaying in reasonable detail the basis for such calculation; and provided further that no transferee of the Transaction in accordance with the terms of this Confirmation shall act as Calculation Agent with respect to such transferred Transaction without the prior consent of Counterparty, such consent not to be unreasonably withheld. Calculation Agent shall not be obligated to disclose any proprietary models or proprietary information used by it for such determination or calculation. Notwithstanding anything to the contrary in this Confirmation, the Calculation Agent shall not adjust the Relevant Contract Days.

**Valuation:**

Trading Period:

The period of consecutive Relevant Days from, and including, the first Relevant Day following the Trade Date to, and including, the Maximum Maturity Date, as specified in Schedule A; *provided* that, with respect to the entire Transaction, Dealer may designate any Relevant Day on or after the Minimum Maturity Date (as specified in Schedule A) and prior to the Maximum Maturity Date as the last Relevant Day of the Trading Period (an “**Acceleration**”). Dealer shall notify Counterparty of any designation made pursuant to this provision on or prior to the Relevant Day immediately following such designated day; *provided*, that if Dealer expects that the Number of Shares to be Delivered will be a negative number as a result of any Acceleration prior to the Maximum Maturity Date, then Dealer shall use its commercially reasonable efforts to provide Counterparty notice of any such Acceleration at least two (2) Relevant Days prior to any such proposed Acceleration.

Market Disruption Event:

Section 6.3(a) of the Equity Definitions shall be amended by deleting the words “at any time during the one hour period that ends at the relevant Valuation Time, Latest Exercise Time, Knock-in Valuation Time or Knock-out Valuation Time, as the case may be” and replacing them with the words “at any time during the regular trading session on the Exchange, without regard to after hours or any other trading outside of the regular trading session hours”, by amending and restating clause (a)(iii) thereof in its entirety to read as follows: “(iii) an Early Closure that the Calculation Agent determines is material using a commercially reasonable manner” and by adding the words “or (iv) a Regulatory Disruption” after clause (a)(iii) as restated above.

Section 6.3(d) of the Equity Definitions is hereby amended by deleting the remainder of the provision following the term “Scheduled Closing Time” in the fourth line thereof.

Final Termination Date:

As specified in Schedule A.

Regulatory Disruption:

A “Regulatory Disruption” shall occur if Dealer determines, in a good faith commercially reasonable manner, that, based on advice of legal counsel, it is appropriate in light of legal, regulatory or self-regulatory requirements or related policies or procedures for Dealer (provided that such requirements, policies and procedures relate to legal, self-regulatory or regulatory issues and are generally applicable in similar situations and applied in a consistent manner in similar ASR transactions) to refrain from all or any part of the market activity, in order to establish or maintain a commercially reasonable hedge position, in which it would otherwise engage in connection with the Transaction. Dealer shall notify Counterparty as soon as practicable (but in no event later than two Scheduled Trading Days) that a Regulatory Disruption has occurred or concluded and, in connection with giving notice that a Regulatory

Disruption has concluded, the Relevant Days affected by such Regulatory Disruption. For the avoidance of doubt, an e-mail notice to cportman@juniper.net shall be deemed notice for the purpose of this provision.

Disrupted Day:

The definition of “Disrupted Day” in Section 6.4 of the Equity Definitions shall be amended by adding the following sentence after the first sentence: “A Relevant Contract Day on which a Related Exchange fails to open during its regular trading session will not be a Disrupted Day if the Calculation Agent determines that such failure will not have a material impact on Dealer’s ability to engage in or unwind any hedging transactions related to the Transaction”.

Consequence of Disrupted Days:

Notwithstanding anything to the contrary in the Equity Definitions, to the extent that a Relevant Contract Day during the Trading Period is a Disrupted Day, the Calculation Agent may in a good faith commercially reasonable manner postpone the Maximum Maturity Date and/or the Minimum Maturity Date; provided that in no event shall the Maximum Maturity Date be postponed to a date later than the Final Termination Date. If any Relevant Contract Day during the Trading Period is a Disrupted Day, the Calculation Agent shall determine whether (i) such Disrupted Day is a Disrupted Day in whole, in which case the 10b-18 VWAP for such Disrupted Day shall not be included for purposes of determining the Forward Price or (ii) such Disrupted Day is a Disrupted Day only in part, in which case the 10b-18 VWAP for such Disrupted Day shall be determined by the Calculation Agent based on Rule 10b-18 eligible transactions in the Shares on such Disrupted Day taking into account the nature and duration of the relevant Market Disruption Event, and the weighting of the 10b-18 VWAPs for the relevant Exchange Business Days during the Trading Period shall be adjusted by the Calculation Agent in a commercially reasonable manner for purposes of determining the Forward Price, based on, among other factors, the duration of any Market Disruption Event and the volume, historical trading patterns and price of the Shares. The Calculation Agent may determine that any day on which the Exchange is scheduled to close prior to its normal closing time shall be considered a Disrupted Day in whole. If a Disrupted Day occurs during the Trading Period or the Cash Settlement Pricing Period, as the case may be, and each of the nine immediately following Relevant Contract Days is a Disrupted Day (a “**Disruption Event**”), then the Calculation Agent, in its good faith and commercially reasonable discretion, may deem such Disruption Event to be an Additional Termination Event, with Counterparty as the sole Affected Party and the Transaction as the sole Affected Transaction.

Valuation Date:

The last Relevant Day of the Trading Period.

**Settlement Terms:**

Settlement Method Election:

Not Applicable; provided that if the Number of Shares to be Delivered is a negative number, Counterparty may elect Cash Settlement in lieu of Physical Settlement by written notice to Dealer delivered no later than 9:00 a.m. (New York City time) on the first Relevant Day immediately following the earlier of (i) notice of the designation of the final day of the Trading Period as a result of an Acceleration or (ii) the Maximum Maturity Date; provided that Counterparty on the date of such election shall be deemed to have represented as of such date that none of the Counterparty and its executive officers and directors is aware of any material nonpublic information regarding the Counterparty or Shares as of such date.

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Physical Settlement:	Applicable if the Number of Shares to be Delivered is (1) a positive number, in which case Dealer shall deliver to Counterparty on the Settlement Date the Number of Shares to be Delivered, or (2) a negative number and Counterparty does not make the election pursuant to the proviso under “Settlement Method Election” above, in which case Counterparty shall deliver to Dealer a number of Shares specified under “Physical Settlement by Counterparty” below, subject to paragraph 5(g) below. Section 9.11 of the Equity Definitions is hereby modified by excluding any representations therein relating to restrictions, obligations, limitations or requirements under applicable securities laws arising as a result of the fact that Counterparty is the Issuer of the Shares or the fact that any certificates representing such Shares contain a restrictive legend evidencing any such restrictions, obligations, limitations or requirements.
Forward Price:	The amount equal to (i) the arithmetic average of the 10b-18 VWAPs for each Relevant Day in the Trading Period (subject to “Consequence of Disrupted Days” above) <i>minus</i> (ii) the Discount.
Discount:	As specified in Schedule A.
10b-18 VWAP:	(A) For any Scheduled Trading Day that is not a Disrupted Day, the Rule 10b-18 volume-weighted average price at which the Shares trade as reported in the composite transactions for all United States securities exchanges on which such Shares are traded (or, if applicable, any successor Exchange), excluding (i) trades that do not settle regular way, (ii) opening (regular way) reported trades in the consolidated system on such Scheduled Trading Day (including, for the avoidance of doubt, the first reported trade on the Exchange following the scheduled open of trading on the Exchange), (iii) trades that occur in the last ten minutes before the scheduled close of trading on the Exchange on such Scheduled Trading Day and ten minutes before the scheduled close of the primary trading in the market where the trade is effected, and (iv) trades on such Scheduled Trading Day that do not satisfy the requirements of Rule 10b-18(b)(3) of the Securities Exchange Act of 1934, as amended (the “ <b>Exchange Act</b> ”), as determined in good faith and a commercially reasonable manner by the Calculation Agent, or (B) for any Relevant Day that is a Disrupted Day, an amount determined in good faith and in a commercially reasonable manner by the Calculation Agent as the 10b-18 VWAP pursuant to “Consequence of Disrupted Days” above. Counterparty acknowledges that the Calculation Agent may refer to the Bloomberg Page “JNPR” <Equity> AQR SEC” (or any successor thereto) for any Relevant Day to determine the 10b-18 VWAP.
Number of Shares to be Delivered:	A number of Shares equal to the difference between (i) the Share Amount <i>minus</i> (ii) the Initial Shares; provided that a number of Shares less than a whole number shall be rounded upward.
Share Amount:	The quotient of the Prepayment Amount <i>divided by</i> the Forward Price.
Settlement Date:	Unless otherwise provided in Physical Settlement by Counterparty or Cash Settlement by Counterparty, the second Exchange Business Day immediately following the last Relevant Day of the Trading Period; <i>provided</i> that if the Number of Shares to be Delivered is a negative number, the Dealer and Counterparty shall use commercially reasonable efforts to effect such Settlement Date based on a commercially reasonable period to unwind the hedge immediately following the Valuation Date.

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Physical Settlement by Counterparty:

If Physical Settlement by Counterparty applies, Counterparty shall elect, subject to paragraph 5(f), that the shares delivered (“ **Physical Settlement Shares** ”) (and any Make-Whole Shares, as such term is defined below) shall be (i) sold in transactions registered under the Securities Act of 1933, as amended (the “ **Securities Act** ”) (“ **Free Shares** ”) with such election being conditional upon the agreement between Dealer and Counterparty of reasonable and customary underwriting terms for companies of a similar size or in a similar industry, including but not limited to customary indemnification and contribution and due diligence in a manner customarily performed for companies of a similar size or in a similar industry (subject to customary confidentiality agreements for transactions of this type) (the “ **Underwriting Agreement** ”), or (ii) sold in transactions exempt from registration under the Securities Act (“ **Restricted Shares** ”). No fractional Shares shall be delivered in connection with Physical Settlement by Counterparty, and the value of any fractional Share otherwise deliverable shall be rounded up to the nearest whole Share. All Physical Settlement Shares delivered shall be freely transferable and free and clear of any lien, charge or other encumbrance, other than in the case of Restricted Shares restrictions on transfers relating to the exemption from registration under the Securities Act.

(a) If Counterparty elects to deliver Free Shares, Counterparty shall deliver a number of Free Shares equal to the absolute value of the Number of Shares to be Delivered on the Settlement Date.

(b) If Counterparty elects to deliver Restricted Shares, Counterparty shall deliver to Dealer an initial number of Restricted Shares on the Cash Settlement Date (as defined below) as determined by the following formula:

$$\frac{s}{p}$$

Where,

$s$  = the absolute value of the Cash Settlement Amount (as defined below); and

$p$  = the price per Share determined by Dealer in a commercially reasonable manner.

In the case of this clause (b), on the Cash Settlement Date, a balance (the “ **Settlement Balance** ”) shall be established with an initial balance equal to the absolute value of the Cash Settlement Amount. Following the sale of the Restricted Shares by Dealer, the Settlement Balance shall be reduced by an amount equal to the aggregate proceeds (net of any commercially reasonable brokerage and customary private placement fees) received by Dealer upon the sale of the Restricted Shares. If following the sale of some but not all of the Restricted Shares, the Settlement Balance has been reduced to zero, no additional Restricted Shares shall be sold by Dealer and Dealer shall redeliver to Counterparty any remaining Restricted Shares. If following the sale of the Restricted Shares, the Settlement Balance has not been reduced to zero, then Counterparty shall, at its election, (i) promptly deliver to Dealer an additional number of Shares (the “ **Make-Whole Shares** ”) equal to (x) the Settlement Balance as of such date *divided* by (y) the price per Restricted Share determined by Dealer in a commercially reasonable manner (the “ **Make- Whole Price** ”), subject to paragraph 5(o), or (ii) promptly deliver to Dealer cash in an amount equal to the then remaining Settlement Balance. This provision shall be applied successively ( *provided* that references to “Restricted Shares” herein shall be deemed to refer to the previous Make-Whole Shares) until the Settlement Balance is reduced to zero.

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Cash Settlement by Counterparty: Applicable if the Number of Shares to be Delivered is a negative number and Counterparty makes the election above pursuant to the proviso under “Settlement Method Election”, in which case Counterparty shall pay Dealer the absolute value of the Cash Settlement Amount on the Cash Settlement Date.

Cash Settlement Amount: The product of (i) the Number of Shares to be Delivered *multiplied* by (ii) Cash Settlement Price.

Cash Settlement Price: The volume weighted average price at which Dealer or an Affiliate of Dealer executes purchases of a number of Shares equal to the absolute value of the Number of Shares to be Delivered during the Cash Settlement Pricing Period.

Cash Settlement Pricing Period: A number of Relevant Days following the Trading Period during which Dealer purchases a number of Shares, over a commercially reasonable period in order to unwind a commercially reasonable hedge position, equal to the absolute value of the Number of Shares to be Delivered.

Cash Settlement Date: The second Exchange Business Day immediately following the Cash Settlement Pricing Period.

Settlement Currency: USD

**Adjustments:**

Method of Adjustment: Calculation Agent Adjustment; *provided* that the Equity Definitions shall be amended by replacing the words “diluting or concentrative” in Sections 11.2(a), 11.2(c) (in two instances) and 11.2(e)(vii) with the word “economic” and by adding the words “or the Transaction” after the words “theoretical value of the relevant Shares” in Section 11.2(a), 11.2(c) and 11.2(e)(vii); *provided further* that adjustments for any Potential Adjustment Event (other than pursuant to any Potential Adjustment Event defined in Sections 11.2(e)(i), 11.2(e)(ii)(A) and 11.2(e)(iii) of the Equity Definitions) may be made to account for changes in volatility, stock loan rate or liquidity relevant to the Shares or the Transaction; *provided further* that the parties agree that open market Share repurchases by Counterparty, if any, at the prevailing market price shall not be considered a Potential Adjustment Event, *provided further* that the repurchase of Shares pursuant to the Other ASR Transaction shall not be considered a Potential Adjustment Event. Notwithstanding anything to the contrary in Section 11.2(e) of the Equity Definitions, a Dividend (as well as any regular quarterly dividend in an amount equal to or less than the Regular Dividend as specified in Schedule A (as defined below) shall not constitute a Potential Adjustment Event.

For the avoidance of doubt, whenever the Calculation Agent, Determining Party, Seller or Dealer is called upon to make an adjustment pursuant to the terms of this Confirmation or the Equity Definitions to take into account the effect of an event, the Calculation Agent, Determining Party, Seller or Dealer shall make such adjustment in a commercially reasonable manner by reference to the effect of such assuming that Dealer maintains a commercially reasonable Hedge Position.

**Extraordinary Events:**

New Shares: Section 12.1(i) of the Equity Definitions is hereby amended by deleting the text in clause (i) in its entirety and replacing it with the phrase “publicly quoted, traded or listed on any of the New York Stock Exchange, the NASDAQ Global Select Market or the NASDAQ Global Market (or their respective successors) and”.

Share-for-Share: The definition of “Share-for-Share” set forth in Section 12.1(f) of the Equity Definitions is hereby amended by the deletion of the parenthetical

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in clause (i) thereof.

Cancellation and Payment (Calculation Agent Determination): Sections 12.2(e) and 12.3(d) and the first paragraph of Section 12.7(b) of the Equity Definitions shall be amended by inserting the words “or Share Forward Transaction” after the words “Option Transaction” in each place where such words appear therein. Section 12.7(c) shall be deleted from the Equity Definitions, and each reference in the Equity Definitions to “Section 12.7(c)” shall be replaced with a reference to “Section 12.7(b)”.

**Consequences of Merger Events:**

Merger Event: Applicable; *provided* Section 12.1(b) of the Equity Definitions is hereby amended by (i) adding the words “or Issuer” after the words “relevant Shares”; and (ii) deleting the word “or” after the parenthetical in line 10 thereof; *provided further* that solely for the purposes of any event that would give rise to any adjustment to the Discount by the Calculation Agent under this Transaction, the definition of Merger Event is hereby amended by (1) deleting the remainder of Section 12.1(b) following the definition of “Reverse Merger” in subsection (iv) thereof; and (2) adding the words “(v) the sale or transfer of all or substantially all of the assets of the Issuer, (vi) any acquisition by Issuer or any of its subsidiaries where the estimated value of the aggregate consideration transferable by Issuer or its subsidiaries exceeds 50% of the market capitalization of the Issuer, in each case, as determined by the Calculation Agent, in its commercially reasonable discretion, as of the date such acquisition is first announced or (vii) any lease, exchange, transfer, disposition (including, without limitation, by way of spin-off or distribution) of assets (including, without limitation, any capital stock or other ownership interests or other ownership interest in the Issuer’s subsidiaries) or other similar event by Issuer or any of its subsidiaries where the estimated value of the aggregate consideration transferable to or receivable by Issuer or its subsidiaries exceeds 25% of the market capitalization of the Issuer, in each case, as determined by the Calculation Agent, in its commercially reasonable discretion, as of the date such transaction is first announced” after subsection (iv).

Share-for-Share: Modified Calculation Agent Adjustment; *provided* that the Calculation Agent shall not adjust Relevant Contract Days.

Share-for-Other: Cancellation and Payment (Calculation Agent Determination).

Share-for-Combined: Cancellation and Payment (Calculation Agent Determination); *provided* that Dealer may elect Component Adjustment.

**Consequences of Tender Offers:**

Tender Offer: Applicable; *provided* that the definition of “Tender Offer” in Section 12.1 of the Equity Definitions will be amended by replacing the phrase “greater than 10% and less than 100% of the outstanding voting shares of the Issuer” in the third and fourth line thereof with “(a) greater than 10% and less than 100% of the outstanding Shares of the Issuer in the event that such Tender Offer is being made by the Issuer or any subsidiary thereof or (b) greater than 15% and less than 100% of the outstanding Shares of the Issuer in the event that such Tender Offer is being made by any entity or person other than the Issuer or any subsidiary thereof”.

Share-for-Share: Modified Calculation Agent Adjustment; *provided* that the Calculation Agent shall not adjust Relevant Contract Days.

Share-for-Other: Modified Calculation Agent Adjustment; *provided* that the Calculation Agent shall not adjust Relevant Contract Days.

