JUNIPER NETWORKS INC (JNPR)

10-K
Annual report pursuant to section 13 and 15(d)
Filed on 02/24/2012
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2011

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	**77-0422528**
(State or other jurisdiction of incorporation or organization)	*(IRS Employer Identification No.)*
1194 North Mathilda Avenue	
Sunnyvale, California 94089	**(408) 745-2000**
(Address of principal executive offices)(Zip Code)	(*Registrant's telephone number, including area code)*

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

Title of Each Class	**Name of Each Exchange on Which Registered**
Common Stock, par value $0.00001 per share	New York Stock Exchange LLC

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes [X] No [ ]
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes [ ] No [X]

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 filings requirements for the past 90 days. Yes [X] 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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of the Form 10-K or any amendment to this Form 10-K. [ ]

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

Large Accelerated Filer [X]	Accelerated Filer [ ]	Non-Accelerated Filer [ ] (Do not check if a smaller reporting company)	Smaller Reporting Company [ ]

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

The aggregate market value of the common stock held by non-affiliates of the Registrant was approximately $10,841,000,000 as of the end of the Registrant's second fiscal quarter (based on the closing sale price for the common stock on the New York Stock Exchange on June 30, 2011). For purposes of this disclosure, shares of common stock held or controlled by executive officers and directors of the registrant and by persons who hold more than 5% of the outstanding shares of common stock have been treated as shares held by affiliates. However, such treatment should not be construed as an admission that any such person is an “affiliate” of the registrant. The registrant has no non-voting common equity.

As of February 17, 2012, there were approximately 526,371,000 shares of the Registrant's common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

As noted herein, the information called for by Part III is incorporated by reference to specified portions of the Registrant's definitive proxy statement to be filed in conjunction with the Registrant's 2012 Annual Meeting of Stockholders, which is expected to be filed not later than 120 days after the Registrant's fiscal year ended December 31, 2011.

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PART I

ITEM 1. *Business*

Overview

We design, develop, and sell innovative products and services that together provide our customers with high-performance network infrastructure built on simplicity, security, openness and scale. We serve the high-performance networking requirements of global service providers, enterprises, and public sector organizations that view the network as critical to their success. We believe we are well positioned in the networking industry based on our core competencies in architecture, silicon design, and our open cross-network software platform that includes the Junos® operating system ("Junos OS"), Junos Space network application platform, and Junos Pulse integrated network client. We offer a broad product portfolio that spans routing, switching, security, application access, and mobility device security, which is designed by management to provide performance, choice, and flexibility while reducing overall total cost of ownership. In addition, through strong industry partnerships, we are fostering innovation across the network.

Our operations are organized into two reportable segments: Infrastructure and Service Layer Technologies ("SLT"). Our Infrastructure segment primarily offers scalable routing and switching products that are used to control and direct network traffic from the core, through the edge, aggregation, and the customer premise equipment level. Infrastructure products include our Internet Protocol ("IP") routing, carrier Ethernet routing portfolio, and Ethernet switching portfolio. Additionally, the Infrastructure segment offers a complete wireless local area network ("WLAN") solution that provides high reliability, performance, security, and management for mobile applications. Our SLT segment offers solutions that meet a broad array of our customers' priorities, from protecting the users, applications and data on the network itself to providing network services across a distributed infrastructure. Both segments offer worldwide services, including technical support and professional services, as well as educational and training programs to our customers. Together, our high-performance product and service offerings help our customers to convert legacy networks that provide commoditized services into more valuable assets that provide differentiation, value, and increased performance, reliability, and security to end-users. See Note 13, *Segment Information* , in Notes to Consolidated Financial Statements in Item 8 of Part II of this Annual Report on Form 10-K, for financial information regarding each of our Infrastructure and SLT segments, which is incorporated herein by reference.

During our fiscal year ended December 31, 2011, we generated net revenues of $4,448.7 million and net income attributable to Juniper Networks of $425.1 million, and conducted business in more than 100 countries around the world. See Item 8 of Part II for more information on our consolidated balance sheets as of December 31, 2011, and 2010 and our consolidated statements of operations, consolidated statements of changes in equity, and consolidated statements of cash flows for each of the three years in the period ended December 31, 2011.

We were incorporated in California in 1996 and reincorporated in Delaware in 1998. Our corporate headquarters are located in Sunnyvale, California. Our website address is www.juniper.net.

Our Strategy

Our objective and strategy is to be the leading provider of high-performance network infrastructure by transforming the experience and economics of networking. Our strategy is centered on innovation and customer value. Key elements of our strategy are described below.

Maintain and Extend Technology Leadership

We are recognized around the world as the innovation leader in networking. Our Junos OS, application-specific integrated circuit ("ASIC") technology, and network-optimized product architecture have been key elements to establishing and maintaining our technology leadership. We believe that these elements can be leveraged for future products that we are currently developing. We intend to maintain and extend our technological leadership in the service provider and enterprise markets primarily through innovation and continued investment in research and development ("R&D"), supplemented by external partnerships, including strategic alliances and strategic acquisitions that would allow us to deliver a broad range of products and services to customers in target markets.

Leverage Position as Supplier of High-Performance Network Infrastructure

We are a pure play in high-performance networking. From inception, we have focused on designing, developing, and building high-performance network infrastructure for demanding service provider and enterprise networking environments and have integrated purpose-built technology into a network-optimized architecture that specifically meets customer needs. We believe that many customers will deploy networking equipment from only a few vendors, and that the performance, reliability, and security of our products will provide us with a competitive advantage, which is critical to be selected as one of these vendors.

Be Strategic to Our Customers

In developing our Infrastructure and SLT solutions, we work very closely with customers to design and build best-in-class products and solutions specifically designed to meet their complex needs. Over time, we have expanded our understanding of the escalating demands and risks facing our customers, which has enabled us to design additional capabilities into our products. We believe our close relationships with, and constant feedback from, our customers have been key elements in our design wins and rapid deployments to date. We plan to continue to work hand-in-hand with our customers to implement product enhancements, as well as to design products that meet the evolving needs of the marketplace, while enabling customers to reduce costs. We are committed to investing in R&D at a level that drives our innovation agenda, enabling us to deliver highly differentiated products and outstanding value to our customers.

Enable New IP-Based Services

Our platforms enable network operators to quickly build and secure networks cost-effectively and deploy new differentiated services to drive new sources of revenue more efficiently than legacy network products. We believe that the secure delivery of IP-based services and applications, including web hosting, outsourced Internet and intranet services, outsourced enterprise applications, and voice-over IP, will continue to grow and benefit from cost efficiencies enabled by our high-performance network infrastructure offerings. By enabling these new IP-based services, we have significantly broadened our service provider business over the last several years while also significantly expanding our presence in the enterprise market.

Establish and Develop Industry Partnerships

Our customers have diverse requirements. While our products meet certain requirements of our customers, our products are not intended to satisfy all of their requirements. Therefore, we believe that it is important that we attract and build relationships with other industry leaders with diverse technologies and services that extend the value of the network to our customers. These partnerships ensure that our customers have access to those technologies and services, whether through technology integration, joint development, resale, or other collaboration, in order to better support a broader set of our customers' requirements. In addition, we believe an open network infrastructure that invites partner innovation provides customers with greater choice and control in meeting their evolving business requirements, while enabling them to reduce costs.

Markets and Customers

We sell our high-performance network products and service offerings through direct sales and through distributors, value-added resellers, and original equipment manufacturer (“OEM”) partners to end-users in the following markets:

Service Providers

Service providers include wireline, wireless, and cable operators, as well as major Internet content and application providers. We support most major service provider networks in the world and our high-performance network infrastructure offerings are designed and built for the performance, reliability, and security that service providers demand. We believe our networking infrastructure offerings benefit our service provider customers by:

- Reducing capital and operational costs by running multiple services over the same network using our high density and highly reliable platforms;
- Creating new or additional revenue opportunities by enabling new services to be offered to new market segments based on our product capabilities;
- Increasing customer satisfaction, while lowering costs, by enabling consumers to self-select automatically provisioned service packages that provide the quality, speed, and pricing they desire; and

- Providing increased asset longevity and higher return on investment as their networks can scale to multi-terabit rates based on the capabilities of our platforms.

While many of these service providers have historically been categorized separately as wireline, wireless, or cable operators, in recent years, we have seen a move towards convergence of these different types of service providers through acquisitions, mergers, and partnerships. We believe these strategic developments are made technically possible as operators invest in the build out of next generation networks capable of supporting voice, video, and data traffic on to the same IP-based network. This convergence relies on IP-based traffic processing and creates the opportunity for multi-service networks and offer service providers significant new revenue opportunities.

We believe that there are several other trends affecting service providers for which we are well positioned to deliver products and solutions. These trends include significant growth in IP traffic on service provider networks because of peer-to-peer interaction, broadband usage, video, an increasing reliance on the network as a mission critical business tool in the strategies of our IP customers and of their enterprise customers, the advent of datacenter "clouds" that concentrate business applications in large, IP network connected facilities, and growth in mobile traffic as a result of the increase in mobile device usage including notebooks, netbooks, smartphones, and tablets.

The IP infrastructure market for service providers includes: products and technology at the network core; the network edge to enable access; the aggregation layer; security to protect from the inside out and the outside in; the application awareness and intelligence to optimize the network to meet business and user needs; and the management, service awareness, and control of the entire infrastructure.

Enterprise

Our high-performance network infrastructure offerings are designed to meet the performance, reliability, and security requirements of the world's most demanding businesses. Enterprises and public sector organizations, such as governments and research and education institutions, that view their networks as critical to their success are able to deploy our solutions as a powerful component in delivering the advanced network capabilities needed for their leading-edge applications. In addition, our solutions:

- Assist in the consolidation and delivery of existing services and applications;
- Accelerate the deployment of new services and applications;
- Offer integrated security to assist in the protection and recovery of services and applications; and
- Offer operational improvements that enable cost reductions, including lower administrative, training, customer care, and labor costs.

As with the service provider market, innovation continues to be a critical component in our strategy for the enterprise market. High-performance enterprises require networks that are global, distributed, and always available. Network equipment vendors serving these enterprises need to demonstrate performance, reliability, and security with best-in-class open solutions for maximum flexibility. We offer enterprise solutions and services for data centers, branch and campus applications, distributed and extended enterprises, and Wide Area Network (“WAN”) gateways.

As customers increasingly view the network as critical to their success, we believe that customers will increasingly demand fast, reliable, and secure access to services and applications over a single IP-based network. This is partly illustrated by the success of our SRX Services Gateways that consolidate switching, routing, and security services in a single device, Integrated Security Gateway (“ISG”) products that combine firewall/virtual private network (“VPN”) and intrusion detection and prevention (“IDP”) solutions in a single platform, and Secure Services Gateway (“SSG”) platforms that provide a mix of high-performance security with Local Area Network (“LAN”)/WAN connectivity for regional and branch office deployments. We will continue to invest to develop these and other converged technologies and solutions.

Customers with Ten Percent of Net Revenues or Greater

No single customer accounted for more than 10% of the Company's total net revenues for 2011. Verizon Communications, Inc. accounted for greater than 10% of our total net revenues in 2010. AT&T, Inc., accounted for greater than 10% of our total net revenues in 2009.

Our Products and Technology

Early in our history, we developed, marketed, and sold the first commercially available purpose-built IP backbone router optimized for the specific high-performance requirements of service providers. As the need for core bandwidth continued to increase, the need for service rich platforms at the edge of the network was created.

Our Infrastructure products are designed to address the needs at the core and the edge of the network, as well as for wireless access, by combining high-performance packet forwarding technology and robust operating systems into a network-optimized solution. In addition, as enterprises continue to develop and rely upon more sophisticated and pervasive internal networks, we believe the need for products with high-performance routing and switching technology is expanding to a broader set of customers, and we believe our expertise in this technology well positions us to address this growing market opportunity.

Additionally, our SLT segment offers a broad family of network security solutions that deliver high-performance, cost-effective security for enterprises, service providers, and government entities, including integrated firewall and VPN solutions, secure sockets layer ("SSL") VPN appliances, and IDP appliances. We also offer complementary products and technologies to enable our customers to provide additional IP-based services and enhance the performance and security of their existing networks and applications.

The following is an overview of our major Infrastructure and SLT product families:

Infrastructure Products

- *T Series, and M Series:* Our T Series core routers are primarily designed for core IP infrastructures and are also being sold into the multi-service environment. Our M Series routers are extremely versatile as they can be deployed at the edge of operator networks, in small and medium core networks, enterprise networks, and in other applications. The T Series and M Series products leverage our ASIC technology and Junos OS to enable consistent, continuous, reliable, and predictable service delivery.

- *PTX Series:* Our PTX Series is a large capacity (8 and 16 tbps) MPLS-optimized packet transport switch for the largest core networks, especially of content service providers and Tier 1 service providers, with high throughout of packet traffic. MPLS is the technology for building scalable and flexible cores. The PTX Series is a purpose built packet transport platform with a new generation of ASIC technololgy, the Express chipset, which is a lower power, high speed chipset that enables service providers to reduce cost. We expect to begin shipping our PTX Series switches toward the end of the first quarter of 2012.

- *E Series:* Our E Series products are a full featured platform designed for the network edge with support for carrier-class routing, broadband subscriber management services, and a comprehensive set of IP services. Leveraging our JunosE ™ software, the E Series service delivery architecture enables service providers to easily deploy innovative revenue-generating services to their customers. All E Series platforms offer a full suite of routing protocols and provide scalable capacity for tens of thousands of users.

- *MX Series:* The MX Series is a product family developed to address emerging Ethernet network architectures and services in service provider and enterprise networks. Using our Junos OS, the MX platforms provide the carrier-class performance, scale, and reliability to enable service providers and enterprises to support large-scale Ethernet deployments. The MX Series also leverages our Junos Trio chipset with "3D Scaling" technology, which functions as an Universal Edge platform capable of supporting all types of business, mobile, and residential services optimized for Ethernet and addresses a wide range of deployments architectures, port densities, and interfaces for both service provider and enterprise environments.

- *EX Series:* Our EX Series family extends our product portfolio running our Junos OS to address the Ethernet switch market. Ethernet is a widely used technology used to transport information in enterprise networks. Our EX Series switches are designed to enable customers to cost effectively accelerate and simplify the installation and management of business applications across their networks and enhance network operations without compromising performance.

- *QFabric Products*: The Juniper Networks QFabric family of products offers a revolutionary approach that delivers quantum leap improvements in data center performance, operating costs, and business agility for enterprises, high-performance computing systems, and large-scale cloud providers. The QFabric product family implements a single-tier network in the data center, enabling exponential improvements in speed, scale and efficiency by removing legacy barriers and improving business agility.

- *WLAN Products:* The WLAN product family is an important component in our campus strategy and is critical to Juniper's differentiation of delivering end-to-end wired and wireless switching infrastructure. The WLAN product family provides the highest levels of reliability, performance, security, and management for today's most demanding mobile applications.

