UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 OR 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported) January 28, 2021

JUNIPER NETWORKS, INC.

(Exact name of registrant as specified in its charter)

Delaware	001-34501	77-0422528
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

1133 Innovation Way Sunnyvale, California	94089
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (408) 745-2000

Not Applicable
Former name or former address, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.00001 per share	JNPR	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth 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. ☐

Item 2.02 Results of Operations and Financial Condition.

On January 28, 2021, Juniper Networks, Inc. ("we", "our" or the "Company") issued a press release in which we announced preliminary financial results for the quarter and fiscal year ended December 31, 2020. The Company also posted on the Investor Relations section of its website (www.juniper.net) prepared remarks with respect to the quarter and fiscal year ended December 31, 2020. Copies of the press release and prepared remarks by the Company are furnished as Exhibits 99.1 and 99.2, respectively, to this report. Information on our website is not, and will not be deemed, a part of this report or incorporated into any other filings the Company makes with the Securities and Exchange Commission.

The information furnished pursuant to this Item 2.02, including Exhibits 99.1 and 99.2, shall not be deemed as "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
99.1	Press release issued by Juniper Networks, Inc. on January 28, 2021
99.2	Prepared remarks by Juniper Networks, Inc. dated as of January 28, 2021
104	Cover Page Interactive Data File - the cover page iXBRL tags are embedded within the Inline XBRL document

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

	Juniper Networks, Inc.	
January 28, 2021	By:	/s/ Brian M. Martin
	Name:	*Brian M. Martin*
	Title:	*Senior Vice President and General Counsel*

Exhibit 99.1

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JUNIPER NETWORKS REPORTS PRELIMINARY FOURTH QUARTER AND FISCAL YEAR 2020 FINANCIAL RESULTS

SUNNYVALE, Calif., January 28, 2021 - Juniper Networks (NYSE: JNPR), a leader in secure, AI-driven networks, today reported preliminary financial results for the three months and fiscal year ended December 31, 2020 and provided its outlook for the three months ending March 31, 2021.

Fourth Quarter 2020 Financial Performance

Net revenues were $1,222.6 million, an increase of 1% year-over-year, and an increase of 7% sequentially.

GAAP operating margin was 8.0%, a decrease from 14.8% in the fourth quarter of 2019, and a decrease from 11.0% in the third quarter of 2020.

Non-GAAP operating margin was 19.3%, a decrease from 20.4% in the fourth quarter of 2019, and an increase from 17.1% in the third quarter of 2020.

GAAP net income was $30.8 million, a decrease of 82% year-over-year, and a decrease of 79% sequentially, resulting in diluted earnings per share of $0.09.

Non-GAAP net income was $181.8 million, a decrease of 9% year-over-year, and an increase of 26% sequentially, resulting in non-GAAP diluted earnings per share of $0.55.

Full-Year 2020 Financial Performance

Net revenues were $4,445.1 million, flat year-over-year.

GAAP operating margin was 7.9%, a decrease from 9.9% in fiscal year 2019.

Non-GAAP operating margin was 15.5%, a decrease from 16.7% in fiscal year 2019.

GAAP net income was $257.8 million, a decrease of 25% year-over-year, resulting in diluted earnings per share of $0.77, a decrease of 22% year-over-year. The change in GAAP net income was primarily due to lower interest income, higher operating expenses and lower gross margin, partially offset by a lower tax rate.

Non-GAAP net income was $519.7 million, a decrease of 13% year-over-year, resulting in diluted earnings per share of $1.55, a decrease of 10% year-over-year.

The reconciliation between GAAP and non-GAAP results of operations is provided in a table immediately following the Preliminary Net Revenues by Geographic Region table below.

"We experienced better than expected Q4 demand and ended 2020 on a high note by delivering a second consecutive quarter of year-over-year revenue growth," said Juniper's CEO, Rami Rahim. "Despite the various challenges presented by the pandemic, we achieved many of the objectives we laid out earlier in the year, which included growing our enterprise business for a fourth consecutive year, growing our cloud business for a second consecutive year and stabilizing our service provider business. We believe these outcomes are a direct result of the strategic actions we have taken, which should position us for sustainable full-year revenue growth starting this year."

"We executed well in the December quarter and were able to exceed our revenue and non-GAAP EPS targets," said Juniper's CFO, Ken Miller. "We are entering the new year with strong backlog and healthy momentum across each of our core industry verticals. We believe the investments we have made in 2020 to strengthen our technology portfolio and go-to-market organization will not only position us to deliver long-term growth, but also improved profitability over time."

Balance Sheet and Other Financial Results

Total cash, cash equivalents, and investments as of December 31, 2020 were $2,430.6 million, compared to $2,543.6 million as of December 31, 2019, and $2,561.2 million as of September 30, 2020.

Net cash flows provided by operations for the fourth quarter of 2020 was $125.8 million, compared to $95.7 million in the fourth quarter of 2019, and $116.4 million in the third quarter of 2020.

Days sales outstanding in accounts receivable was 71 days in the fourth quarter of 2020, compared to 66 days in the fourth quarter of 2019, and 60 days in the third quarter of 2020.

Capital expenditures were $32.5 million, and depreciation and amortization expense was $52.1 million during the fourth quarter of 2020.

First Quarter 2021 Outlook

These metrics are provided on a non-GAAP basis, except for revenue and share count. Non-GAAP earnings per share is on a fully diluted basis. The outlook assumes that the exchange rate of the U.S. dollar to other currencies will remain relatively stable at current levels.

At the mid-point of guidance, expected revenue is up 6% year-over-year which we anticipate will include less than $10 million of revenue from the recent acquisitions of Apstra, 128 Technology and Netrounds.

We expect non-GAAP gross margin to experience normal seasonal patterns in the first quarter. Excluding the anticipated impact of increased COVID-related costs, non-GAAP gross margin would be approximately flat versus Q1 2020.

We expect first quarter non-GAAP operating expense to increase sequentially, primarily due to the inclusion of approximately $20 million of operating expenses related to recent acquisitions.

Our first quarter non-GAAP EPS guidance includes the dilutive impact of the recent acquisitions.

Our Board of Directors has declared a quarterly cash dividend of $0.20 per share to be paid on March 22, 2021 to stockholders of record as of the close of business on March 1, 2021.

Our guidance for the quarter ending March 31, 2021 is as follows:

- Revenue will be approximately $1,055 million, plus or minus $50 million.

- Non-GAAP gross margin will be approximately 59.0%, plus or minus 1%.
- Non-GAAP operating expenses will be approximately $510 million, plus or minus $5 million.
- Non-GAAP operating margin will be approximately 10.6% at the mid-point of revenue guidance.
- Non-GAAP tax rate will be approximately 19.5%.
- Non-GAAP other income and expense will be an expense of approximately $12 million.
- Non-GAAP net income per share will be approximately $0.25, plus or minus $0.05. This assumes a share count of approximately 333 million.

All forward-looking non-GAAP measures exclude estimates for amortization of intangible assets, share-based compensation expenses, acquisition and strategic investment related charges, restructuring benefits or charges, impairment charges, strategic partnership-related charges, legal reserve and settlement charges or benefits, gain or loss on equity investments, loss on extinguishment of debt, retroactive impact of certain tax settlements, significant effects of tax legislation and judicial or administrative interpretation of tax regulations, including the impact of income tax reform, non-recurring income tax adjustments, valuation allowance on deferred tax assets, and the income tax effect of non-GAAP exclusions, and do not include the impact of further changes to previously announced tariffs and the impact of any future acquisitions, divestitures, or joint ventures that may occur in the period. Juniper is unable to provide a reconciliation of non-GAAP guidance measures to corresponding U.S. generally accepted accounting principles or GAAP measures on a forward-looking basis without unreasonable effort due to the overall high variability and low visibility of most of the foregoing items that have been excluded. For example, share-based compensation expense is impacted by the Company's future hiring needs, the type and volume of equity awards necessary for such future hiring, and the price at which the Company's stock will trade in those future periods. Amortization of intangible assets is significantly impacted by the timing and size of any future acquisitions. The items that are being excluded are difficult to predict and a reconciliation could result in disclosure that would be imprecise or potentially misleading. Material changes to any one of these items could have a significant effect on our guidance and future GAAP results. Certain exclusions, such as amortization of intangible assets and share-based compensation expenses, are generally incurred each quarter, but the amounts have historically and may continue to vary significantly from quarter to quarter.

Fourth Quarter and Fiscal Year 2020 Financial Commentary Available Online

A CFO Commentary reviewing the Company's fourth quarter 2020 and fiscal year 2020 financial results, as well as the first quarter 2021 financial outlook will be furnished to the SEC on Form 8-K and published on the Company's website at http://investor.juniper.net. Analysts and investors are encouraged to review this commentary prior to participating in the conference call webcast.

Conference Call Webcast

Juniper Networks will host a conference call webcast today, January 28, 2021, at 2:00 pm PT, to be broadcast live over the Internet at http://investor.juniper.net. To participate via telephone in the US, the toll-free number is 1-877-407-8033. Outside the US, dial +1-201-689-8033. Please call 10 minutes prior to the scheduled conference call time. The webcast replay will be archived on the Juniper Networks website.

About Juniper Networks

Juniper Networks challenges the inherent complexity that comes with networking in the multicloud era. We do this with products, solutions and services that transform the way people connect, work and live. We simplify the process of transitioning to a secure and automated multicloud environment to enable secure, AI-driven networks that connect the world. Additional information can be found at Juniper Networks (www.juniper.net).

Investors and others should note that the Company announces material financial and operational information to its investors using its Investor Relations website, press releases, SEC filings and public conference calls and webcasts. The Company also intends to use the Twitter account @JuniperNetworks and the Company's blogs as a means of disclosing information about the Company and for complying with its disclosure obligations under Regulation FD. The social media channels that the Company intends to use as a means of disclosing information described above may be updated from time to time as listed on the Company's Investor Relations website.