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Share-for-Combined:	Modified Calculation Agent Adjustment; provided that the Calculation Agent shall not adjust Relevant Contract Days.
Modified Calculation Agent Adjustment:	For greater certainty, the definition of “Modified Calculation Agent Adjustment” in Sections 12.2 and 12.3 of the Equity Definitions shall be amended by (i) adding the following italicized language after the parenthetical provision: “(including adjustments to account for changes in volatility, expected dividends, stock loan rate or liquidity relevant to the Shares or to the Transaction) from the Exchange Business Day immediately preceding the Announcement Date or the Determination Date, as applicable, to the first Exchange Business Day immediately following the Merger Date (Section 12.2) or Tender Offer Date (Section 12.3)” and (ii) deleting the phrase “expected dividends,” from such parenthetical provision.
Announcement Date:	The definition of “Announcement Date” in Section 12.1 of the Equity Definitions shall be amended by (i) replacing the word “leads to the” in the third and the fifth lines thereof with the words “, if completed, would lead to a”; (ii) replacing the words “voting shares” in the fifth line thereof with the word “Shares”; and (iii) inserting the words “by any entity that is likely to be a party to the transaction” after the word “announcement” in the second and the fourth lines thereof; (iv) replacing the words “a firm” with the word “any” in the second and fourth lines thereof; (v) inserting the words “or to explore the possibility of engaging in” after the words “engage in” in the second line thereto; and (vi) inserting the words “or to explore the possibility of purchasing or otherwise obtaining” after the word “obtain” in the fourth line thereto.
Announcement Event:	If an Announcement Event has occurred, the Calculation Agent shall have the right to determine the economic effect of the Announcement Event on the theoretical value of the Transaction (including without limitation any change in volatility, stock loan rate or liquidity relevant to the Shares or to the Transaction) (i) at a time that it deems appropriate, from the Announcement Date to the date of such determination (the “ <b>Determination Date</b> ”), and (ii) on the Valuation Date or on a date on which a payment amount is determined pursuant to Section 6 of the Agreement or Sections 12.7 or 12.8 of the Equity Definitions, from the Exchange Business Day immediately preceding the Announcement Date or the Determination Date, as applicable, to the Valuation Date or the date on which a payment amount is determined pursuant to Section 6 of the Agreement or Sections 12.7 or 12.8 of the Equity Definitions. If any such economic effect is material, the Calculation Agent may either (i) adjust the terms of the Transaction to reflect such economic effect or (ii) terminate the Transaction, in which case the Determining Party will determine the Cancellation Amount payable by one party to the other; <i>provided</i> that the reference in Section 12.8(a) of the Equity Definitions to “Extraordinary Event” shall be replaced for this purpose with a reference to “Announcement Event.” “ <b>Announcement Event</b> ” shall mean the occurrence of the Announcement Date of a Merger Event or Tender Offer or of a potential Merger Event or potential Tender Offer, or any publicly announced change or amendment to any such announced transaction or event (including any announcement relating to the abandonment thereof); <i>provided</i> that if the Calculation Agent shall make any adjustment to the terms of the Share Forward Transaction upon the occurrence of a particular Announcement Event, then the Calculation Agent shall make an adjustment to the terms of the Share Forward Transaction upon any announcement regarding the same event that gave rise to the original Announcement Event, including, without limitation, regarding the abandonment of any such event.
Composition of Combined Consideration:	Not Applicable; provided that, notwithstanding Sections 12.5(b) and

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12.1(f) of the Equity Definitions, to the extent that the composition of the consideration for the relevant Shares pursuant to a Tender Offer or Merger Event could be elected by an actual holder of the Shares, the Calculation Agent will, in its commercially reasonable discretion, determine such composition.

Nationalization, Insolvency or Delisting:

Cancellation and Payment (Calculation Agent Determination); *provided* that, in addition to the provisions of Section 12.6(a)(iii) of the Equity Definitions, it will also constitute a Delisting if the Exchange is located in the United States and the Shares are not immediately re-listed, re-traded or re-quoted on any of the New York Stock Exchange, The NASDAQ Global Select Market or The NASDAQ Global Market (or their respective successors); if the Shares are immediately re-listed, re-traded or re-quoted on any such exchange or quotation system, such exchange or quotation system shall thereafter be deemed to be the Exchange.

**Additional Disruption Events:**

Change in Law:

Applicable; *provided* that Section 12.9(a)(ii) of the Equity Definitions is hereby amended by (i) replacing the phrase “the interpretation” in the third line thereof with the phrase “, or public announcement of, the formal or informal interpretation”, (ii) replacing the word “Shares” where it appears in clause (X) thereof with the words “Hedge Position” and (iii) immediately following the word “Transaction” in clause (X) thereof, adding the phrase “in the manner contemplated by the Hedging Party on the Trade Date”.

Failure to Deliver:

Not Applicable.

Insolvency Filing:

Applicable; *provided* that the definition of “Insolvency Filing” in Section 12.9 of the Equity Definitions shall be amended by deleting the clause “provided that such proceedings instituted or petitions presented by creditors and not consented to by the Issuer shall not be deemed an Insolvency Filing” at the end of such definition and replacing it with the following: “; or it has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation by a creditor and such proceeding is not dismissed, discharged, stayed or restrained in each case within 15 days of the institution or presentation thereof.”

Hedging Disruption:

Applicable.

Increased Cost of Hedging:

Applicable.

Loss of Stock Borrow:

Applicable; *provided* that Sections 12.9(a)(vii) and 12.9(b)(iv) of the Equity Definitions are amended by deleting the words “at a rate equal to or less than the Maximum Stock Loan Rate” and replacing it with the words “at a Borrow Cost equal to or less than the Maximum Stock Loan Rate”.

For purposes of Section 12.9 of the Equity Definitions, all references to “Hedging Shares” shall be deemed to be references to Dealer’s short position in respect of the Transaction.

Borrow Cost:

The cost to borrow the relevant Shares, as determined by the Calculation Agent in a commercially reasonable manner on the relevant date of determination. Such costs shall include (a) the spread below FED-FUNDS earned on collateral posted in connection with such borrowed Shares, net of any costs or fees, and (b) any stock loan borrow fee payable for such Shares, expressed as fixed rate per annum.

Maximum Stock Loan Rate:

200 basis points.

Increased Cost of Stock Borrow:

Applicable; *provided* that (a) Section 12.9(a)(viii) of the Equity Definitions

shall be amended by deleting “rate to borrow Shares” and replacing it with “Borrow Cost” and (b) Section 12.9(b)(v) of the Equity Definitions shall be amended by (i) adding the word “or” immediately before the phrase “(B)”, (ii) deleting subsection (C) in its entirety, (iii) replacing “either party” in the penultimate sentence with “the Hedging Party”, and (iv) replacing the word “rate” in clauses (X) and (Y) of the final sentence therein with the words “Borrow Cost”.

Initial Stock Loan Rate: 25 basis points.

FED FUNDS: For any day, the rate set forth for such day opposite the caption “Federal funds”, as such rate is displayed on the page “OBFR01 <Index> <GO>” on the BLOOMBERG Professional Service, or any successor page; *provided* that if no rate appears for any day on such page, the rate for the immediately preceding day for which a rate does so appear shall be used for such day.

Hedging Party: Dealer or an affiliate of Dealer that is involved in the hedging of the Transaction for all applicable Additional Disruption Events.

Hedge Positions: The definition of “Hedge Positions” in Section 13.2(b) of the Equity Definitions shall be amended by inserting the words “or an affiliate thereof” after the words “a party” in the third line.

Determining Party: Dealer for all applicable Extraordinary Events and any Announcement Event.

**Acknowledgments:**

Non-Reliance: Applicable.

Agreements and Acknowledgments Regarding Hedging Activities: Applicable.

Additional Acknowledgments: Applicable.

**3. Mutual Representations, Warranties and Agreements.**

In addition to the representations, warranties and agreements in the Agreement and those contained elsewhere herein, each of Dealer and Counterparty represents and warrants to, and agrees with, the other party that:

- (a) **Commodity Exchange Act.** It is an “eligible contract participant” within the meaning of Section 1a(18) of the U.S. Commodity Exchange Act, as amended (the “**CEA**”). The Transaction has been subject to individual negotiation by the parties. The Transaction has not been executed or traded on a “trading facility” as defined in Section 1a(51) of the CEA;
  - (b) **Securities Act.** It is a “qualified institutional buyer” as defined in Rule 144A under the Securities Act of 1933, as amended (the “**Securities Act**”), or an “accredited investor” as defined in Section 2(a)(15)(ii) of the Securities Act; and
  - (c) **ERISA.** The assets used in the Transaction (1) are not assets of any “plan” (as such term is defined in Section 4975 of the U.S. Internal Revenue Code (the “**Code**”)) subject to Section 4975 of the Code or any “employee benefit plan” (as such term is defined in Section 3(3) of the U.S. Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”)) subject to Title I of ERISA, and (2) do not constitute “plan assets” within the meaning of Department of Labor Regulation 2510.3- 101, 29 CFR Section 2510-3-101.
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#### 4. Representations, Warranties and Agreements of Counterparty.

In addition to the representations and warranties in the Agreement and those contained elsewhere herein, Counterparty further represents, warrants and agrees that:

- (a) Reserved.
  - (b) Counterparty shall promptly provide written notice to Dealer upon obtaining knowledge of the occurrence of any event that would constitute an Event of Default, a Potential Adjustment Event, a Merger Event or any other Extraordinary Event; *provided, however*, that should Counterparty be in possession of material non-public information regarding Counterparty, Counterparty shall not communicate such information to Dealer;
  - (c) (A) Counterparty is acting for its own account, and it has made its own independent decisions to enter into the Transaction and as to whether the Transaction is appropriate or proper for it based upon its own judgment and upon advice from such advisers as it has deemed necessary, (B) Counterparty is not relying on any communication (written or oral) of Dealer or any of its affiliates as investment advice or as a recommendation to enter into the Transaction (it being understood that information and explanations related to the terms and conditions of the Transaction shall not be considered investment advice or a recommendation to enter into the Transaction), (C) no communication (written or oral) received from Dealer or any of its affiliates shall be deemed to be an assurance or guarantee as to the expected results of the Transaction and (D) has total assets of at least USD 50,000,000 as of the date hereof;
  - (d) Counterparty (A) is capable of evaluating investment risks independently, both in general and with regard to all transactions and investment strategies involving a security or securities; and (B) will exercise independent judgment in evaluating the recommendations of any broker-dealer or its associated persons, unless it has otherwise notified the broker-dealer in writing;
  - (e) Counterparty's financial condition is such that it has no need for liquidity with respect to its investment in the Transaction and no need to dispose of any portion thereof to satisfy any existing or contemplated undertaking or indebtedness;
  - (f) Counterparty's investments in and liabilities in respect of the Transaction, which it understands are not readily marketable, are not disproportionate to its net worth, and Counterparty is able to bear any loss in connection with the Transaction, including the loss of its entire investment in the Transaction;
  - (g) Counterparty is not as of the Trade Date, and shall not be after giving effect to the Transaction, "insolvent" (as such term is defined in Section 101(32) of the U.S. Bankruptcy Code (Title 11 of the United States Code) (the "**Bankruptcy Code**")) and Counterparty would be able to purchase the number of Shares underlying with the Transaction in compliance with the laws of the jurisdiction of Counterparty's incorporation or organization;
  - (h) the Transaction, and any repurchase of the Shares by Counterparty in connection with the Transaction, is pursuant to a publicly announced Share repurchase program that has been approved by Counterparty's board of directors, a copy of such approval to be provided to Dealer upon request, (including engaging in related derivative transactions) and any such repurchase has been, or shall if so required be, publicly disclosed in its periodic filings under the Exchange Act and its financial statements and notes thereto;
  - (i) Counterparty understands, agrees and acknowledges that Dealer has no obligation or intention to register the Transaction under the Securities Act, any state securities law or other applicable federal securities law;
  - (j) (A) each of Counterparty's filings under the Securities Act and the Exchange Act that are required to be filed have been filed and (B) as of the respective dates thereof and as of the Trade Date, such filings when considered as a whole (with the more recent such filings deemed to amend inconsistent statements contained in any earlier such filings) do not contain any misstatement of a material fact or omit any material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading;
  - (k) Counterparty is not, and after giving effect to the Transaction will not be, required to register as an "investment
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company” as such term is defined in the Investment Company Act of 1940, as amended;

- (l) Counterparty understands, agrees and acknowledges that no obligations of Dealer to it hereunder shall be entitled to the benefit of deposit insurance and that such obligations shall not be guaranteed by any affiliate of Dealer or any governmental agency;
- (m) without limiting the generality of Section 13.1 of the Equity Definitions, Counterparty acknowledges that Dealer is not making any representations or warranties with respect to the treatment of the Transaction under any accounting standards, including ASC Topic 260, Earnings Per Share, ASC Topic 815, Derivatives and Hedging, ASC Topic 480, Distinguishing Liabilities from Equity and ASC 815-40, Derivatives and Hedging - Contracts in Entity’s Own Equity (or any successor issue statements) or under FASB’s Liabilities & Equity Project;
- (n) Counterparty is not entering into the Transaction for the purpose of (i) creating actual or apparent trading activity in the Shares (or any security convertible into or exchangeable for the Shares) or (ii) manipulating the price of, or facilitating a distribution of, the Shares (or any security convertible into or exchangeable for the Shares);
- (o) Counterparty has not entered into any obligation that would contractually limit it from effecting settlement under the Transaction and it agrees not to enter into any such obligation during the term of the Transaction;
- (p) no federal, state or local (including non-U.S. jurisdictions) law, rule, regulation or regulatory order applicable to the Shares would give rise to any reporting, consent, registration or other requirement (including without limitation a requirement to obtain prior approval from any person or entity) as a result of Dealer or its affiliates owning or holding (however defined) Shares other than any such law, rule, regulation or order that applies (A) to the beneficial ownership of Shares under the Exchange Act or (B) solely as a result of the business, identity, place of business or jurisdiction of organization of Dealer or any such affiliate; and
- (q) the Available Share Number is equal to or greater than the Maximum Share Number (each, as defined below), and any Shares delivered by Counterparty hereunder shall, when delivered in accordance with the terms hereof, be validly issued, fully paid and non-assessable.

5. **Other Provisions:**

- (a) **Method of Delivery.** Whenever delivery of funds or other assets is required hereunder by or to Counterparty, such delivery shall be effected through Agent. In addition, all notices, demands and communications of any kind relating to the Transaction between Dealer and Counterparty shall be transmitted exclusively through Agent.
  - (b) **Rule 10b-18.**
    - (i) Except as disclosed to Dealer in writing prior to the Trade Date, Counterparty represents and warrants to Dealer that it has not made any purchases of blocks by or for itself or any of its Affiliated Purchasers pursuant to the one block purchase per week exception in clause (b)(4) of Rule 10b-18 under the Exchange Act (“ **Rule 10b-18** ”) during each of the four calendar weeks preceding such date (“ **Rule 10b-18 purchase** ”, “ **blocks** ” and “ **Affiliated Purchaser** ”, each as defined in Rule 10b-18).
    - (ii) Counterparty agrees that it (A) will not, on any day during the Trading Period, any Cash Settlement Pricing Period (regardless of whether Cash Settlement by Counterparty applies) or any period (a “ **Share Termination Period** ”) beginning on the date of any cancellation or termination of the Transaction and ending on the date on which the Payment Obligation is satisfied or Termination Delivery Units are delivered pursuant to paragraph 5(m), as the case may be, make, or permit to be made (to the extent within Counterparty’s control), any public announcement (as defined in Rule 165(f) under the Securities Act) of any Merger Transaction or potential Merger Transaction (a “ **Public Announcement** ”) unless such public announcement is made prior to the opening or after the close of the regular trading session on the Exchange for the Shares; (B) shall promptly (but in any event prior to the next opening of the regular trading session on the Exchange) notify Dealer following any such announcement that such announcement has been made; and (C) shall promptly (but in any
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event prior to the next opening of the regular trading session on the Exchange) provide Dealer with written notice specifying (i) Counterparty's average daily Rule 10b-18 Purchases (as defined in Rule 10b-18) during the three full calendar months immediately preceding the announcement date that were not effected through Dealer or its affiliates and (ii) the number of Shares purchased pursuant to the proviso in Rule 10b-18(b)(4) under the Exchange Act for the three full calendar months preceding the announcement date. Such written notice shall be deemed to be a certification by Counterparty to Dealer that such information is true and correct in all material respects. In addition, Counterparty shall promptly notify Dealer of the earlier to occur of the completion of such transaction and the completion of the vote by target shareholders. "**Merger Transaction**" means any merger, acquisition or similar transaction involving a recapitalization as contemplated by Rule 10b-18(a)(13)(iv) under the Exchange Act. Counterparty acknowledges that a Public Announcement could result in the occurrence of a Regulatory Disruption and shall comply with paragraphs 5(c) and 5(c) below, and the parties agree that any such occurrence shall be treated as a Potential Adjustment Event hereunder.

- (c) **Rule 10b5-1.** It is the intent of the parties that the Transaction comply with the requirements of Rule 10b5-1(c)(1)(i)(A) and (B) of the Exchange Act ("**Rule 10b5-1**"), and the parties agree that this Confirmation shall be interpreted to comply with the requirements of Rule 10b5-1(c), and Counterparty shall take no action that results in the Transaction not so complying with such requirements. For the avoidance of doubt, the parties hereto acknowledge that entry into any Other ASR Transactions shall not fall within the ambit of the previous sentence. Without limiting the generality of the preceding sentence, Counterparty acknowledges and agrees that (A) Counterparty does not have, and shall not attempt to exercise, any influence over how, when or whether Dealer (or its affiliate) effects any purchases in connection with the Transaction, (B) during the Trading Period, any Cash Settlement Pricing Period (regardless of whether Cash Settlement by Counterparty applies) and any Share Termination Period neither Counterparty nor its officers or employees shall, directly or indirectly, communicate any information regarding Counterparty or the Shares to any employee of Dealer or its affiliates who is directly involved with the hedging of and trading with respect to the Transaction, (C) Counterparty is entering into the Transaction in good faith and not as part of a plan or scheme to evade compliance with federal securities laws including, without limitation, Rule 10b-5 under the Exchange Act ("**Rule 10b-5**") and (D) Counterparty will not alter or deviate from this Confirmation or enter into or alter a corresponding or hedging transaction or position with respect to the Shares. Counterparty also acknowledges and agrees that any amendment, modification, waiver or termination of this Confirmation must be effected in accordance with the requirements for the amendment or termination of a "plan" as defined in Rule 10b5-1(c). Without limiting the generality of the foregoing, any such amendment, modification, waiver or termination shall be made in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b-5 and no such amendment, modification or waiver shall be made at any time at which Counterparty or any officer or director of Counterparty is aware of any material non-public information regarding Counterparty or the Shares.
- (d) **Company Purchases.** Without the prior written consent of Dealer and except for purchases that are not solicited by or on behalf of Counterparty, its affiliates or affiliated purchasers (each as defined in Rule 10b-18 of the Exchange Act) or purchases executed by Dealer or an Affiliate of Dealer, Counterparty shall not purchase, and shall cause its affiliates or affiliated purchasers not to directly or indirectly (including, without limitation, by means of any cash-settled or other derivative instrument) purchase, offer to purchase, place any bid or limit order that would effect a purchase of, or enter into any derivative transaction that would reasonably be expected to result in any purchase of, or commence any tender offer relating to, any Shares (or an equivalent interest, including a unit of beneficial interest in a trust or limited partnership or a depository share) or any security convertible into or exchangeable or exercisable for Shares on any Relevant Contract Day during the Trading Period, any Cash Settlement Pricing Period (regardless of whether Cash Settlement by Counterparty applies) or any Share Termination Period; *provided* that this Section 5(d) shall not (i) limit the Counterparty's ability, pursuant to its employee incentive plan or dividend reinvestment program, to re-acquire Shares in connection with the related equity transactions, (ii) limit Counterparty's ability to withhold shares to cover tax liabilities associated with such equity transactions or (iii) limit Counterparty's ability to grant stock and options to "affiliated partners" (as defined in Rule 10b-18) or the ability of such affiliated purchasers to acquire such stock or options, in connection with the Counterparty's compensation policies for directors, officers and employees or any agreements with respect to the compensation of directors, officers or employees of any entities that are acquisition targets of Counterparty, and in connection with any such purchase Counterparty will be deemed to represent to Dealer that such purchase does not constitute a "Rule 10b-18 Purchase";
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*provided further* that Counterparty may repurchase a number of shares in the open market on such Relevant Contract Day up to 5% of the ADTV (as defined under Rule 10b-18) available on such Relevant Contract Day through Dealer pursuant to customary open market repurchase documentation agreed to between the Counterparty and Dealer in compliance with the provisions of Rule 10b-18.