SLT Products

- *Services Gateway, Integrated Firewall, and VPN Solutions:* Our SRX Series of dynamic services gateways, running our Junos software, provides firewall/VPN performance and scalability and combines routing, switching, and security functionality. The series is designed to meet network and security requirements for data center consolidation, rapid managed services deployments, and aggregation of security services. Our firewall and VPN systems and appliances are designed to provide integrated firewall, VPN, and denial of service protection capabilities for both enterprise environments and service provider network infrastructures. These products range from our SSG product series, which combines LAN/WAN routing capabilities with unified threat management features such as antivirus, anti-spam, and web filtering technologies, to our ISG and NetScreen Series firewall and VPN systems, which are designed to deliver high-performance security in medium/large enterprises, carrier networks, and data centers.

- *Secure Access Appliances:* Our Junos Pulse, Junos Pulse Mobile Security Suite, and SA Series SSL VPN appliances, designed for use in companies of all sizes, are used to provide secure access to corporate resources for remote and mobile users from any web-enabled device, regardless of location.

- *IDP Series Appliances:* Our IDP Series appliances utilize advanced intrusion detection methods to increase the detection rate of and prevent network attacks, as well as provide fast and efficient traffic processing and alarm collection, presentation, and forwarding. Once an attack is detected, our IDP appliances prevent the intrusion by dropping the packets or connection associated with the attack, reducing or eliminating the effects of the attack.

- *Identity and Policy Control Solutions:* Our portfolio of identity and policy control solutions integrate subscriber privileges, application requirements, and business policies with the IP network infrastructure in order to improve the end-user experience, enhance security, and help reduce operational costs.

See Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," in Part II of this Annual Report on Form 10-K, for an analysis of net product revenues by segment.

Platform Strategy

In addition to our major product families, our extended software portfolio, known as Junos Platform, is a key technology element in our strategy to be the leader in high-performance networking. The Junos Platform enables our customers to expand network software into the application space, deploy software clients to control delivery, and accelerate the pace of innovation with an ecosystem of developers. The Junos Platform includes:

- *Junos OS* - At the heart of the Junos Platform is Junos OS. We believe Junos OS is fundamentally superior to other network operating systems in not only its design, but also in its development capabilities. The advantages of Junos OS include:
    - One modular operating system with single source base of code and a single, consistent implementation for each control plane feature;
    - One software release train extended through a highly disciplined and firmly scheduled development process; and
    - One common modular software architecture that scales across all Junos-based platforms.

Junos OS is designed to maintain continuous systems and improve the availability, performance, and security of business applications running across the network. Junos OS helps to automate network operations by providing a single consistent implementation of features across the network in a single release train that seeks to minimize the complexity, cost, and risk associated with implementing network features and upgrades. This operational efficiency allows network administrators more time to innovate and deliver new revenue-generating applications, helping to advance the economics of high-performance networking.

The security and stability of Junos OS, combined with its modular architecture and single source code base, provides a foundation for delivering performance, reliability, security, and scale at a lower total cost of ownership than multiple operating code base environments. With an increasing number of our platforms able to leverage Junos OS, including routing, switching, and security products, we believe Junos OS provides us a competitive advantage over other major network equipment vendors.

- *Junos Space* - Our Junos Space network management platform offers an open, Service-Oriented Architecture-based ("SOA") platform for creating organic and third party network management applications to drive network innovation. Junos Space includes applications for network infrastructure management and automation that help customers reduce operational cost and complexity and scale services. These include Network Activate, Ethernet Design, Route Insight, Security Design, Virtual Control, Service Now and Service Insight.

- *Junos Pulse* - Junos Pulse is a dynamic, integrated network client that delivers unified location-aware, identity-enabled network security, connectivity, access, and acceleration. It simplifies mobility and streamlines fast network and application access regardless of location, while supporting select third-party application development and integration.

Major Product Development Projects

During 2011, we introduced our network architecture and fabric technology for the data center, QFabric, that enables customers to scale their network faster and achieve significant improvement in performance, and released the three core components of QFabric-the Node, Interconnect and Director. We unveiled Converged Supercore solution, the PTX Series, an integrated packet transport system that enables service and content providers to accommodate new levels of peak bandwidth demand. We expect to begin shipping our PTX Series switches toward the end of the first quarter of 2012. We also released the T4000 Core Router, a multi-chassis capable system that delivers 4Tbps of traffic in a single half rack routing node. Our software is a key differentiator that drives customer adoption of our solutions. We introduced our MobileNext software, releasing the GGSN and P Gateway and S Gateway for mobile operators. We also announced Junos Pulse Mobile Security Suite support on Android devices, Apple iOS devices, the vGW Virtual Gateway virtualized security solution for private and public clouds and the integration of vGW with our SRX platform, as well as the Security Design application on Junos Space platform for developing and deploying network applications. Additionally, we launched Junosphere, a cloud offering that allows network operators to create and run networks on-demand, and delivered an OpenFlow application built on the Junos Software Developer Kit to expand the available toolset for enhancing network flexibility and programmability.

Customer Service

In addition to our Infrastructure and SLT products, we offer support, professional, and educational services. We deliver these services directly to end-users and utilize a multi-tiered support model, leveraging the capabilities of our partners and third-party organizations, as appropriate.

We also train our channel partners in the delivery of support, professional, and educational services to ensure these services are locally delivered.

As of December 31, 2011, we employed 1,289 people in our worldwide customer service and support organization. We believe that a broad range of support services is essential to the successful customer deployment and ongoing support of our products, and we have hired support engineers with proven network experience to provide those services.

Manufacturing and Operations

As of December 31, 2011, we employed 296 people in worldwide manufacturing and operations who primarily manage relationships with our contract manufacturers, manage our supply chain, and monitor and manage product testing and quality.

We have subcontracted the majority of our manufacturing activity with Celestica Incorporated, Flextronics International LTD, Plexus Corporation, and Accton Technology. Our manufacturing is primarily conducted through contract manufacturers in the United States, China, Malaysia, Mexico, and Taiwan.

Our contract manufacturers in all locations are responsible for all phases of manufacturing from prototypes to full production and assist with activities such as material procurement, final assembly, test, control, shipment to our customers, and repairs. Together with our contract manufacturers, we design, specify, and monitor the tests that are required to meet internal and external quality standards. These arrangements provide us with the following benefits:

- We can quickly deliver products to customers with turnkey manufacturing and drop-shipment capabilities;
- We gain economies of scale by leveraging our buying power with our contract manufacturers when we purchase large quantities of components;
- We operate with a minimum amount of dedicated space for Manufacturing Operations; and
- We can reduce our costs by reducing what would normally be fixed overhead expenses.

Our contract manufacturers manufacture our products based on our rolling product demand forecasts. Each contract manufacturer procures components necessary to assemble the products in our forecast and tests the products according to our specifications. Products are then shipped to our distributors, value-added resellers, or end-users. Generally, we do not own the components, and title to the products transfers from the contract manufacturers to us and immediately to our customers upon delivery at a designated shipment location. If the components remain unused or the products remain unsold for specified period, we may incur carrying charges or obsolete material charges for components that our contract manufacturers purchased to build products to meet our forecast or customer orders.

Although we have contracts with our contract manufacturers, those contracts merely set forth a framework within which the contract manufacturer may accept purchase orders from us. The contracts do not require them to manufacture our products on a long-term basis.

We also purchase and hold inventory for strategic reasons and to ensure adequate component supplies. The majority of our inventory is production components. As a result, we may incur additional holding costs and obsolescence charges, particularly in light of current macroeconomic conditions and the resulting uncertainties in future product demand.

Our ASICs are manufactured primarily by sole or limited sources, such as International Business Machines Corporation (“IBM”), each of which is responsible for all aspects of ASICs production using our proprietary designs.

By working collaboratively with our suppliers, we have the opportunity to promote socially responsible business practices beyond our company and into our worldwide supply chain. To this end, we have adopted, and promote other to adoption, the Electronic Industry Code of Conduct (“EICC”). The EICC outlines standards to ensure that working conditions in the electronics industry supply chain are safe, workers are treated with respect and dignity, and manufacturing processes are environmentally responsible.

Research and Development

We have assembled a team of skilled engineers with extensive experience in the fields of high-end computing, network system design, ASIC design, security, routing protocols, software applications and platforms, and embedded operating systems. As of December 31, 2011, we employed 4,138 people in our worldwide R&D organization.

We believe that strong product development capabilities are essential to our strategy of enhancing our core technology, developing additional applications, integrating that technology, and maintaining the competitiveness and innovation of our product and service offerings. In our Infrastructure and SLT products, we are leveraging our software ASIC and systems technology, developing additional network interfaces targeted to our customers' applications, and continuing to develop technology to support the anticipated growth in IP network requirements. We continue to expand the functionality of our products to improve performance reliability and scalability, and to provide an enhanced user interface.

Our R&D process is driven by the availability of new technology, market demand, and customer feedback. We have invested significant time and resources in creating a structured process for all product development projects. Following an assessment of market demand, our R&D team develops a full set of comprehensive functional product specifications based on inputs from the product management and sales organizations. This process is designed to provide a framework for defining and addressing the steps, tasks, and activities required to bring product concepts and development projects to market. Expenditures for R&D were $1,026.8 million , $917.9 million , and $741.7 million in 2011, 2010, and 2009, respectively.

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Sales and Marketing

As of December 31, 2011, we employed 2,568 people in our worldwide sales and marketing organization. These sales and marketing employees operate in different locations around the world in support of our customers.

Our sales organization, with its structure of sales professionals, system engineers, and marketing and channel teams, is generally split between service provider and enterprise customers. Within each team, sales team members serve the following three geographic regions: (i) Americas (including United States, Canada, Mexico, and Central and South America), (ii) Europe, Middle East, and Africa ("EMEA"), and (iii) Asia Pacific ("APAC"). Within each region, there are regional and country teams, as well as major account teams, to ensure we operate close to our customers.

See Note 13, *Segment Information*, in Notes to Consolidated Financial Statements in Item 8 of Part II of this Annual Report on Form 10-K, for information concerning our revenues by geographic regions and by significant customers, which is incorporated herein by reference. Our operations subject us to certain risks and uncertainties associated with international operations. See Item 1A of Part I, "Risk Factors," for more information.

Our sales teams operate in their respective regions and generally either engage customers directly or manage customer opportunities through our distribution and reseller relationships or channels as described below.

In the United States and Canada, we sell to several service providers directly and sell to other service providers and enterprise customers primarily through distributors and resellers. Almost all of our sales outside the United States and Canada are made through our channel partners.

Direct Sales Structure

Our sales team engages with customers with which we have direct relationships. The terms and conditions of these arrangements are governed either by customer purchase orders and our acknowledgment of those orders or by purchase contracts. The direct contracts with these customers set forth only general terms of sale and do not require customers to purchase specified quantities of our products. We directly receive and process customer purchase orders.

Channel Sales Structure

A critical part of our sales and marketing efforts are our channel partners through which we do the majority of our sales. We employ various channel partners, including but not limited to:

- A global network of strategic distribution relationships, as well as region-specific or country-specific distributors who in turn sell to local value-added resellers who sell to end-user customers. Our distribution channel partners mainly sell our SLT products plus certain Infrastructure products that are often purchased by our enterprise customers. These distributors tend to be focused on particular regions or countries within regions. For example, we have substantial distribution relationships with Ingram Micro in the Americas and with NEC in Japan. Our agreements with these distributors are generally non-exclusive, limited by region, and provide product discounts and other ordinary terms of sale. These agreements do not require our distributors to purchase specified quantities of our products.

- Direct value-added resellers, including our strategic worldwide resellers referenced below, resell our products to end-users around the world. These direct value-added resellers buy the products and services directly from us and have expertise in deploying complex networking solutions in their respective markets. Our agreements with these direct value-added resellers are generally non-exclusive, limited by region, and provide product discounts and other ordinary terms of sale. These agreements do not require our direct value-added resellers to purchase specified quantities of our products. Increasingly, our service provider customers also resell our products to their customers or purchase our products for the purpose of providing managed services to their customers.

- Strategic worldwide reseller relationships with Nokia Siemens Networks B.V. ("NSN"), Ericsson Telecom A.B. ("Ericsson"), and IBM. These companies each offer services and products that complement, but in some cases compete with, our own product offerings and act as a fulfillment partner for our products. Our arrangements with these partners allow them to resell our products on a worldwide, non-exclusive basis, provide for product discounts, and specify other general terms of sale. These agreements do not require these partners to purchase specified quantities of our products.

- OEM relationships with Dell Corporation and IBM. Our OEM arrangements with these partners allow them to rebrand and resell certain of our product lines on a worldwide, non-exclusive basis, provide for product discounts, and specify other general terms of sale. These agreements do not require these partners to purchase specified quantities of our products.

In addition to our sales that are direct to customers or that are made entirely through channel partners, we have a "direct touch" sales team that works directly with channel partners on key accounts in order to maintain a direct relationship with our more strategic end-user customers while at the same time supporting the ultimate fulfillment of product through our channel partners.

Backlog

Our sales are made primarily pursuant to purchase orders under framework agreements with our customers. At any given time, we have backlog orders for products that have not shipped. Because customers may cancel purchase orders or change delivery schedules without significant penalty, we believe that our backlog at any given date may not be a reliable indicator of future operating results. As of December 31, 2011, and 2010, our total product backlog was approximately $301 million and $330 million, respectively. Our product backlog consists of confirmed orders for products scheduled to be shipped to customers, generally within the next six months, and excludes orders from distributors as we recognize product revenue on sales made through distributors upon sell-through to end-users, certain future revenue adjustments for items such as product revenue deferrals, sales return reserves, service revenue allocations, and early payment discounts.

Seasonality

Many companies in our industry experience adverse seasonal fluctuations in customer spending patterns, particularly in the first and third quarters. In addition, our SLT segment generally experiences seasonally strong customer demand in the fourth quarter. This historical pattern should not be considered a reliable indicator of our future net revenues or financial performance.

Competition

Infrastructure Business

In the network infrastructure business, Cisco Systems, Inc. ("Cisco") has historically been the dominant player in the market. However, other companies such as Alcatel-Lucent, Brocade Communications Systems, Inc. ("Brocade"), Extreme Networks, Inc., Hewlett Packard Company ("HP"), and Huawei Technologies Co., Ltd. ("Huawei") are also our principal competitors.

Many of our current and potential competitors, such as Cisco, Alcatel-Lucent, HP, and Huawei bundle their products with other networking products in a manner that may discourage customers from purchasing our products. In addition, consolidation among competitors, or the acquisition of our partners and resellers by competitors, can increase the competitive pressure faced by us due to their increased size and breadth of their product portfolios. Many of our current and potential competitors have greater name recognition and more extensive customer bases that they may leverage to compete more effectively. Increased competition could result in price reductions, fewer customer orders, reduced gross margins, and loss of market share, negatively affecting our operating results.