Juniper Networks, the Juniper Networks logo, Juniper, Junos, and other trademarks are registered trademarks of Juniper Networks, Inc. and/or its affiliates in the United States and other countries. Other names may be trademarks of their respective owners.

Safe Harbor

Statements in this release concerning Juniper Networks' business, economic and market outlook, including currency exchange rates; our expectations around revenue, (including amounts attributable to our prior acquisitions), earnings and gross margin growth; our expectations regarding our operating expenses (including on a first quarter and full-year basis and the impact attributable to our prior acquisitions), non-GAAP tax rate, other income and expense, net income, share count, and seasonal changes in our gross margin; our financial guidance and the expected impact from COVID-19 on our guidance; our expectations regarding the financial impact from acquisitions, COVID related costs, our variable compensation, fringe costs, and our overall future prospects are forward-looking statements within the meaning of the Private Securities Litigation Reform Act that involve a number of uncertainties and risks. Actual results or events could differ materially from those anticipated in those forward-looking statements as a result of several factors, including: the duration, extent, and impact of the COVID-19 pandemic, general economic and political conditions globally or regionally; business and economic conditions in the networking industry; changes in overall technology spending by our customers; the network capacity requirements of our customers and, in particular, Cloud and telecommunication service providers; contractual terms that may result in the deferral of revenue; the timing of orders and their fulfillment; manufacturing and supply chain and logistics costs, constraints, changes or disruptions; availability and pricing of key product components; delays in scheduled product availability; adoption of regulations or standards affecting Juniper Networks' products, services or the networking industry; product defects, returns or vulnerabilities; significant effects of tax legislation and judicial or administrative interpretation of tax regulations; legal settlements and resolutions, including with respect to enforcing our proprietary rights; the potential impact of activities related to the execution of capital return, restructurings and product rationalization; the impact of import tariffs and changes thereto; and other factors listed in Juniper Networks' most recent report on Form 10-Q or 10-K filed with the Securities and Exchange Commission. In addition, many of the foregoing risks and uncertainties are, and could be, exacerbated by the COVID-19 pandemic and any worsening of the global business and economic environment as a result of the pandemic. We cannot at this time predict the extent of the impact of the COVID-19 pandemic and any resulting business or economic impact, but it could have a material adverse effect on our business, financial condition, results of operations and cash flows. Note that our estimates as to the tax rate on our business are based on current tax law and interpretations thereof, and could be materially affected by changing interpretations, as well as additional legislation and guidance. All statements made in this press release are made only as of the date set forth at the beginning of this release. Juniper Networks undertakes no obligation to update the information made in this release in the event facts or circumstances subsequently change after the date of this press release. We have not filed our Form 10-K for the year ended December 31, 2020. As a result, all financial results described in this earnings release should be considered preliminary, and are subject to change to reflect any necessary adjustments or changes in accounting estimates, that are identified prior to the time we file the Form 10-K.

Use of Non-GAAP Financial Information

Juniper Networks believes that the presentation of non-GAAP financial information provides important supplemental information to management and investors regarding financial and business trends relating to the company's financial condition and results of operations. For further information regarding why Juniper Networks believes that these non-GAAP measures provide useful information to investors, the specific manner in which management uses these measures, and some of the limitations associated with the use of these measures, please refer to the "Discussion of Non-GAAP Financial Measures" section of this press release. The following tables and reconciliations can also be found on our Investor Relations website at http://investor.juniper.net.

Juniper Networks, Inc.
Preliminary Condensed Consolidated Statements of Operations
(in millions, except per share amounts)
(unaudited)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2020	2019	2020	2019
Net revenues:				
Product	$ 810.2	$ 791.9	$ 2,845.0	$ 2,867.7
Service	412.4	416.2	1,600.1	1,577.7
Total net revenues	1,222.6	1,208.1	4,445.1	4,445.4
Cost of revenues:				
Product	360.2	338.7	1,278.6	1,227.0
Service	145.4	150.1	592.8	601.6
Total cost of revenues	505.6	488.8	1,871.4	1,828.6
Gross margin	717.0	719.3	2,573.7	2,616.8
Operating expenses:				
Research and development	242.5	239.6	958.4	955.7
Sales and marketing	246.1	246.5	938.8	939.3
General and administrative	77.2	54.9	255.4	244.3
Restructuring charges (benefits)	53.1	(0.3)	68.0	35.3
Total operating expenses	618.9	540.7	2,220.6	2,174.6
Operating income	98.1	178.6	353.1	442.2
Loss on extinguishment of debt	(55.0)	—	(55.0)	(15.3)
Other expense, net*	(3.9)	(4.6)	(32.9)	(12.5)
Income before income taxes	39.2	174.0	265.2	414.4
Income tax provision	8.4	5.6	7.4	69.4
Net income	$ 30.8	168.4	$ 257.8	$ 345.0
Net income per share:				
Basic	$ 0.09	$ 0.50	$ 0.78	$ 1.01
Diluted	$ 0.09	$ 0.49	$ 0.77	$ 0.99
Shares used in computing net income per share:				
Basic	328.7	336.2	330.4	343.2
Diluted	332.7	340.8	335.2	348.2

(*): The prior period amount has been reclassified to conform to the current period presentation.

Juniper Networks, Inc.
Preliminary Net Revenues by Product and Service
(in millions)
(unaudited)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2020	2019	2020	2019
Routing	$ 462.4	$ 424.1	$ 1,612.1	$ 1,623.2
Switching	261.3	267.4	918.9	901.0
Security	86.5	100.4	314.0	343.5
Total Product	810.2	791.9	2,845.0	2,867.7
Total Service	412.4	416.2	1,600.1	1,577.7
Total	$ 1,222.6	$ 1,208.1	$ 4,445.1	$ 4,445.4

Juniper Networks, Inc.
Preliminary Net Revenues by Vertical
(in millions)
(unaudited)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2020	2019	2020	2019
Cloud	$ 280.7	$ 279.8	$ 1,081.2	$ 1,059.8
Service Provider	474.9	492.5	1,761.7	1,827.8
Enterprise	467.0	435.8	1,602.2	1,557.8
Total	$ 1,222.6	$ 1,208.1	$ 4,445.1	$ 4,445.4

Juniper Networks, Inc.
Preliminary Net Revenues by Geographic Region
(in millions)
(unaudited)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2020	2019	2020	2019
Americas	$ 632.5	$ 676.8	$ 2,445.1	$ 2,518.0
Europe, Middle East, and Africa	363.6	335.7	1,233.8	1,215.3
Asia Pacific	226.5	195.6	766.2	712.1
Total	$ 1,222.6	1,208.1	$ 4,445.1	$ 4,445.4

Juniper Networks, Inc.
Preliminary Reconciliations between GAAP and non-GAAP Financial Measures
(in millions, except percentages and per share amounts)
(unaudited)

		Three Months Ended			Twelve Months Ended	
		December 31, 2020	September 30, 2020	December 31, 2019	December 31, 2020	December 31, 2019
GAAP operating income		$ 98.1	$ 125.1	$ 178.6	$ 353.1	$ 442.2
GAAP operating margin		8.0 %	11.0 %	14.8 %	7.9 %	9.9 %
Share-based compensation expense	C	50.9	52.7	55.1	189.6	202.2
Share-based payroll tax expense	C	0.5	0.9	0.4	6.0	6.1
Amortization of purchased intangible assets	A	11.9	9.4	9.9	40.6	34.6
Restructuring charges (benefits)	B	53.1	1.2	(0.3)	68.0	35.3
Acquisition and strategic investment related charges	A	17.7	3.5	1.0	24.6	17.9
Gain on non-qualified deferred compensation plan ("NQDC")	B	2.9	1.9	1.8	4.9	5.4
Strategic partnership-related charges	B	—	—	—	—	0.8
Legal reserve and settlement charges (benefits)	B	0.3	—	—	0.3	(0.2)
Others	B	0.9	—	—	0.9	—
Non-GAAP operating income		$ 236.3	$ 194.7	$ 246.5	$ 688.0	$ 744.3
Non-GAAP operating margin		19.3 %	17.1 %	20.4 %	15.5 %	16.7 %
GAAP net income		$ 30.8	$ 145.4	$ 168.4	$ 257.8	$ 345.0
Share-based compensation expense	C	50.9	52.7	55.1	189.6	202.2
Share-based payroll tax expense	C	0.5	0.9	0.4	6.0	6.1
Amortization of purchased intangible assets	A	11.9	9.4	9.9	40.6	34.6
Restructuring charges (benefits)	B	53.1	1.2	(0.3)	68.0	35.3
Acquisition and strategic investment related charges	A	17.7	3.5	1.0	24.6	17.9
Strategic partnership-related charges	B	—	—	—	—	0.8
Legal reserve and settlement charges (benefits)	B	0.3	—	—	0.3	(0.2)
Loss (gain) on equity investments	B	(2.3)	0.1	0.8	(3.2)	8.8
Loss on extinguishment of debt	B	55.0	—	—	55.0	15.3
Recognition of previously unrecognized tax benefits	B	—	(54.5)	(25.4)	(54.5)	(25.4)
Income tax effect of non-GAAP exclusions	B	(31.8)	(14.3)	(11.2)	(60.2)	(42.9)
Others	B	(4.3)	—	—	(4.3)	—
Non-GAAP net income		$ 181.8	$ 144.4	$ 198.7	$ 519.7	$ 597.5
GAAP diluted net income per share		$ 0.09	$ 0.43	$ 0.49	$ 0.77	$ 0.99
Non-GAAP diluted net income per share	D	$ 0.55	$ 0.43	$ 0.58	$ 1.55	$ 1.72
Shares used in computing diluted net income per share		332.7	334.5	340.8	335.2	348.2

Discussion of Non-GAAP Financial Measures

This press release, including the tables above, includes the following non-GAAP financial measures derived from our Preliminary Consolidated Statements of Operations: operating income; operating margin; net income; and diluted net income per share. These measures are not presented in accordance with, nor are they a substitute for GAAP. In addition, these measures may be different from non-GAAP measures used by other companies, limiting their usefulness for comparison purposes. The non-GAAP financial measures used in the table above should not be considered in isolation from measures of financial performance prepared in accordance with GAAP. Investors are cautioned that there are material limitations associated with the use of non-GAAP financial measures as an analytical tool. In particular, certain of the adjustments to our GAAP financial measures reflect the exclusion of items that are recurring and will be reflected in our financial results for the foreseeable future.