- (e) **Regulation M.** Counterparty is not on the date hereof, engaged in a distribution, as such term is used in Regulation M under the Exchange Act (“**Regulation M**”), of any securities of Counterparty, other than issuance of securities or activities exempted from Regulation M by reasons of Rule 101(b) and (c) and 102(b), (c) and (d) of Regulation M. Counterparty shall not, until the last date on which Shares or Termination Delivery Units are deliverable, or any cash is payable, by either party in respect of the Transaction, engage in any such distribution without prior notice to Dealer (a “**Distribution Notice**”); *provided* that Counterparty may only deliver up to three (3) Distribution Notices during the Trading Period. Counterparty acknowledges that delivery of a Distribution Notice could result in the occurrence of a Regulatory Disruption and shall comply with paragraph 5(c) above; *provided* that delivery of a Distribution Notice in accordance with this Section 5(e) (and the underlying distribution giving rise to such Distribution Notice) shall not be treated as a Potential Adjustment Event hereunder unless such Disruption Notice or Distribution Notices lead to more than eight Disrupted Days in the Trading Period.
- (f) **Additional Termination Events; Adjustment for Early Dividends.**
- (i) Notwithstanding any other provision hereof, an “Additional Termination Event” shall occur and Counterparty shall be the sole Affected Party pursuant to such Additional Termination Event if on any day occurring after the Trade Date and on or prior to the last Scheduled Trading Day in the Trading Period or, in any Cash Settlement Pricing Period (regardless of whether Cash Settlement by Counterparty applies) or any Share Termination Period:
1. Counterparty declares a distribution, issue or dividend to existing holders of the Shares with an ex-dividend date on or prior to the Valuation Date of (i) an extraordinary cash dividend (other than any regular quarterly dividend in an amount equal to or less than the Regular Dividend as specified in Schedule A), (ii) a regular quarterly dividend in an amount greater than the Regular Dividend as specified in Schedule A, (iii) securities or share capital of another issuer acquired or owned (directly or indirectly) by Counterparty as a result of a spin-off or other similar transaction or (iv) any other type of securities (other than Shares, which may constitute a Potential Adjustment Event), rights or warrants or other assets, in any case for no payment or for payment (cash or other consideration) at less than the prevailing market price as determined by Dealer (other than any dividend of any rights to holders of Shares pursuant to an adoption by Counterparty of a stockholder rights plan during the term of the Transaction; *provided* that any triggering or other event that results in such rights becoming separated or distributed shall constitute a Dividend hereunder) (any such distribution, issue or dividend, a “**Dividend**”). For avoidance of doubt, such Dividend will not be included in the Payment Obligation (as defined below); or
  2. The price per Share, as determined by the Calculation Agent, on any Exchange Business Day falls below \$12.49. In the case of this clause (ii), if Dealer so notifies Counterparty (notwithstanding Section 6(b) of the Agreement), such Exchange Business Day shall constitute the relevant Early Termination Date.
- (ii) If on any day, occurring after the Trade Date and on or prior to the last Relevant Day in the Trading Period, Counterparty declares a distribution, issue or dividend to existing holders of the Shares with an ex-dividend date on or prior to the Valuation Date that is earlier than the expected ex-dividend date specified in Schedule A, the Calculation Agent shall in a good faith commercially reasonable manner make such adjustments to the exercise, settlement, payment or any other terms of the Transaction as the Calculation Agent determines appropriate to account for the economic effect on the Transaction of such event.
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- (g) **Share Delivery Conditions** . If Physical Settlement by Counterparty applies, Counterparty may deliver Free Shares in respect of its settlement obligations only if the following conditions have been satisfied (the “**Registration Provisions**”): (i) a registration statement (“**Registration Statement**”) (which may be a shelf registration statement filed pursuant to Rule 415 under the Securities Act) covering public resale by Dealer (or an affiliate thereof) of any Shares delivered by Counterparty to Dealer under such Physical Settlement by Counterparty (“**Settlement Shares**”) shall have been filed with, and declared effective by, the Securities and Exchange Commission no later than the Settlement Date and such Registration Statement continues to be in effect at all times to and including the date that Dealer or its affiliate(s) has fully and finally sold any Settlement Shares hereunder (“**Distribution**”) ( *provided* that Dealer shall use its commercially reasonable efforts to complete such Distribution as soon as reasonably practicable), (ii) the contents of such Registration Statement and of any prospectus supplement to the prospectus included therein (including, without limitation, any sections describing the plan of distribution) shall be reasonably satisfactory to Dealer, (iii) Dealer shall have been afforded a commercially reasonable opportunity to conduct a due diligence investigation with respect to Counterparty customary in scope for transactions involving companies of a similar size or in a similar industry pursuant to which Dealer (or an affiliate thereof) acts as an underwriter of equity securities and the results of such investigation are reasonably satisfactory to Dealer, in its commercially reasonable discretion ( *provided* that Dealer shall enter into customary non-disclosure agreements in connection with such due diligence), and (iv) as of the Settlement Date, an agreement between Dealer and Counterparty of commercially reasonable and customary underwriting terms for companies of a similar size or in a similar industry, including but not limited to commercially reasonable underwriting fees and commissions, indemnification and contribution and reasonable due diligence (the “**Underwriting Agreement**”) shall have been entered into with Dealer in connection with the public resale of the Settlement Shares by Dealer (or an affiliate thereof).

Counterparty agrees that any Registration Statement it files for purposes of Physical Settlement by Counterparty pursuant to the provisions above, at the time the same becomes effective, will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein to make the statements therein not misleading. Counterparty represents that any prospectus delivered to Dealer in connection with sales made under the Registration Statement (as such prospectus may be supplemented from time to time) will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

If Physical Settlement by Counterparty applies, Counterparty may deliver Restricted Shares in respect of its settlement obligations only if the following conditions have been satisfied:

- (i) all Restricted Shares shall be delivered to Dealer (or any affiliate of Dealer designated by Dealer) pursuant to the exemption from the registration requirements of the Securities Act provided by Section 4(a)(2) thereof;
- (ii) as of or prior to the date of delivery, Dealer and any potential purchaser of any such shares from Dealer (or any affiliate of Dealer designated by Dealer) identified by Dealer shall be afforded a commercially reasonable opportunity to conduct a due diligence investigation with respect to Counterparty customary in scope for private placements of equity securities of similar size (including, without limitation, the right to have made available to them for inspection all financial and other records, pertinent corporate documents and other information reasonably requested by them (provided that Dealer shall enter into customary non-disclosure agreements)); and
- (iii) as of the date of delivery, Counterparty shall enter into an agreement (a “**Private Placement Agreement**”) with Dealer (or any affiliate of Dealer designated by Dealer) in connection with the private placement of such shares by Counterparty to Dealer (or any such affiliate) and the private resale of such shares by Dealer (or any such affiliate), substantially similar to private placement purchase agreements customary for private placements of equity securities of similar size for companies of a similar size or in a similar industry, in form and substance reasonably satisfactory to Dealer, which Private Placement Agreement shall include, without limitation, provisions substantially similar to those contained in such private placement purchase agreements for companies of a similar size or in a similar industry, and shall provide for the payment by Counterparty of all commercially reasonable and documented fees and expenses of Dealer (or an affiliate thereof) in connection with such resale, including commercially and documented reasonable customary private placement fees and all commercially reasonable and documented fees and expenses of counsel for Dealer (or
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an affiliate thereof), and shall contain representations, warranties, covenants and agreements of Counterparty reasonably necessary or advisable to establish and maintain the availability of an exemption from the registration requirements of the Securities Act for such resales.

- (h) **Transfer or Assignment.** Counterparty may not transfer or assign any of its rights or obligations under the Transaction or the Agreement without the prior written consent of Dealer. Notwithstanding any provision of the Agreement to the contrary, Dealer may, subject to applicable law, freely transfer and assign (“**Transfer**”) all of its rights and obligations under the Transaction and the Agreement without the consent of Counterparty to (1) any affiliate of Dealer that has a credit rating that is not lower than the credit rating of Dealer immediately prior to the time of such proposed transfer or (2) an affiliate of Dealer whose obligations are guaranteed by Dealer.

Notwithstanding any other provision in this Confirmation to the contrary requiring or allowing Dealer to purchase, sell, receive or deliver any Shares or other securities to or from Counterparty, Dealer may designate any of its affiliates (a “**Designated Affiliate**”) to purchase, sell, receive or deliver such Shares or other securities and otherwise to perform Dealer’s obligations in respect of the Transaction and any such designee may assume such obligations. Dealer shall be discharged of its obligations to Counterparty to the extent that such Designated Affiliate performs in full all of the obligations of Dealer designated by Dealer to such Designated Affiliate under this Transaction.

- (i) **Role of Agent.** Each of Dealer and Counterparty acknowledges to and agrees with the other party hereto and to and with the Agent that (i) the Agent is acting as agent for Dealer under the Transaction pursuant to instructions from such party, (ii) the Agent is not a principal or party to the Transaction, (iii) the Agent shall have no responsibility, obligation or liability, by way of issuance, guaranty, endorsement or otherwise in any manner with respect to the performance of either party under the Transaction, (iv) Dealer and the Agent have not given, and Counterparty is not relying (for purposes of making any investment decision or otherwise) upon, any statements, opinions or representations (whether written or oral) of Dealer or the Agent, other than the representations expressly set forth in this Confirmation or the Agreement, and (v) each party agrees to proceed solely against the other party, and not the Agent, to collect or recover any money or securities owed to it in connection with the Transaction. Notwithstanding anything to the contrary herein, Dealer agrees it is directly liable to Counterparty for the negligence, gross negligence or willful misconduct of Agent in connection with the Transaction. Each party hereto acknowledges and agrees that the Agent is an intended third party beneficiary hereunder. Counterparty acknowledges that the Agent is an affiliate of Dealer. Dealer will be acting for its own account in respect of this Confirmation and the Transaction contemplated hereunder.
- (j) **Regulatory Provisions.** The time of dealing for the Transaction will be confirmed by Dealer upon written request by Counterparty. The Agent will furnish to Counterparty upon written request a statement as to the source and amount of any remuneration received or to be received by the Agent in connection with the Transaction.
- (k) **No Netting or Setoff.** Obligations under the Transaction shall not be netted, recouped or set off (including pursuant to Section 6 of the Agreement) against any other obligations of the parties, whether arising under the Agreement, this Confirmation, under any other agreement between the parties hereto, by operation of law or otherwise, and no other obligations of the parties shall be netted, recouped or set off (including pursuant to Section 6 of the Agreement) against obligations under the Transaction, whether arising under the Agreement, this Confirmation, under any other agreement between the parties hereto, by operation of law or otherwise, and each party hereby waives any such right of setoff, netting or recoupment.
- (l) **Staggered Settlement.** Dealer may, by notice to Counterparty on or prior to any Settlement Date (a “**Nominal Settlement Date**”), elect to deliver any Shares deliverable on such Nominal Settlement Date on two or more dates (each, a “**Staggered Settlement Date**”) or at two or more times on the Nominal Settlement Date (“**Staggered Settlement**”) as follows: (i) in such notice, Dealer will specify to Counterparty the related Staggered Settlement Dates (each of which will be on or prior to such Nominal Settlement Date) or delivery times and how it will allocate the Shares it is required to deliver under the applicable settlement method above among the Staggered Settlement Dates or delivery times; and (ii) the aggregate number of Shares that Dealer will deliver to Counterparty hereunder on all such Staggered Settlement Dates shall be taken into account for purposes of determining the Number of Shares to be Delivered at the Nominal Settlement Date; *provided* that in no event shall any Staggered Settlement Date be postponed to a date later than the Final Termination Date; *provided further* that in no event shall any Staggered Settlement reduce the total Number of Shares to be Delivered that Dealer is obligated to deliver to Counterparty under this Transaction.
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- (m) **Alternative Calculations and Counterparty Payment on Early Termination and on Certain Extraordinary Events.** If Dealer owes Counterparty or if Counterparty owes Dealer any amount in connection with the Transaction (i) pursuant to Sections 12.2, 12.3, 12.6, 12.7 or 12.9 of the Equity Definitions or “Announcement Event” above or (ii) pursuant to Section 6(d)(ii) of the Agreement (a “**Payment Obligation**”), Counterparty or Dealer, as the case may be, shall satisfy such Payment Obligation by delivery of Termination Delivery Units (as defined below) unless Counterparty gives irrevocable telephonic notice to Dealer of its election to the contrary, confirmed in writing within one Scheduled Trading Day, no later than noon New York time on the Early Termination Date or other date the Transaction is cancelled or terminated, as applicable, where such notice shall include a representation and warranty from Counterparty that it is not, as of the date of the telephonic notice and the date of such written notice, aware of any material non-public information concerning itself or the Shares and Dealer consents in writing to such election. Within a commercially reasonable period of time following the date on which the Payment Obligation would otherwise become due, Dealer shall deliver to Counterparty or Counterparty shall deliver to Dealer, as the case may be, a number of Termination Delivery Units having a fair market value (net of any commercially reasonable brokerage and underwriting commissions and fees, or any commercially reasonable customary private placement fees, in the case of a delivery of Termination Delivery Units by Counterparty) equal to the amount of such Payment Obligation, as determined by the Calculation Agent in its good faith and commercially reasonable discretion. If the provisions set forth in this paragraph are applicable, the provisions of Sections 9.8, 9.9, 9.10, 9.11 (modified as described above) and 9.12 of the Equity Definitions shall be applicable, except that all references to “Shares” shall be read as references to “Termination Delivery Units.” Any purchases made by the Dealer to fulfill their delivery obligation of Shares or Termination Delivery Units pursuant to this paragraph 5(m) shall be made on Relevant Days. “**Termination Delivery Units**” means in the case of a Termination Event, Event of Default, Tender Offer, Announcement Event, Insolvency Filing, Reverse Merger or Delisting, one Share or, in the case of Nationalization, Insolvency or Merger Event (other than a Reverse Merger), a unit consisting of the number or amount of each type of property received by all or substantially all hypothetical holders of Shares (without consideration of any requirement to pay cash or other consideration in lieu of fractional amounts of any securities) in such Nationalization, Insolvency or Merger Event; *provided* that if such Nationalization, Insolvency or Merger Event involves a choice of consideration to be received by holders, such holder shall be deemed to have elected to receive the maximum possible amount of cash.
- (n) **No Material Non-Public Information.** On the Trade Date, Counterparty represents and warrants to Dealer that it is not aware of any material non-public information (as such term is used for the purposes of securities laws and regulations prohibiting trading on the basis of such information, including Section 10(b) of the Exchange Act and the Rules promulgated thereunder) concerning itself or the Shares.
- (o) **Maximum Number of Shares.** Notwithstanding anything to the contrary herein, the number of Shares issuable by Counterparty at settlement or pursuant to paragraph 5(m) shall not exceed 30,000,000 Shares (the “**Maximum Share Number**”), as adjusted by Calculation Agent to account for any subdivision, stock-split, stock combination, reclassification or similar dilutive or anti-dilutive event with respect to the Shares resulting from corporate action of the Issuer. Notwithstanding anything to the contrary herein or in the Equity Definitions, the Maximum Share Number will not be adjusted on account of any event that (x) constitutes a Potential Adjustment Event solely on account of Section 11.2(e)(vii) of the Equity Definitions and (y) is not within Counterparty’s control; *provided* that if the Maximum Share Number would exceed the number of Shares that have been authorized but unissued Shares that are not reserved for other purposes (the “**Available Share Number**”), Counterparty will use its commercially reasonable efforts to increase the Available Share Number to enable it to satisfy all obligations hereunder.
- (p) **Tax Disclosure.** Notwithstanding anything to the contrary herein, in the Equity Definitions or in the Agreement, and notwithstanding any express or implied claims of exclusivity or proprietary rights, the parties (and each of their employees, representatives or other agents) are authorized to disclose to any and all persons, beginning immediately upon commencement of their discussions and without limitation of any kind, the tax treatment and tax structure of the Transaction, and all materials of any kind (including opinions or other tax analyses) that are provided by either party to the other relating to such tax treatment and tax structure.
- (q) **Status of Claims in Bankruptcy.** Dealer acknowledges and agrees that this Confirmation is not intended to convey to Dealer rights with respect to the Transaction that are senior to the claims of common stockholders of Counterparty in any U.S. bankruptcy proceedings of Counterparty; provided that nothing herein shall limit
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or shall be deemed to limit Dealer' right to pursue remedies in the event of a breach by Counterparty of its obligations and agreements with respect to the Transaction except in any U.S. bankruptcy proceedings of Counterparty; *provided further* that nothing in this paragraph shall limit or shall be deemed to limit Dealer' rights in respect of any transactions other than the Transaction.