SLT Business

In the market for SLT products, Cisco generally is our primary competitor with its broad range of products. In addition, there are a number of other competitors for each of the product lines within SLT, including Check Point Software Technologies, F5 Networks, Inc., Palo Alto Networks, Inc., and R iverbed Technology, Inc. These additional competitors tend to be focused on single product line solutions and, therefore, may be considered specialized compared to our broader product line. In addition, a number of public and private companies have announced plans for new products to address the same needs that our products address. We believe that our ability to compete with Cisco and others depends upon our ability to demonstrate that our products are superior in meeting the needs of our current and potential customers.

For both product groups, we expect that over time, large companies with significant resources, technical expertise, market experience, customer relationships, and broad product lines, such as Cisco, Alcatel-Lucent, and Huawei, will introduce new products designed to compete more effectively in the market. There are also several other companies that claim to have products with greater capabilities than our products. There continues to be consolidation in this industry, with smaller companies being acquired by larger, established suppliers of network infrastructure products. We believe this trend is likely to continue.

As a result, we expect to face increased competition in the future from larger companies with significantly more resources than we have. Although we believe that our technology and the purpose-built features of our products make them unique and will enable us to compete effectively with these companies, we cannot guarantee that we will be successful.

Environment

We are subject to regulations that have been adopted with respect to environmental matters, such as the Waste Electrical and Electronic Equipment ("WEEE"), Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment ("RoHS"), and Registration, Evaluation, Authorization, and Restriction of Chemicals ("REACH") regulations adopted by the European Union. In addition, we participate in the Carbon Disclosure Project ("CDP"). CDP is a global standardized mechanism by which companies report their greenhouse gas emissions to institutional investors. It hosts one of the largest registries of corporate greenhouse gas data in the world at www.cdproject.net. We continue to invest in the infrastructure and systems required to be able to inventory and measure our carbon footprint on a global basis. We believe we have made significant strides in improving our energy efficiency around the world.

To date, compliance with federal, state, local, and foreign laws enacted for the protection of the environment has had no material effect on our capital expenditures, earnings, or competitive position.

In addition, we are committed to the environment by our effort in improving the energy efficiency of key elements in our high-performance network product offerings. For example, our T1600 router consumes substantially less energy than competitive products. The environment will remain a focus area across multiple aspects of our business.

Intellectual Property

Our success and ability to compete are substantially dependent upon our internally developed technology and expertise.

While we rely on patent, copyright, trade secret, and trademark law to protect our technology, we also believe that factors such as the technological and creative skills of our personnel, new product developments, frequent product enhancements, and reliable product maintenance are essential to establishing and maintaining a technology leadership position. There can be no assurance that others will not develop technologies that are similar or superior to our technology.

In addition, we integrate licensed third-party technology into certain of our products. From time to time, we license additional technology from third parties to develop new products or product enhancements. There can be no assurance that third-party licenses will be available or continue to be available to us on commercially reasonable terms. 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 to obtain substitute technology of lower quality or performance standards or at a greater cost, any of which could harm our business, financial condition, and results of operations.

Our success will depend in part upon our ability to obtain necessary intellectual property rights and protect our intellectual property rights. We cannot be certain that patents will be issued on the patent applications that we have filed, that we will be able to obtain the necessary intellectual property rights, or that other parties will not contest our intellectual property rights.

As of December 31, 2011, our worldwide patent portfolio included over 1,300 patents. Patents generally have a term of twenty years from filing. As our patent portfolio has been built over time, the remaining terms on the individual patents vary.

Employees

As of December 31, 2011, we had 9,129 full-time employees. We have not experienced any work stoppages, and we consider our relations with our employees to be good. Competition for qualified personnel in our industry is intense. We believe that our future success depends in part on our continued ability to hire, motivate, and retain qualified personnel. We believe that we have been successful in recruiting qualified employees, but there is no assurance that we will continue to be successful in the future.

Our future performance depends significantly upon the continued service of our key technical, sales, and senior management personnel, none of whom are bound by an employment agreement requiring service for any defined period of time. The loss of one or more of our key employees could have a material adverse effect on our business, financial condition, and results of operations. Our future success also depends on our continuing ability to attract, train, and retain highly qualified technical, sales, and managerial personnel. Competition for such key personnel is intense, and in order to attract and retain these personnel, we must provide a competitive compensation package, including cash and share-based compensation. Our share-based incentive awards include stock options, restricted stock units and performance share awards, some of which contain conditions relating to our long-term financial performance that make the future value of those awards uncertain. If the anticipated value of such share-based incentive awards does not materialize, if our share-based compensation otherwise ceases to be viewed as a valuable benefit, or if our total compensation package is not viewed as being competitive, our ability to attract, retain, and motivate key personnel could be weakened. There can be no assurance that we can retain our key personnel in the future.

Executive Officers of the Registrant

The following sets forth certain information regarding our executive officers as of the filing of this Annual Report on Form 10-K.

Name	Age	Position
Kevin R. Johnson	51	Chief Executive Officer
Pradeep Sindhu	59	Chief Technical Officer and Vice Chairman of the Board
Mark Bauhaus	50	Executive Vice President of Services, Support and Operations
Robyn M. Denholm	48	Executive Vice President and Chief Financial Officer
Stefan Dyckerhoff	39	Executive Vice President and General Manager, Platform Systems Group
Gerri Elliott	56	Executive Vice President and Chief Sales Officer
Mitchell Gaynor	52	Executive Vice President, General Counsel and Secretary
Robert Muglia	52	Executive Vice President, Software Solutions Division
Gene Zamiska	50	Vice President, Finance and Corporate Controller

KEVIN R. JOHNSON joined Juniper in September 2008 as Chief Executive Officer and a member of our Board of Directors. Prior to Juniper, Mr. Johnson was at Microsoft Corporation, a worldwide provider of software, services, and solutions, where he had served as President, Platforms and Services Division since January 2007. He had been Co-President of the Platforms and Services Division since September 2005. Prior to that role, he held the position of Microsoft's Group Vice President, Worldwide Sales, Marketing and Services since March 2003. Before that position, Mr. Johnson had been Senior Vice President, Microsoft Americas since February 2002 and Senior Vice President, U.S. Sales, Marketing, and Services since August 2000. Before joining Microsoft in 1992, Mr. Johnson worked in IBM's systems integration and consulting business and started his career as a software developer. Mr. Johnson also serves on the board of directors of Starbucks Corporation, a worldwide coffee retailer.

PRADEEP SINDHU founded Juniper in February 1996 and served as Chief Executive Officer and Chairman of the Board of Directors until September 1996. Since then, Dr. Sindhu has served as Vice Chairman of the Board of Directors and Chief Technical Officer of Juniper. From September 1984 to February 1991, Dr. Sindhu worked as a Member of the Research Staff, and from March 1987 to February 1996, as the Principal Scientist, and from February 1994 to February 1996, as Distinguished Engineer at the Computer Science Lab at Xerox Corporation, Palo Alto Research Center, a technology research center. Dr. Sindhu served as a member of the board of directors of Infinera Corporation, a provider of optical networking equipment, from September 2001 to May 2008.

MARK BAUHAUS joined Juniper in September 2007 and currently serves as Executive Vice President of Services, Support and Operations Group. Before joining Juniper, Mr. Bauhaus established Bauhaus Productions Consulting, where he served as founder and principal until September 2007, after serving over 20 years at Sun Microsystems ("Sun") in a range of executive level assignments from December 1986 through December 2006, most recently in the position of Senior Vice President of Service-Oriented Architecture Software. Prior to that, he was Senior Vice President, Java Web Services at Sun and Vice President and Founder of Global Dot.Com Consulting. Mr. Bauhaus began his career as an environmental engineer for HP. Mr. Bauhaus holds a bachelor's degree in business management and environmental systems analysis from the University of California at Davis.

ROBYN M. DENHOLM joined Juniper in August 2007 as Executive Vice President and Chief Financial Officer. Prior to joining

Juniper, Ms. Denholm was at Sun from January 1996 to August 2007, where she served in executive assignments that included Senior Vice President of Corporate Strategic Planning, Senior Vice President of Finance, Vice President and Corporate Controller (Chief Accounting Officer), Vice President of Finance, Director of Service Division, and Shared Financial Services APAC and Controller, Australia/New Zealand. Prior to joining Sun, Ms. Denholm served at Toyota Motor Corporation Australia for seven years and at Arthur Andersen & Company for five years in various finance assignments. Ms. Denholm is a Fellow of the Institute of Chartered Accountants of Australia and holds a bachelor's degree in economics from the University of Sydney and a master's degree in commerce from the University of New South Wales. Ms. Denholm also serves on the board of directors of Echelon Corporation, an international control networks company.

STEFAN DYCKERHOFF joined Juniper in October 2009 and currently serves as our Executive Vice President and General Manager of the Platform Systems Group. Prior to re-joining Juniper, Mr. Dyckerhoff was at Cisco, from May 2004 to September 2009, serving as Vice President and General Manager of the Edge Routing Business Unit. From January 1997 to May 2004, Mr. Dyckerhoff was at Juniper serving in various engineering leadership roles. Mr. Dyckerhoff holds a bachelor's degree in electrical engineering and computer science from Duke University and a master's degree in electrical engineering from Stanford University.

GERRI ELLIOTT joined Juniper in July 2009 and currently serves as our Executive Vice President and Chief Sales Officer. Before joining Juniper, Ms. Elliott was at Microsoft, where she was Corporate Vice President, Worldwide Public Sector Organization from July 2004 to December 2008. Prior to Microsoft, Ms. Elliott spent 22 years at IBM, where she held several senior executive positions in the U.S. and internationally. Ms. Elliott holds a bachelor's degree in international politics from New York University.

MITCHELL GAYNOR joined Juniper in February 2004 as Vice President, General Counsel, and Secretary and served as Senior Vice President, General Counsel and Secretary from February 2008 to February 2011 and is currently our Executive Vice President, General Counsel and Secretary. Prior to joining Juniper, Mr. Gaynor was Vice President, General Counsel, and Secretary of Portal Software, Inc. and Sybase, Inc. In private practice, he was an associate with the law firm of Brobeck, Phleger & Harrison. Mr. Gaynor holds a law degree from University of California's Hastings College of the Law and a bachelor's degree in history from the University of California, Berkeley.

ROBERT MUGLIA joined Juniper in October 2011 as Executive Vice President, Software Solutions Division. Before joining Juniper, Mr. Muglia was at Microsoft from January 1988 through September 2011, where he served in various leadership positions across all of Microsoft's business groups, including Developer, Office, Mobile Devices, Windows NT and Online Services. Most recently, Mr. Muglia served as President of Microsoft's Server and Tools Business (STB), where he was responsible for infrastructure software, developer tools and cloud platforms. Mr. Muglia holds a bachelor's degree in computer and communication science from the University of Michigan.

GENE ZAMISKA joined Juniper in December 2007 as Vice President of Finance and Corporate Controller and in February 2009, was appointed Chief Accounting Officer of Juniper. Before joining Juniper, Mr. Zamiska was at HP from February 1989 through November 2007, where he served in various roles in the finance department, most recently serving as Senior Director of Finance - Controller for HP's consulting and integration division and HP's Senior Director of Finance - Assistant Corporate Controller. Prior to HP, Mr. Zamiska was at Arthur Andersen & Company where he served in various roles in the audit and assurance practice. Mr. Zamiska is a Certified Public Accountant (inactive) and holds a bachelor's degree in business-accounting from the University of Illinois, Champaign-Urbana.

Available Information

We file our annual reports on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, with the U.S. Securities and Exchange Commission (the “SEC”) electronically. The public may read or copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains a website that contains reports, proxy and information statements, and other information regarding issuers, including Juniper Networks, that file electronically with the SEC. The address of that website is http://www.sec.gov.

You may obtain a free copy of our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports on our website at http://www.juniper.net, by contacting the Investor Relations Department at our corporate offices by calling 1-888-586-4737, or by sending an e-mail message to investor-relations@juniper.net. Such reports and other information are available on our website when they are available on the SEC website. Our Corporate Governance Standards, the charters of our Audit Committee, Compensation Committee, Stock Committee, and Nominating and Corporate Governance Committee, as well as our Worldwide Code of Business Conduct and Ethics are also available on our website. Information on our website is not a part of this Annual Report on Form 10-K.

Item 1A. ***Risk Factors***

Factors That May Affect Future Results

Investments in our securities involve significant risks. The market price of our stock has historically reflected a higher multiple of earnings than many other companies. Accordingly, 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, including, but not limited to, the following factors, that could affect our stock price.

Our quarterly results are unpredictable and subject to substantial fluctuations, and, 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 be unpredictable include, but are not limited to: limited visibility into customer spending plans, changes in the mix of products and services sold, changes in geographies in which our products and services are sold, changing market and economic conditions, current and potential customer consolidation, competition, customer concentration, long sales and implementation cycles, regional economic and political conditions, and seasonality. For example, many companies in our industry experience adverse seasonal fluctuations in customer spending, particularly in the first and third quarters.

As a result of these risk factors, we believe that quarter-to-quarter comparisons of operating results are not necessarily a good indication of what our future performance will be. It is likely that in some future quarters, our operating results may be below the expectations of securities analysts or investors, in which case the price of our common stock may decline. Such a decline could occur, and has occurred in the past, even when we have met our publicly stated revenues and/or earnings guidance.

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

Our revenues depend significantly on general economic conditions and the demand for products in the markets in which we compete. Economic weakness, customer financial difficulties, and constrained spending on network expansion and enterprise infrastructure have resulted in certain historical periods, and may in the future result in decreased revenues and earnings and could make it difficult to forecast sales and operating results and could negatively affect our ability to provide forecasts to our contract manufacturers and manage our contract manufacturer relationships and other expenses. In addition, economic weakness, particularly in the United States and Europ e, concerns over the sovereign debt situation in certain countries in the European Union, the downgrade by Standard and Poor's (S&P) of the U.S. long-term sovereign credit rating, as well as continued turmoil in the geopolitical environment in many parts of the world, may continue to put pressure on global economic conditions, which could lead to reduced demand for our products and/or higher costs of production. Continued 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, the continued weakness and uncertainty in worldwide credit markets, including the sovereign debt situation in certain countries in the European Union, may adversely impact the ability of our customers to adequately fund their expected capital expenditures, which could lead to delays or cancellations of planned purchases of our products or services. In addition, 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.

Uncertainty about future economic conditions 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 have a material adverse effect on demand for our products and consequently on our business, financial condition, and results of operations.

A limited number of our customers comprise a significant portion of our revenues and any decrease in revenues from these customers could have an adverse effect on our net revenues and operating results.

A substantial majority of our net revenues depend on sales to a limited number of customers and distribution partners. Changes in the business requirements, vendor selection, financial prospects, capital resources, and expenditures, or purchasing behavior (including product mix purchased) of our key customers could significantly decrease 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, the acquisitions of Global Crossing and Qwest Communications and AT&T's failed acquisition of T-Mobile) and that consolidation trend has continued. If our customers or partners are parties to consolidation transactions they may suspend or indefinitely reduce their purchases of our products or other unforeseen consequences could harm our business, financial condition, and results of operations.