We utilize a number of different financial measures, both GAAP and non-GAAP, in analyzing and assessing the overall performance of our business, in making operating decisions, forecasting and planning for future periods, and determining payments under compensation programs. We consider the use of the non-GAAP measures presented above to be helpful in assessing the performance of the continuing operation of our business. By continuing operation, we mean the ongoing revenue and expenses of the business, excluding certain items that render comparisons with prior periods or analysis of on-going operating trends more difficult, such as expenses not directly related to the actual cash costs of development, sale, delivery or support of our products and services, or expenses that are reflected in periods unrelated to when the actual amounts were incurred or paid. Consistent with this approach, we believe that disclosing non-GAAP financial measures to the readers of our financial statements provides such readers with useful supplemental data that, while not a substitute for financial measures prepared in accordance with GAAP, allows for greater transparency in the review of our financial and operational performance. In addition, we have historically reported non-GAAP results to the investment community and believe that continuing to provide non-GAAP measures provides investors with a tool for comparing results over time. In assessing the overall health of our business for the periods covered by the table above and, in particular, in evaluating the financial line items presented in the table above, we have excluded items in the following three general categories, each of which are described below: Acquisition and Strategic Investment Related Charges, Other Items, and Share-Based Compensation Related Items. We also provide additional detail below regarding the shares used to calculate our non-GAAP net income per share. Notes identified for line items in the table above correspond to the appropriate note description below. With respect to the items excluded from our forward-looking non-GAAP measures and reconciliation of such measures, please see the "Outlook" section above.

Note A: Acquisition and Strategic Investment Related Charges. We exclude certain expense items resulting from acquisitions including amortization of purchased intangible assets associated with our acquisitions. The amortization of purchased intangible assets associated with our acquisitions results in our recording expenses in our GAAP financial statements that were already expensed by the acquired company before the acquisition and for which we have not expended cash. Moreover, had we internally developed the products acquired, the amortization of intangible assets, and the expenses of uncompleted research and development would have been expensed in prior periods. Accordingly, we analyze the performance of our operations in each period without regard to such expenses. In addition, acquisitions and strategic investment result in non-continuing operating expenses, which would not otherwise have been incurred by us in the normal course of our business operations. We believe that providing non-GAAP information for acquisition and strategic investment related expense items in addition to the corresponding GAAP information allows the users of our financial statements to better review and understand the historic and current results of our continuing operations, and also facilitates comparisons to less acquisitive peer companies.

Note B: Other Items. We exclude certain other items that are the result of either unique, infrequent or unplanned events, including the following, when applicable: (i) restructuring charges or benefits; (ii) strategic partnership-related charges (iii) legal reserve and settlement charges or benefits; (iv) gain or loss on equity investments or other significant isolated events or transactions which are not expected to occur regularly in the future that are not indicative of our core operating results; (v) loss on extinguishment of debt; (vi) significant effects of tax legislation and judicial or administrative interpretation of tax regulations, including the impact of income tax reform; (vii) recognition of previously unrecognized tax benefits that are non-recurring in nature; (viii) the income tax effect on our financial statements of excluding items related to our non-GAAP financial measures. Additionally, the non-

GAAP results exclude the effects of NQDC-related investments. It is difficult to estimate the amount or timing of these items in advance. Although these events are reflected in our GAAP financial statements, these transactions may limit the comparability of our on-going operations with prior and future periods.

Restructuring benefits or charges result from events that arise from unforeseen circumstances, which often occur outside of the ordinary course of continuing operations. These expenses do not accurately reflect the underlying performance of our continuing business operations for the period in which they are incurred. We also exclude certain expenses incurred for the formation of a strategic partnership, as they are directly related to an event that is distinct and does not reflect current ongoing business operations. In the case of legal reserves and settlements, these gains or losses are recorded in the period in which the matter is concluded or resolved even though the subject matter of the underlying dispute may relate to multiple or different periods. As such, we believe that these expenses do not accurately reflect the underlying performance of our continuing operations for the period in which they are incurred. Additionally, we exclude previously unrecognized tax benefits that are non-recurring in nature which are recorded in the period in which applicable statutes of limitation lapse or upon the completion of tax review cycles as the tax matter may relate to multiple or different periods. Further, certain items related to global tax reform may continue to impact the business and are generally unrelated to the current level of business activity. We believe these tax events limit the comparability with prior periods and that these expenses or benefits do not accurately reflect the underlying performance of our continuing business operations for the period in which they are incurred. We also believe providing financial information with and without the income tax effect of excluding items related to our non-GAAP financial measures provide our management and users of the financial statements with better clarity regarding the on-going performance and future liquidity of our business. Because of these factors, we assess our operating performance with these amounts both included and excluded, and by providing this information, we believe the users of our financial statements are better able to understand the financial results of what we consider our continuing operations.

Note C: Share-Based Compensation Related Items. We provide non-GAAP information relative to our expense for share-based compensation and related payroll tax. Due to the varying available valuation methodologies, subjective assumptions and the variety of award types, which affect the calculations of share-based compensation, we believe that the exclusion of share-based compensation and related payroll tax allows for more accurate comparisons of our operating results to our peer companies and is useful to investors to understand the impact of share-based compensation on our results of operations. Further, expense associated with granting share-based awards does not reflect any cash expenditures by the company as no cash is expended.

Note D: Non-GAAP Net Income Per Share Items. We provide diluted non-GAAP net income per share. The diluted non-GAAP net income per share includes additional dilution from potential issuance of common stock, except when such issuances would be anti-dilutive.

Juniper Networks, Inc.
Preliminary Condensed Consolidated Balance Sheets
(in millions)
(unaudited)

	December 31, 2020	December 31, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,361.9	$ 1,215.8
Short-term investments	412.1	738.0
Accounts receivable, net of allowances	964.1	879.7
Prepaid expenses and other current assets	533.1	376.3
Total current assets	3,271.2	3,209.8
Property and equipment, net	762.3	830.9
Operating lease right-of-use assets	184.6	169.7
Long-term investments	656.6	589.8
Purchased intangible assets, net	266.7	185.8
Goodwill	3,669.6	3,337.1
Other long-term assets	567.3	514.6
Total assets	$ 9,378.3	$ 8,837.7
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 277.0	$ 219.5
Accrued compensation	270.7	229.0
Deferred revenue	867.3	812.9
Short-term portion of long-term debt	421.5	—
Other accrued liabilities	324.6	282.5
Total current liabilities	2,161.1	1,543.9
Long-term debt	1,705.8	1,683.9
Long-term deferred revenue	418.5	410.5
Long-term income taxes payable	312.5	372.6
Long-term operating lease liabilities	163.5	158.1
Other long-term liabilities	73.4	58.1
Total liabilities	4,834.8	4,227.1
Total stockholders' equity	4,543.5	4,610.6
Total liabilities and stockholders' equity	$ 9,378.3	$ 8,837.7

Juniper Networks, Inc.
Preliminary Condensed Consolidated Statements of Cash Flows
(in millions)
(unaudited)

	Twelve Months Ended December 31,	
	2020	2019
Cash flows from operating activities:		
Net income	$ 257.8	$ 345.0
Adjustments to reconcile net income to net cash provided by operating activities:		
Share-based compensation expense	190.2	202.2
Depreciation, amortization, and accretion	212.4	210.3
Operating lease assets expense	42.3	42.0
Loss on extinguishment of debt	55.0	15.3
Deferred income taxes	(52.3)	2.9
Other	(2.9)	3.5
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable, net	(76.1)	(118.1)
Prepaid expenses and other assets	(117.8)	(100.7)
Accounts payable	56.0	6.4
Accrued compensation	38.7	6.5
Income taxes payable	(57.2)	(40.5)
Other accrued liabilities	4.4	(46.8)
Deferred revenue	61.5	0.9
Net cash provided by operating activities	612.0	528.9
Cash flows from investing activities:		
Purchases of property and equipment	(100.4)	(109.6)
Purchases of available-for-sale debt securities	(967.0)	(3,209.8)
Proceeds from sales of available-for-sale debt securities	360.4	1,520.0
Proceeds from maturities and redemptions of available-for-sale debt securities	865.0	1,642.3
Purchases of equity securities	(17.4)	(107.1)
Proceeds from sales of equity securities	9.7	14.2
Proceeds from Pulse note receivable	50.0	—
Payments for business acquisitions, net of cash and cash equivalents acquired	(438.1)	(270.9)
Subsequent payments related to acquisitions in prior years	(45.9)	(7.3)
Other	(5.2)	—
Net cash used in investing activities	(288.9)	(528.2)
Cash flows from financing activities:		
Repurchase and retirement of common stock	(381.1)	(554.9)
Proceeds from issuance of common stock	54.7	55.6
Payment of dividends	(264.1)	(260.1)
Payment of debt	(376.2)	(950.0)
Issuance of debt, net	792.4	495.2
Payment for debt extinguishment costs	(52.9)	(14.6)
Other	4.8	—
Net cash used in financing activities	(222.4)	(1,228.8)
Effect of foreign currency exchange rates on cash, cash equivalents, and restricted cash	5.8	(1.2)
Net increase (decrease) in cash, cash equivalents, and restricted cash	106.5	(1,229.3)
Cash, cash equivalents, and restricted cash at beginning of period	1,276.5	2,505.8
Cash, cash equivalents, and restricted cash at end of period	$ 1,383.0	$ 1,276.5

Exhibit 99.2

Juniper Networks, Inc.
1133 Innovation Way
Sunnyvale, CA 94089

January 28, 2021

CFO Commentary on Fourth Quarter and Full Year Fiscal 2020 Preliminary Financial Results

Related Information

The following commentary is provided by management and should be referenced in conjunction with Juniper Networks' fourth quarter and full year fiscal year 2020 preliminary financial results press release available on its Investor Relations website at http://investor.juniper.net. These remarks represent management's current views of the Company's financial and operational performance and outlook and are provided to give investors and analysts further insight into the Company's performance in advance of the earnings call webcast.