- (r) **No Collateral** . Notwithstanding any provision of this Confirmation, the Agreement, Equity Definitions or any other agreement between the parties to the contrary, the obligations of Counterparty under the Transaction are not secured by any collateral.
  - (s) **Securities Contract**. The parties hereto agree and acknowledge that Dealer is one or more of a “financial institution” and “financial participant” within the meaning of Sections 101(22) and 101(22A) of the Bankruptcy Code. The parties hereto further agree and acknowledge (A) that this Confirmation is a “securities contract,” as such term is defined in Section 741(7) of the Bankruptcy Code, with respect to which each payment and delivery hereunder or in connection herewith is a “termination value,” “payment amount” or “other transfer obligation” within the meaning of Section 362 of the Bankruptcy Code and a “settlement payment” (as such term is defined in Section 741(8) of the Bankruptcy Code) or a “transfer” within the meaning of Section 546 of the Bankruptcy Code and (B) that Dealer is entitled to the protections afforded by, among other sections, Section 362(b)(6), 362(b)(27), 362(o), 546(e), 546(j), 548(d)(2), 555 and 561 of the Bankruptcy Code.
  - (t) **Wall Street Transparency and Accountability Act of 2010**. The parties hereby agree that none of (i) Section 739 of the Wall Street Transparency and Accountability Act of 2010 (the “WSTAA”), (ii) any similar legal certainty provision included in any legislation enacted, or rule or regulation promulgated, on or after the Trade Date, (iii) the enactment of the WSTAA or any regulation under the WSTAA, (iv) any requirement under the WSTAA or (v) any amendment made by the WSTAA shall limit or otherwise impair either party's right to terminate, renegotiate, modify, amend or supplement this Confirmation, any Transaction hereunder or the Agreement, as applicable, arising from a termination event, force majeure, illegality, increased cost, regulatory change or similar event under this Confirmation, the Equity Definitions or the Agreement (including, but not limited to, any right arising from any Change in Law, Insolvency Filing, Hedging Disruption, Increased Cost of Hedging, Loss of Stock Borrow, Increased Cost of Stock Borrow, or Illegality (as defined in the Agreement)).
  - (u) **Termination Currency** . The Termination Currency shall be USD.
  - (v) **Right to Extend**. Dealer may postpone any potential Valuation Date or postpone or extend any other date of valuation or delivery with respect to some or all of the relevant Shares, if Dealer determines, in its commercially reasonable discretion, that such postponement or extension is reasonably necessary or appropriate to preserve Dealer's commercially reasonable hedging or commercially reasonable hedge unwind activity hereunder in light of existing liquidity conditions (including but not limited to the liquidity in the stock borrow market) or to enable Dealer to effect purchases or sale of Shares in connection with its commercially reasonable hedging, commercially reasonable hedge unwind or settlement activity hereunder in a manner that would, if Dealer were Issuer or an affiliated purchaser of Issuer, be in compliance with applicable legal, regulatory or self- regulatory requirements, or with related policies and procedures applicable to Dealer; *provided* that in no event shall a Valuation Date be postponed to a date later than the Final Termination Date.
  - (w) **Acknowledgement**. Counterparty acknowledges that:
    - (i) during the term of any Transaction, Dealer and its affiliates may buy or sell Shares or other securities or buy or sell options or futures contracts or enter into swaps or other derivative securities in order to establish, adjust or unwind its hedge position with respect to the Transaction;
    - (ii) Dealer and its affiliates may also be active in the market for the Shares and derivatives linked to the Shares other than in connection with hedging activities in relation to the Transaction, including acting as agent or as principal and for its own account or on behalf of customers;
    - (iii) Dealer shall make its own determination as to whether, when or in what manner any hedging or market activities in Counterparty's securities shall be conducted and shall do so in a
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manner that it deems appropriate to hedge its price and market risk with respect to the Forward Price and the 10b-18 VWAP; and

- (iv) any market activities of Dealer and its affiliates with respect to the Shares may affect the market price and volatility of the Shares, as well as the Forward Price and the 10b-18 VWAP, each in a manner that may be adverse to Counterparty.
  - (x) **Governing Law.** This Confirmation and the Agreement, and any claims, causes of action or disputes arising hereunder or thereunder or relating hereto or thereto, shall be governed by the laws of the State of New York (without reference to choice of law doctrine that would lead to the application of the laws of any jurisdiction other than New York).
  - (y) **Waiver of Jury Trial.** Each party waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any suit, action or proceeding relating to the Transaction. Each party (i) certifies that no representative, agent or attorney of the other party has represented, expressly or otherwise, that such other party would not, in the event of such a suit, action or proceeding, seek to enforce the foregoing waiver and (ii) acknowledges that it and the other party have been induced to enter into the Transaction, as applicable, by, among other things, the mutual waivers and certifications provided herein.
  - (z) **Dealer Agreement Regarding Hedging Activities.** From and including the first day of the Trading Period to and including the earlier of (i) the Other ASR Completion Date (as defined below) and (ii) the last Relevant Day in the Trading Period or, if the Number of Shares to be Delivered is negative, the last day of the Cash Settlement Pricing Period, Dealer may make purchases or sales of Shares on any Scheduled Trading Day that is not a Relevant Contract Day provided that such purchases or sales are in connection with dynamic hedge adjustments of Dealer's exposure to the Transaction as a result of any equity optionality. For the avoidance of doubt, this Section 5(z) is not intended to restrict Dealer's Hedging Activity in or referencing the Shares on any Relevant Contract Day. " **Other ASR Completion Date** " means, in respect of the Other ASR Transaction, the termination date, however defined, or, if the number of shares to be delivered (however defined) is negative, the last day of the cash settlement pricing period (however defined).
  - (aa) **2013 EMIR Portfolio Reconciliation, Dispute Resolution and Disclosure Protocol.** The parties agree that the terms of the 2013 EMIR Portfolio Reconciliation, Dispute Resolution and Disclosure Protocol published by ISDA on July 19, 2013 ("Protocol") apply to the Agreement as if the parties had adhered to the Protocol without amendment. In respect of the Attachment to the Protocol, (i) the definition of "Adherence Letter" shall be deemed to be deleted and references to "Adherence Letter" shall be deemed to be to this section (and references to "such party's Adherence Letter" and "its Adherence Letter" shall be read accordingly), (ii) references to "adheres to the Protocol" shall be deemed to be "enters into the Agreement", (iii) references to "Protocol Covered Agreement" shall be deemed to be references to the Agreement (and each "Protocol Covered Agreement" shall be read accordingly), and (iv) references to "Implementation Date" shall be deemed to be references to the date of this Confirmation. For the purposes of this section:
    1. Dealer is a Portfolio Data Sending Entity and Counterparty is a Portfolio Data Receiving Entity;
    2. Dealer and Counterparty may use a Third Party Service Provider, and each of Dealer and Counterparty consents to such use including the communication of the relevant data in relation to Dealer and Counterparty to such Third Party Service Provider for the purposes of the reconciliation services provided by such entity.
    3. The Local Business Days for such purposes in relation to Dealer and Counterparty is New York, New York, USA.
    4. The following are the applicable email addresses.

Portfolio Data:	Dealer: MarginServicesPortRec@barclays.com
	Counterparty: cportman@juniper.net
Notice of discrepancy:	Dealer: PortRecDiscrepancy@barclays.com
	Counterparty: cportman@juniper.net
Dispute Notice:	Dealer: EMIRdisputenotices@barclays.com
	Counterparty: cportman@juniper.net
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(bb) **NFC Representation Protocol.** The parties agree that the provisions set out in the Attachment to the ISDA 2013 EMIR NFC Representation Protocol published by ISDA on March 8, 2013 (the “NFC Representation Protocol”) shall apply to the Agreement as if each party were an Adhering Party under the terms of the NFC Representation Protocol. In respect of the Attachment to the Protocol, (i) the definition of “Adherence Letter” shall be deemed to be deleted and references to “Adherence Letter” shall be deemed to be to this section (and references to “the relevant Adherence Letter” and “its Adherence Letter” shall be read accordingly), (ii) references to “adheres to the Protocol” shall be deemed to be “enters into the Agreement”, (iii) references to “Covered Master Agreement” shall be deemed to be references to the Agreement (and each “Covered Master Agreement” shall be read accordingly), and (iv) references to “Implementation Date” shall be deemed to be references to the date of this Confirmation. Counterparty confirms that it enters into this Confirmation as a party making the NFC Representation (as such term is defined in the NFC Representation Protocol). Counterparty shall promptly notify Dealer of any change to its status as a party making the NFC Representation.

(cc) **Part 2(b) of the ISDA Schedule - Payee Representation:**

For the purpose of Section 3(f) of this Agreement, Counterparty makes the following representation to Dealer:

Counterparty is a corporation established under the laws of Delaware.

For the purpose of Section 3(f) of this Agreement, Dealer makes the following representation to Counterparty:

(A) Each payment received or to be received by it in connection with this Agreement is effectively connected with its conduct of a trade or business within the United States; and

(B) It is a “foreign person” (as that term is used in Section 1.6041-4(a)(4) of the United States Treasury Regulations) for United States federal income tax purposes.

(dd) **Part 3(a) of the ISDA Schedule - Tax Forms:**

**Party Required to Deliver Document**

	Form/Document/Certificate	Date by which to be Delivered
Counterparty	A complete and duly executed W-9.	(i) Upon execution and delivery of this Agreement; (ii) promptly upon commercially reasonable demand by Dealer; and (iii) promptly upon learning that any such Form previously provided by Counterparty has become obsolete or incorrect.
Dealer	A complete and duly executed United States Internal Revenue Service Form W-8ECI (or successor thereto.)	(i) Upon execution and delivery of this Agreement; and (ii) promptly upon learning that any such Form previously provided by Dealer has become obsolete or incorrect.

6. **Account Details:**

(a) Account for payments to Counterparty:

To be provided by Counterparty upon request

Account for delivery of Shares to Counterparty:

To be provided by Counterparty upon request.

(b) Account for payments to Dealer:

Bank: Barclays Bank plc NY  
ABA# 026 00 2574  
BIC: BARCUS33  
Acct: 50038524  
Beneficiary: BARCGB33  
Ref: Barclays Bank plc London Equity Derivatives

7. **Offices:**

The Office of Counterparty for the Transaction is: Inapplicable, Counterparty is not a Multibranch Party.

The Office of Dealer for the Transaction is: Inapplicable, Dealer is not a Multibranch Party.

8. **Notices:**

For purposes of this Confirmation:

(a) Address for notices or communications to Counterparty:

Juniper Networks, Inc.  
Attention: Chief Financial Officer  
Telephone No.: (408) 745-2000  
Facsimile No.: (408) 745-2100

(b) Address for notices or communications to Dealer:

Barclays Bank PLC  
c/o Barclays Capital Inc.  
745 Seventh Ave.  
New York, NY 10019  
Attn: David Levin  
Telephone: (+1) 212-526-8098  
Facsimile: (+1) 718-422-0232

This Confirmation may be executed in several counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

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Counterparty hereby agrees to check this Confirmation and to confirm that the foregoing correctly sets forth the terms of the Transaction by signing in the space provided below and returning to Dealer a facsimile of the fully-executed Confirmation to Dealer at (718)422-0232. Originals shall be provided for your execution upon your request.

Very truly yours,

**BARCLAYS BANK PLC**

By: /s/ David Levin  
Name: David Levin  
Title: Managing Director

Accepted and confirmed as of the Trade Date:

**JUNIPER NETWORKS, INC.**

By: /s/ Kenneth B. Miller  
Name: Kenneth B. Miller  
Title: Executive Vice President and Chief Financial Officer

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## SCHEDULE A

For the purposes of the Transaction, the following terms shall have the following values/meanings:

1. Prepayment Amount: USD 375,000,000
2. Maximum Maturity Date: August 3, 2018
3. Minimum Maturity Date: May 10, 2018
4. Final Termination Date: August 31, 2018
5. Discount: USD 0.6708
6. Initial Shares: 11,627,906
7. Regular Dividend: USD 0.18 per Share per quarter, with ex-dividend dates occurring on February 28, 2018 and May 31, 2018.
8. Relevant Days:

	Relevant Day
1	02/13/18
2	02/15/18
3	02/20/18
4	02/22/18
5	02/26/18
6	02/28/18
7	03/02/18
8	03/06/18
9	03/08/18
10	03/12/18
11	03/14/18
12	03/16/18
13	03/20/18
14	03/22/18
15	03/26/18
16	03/28/18
17	04/02/18
18	04/04/18
19	04/06/18
20	04/10/18
21	04/12/18
22	04/16/18
23	04/18/18
24	04/20/18
25	04/24/18
26	04/26/18
27	04/30/18
28	05/02/18
29	05/04/18

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30	05/08/18
31	05/10/18
32	05/14/18
33	05/16/18
34	05/18/18
35	05/22/18
36	05/24/18
37	05/29/18
38	05/31/18
39	06/04/18
40	06/06/18
41	06/08/18
42	06/12/18
43	06/14/18
44	06/18/18
45	06/20/18
46	06/22/18
47	06/26/18
48	06/28/18
49	07/02/18
50	07/06/18
51	07/10/18
52	07/12/18
53	07/16/18
54	07/18/18
55	07/20/18
56	07/24/18
57	07/26/18
58	07/30/18
59	08/01/18
60	08/03/18

**DATE:** February 12, 2018

**TO:** Juniper Networks, Inc.

**Attention:** Chief Financial Officer  
**Facsimile:** (408) 745-2100  
**Telephone:** (408) 745-2000  
**Email:** kmiller@juniper.net

**FROM:** Wells Fargo Bank, National Association

**Email:** [CorporateDerivativeNotifications@wellsfargo.com](mailto:CorporateDerivativeNotifications@wellsfargo.com)

**SUBJECT:** Share Repurchase Transaction

The purpose of this letter agreement (this “**Confirmation**”) is to confirm the terms and conditions of the Transaction entered into between Wells Fargo Bank, National Association (“**Dealer**”) and Juniper Networks, Inc. (“**Counterparty**”) on the Trade Date specified below (the “**Transaction**”). This Confirmation constitutes a “**Confirmation**” as referred to in the Agreement specified below. Dealer is not a member of the Securities Investor Protection Corporation (“**SIPC**”).

The definitions and provisions contained in the 2002 ISDA Equity Derivatives Definitions (the “**Equity Definitions**”), as published by the International Swaps and Derivatives Association, Inc., are incorporated into this Confirmation. For purposes of the Equity Definitions, the Transaction shall be deemed to be a Share Forward Transaction.

Each party is hereby advised, and each such party acknowledges, that the other party has engaged in, or refrained from engaging in, substantial financial transactions and has taken other material actions in reliance upon the parties’ entry into the Transaction to which this Confirmation relates on the terms and conditions set forth below.

1. This Confirmation evidences a complete and binding agreement between Dealer and Counterparty as to the terms of the Transaction to which this Confirmation relates. This Confirmation shall supplement, form a part of and be subject to an agreement in the form of the ISDA 2002 Master Agreement (the “**Agreement**”) as if Dealer and Counterparty had executed an agreement in such form (without any Schedule and with such other elections set forth in this Confirmation except for (i) the election that subparagraph (ii) of Section 2(c) will not apply to the Transactions and (ii) the election that the “Cross Default” provisions of Section 5(a)(vi) shall apply to Dealer and Counterparty, with a “Threshold Amount” of 3% of shareholders’ equity of Wells Fargo & Co. for Dealer and with a “Threshold Amount” of \$100,000,000 for Counterparty, (provided that (a) the phrase “or becoming capable at such time of being declared” shall be deleted from clause (1) of such Section 5(a)(vi) of the Agreement and (b) the following sentence shall be added to the end thereof: “Notwithstanding the foregoing, a default under subsection (2) hereof shall not constitute an Event of Default if (i) the default was caused solely by error or omission of an administrative or operational nature; (ii) funds were available to enable the party to make the payment when due; and (iii) the payment is made within two Local Business Days of such party’s receipt of written notice of its failure to pay.”)) on the Trade Date. In the event of any inconsistency among this Confirmation, the Equity Definitions or the Agreement, the following will prevail for purposes of the Transaction in the order of precedence indicated: (i) this Confirmation; (ii) the Equity Definitions; and (iii) the Agreement. The parties hereby agree that no transaction other than the Transaction to which this Confirmation relates shall be governed by the Agreement. “**Other ASR Transaction**” shall mean the accelerated share repurchase transaction with the Transaction Reference Number provided to Dealer by Counterparty the Exchange Business Day after Trade Date of even date herewith between the Counterparty and Barclays Bank PLC, through its agent Barclays Capital Inc.

2. The terms of the particular Transaction to which this Confirmation relates are as follows:

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**General Terms:**

Trade Date: February 12, 2018

Seller: Dealer

Buyer: Counterparty

Shares: The Common Stock, par value USD 0.00001 per share, of Counterparty (Ticker symbol "JNPR").

Prepayment: Applicable.

Prepayment Amount: As specified in Schedule A

Prepayment Date: One Exchange Business Day following the Trade Date.

Initial Shares: As specified in Schedule A.

Initial Share Delivery: Dealer shall deliver a number of Shares equal to the Initial Shares to Counterparty on the Initial Share Delivery Date in accordance with Section 9.4 of the Equity Definitions, with the Initial Share Delivery Date being deemed to be a "Settlement Date" for purpose of such Section 9.4.

Initial Share Delivery Date: One Exchange Business Day following the Trade Date.

Exchange: The New York Stock Exchange.

Related Exchange(s): The primary U.S. exchange on which options or futures with respect to the Shares are traded.

Relevant Day: Each day that is (i) listed in Schedule A and every second Scheduled Trading Day after the last day so listed (such day determined as of the Trade Date), in each case that occurs prior to the completion of all payments and deliveries under the Transaction and (ii) an Exchange Business Day.

Relevant Contract Day: Each day listed in Schedule A and every second Scheduled Trading Day after the last day so listed (such day determined as of the Trade Date), in each case that occurs prior to the completion of all payments and deliveries under the Transaction.

Calculation Agent: Dealer; provided that all determinations made by the Calculation Agent shall be made in good faith and in a commercially reasonable manner. Following any calculation by the Calculation Agent hereunder, upon a prior written request by Counterparty, the Calculation Agent will provide to Counterparty by e-mail to the e-mail address provided by Counterparty in such a prior written request a report (in a commonly used file format for the storage and manipulation of financial data) displaying in reasonable detail the basis for such calculation; and provided further that no transferee of the Transaction in accordance with the terms of this Confirmation shall act as Calculation Agent with respect to such transferred Transaction without the prior consent of Counterparty, such consent not to be unreasonably withheld. Calculation Agent shall not be obligated to disclose any proprietary models or proprietary information used by it for such determination or calculation. Notwithstanding anything to the contrary in this Confirmation, the Calculation Agent shall not adjust the Relevant Contract Days.

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**Valuation:**

**Trading Period:** The period of consecutive Relevant Days from, and including, the first Relevant Day following the Trade Date to, and including, the Maximum Maturity Date, as specified in Schedule A; provided that, with respect to the entire Transaction, Dealer may designate any Relevant Day on or after the Minimum Maturity Date (as specified in Schedule A) and prior to the Maximum Maturity Date as the last Relevant Day of the Trading Period (an "Acceleration"). Dealer shall notify Counterparty of any designation made pursuant to this provision on or prior to the Relevant Day immediately following such designated day; provided, that if Dealer expects that the Number of Shares to be Delivered will be a negative number as a result of any Acceleration prior to the Maximum Maturity Date, then Dealer shall use its commercially reasonable efforts to provide Counterparty notice of any such Acceleration at least two (2) Relevant Days prior to any such proposed Acceleration.

**Market Disruption Event:** Section 6.3(a) of the Equity Definitions shall be amended by deleting the words "at any time during the one hour period that ends at the relevant Valuation Time, Latest Exercise Time, Knock-in Valuation Time or Knock-out Valuation Time, as the case may be" and replacing them with the words "at any time during the regular trading session on the Exchange, without regard to after hours or any other trading outside of the regular trading session hours", by amending and restating clause (a)(iii) thereof in its entirety to read as follows: "(iii) an Early Closure that the Calculation Agent determines is material using a commercially reasonable manner" and by adding the words "or (iv) a Regulatory Disruption" after clause (a)(iii) as restated above.

Section 6.3(d) of the Equity Definitions is hereby amended by deleting the remainder of the provision following the term "Scheduled Closing Time" in the fourth line thereof.

**Final Termination Date:** As specified in Schedule A.

**Regulatory Disruption:** A "Regulatory Disruption" shall occur if Dealer determines, in a good faith commercially reasonable manner, that, based on advice of legal counsel, it is appropriate in light of legal, regulatory or self-regulatory requirements or related policies or procedures for Dealer (provided that such requirements, policies and procedures relate to legal, self-regulatory or regulatory issues and are generally applicable in similar situations and applied in a consistent manner in similar ASR transactions) to refrain from all or any part of the market activity, in order to establish or maintain a commercially reasonable hedge position, in which it would otherwise engage in connection with the Transaction. Dealer shall notify Counterparty as soon as practicable (but in no event later than two Scheduled Trading Days) that a Regulatory Disruption has occurred or concluded and, in connection with giving notice that a Regulatory Disruption has concluded, the Relevant Days affected by such Regulatory Disruption. For the avoidance of doubt, an e-mail notice to cportman@juniper.net shall be deemed notice for the purpose of this provision.

**Disrupted Day:** The definition of "Disrupted Day" in Section 6.4 of the Equity Definitions shall be amended by adding the following sentence after the first sentence: "A Relevant Contract Day on which a Related Exchange fails to open during its regular trading session will not be a Disrupted Day if the Calculation Agent determines that such failure will not have a material impact on Dealer's ability to engage in or unwind any hedging transactions related to the Transaction".