If we receive product orders late in a quarter, we may be unable to recognize revenue for these orders in the same period, which could adversely affect our quarterly revenues.

Generally, our Infrastructure products are not stocked by distributors or resellers due to their cost and complexity and configurations required by our customers, and we generally build such products as orders are received. In recent years, the volume of orders received late in any given fiscal quarter has generally continued to increase but remains unpredictable. If orders for certain products are received late in any quarter, we may not be able to build, ship, and recognize revenue for these orders in the same period, which could adversely affect our ability to meet our expected revenues for such quarter. Additionally, we determine our operating expenses largely on the basis of anticipated revenues 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.

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, may cause revenues and operating results to vary significantly and unexpectedly from quarter-to-quarter.

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 address. The Infrastructure market has historically been dominated by Cisco with competition coming from other companies such as Alcatel-Lucent, Brocade, Extreme Networks, Hewlett Packard Company, and Huawei. In the SLT market, we face intense competition from a broader group of companies such as Check Point, Cisco, F5 Networks, Palo Alto Networks, and Riverbed. In addition, 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 of our partners and/or resellers by competitors, can increase the competitive pressures faced by us as customers may delay spending decisions. In this regard, Ericsson acquired Redback in 2007, and Brocade acquired Foundry Networks in 2009. 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. 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.

We expect our gross margins to vary over time, and our recent level of product gross margin may not be sustainable.

We expect our product gross margins to vary from quarter-to-quarter, and the gross margins we have recently achieved may not be sustainable and may be adversely affected in the future by numerous factors, including product mix shifts, increased price competition in one or more of the markets in which we compete, increases in material or labor costs, excess product component or obsolescence charges from our contract manufacturers, increased costs due to changes in component pricing or charges incurred due to component holding periods if we do not accurately forecast product demand, warranty related issues, or our introduction of new products or entry into new markets with different pricing and cost structures.

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, and NSN. The majority of our revenues are derived through value-added resellers and distributors, most of which also sell our competitors' products. Our revenues depend in part on the performance of these partners. The loss of or reduction in sales to our value-added resellers or distributors could materially reduce our revenues. For example, in 2006, one of our largest resellers, Lucent, was acquired by Alcatel, a competitor of ours. As a result of the merger, Lucent became a competitor, their resale of our products declined, and we ultimately terminated our reseller agreement with Lucent. Our competitors may in some cases be effective 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, or expand the number of distributors and resellers in existing markets, fail to manage, train or motivate existing value-added resellers and distributors effectively, 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 based on a sell-through model using information provided by our distributors. If those distributors provide us with inaccurate or untimely information, the amount or timing of our revenues could be adversely impacted.

Further, in order to develop and expand our distribution channel, we must continue to scale and improve our processes and procedures that support it, and those processes and procedures may become increasingly complex and inherently difficult to manage. For example, in 2009, we entered into an OEM agreement with IBM 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 processes and procedures that support it could adversely affect our ability to generate revenues from the sale of our products.

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, 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 ("IT") systems, the systems, and processes of third parties, and on the interfaces of our systems with the systems of third parties. For example, our order entry system feeds information into the systems of our contract manufacturers, which enables them to build and ship our products. If those systems fail or are interrupted, our processes may function at a diminished level or not at all. This could negatively impact our ability to ship products or otherwise operate our business, and our financial results could be harmed. For example, although it did not adversely affect our shipments, an earthquake in late December of 2006 disrupted our communications with China, where a significant part of our manufacturing occurs.

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. For example, as we have expanded our contract manufacturing base to China, we have experienced instances where our contract manufacturer was not able to ship products in the time periods expected by us. If we are not able to ship our products or if product shipments are delayed, our ability to recognize revenue in a timely manner for those products would be affected and our financial results could be harmed.

Telecommunications companies and our other large customers generally require more 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 ability to recognize revenues.

Telecommunications service provider companies and other large companies, because of their size, generally have greater purchasing power and, accordingly, have requested and received more favorable terms, which often translate into more onerous terms and conditions from us. 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 r equired to agree to such terms and conditions, which may include terms that affect the timing of our ability to recognize revenue 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.

For example, customers in this class 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, this class of 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 require us to defer revenue recognition from such sales, which may negatively affect our business, financial condition, and results of operations.

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

During periods of high demand for electronic products, component shortages are possible, and the predictability of the availability of such components may be limited. Any future growth in our business and the economy is likely to create greater pressures on us and our suppliers to accurately forecast overall component demand and to establish optimal component levels. 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 new products in a timely manner, and our revenues and gross margins could suffer until other sources can be developed. For example, from time to time, including the first quarter of 2008, we experienced component shortages that resulted in delays of product shipments. We currently purchase numerous key components, including ASICs, from single or limited sources. The development of alternate sources for those 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. 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 product 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.

System security risks, data protection breaches, and cyber-attacks could compromise our proprietary information, disrupt our internal operations and harm public perception of our security 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, our proprietary business information and that of our customers, suppliers and business partners on our networks. The secure maintenance of this information is critical to our operations and business strategy. Increasingly, companies, including Juniper Networks are subject to a wide variety of attacks on their networks on an ongoing basis. Despite our security measures, Juniper Networks' information technology and infrastructure may be vulnerable to penetration or attacks by computer programmers and hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise our networks, creating system disruptions or slowdowns and exploiting security vulnerabilities of our products, and the information stored on our networks could be accessed, publicly disclosed, lost or stolen. In addition, sophisticated hardware and operating system software and applications that we produce or procure from third parties may contain defects in design or manufacture, including "bugs" and other problems that could unexpectedly interfere with the operation of our networks.

If an actual or perceived breach of network security occurs in our network or in the network of a customer of our security products, regardless of whether the breach is attributable to our products, the market perception of the effectiveness of our products could be harmed. Because the techniques used by computer programmers and hackers, 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. This could impede our sales, manufacturing, distribution or other critical functions. In addition, 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 programmer or hacker, which are often difficult to identify.

Regulation of the telecommunications industry could harm our operating results and future prospects.

The traditional 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 or content providers. Regulations governing the range of services and business models that can be offered by service providers or content providers could adversely affect those customers' needs for products designed to enable a wide range of such services or business models. For instance, the U.S. Federal Communications Commission has issued regulation s governing aspects of fixed broadband networks and wireless networks; these regulations might impact service provider and content provider business models and as such, providers' needs for Internet telecommunications equipment and services. In addition, many jurisdictions are evaluating or implementing regulations relating to cyber security, privacy and data protection, which can affect the market and requirements for networking and security equipment.

In addition, environmental regulations relevant to electronic equipment manufacturing or operations may impact our business and financial condition adversely. For instance, the European Union has adopted WEEE, ROHS and REACH regulations. In addition, 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. Similar regulations are in effect or under consideration in several jurisdictions where we do business.

The adoption and implementation of such regulations could decrease demand for our products, increase the cost of building and selling our products and impact our ability to ship products into affected areas and recognize revenue in a timely manner. Any of these impacts could have a material adverse effect on our business, financial condition, and results of operations.

Governmental regulations affecting the import or export of products or affecting products containing encryption capabilities could negatively affect our revenues.

The United States and various foreign governments have imposed controls, export license requirements, and restrictions on the import or export of some technologies, especially encryption technology. In addition, from time to time, governmental agencies have proposed additional regulation of encryption technology, such as requiring certification, notifications, review of source code, or the escrow and governmental recovery of private encryption keys. For example, Russia and China recently have implemented new requirements relating to products containing encryption and India has imposed special warranty and other obligations associated with technology deemed critical. 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, could harm our international and domestic sales and adversely affect our revenues. In addition, failure to comply with such regulations could result in penalties, costs, and restrictions on import or export privileges or adversely affect sales to government agencies or government funded projects.

If we do not successfully anticipate market needs and opportunities, and develop products and product enhancements that meet those needs and opportunities, or if those products are not made available 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.

We cannot guarantee that we will be able to anticipate future market needs and opportunities or be able to develop new products or product enhancements to meet such needs or opportunities in a timely manner or at all. If we fail to anticipate market requirements or fail to develop and introduce new products or product enhancements to meet those needs 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, which would significantly harm our business, financial condition, and results of operations. Even if we are able to anticipate, develop, and commercially introduce new products and enhancements, there can be no assurance that new products or enhancements will achieve widespread market acceptance.

For example, in connection with the acquisitions of Altor and Trapeze in 2010, we are now offering a virtualization security product and a WLAN product. Additionally, in 2011, we announced our new data center product, the QFabric™ solution, our mobility solutions with our MobileNext software and our Converged Supercore product, which converges the optical and packet layers of the network. If these or other new products do not gain market acceptance at a sufficient rate of growth, our ability to meet future financial targets may be adversely affected. In addition, if we fail to achieve market acceptance at a sufficient rate of growth, our ability to meet future financial targets and aspirations may be adversely affected. In addition, if we fail to deliver new or announced products to the market in a timely manner, it could adversely affect the market acceptance of those products and harm our competitive position and our business and financial results.

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 specializing in the service provider and enterprise markets, 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, particularly 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.

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: 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; tax effects of share-based compensation; costs related to intercompany restructurings; or changes in tax laws, regulations, accounting principles, or interpretations thereof. In addition, we are subject to the continuous examination of our income tax returns by the Internal Revenue Service (“IRS”) and other tax authorities. We regularly assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for income taxes. There can be no assurance that the outcomes from these continuous examinations will not have an adverse effect on our business, financial condition, and results of operations.

From time to time, we receive preliminary notices of deficiency or notices of proposed adjustments from the IRS claiming that we owe additional taxes, plus interest and possible penalties. For example, we received a preliminary notice of deficiency in 2011 and one in 2009 for prior tax years based on transfer pricing transactions related to the license of acquired intangibles under an intercompany R&D cost sharing arrangement. As a result of the preliminary notices of deficiency received in 2011 and 2009, the incremental tax liability would be approximately $92.0 million and $807.0 million excluding interest and penalties, respectively. We believe the IRS' position with regard to these matters is inconsistent with applicable tax laws, judicial precedent and existing Treasury regulations, and that our previously reported income tax provisions for the years in question are appropriate. However, there can be no assurance that these matters will be resolved in our favor. Regardless of whether these matters are resolved in our favor, the final resolution of these matters could be expensive and time-consuming to defend and/or settle. While we believe we have provided adequately for these matters, there is a possibility that an adverse outcome of these matters individually or in the aggregate could have a material effect on our results of operations and financial condition.

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 to our contract manufacturers and the manufacturers order components and plan capacity based on these forecasts. If we overestimate our requirements, our contract manufacturers may assess charges, or we may have liabilities for excess inventory, each of which could negatively affect our gross margins. Conversely, because 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, if we underestimate our requirements, as we did in the third quarter of 2010 with respect to certain components, our contract manufacturers may have inadequate time, materials, and/or components required to produce our products, which could increase costs or could delay or interrupt manufacturing of our products and result in delays in shipments and deferral or loss of revenues.

We are dependent on contract manufacturers with whom we do not have long-term supply contracts, and changes to those relationships, expected or unexpected, may result in delays or disruptions 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 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. Also, the addition of manufacturing locations or contract manufacturers would increase the complexity of our supply chain management. Moreover, an increasing portion of our manufacturing is performed in China and other countries and is therefore subject to risks associated with doing business in other countries. Each of these factors could adversely affect our business, financial condition, and results of operations.

Upgrades to key internal systems and processes, and problems with the design or implementation of these systems and processes could interfere with, and therefore harm, our business and operations.

We previously initiated a multi-year project to upgrade certain key internal systems and processes, including our company-wide human resources management system, our customer relationship management ("CRM") system and enterprise resource planning ("ERP") system. In the first quarter of 2010, we implemented a major upgrade of our CRM system. We have invested, and will continue to invest, significant capital and human resources in the design and implementation of these systems and processes. Any disruptions or delays in the design and implementation of the new systems or processes, particularly any disruptions or delays that impact our operations, could adversely affect our ability to process customer orders, ship products, provide service and support to our customers, bill and track our customers, fulfill contractual obligations, record and transfer information in a timely and accurate manner, file SEC reports in a timely manner, or otherwise run our business. Even if we do not encounter these adverse effects, the design and implementation of these new systems and processes may be much more costly than we anticipated. If we are unable to successfully design and implement these new systems and processes as planned, or if the implementation of these systems and processes is more costly than anticipated, our business, financial condition, and results of operations could be negatively impacted.

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

We, and certain of our current and former officers and current and former members of our Board of Directors, 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, a description of the securities lawsuits can be found in Note 15, *Commitments and Contingencies,* in Notes to Consolidated Financial Statements of this Annual Report on Form 10-K, under the heading "Legal Proceedings." There can be no assurance that these or any actions that have been or may in the future be brought against us, our officers, and our directors will be resolved favorably or that tentative settlements will become final. Regardless of whether they are resolved, these lawsuits are, and any future lawsuits or threatened legal proceedings to which we, our officers, or our directors may become a party will likely be, expensive and time-consuming to defend, settle, and/or resolve. Legal proceedings, threatened legal proceedings or investigations, regardless of their ultimate outcome, could harm our reputation. Costs of defense, as well as any losses resulting from these claims or settlement of these claims, could significantly increase our expenses and could harm our business, financial condition, and results of operations.

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.

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. 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 or enter into license agreements. 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 by any third-party is successful, if we are required to settle litigation for significant amounts of money, or if we fail to develop non-infringing technology or license required proprietary rights on commercially reasonable terms and conditions, our business, financial condition, and results of operations could be materially and adversely affected.

Our success depends upon our ability to effectively plan and manage our resources and restructure our business through rapidly fluctuating economic and market conditions.

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 in response to fluctuating market opportunities and conditions. In periods of market expansion, we have increased investment in our business by, for example, increasing headcount and increasing our investment in R&D, sales and marketing, and other parts of our business as we have in the 2010 fiscal year and in the first quarter of 2011. Conversely, during 2009, in response to downward trending industry and market conditions, we restructured our business, rebalanced our workforce, and reduced our real estate portfolio. Many of our expenses, such as real estate expenses, cannot be rapidly or easily adjusted because of fluctuations in our business or numbers of employees. Moreover, rapid changes in the size of our workforce 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 objectives.

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 majority of our revenues from our international operations, and we plan to continue expanding our business in international markets in the future. We conduct significant sales and customer support operations directly and indirectly through our distributors and value-added resellers 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, regulatory, social, and political conditions in foreign countries, including changes in general IT spending, the imposition of government controls, including critical infrastructure protection, changes or limitations in trade protection laws, other regulatory requirements, which may affect our ability to import or export our products from various countries, service provider and government spending patterns affected by 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. For example, revenue attributable to our customers in Japan generally accounts for five percent to eight percent of our revenue. Although we did not experience a significant negative impact to our revenue during fiscal year 2011, the March 2011 earthquake and tsunami in Japan may continue to adversely and unpredictably affect our customers and spending patterns in Japan in the short term. Any or all of these factors could have a material adverse impact on our business, financial condition, and results of operations.