Q4 2020 Preliminary Financial Results

GAAP

(in millions, except per share amounts and percentages)	Q4'20	Q3'20	Q4'19	Q/Q Change	Y/Y Change
Revenue	$ 1,222.6	$ 1,138.2	$ 1,208.1	7 %	1 %
Product	810.2	733.7	791.9	10 %	2 %
Service	412.4	404.5	416.2	2 %	(1) %
Gross margin %	58.6 %	57.8 %	59.5 %	0.8 pts	(0.9)pts
Research and development	242.5	242.4	239.6	— %	1 %
Sales and marketing	246.1	229.3	246.5	7 %	— %
General and administrative	77.2	59.8	54.9	29 %	41 %
Restructuring charges (benefits)	53.1	1.2	(0.3)	N/M	N/M
Total operating expenses	$ 618.9	$ 532.7	$ 540.7	16 %	14 %
Operating margin %	8.0 %	11.0 %	14.8 %	(3.0)pts	(6.8)pts
Net income	$ 30.8	$ 145.4	$ 168.4	(79) %	(82) %
Diluted net income per share	$ 0.09	$ 0.43	$ 0.49	(79) %	(82) %

N/M - Not meaningful

Non-GAAP

(in millions, except per share amounts and percentages)	Q1'21 Guidance	Q4'20	Q3'20	Q4'19	Q/Q Change	Y/Y Change
Revenue	$1,055 +/- $50	$ 1,222.6	$ 1,138.2	$ 1,208.1	7 %	1 %
Product		810.2	733.7	791.9	10 %	2 %
Service		412.4	404.5	416.2	2 %	(1) %
Gross margin %	59.0% +/- 1.0%	60.0 %	59.0 %	60.7 %	1.0 pts	(0.7)pts
Research and development		219.5	218.6	212.7	— %	3 %
Sales and marketing		228.2	210.6	228.3	8 %	— %
General and administrative		49.2	48.0	46.2	3 %	6 %
Total operating expenses	$510 +/- $5	$ 496.9	$ 477.2	$ 487.2	4 %	2 %
Operating margin %	~10.6% at the midpoint	19.3 %	17.1 %	20.4 %	2.2 pts	(1.1)pts
Net income		$ 181.8	$ 144.4	$ 198.7	26 %	(9) %
Diluted net income per share	$0.25 +/- $0.05	$ 0.55	$ 0.43	$ 0.58	28 %	(5) %

Fiscal 2020 Preliminary Financial Results

GAAP

(in millions, except per share amounts and percentages)	FY'20	FY'19	Y/Y Change
Revenue	$ 4,445.1	$ 4,445.4	— %
Product	2,845.0	2,867.7	(1) %
Service	1,600.1	1,577.7	1 %
Gross margin %	57.9 %	58.9 %	(1.0)pts
Research and development	958.4	955.7	— %
Sales and marketing	938.8	939.3	— %
General and administrative	255.4	244.3	5 %
Restructuring charges	68.0	35.3	93 %
Total operating expenses	$ 2,220.6	$ 2,174.6	2 %
Operating margin %	7.9 %	9.9 %	(2.0)pts
Net income	$ 257.8	$ 345.0	(25) %
Diluted net income per share	$ 0.77	$ 0.99	(22) %

Non-GAAP

(in millions, except per share amounts and percentages)	FY'20	FY'19	Y/Y Change
Revenue	$ 4,445.1	$ 4,445.4	— %
Product	2,845.0	2,867.7	(1) %
Service	1,600.1	1,577.7	1 %
Gross margin %	59.2 %	60.1 %	(0.9)pts
Research and development	875.6	857.1	2 %
Sales and marketing	871.0	875.0	— %
General and administrative	197.0	196.5	— %
Total operating expenses	$ 1,943.6	$ 1,928.6	1 %
Operating margin %	15.5 %	16.7 %	(1.2)pts
Net income	$ 519.7	$ 597.5	(13) %
Diluted net income per share	$ 1.55	$ 1.72	(10) %

Q4 2020 Overview

We ended the fourth quarter of 2020 at $1,223 million in revenue and non-GAAP earnings per share of $0.55, both above the mid-point of guidance. Revenue grew 1%, which was the second consecutive quarter of year-over-year growth. The higher than mid-point results were driven by strength across all verticals.

Looking at our revenue by vertical, Enterprise increased 7% year-over-year and 14% sequentially. This was a record quarter for our Enterprise vertical. Cloud grew slightly year-over year and increased 11% sequentially. Service Provider declined 4% year-over year and was essentially flat sequentially.

From a technology perspective, Routing increased 9% year-over-year and grew 7% sequentially. Switching decreased 2% year-over-year and increased 14% sequentially. Security decreased 14% year-over-year and grew 19% sequentially. Our Services business decreased 1% year-over-year and increased 2% sequentially.

Software revenue was approximately 12% of total revenue.

Non-GAAP gross margin was 60.0% in the quarter in-line with our expectations.

In reviewing our top 10 customers for the quarter, three were Cloud, six were Service Provider, and one was an Enterprise. Our top 10 customers accounted for 30% of our total revenue as compared to 33% in Q4'19.

Product deferred revenue was $105 million, up 5% sequentially and down 21% year-over-year due to the timing of the delivery of contractual commitments. Deferred revenue related to our SaaS and software subscription offerings, which grew year-over-year, are included in services deferred revenue.

Non-GAAP operating expenses increased 2% year-over-year and 4% sequentially. The higher than anticipated costs were driven by higher variable compensation, mostly in the Go-to-Market organization as a result of higher revenue as well as the acquisition of 128 Technology.

Cash flow from operations was $126 million for the quarter. We paid $66 million in dividends, reflecting a quarterly dividend of $0.20 per share. We also repurchased $75 million worth of shares.

Total cash, cash equivalents, and investments at the end of the fourth quarter of 2020 was $2.4 billion. The Q4 ending cash balance and debt balance were elevated by approximately $485 million and $425 million respectively, due to the timing difference of our new debt issuance in December and the retirement of our previous debt, which was completed in January. Normalizing for this, the cash balance would have been down versus Q3'20, primarily due to the acquisitions of 128 Technology and Netrounds.

Revenue

Product & Service

- **Routing product revenue**: $462 million, up 9% year-over-year and up 7% sequentially. The year-over-year increase was driven by Enterprise and Cloud, partially offset by a decline in Service Provider. The sequential increase was primarily driven by Enterprise, and to a lesser extent, Cloud, offset by a decline in Service Provider. Both MX and PTX product families grew year-over-year and sequentially.

- **Switching product revenue**: $261 million, down 2% year-over-year and up 14% sequentially. The year-over-year decrease was driven by Cloud, partially offset by growth in Enterprise and Service Provider. The sequential increase was driven by all verticals. The QFX product family decreased year-over-year and grew sequentially. The EX product family grew year-over-year and sequentially.

- **Security product revenue**: $87 million, down 14% year-over-year and up 19% sequentially. The year-over-year decrease was primarily due to Service Provider, and to a lesser extent, Cloud and Enterprise. The sequential increase was primarily driven by Enterprise.

- **Service revenue:** $412 million, down 1% year-over-year and up 2% sequentially. The year-over-year decline and sequential increase was primarily driven by timing of renewals.

Vertical

- **Cloud:** $281 million, slightly up year-over-year and up 11% sequentially. The slight year-over-year increase was driven by Routing and to a lesser extent, Services, offset by a decline in Switching and Security. The sequential increase was primarily driven by Switching, and to a lesser extent, Services and Routing, partially offset by a decline in Security.

- **Service Provider:** $475 million, down 4% year-over-year and essentially flat sequentially. The year-over-year decrease was primarily due to Services. The sequential change was primarily due to a decline in Services, partially offset by growth in Switching and Security.

- **Enterprise:** $467 million, up 7% year-over-year and up 14% sequentially. The year-over-year increase was primarily driven by Routing, and to a lesser extent, Switching and Services, partially offset by a decline in Security. The sequential increase was driven by all products and services.

Geography

- **Americas:** $633 million, down 7% year-over-year and up 1% sequentially. Year-over-year, the decrease was due to Service Provider and Cloud, partially offset by an increase in Enterprise. The sequential increase was driven by Cloud and Enterprise, partially offset by a decline in Service Provider.

- **EMEA:** $364 million, up 8% year-over-year and up 13% sequentially. Year-over-year, the increase was primarily driven by Cloud, and to a lesser extent, Enterprise, partially offset by a decline in Service Provider. Sequentially, the increase was primarily driven by Enterprise, and to a lesser extent, Cloud, partially offset by a decline in Service Provider.

- **APAC:** $227 million, up 16% year-over-year and up 17% sequentially. All verticals grew year-over-year and sequentially.

Gross Margin

- **GAAP gross margin:** 58.6%, compared to 59.5% from the prior year and 57.8% from last quarter.

- **Non-GAAP gross margin:** 60.0%, compared to 60.7% from the prior year and 59.0% from last quarter.

- **GAAP product gross margin**: 55.5%, down 1.7 points from the prior year and up 0.2 points from last quarter.

  Year-over-year, the decrease in GAAP product gross margin was primarily due to increased logistics and other supply chain-related costs related to the COVID-19 pandemic, and to a lesser extent, intangible amortization related to the 128 Technology and Netrounds acquisitions.

  The sequential increase in GAAP product gross margin was primarily driven by higher volume and improvements in logistics and other supply chain related costs related to the COVID-19 pandemic, partially offset by intangible amortization related to the 128 Technology and Netrounds acquisitions.

- **Non-GAAP product gross margin**: 57.0%, down 1.5 points from the prior year and up 0.4 points from last quarter.