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Consequence of Disrupted Days:

Notwithstanding anything to the contrary in the Equity Definitions, to the extent that a Relevant Contract Day during the Trading Period is a Disrupted Day, the Calculation Agent may in a good faith commercially reasonable manner postpone the Maximum Maturity Date and/or the Minimum Maturity Date; provided that in no event shall the Maximum Maturity Date be postponed to a date later than the Final Termination Date. If any Relevant Contract Day during the Trading Period is a Disrupted Day, the Calculation Agent shall determine whether (i) such Disrupted Day is a Disrupted Day in whole, in which case the 10b-18 VWAP for such Disrupted Day shall not be included for purposes of determining the Forward Price or (ii) such Disrupted Day is a Disrupted Day only in part, in which case the 10b-18 VWAP for such Disrupted Day shall be determined by the Calculation Agent based on Rule 10b-18 eligible transactions in the Shares on such Disrupted Day taking into account the nature and duration of the relevant Market Disruption Event, and the weighting of the 10b-18 VWAPs for the relevant Exchange Business Days during the Trading Period shall be adjusted by the Calculation Agent in a commercially reasonable manner for purposes of determining the Forward Price, based on, among other factors, the duration of any Market Disruption Event and the volume, historical trading patterns and price of the Shares. The Calculation Agent may determine that any day on which the Exchange is scheduled to close prior to its normal closing time shall be considered a Disrupted Day in whole.

If a Disrupted Day occurs during the Trading Period or the Cash Settlement Pricing Period, as the case may be, and each of the nine immediately following Relevant Contract Days is a Disrupted Day (a "Disruption Event"), then the Calculation Agent, in its good faith and commercially reasonable discretion, may deem such Disruption Event to be an Additional Termination Event, with Counterparty as the sole Affected Party and the Transaction as the sole Affected Transaction.

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Valuation Date: The last Relevant Day of the Trading Period.

**Settlement Terms:**

Settlement Method Election: Not Applicable; provided that if the Number of Shares to be Delivered is a negative number, Counterparty may elect Cash Settlement in lieu of Physical Settlement by written notice to Dealer delivered no later than 9:00 a.m. (New York City time) on the first Relevant Day immediately following the earlier of (i) notice of the designation of the final day of the Trading Period as a result of an Acceleration or (ii) the Maximum Maturity Date; provided that Counterparty on the date of such election shall be deemed to have represented as of such date that none of the Counterparty and its executive officers and directors is aware of any material nonpublic information regarding the Counterparty or Shares as of such date.

Physical Settlement: Applicable if the Number of Shares to be Delivered is (1) a positive number, in which case Dealer shall deliver to Counterparty on the Settlement Date the Number of Shares to be Delivered, or (2) a negative number and Counterparty does not make the election pursuant to the proviso under "Settlement Method Election" above, in which case Counterparty shall deliver to Dealer a number of Shares specified under "Physical Settlement by Counterparty" below, subject to paragraph 5(g) below. Section 9.11 of the Equity Definitions is hereby modified by excluding any representations therein relating to restrictions, obligations, limitations or requirements under applicable securities laws arising as a result of the fact that Counterparty is the Issuer of the Shares or the fact that any certificates representing such Shares contain a restrictive legend evidencing any such restrictions, obligations, limitations or requirements.

Forward Price: The amount equal to (i) the arithmetic average of the 10b-18 VWAPs for each Relevant Day in the Trading Period (subject to "Consequence of Disrupted Days" above) minus (ii) the Discount.

Discount: As specified in Schedule A.

10b-18 VWAP: (A) For any Scheduled Trading Day that is not a Disrupted Day, the Rule 10b-18 volume-weighted average price at which the Shares trade as reported in the composite transactions for all United States securities exchanges on which such Shares are traded (or, if applicable, any successor Exchange), excluding trades that do not settle regular way, (ii) opening (regular way) reported trades in the consolidated system on such (including, for the avoidance of doubt, the first reported trade on the Exchange following the scheduled open of trading on the Exchange), (iii) trades that occur in the last ten minutes before the scheduled close of trading on the Exchange on such Scheduled Trading Day and ten minutes before the scheduled close of the primary trading in the market where the trade is effected, and (iv) trades on such Scheduled Trading Day that do not satisfy the requirements of Rule 10b-18(b)(3) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), as determined in good faith and a commercially reasonable manner by the Calculation Agent, or (B) for any Relevant Day that is a Disrupted Day, an amount determined in good faith and in a commercially reasonable manner by the Calculation Agent as the 10b-18 VWAP pursuant to "Consequence of Disrupted Days" above. Counterparty acknowledges that the Calculation Agent may refer to the Bloomberg Page "JNPR" <Equity> AQR SEC" (or any successor thereto) for any Relevant Day to determine the 10b- 18 VWAP.

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Number of Shares to be Delivered: A number of Shares equal to the difference between (i) the Share Amount minus (ii) the Initial Shares; provided that a number of Shares less than a whole number shall be rounded upward.

Share Amount: The quotient of the Prepayment Amount divided by the Forward Price.

Settlement Date: Unless otherwise provided in Physical Settlement by Counterparty or Cash Settlement by Counterparty, the second Exchange Business Day immediately following the last Relevant Day of the Trading Period; provided that if the Number of Shares to be Delivered is a negative number, the Dealer and Counterparty shall use commercially reasonable efforts to effect such Settlement Date based on a commercially reasonable period to unwind the hedge immediately following the Valuation Date.

Physical Settlement by Counterparty: If Physical Settlement by Counterparty applies, Counterparty shall elect, subject to paragraph 5(g), that the shares delivered ("Physical Settlement Shares") (and any Make-Whole Shares, as such term is defined below) shall be (i) sold in transactions registered under the Securities Act of 1933, as amended (the "Securities Act") ("Free Shares") with such election being conditional upon the agreement between Dealer and Counterparty of reasonable and customary underwriting terms for companies of a similar size or in a similar industry, including but not limited to customary indemnification and contribution and due diligence in a manner customarily performed for companies of a similar size or in a similar industry (subject to customary confidentiality agreements for transactions of this type) (the "Underwriting Agreement"), or (ii) sold in transactions exempt from registration under the Securities Act ("Restricted Shares"). No fractional Shares shall be delivered in connection with Physical Settlement by Counterparty, and the value of any fractional Share otherwise deliverable shall be rounded up to the nearest whole Share. All Physical Settlement Shares delivered shall be freely transferable and free and clear of any lien, charge or other encumbrance, other than in the case of Restricted Shares restrictions on transfers relating to the exemption from registration under the Securities Act.

(a) If Counterparty elects to deliver Free Shares, Counterparty shall deliver a number of Free Shares equal to the absolute value of the Number of Shares to be Delivered on the Settlement Date.

(b) If Counterparty elects to deliver Restricted Shares, Counterparty shall deliver to Dealer an initial number of Restricted Shares on the Cash Settlement Date (as defined below) as determined by the following formula:

$$\frac{s}{p}$$

Where,

s = the absolute value of the Cash Settlement Amount (as defined below); and

p = the price per Share determined by Dealer in a commercially reasonable manner.

In the case of this clause (b), on the Cash Settlement Date, a balance (the "Settlement Balance") shall be established with an initial balance equal to the absolute value of the Cash Settlement Amount. Following the sale of the Restricted Shares by Dealer, the Settlement Balance shall be reduced by an amount equal to the aggregate proceeds (net of any commercially reasonable brokerage and customary private placement fees) received by Dealer upon the sale of the Restricted Shares. If following the sale of some but not all of the Restricted Shares, the Settlement Balance has been reduced to zero, no additional Restricted Shares shall be sold by Dealer and Dealer shall redeliver to Counterparty any remaining Restricted Shares. If following the sale of the Restricted Shares, the Settlement Balance has not been reduced to zero, then Counterparty shall, at its election, (i) promptly deliver to Dealer an additional number of Shares (the "Make-Whole Shares") equal to (x) the Settlement Balance as of such date divided by (y) the price per Restricted Share determined by Dealer in a commercially reasonable manner (the "Make-Whole Price"), subject to paragraph 5(o), or (ii) promptly deliver to Dealer cash in an amount equal to the then remaining Settlement Balance. This provision shall be applied successively (provided that references to "Restricted Shares" herein shall be deemed to refer to the previous Make-Whole Shares) until the Settlement Balance is reduced to zero.

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Cash Settlement by Counterparty: Applicable if the Number of Shares to be Delivered is a negative number and Counterparty makes the election above pursuant to the proviso under “Settlement Method Election”, in which case Counterparty shall pay Dealer the absolute value of the Cash Settlement Amount on the Cash Settlement Date.

Cash Settlement Amount: The product of (i) the Number of Shares to be Delivered multiplied by (ii) Cash Settlement Price.

Cash Settlement Price: The volume weighted average price at which Dealer or an Affiliate of Dealer executes purchases of a number of Shares equal to the absolute value of the Number of Shares to be Delivered during the Cash Settlement Pricing Period.

Cash Settlement Pricing Period: A number of Relevant Days following the Trading Period during which Dealer purchases a number of Shares, over a commercially reasonable period in order to unwind a commercially reasonable hedge position, equal to the absolute value of the Number of Shares to be Delivered.

Cash Settlement Date: The second Exchange Business Day immediately following the Cash Settlement Pricing Period.

Settlement Currency: USD

### **Adjustments:**

Method of Adjustment: Calculation Agent Adjustment; provided that the Equity Definitions shall be amended by replacing the words “diluting or concentrative” in Sections 11.2(a), 11.2(c) (in two instances) and 11.2(e)(vii) with the word “economic” and by adding the words “or the Transaction” after the words “theoretical value of the relevant Shares” in Section 11.2(a), 11.2(c) and 11.2(e)(vii); provided further that adjustments for any Potential Adjustment Event (other than pursuant to any Potential Adjustment Event defined in Sections 11.2(e)(i), 11.2(e)(ii)(A) and 11.2(e)(iii) of the Equity Definitions) may be made to account for changes in volatility, stock loan rate or liquidity relevant to the Shares or the Transaction; provided further that the parties agree that open market Share repurchases by Counterparty, if any, at the prevailing market price shall not be considered a Potential Adjustment Event; provided further that the repurchase of Shares pursuant to the Other ASR Transaction shall not be considered a Potential Adjustment Event. Notwithstanding anything to the contrary in Section 11.2(e) of the Equity Definitions, a Dividend (as well as any regular quarterly dividend in an amount equal to or less than the Regular Dividend as specified in Schedule A (as defined below) shall not constitute a Potential Adjustment Event.

For the avoidance of doubt, whenever the Calculation Agent, Determining Party, Seller or Dealer is called upon to make an adjustment pursuant to the terms of this Confirmation or the Equity Definitions to take into account the effect of an event, the Calculation Agent, Determining Party, Seller or Dealer shall make such adjustment in a commercially reasonable manner by reference to the effect of such assuming that Dealer maintains a commercially reasonable Hedge Position.

### **Extraordinary Events:**

New Shares: Section 12.1(i) of the Equity Definitions is hereby amended by deleting the text in clause (i) in its entirety and replacing it with the phrase “publicly quoted, traded or listed on any of the New York Stock Exchange, the NASDAQ Global Select Market or the NASDAQ Global Market (or their respective successors) and”.

Share-for-Share: The definition of “Share-for-Share” set forth in Section 12.1(f) of the Equity Definitions is hereby amended by the deletion of the parenthetical in clause (i) thereof.

Cancellation and Payment (Calculation Agent Determination): Sections 12.2(e) and 12.3(d) and the first paragraph of Section 12.7(b) of the Equity Definitions shall be amended by inserting the words “or Share Forward Transaction” after the words “Option Transaction” in each place where such words appear therein. Section 12.7(c) shall be deleted from the Equity Definitions, and each reference in the Equity Definitions to “Section 12.7(c)” shall be replaced with a reference to “Section 12.7(b)”.

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## Consequences of Merger Events:

Merger Event:	Applicable; provided Section 12.1(b) of the Equity Definitions is hereby amended by (i) adding the words “or Issuer” after the words “relevant Shares”; and (ii) deleting the word “or” after the parenthetical in line 10 thereof; provided further that solely for the purposes of any event that would give rise to any adjustment to the Discount by the Calculation Agent under this Transaction, the definition of Merger Event is hereby amended by (1) deleting the remainder of Section 12.1(b) following the definition of “Reverse Merger” in subsection (iv) thereof; and (2) adding the words “(v) the sale or transfer of all or substantially all of the assets of the Issuer, (vi) any acquisition by Issuer or any of its subsidiaries where the estimated value of the aggregate consideration transferable by Issuer or its subsidiaries exceeds 50% of the market capitalization of the Issuer, in each case, as determined by the Calculation Agent, in its commercially reasonable discretion, as of the date such acquisition is first announced or (vii) any lease, exchange, transfer, disposition (including, without limitation, by way of spin-off or distribution) of assets (including, without limitation, any capital stock or other ownership interests or other ownership interest in the Issuer’s subsidiaries) or other similar event by Issuer or any of its subsidiaries where the estimated value of the aggregate consideration transferable to or receivable by Issuer or its subsidiaries exceeds 25% of the market capitalization of the Issuer, in each case, as determined by the Calculation Agent, in its commercially reasonable discretion, as of the date such transaction is first announced” after subsection (iv).
Share-for-Share:	Modified Calculation Agent Adjustment; provided that the Calculation Agent shall not adjust Relevant Contract Days.
Share-for-Other:	Cancellation and Payment (Calculation Agent Determination).
Share-for-Combined:	Cancellation and Payment (Calculation Agent Determination); provided that Dealer may elect Component Adjustment.

## Consequences of Tender Offers:

Tender Offer:	Applicable; provided that the definition of “Tender Offer” in Section 12.1 of the Equity Definitions will be amended by replacing the phrase “greater than 10% and less than 100% of the outstanding voting shares of the Issuer” in the third and fourth line thereof with “(a) greater than 10% and less than 100% of the outstanding Shares of the Issuer in the event that such Tender Offer is being made by the Issuer or any subsidiary thereof or (b) greater than 15% and less than 100% of the outstanding Shares of the Issuer in the event that such Tender Offer is being made by any entity or person other than the Issuer or any subsidiary thereof”.
Share-for-Share:	Modified Calculation Agent Adjustment; provided that the Calculation Agent shall not adjust Relevant Contract Days.
Share-for-Other:	Modified Calculation Agent Adjustment; provided that the Calculation Agent shall not adjust Relevant Contract Days.
Share-for-Combined:	Modified Calculation Agent Adjustment; provided that the Calculation Agent shall not adjust Relevant Contract Days.
Modified Calculation Agent Adjustment:	For greater certainty, the definition of “Modified Calculation Agent Adjustment” in Sections 12.2 and 12.3 of the Equity Definitions shall be amended by (i) adding the following italicized language after the parenthetical provision: “(including adjustments to account for changes in volatility, expected dividends, stock loan rate or liquidity relevant to the Shares or to the Transaction) from the Exchange Business Day immediately preceding the Announcement Date or the Determination Date, as applicable, to the first Exchange Business Day immediately following the Merger Date (Section 12.2) or Tender Offer Date (Section 12.3)” and (ii) deleting the phrase “expected dividends,” from such parenthetical provision.

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Announcement Date:	The definition of “Announcement Date” in Section 12.1 of the Equity Definitions shall be amended by (i) replacing the word “leads to the” in the third and the fifth lines thereof with the words “, if completed, would lead to a”; (ii) replacing the words “voting shares” in the fifth line thereof with the word “Shares”; and (iii) inserting the words “by any entity that is likely to be a party to the transaction” after the word “announcement” in the second and the fourth lines thereof; (iv) replacing the words “a firm” with the word “any” in the second and fourth lines thereof; (v) inserting the words “or to explore the possibility of engaging in” after the words “engage in” in the second line thereto; and (vi) inserting the words “or to explore the possibility of purchasing or otherwise obtaining” after the word “obtain” in the fourth line thereto.
Announcement Event:	If an Announcement Event has occurred, the Calculation Agent shall have the right to determine the economic effect of the Announcement Event on the theoretical value of the Transaction (including without limitation any change in volatility, stock loan rate or liquidity relevant to the Shares or to the Transaction) (i) at a time that it deems appropriate, from the Announcement Date to the date of such determination (the “ <b>Determination Date</b> ”), and (ii) on the Valuation Date or on a date on which a payment amount is determined pursuant to Section 6 of the Agreement or Sections 12.7 or 12.8 of the Equity Definitions, from the Exchange Business Day immediately preceding the Announcement Date or the Determination Date, as applicable, to the Valuation Date or the date on which a payment amount is determined pursuant to Section 6 of the Agreement or Sections 12.7 or 12.8 of the Equity Definitions. If any such economic effect is material, the Calculation Agent may either (i) adjust the terms of the Transaction to reflect such economic effect or (ii) terminate the Transaction, in which case the Determining Party will determine the Cancellation Amount payable by one party to the other; <i>provided</i> that the reference in Section 12.8(a) of the Equity Definitions to “Extraordinary Event” shall be replaced for this purpose with a reference to “Announcement Event.” “ <b>Announcement Event</b> ” shall mean the occurrence of the Announcement Date of a Merger Event or Tender Offer or of a potential Merger Event or potential Tender Offer, or any publicly announced change or amendment to any such announced transaction or event (including any announcement relating to the abandonment thereof); <i>provided</i> that if the Calculation Agent shall make any adjustment to the terms of the Share Forward Transaction upon the occurrence of a particular Announcement Event, then the Calculation Agent shall make an adjustment to the terms of the Share Forward Transaction upon any announcement regarding the same event that gave rise to the original Announcement Event, including, without limitation, regarding the abandonment of any such event.
Composition of Combined Consideration:	Not Applicable; provided that, notwithstanding Sections 12.5(b) and 12.1(f) of the Equity Definitions, to the extent that the composition of the consideration for the relevant Shares pursuant to a Tender Offer or Merger Event could be elected by an actual holder of the Shares, the Calculation Agent will, in its commercially reasonable discretion, determine such composition.
Nationalization, Insolvency or Delisting:	Cancellation and Payment (Calculation Agent Determination); provided that, in addition to the provisions of Section 12.6(a)(iii) of the Equity Definitions, it will also constitute a Delisting if the Exchange is located in the United States and the Shares are not immediately re-listed, re-traded or re-quoted on any of the New York Stock Exchange, The NASDAQ Global Select Market or The NASDAQ Global Market (or their respective successors); if the Shares are immediately re-listed, re-traded or re-quoted on any such exchange or quotation system, such exchange or quotation system shall thereafter be deemed to be the Exchange.
<b>Additional Disruption Events:</b>	
Change in Law:	Applicable; provided that Section 12.9(a)(ii) of the Equity Definitions is hereby amended by (i) replacing the phrase “the interpretation” in the third line thereof with the phrase “, or public announcement of, the formal or informal interpretation”, (ii) replacing the word “Shares” where it appears in clause (X) thereof with the words “Hedge Position” and (iii) immediately following the word “Transaction” in clause (X) thereof, adding the phrase “in the manner contemplated by the Hedging Party on the Trade Date”.