Moreover, local laws and customs in many countries differ significantly from those in the United States. In many foreign countries, particularly in those with developing economies, it is common for others to engage in business practices that are prohibited by our internal policies and procedures or United States regulations applicable to us. There can be no assurance that our employees, contractors, 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, or agents could result in financial reporting problems, fines, penalties, 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.

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

Because a majority 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, Euro, Indian Rupee, and Japanese Yen 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, and 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 only those currency exposures associated with certain assets and liabilities denominated in nonfunctional currencies and periodically hedge anticipated foreign currency cash flows. The hedging activities undertaken by us are intended to offset the impact of currency fluctuations on certain nonfunctional currency assets and liabilities. However, no amount of hedging can be effective against all circumstances, including long-term declines in the value of the U.S. Dollar. If our attempts to hedge against these risks are not successful, or if long-term declines in the value of the U.S. Dollar persist, our financial condition and results of operations could be adversely impacted.

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 December 2010 we acquired Altor and Trapeze, in July 2010 we acquired SMobile, and in April 2010 we acquired Ankeena. Acquisitions involve numerous risks, including problems combining the purchased operations, technologies or products, unanticipated costs, 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 assu rance 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.

Acquisitions may also require us to issue common stock or assume equity awards that dilute the ownership of our current stockholders, 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.

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 continue to implement improved systems and processes, our ability to manage our business, financial condition, and results of operations may be negatively affected.

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

We are required to test annually and review on an interim basis, our goodwill and intangible assets with indefinite lives, including the goodwill associated with past acquisitions and any future acquisitions, to determine if impairment has occurred. As of December 31, 2011, our goodwill was $3,928.1 million. If such assets are deemed impaired, an impairment loss equal to the amount by which the carrying amount exceeds the fair value of the assets would be recognized. This 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. For example, such impairment could occur if the market value of our common stock falls below certain levels for a sustained period, or if the portions of our business related to companies we have acquired fail to grow at expected rates or decline. In the second quarter of 2006, our impairment evaluation resulted in a reduction of $1,280.0 million to the carrying value of goodwill on our balance sheet for the SLT operating segment, primarily due to the decline in our market capitalization that occurred over a period of approximately nine months prior to the impairment review and, to a lesser extent, a decrease in forecasted future cash flows. In recent years, economic weakness contributed to extreme price and volume fluctuations in global stock markets that reduced the market price of many technology company stocks, including ours. Future declines in our stock price, as well as any marked decline in our level of revenues or gross margins, increase the risk that goodwill and intangible assets may become impaired in future periods. We cannot accurately predict the amount and timing of any impairment of assets.

Our products are highly technical and if they contain undetected errors or do not meet customer quality expectations, our business could be adversely affected, and we may need to defend lawsuits or 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. Some errors in our products may only be discovered after a product has been installed and used by end-customers. Any errors, defects, malware or security vulnerabilities discovered in our products after commercial release could result in 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. 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.

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 become very expensive, 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 license additional technology from third-parties to develop new products or product enhancements. 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 may result in our inability to continue to use such license. 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 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, then 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 the customers are determining the design of those networks and the selection of the equipment they will use in those networks, such customers may greatly reduce or suspend their spending on secure IP infrastructure. Such delays in purchases can make it more difficult to predict revenues from such customers, can cause fluctuations in the level of spending by these customers and, even where our products are ultimately selected, can have a material adverse effect on our business, financial condition, and results of operations.

While we believe that we currently have adequate internal control over financial reporting, we are exposed to risks from legislation requiring companies to evaluate those internal controls.

Section 404 of the Sarbanes-Oxley Act of 2002 requires our management to report on, and our independent auditors to attest to, the effectiveness of our internal control over financial reporting. We have an ongoing program to perform the system and process evaluation and testing necessary to comply with these requirements. We have and will continue to incur significant expenses and devote management resources to Section 404 compliance on an ongoing basis. In the event that our Chief Executive Officer, Chief Financial Officer, or independent registered public accounting firm determine in the future that, our internal controls over financial reporting are not effective as defined under Section 404, investor perceptions may be adversely affected if our financial statements are not reliable and could cause a decline in the market price of our stock and otherwise negatively affect our liquidity and financial condition.

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

At December 31, 2011, we had $2,910.4 million in cash and cash equivalents and $1,382.0 million in short- and long-term investments. We have invested these amounts primarily in U.S. government securities, government-sponsored enterprise obligations, foreign government debt securities, corporate notes and bonds, commercial paper, and money market funds meeting certain criteria. Certain of these investments are subject to general credit, liquidity, market, and interest rate risks, which may be exacerbated by U.S. sub-prime mortgage defaults that have affected various sectors of the financial markets and caused credit and liquidity issues at many financial institutions. 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 negative adverse effect on our liquidity, financial condition, and results of operations.

We may be unable to generate the cash flow to service our debt obligations, including the Senior Notes.

In March 2011, we issued senior unsecured notes for an aggregate principle amount of $1.0 billion. We may not be able to generate sufficient cash flow to enable us to service our indebtedness, including the notes, or to make anticipated capital expenditures. Our ability to pay our expenses and 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 the foreseeable future to meet our anticipated requirements for working capital, capital expenditures and scheduled payments of principal and interest on our indebtedness, including the senior notes. 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 senior 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 indenture that governs the senior notes also contains 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

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 senior notes.

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. Losses not covered by insurance could be substantial and unpredictable and could adversely affect our financial condition and results of operations.

ITEM 1B. *Unresolved Staff Comments*

None.

ITEM 2. *Properties*

We lease approximately 2.5 million square feet worldwide, with approximately 63 percent in North America. Our corporate headquarters is located in Sunnyvale, California, and consists of buildings totaling approximately 1.1 million square feet. Each building is subject to an individual lease or sublease, which provides various option, expansion, and extension provisions. The leases for our primary corporate headquarters buildings expire between January 2013 and November 2022. We also own approximately 80 acres of land adjacent to our leased corporate headquarters location. To support our growth in a cost-effective manner, we have begun a phased office campus build-out on land we own adjacent to our current headquarters in Sunnyvale, California. This will result in net facilities-related capital expenditures between $240 million and $260 million over the next 7 quarters. Additionally, we lease an approximately 0.2 million square foot facility in Westford, Massachusetts, under leases that expire in March 2018.

In addition to our offices in Sunnyvale and Westford, we also lease offices in various locations throughout the United States, Canada, South America, EMEA, and APAC regions, including offices in Australia, China, Hong Kong, India, Ireland, Israel, Japan, the Netherlands, Russia, United Arab Emirates, and the United Kingdom.

Our leases expire at various times through November 30, 2022. Our current offices are in good condition and appropriately support our business needs.

For additional information regarding obligations under our operating leases, see Note 15, *Commitments and Contingencies*, in Notes to Consolidated Financial Statements in Item 8 of Part II of this Annual Report on Form 10-K, which is incorporated by reference herein. For additional information regarding properties by operating segment, see Note 13, *Segment Information*, in Notes to Consolidated Financial Statements in Item 8 of Part II of this Annual Report on Form 10-K, which is incorporated by reference herein.

ITEM 3. *Legal Proceedings*

The information set forth under the heading "Legal Proceedings" in Note 15, *Commitments and Contingencies*, in Notes to Consolidated Financial Statements in Item 8 of Part II of this Annual Report on Form 10-K, is incorporated herein by reference.

ITEM 4. *Mine Safety Disclosures*

Not Applicable.

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PART II

ITEM 5. *Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities*

Price Range of Common Stock

The following table sets forth the high and low bid prices for our common stock of the two most recently completed years as reported on the NYSE for the years ended December 31, 2011 and 2010, respectively:

NYSE	2011 High	2011 Low	2010 High	2010 Low
First quarter	$ 45.01	$ 34.20	$ 31.32	$ 24.06
Second quarter	$ 42.27	$ 29.03	$ 32.16	$ 22.74
Third quarter	$ 33.11	$ 17.21	$ 31.48	$ 22.25
Fourth quarter	$ 25.61	$ 16.67	$ 37.95	$ 30.06

Holders

At February 17, 2012, there were approximately 1,020 stockholders of record of our common stock, and we believe a substantially greater number of beneficial owners.

Dividends

We have never paid cash dividends on our common stock and have no present plans to do so.

Unregistered Securities Sold in Fiscal 2011

None.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The following table provides information with respect to the shares of common stock we repurchased during the three months ended December 31, 2011.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (1)
October 1 - October 31, 2011	—	$ —	—	$ 213,834,490
November 1 - November 30, 2011	—	—	—	213,834,490
December 1 - December 31, 2011	—	—	—	213,834,490
Total	—	$ —	—	

(1) In March 2008, the Company's Board of Directors (the “Board”) approved a stock repurchase program (the “2008 Stock Repurchase Program”), which authorized the Company to purchase up to $1.0 billion of the Company's common stock. In February 2010, the Board approved an additional stock repurchase program (the “2010 Stock Repurchase Program”), which authorized the Company to purchase up to an additional $1.0 billion of the Company's common stock. As of December 31, 2011, the 2008 Stock Repurchase Program had no remaining authorized funds available for future stock repurchases. Future share repurchases under the Company's 2010 Stock Repurchase Program 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. This program may be discontinued at any time.

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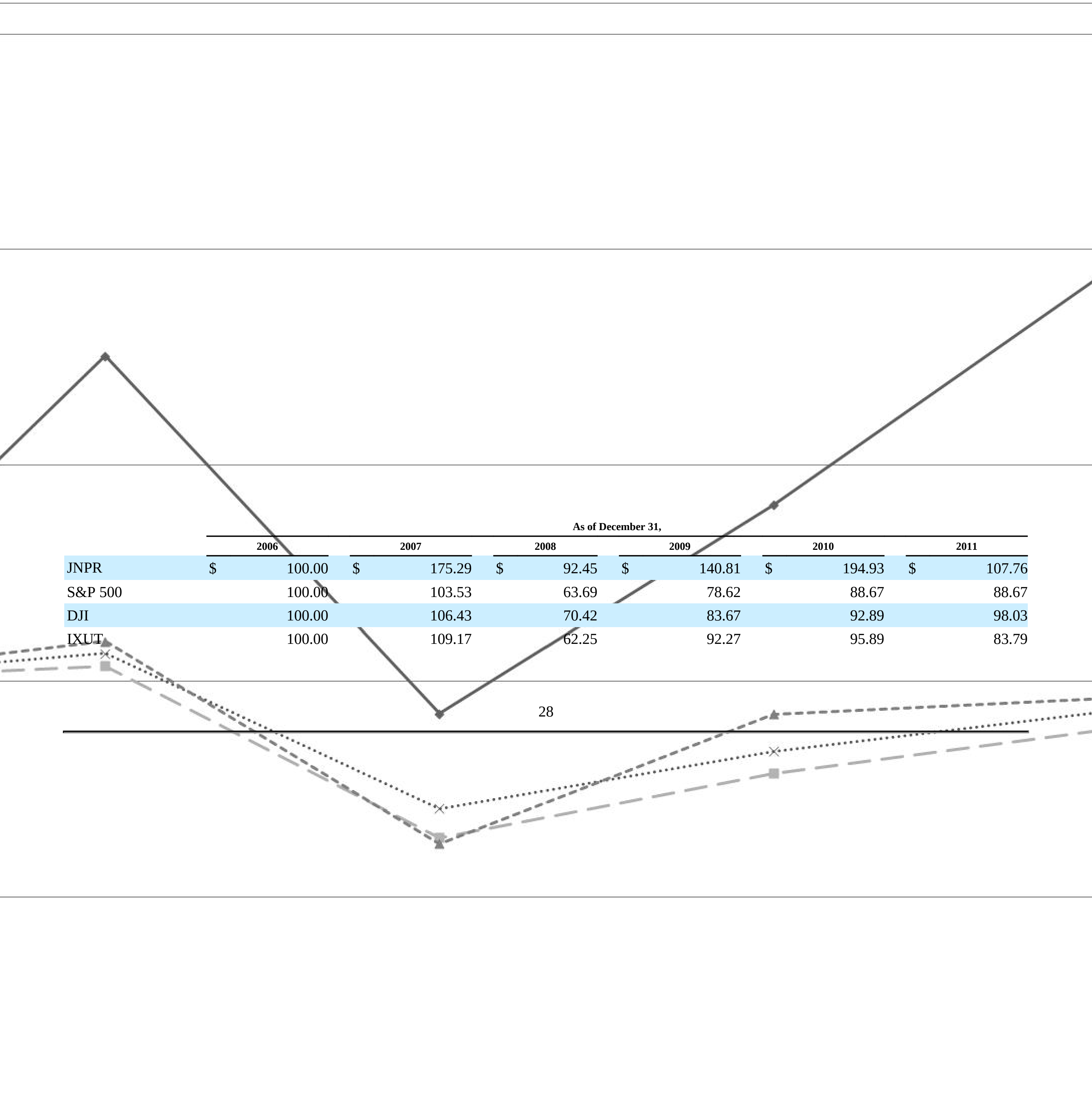
Company Stock Performance

The graph below shows the cumulative total stockholder return over a five-year period assuming the investment of $100 on December 31, 2006, in each of Juniper Networks' common stock, the Standard & Poor's 500 Stock Index (“S&P 500”), the NYSE Dow Jones Industrial Average (“DJI”), and the NASDAQ Telecommunications Index (“IXUT”). The graph shall not be deemed to be incorporated by reference into other SEC filings; nor deemed to be soliciting material or filed with the Commission or subject to Regulation 14A or 14C or subject to Section 18 of the Exchange Act. The comparisons in the graph below are based upon historical data and are not indicative of, or intended to forecast, future performance of our common stock.

Stock Performance Graph



	As of December 31,					
	2006	2007	2008	2009	2010	2011
JNPR	$ 100.00	$ 175.29	$ 92.45	$ 140.81	$ 194.93	$ 107.76
S&P 500	100.00	103.53	63.69	78.62	88.67	88.67
DJI	100.00	106.43	70.42	83.67	92.89	98.03
IXUT	100.00	109.17	62.25	92.27	95.89	83.79

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ITEM 6. ***Selected Consolidated Financial Data***

The following selected consolidated financial data should be read in conjunction with Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," and the Consolidated Financial Statements and the notes thereto in Item 8, "Consolidated Financial Statements and Supplementary Data," of this Annual Report on Form 10-K, which are incorporated herein by reference.

The information presented below reflects the impact of certain significant transactions and the adoption of certain accounting pronouncements, which makes a direct comparison difficult between each of the last five fiscal years. For a complete description of matters affecting the results in the tables below during the three years ended December 31, 2011, see "Notes to Consolidated Financial Statements" in Item 8 of Part II of this Annual Report on Form 10-K.