  The year-over-year decrease in non-GAAP product gross margin was primarily due to increased logistics and other supply chain-related costs related to the COVID-19 pandemic.

  Sequentially, the increase in non-GAAP product gross margin was primarily driven by higher volume and improvements in logistics and other supply chain related costs related to the COVID-19 pandemic.

- **GAAP service gross margin**: 64.7%, up 0.8 points from the prior year and up 2.5 points from last quarter.

- **Non-GAAP service gross margin**: 65.9%, up 0.9 points from the prior year and up 2.5 points from last quarter.

  The year-over-year increase in GAAP and non-GAAP service gross margin was primarily driven by lower delivery costs.

  The sequential increase in service gross margin, on a GAAP and non-GAAP basis, was primarily driven by lower delivery costs and higher revenue.

Operating Expenses

- **GAAP operating expenses:** $619 million, an increase of $78 million year-over-year, and an increase of $86 million sequentially.

  The year-over-year increase in operating expenses was primarily due to restructuring charges, headcount related costs and one-time expenses related to recent acquisitions, partially offset by lower travel expenses due to the COVID-19 pandemic.

  The sequential increase in operating expenses was primarily due to restructuring charges, headcount related costs and one-time expenses related to recent acquisitions.

  GAAP operating expenses were 50.6% of revenue, up 5.8 points year-over-year and up 3.8 points sequentially.

- **Non-GAAP operating expenses:** $497 million, an increase of $10 million year-over-year, and an increase of $20 million sequentially.

  The year-over-year increase in operating expenses was primarily due to headcount related costs including acquisitions, partially offset by lower travel expenses due to the COVID-19 pandemic.

Sequentially, the increase in operating expenses was primarily driven by headcount related costs, including acquisitions.

Non-GAAP operating expenses were 40.6% of revenue, up 0.3 points year-over-year and down 1.3 points sequentially.

Operating Margin

- **GAAP operating margin:** 8.0%, a decrease of 6.8 points year-over-year and a decrease of 3.0 points sequentially.
- **Non-GAAP operating margin:** 19.3%, a decrease of 1.1 points year-over-year and an increase of 2.2 points sequentially.

Tax Rate

- **GAAP tax rate:** 21.4% provision, compared to a 3.2% provision in the prior year and a 30.3% benefit last quarter.

  The year-over-year increase in the effective tax rate, on a GAAP basis, was primarily due to a one-time reduction of income tax reserves in the prior year.

  The sequential increase in the effective tax rate was primarily due to a $55 million discrete item recorded in Q3'20 related to a multi-year recognition of previously unrecognized tax benefits for transfer pricing.

- **Non-GAAP tax rate:** 18.1%, compared to 17.5% in the prior year and 19.5% last quarter.

  The year-over-year increase in the effective tax rate was primarily due to the impact of the geographic mix of earnings.

  The sequential decrease in the effective tax rate was primarily driven by favorable changes in the geographic mix of earnings.

Diluted Earnings Per Share

- **GAAP diluted earnings per share:** $0.09, a decrease of $0.40 year-over-year and a decrease of $0.34 sequentially.

  The year-over-year decrease in GAAP EPS, was primarily due to higher operating expenses and lower interest income.

  The sequential decrease in GAAP EPS, was primarily due to higher operating expenses, lower interest income and a higher tax rate, partially offset by higher revenue.

- **Non-GAAP diluted earnings per share:** $0.55, a decrease of $0.03 year-over-year and an increase of $0.12 sequentially.

  The year-over-year decrease in EPS on a non-GAAP basis, was primarily due to higher operating expenses and a lower gross margin, partially offset by higher revenue.

  Sequentially, the increase in non-GAAP EPS was primarily driven by higher revenue.

Balance Sheet, Cash Flow, Capital Return, and Other Financial Metrics

(in millions, except days sales outstanding ("DSO"), and headcount)	Q4'20	Q3'20	Q2'20	Q1'20	Q4'19
Cash[(1)]	$ 2,430.6	$ 2,561.2	$ 2,570.3	$ 2,529.9	$ 2,543.6
Debt[(2)]	2,127.3	1,714.1	1,720.1	1,712.9	1,683.9
Net cash[(3)]	303.3	847.1	850.2	817.0	859.7
Operating cash flow	125.8	116.4	97.6	272.2	95.7
Capital expenditures	32.5	24.1	22.0	21.8	26.1
Depreciation and amortization	52.1	49.9	51.0	53.7	55.2
Share repurchases[(4)]	75.0	100.0	—	200.0	200.0
Dividends	$ 66.1	$ 66.2	$ 66.3	$ 65.5	$ 63.7
Diluted shares	332.7	334.5	333.1	335.1	340.8
DSO	71	60	63	61	66
Headcount	9,950	9,916	9,838	9,586	9,419

(1) Includes cash, cash equivalents, and investments.

(2) Debt includes change in fair value of fixed-rate debt swapped to floating rate, equally offset on the balance sheet by a swap asset. The company issued $800 million of new debt and repurchased $376 million of outstanding 2024 and 2025 notes in Q4'20. The remaining $424 million of the 2024 and 2025 notes were redeemed in Q1'21.

(3) Net cash includes cash, cash equivalents, and short and long-term investments, net of debt.

(4) For Q4’19, $200.0 million represents the full amount under the Q4'19 ASR. 6.4 million shares were received initially for an aggregate price of $160.0 million. The Q4'19 ASR concluded in Q1’20, and at final settlement, an additional 1.8 million shares were received.

Cash Flow

- **Cash flow from operations:** $126 million, up $30 million year-over-year and up $9 million sequentially.

  The year-over-year increase was primarily driven by timing differences related to customer collections, partially offset by payments to indirect suppliers and taxes.

  The sequential increase was primarily driven by lower payments for variable compensation, partially offset by payments to indirect suppliers.

Days Sales Outstanding (DSO)

- **DSO:** 71 days, a 11-day increase from the prior quarter, primarily due to higher overall invoicing and invoicing timing, in particular related to Service renewals.

Capital Return

- In the quarter, we paid a dividend of $0.20 per share for a total of $66 million and repurchased $75 million worth of shares.

Financing Activities

- Debt: In the quarter, we issued $800 million of long-term debt and repurchased $376 million of outstanding debt with maturities in 2024 and 2025. The remaining $424 million of the 2024 and 2025 maturities were redeemed in Q1'21. We continue to maintain an investment grade credit rating. We believe our debt has well staggered maturities and aligns with our focus on an efficient capital structure.

Demand metrics

- **Total deferred revenue** was $1,286 million, up $62 million year-over-year and up $152 million sequentially.
- **Product deferred revenue** was $105 million, down $28 million year-over-year and up $5 million quarter-over-quarter.

The year-over-year decline in product deferred revenue was due to the timing of the delivery of contractual commitments.

Sequentially, product deferred revenue was essentially flat.

- **Service deferred revenue** was $1,181 million, up $90 million year-over-year and up $146 million sequentially.

  The year-over-year and sequential increase in service deferred revenue was primarily driven by the timing of contract renewals, as well as growth in our SaaS and software subscription offerings.

Deferred Revenue

(in millions)	December 31, 2020	September 30, 2020	December 31, 2019
Deferred product revenue, net	$ 104.7	$ 99.3	$ 132.6
Deferred service revenue, net	1,181.1	1,034.7	1,090.8
Total	$ 1,285.8	$ 1,134.0	$ 1,223.4

Headcount

- Ending headcount for Q4'20 was 9,950, an increase of 531 employees year-over-year and increase of 34 sequentially. The year-over-year increase was primarily a result of additional hires in our R&D and go-to-market organizations and to a lesser extent, the acquisition of 128 Technology and Netrounds in Q4'20. The sequential increase was primarily a result of acquisition of 128 Technology in Q4'20, partially offset by our Voluntary Early Retirement Program.

Fiscal 2020 Overview

Our revenue was $4,445 million in 2020 which was flat versus 2019. Our Enterprise business grew 3% for the year, despite the impact from the pandemic. This was our fourth consecutive year of full year growth in Enterprise. Our Cloud business grew 2% for the year, the second consecutive year of growth. Our Service Provider business began to stabilize and performed as expected, declining 4%.

Routing declined 1%, Switching grew 2%, and Security declined 9% year-over-year. Our Services business grew 1%.

Software was 10% of total revenue.

In reviewing our top 10 customers for the year, five were Cloud, four were Service Provider, and one was an Enterprise.

Non-GAAP gross margin declined by 90 basis points, primarily due to additional logistics and other supply chain related costs related to COVID-19, partially offset by Service margin expansion.

We continued to focus on disciplined operating expense management with a modest increase of less than 1%, on a non-GAAP basis. Non-GAAP operating expense as a percentage of revenue was 43.7%.

Non-GAAP diluted earnings per share was $1.55.

For the year, we had cash flow from operations of $612 million, up $83 million versus 2019.

During 2020, we took a balanced approach to capital allocation. We repurchased $375 million worth of shares and paid $264 million in dividends for a total capital return of 125% of free cash flow to shareholders. We acquired two growth-oriented companies. We also refinanced a portion of our debt, locking in historically low long-term financing rates and extending the average maturity while preserving our investment grade credit profile.

Revenue

Product & Service

- **Routing product revenue**: $1,612 million, down 1% year-over-year. The year-over-year decline was primarily due to Service Provider, and to a lesser extent, Enterprise, partially offset by growth in Cloud. The MX product family was down year-over-year while the PTX product family grew year-over-year.

- **Switching product revenue**: $919 million, up 2% year-over-year. The year-over-year increase was driven by Enterprise and Service Provider, partially offset by a decline in Cloud. The EX product family returned to year-over-year growth.

- **Security product revenue**: $314 million, down 9% year-over-year. All verticals declined year-over-year. The High End SRX product family increased year-over-year.

- **Service revenue:** $1,600 million, up 1% year-over-year. The year-over-year increase was primarily driven by strong renewals, as well as growth in our SaaS and software subscription revenue.

Vertical

- **Cloud:** $1,081 million, up 2% year-over-year. The increase was driven by Routing, and to a lesser extent, Services, partially offset by decline in Switching and Security.