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Failure to Deliver:	Not Applicable.
Insolvency Filing:	Applicable; provided that the definition of “Insolvency Filing” in Section 12.9 of the Equity Definitions shall be amended by deleting the clause “provided that such proceedings instituted or petitions presented by creditors and not consented to by the Issuer shall not be deemed an Insolvency Filing” at the end of such definition and replacing it with the following: “; or it has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation by a creditor and such proceeding is not dismissed, discharged, stayed or restrained in each case within 15 days of the institution or presentation thereof.”
Hedging Disruption:	Applicable.
Increased Cost of Hedging:	Applicable.
Loss of Stock Borrow:	<p>Applicable; provided that Sections 12.9(a)(vii) and 12.9(b)(iv) of the Equity Definitions are amended by deleting the words “at a rate equal to or less than the Maximum Stock Loan Rate” and replacing it with the words “at a Borrow Cost equal to or less than the Maximum Stock Loan Rate”.</p> <p>For purposes of Section 12.9 of the Equity Definitions, all references to “Hedging Shares” shall be deemed to be references to Dealer’s short position in respect of the Transaction.</p>
Borrow Cost:	The cost to borrow the relevant Shares, as determined by the Calculation Agent in a commercially reasonable manner on the relevant date of determination. Such costs shall include (a) the spread below FED-FUNDS earned on collateral posted in connection with such borrowed Shares, net of any costs or fees, and (b) any stock loan borrow fee payable for such Shares, expressed as fixed rate per annum.
Maximum Stock Loan Rate:	200 basis points.
Increased Cost of Stock Borrow:	Applicable; provided that (a) Section 12.9(a)(viii) of the Equity Definitions shall be amended by deleting “rate to borrow Shares” and replacing it with “Borrow Cost” and (b) Section 12.9(b)(v) of the Equity Definitions shall be amended by (i) adding the word “or” immediately before the phrase “(B)”, (ii) deleting subsection (C) in its entirety, (iii) replacing “either party” in the penultimate sentence with “the Hedging Party”, and (iv) replacing the word “rate” in clauses (X) and (Y) of the final sentence therein with the words “Borrow Cost”.

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Initial Stock Loan Rate: 25 basis points.

FED FUNDS: For any day, the rate set forth for such day opposite the caption “Federal funds”, as such rate is displayed on the page “OBFR01 <Index> <GO>” on the BLOOMBERG Professional Service, or any successor page; provided that if no rate appears for any day on such page, the rate for the immediately preceding day for which a rate does so appear shall be used for such day.

Hedging Party: Dealer or an affiliate of Dealer that is involved in the hedging of the Transaction for all applicable Additional Disruption Events.

Hedge Positions: The definition of “Hedge Positions” in Section 13.2(b) of the Equity Definitions shall be amended by inserting the words “or an affiliate thereof” after the words “a party” in the third line.

Determining Party: Dealer for all applicable Extraordinary Events and any Announcement Event.

**Acknowledgments:**

Non-Reliance: Applicable.

Agreements and Acknowledgments Regarding Hedging Activities: Applicable.

Additional Acknowledgments: Applicable.

**3. Mutual Representations, Warranties and Agreements.**

In addition to the representations, warranties and agreements in the Agreement and those contained elsewhere herein, each of Dealer and Counterparty represents and warrants to, and agrees with, the other party that:

- (a) **Commodity Exchange Act.** It is an “eligible contract participant” within the meaning of Section 1a(18) of the U.S. Commodity Exchange Act, as amended (the “**CEA**”). The Transaction has been subject to individual negotiation by the parties. The Transaction has not been executed or traded on a “trading facility” as defined in Section 1a(51) of the CEA;
- (b) **Securities Act.** It is a “qualified institutional buyer” as defined in Rule 144A under the Securities Act of 1933, as amended (the “**Securities Act**”), or an “accredited investor” as defined in Section 2(a)(15)(ii) of the Securities Act; and
- (c) **ERISA.** The assets used in the Transaction (1) are not assets of any “plan” (as such term is defined in Section 4975 of the U.S. Internal Revenue Code (the “**Code**”)) subject to Section 4975 of the Code or any “employee benefit plan” (as such term is defined in Section 3(3) of the U.S. Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”)) subject to Title I of ERISA, and (2) do not constitute “plan assets” within the meaning of Department of Labor Regulation 2510.3- 101, 29 CFR Section 2510-3-101.

**4. Representations, Warranties and Agreements of Counterparty.**

In addition to the representations and warranties in the Agreement and those contained elsewhere herein, Counterparty further represents, warrants and agrees that:

- (a) Reserved.
  - (b) Counterparty shall promptly provide written notice to Dealer upon obtaining knowledge of the occurrence of any event that would constitute an Event of Default, a Potential Adjustment Event, a Merger Event or any other Extraordinary Event; *provided, however*, that should Counterparty be in possession of material non-public information regarding Counterparty, Counterparty shall not communicate such information to
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Dealer;

- (c) (A) Counterparty is acting for its own account, and it has made its own independent decisions to enter into the Transaction and as to whether the Transaction is appropriate or proper for it based upon its own judgment and upon advice from such advisers as it has deemed necessary, (B) Counterparty is not relying on any communication (written or oral) of Dealer or any of its affiliates as investment advice or as a recommendation to enter into the Transaction (it being understood that information and explanations related to the terms and conditions of the Transaction shall not be considered investment advice or a recommendation to enter into the Transaction), (C) no communication (written or oral) received from Dealer or any of its affiliates shall be deemed to be an assurance or guarantee as to the expected results of the Transaction and (D) has total assets of at least USD 50,000,000 as of the date hereof;
  - (d) Counterparty (A) is capable of evaluating investment risks independently, both in general and with regard to all transactions and investment strategies involving a security or securities; (B) will exercise independent judgment in evaluating the recommendations of any broker-dealer or its associated persons, unless it has otherwise notified the broker-dealer in writing; and (C) has total assets of at least USD 50,000,000 as of the date hereof;
  - (e) Counterparty's financial condition is such that it has no need for liquidity with respect to its investment in the Transaction and no need to dispose of any portion thereof to satisfy any existing or contemplated undertaking or indebtedness;
  - (f) Counterparty's investments in and liabilities in respect of the Transaction, which it understands are not readily marketable, are not disproportionate to its net worth, and Counterparty is able to bear any loss in connection with the Transaction, including the loss of its entire investment in the Transaction;
  - (g) Counterparty is not as of the Trade Date, and shall not be after giving effect to the Transaction, "insolvent" (as such term is defined in Section 101(32) of the U.S. Bankruptcy Code (Title 11 of the United States Code) (the "**Bankruptcy Code**")) and Counterparty would be able to purchase the number of Shares underlying with the Transaction in compliance with the laws of the jurisdiction of Counterparty's incorporation or organization;
  - (h) the Transaction, and any repurchase of the Shares by Counterparty in connection with the Transaction, is pursuant to a publicly announced Share repurchase program that has been approved by Counterparty's board of directors, a copy of such approval to be provided to Dealer upon request, (including engaging in related derivative transactions) and any such repurchase has been, or shall if so required be, publicly disclosed in its periodic filings under the Exchange Act and its financial statements and notes thereto;
  - (i) Counterparty understands, agrees and acknowledges that Dealer has no obligation or intention to register the Transaction under the Securities Act, any state securities law or other applicable federal securities law;
  - (j) (A) each of Counterparty's filings under the Securities Act and the Exchange Act that are required to be filed have been filed and (B) as of the respective dates thereof and as of the Trade Date, such filings when considered as a whole (with the more recent such filings deemed to amend inconsistent statements contained in any earlier such filings) do not contain any misstatement of a material fact or omit any material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading;
  - (k) Counterparty is not, and after giving effect to the Transaction will not be, required to register as an "investment company" as such term is defined in the Investment Company Act of 1940, as amended;
  - (l) Counterparty understands, agrees and acknowledges that no obligations of Dealer to it hereunder shall be entitled to the benefit of deposit insurance and that such obligations shall not be guaranteed by any affiliate of Dealer or any governmental agency;
  - (m) without limiting the generality of Section 13.1 of the Equity Definitions, Counterparty acknowledges that Dealer is not making any representations or warranties with respect to the treatment of the Transaction under any accounting standards, including ASC Topic 260, Earnings Per Share, ASC Topic 815, Derivatives
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and Hedging, ASC Topic 480, Distinguishing Liabilities from Equity and ASC 815-40, Derivatives and Hedging - Contracts in Entity's Own Equity (or any successor issue statements) or under FASB's Liabilities & Equity Project;

- (n) Counterparty is not entering into the Transaction for the purpose of (i) creating actual or apparent trading activity in the Shares (or any security convertible into or exchangeable for the Shares) or (ii) manipulating the price of, or facilitating a distribution of, the Shares (or any security convertible into or exchangeable for the Shares);
- (o) Counterparty has not entered into any obligation that would contractually limit it from effecting settlement under the Transaction and it agrees not to enter into any such obligation during the term of the Transaction;
- (p) no federal, state or local (including non-U.S. jurisdictions) law, rule, regulation or regulatory order applicable to the Shares would give rise to any reporting, consent, registration or other requirement (including without limitation a requirement to obtain prior approval from any person or entity) as a result of Dealer or its affiliates owning or holding (however defined) Shares other than any such law, rule, regulation or order that applies (A) to the beneficial ownership of Shares under the Exchange Act or (B) solely as a result of the business, identity, place of business or jurisdiction of organization of Dealer or any such affiliate; and
- (q) the Available Share Number is equal to or greater than the Maximum Share Number (each, as defined below), and any Shares delivered by Counterparty hereunder shall, when delivered in accordance with the terms hereof, be validly issued, fully paid and non-assessable.

5. **Other Provisions:**

- (a) **Reserved.**
  - (b) **Rule 10b-18.**
    - (i) Except as disclosed to Dealer in writing prior to the Trade Date, Counterparty represents and warrants to Dealer that it has not made any purchases of blocks by or for itself or any of its Affiliated Purchasers pursuant to the one block purchase per week exception in clause (b)(4) of Rule 10b-18 under the Exchange Act (“ **Rule 10b-18** ”) during each of the four calendar weeks preceding such date (“ **Rule 10b-18 purchase** ,” “ **blocks** ” and “ **Affiliated Purchaser** ”, each as defined in Rule 10b-18).
    - (ii) Counterparty agrees that it (A) will not, on any day during the Trading Period, any Cash Settlement Pricing Period (regardless of whether Cash Settlement by Counterparty applies) or any period (a “ **Share Termination Period** ”) beginning on the date of any cancellation or termination of the Transaction and ending on the date on which the Payment Obligation is satisfied or Termination Delivery Units are delivered pursuant to paragraph 5(m), as the case may be, make, or permit to be made (to the extent within Counterparty's control), any public announcement (as defined in Rule 165(f) under the Securities Act) of any Merger Transaction or potential Merger Transaction (a “ **Public Announcement** ”) unless such public announcement is made prior to the opening or after the close of the regular trading session on the Exchange for the Shares; (B) shall promptly (but in any event prior to the next opening of the regular trading session on the Exchange) notify Dealer following any such announcement that such announcement has been made; and (C) shall promptly (but in any event prior to the next opening of the regular trading session on the Exchange) provide Dealer with written notice specifying (i) Counterparty's average daily Rule 10b-18 Purchases (as defined in Rule 10b-18) during the three full calendar months immediately preceding the announcement date that were not effected through Dealer or its affiliates and (ii) the number of Shares purchased pursuant to the proviso in Rule 10b-18(b)(4) under the Exchange Act for the three full calendar months preceding the announcement date. Such written notice shall be deemed to be a certification by Counterparty to Dealer that such information is true and correct in all material respects. In addition, Counterparty shall promptly notify Dealer of the earlier to occur of the completion of such transaction and the completion of the vote by target shareholders. “ **Merger Transaction** ” means any merger, acquisition or similar transaction involving a recapitalization as
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contemplated by Rule 10b-18(a)(13)(iv) under the Exchange Act. Counterparty acknowledges that a Public Announcement could result in the occurrence of a Regulatory Disruption and shall comply with paragraph 5(c) below, and the parties agree that any such occurrence shall be treated as a Potential Adjustment Event hereunder.

- (c) **Rule 10b5-1.** It is the intent of the parties that the Transaction comply with the requirements of Rule 10b5-1(c)(1)(i)(A) and (B) of the Exchange Act (“**Rule 10b5-1**”), and the parties agree that this Confirmation shall be interpreted to comply with the requirements of Rule 10b5-1(c), and Counterparty shall take no action that results in the Transaction not so complying with such requirements. For the avoidance of doubt, the parties hereto acknowledge that entry into any Other ASR Transactions shall not fall within the ambit of the previous sentence. Without limiting the generality of the preceding sentence, Counterparty acknowledges and agrees that (A) Counterparty does not have, and shall not attempt to exercise, any influence over how, when or whether Dealer (or its affiliate) effects any purchases in connection with the Transaction, (B) during the Trading Period, any Cash Settlement Pricing Period (regardless of whether Cash Settlement by Counterparty applies) and any Share Termination Period neither Counterparty nor its officers or employees shall, directly or indirectly, communicate any information regarding Counterparty or the Shares to any employee of Dealer or its affiliates who is directly involved with the hedging of and trading with respect to the Transaction, (C) Counterparty is entering into the Transaction in good faith and not as part of a plan or scheme to evade compliance with federal securities laws including, without limitation, Rule 10b-5 under the Exchange Act (“**Rule 10b-5**”) and (D) Counterparty will not alter or deviate from this Confirmation or enter into or alter a corresponding or hedging transaction or position with respect to the Shares. Counterparty also acknowledges and agrees that any amendment, modification, waiver or termination of this Confirmation must be effected in accordance with the requirements for the amendment or termination of a “plan” as defined in Rule 10b5-1(c). Without limiting the generality of the foregoing, any such amendment, modification, waiver or termination shall be made in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b-5 and no such amendment, modification or waiver shall be made at any time at which Counterparty or any officer or director of Counterparty is aware of any material non-public information regarding Counterparty or the Shares.
- (d) **Company Purchases.** Without the prior written consent of Dealer and except for purchases that are not solicited by or on behalf of Counterparty, its affiliates or affiliated purchasers (each as defined in Rule 10b-18 of the Exchange Act) or purchases executed by Dealer or an Affiliate of Dealer, Counterparty shall not purchase, and shall cause its affiliates or affiliated purchasers not to directly or indirectly (including, without limitation, by means of any cash-settled or other derivative instrument) purchase, offer to purchase, place any bid or limit order that would effect a purchase of, or enter into any derivative transaction that would reasonably be expected to result in any purchase of, or commence any tender offer relating to, any Shares (or an equivalent interest, including a unit of beneficial interest in a trust or limited partnership or a depository share) or any security convertible into or exchangeable or exercisable for Shares on any Relevant Contract Day during the Trading Period, any Cash Settlement Pricing Period (regardless of whether Cash Settlement by Counterparty applies) or any Share Termination Period; *provided* that this Section 5(d) shall not (i) limit the Counterparty’s ability, pursuant to its employee incentive plan or dividend reinvestment program, to re-acquire Shares in connection with the related equity transactions, (ii) limit Counterparty’s ability to withhold shares to cover tax liabilities associated with such equity transactions or (iii) limit Counterparty’s ability to grant stock and options to “affiliated partners” (as defined in Rule 10b-18) or the ability of such affiliated purchasers to acquire such stock or options, in connection with the Counterparty’s compensation policies for directors, officers and employees or any agreements with respect to the compensation of directors, officers or employees of any entities that are acquisition targets of Counterparty, and in connection with any such purchase Counterparty will be deemed to represent to Dealer that such purchase does not constitute a “Rule 10b-18 Purchase”; *provided further* that Counterparty may repurchase a number of shares in the open market on such Exchange Business Day up to 5% of the ADTV (as defined under Rule 10b-18) available on such Exchange Business Day through Dealer pursuant to customary open market repurchase documentation agreed to between the Counterparty and Dealer in compliance with the provisions of Rule 10b-18.
- (e) **Regulation M.** Counterparty is not on the date hereof, engaged in a distribution, as such term is used in Regulation M under the Exchange Act (“**Regulation M**”), of any securities of Counterparty, other than issuance of securities or activities exempted from Regulation M by reasons of Rule 101(b) and (c) and 102(b), (c) and (d) of Regulation M. Counterparty shall not, until the last date on which Shares or Termination Delivery Units are deliverable, or any cash is payable, by either party in respect of the Transaction, engage
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in any such distribution without prior notice to Dealer (a “**Distribution Notice**”); *provided* that Counterparty may only deliver up to three (3) Distribution Notices during the Trading Period. Counterparty acknowledges that delivery of a Distribution Notice could result in the occurrence of a Regulatory Disruption and shall comply with paragraph 5(c) above; *provided* that delivery of a Distribution Notice in accordance with this Section 5(e) (and the underlying distribution giving rise to such Distribution Notice) shall not be treated as a Potential Adjustment Event hereunder unless such Disruption Notice or Distribution Notices lead to more than eight Disrupted Days in the Trading Period.

(f) **Additional Termination Events; Adjustment for Early Dividends.**

(i) Notwithstanding any other provision hereof, an “Additional Termination Event” shall occur and Counterparty shall be the sole Affected Party pursuant to such Additional Termination Event if on any day occurring after the Trade Date and on or prior to the last Scheduled Trading Day in the Trading Period or, in any Cash Settlement Pricing Period (regardless of whether Cash Settlement by Counterparty applies) or any Share Termination Period:

1. Counterparty declares a distribution, issue or dividend to existing holders of the Shares with an ex-dividend date on or prior to the Valuation Date of (i) an extraordinary cash dividend (other than any regular quarterly dividend in an amount equal to or less than the Regular Dividend as specified in Schedule A), (ii) a regular quarterly dividend in an amount greater than the Regular Dividend as specified in Schedule A, (iii) securities or share capital of another issuer acquired or owned (directly or indirectly) by Counterparty as a result of a spin-off or other similar transaction or (iv) any other type of securities (other than Shares, which may constitute a Potential Adjustment Event), rights or warrants or other assets, in any case for no payment or for payment (cash or other consideration) at less than the prevailing market price as determined by Dealer (other than any dividend of any rights to holders of Shares pursuant to an adoption by Counterparty of a stockholder rights plan during the term of the Transaction; *provided* that any triggering or other event that results in such rights becoming separated or distributed shall constitute a Dividend hereunder) (any such distribution, issue or dividend, a “**Dividend**”). For avoidance of doubt, such Dividend will not be included in the Payment Obligation (as defined below); or
2. The price per Share, as determined by the Calculation Agent, on any Exchange Business Day falls below \$12.49. In the case of this clause (ii), if Dealer so notifies Counterparty (notwithstanding Section 6(b) of the Agreement), such Exchange Business Day shall constitute the relevant Early Termination Date.

(ii) If on any day, occurring after the Trade Date and on or prior to the last Relevant Day in the Trading Period, Counterparty declares a distribution, issue or dividend to existing holders of the Shares with an ex-dividend date on or prior to the Valuation Date that is earlier than the expected ex-dividend date specified in Schedule A, the Calculation Agent shall in a good faith commercially reasonable manner make such adjustments to the exercise, settlement, payment or any other terms of the Transaction as the Calculation Agent determines appropriate to account for the economic effect on the Transaction of such event.

(g) **Share Delivery Conditions** . If Physical Settlement by Counterparty applies, Counterparty may deliver Free Shares in respect of its settlement obligations only if the following conditions have been satisfied (the “**Registration Provisions**”): (i) a registration statement (“**Registration Statement**”) (which may be a shelf registration statement filed pursuant to Rule 415 under the Securities Act) covering public resale by Dealer (or an affiliate thereof) of any Shares delivered by Counterparty to Dealer under such Physical Settlement by Counterparty (“**Settlement Shares**”) shall have been filed with, and declared effective by, the Securities and Exchange Commission no later than the Settlement Date and such Registration Statement continues to be in effect at all times to and including the date that Dealer or its affiliate(s) has fully and finally sold any Settlement Shares hereunder (“**Distribution**”) ( *provided* that Dealer shall use its commercially reasonable efforts to complete such Distribution as soon as reasonably practicable), (ii) the contents of such Registration Statement and of any prospectus supplement to the prospectus included therein (including, without limitation, any sections describing the plan of distribution) shall be reasonably satisfactory to Dealer, (iii) Dealer shall have been afforded a commercially reasonable opportunity to conduct a due diligence investigation with

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respect to Counterparty customary in scope for transactions involving companies of a similar size or in a similar industry pursuant to which Dealer (or an affiliate thereof) acts as an underwriter of equity securities and the results of such investigation are reasonably satisfactory to Dealer, in its commercially reasonable discretion ( *provided* that Dealer shall enter into customary non-disclosure agreements in connection with such due diligence), and (iv) as of the Settlement Date, an agreement between Dealer and Counterparty of commercially reasonable and customary underwriting terms for companies of a similar size or in a similar industry, including but not limited to commercially reasonable underwriting fees and commissions, indemnification and contribution and reasonable due diligence (the “ **Underwriting Agreement** ”) shall have been entered into with Dealer in connection with the public resale of the Settlement Shares by Dealer (or an affiliate thereof).