Consolidated Statements of Operations Data

	Years Ended December 31,				
	2011(a)	2010(b)	2009(c)	2008(d)	2007(e)
	(In millions, except per share data)				
Net revenues	$ 4,448.7	$ 4,093.3	$ 3,315.9	$ 3,572.4	$ 2,836.1
Cost of revenues	1,580.1	1,351.5	1,132.7	1,136.9	910.3
Gross margin	2,868.6	2,741.8	2,183.2	2,435.5	1,925.8
Operating expenses	2,250.1	1,974.2	1,872.5	1,740.5	1,518.7
Operating income	618.5	767.6	310.7	695.0	407.1
Other income and expense, net	(46.8)	10.6	1.4	33.9	103.5
Income before income taxes and noncontrolling interest	571.7	778.2	312.1	728.9	510.6
Provision for income taxes	(146.7)	(158.8)	(196.8)	(217.2)	(149.8)
Consolidated net income	425.0	619.4	115.2	511.7	360.8
Adjust for net (income) loss attributable to noncontrolling interest	0.1	(1.0)	1.8	—	—
Net income attributable to Juniper Networks	425.1	618.4	117.0	511.7	360.8
Net income per share attributable to Juniper Networks common stockholders:					
Basic	$ 0.80	$ 1.18	$ 0.22	$ 0.96	$ 0.67
Diluted	$ 0.79	$ 1.15	$ 0.22	$ 0.93	$ 0.62
Shares used in computing net income per share:					
Basic	529.8	522.4	523.6	530.3	537.8
Diluted	541.4	538.8	534.0	551.4	579.1

(a) Includes the following significant pre-tax items: stock-based compensation of $222.2 million, restructuring and other charges of $30.6 million, acquisition-related charges of $9.6 million, interest expense on debt of $37.7 million, and a net loss on equity investments of $0.3 million.

(b) Includes the following significant pre-tax items: stock-based compensation of $182.0 million, restructuring charges of $10.8 million, acquisition-related charges of $6.3 million, and a gain on equity investments of $8.7 million. In addition, includes a non-recurring income tax benefit of $54.1 million recorded in the first quarter from a change in estimate of unrecognized tax benefits related to share-based compensation. The change resulted from the decision in the first quarter of 2010 of the U.S. Court of Appeals for the Ninth Circuit in *Xilinx Inc. v. Commissioner*.

(c) Includes the following significant pre-tax items: stock-based compensation of $139.7 million, litigation settlement charges of $182.3 million, write-down of privately-held equity investments of $5.5 million, and restructuring charges of $19.5 million. In addition, includes the following significant tax items: $61.8 million related to the write-off of certain net deferred tax assets resulting from a change in California income tax law, $52.1 million related to a change in the tax treatment of stock-based compensation expense in transfer pricing arrangements for certain U.S. multinational companies due to a federal appellate court ruling, and $4.6 million related to an investigation by the India tax authorities.

(d) Includes the following significant pre-tax items: stock-based compensation of $108.1 million, write-down of privately-held equity investments of $11.3 million, other-than-temporary decline in publicly-traded equity investment of $3.5 million, and litigation settlement charge of $9.0 million.

(e) Includes the following significant pre-tax items: stock-based compensation of $88.0 million, stock option tender offer and tax-related charges of $8.0 million, stock option investigation costs of $6.0 million, a gain from a privately-held equity investment of $6.7 million, and a net litigation settlement gain of $5.3 million. We recognized in accumulated deficit a non-cash charge for the cumulative effect of accounting charge of $19.2 million relating to the adoption of Financial Accounting Standards No. 109 *Accounting for Income Taxes* and Financial Interpretation No., *Accounting for Uncertainty in Income Taxes-an interpretation of FASB Statement No. 109,* which were subsequently codified into Accounting Standard Codification Topic 740 - *Income Taxes.*

Consolidated Balance Sheet Data

	As of December 31,				
	2011	2010	2009	2008	2007
			(In millions)		
Cash, cash equivalents, and investments	$ 4,292.4	$ 2,821.6	$ 2,658.7	$ 2,293.4	$ 2,015.8
Working capital	2,973.0	1,742.4	1,503.2	1,759.6	1,175.3
Goodwill	3,928.1	3,927.8	3,658.6	3,658.6	3,658.6
Total assets	9,983.8	8,467.9	7,590.3	7,187.3	6,885.4
Long-term debt	999.0	—	—	—	—
Total long-term liabilities	428.4	387.1	389.7	229.3	151.7
Total Juniper Networks stockholders' equity	7,089.2	6,608.2	5,822.1	5,901.4	5,353.9

ITEM 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations*

This Annual Report on Form 10-K (“Report”), including the “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. ("we," "us," or the “Company”) that are based on our current expectations, estimates, forecasts, and projections about our business, 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,” “could,” “intends,” “plans,” “believes,” “seeks,” “estimates,” variations of such words, and similar expressions are intended to identify such forward-looking statements. 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 I and elsewhere, and in other reports we file with the SEC, specifically our most recent reports on Form 10-Q. 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.

The following discussion is based upon our Consolidated Financial Statements included elsewhere in this Report, which have been prepared in accordance with U.S. generally accepted accounting principles (“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. Each of these decisions has some impact on the financial results for any given period. 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. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, expenses, and related disclosure of contingencies. On an ongoing basis, we evaluate our estimates, including those related to sales returns, pricing credits, warranty costs, allowance for doubtful accounts, impairment of long-term assets, especially goodwill and intangible assets, contract manufacturer exposures for carrying and obsolete material charges, assumptions used in the valuation of share-based compensation, and litigation. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. For further information about our critical accounting policies and estimates, see Note 2, *Summary of Significant Accounting Policies*, in Notes to Consolidated Financial Statements in Item 1 of Part I of this Annual Report on Form 10-K, and our “Critical Accounting Policies and Estimates” section included in this “Management's Discussion and Analysis of Financial Condition and Results of Operations.” Actual results may differ from these estimates under different assumptions or conditions.

To aid in understanding our operating results for the periods covered by this Report, we have provided an executive overview and a summary of the business and market environment. These sections should be read in conjunction with the more detailed discussion and analysis of our consolidated financial condition and results of operations in this Item 7, our “Risk Factors” section included in Item 1A of Part I, and our audited consolidated financial statements and notes included in Item 8 of Part II of this report.

Business and Market Environment

At Juniper Networks, we focus on architecting the new network. We design, develop, and sell products and services that together provide our customers with a high-performance network infrastructure built on simplicity, security, openness, and scale. We serve the high-performance networking requirements of global service providers, enterprises, governments, and research and public sector organizations that view the network as critical to their success. Our broad product portfolio spans routing, switching, security, application acceleration, identity policy and control, and network management to provide customers high performance, greater choice and flexibility while reducing overall total cost of ownership.

We do business in three geographic regions: Americas, Europe, Middle East and Africa (“EMEA”), and Asia Pacific (“APAC”), and our operations are organized into two reportable segments: Infrastructure and Service Layer Technologies (“SLT”). Our Infrastructure segment primarily offers scalable routing and switching products that are used to control and direct network traffic from the core, through the edge, aggregation, and the customer premise equipment level, as well as a complete wireless local area network ("WLAN") solution that provides high reliability, performance, security, and management for mobile applications. Our SLT segment offers solutions that meet a broad array of our customers' priorities, from protecting the network itself and data on the network, to maximizing existing bandwidth and acceleration of applications across a distributed network. Both segments offer worldwide services, including technical support under maintenance contracts and professional services, as well as educational and training programs to our customers.

Over the past two years we have aligned our organization around a common vision for the new network. Together, our high-performance product and service offerings help our customers to convert legacy networks that provide commoditized services into more valuable assets that provide differentiation, value, and increased performance, reliability, and security to end-users. We remain dedicated to uncovering new ideas and innovations that will serve the exponential demands of the networked world and we will continue to build solutions that center on simplification, automation, and open innovation.

During 2011, we continued to experience a challenging macroeconomic environment. The effect of the increased macro volatility escalated especially over the second half of the year due to sovereign debt concerns in Europe as well as slow down of the economies in APAC and in the Americas. A number of our largest U.S. customers, including Tier 1 service providers and financial service firms, reduced their spend toward the end of the year. Additionally, our customers held off their core routing purchases in anticipation of the T4000 Series launch as we entered into a new product cycle. Despite the impact from the near-term challenges, our revenue grew in 2011. The investments we have made in R&D are delivering on a wave of new products, from our new offerings in the data center, QFabric, to enterprise mobility and to our Converged Supercore routing technology. The three core components of QFabric-the Node, Interconnect and Director were released; the next wave of MobileNext features including the S Gateway for mobile operators were announced during the year; our Converged Supercore solution, PTX Series switches, are expected to begin shipment in the first quarter of 2012; and the T4000 Core Router commenced shipment in the fourth quarter of 2011. In addition, we have put the right organization structure in place to effectively drive our innovative portfolio and support our customers' next-generation network requirements.

In the coming year, we will remain focused on balancing the longer-term needs of the business while remaining agile and prudent with our spending in the short term. We believe the underlying fundamentals of our business remain healthy and we are focused on executing our strategy to address the market trends of mobile Internet and cloud computing. We believe our strategy aligns well with the driving forces of the Network. We believe innovation will drive long-term value creation in the networking industry, as customers forgo the complexity and unnecessary costs of old architectures and embrace open systems that can scale across the multiple dimensions of network growth. With our strategy, our innovation pipeline, and the deeper penetration in both service provider and enterprise markets, we plan to navigate the challenging near-term environment in 2012 based on the following five operating principles:

- Assume continued uncertainty in the near-term macro environment;
- Grow faster than the markets we serve by focusing on new product introductions to accelerate growth as we exit 2012;
- Maintain investments that deliver innovation and our product roadmap;
- Focus on prudent cost management; and
- Generate good cash flows to support our strategic needs and maintain a strong balance sheet.

Financial Results and Key Performance Metrics Overview

The following table provides an overview of our key financial metrics for the years ended December 31, 2011, 2010 and 2009 (in millions, except per share amounts and percentages):

	Years Ended December 31,				Years Ended December 31,			
	2011	2010	$ Change	%Change	2010	2009	$ Change	%Change
Net revenues	$ 4,448.7	$ 4,093.3	$ 355.4	9%	$ 4,093.3	$ 3,315.9	$ 777.4	23%
Gross margin	$ 2,868.6	$ 2,741.7	$ 126.8	5%	$ 2,741.7	$ 2,183.2	$ 558.5	26%
Percentage of net revenues	*64.5%*	*67.0%*			*67.0%*	*65.8%*		
Operating income	$ 618.5	$ 767.6	$ (149.1)	(19)%	$ 767.6	$ 310.7	$ 456.9	147%
Percentage of net revenues	*13.9%*	*18.8%*			*18.8%*	*9.4%*		
Net income attributable to Juniper Networks	$ 425.1	$ 618.4	$ (193.3)	(31)%	$ 618.4	$ 117.0	$ 501.4	429%
Percentage of net revenues	*9.6%*	*15.1%*			*15.1%*	*3.5%*		
Net income per share attributable to Juniper Networks common stockholders:								
Basic	$ 0.80	$ 1.18	$ (0.38)	(32)%	$ 1.18	$ 0.22	$ 0.96	436%
Diluted	$ 0.79	$ 1.15	$ (0.36)	(31)%	$ 1.15	$ 0.22	$ 0.93	423%
Operating cash flows	$ 986.7	$ 812.3	$ 174.4	21%	$ 812.3	$ 796.1	$ 16.2	2%
Deferred revenue	$ 967.0	$ 884.4	$ 82.6	9%	$ 884.4	$ 753.6	$ 130.8	17%
Days sales outstanding ("DSO")	46	45	1	2%	45	44	1	2%
Book-to-bill	1	>1			>1	>1		

- *Net Revenues:* Our net revenue increased across all three geographic regions and in both service provider and enterprise markets for year ended December 31, 2011, compared to the prior year. These increases were primarily driven by increases in revenue from routing and switching products as well as higher service revenue across both the Infrastructure and SLT segments, partially offset by a slight decrease in our SLT product revenue.

- *Gross Margin:* Gross margin as a percentage of net revenues decreased for year ended December 31, 2011 , compared to the prior year, primarily due to lower product and service gross margin percentages and a higher proportion of service revenue for which gross margin is generally lower than product margin. Product gross margin as a percentage of product revenue declined due to a shift in geographic mix, increased overhead and increased inventory related costs. Service gross margin as a percentage of service revenue declined mainly due to the investment in resources to support our expanded product portfolio.

- *Operating Income:* Our operating income decreased as a percentage of revenues in the year ended December 31, 2011, compared to 2010, primarily due to slower revenue growth relative to the increase of investments in Sales and Marketing and Research and Development ("R&D") expenses as we continue to invest in our innovative portfolio and increase sales coverage for our new products. In addition, we recorded restructuring and other charges of $30.6 million in the year ended December 31, 2011, primarily related to workforce reduction activities and asset impairments.

- *Net Income Attributable to Juniper Networks and Net Income Per Share Attributable to Juniper Networks Common Stockholders:* The decrease in net income attributable to Juniper Networks in the year ended December 31, 2011, compared to 2010, reflects the lower operating income discussed above as well as higher interest expense of $49.5 million primarily attributable to interest on our long-term debt issued in March 2011.

- *Operating Cash Flows:* Operating cash flows in December 31, 2011 increased compared to 2010. Operating cash flows in the prior year included a $169.3 million litigation settlement payment.

- *Deferred Revenue:* Total deferred revenue increased $82.6 million to $967.0 million as of December 31, 2011, compared to $884.4 million as of December 31, 2010, due to an increase in deferred service revenue driven by product sales and renewals, slightly offset by a small decrease i n deferred product revenue. Total deferred service revenue increased $86.1 million compared to December 31, 2010 , primarily due to an increase in new service contracts and renewal of existing contracts. Deferred gross product revenue as of December 31, 2011 , decreased $15.4 million compared to December 31, 2010 , primarily due to the release of approximately $62.7 million from various product commitments made as of December 31, 2010 and delivered during 2011, partially offset by new product commitments and other deferrals.

- *DSO* : DSO as of December 31, 2011 was relatively flat compared to the prior year. DSO is calculated as the ratio of ending accounts receivable, net of allowances, divided by average daily net sales for the preceding 90 days.

- *Book-to-Bill*: Book-to-bill was one for the quarter ended December 31, 2011, and greater than one for the quarter ended December 31, 2010. Book-to-bill represents the ratio of product orders booked divided by product revenues during the respective period. Product orders exclude certain future revenue adjustments for items such as product revenue deferrals, sales return reserves, and service revenue allocations, and early payment discounts.

- *Stock Repurchase Plan Activity:* Under our stock repurchase program, we repurchased approximately 17.5 million shares of our common stock at an average price of $30.93 per share for an aggregate purchase price of $541.2 million during the year ended December 31, 2011 .