- **Service Provider:** $1,762 million, down 4% year-over-year. The decrease was due to Routing and Services, and to a lesser extent, Security, partially offset by an increase in Switching.

- **Enterprise:** $1,602 million, up 3% year-over-year. The increase was driven by Services and Switching, partially offset by declines in Security and Routing.

Geography

- **Americas:** $2,445 million, down 3% year-over-year. The decrease was due to Service Provider and Cloud, partially offset by Enterprise.
- **EMEA:** $1,234 million, up 2% year-over-year. The increase was driven by Cloud, partially offset by Enterprise and Service Provider.

- **APAC:** $766 million, up 8% year-over-year. All verticals grew year-over-year.

Gross Margin

- **GAAP gross margin:** 57.9%, compared to 58.9% from the prior year.
- **Non-GAAP gross margin:** 59.2%, compared to 60.1% from the prior year.

- **GAAP product gross margin**: 55.1%, down 2.1 points from a year ago.

  The decrease in GAAP product gross margin was primarily due to logistics and other supply chain related costs related to the COVID-19 pandemic, customer and product mix and intangible amortization associated with the acquisition of Mist Systems, 128 Technology and Netrounds, partially offset by better inventory management.
- **Non-GAAP product gross margin**: 56.5%, down 2.0 points from a year ago.

The decrease in non-GAAP product gross margin was primarily due to logistics and other supply chain related costs related to the COVID-19 pandemic and customer and product mix, partially offset by better inventory management.

- **GAAP service gross margin**: 63.0%, up 1.1 points from a year ago.
- **Non-GAAP service gross margin**: 64.1%, up 1.0 points from a year ago.
  The increase in GAAP and non-GAAP services gross margin was primarily driven by higher revenue and lower delivery costs.

Operating Expenses

- **GAAP operating expenses:** $2,221 million, compared to $2,175 million a year ago, up $46 million.

  The year-over-year increase was primarily due to higher restructuring charges and headcount related costs, partially offset by lower travel expenses.

  GAAP operating expenses were 50.0% of revenue compared to 48.9% in 2019.

- **Non-GAAP operating expenses:** $1,944 million compared to $1,929 million a year ago, up $15 million.

  The year-over-year increase was primarily due to higher headcount related costs, partially offset by lower travel expenses.
  On a non-GAAP basis, operating expenses were 43.7% of revenue compared to 43.4% in 2019.

Operating Margin

- **GAAP operating margin:** 7.9%, compared to 9.9% a year ago, a decrease of 2.0 points.
- **Non-GAAP operating margin:** 15.5%, compared to 16.7% a year ago, a decrease of 1.2 points.

Tax Rate

- **GAAP tax rate:** Tax rate of 2.8%, down from 16.7% last year.

  The year-over-year decrease in the effective tax rate was due to the relative impact of discrete items in the comparative period. The current rate includes a $55 million discrete item related to a multi-year recognition of previously unrecognized tax benefits for transfer pricing and a favorable change in the geographic mix of earnings, partially offset by the cumulative impact of cost-sharing for stock options.

- **Non-GAAP tax rate:** 19.0%, up from 18.7% last year.

  The effective tax rate, on a non-GAAP basis, was essentially flat.

Diluted Earnings Per Share

- **GAAP diluted earnings per share:** $0.77, a decrease of $0.22 year-over-year.
  The year-over-year decrease was due to lower interest income, higher operating expenses and a lower gross margin, partially offset by a lower tax rate**.**

- **Non-GAAP diluted earnings per share:** $1.55, a decrease of $0.17 year-over-year.

The year-over-year decrease was primarily due to a lower gross margin and lower interest income.

Balance Sheet, Cash Flow, and Capital Return

(in millions)	FY'20	FY'19	Y/Y Change
Cash[1]	$ 2,430.6	$ 2,543.6	(4) %
Net cash and investments[2]	303.3	859.7	(65) %
Operating cash flow	612.0	528.9	16 %
Capital expenditures	100.4	109.6	(8) %
Depreciation and amortization	206.7	218.7	(5) %
Share repurchases[3]	375.0	550.0	(32) %
Dividends	$ 264.1	$ 260.1	2 %

(1) Includes cash, cash equivalents, and investments.

(2) Net cash and investments includes, cash, cash equivalents, and short and long-term investments, net of debt. Debt includes change in fair value of fixed-rate debt swapped to floating rate, equally offset on the balance sheet by a swap asset. The company issued $800 million of new debt and repurchased $376 million of outstanding 2024 and 2025 notes in Q4’20. The remaining $424 million of the 2024 and 2025 notes were redeemed in Q1'21.

(3) In Q4’19, $200.0 million represents the full amount under the Q4'19 ASR. 6.4 million shares were received initially for an aggregate price of $160.0 million. The Q4'19 ASR concluded in Q1’20, and at final settlement, an additional 1.8 million shares were received.

Balance Sheet

- **Cash:** $2.4 billion, down from $2.5 billion the prior year due primarily to the acquisitions of 128 Technology and Netrounds and capital return, partially offset by Free Cash Flow and a temporary inflow from debt refinancing.

Cash Flow

- **Cash flow from operations:** Cash flow from operations of $612 million, up $83 million from the prior year, primarily driven by higher invoicing activity and working capital differences related to customer collections, partially offset by higher payments to indirect suppliers and for employee compensation.

Capital Return

- We repurchased $375 million worth of shares in the year. In addition, we paid $264 million in dividends.
- Weighted average diluted shares for the year were 335 million, down 4% year-over-year.
- We exited the year with 328 million shares outstanding, a decline of approximately 8 million shares year-over-year.

Outlook

These metrics are provided on a non-GAAP basis, except for revenue and share count. Non-GAAP earnings per share is on a fully diluted basis. The outlook assumes that the exchange rate of the U.S. dollar to other currencies will remain relatively stable at current levels.

Q1 2021

At the mid-point of guidance, revenue is expected to be up 6% year-over-year, which we anticipate will include less than $10 million of revenue from the recent acquisition of Apstra, 128 Technology and Netrounds.

We expect non-GAAP gross margin to experience normal seasonal patterns in the first quarter. Excluding the anticipated impact of increased COVID-related costs, non-GAAP gross margin is expected to be approximately flat versus Q1 2020.

We expect first quarter non-GAAP operating expense to increase sequentially, primarily due to the inclusion of approximately $20 million of operating expenses related to recent acquisitions as well as the annual reset of variable compensation and the typical seasonal increase of fringe costs, partially offset by a decline in commission expense.

Our first quarter non-GAAP EPS guidance includes the dilutive impact of the recent acquisitions.

Our Board of Directors has declared a quarterly cash dividend of $0.20 per share to be paid on March 22, 2021 to stockholders of record as of the close of business on March 1, 2021.

Our guidance for the quarter ending March 31, 2021 is as follows:

- Revenue will be approximately $1,055 million, plus or minus $50 million.
- Non-GAAP gross margin will be approximately 59.0%, plus or minus 1%.
- Non-GAAP operating expenses will be approximately $510 million, plus or minus $5 million.
- Non-GAAP operating margin will be approximately 10.6% at the mid-point of revenue guidance.
- Non-GAAP tax rate will be approximately 19.5%.
- Non-GAAP other income and expense (OI&E) will be an expense of approximately $12 million.
- Non-GAAP net income per share will be approximately $0.25, plus or minus $0.05. This assumes a share count of approximately 333 million.

Full-Year 2021

Our 2021 revenue and non-GAAP earnings expectations remain unchanged relative to the forecast we provided during our Q3 2020 earnings call. However, we have updated our growth expectations to account for the revenue and non-GAAP earnings upside we experienced in Q4 2020 as compared to the mid-point of our guidance. We have also factored in the acquisition of Apstra, which is expected to be dilutive to our non-GAAP earnings during the first-half of 2021, but be breakeven on a full-year basis.

We expect organic revenue growth of approximately 2-3% and expect an additional 1% of growth related to our recent acquisitions. Beyond Q1, we expect revenue to grow sequentially throughout the course of the year.

While non-GAAP gross margin can be difficult to predict, we expect full-year gross margin of approximately 60% due to higher volume, reduced COVID-related logistics costs, higher software mix, as well as improved services costs. Through the course of the year, we expect non-GAAP gross margin to improve with volume.

Non-GAAP operating expense is expected to remain near first quarter levels through the course of the year and full-year non-GAAP operating margin is expected to be approximately flat to 2020 levels. While we expect total non-GAAP operating expense to be up on a full-year basis as we absorb our recent acquisitions and invest to take advantage of market opportunities, we remain committed to disciplined expense management and expanding operating margin longer term.

We expect non-GAAP OI&E to remain near Q1 levels through the course of the year.

Our non-GAAP tax rate on worldwide earnings is expected to be 19.5% plus or minus 1%.

Our non-GAAP EPS is expected to grow faster than revenue.