Counterparty agrees that any Registration Statement it files for purposes of Physical Settlement by Counterparty pursuant to the provisions above, at the time the same becomes effective, will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein to make the statements therein not misleading. Counterparty represents that any prospectus delivered to Dealer in connection with sales made under the Registration Statement (as such prospectus may be supplemented from time to time) will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

If Physical Settlement by Counterparty applies, Counterparty may deliver Restricted Shares in respect of its settlement obligations only if the following conditions have been satisfied:

(i) all Restricted Shares shall be delivered to Dealer (or any affiliate of Dealer designated by Dealer) pursuant to the exemption from the registration requirements of the Securities Act provided by Section 4(a)(2) thereof;

(ii) as of or prior to the date of delivery, Dealer and any potential purchaser of any such shares from Dealer (or any affiliate of Dealer designated by Dealer) identified by Dealer shall be afforded a commercially reasonable opportunity to conduct a due diligence investigation with respect to Counterparty customary in scope for private placements of equity securities of similar size (including, without limitation, the right to have made available to them for inspection all financial and other records, pertinent corporate documents and other information reasonably requested by them (provided that Dealer shall enter into customary non-disclosure agreements)); and

(iii) as of the date of delivery, Counterparty shall enter into an agreement (a “ **Private Placement Agreement** ”) with Dealer (or any affiliate of Dealer designated by Dealer) in connection with the private placement of such shares by Counterparty to Dealer (or any such affiliate) and the private resale of such shares by Dealer (or any such affiliate), substantially similar to private placement purchase agreements customary for private placements of equity securities of similar size for companies of a similar size or in a similar industry, in form and substance reasonably satisfactory to Dealer, which Private Placement Agreement shall include, without limitation, provisions substantially similar to those contained in such private placement purchase agreements for companies of a similar size or in a similar industry, and shall provide for the payment by Counterparty of all commercially reasonable and documented fees and expenses of Dealer (or an affiliate thereof) in connection with such resale, including commercially reasonable and documented customary private placement fees and all commercially reasonable and documented fees and expenses of counsel for Dealer (or an affiliate thereof), and shall contain representations, warranties, covenants and agreements of Counterparty reasonably necessary or advisable to establish and maintain the availability of an exemption from the registration requirements of the Securities Act for such resales.

(h) **Transfer or Assignment.** Counterparty may not transfer or assign any of its rights or obligations under the Transaction or the Agreement without the prior written consent of Dealer. Notwithstanding any provision of the Agreement to the contrary, Dealer may, subject to applicable law, freely transfer and assign (“ **Transfer** ”) all of its rights and obligations under the Transaction and the Agreement without the consent of Counterparty to (1) any affiliate of Dealer that has a credit rating that is not lower than the credit rating of Dealer immediately prior to the time of such proposed transfer or (2) an affiliate of Dealer whose obligations are guaranteed by Dealer.

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Notwithstanding any other provision in this Confirmation to the contrary requiring or allowing Dealer to purchase, sell, receive or deliver any Shares or other securities to or from Counterparty, Dealer may designate any of its affiliates (a “ **Designated Affiliate** ”) to purchase, sell, receive or deliver such Shares or other securities and otherwise to perform Dealer’ obligations in respect of the Transaction and any such designee may assume such obligations. Dealer shall be discharged of its obligations to Counterparty to the extent that such Designated Affiliate performs in full all of the obligations of Dealer designated by Dealer to such Designated Affiliate under this Transaction.

- (i) **Reserved.**
  - (j) **Reserved.**
  - (k) **No Netting or Setoff.** Obligations under the Transaction shall not be netted, recouped or set off (including pursuant to Section 6 of the Agreement) against any other obligations of the parties, whether arising under the Agreement, this Confirmation, under any other agreement between the parties hereto, by operation of law or otherwise, and no other obligations of the parties shall be netted, recouped or set off (including pursuant to Section 6 of the Agreement) against obligations under the Transaction, whether arising under the Agreement, this Confirmation, under any other agreement between the parties hereto, by operation of law or otherwise, and each party hereby waives any such right of setoff, netting or recoupment.
  - (l) **Staggered Settlement.** Dealer may, by notice to Counterparty on or prior to any Settlement Date (a “ **Nominal Settlement Date** ”), elect to deliver any Shares deliverable on such Nominal Settlement Date on two or more dates (each, a “ **Staggered Settlement Date** ”) or at two or more times on the Nominal Settlement Date (“ **Staggered Settlement** ”) as follows: (i) in such notice, Dealer will specify to Counterparty the related Staggered Settlement Dates (each of which will be on or prior to such Nominal Settlement Date) or delivery times and how it will allocate the Shares it is required to deliver under the applicable settlement method above among the Staggered Settlement Dates or delivery times; and (ii) the aggregate number of Shares that Dealer will deliver to Counterparty hereunder on all such Staggered Settlement Dates shall be taken into account for purposes of determining the Number of Shares to be Delivered at the Nominal Settlement Date; *provided* that in no event shall any Staggered Settlement Date be postponed to a date later than the Final Termination Date; *provided further* that in no event shall any Staggered Settlement reduce the total Number of Shares to be Delivered that Dealer is obligated to deliver to Counterparty under this Transaction.
  - (m) **Alternative Calculations and Counterparty Payment on Early Termination and on Certain Extraordinary Events.** If Dealer owes Counterparty or if Counterparty owes Dealer any amount in connection with the Transaction (i) pursuant to Sections 12.2, 12.3, 12.6, 12.7 or 12.9 of the Equity Definitions or “Announcement Event” above or (ii) pursuant to Section 6(d)(ii) of the Agreement (a “ **Payment Obligation** ”), Counterparty or Dealer, as the case may be, shall satisfy such Payment Obligation by delivery of Termination Delivery Units (as defined below) unless Counterparty gives irrevocable telephonic notice to Dealer of its election to the contrary, confirmed in writing within one Scheduled Trading Day, no later than noon New York time on the Early Termination Date or other date the Transaction is cancelled or terminated, as applicable, where such notice shall include a representation and warranty from Counterparty that it is not, as of the date of the telephonic notice and the date of such written notice, aware of any material non-public information concerning itself or the Shares and Dealer consents in writing to such election. Within a commercially reasonable period of time following the date on which the Payment Obligation would otherwise become due, Dealer shall deliver to Counterparty or Counterparty shall deliver to Dealer, as the case may be, a number of Termination Delivery Units having a fair market value (net of any commercially reasonable brokerage and underwriting commissions and fees, or any commercially reasonable customary private placement fees, in the case of a delivery of Termination Delivery Units by Counterparty) equal to the amount of such Payment Obligation, as determined by the Calculation Agent in its good faith and commercially reasonable discretion. If the provisions set forth in this paragraph are applicable, the provisions of Sections 9.8, 9.9, 9.10, 9.11 (modified as described above) and 9.12 of the Equity Definitions shall be applicable, except that all references to “Shares” shall be read as references to “Termination Delivery Units.” Any purchases made by the Dealer to fulfill their delivery obligation of Shares or Termination Delivery Units pursuant to this paragraph 5(m) shall be made on Relevant Days. “ **Termination Delivery Units** ” means in the case of a Termination Event, Event of Default, Tender Offer, Announcement Event, Insolvency Filing, Reverse Merger or Delisting, one Share or, in the case of Nationalization, Insolvency or Merger Event (other than a Reverse Merger), a unit consisting of the number or amount of each type of property received
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by all or substantially all hypothetical holders of Shares (without consideration of any requirement to pay cash or other consideration in lieu of fractional amounts of any securities) in such Nationalization, Insolvency or Merger Event; *provided* that if such Nationalization, Insolvency or Merger Event involves a choice of consideration to be received by holders, such holder shall be deemed to have elected to receive the maximum possible amount of cash.

- (n) **No Material Non-Public Information.** On the Trade Date, Counterparty represents and warrants to Dealer that it is not aware of any material non-public information (as such term is used for the purposes of securities laws and regulations prohibiting trading on the basis of such information, including Section 10(b) of the Exchange Act and the Rules promulgated thereunder) concerning itself or the Shares.
  - (o) **Maximum Number of Shares.** Notwithstanding anything to the contrary herein, the number of Shares issuable by Counterparty at settlement or pursuant to paragraph 5(m) shall not exceed 30,000,000 Shares (the “**Maximum Share Number**”), as adjusted by Calculation Agent to account for any subdivision, stock-split, stock combination, reclassification or similar dilutive or anti-dilutive event with respect to the Shares resulting from corporate action of the Issuer. Notwithstanding anything to the contrary herein or in the Equity Definitions, the Maximum Share Number will not be adjusted on account of any event that (x) constitutes a Potential Adjustment Event solely on account of Section 11.2(e)(vii) of the Equity Definitions and (y) is not within Counterparty’s control; *provided* that if the Maximum Share Number would exceed the number of Shares that have been authorized but unissued Shares that are not reserved for other purposes (the “**Available Share Number**”), Counterparty will use its commercially reasonable efforts to increase the Available Share Number to enable it to satisfy all obligations hereunder.
  - (p) **Tax Disclosure.** Notwithstanding anything to the contrary herein, in the Equity Definitions or in the Agreement, and notwithstanding any express or implied claims of exclusivity or proprietary rights, the parties (and each of their employees, representatives or other agents) are authorized to disclose to any and all persons, beginning immediately upon commencement of their discussions and without limitation of any kind, the tax treatment and tax structure of the Transaction, and all materials of any kind (including opinions or other tax analyses) that are provided by either party to the other relating to such tax treatment and tax structure.
  - (q) **Status of Claims in Bankruptcy.** Dealer acknowledges and agrees that this Confirmation is not intended to convey to Dealer rights with respect to the Transaction that are senior to the claims of common stockholders of Counterparty in any U.S. bankruptcy proceedings of Counterparty; *provided* that nothing herein shall limit or shall be deemed to limit Dealer’s right to pursue remedies in the event of a breach by Counterparty of its obligations and agreements with respect to the Transaction except in any U.S. bankruptcy proceedings of Counterparty; *provided further* that nothing in this paragraph shall limit or shall be deemed to limit Dealer’s rights in respect of any transactions other than the Transaction.
  - (r) **No Collateral.** Notwithstanding any provision of this Confirmation, the Agreement, Equity Definitions or any other agreement between the parties to the contrary, the obligations of Counterparty under the Transaction are not secured by any collateral.
  - (s) **Securities Contract.** The parties hereto agree and acknowledge that Dealer is one or more of a “financial institution” and “financial participant” within the meaning of Sections 101(22) and 101(22A) of the Bankruptcy Code. The parties hereto further agree and acknowledge (A) that this Confirmation is a “securities contract,” as such term is defined in Section 741(7) of the Bankruptcy Code, with respect to which each payment and delivery hereunder or in connection herewith is a “termination value,” “payment amount” or “other transfer obligation” within the meaning of Section 362 of the Bankruptcy Code and a “settlement payment” (as such term is defined in Section 741(8) of the Bankruptcy Code) or a “transfer” within the meaning of Section 546 of the Bankruptcy Code and (B) that Dealer is entitled to the protections afforded by, among other sections, Section 362(b)(6), 362(b)(27), 362(o), 546(e), 546(j), 548(d)(2), 555 and 561 of the Bankruptcy Code.
  - (t) **Wall Street Transparency and Accountability Act of 2010.** The parties hereby agree that none of (i) Section 739 of the Wall Street Transparency and Accountability Act of 2010 (the “WSTAA”), (ii) any similar legal certainty provision included in any legislation enacted, or rule or regulation promulgated, on or after the Trade Date, (iii) the enactment of the WSTAA or any regulation under the WSTAA, (iv) any requirement under the WSTAA or (v) any amendment made by the WSTAA shall limit or otherwise impair either party’s
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right to terminate, renegotiate, modify, amend or supplement this Confirmation, any Transaction hereunder or the Agreement, as applicable, arising from a termination event, force majeure, illegality, increased cost, regulatory change or similar event under this Confirmation, the Equity Definitions or the Agreement (including, but not limited to, any right arising from any Change in Law, Insolvency Filing, Hedging Disruption, Increased Cost of Hedging, Loss of Stock Borrow, Increased Cost of Stock Borrow, or Illegality (as defined in the Agreement)).

- (u) **Termination Currency** . The Termination Currency shall be USD.
  - (v) **Right to Extend**. Dealer may postpone any potential Valuation Date or postpone or extend any other date of valuation or delivery with respect to some or all of the relevant Shares, if Dealer determines, in its commercially reasonable discretion, that such postponement or extension is reasonably necessary or appropriate to preserve Dealer's commercially reasonable hedging or commercially reasonable hedge unwind activity hereunder in light of existing liquidity conditions (including but not limited to the liquidity in the stock borrow market) or to enable Dealer to effect purchases or sale of Shares in connection with its commercially reasonable hedging, commercially reasonable hedge unwind or settlement activity hereunder in a manner that would, if Dealer were Issuer or an affiliated purchaser of Issuer, be in compliance with applicable legal, regulatory or self- regulatory requirements, or with related policies and procedures applicable to Dealer; *provided* that in no event shall a Valuation Date be postponed to a date later than the Final Termination Date.
  - (w) **Acknowledgement**. Counterparty acknowledges that:
    - (i) during the term of any Transaction, Dealer and its affiliates may buy or sell Shares or other securities or buy or sell options or futures contracts or enter into swaps or other derivative securities in order to establish, adjust or unwind its hedge position with respect to the Transaction;
    - (ii) Dealer and its affiliates may also be active in the market for the Shares and derivatives linked to the Shares other than in connection with hedging activities in relation to the Transaction, including acting as agent or as principal and for its own account or on behalf of customers;
    - (iii) Dealer shall make its own determination as to whether, when or in what manner any hedging or market activities in Counterparty's securities shall be conducted and shall do so in a manner that it deems appropriate to hedge its price and market risk with respect to the Forward Price and the 10b-18 VWAP; and
    - (iv) any market activities of Dealer and its affiliates with respect to the Shares may affect the market price and volatility of the Shares, as well as the Forward Price and the 10b-18 VWAP, each in a manner that may be adverse to Counterparty.
  - (x) **Governing Law**. This Confirmation and the Agreement, and any claims, causes of action or disputes arising hereunder or thereunder or relating hereto or thereto, shall be governed by the laws of the State of New York (without reference to choice of law doctrine that would lead to the application of the laws of any jurisdiction other than New York).
  - (y) **Waiver of Jury Trial**. Each party waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any suit, action or proceeding relating to the Transaction. Each party (i) certifies that no representative, agent or attorney of the other party has represented, expressly or otherwise, that such other party would not, in the event of such a suit, action or proceeding, seek to enforce the foregoing waiver and (ii) acknowledges that it and the other party have been induced to enter into the Transaction, as applicable, by, among other things, the mutual waivers and certifications provided herein.
  - (z) **Dealer Agreement Regarding Hedging Activities**. From and including the first day of the Trading Period to and including the earlier of (i) the Other ASR Completion Date (as defined below) and (ii) the last Relevant Day in the Trading Period or, if the Number of Shares to be Delivered is negative, the last day of the Cash Settlement Pricing Period, Dealer may make purchases or sales of Shares on any Scheduled Trading Day
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that is not a Relevant Contract Day provided that such purchases or sales are in connection with dynamic hedge adjustments of Dealer's exposure to the Transaction as a result of any equity optionality. For the avoidance of doubt, this Section 5(z) is not intended to restrict Dealer's Hedging Activity in or referencing the Shares on any Relevant Contract Day. "Other ASR Completion Date" means, in respect of the Other ASR Transaction, the termination date, however defined, or, if the number of shares to be delivered (however defined) is negative, the last day of the cash settlement pricing period (however defined).

(aa) **Reserved.**

(bb) **Part 2(b) of the ISDA Schedule - Payee Representation:**

For the purpose of Section 3(f) of this Agreement, Counterparty makes the following representation to Dealer:

Counterparty is a corporation established under the laws of Delaware and is a United States person for United States federal income tax purposes.

For the purpose of Section 3(f) of this Agreement, Dealer makes the following representation to Counterparty:

It is a "U.S. person" (as that term is used in Sections 1.1441-1(c) and 1-1441-4(a)(3)(ii) of the United States Treasury Regulations) for U.S. federal income tax purposes.

(cc) **Part 3(a) of the ISDA Schedule - Tax Forms:**

**Party Required to Deliver Document**

	Form/Document/Certificate	Date by which to be Delivered
Counterparty	A complete and duly executed W-9.	(i) Upon execution and delivery of this Agreement; (ii) promptly upon commercially reasonable demand by Dealer; and (iii) promptly upon learning that any such Form previously provided by Counterparty has become obsolete or incorrect.
Dealer	A complete and duly executed W-9.	(i) Upon execution and delivery of this Agreement; and (ii) promptly upon learning that any such Form previously provided by Dealer has become obsolete or incorrect.

**6. Account Details:**

(a) Account for payments to Counterparty:

To be provided by Counterparty upon request.

Account for delivery of Shares to Counterparty:

To be provided by Counterparty upon request.

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(b) Account for payments to Dealer:

Dealer's USD payment instructions: ABA: 121-000-248  
Wells Fargo Bank, National Association  
Charlotte, NC  
Internal Acct No. 01020304464228  
A/C Name: WFB Equity Derivatives

Dealer's delivery instructions: DTC Number: 2072  
Agent ID: 52196  
Institution ID: 52196

7. **Offices:**

The Office of Counterparty for the Transaction is: Inapplicable, Counterparty is not a Multibranch Party.

The Office of Dealer for the Transaction is:

Wells Fargo Bank, National Association  
375 Park Avenue  
New York, NY 10152

8. **Notices:**

For purposes of this Confirmation:

(a) Address for notices or communications to Counterparty:

Juniper Networks, Inc.  
Attention: Chief Financial Officer  
Telephone No.: (408) 745-2000  
Facsimile No.: (408) 745-2100

(b) Address for notices or communications to Dealer:

Notwithstanding anything to the contrary in the Agreement, all notices to Dealer in connection with the Transaction are effective only upon receipt of email message to **CorporateDerivativeNotifications@wellsfargo.com**

This Confirmation may be executed in several counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

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Counterparty hereby agrees to check this Confirmation and to confirm that the foregoing correctly sets forth the terms of the Transaction by signing in the space provided below and returning to Dealer a facsimile of the fully-executed Confirmation to Dealer at [CorporateDerivativeNotifications@wellsfargo.com](mailto:CorporateDerivativeNotifications@wellsfargo.com). Originals shall be provided for your execution upon your request.