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 Consolidated Financial Statements and the accompanying notes. We base our estimates and assumptions on current facts, historical experience, and various other factors that we believe are reasonable under the circumstances, to determine the carrying values of assets and liabilities that are not readily apparent from other sources. Note 2, *Summary of Significant Accounting Policies* , in Notes to Consolidated Financial Statements in Item 8 of Part II of this Annual Report on Form 10-K, describes the significant accounting policies and methods used in the preparation of the Consolidated Financial Statements. The critical accounting policies described below are significantly affected by critical accounting estimates. Such accounting policies require significant judgments, assumptions, and estimates used in the preparation of the Consolidated Financial Statements and actual results could differ materially from the amounts reported based on these policies. To the extent there are material differences between our estimates and the actual results, our future consolidated results of operations may be affected.

- *Revenue recognition.* Revenue is recognized when all of the following criteria have been met: (1) persuasive evidence of an arrangement exists, (2) delivery has occurred, (3) sales price is fixed or determinable, and (4) collectability is reasonably assured. 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 multiple elements or non-standard terms and conditions. As a result, significant contract interpretation may be required to determine the appropriate accounting, including whether the deliverables specified in a multiple element arrangement should be treated as separate units of accounting for revenue recognition purposes, and, if so, how the price should be allocated among the elements and when to recognize revenue for each element. Changes in the allocation of the sales price between elements may impact the timing of revenue recognition but will not change the total revenue recognized on the contract.

Under our revenue recognition policies, we allocate revenue to each element based on a selling price hierarchy. The selling price for a deliverable is based on our vendor-specific objective evidence (“VSOE”) if available, or estimated selling price (“ESP”) if neither VSOE nor Third Party Evidence ("TPE") is available. We establish VSOE of selling price using the price charged for a deliverable when sold separately. ESP is established considering internal factors such as margin objectives, pricing practices and controls, customer segment pricing strategies and product life cycle. Consideration is also given to market conditions such as industry pricing strategies and technology life cycles. When determining ESP, we apply management judgment to establish margin objectives and pricing strategies and to evaluate market conditions and product life cycles. We do not use TPE as we do not consider our products to be similar or interchangeable to our competitors' products in standalone sales to similarly situated customers. Revenue from maintenance service contracts is deferred and recognized ratably over the contractual support period, which is generally one to three years. We apply ESP to the majority of our product revenue and VSOE to our service revenue in 2011 and 2010.

- *Contract Manufacturer Liabilities.* We outsource most of our manufacturing, repair, and supply chain management operations to our independent contract manufacturers, and a significant portion of our cost of revenues consists of payments to them. Our independent contract manufacturers produce our products using design specifications, quality assurance programs, and standards that we establish, and they procure components and manufacture our products based on our demand forecasts. These forecasts are our estimates of future demand for our products, based upon historical trends and analysis from our sales and marketing organizations, adjusted for overall market conditions. We establish a provision for inventory, carrying costs, and obsolete material exposures for excess components purchased based on historical trends. Significant judgment is used in establishing our forecasts of future demand, inventory carrying costs, and obsolete material exposures. If the actual component usage and product demand are significantly lower than forecast, which may be caused by factors outside of our control, we may incur charges for excess components, which could have an adverse impact on our gross margins and profitability. Supply chain management remains an area of focus as we balance the risk of material obsolescence and supply chain flexibility in order to reduce lead times. As of December 31, 2011 and 2010, our contract manufacturer liabilities were $14.8 million and $22.7 million , respectively.

- *Warranty Reserves.* We generally offer a one-year warranty on all of our hardware products and a 90-day warranty on the media that contains the software embedded in the products. We use judgment and estimates when determining warranty costs as part of our cost of sales based on associated material costs, labor costs for trouble-shooting and repair, and overhead at the time revenue is recognized. Material cost is estimated primarily based upon the historical costs to repair or replace product returns within the warranty period. Technical support labor and overhead cost are estimated primarily based upon historical trends in the cost to support the customer cases within the warranty period. Although we engage in extensive product quality programs and processes, if actual product failure rates, use of materials, or service delivery costs differ from estimates, additional warranty costs may be incurred, which could reduce gross margin. As of December 31, 2011 and 2010, our warranty reserves were $28.3 million and $35.9 million, respectively.

- *Goodwill and Other Long-Lived Assets.* We make significant estimates, assumptions, and judgments when valuing goodwill and other intangible assets in connection with the initial purchase price allocation of an acquired entity, as well as when evaluating impairment of goodwill and other intangible assets on an ongoing basis. These estimates are based upon a number of factors, including historical experience, market conditions, and information obtained from the management of the acquired company. Critical estimates in valuing certain intangible assets include, but are not limited to, historical and projected customer retention rates, anticipated growth in revenue from the acquired customer and product base, and the expected use of the acquired assets. These factors are also considered in determining the useful life of the acquired intangible assets. The amounts and useful lives assigned to identified intangible assets impacts the amount and timing of future amortization expense. The value of our goodwill and intangible assets could be impacted by future adverse changes such as, but not limited to: (a) a significant adverse change in legal factors or in the business climate; (b) a substantial decline in our market capitalization, (c) an adverse action or assessment by a regulator; (d) unanticipated competition; (e) loss of key personnel; (f) a more likely-than-not expectation of sale or disposal of a reporting unit or a significant portion thereof; (g) a realignment of our resources or restructuring of our existing businesses in response to changes to industry and market conditions; (h) testing for recoverability of a significant asset group within a reporting unit; or (i) higher discount rate used in the impairment analysis as impacted by an increase in interest rates.

We evaluate goodwill on an annual basis as of November 1st or more frequently if we believe impairment indicators exist. Goodwill is tested for impairment at the reporting unit level, which is one level below our operating segment level, by comparing the reporting unit's carrying value, including goodwill, to the fair value of the reporting unit. The fair values of the reporting units are estimated using significant judgment based on a combination of the income and the market approaches. Under the income approach, we estimate fair value of a reporting unit based on the present value of forecasted future cash flows that the reporting unit is expected to generate over its remaining life. Under the market approach, we estimate fair value of our reporting units based on an analysis that compares the value of the reporting units to values of publicly-traded companies in similar lines of business. If the fair value of the reporting unit does not exceed the carrying value of the net assets assigned to the reporting unit, then we perform the second step of the impairment test in order to determine the implied fair value of the reporting unit's goodwill. When the carrying value of a reporting unit's goodwill exceeds its implied fair value, we record an impairment loss equal to the difference. Determining the fair value of a reporting unit or a indefinite-lived purchased intangible asset is highly judgmental in nature and involves the use of significant estimates and assumptions. These estimates and assumptions include revenue growth rates and operating margins used to calculate projected future cash flows, operating trends, risk-adjusted discount rates, future economic and market conditions and determination of appropriate market comparables. We base our fair value estimates on assumptions we believe to be reasonable but that are unpredictable and inherently uncertain. Actual future results may differ from those estimates. In addition, we make certain judgments and assumptions in allocated shared assets and liabilities to determine the carrying values for each of our reporting units. As of December 31, 2011, Goodwill recorded for our SLT segment and Infrastructure segment was $2,282.6 million and $1,645.5 million, respectively. A hypothetical decrease of 5% in the estimated fair value of our reporting units would result in excess fair value over carrying value of approximately nil for our SLT segment to $7.3 billion for our Infrastructure segment.

We evaluate long-lived assets, such as property, plant and equipment, and purchased intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Such events or changes in circumstances include, but are not limited to, a significant decrease in the fair value of the underlying asset or asset group, a significant decrease in the benefits realized from the acquired assets, difficulty and delays in integrating the business or a significant change in the operations of the acquired assets or use of an asset. A long-lived asset is considered impaired if its carrying amount exceeds the estimated future undiscounted cash flows the asset or asset group is expected to generate. If a long-lived asset is considered to be impaired, the impairment to be recognized is the amount by which the carrying amount of the asset exceeds its fair value.

- *Share-Based Compensation.* We recognize share-based compensation expense for all share-based payment awards including employee stock options, restricted stock units (“RSUs”), performance share awards ("PSAs"), and purchases under our Employee Stock Purchase Plan ("ESPP") based on each award's fair value on the grant date.

We utilize the Black-Scholes-Merton (“BSM”) option-pricing model in order to determine the fair value of stock options and ESPP. The BSM model requires various highly subjective assumptions including volatility, expected award life, and risk-free interest rate. The expected volatility is based on the implied volatility of market traded options on our common stock, adjusted for other relevant factors including historical volatility of our common stock over the most recent period commensurate with the estimated expected life of our stock options. The expected life of an award is based on historical experience, the terms and conditions of the stock awards granted to employees, and the potential effect from options that have not been exercised. We determine the fair value of RSUs and PSAs based on the closing market price of our common stock on the grant date. In addition, we use significant judgment in estimating share-based compensation expense for our PSAs based on the vesting criteria and only recognize expense for the portions in which annual targets have been set.

The assumptions used in calculating the fair value of share-based payment awards represent management's best estimates. These estimates involve inherent uncertainties and the application of management's judgment. If factors change and different assumptions are used, our share-based compensation expense could be materially different in the future. Additionally, we are required to estimate the expected forfeiture rate based on historical experience as well as judgment and recognize expense only for those expected-to-vest shares. If our actual forfeiture rate is materially different from our estimate, our recorded share-based compensation expense could be different.

- *Income Taxes.* We are subject to income taxes in the United States and numerous foreign jurisdictions. Our effective tax rates may differ from the statutory rate due to factors such as, but not limited to, foreign operations, R&D tax credits, tax audit settlements, changes in the valuation allowance recorded against deferred tax assets, non-deductible compensation, and transfer pricing adjustments. Our effective tax rate was 25.7%, 20.4%, and 63.1% for 2011, 2010, and 2009, respectively. Significant judgment is required in evaluating our uncertain tax positions and determining our provision for income taxes. Although we believe our reserves are reasonable, no assurance can be given that the final tax outcome of these matters will not be different from that which is reflected in our historical income tax provisions and accruals. We adjust these reserves in light of changing facts and circumstances, such as the closing of a tax audit or the refinement of an estimate. To the extent that the final tax outcome of these matters is different from the amounts recorded, such differences will affect the provision for income taxes in the period in which such determination is made. The provision for income taxes includes the effect of reserves and any changes to the reserves that are considered appropriate, as well as the related net interest and penalties, if applicable.

Estimates and judgments occur in the calculation of certain tax liabilities and in the determination of the recoverability of certain deferred tax assets, which arise from temporary differences and carry-forwards. Deferred tax assets and liabilities are measured using the currently enacted tax rates that apply to taxable income in effect for the years in which those tax assets are expected to be realized or settled. We regularly assess the likelihood that our deferred tax assets will be realized from recoverable income taxes or recovered from future taxable income. To the extent that we believe any amounts are not more likely than not to be realized through the reversal of deferred tax liabilities and future income, we record a valuation allowance to reduce our deferred tax assets. In the event we determine that all or part of the net deferred tax assets are not realizable in the future, an adjustment to the valuation allowance is charged to earnings in the period such determination is made. Similarly, if we subsequently realize deferred tax assets that were previously determined to be unrealizable, the respective valuation allowance is reversed, resulting in an adjustment to earnings in the period such determination is made. In addition, the calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax regulations. We recognize and measure potential liabilities based upon our estimate of whether, and the extent to which, additional taxes will be due.

Significant judgment is required in determining any valuation allowance recorded against deferred tax assets. In assessing the need for a valuation allowance, we consider all available evidence, including past operating results, estimates of future taxable income, and the feasibility of tax planning strategies. In the event that we change our determination as to the amount of deferred tax assets that can be realized, we will adjust our valuation allowance with a corresponding effect to the provision for income taxes in the period in which such determination is made.

- *Loss Contingencies.* We use significant judgment and assumptions to estimate the likelihood of loss or impairment of an asset, or the incurrence of a liability, in determining loss contingencies. An estimated loss contingency is accrued when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. We record a charge equal to the minimum estimated liability for litigation costs or a loss contingency only when both of the following conditions are met: (i) information available prior to issuance of our consolidated financial statements indicates that it is probable that an asset had been impaired or a liability had been incurred at the date of the financial statements and (ii) the range of loss can be reasonably estimated. We regularly evaluate current information available to us to determine whether such accruals should be adjusted and whether new accruals are required.

From time to time, we are involved in disputes, litigation, and other legal actions. We are aggressively defending our current litigation matters. However, there are many uncertainties associated with any litigation, and these actions or other third-party claims against us may cause us to incur costly litigation and/or substantial settlement charges. In addition, the resolution of any future intellectual property litigation may require us to make royalty payments, which could adversely affect gross margins in future periods. If any of those events were to occur, our 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 our estimates, which could result in the need to adjust our liability and record additional expenses. For a discussion of current litigation, please see under the heading "Legal Proceedings" in Note 15, *Commitments and Contingencies*, in Notes to Consolidated Financial Statements in Item 8 of Part II of this Annual Report on Form 10-K.

Recent Accounting Pronouncements

See Note 2, *Summary of Significant Accounting Policies*, in Notes to the Consolidated Financial Statements in Item 8 of Part II of this Annual Report on Form 10-K, for a full description of recent accounting pronouncements, including the expected dates of adoption and estimated effects on financial condition and results of operations, which is incorporated herein by reference.

Results of Operations

The following table presents product and service net revenues (in millions, except percentages):

	Years Ended December 31,				Years Ended December 31,			
	2011	**2010**	**$ Change**	**% Change**	**2010**	**2009**	**$ Change**	**% Change**
Net revenues:								
Product	$ 3,478.3	$ 3,258.7	$ 219.6	7%	$ 3,258.7	$ 2,568.0	$ 690.7	27%
Percentage of net revenues	*78.2%*	*79.6%*			*79.6%*	*77.4%*		
Service	970.4	834.6	135.8	16%	834.6	747.9	86.7	12%
Percentage of net revenues	*21.8%*	*20.4%*			*20.4%*	*22.6%*		
Total net revenues	$ 4,448.7	$ 4,093.3	$ 355.4	9%	$ 4,093.3	$ 3,315.9	$ 777.4	23%

Our net product revenue increased in 2011 compared to 2010 primarily due to an increase in sales of our Infrastructure routing products, particularly the MX Series routers, to service provider and enterprise customers across all regions, reflecting our competitive position and customers' demand for our edge products. Our switching products, including EX Series, QFabric and WLAN products, increased due to strength in our EX Series products, both in data center and campus deployments. We also recorded initial revenues from the first deployment of our QFabric solution. The increase in Infrastructure revenue was partially offset by the decline in revenue from the M and T Series routers primarily attributable to weaker overall demand from service providers driven by uncertain macroeconomic environment as well as an expected pause as we introduce the T4000 router. SLT product revenue also had a slight decrease in 2011, compared to 2010, primarily attributed to the decline in our high-end product lines influenced by the timing of our high-end SRX service provider deployments and the transition from older enterprise security products to our new security product portfolio. Service revenue increased in 2011, primarily attributable to sales of our MX Series routers and EX Series switches, primarily attributable to sales and contract renewals for our MX Series routers, EX Series switches and High-End SRX products.