Forward-Looking Statements

Statements in this CFO Commentary and related conference call concerning Juniper Networks' business, economic and market outlook, including currency exchange rates; our financial guidance and the expected impact of COVID-19 and the consummation and integration of, and financial impact resulting from any acquisitions on our guidance; our expectations regarding our variable compensation, fringe costs, investment strategy, deal and customer mix, cost management; and our overall future prospects are forward-looking statements within the meaning of the Private Securities Litigation Reform Act that involve a number of uncertainties and risks. Actual results or events could differ materially from those anticipated in those forward-looking statements as a result of several factors, including: the duration, extent and impact of the COVID-19 pandemic; general economic and political conditions globally or regionally; business and economic conditions in the networking industry; changes in overall technology spending by our customers; the network capacity and security requirements of our customers and, in particular, Cloud and telecommunication service providers; contractual terms that may result in the deferral of revenue; the timing of orders and their fulfillment; manufacturing, and supply chain and logistics costs, constraints, changes or disruptions; availability and pricing of key product components; delays in scheduled product availability; adoption of or changes to laws, regulations, standards or policies affecting Juniper Networks' operations, products, services or the networking industry; product defects, returns or vulnerabilities; significant effects of tax legislation and judicial or administrative interpretation of tax regulations; legal settlements and resolutions, including with respect to enforcing our proprietary rights; the potential impact of activities related to the execution of capital return, restructurings and product rationalization; the impact of import tariffs and changes thereto; and other factors listed in Juniper Networks' most recent report on Form 10-Q or 10-K filed with the Securities and Exchange Commission. In addition, many of the foregoing risks and uncertainties are, and could be, exacerbated by the COVID-19 pandemic and any worsening of the global business and economic environment as a result of the pandemic. We cannot at this time predict the extent of the impact of the COVID-19 pandemic and any resulting business or economic impact, but it could have a material adverse effect on our business, financial condition, results of operations and cash flows. Note that our estimates as to the tax rate on our business are based on current tax law and regulations, including interpretations thereof, and could be materially affected by changing interpretations as well as additional legislation and guidance. All statements made in this CFO Commentary and related conference call are made only as of the date set forth at the beginning of this document. Juniper Networks undertakes no obligation to update the information made in this document or the related conference call in the event facts or circumstances subsequently change after the date of this document. We have not filed our Form 10-K for the year ended December 31, 2020. As a result, all financial results described in this CFO Commentary should be considered preliminary, and are subject to change to reflect any necessary adjustments or changes in accounting estimates, that are identified prior to the time we file our Form 10-K.

Non-GAAP Financial Measures

This CFO Commentary contains references to the following non-GAAP financial measures: gross margin; product gross margin; service gross margin; product gross margin as a percentage of product revenue; service gross margin as a percentage of service revenue; gross margin as a percentage of revenue; research and development expense; sales and marketing expense; general and administrative expense; operating expense; operating expense as a percentage of revenue; operating income; operating margin; provision for income tax; income tax rate; net income; diluted earnings per share; diluted shares outstanding; and free cash flow. For important commentary on why Juniper Networks considers non-GAAP information a useful view of the company's financial results, please see the press release furnished with our Form 8-K filed today with the SEC. With respect to future financial guidance provided on a non-GAAP basis, we have excluded estimates for amortization of intangible assets, share-based compensation expenses, acquisition and strategic investment related charges, restructuring benefits or charges, impairment charges, strategic partnership-related charges, legal reserve and settlement charges or benefits, supplier component remediation charges and recoveries, gain or loss on equity investments, loss on extinguishment of debt, retroactive impact of certain tax settlements, significant effects of tax legislation and judicial or administrative interpretation of tax regulations, including the impact of income tax reform, non-recurring income tax adjustments, valuation allowance on deferred tax assets, and the income tax effect of non-GAAP exclusions, and do not include the impact of further tariffs and the impact of any future acquisitions, divestitures, or joint ventures that may occur in the applicable period. These measures are not presented in accordance with, nor are they a substitute for U.S.

generally accepted accounting principles, or GAAP. In addition, these measures may be different from non-GAAP measures used by other companies, limiting their usefulness for comparison purposes. The non-GAAP financial measures used in this CFO Commentary should not be considered in isolation from measures of financial performance prepared in accordance with GAAP. Investors are cautioned that there are material limitations associated with the use of non-GAAP financial measures as an analytical tool. In particular, many of the adjustments to our GAAP financial measures reflect the exclusion of items that are recurring and will be reflected in our financial results for the foreseeable future.

A reconciliation of non-GAAP guidance measures to corresponding GAAP measures is not available on a forward-looking basis due to the high variability and low visibility with respect to the charges which are excluded from these non-GAAP measures. For example, share-based compensation expense is impacted by the Company's future hiring needs, and restructuring actions, the type and volume of equity awards necessary for such future hiring, and the price at which the Company's stock will trade in those future periods. Amortization of intangible assets is significantly impacted by the timing and size of any future acquisitions. The items that are being excluded are difficult to predict and a reconciliation could result in disclosure that would be imprecise or potentially misleading. Material changes to any one of these items could have a significant effect on our guidance and future GAAP results. Certain exclusions, such as amortization of intangible assets and share-based compensation expenses, are generally incurred each quarter, but the amounts have historically and may continue to vary significantly from quarter to quarter.

Juniper Networks, Inc.
Preliminary Supplemental Data
(in millions, except percentages)
(unaudited)

Deferred Revenue

	As of	
	December 31, 2020	December 31, 2019
Deferred product revenue	$ 104.7	$ 132.6
Deferred service revenue	1,181.1	1,090.8
Total	$ 1,285.8	$ 1,223.4
Reported as:		
Current	$ 867.3	$ 812.9
Long-term	418.5	410.5
Total	$ 1,285.8	$ 1,223.4

Vertical Reporting: Revenue Trend

	2018	2019	Q4'19	Q1'20	Q2'20	Q3'20	Q4'20	Q/Q Change		Y/Y Change	
Cloud	$ 1,049.9	$ 1,059.8	$ 279.8	$ 261.9	$ 285.5	$ 253.1	$ 280.7	$ 27.6	10.9 %	$ 0.9	0.3 %
Service Provider	2,066.7	1,827.8	492.5	375.5	436.2	475.1	474.9	(0.2)	— %	(17.6)	(3.6)%
Enterprise	1,530.9	1,557.8	435.8	360.6	364.6	410.0	467.0	57.0	13.9 %	31.2	7.2 %
Total revenue	$ 4,647.5	$ 4,445.4	$ 1,208.1	$ 998.0	$ 1,086.3	$ 1,138.2	$ 1,222.6	$ 84.4	7.4 %	$ 14.5	1.2 %

Juniper Networks, Inc.
Preliminary Reconciliations between GAAP and non-GAAP Financial Measures
(in millions, except percentages and per share amounts)
(unaudited)

	Three Months Ended				Twelve Months Ended		
	December 31, 2020	September 30, 2020	December 31, 2019 (As Previously Presented)	December 31, 2019 (As Adjusted)	December 31, 2020	December 31, 2019 (As Previously Presented)	December 31, 2019 (As Adjusted)
GAAP gross margin - Product	$ 450.0	$ 406.0	$ 453.2	$ 453.2	$ 1,566.4	$ 1,640.7	$ 1,640.7
GAAP product gross margin % of product revenue	55.5 %	55.3 %	57.2 %	57.2 %	55.1 %	57.2 %	57.2 %
Share-based compensation expense	1.5	1.4	1.4	1.4	5.4	5.7	5.7
Share-based payroll tax expense	0.1	—	—	—	0.3	0.4	0.4
Amortization of purchased intangible assets	9.8	7.9	8.3	8.3	34.0	29.5	29.5
Gain on non-quarified deferred compensation plan ("NQDC")	0.1	0.1	—	0.1	0.2	—	0.2
Acquisition and strategic investment related charges	—	—	—	—	—	1.2	1.2
Non-GAAP gross margin - Product	$ 461.5	$ 415.4	$ 462.9	$ 463.0	$ 1,606.3	$ 1,677.5	$ 1,677.7
Non-GAAP product gross margin % of product revenue	57.0 %	56.6 %	58.5 %	58.5 %	56.5 %	58.5 %	58.5 %
GAAP gross margin - Service	$ 267.0	$ 251.8	$ 266.1	$ 266.1	$ 1,007.3	$ 976.1	$ 976.1
GAAP service gross margin % of service revenue	64.7 %	62.2 %	63.9 %	63.9 %	63.0 %	61.9 %	61.9 %
Share-based compensation expense	4.2	4.0	4.3	4.3	15.8	17.3	17.3
Share-based payroll tax expense	0.1	0.4	—	—	1.5	0.9	0.9
Gain on NQDC	0.4	0.3	—	0.3	0.7	—	0.9
Non-GAAP gross margin - Service	$ 271.7	$ 256.5	$ 270.4	$ 270.7	$ 1,025.3	$ 994.3	$ 995.2
Non-GAAP service gross margin % of service revenue	65.9 %	63.4 %	65.0 %	65.0 %	64.1 %	63.0 %	63.1 %
GAAP gross margin	$ 717.0	$ 657.8	$ 719.3	$ 719.3	$ 2,573.7	$ 2,616.8	$ 2,616.8
GAAP gross margin % of revenue	58.6 %	57.8 %	59.5 %	59.5 %	57.9 %	58.9 %	58.9 %
Share-based compensation expense	5.7	5.4	5.7	5.7	21.2	23.0	23.0
Share-based payroll tax expense	0.2	0.4	—	—	1.8	1.3	1.3
Amortization of purchased intangible assets	9.8	7.9	8.3	8.3	34.0	29.5	29.5
Gain on NQDC	0.5	0.4	—	0.4	0.9	—	1.1
Acquisition and strategic investment related charges	—	—	—	—	—	1.2	1.2
Non-GAAP gross margin	$ 733.2	$ 671.9	$ 733.3	$ 733.7	$ 2,631.6	$ 2,671.8	$ 2,672.9
Non-GAAP gross margin % of revenue	60.0 %	59.0 %	60.7 %	60.7 %	59.2 %	60.1 %	60.1 %
GAAP research and development expense	$ 242.5	$ 242.4	$ 239.6	$ 239.6	$ 958.4	$ 955.7	$ 955.7
Share-based compensation expense	(21.7)	(22.9)	(26.0)	(26.0)	(78.8)	(94.0)	(94.0)
Share-based payroll tax expense	(0.1)	—	(0.2)	(0.2)	(1.9)	(2.5)	(2.5)
Gain on NQDC	(1.2)	(0.9)	—	(0.7)	(2.1)	—	(2.1)
Non-GAAP research and development expense	$ 219.5	$ 218.6	$ 213.4	$ 212.7	$ 875.6	$ 859.2	$ 857.1

Juniper Networks, Inc.
Preliminary Reconciliations between GAAP and non-GAAP Financial Measures
(in millions, except percentages and per share amounts)
(unaudited)