Very truly yours,

**WELLS FARGO BANK, NATIONAL ASSOCIATION**

By: /s/ Thomas Yates  
Name: Thomas Yates  
Title: Managing Director

Accepted and confirmed as of the Trade Date:

**JUNIPER NETWORKS, INC.**

By: /s/ Kenneth B. Miller  
Name: Kenneth B. Miller  
Title: Executive Vice President and Chief Financial Officer

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## SCHEDULE A

For the purposes of the Transaction, the following terms shall have the following values/meanings:

1. Prepayment Amount: USD 375,000,000
2. Maximum Maturity Date: August 6, 2018
3. Minimum Maturity Date: May 11, 2018
4. Final Termination Date: August 31, 2018
5. Discount: USD 0.6063
6. Initial Shares: 11,627,906
7. Regular Dividend: USD 0.18 per Share per quarter, with ex-dividend dates occurring on February 28, 2018 and May 31, 2018.
8. Relevant Days:

	Relevant Day
1	02/14/18
2	02/16/18
3	02/21/18
4	02/23/18
5	02/27/18
6	03/01/18
7	03/05/18
8	03/07/18
9	03/09/18
10	03/13/18
11	03/15/18
12	03/19/18
13	03/21/18
14	03/23/18
15	03/27/18
16	03/29/18
17	04/03/18
18	04/05/18
19	04/09/18
20	04/11/18
21	04/13/18
22	04/17/18
23	04/19/18
24	04/23/18
25	04/25/18
26	04/27/18
27	05/01/18
28	05/03/18
29	05/07/18

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30	05/09/18
31	05/11/18
32	05/15/18
33	05/17/18
34	05/21/18
35	05/23/18
36	05/25/18
37	05/30/18
38	06/01/18
39	06/05/18
40	06/07/18
41	06/11/18
42	06/13/18
43	06/15/18
44	06/19/18
45	06/21/18
46	06/25/18
47	06/27/18
48	06/29/18
49	07/05/18
50	07/09/18
51	07/11/18
52	07/13/18
53	07/17/18
54	07/19/18
55	07/23/18
56	07/25/18
57	07/27/18
58	07/31/18
59	08/02/18
60	08/06/18

March 5, 2018

Manoj Leelanivas

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Dear Manoj:

We are pleased to offer you the position of **Executive Vice President, Chief Product Officer** at Juniper Networks, Inc. (“Juniper” or the “Company”) reporting to **Rami Rahim, Chief Executive Officer**. In this role, you will be responsible for products and marketing for Juniper Networks. Your primary work location will be **Sunnyvale, CA**.

This offer is contingent upon a successful background investigation.

Your offer is composed of the following components:

<u>Offer Component</u>	<u>Offer Amount</u>	<u>Currency</u>	<u>Frequency</u>
Base Compensation	\$550,000.00	USD	Annual
RSU	200,000	RSU	Standard Vesting
Hiring Bonus	\$500,000.00	USD	Two Equal Payments

**Base Compensation** : In consideration of your services, you will be paid an annual salary rate as mentioned above which will be paid semi-monthly, less applicable taxes and deductions in accordance with the Company’s normal payroll processing.

**Bonus:** For the remainder of 2018, you will be eligible to participate in Juniper's 2018 Executive Annual Incentive Plan (the "Plan") with an annualized bonus target of 100% of your actual base salary earned in 2018. The actual amount of the bonus could be higher or lower than the bonus target depending on Company and individual performance. This Plan is a discretionary bonus program that Juniper funds based on the achievement of business results and objectives established by Juniper, such as corporate financial results and results of Company strategic goals. Once the total funding level is established by Juniper, and prorated based on your hire date, the Compensation Committee (or a subcommittee) of the Board of Directors (the “Committee”) will determine in its discretion any bonus amount for executive officers based on its assessment of corporate and individual performance. Accordingly, there is no specified or guaranteed amount that you will receive or become entitled to, and the Plan is subject to change or discontinuation at any time.

With respect to the following fiscal year and beyond, you may be eligible to participate in the Executive Annual Incentive Plan in the form of Juniper’s 50/50 Program (“Program”) if Juniper elects to continue this Program. Under this Program, subject to your continued employment, a portion of your bonus will be paid in cash and the remainder will be paid in equity.

- As for the equity portion, Juniper will allocate half of your then current bonus target and multiply it by 1.5 resulting in seventy-five percent (75%) of your then current bonus target to be awarded to you in the form of equity. The vesting of this equity will be performance based (e.g., the achievement of corporate financial results). If the performance conditions are achieved, fifty percent (50%) of the equity award will vest in the first quarter of the following fiscal year for which the performance conditions relate to (e.g., 50% of the equity would vest in the first quarter of 2019 based on 2018 results) and the remaining fifty percent (50%) will vest the following year. This equity award will be subject to your acceptance of a performance share award agreement, which along with the Juniper equity incentive plan governing the award and applicable sub-plans, will set out additional terms and conditions of the grant.
  - As for the remaining cash portion, the amount (if any) of the bonus that will be payable will be determined by the total funding level established by Juniper under the Plan, and then as further determined by the Committee. The bonus amount of cash that you would then be entitled to receive under the Plan is then offset by the half of the bonus target used to determine the equity grant for this Program.
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**Hiring Bonus :** In addition, you will be offered a hiring bonus (less applicable withholding at the supplemental tax rate) in the amount of \$500,000.00 payable in two equal installments. The first installment will be paid with your first or second paycheck and the second installment will be paid via payroll following your first year work anniversary. The bonus is conditioned on you remaining employed over a two (2) year period. Should you voluntarily terminate your employment prior to one year of service with Juniper, you will be responsible for repayment (pro-rated) of the gross first installment bonus amount to the Company and you will not be eligible for the second installment. Should you voluntarily terminate your employment with Juniper after 12 months and within twenty-four months of employment, you will be responsible for repayment (pro-rated) of the total gross bonus amount to the Company.

**Restricted Stock Units:** Subject to compliance with applicable U.S. federal and state securities laws, you will be granted Restricted Stock Units (RSU) of Juniper Networks, Inc. Common Stock. The RSUs will vest cumulatively over a period of three years as long as you remain an employee of Juniper or one of its subsidiaries, with 34% of the shares vesting on the one-year anniversary of the vesting start date and 33% vesting on second and third anniversaries of the vesting start date. The RSU grant will be subject to your acceptance of an RSU award agreement, which, along with the Juniper equity incentive plan governing the RSU award and applicable sub-plans, will set out additional terms and conditions of the grant.

**Confidential Information and Assignment Agreement :** You agree to abide by the Company's Confidential Information and Invention Assignment Agreement, a copy of which will be furnished to you and must be signed and returned before any employment relationship commences.

**Arbitration:** Any claim, dispute or controversy arising out of this agreement, the interpretation, validity or enforcement of this Agreement or the alleged breach thereof shall be submitted by the parties to final, binding and confidential arbitration by the American Arbitration Association ("AAA"), in San Francisco, California, conducted before a single arbitrator under the then-applicable AAA rules. **By agreeing to this arbitration procedure, you and the Company waive the right to resolve any such dispute, claim or demand through a trial by jury or judge or by administrative proceeding.** You will have the right to be represented by legal counsel at any arbitration proceeding. The arbitrator shall: (a) have the authority to compel adequate discovery for the resolution of the dispute and to award such relief as would otherwise be available under applicable law in a court proceeding; and (b) issue a written statement signed by the arbitrator regarding the disposition of each claim and the relief, if any, awarded as to each claim, the reasons for the award, and the arbitrator's essential findings and conclusions on which the award is based. The Company shall pay all AAA arbitration fees, except the amount of such fees equivalent to the filing fee you would have paid if the claim had been litigated in court. Nothing in this offer letter is intended to prevent either you or the Company from obtaining injunctive relief in court to prevent irreparable harm pending the conclusion of any arbitration, including but not limited to any disputes or claims relating to or arising out of the misuse or appropriation of the Company's trade secrets or confidential and proprietary information. Judgment may be entered on the award of the arbitration in any court having jurisdiction.

**Other Company Agreements:** Upon commencement of your employment, as a condition of your employment, you will need to sign the Worldwide Code of Business Conduct and Ethics Acknowledgment and the Reporting Ethics Concerns Acknowledgement and Agreement. A copy of the Code can be found on our public website at <http://investor.juniper.net/investor-relations/corporate-governance/default.aspx>. Within the first few weeks following your hire date, you will be instructed to complete various ethics and compliance training courses. Completion of the assigned courses is required for all employees. In addition, as an executive officer of the Company, you will be required to sign an Executive Compensation Recovery Agreement, which, along with Juniper's Executive Compensation Recovery Policy, will be furnished to you. Further, you will be eligible to enter into Juniper's standard form of Indemnification Agreement, Severance Agreement and Change of Control Agreement.

**Miscellaneous:** For purposes of federal immigration law, you will be required to provide to Juniper documentary evidence of your identity and eligibility for employment in the United States. Such documentation must be provided to us within three business days of your date of hire, or our employment relationship with you may be terminated. Please bring the appropriate documents on your first day of employment.

This offer is contingent upon your obtaining the requisite immigration status and employment authorization. If you are a foreign national requiring work authorization to begin employment, you must contact the Company's Immigration Department at [immigration@juniper.net](mailto:immigration@juniper.net) to initiate the visa process. The Company will submit a petition on your behalf to obtain employment authorization, as well as file visa applications for your immediate dependent family members. The Company will pay the legal fees and costs related to these filings. Because the number of work visas available each year is limited by the U.S. government, the Company reserves the right to withdraw or suspend this offer if the Company is not able to obtain work authorization for you in a reasonable period of time. Please note that if you currently have employment authorization such as practical, curricular or academic training (F-1 or J-1), you must contact the Company's Immigration Department before beginning employment.

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In the event your employment includes frequent business travel, the time you spend working outside your home state may result in additional tax reporting and tax payment liabilities. Although Juniper may pro-rate your state tax withholdings, it will be your responsibility to determine and comply with any resulting income tax obligations.

This agreement, together with all agreements incorporated by reference herein, forms your complete and exclusive agreement with the Company concerning the subject matter hereof. The terms in this agreement supersede any other representations or agreements made to you by any party, whether oral or written. This agreement is to be governed by the laws of the state of California without reference to conflicts of law principles. In case any provision contained in this agreement shall, for any reason, be held invalid or unenforceable in any respect, such invalidity or unenforceability shall not affect the other provisions of this agreement, and such provision will be reformed, construed and enforced so as to render it valid and enforceable consistent with the general intent of the parties insofar as possible under applicable law. With respect to the enforcement of this agreement, no waiver of any right hereunder shall be effective unless it is in writing. This agreement may be executed in more than one counterpart, and signatures transmitted via facsimile shall be deemed equivalent to originals.

**At-Will Employment:** If you accept this offer, you understand and agree that your employment with the Company is for no specified period and constitutes “at will” employment. As a result, you will be free to resign at any time, for any reason or no reason. The Company will similarly have the right to end its employment relationship with you at any time, with or without notice and with or without cause. You understand and agree that any representation to the contrary is unauthorized and not valid unless obtained in writing and signed by the Chief Executive Officer or the Senior Vice President, General Counsel.

You may accept this offer by signing below and emailing a scanned copy to Brian Robinson at \_\_\_\_\_ in our Talent Acquisition organization.

Please keep in mind that this offer will expire on March 7, 2018.

We are delighted to have you join us at Juniper Networks. Welcome Aboard!

Very truly yours,

/s/ Brian M. Martin

Brian M. Martin on behalf of Rami Rahim  
Chief Executive Officer  
Juniper Networks, Inc.

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I accept the terms of this letter:

Manoj Leelanivas

/s/ Manoj Leelanivas

Signature

March 6, 2018

Date Signed

Start Date: March 20/March 26, 2018

May 4, 2018

RE: Change in employment terms

Dear Vin,

The purpose of this letter is to confirm our agreement regarding the transition of your employment with Juniper Networks, Inc. (“Juniper”).

Your full-time employment with Juniper will end 30 days after your replacement starts his or her employment with Juniper, as determined in the sole discretion of Juniper’s Chief Executive Officer (the “Transition Date”). Beginning the following day, you will transition to part-time employment as an advisor to Juniper for a period of up to one-year (“Advisory Period”) and at the end of the Advisory Period, your employment at Juniper will end (“Termination Date”).

**Responsibilities and Compensation:** During the Advisory Period, you will assist with the transition of your duties and work on tasks and projects as Juniper requests. During the Advisory Period, Juniper will determine how many hours you will be required to work and you will be paid a prorated portion of base salary based on the number of hours required. You will also be eligible for a pro-rated portion of your annual cash bonus based on hours worked during the Advisory Period.

**Equity:** For the avoidance of doubt, the terms and conditions of your award agreements with respect to your equity awards continue to apply, and, as such, you will continue to vest in any equity awards issued to you by Juniper, including stock options, restricted stock units and/or performance shares pursuant to the terms of the relevant award agreements. Additionally, your Change of Control Agreement will remain in effect up until your Termination Date.

**Benefits:** You will continue to receive standard health benefits made available to similarly situated employees, subject to your satisfying any eligibility requirements. In the event your hours during the Advisory Period are less than 20 hours per week, you will not be eligible to participate in Juniper’s 2008 Employee Stock Purchase Plan (ESPP) and you will receive a refund of any accrued but unused contributions.

**Confidential Information and Invention Assignment and Juniper Policies:** The Confidential Information and Invention Assignment Agreement previously entered into by you (CIAAA) will remain in effect. This includes, but is not limited to, the restrictions against improper use or disclosure of Juniper proprietary information or trade secrets, assignment of inventions, and the restriction against solicitation of Juniper employees. In addition, you will remain subject to all Juniper policies and agreements applicable to you as an employee of Juniper, including, for the avoidance of doubt, during the Advisory Period.

**Outside Employment:** You agree not to perform work for or provide services to any partner or competitor of Juniper during your employment with Juniper, including during the Advisory Period. You further agree that you will not commence any other employment or consultancy prior to the termination of your Juniper employment without the express written permission of Juniper.

**Employee at-will and Miscellaneous Items:** You are and will continue to remain an employee at-will, including during the Advisory Period, and acknowledge that your employment relationship with Juniper may be terminated at any time, with or without good cause or for any or no cause, at the option of Juniper or yourself, with or without notice. You and Juniper acknowledge that each party to this letter has either been represented by independent legal counsel or has waived such party’s right to obtain advice of independent legal counsel in connection with entering into this letter. This letter may be executed in any number of counterparts, each of which shall be enforceable against the parties actually executing such counterparts, and all of which together shall constitute one instrument. A PDF, facsimile or other reproduction of this letter may be executed by one or more parties hereto and delivered by such party by facsimile or any similar electronic transmission device.

**Severance:** You agree that, except in the case that (a) your employment is terminated for Cause (as defined in your Severance Agreement dated September 2017 (the “Severance Agreement”)), or (b) you violate the terms of this letter (including, without limitation, the CIAAA and Juniper policies referenced herein), you will receive the severance payments described in the Severance Agreement following the Termination Date subject to the terms and conditions thereof (including, without limitation, signing and not revoking the Release (as defined in the Severance Agreement)); provided, however, that (i) to the extent the amounts set forth in Sections 3(a)(i) and 3(a)(ii) of the Severance Agreement collectively exceed \$550,000, such amounts shall be payable to you

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upon the earlier of (x) the time set forth in in the Severance Agreement or (y) March 15, 2019 and (ii) such amounts up to \$550,000 shall be payable to you upon the earlier of (x) the time set forth in in the Severance Agreement or (y) December 31, 2020, and (iii) the bonus payments set forth in Sections 3(a)(iii) and 3(a)(iv) of the Severance Agreement, if any, will be subject to proration with respect to the number of hours you work during the Advisory Period (a described on page 1 of this letter) in addition to any proration that applies under the Severance Agreement.

Signature: /s/ Vincent Molinaro

Print name: Vincent Molinaro

Juniper Networks, Inc.

By: /s/ Brian M. Martin

Name: Brian M. Martin

Title: Senior Vice President and General Counsel

**Juniper Networks, Inc.**  
**Statements of Computation of Ratio of Earnings to Fixed Charges**  
(In millions, except ratios)

	Three Months Ended March 31,	Years Ended December 31,				
	2018	2017	2016	2015	2014	2013
Earnings for computation of ratio (*):						
Income (loss) before income taxes and before adjustment for noncontrolling interests in consolidated subsidiaries or income from equity investees	\$ 41.4	\$ 811.8	\$ 827.4	\$ 852.2	\$ (86.3)	\$ 518.4
Plus:						
Fixed charges	29.1	113.1	109.4	98.5	83.3	76.1
Amortization of capitalized interest	0.4	1.4	1.3	0.8	0.5	0.4
Less:						
Interest capitalized	—	—	(0.4)	(2.2)	(2.7)	(1.9)
Total earnings (loss)	<u>\$ 70.9</u>	<u>\$ 926.3</u>	<u>\$ 937.7</u>	<u>\$ 949.3</u>	<u>\$ (5.2)</u>	<u>\$ 593.0</u>
Fixed charges (*):						
Interest expense	\$ 25.5	\$ 99.2	\$ 95.7	\$ 81.9	\$ 66.0	\$ 58.1
Interest capitalized	—	—	0.4	2.2	2.7	1.9
Amortized premiums, discounts, and capitalized expenses relating to indebtedness	0.5	2.1	1.9	1.4	0.8	0.3
Estimate of interest within rental expense	3.1	11.8	11.4	13.0	13.8	15.8
Total fixed charges	<u>\$ 29.1</u>	<u>\$ 113.1</u>	<u>\$ 109.4</u>	<u>\$ 98.5</u>	<u>\$ 83.3</u>	<u>\$ 76.1</u>
Ratio of earnings (loss) to fixed charges	2.4x	8.2x	8.6x	9.6x	(0.1)x	7.8x

(\*) For this ratio, both "earnings" and "fixed charges" conform to the calculation required by Item 503(d) of Regulation S-K.

**Certification of Principal Executive Officer  
Pursuant to  
Exchange Act Rules 13a-14(a) and 15d-14(a),  
As Adopted Pursuant to  
Section 302 of the Sarbanes-Oxley Act of 2002**

I, Rami Rahim, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Juniper Networks, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2018

/s/ Rami Rahim

Rami Rahim

Chief Executive Officer

(Principal Executive Officer)

**Certification of Principal Financial Officer  
Pursuant to  
Exchange Act Rules 13a-14(a) and 15d-14(a),  
As Adopted Pursuant to  
Section 302 of the Sarbanes-Oxley Act of 2002**

I, Kenneth B. Miller, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Juniper Networks, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2018

/s/ Kenneth B. Miller

Kenneth B. Miller

Executive Vice President, Chief Financial Officer

(Principal Financial Officer)

**Certification of Chief Executive Officer  
Pursuant to 18 U.S.C. Section 1350 As Adopted  
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

I, Rami Rahim, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Juniper Networks, Inc. on Form 10-Q for the three months ended March 31, 2018, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Juniper Networks, Inc.

/s/ Rami Rahim  
Rami Rahim  
Chief Executive Officer  
May 8, 2018

**Certification of Chief Financial Officer  
Pursuant to 18 U.S.C. Section 1350 As Adopted  
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

I, Kenneth B. Miller, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Juniper Networks, Inc. on Form 10-Q for the three months ended March 31, 2018, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Juniper Networks, Inc.

/s/ Kenneth B. Miller

Kenneth B. Miller

Executive Vice President, Chief Financial Officer

May 8, 2018