	Three Months Ended				Twelve Months Ended		
	December 31, 2020	September 30, 2020	December 31, 2019 (As Previously Presented)	December 31, 2019 (As Adjusted)	December 31, 2020	December 31, 2019 (As Previously Presented)	December 31, 2019 (As Adjusted)
GAAP sales and marketing expense	$ 246.1	$ 229.3	$ 246.5	$ 246.5	$ 938.8	$ 939.3	$ 939.3
Share-based compensation expense	(14.8)	(16.4)	(16.0)	(16.0)	(58.2)	(56.0)	(56.0)
Share-based payroll tax expense	(0.1)	(0.4)	(0.2)	(0.2)	(1.8)	(2.0)	(2.0)
Amortization of purchased intangible assets	(2.0)	(1.4)	(1.5)	(1.5)	(6.2)	(4.7)	(4.7)
Gain on NQDC	(1.0)	(0.5)	—	(0.5)	(1.6)	—	(1.6)
Non-GAAP sales and marketing expense	$ 228.2	$ 210.6	$ 228.8	$ 228.3	$ 871.0	$ 876.6	$ 875.0
GAAP general and administrative expense	$ 77.2	$ 59.8	$ 54.9	$ 54.9	$ 255.4	$ 244.3	$ 244.3
Share-based compensation expense	(8.7)	(8.0)	(7.4)	(7.4)	(31.4)	(29.2)	(29.2)
Share-based payroll tax expense	(0.1)	(0.1)	—	—	(0.5)	(0.3)	(0.3)
Amortization of purchased intangible assets	(0.1)	(0.1)	(0.1)	(0.1)	(0.4)	(0.4)	(0.4)
Acquisition and strategic investment related charges	(17.7)	(3.5)	(1.0)	(1.0)	(24.6)	(16.7)	(16.7)
Strategic partnership-related charges	—	—	—	—	—	(0.8)	(0.8)
Gain on NQDC	(0.2)	(0.1)	—	(0.2)	(0.3)	—	(0.6)
Legal reserve and settlement (charges) benefits	(0.3)	—	—	—	(0.3)	0.2	0.2
Others	(0.9)	—	—	—	(0.9)	—	—
Non-GAAP general and administrative expense	$ 49.2	$ 48.0	$ 46.4	$ 46.2	$ 197.0	$ 197.1	$ 196.5
GAAP operating expenses	$ 618.9	$ 532.7	$ 540.7	$ 540.7	$ 2,220.6	$ 2,174.6	$ 2,174.6
GAAP operating expenses % of revenue	50.6 %	46.8 %	44.8 %	44.8 %	50.0 %	48.9 %	48.9 %
Share-based compensation expense	(45.2)	(47.3)	(49.4)	(49.4)	(168.4)	(179.2)	(179.2)
Share-based payroll tax expense	(0.3)	(0.5)	(0.4)	(0.4)	(4.2)	(4.8)	(4.8)
Amortization of purchased intangible assets	(2.1)	(1.5)	(1.6)	(1.6)	(6.6)	(5.1)	(5.1)
Restructuring (charges) benefits	(53.1)	(1.2)	0.3	0.3	(68.0)	(35.3)	(35.3)
Acquisition and strategic investment related charges	(17.7)	(3.5)	(1.0)	(1.0)	(24.6)	(16.7)	(16.7)
Strategic partnership-related charges	—	—	—	—	—	(0.8)	(0.8)
Gain on NQDC	(2.4)	(1.5)	—	(1.4)	(4.0)	—	(4.3)
Legal reserve and settlement (charges) benefits	(0.3)	—	—	—	(0.3)	0.2	0.2
Others	(0.9)	—	—	—	(0.9)	—	—
Non-GAAP operating expenses	$ 496.9	$ 477.2	$ 488.6	$ 487.2	$ 1,943.6	$ 1,932.9	$ 1,928.6
Non-GAAP operating expenses % of revenue	40.6 %	41.9 %	40.4 %	40.3 %	43.7 %	43.5 %	43.4 %

Juniper Networks, Inc.
Preliminary Reconciliations between GAAP and non-GAAP Financial Measures
(in millions, except percentages and per share amounts)
(unaudited)

	Three Months Ended				Twelve Months Ended		
	December 31, 2020	September 30, 2020	December 31, 2019 (As Previously Presented)	December 31, 2019 (As Adjusted)	December 31, 2020	December 31, 2019 (As Previously Presented)	December 31, 2019 (As Adjusted)
GAAP operating income	$ 98.1	$ 125.1	$ 178.6	$ 178.6	$ 353.1	$ 442.2	$ 442.2
GAAP operating margin	8.0 %	11.0 %	14.8 %	14.8 %	7.9 %	9.9 %	9.9 %
Share-based compensation expense	50.9	52.7	55.1	55.1	189.6	202.2	202.2
Share-based payroll tax expense	0.5	0.9	0.4	0.4	6.0	6.1	6.1
Amortization of purchased intangible assets	11.9	9.4	9.9	9.9	40.6	34.6	34.6
Restructuring charges (benefits)	53.1	1.2	(0.3)	(0.3)	68.0	35.3	35.3
Acquisition and strategic investment related charges	17.7	3.5	1.0	1.0	24.6	17.9	17.9
Gain on NQDC	2.9	1.9	—	1.8	4.9	—	5.4
Strategic partnership-related charges	—	—	—	—	—	0.8	0.8
Legal reserve and settlement charges (benefits)	0.3	—	—	—	0.3	(0.2)	(0.2)
Others	0.9	—	—	—	0.9	—	—
Non-GAAP operating income	$ 236.3	$ 194.7	$ 244.7	$ 246.5	$ 688.0	$ 738.9	$ 744.3
Non-GAAP operating margin	19.3 %	17.1 %	20.3 %	20.4 %	15.5 %	16.6 %	16.7 %
GAAP other expense, net	$ (3.9)	$ (13.5)	$ (4.6)	$ (4.6)	$ (32.9)	$ (12.5)	$ (12.5)
GAAP other expense, net % of revenue	(0.3)%	(1.2)%	(0.4)%	(0.4)%	(0.7)%	(0.3)%	(0.3)%
Loss (gain) on equity investments	(2.3)	0.1	0.8	0.8	(3.2)	8.8	8.8
Gain on NQDC	(2.9)	(1.9)	—	(1.8)	(4.9)	—	(5.4)
Others	(5.2)	—	—	—	(5.2)	—	—
Non-GAAP other expense, net	$ (14.3)	$ (15.3)	$ (3.8)	$ (5.6)	$ (46.2)	$ (3.7)	$ (9.1)
Non-GAAP other expense, net % of revenue	(1.2)%	(1.3)%	(0.3)%	(0.5)%	(1.0)%	(0.1)%	(0.2)%
GAAP income tax provision (benefit)	$ 8.4	$ (33.8)	$ 5.6	$ 5.6	$ 7.4	$ 69.4	$ 69.4
GAAP income tax rate	21.4 %	(30.3)%	3.2 %	3.2 %	2.8 %	16.7 %	16.7 %
Recognition of previously unrecognized tax benefits	—	54.5	25.4	25.4	54.5	25.4	25.4
Income tax effect of non-GAAP exclusions	31.8	14.3	11.2	11.2	60.2	42.9	42.9
Non-GAAP provision for income tax	$ 40.2	$ 35.0	$ 42.2	$ 42.2	$ 122.1	$ 137.7	$ 137.7
Non-GAAP income tax rate	18.1 %	19.5 %	17.5 %	17.5 %	19.0 %	18.7 %	18.7 %

Juniper Networks, Inc.
Preliminary Reconciliations between GAAP and non-GAAP Financial Measures
(in millions, except percentages and per share amounts)
(unaudited)

	Three Months Ended				Twelve Months Ended		
	December 31, 2020	September 30, 2020	December 31, 2019 (As Previously Presented)	December 31, 2019 (As Adjusted)	December 31, 2020	December 31, 2019 (As Previously Presented)	December 31, 2019 (As Adjusted)
GAAP net income	$ 30.8	$ 145.4	$ 168.4	$ 168.4	$ 257.8	$ 345.0	$ 345.0
Share-based compensation expense	50.9	52.7	55.1	55.1	189.6	202.2	202.2
Share-based payroll tax expense	0.5	0.9	0.4	0.4	6.0	6.1	6.1
Amortization of purchased intangible assets	11.9	9.4	9.9	9.9	40.6	34.6	34.6
Restructuring charges (benefits)	53.1	1.2	(0.3)	(0.3)	68.0	35.3	35.3
Acquisition and strategic investment related charges	17.7	3.5	1.0	1.0	24.6	17.9	17.9
Strategic partnership-related charges	—	—	—	—	—	0.8	0.8
Legal reserve and settlement charges (benefits)	0.3	—	—	—	0.3	(0.2)	(0.2)
Loss (gain) on equity investments	(2.3)	0.1	0.8	0.8	(3.2)	8.8	8.8
Loss on extinguishment of debt	55.0	—	—	—	55.0	15.3	15.3
Recognition of previously unrecognized tax benefits	—	(54.5)	(25.4)	(25.4)	(54.5)	(25.4)	(25.4)
Income tax effect of non-GAAP exclusions	(31.8)	(14.3)	(11.2)	(11.2)	(60.2)	(42.9)	(42.9)
Others	(4.3)	—	—	—	(4.3)	—	—
Non-GAAP net income	$ 181.8	$ 144.4	$ 198.7	$ 198.7	$ 519.7	$ 597.5	$ 597.5
GAAP diluted net income per share	$ 0.09	$ 0.43	$ 0.49	$ 0.49	$ 0.77	$ 0.99	$ 0.99
Non-GAAP diluted net income per share	$ 0.55	$ 0.43	$ 0.58	$ 0.58	$ 1.55	$ 1.72	$ 1.72
Shares used in computing diluted net income per share	332.7	334.5	340.8	340.8	335.2	348.2	348.2
Operating cash flow					$ 612.0	$ 528.9	$ 528.9
Capital expenditures					(100.4)	(109.6)	(109.6)
Free cash flow					$ 511.6	$ 419.3	$ 419.3