Our net product revenues increased in 2010 compared to 2009 primarily due to an increase in Infrastructure product sales to service provider and enterprise customers across all regions, SLT product sales to enterprise customers across all regions and

SLT product sales to service provider customers in the Americas. The increased revenue was the result of increased demand for our most recent product lines, the MX Series routers, EX Series switches, and SRX service gateways, as well as the improved macroeconomic environment as compared to 2009. Additionally our net service revenues increased in 2010 compared to 2009 due to an increase in sales to enterprise customers across all regions and to service provider customers in the EMEA and APAC regions, which was primarily driven by growth in the installed base and continued strength in contract renewals for support services.

Net Revenues by Market and Customer

The following table presents the total net revenues by market (in millions, except percentages):

	Years Ended December 31,				Years Ended December 31,			
	2011	2010	$ Change	% Change	2010	2009	$ Change	% Change
Service Provider	$ 2,833.0	$ 2,631.5	$ 201.5	8%	$ 2,631.5	$ 2,197.1	$ 434.4	20%
Percentage of net revenues	*63.7%*	*64.3%*			*64.3%*	*66.3%*		
Enterprise	1,615.7	1,461.8	153.9	11%	1,461.8	1,118.8	343.0	31%
Percentage of net revenues	*36.3%*	*35.7%*			*35.7%*	*33.7%*		
Total	$ 4,448.7	$ 4,093.3	$ 355.4	9%	$ 4,093.3	$ 3,315.9	$ 777.4	23%

We sell our high-performance network products and service offerings from our Infrastructure and SLT segments to two primary markets – service provider and enterprise. Determination of which market a particular revenue transaction relates to is based primarily upon the customer's industrial classification code, but may also include judgmental factors such as the intended use of the product. The service provider market generally includes wireline, wireless, and cable operators, as well as major Internet content and application providers, including those that provide social networking and search engine services. The enterprise market generally comprises businesses; federal, state, and local governments; and research and education institutions.

Net revenue increased in 2011 attributable to the increase in sales to the service provider market across all three geographic regions, specifically in the Americas and EMEA regions. The increase was largely attributable to customers' adoption of our Infrastructure products, including the MX Series routers, EX Series switches and WLAN products, across all three regions, slightly offset by a decline in the SLT products in the Americas.

Net revenues from sales to the service provider market increased in absolute dollars in 2010 compared 2009, primarily due to our customers' increased investment in new network build-outs and purchases of additional networking capacity to support network growth.

Revenues from sales to the enterprise market also increased in 2011, compared to 2010, reflecting demand for routing and switching products including the MX Series routers, EX Series switches, and WLAN products driven by the value proposition we offer to customers as well as our strategy of expanding presence in the enterprise market. The increase in enterprise revenues in 2011, was experienced across all three geographic regions. Net revenues from sales to the enterprise market increased in absolute dollars and as a percentage of total net revenues in 2010 compared to 2009, primarily due to our expanded portfolio of products and our continued investments to expand our footprint in the enterprise market.

No customers accounted for greater than 10% of our net revenues for the year ended December 31, 2011. Verizon Communications, Inc., accounted for 10.6% of our net revenues for the year ended December 31, 2010. AT&T, Inc., accounted for 10.4% of our net revenues for the year ended December 31, 2009.

Net Revenues by Geographic Region

The following table presents the total net revenues by geographic region (in millions, except percentages):

	Years Ended December 31,				Years Ended December 31,			
	2011	2010	$ Change	% Change	2010	2009	$ Change	% Change
Americas:								
United States	$ 2,015.8	$ 1,890.1	$ 125.7	7%	$ 1,890.1	$ 1,515.1	$ 375.0	25%
Other	222.2	205.5	16.7	8%	205.5	172.8	32.7	19%
Total Americas	2,238.0	2,095.6	142.4	7%	2,095.6	1,687.9	407.7	24%
Percentage of net revenues	*50.3%*	*51.2%*			*51.2%*	*50.9%*		
Europe, Middle East, and Africa	1,339.8	1,189.3	150.5	13%	1,189.3	953.2	236.1	25%
Percentage of net revenues	*30.1%*	*29.1%*			*29.1%*	*28.7%*		
Asia Pacific	870.9	808.4	62.5	8%	808.4	674.8	133.6	20%
Percentage of net revenues	*19.6%*	*19.7%*			*19.7%*	*20.4%*		
Total	$ 4,448.7	$ 4,093.3	$ 355.4	9%	$ 4,093.3	$ 3,315.9	$ 777.4	23%

Net revenues in the Americas increased in absolute dollars during 2011, compared to 2010, primarily due to increased sales in the United States attributable to the demand for our routing and switching products and services from enterprise and service provider customers. Net revenues in the Americas decreased as a percentage of total revenue from 2010 to 2011, primarily due to the relative strength in EMEA.

Net revenues in the Americas region increased in absolute dollars and as a percentage of total net revenues in 2010 compared to 2009, primarily due to increased demand in the United States. In the United States, net revenues increased in absolute dollars and increased as a percentage of total net revenues, in 2010 compared to 2009, due to the relative strength of the enterprise and service provider markets in the United States.

Net revenues in EMEA increased, in absolute dollars and as a percentage of total net revenues, in 2011, compared to 2010, driven by service provider and enterprise demand for our routing and switching products and related services, in both service provider and enterprise markets. The increases were largely attributable to Sweden, Eastern Europe, and the Netherlands. In addition, we initiated the first revenue from a top service provider in Eastern Europe spanning a broad range of our product portfolio.

Net revenues in EMEA increased in absolute dollars and as a percentage of total net revenues in 2010 compared to 2009, primarily due to increased demand in Russia, Germany, and the United Kingdom. This increase was largely driven by product sales to both the enterprise and service provider markets.

Net revenues in APAC increased in 2011, compared to 2010, due to the increase in revenues from our routing, switching, and SLT products and services, in both service provider and enterprise markets. Revenue increased in Southeast Asia and Australia, partially offset by continued weakness in Japan and push out of some demand in China. Net revenues as a percentage of total revenues remain relatively flat in 2011 compared to 2010.

Net revenues in APAC increased in absolute dollars in 2010 compared to 2009, primarily due to increased demand in Japan, China, and Australia. This increase was primarily driven by product sales to enterprise customers and service sales to service provider customers.

Gross Margins

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

	Years Ended December 31,				Years Ended December 31,			
	2011	2010	$ Change	% Change	2010	2009	$ Change	% Change
Gross margin:								
Product gross margin	$ 2,323.0	$ 2,257.8	$ 65.2	3%	$ 2,257.8	$ 1,726.3	$ 531.5	31%
Percentage of product revenues	*66.8%*	*69.3%*			*69.3%*	*67.2%*		
Service gross margin	545.6	484.0	61.6	13%	484.0	456.9	27.1	6%
Percentage of service revenues	*56.2%*	*58.0%*			*58.0%*	*61.1%*		
Total gross margin	$ 2,868.6	$ 2,741.8	$ 126.8	5%	$ 2,741.8	$ 2,183.2	$ 558.6	26%
Percentage of net revenues	*64.5%*	*67.0%*			*67.0%*	*65.8%*		

Product gross margin percentage decreased in 2011, compared to 2010, primarily due to a lower proportion of router revenue, a shift in the geographic mix of revenue from Americas, increased fixed overhead and inventory-related costs. As of December 31, 2011, and 2010, we had 296 and 273 employees, respectively, in our manufacturing and operations organization that primarily manage relationships with our independent contract manufacturers, manage our supply chain, orchestrate new product introductions, and monitor and manage product testing and quality.

Product gross margin and product gross margin as a percentage of product revenues in 2010 compared to 2009 increased primarily due to a change in product mix that favored higher margin products and our continued efforts to manage costs.

Service gross margin increased in absolute dollars in 2011, compared to 2010, mainly attributed to the 16% growth in service revenue. Service gross margin percentage decreased in 2011, compared to 2010, primarily due to a growth in headcount of 21% to 1,289 employees as of December 31, 2011, compared to 1,064 employees as of December 31, 2010.The higher headcount was due to the increase both service and support resources for our expanded product portfolio.

Service gross margin increased in 2010 compared to 2009 in absolute dollars primarily due to increased service revenues, and service gross margin as a percentage of service revenues decreased primarily due to a shift in mix that was driven by an increase in value-added service related revenue.

Operating Expenses

The following table presents operating expenses and operating expenses as a percentage of net revenues (in millions, except percentages):

	Years Ended December 31,				Years Ended December 31,			
	2011	2010	$ Change	% Change	2010	2009	$ Change	% Change
Research and development	$ 1,026.8	$ 917.9	$ 108.9	12%	$ 917.9	$ 741.7	$ 176.2	24%
Percentage of net revenues	*23.1%*	*22.4%*			*22.4%*	*22.4%*		
Sales and marketing	1,001.1	857.1	144.0	17%	857.1	759.1	98.0	13%
Percentage of net revenues	*22.5%*	*20.9%*			*20.9%*	*22.8%*		
General and administrative	179.1	177.9	1.2	1%	177.9	159.5	18.4	12%
Percentage of net revenues	*4.0%*	*4.3%*			*4.3%*	*4.8%*		
Amortization of purchased intangible assets	5.4	4.2	1.2	29%	4.2	10.4	(6.2)	(59)%
Percentage of net revenues	*0.1%*	*0.1%*			*0.1%*	*0.3%*		
Restructuring and other charges	30.6	10.8	19.8	183%	10.8	19.5	(8.7)	(44)%
Percentage of net revenues	*0.7%*	*0.3%*			*0.3%*	*0.6%*		
Acquisition-related and other charges	7.1	6.3	0.8	13%	6.3	—	6.3	N/M
Percentage of net revenues	*0.2%*	*0.2%*			*0.2%*	*—%*		
Litigation settlement charges	—	—	—	—%	—	182.3	(182.3)	(100)%
Percentage of net revenues	*—%*	*—%*			*—%*	*5.5%*		
Total operating expenses	$ 2,250.1	$ 1,974.2	$ 275.9	14%	$ 1,974.2	$ 1,872.5	$ 101.7	5%
Percentage of net revenues	*50.6%*	*48.2%*			*48.2%*	*56.4%*		

Personnel-related costs, including wages, commissions, bonuses, vacation, benefits, share-based compensation, and travel, have historically been the primary driver of our operating expenses, and we expect this trend to continue. Facility and information technology ("IT") departmental costs are allocated to other departments based on usage and headcount. Facility and IT related headcount was 375, 388, and 294 as of December 31, 2011, 2010, and 2009, respectively. We had 9,129, 8,772, and 7,231 employees as of December 31, 2011, 2010, and 2009, respectively. The year-over-year increase in 2011 was due to growth across all of our organizations as a result of our efforts to grow the business.

R&D expenses increased in 2011, compared to 2010, primarily due to an increase in personnel-related expenses of $75.7 million. Also contributing to the increase was higher consulting, facilities and IT costs associated with our R&D projects to support our new product initiatives including the data center, mobility,and core solutions. This increase was partially offset by lower variable compensation in 2011. Our R&D headcount was relatively flat at 4,138 as of December 31, 2011, compared to the prior year, as a result of our restructuring activities in the second half of 2011.

R&D expenses increased in 2010 compared to 2009, primarily due to additional headcount and strategic initiatives to expand our product portfolio. In particular, we focused on delivering optical capabilities and a packet-optimized transport system that will help service providers better support packet and IP-based services, such as video, mobility and cloud computing. Personnel-related costs increased $111.6 million in 2010, primarily due to a 25% increase in headcount in our engineering organization, from 3,308 to 4,132 employees, to support product innovation intended to capture anticipated future network infrastructure growth and opportunities. Additionally, our outside consulting, facilities, and IT costs related to R&D expenses increased to support our R&D efforts.

Sales and marketing expenses increased in 2011, compared to 2010, primarily due to an increase in personnel-related expenses of $128.5 million. Additionally, contributing to the increase in 2011 was an increase in commission expense driven by higher revenue and an increase in outside services incurred to support our sales and marketing activities. As a result of our restructuring activities in the second half of 2011, sales and marketing headcount increased only 4% from 2,466 employees as of December 31, 2010 to 2,568 employees as of December 31, 2011.

Sales and marketing expenses increased in 2010, compared to the same period in 2009, primarily due to our 2010 advertising campaign, events for new product launches, and an increase in personnel-related costs of $95.8 million. The increase in personnel-related costs was primarily due to a 17% increase in our sales and marketing headcount from 2,101 to 2,466 employees, an increase in variable compensation driven by growth in our revenues, and an increase in outside services to support our sales and marketing programs. As a percentage of net revenues, sales and marketing expenses decreased slightly in 2010 due to our focus on managing expenses and creating efficiency in our sales activities.

General and administrative ("G&A") expense was relatively flat in 2011, compared to 2010, as costs associated with the G&A headcount growth of 3% from 449 at December 31, 2010 to 463 at December 31, 2011, were largely offset by lower variable compensation.

G&A expenses increased in 2010 compared to 2009, primarily due to an increase in personnel-related expenses. As a percentage of net revenues, G&A expenses decreased slightly in 2010 due to our continued focus on managing expenses. Personnel-related costs increased $25.0 million in 2010, primarily due to a 14% increase in headcount, from 393 to 449 employees in our worldwide G&A functions to support expected future growth of the business, as well as higher variable compensation driven by growth in revenues. Additionally, facilities and IT expenses related to our G&A infrastructure increased to support our growing business.

Amortization of purchased intangible assets increased in, 2011, compared to 2010, due to the addition of intangible assets from acquisitions during 2011 and 2010. Amortization of purchased intangible assets decreased in 2010 compared to 2009, primarily due to certain purchased intangible assets reaching the end of their amortization period during 2009. We had no impairment of our goodwill or our purchased intangible assets in 2011 and 2010.

We incurred $30.6 million of net restructuring and other charges in 2011 primarily related to a restructuring plan (the "2011 Restructuring Plan") implemented in the third quarter of 2011 to align our business operations with macroeconomic and other market conditions. Restructuring charges of $17.1 million was primarily related to workforce reductions. Remaining liabilities in the 2011 Restructuring Plan, are expected to be paid out in the first half of 2012. As we complete the alignment over the next two quarters, we may incur additional severance and facility costs. Such costs, primarily facility related, may range from $14 million to $21 million. Included in other charges, was a $13.5 million charge related to the impairment of an abandoned in-process internal use software project.

In 2010 and 2009, we recorded $10.8 million and $19.5 million, respectively, as a result of a restructuring plan to reduce our real estate portfolio and workforce in targeted areas of the Company. As of December 31, 2011, the 2009 Restructuring Plan was complete. See Note 9, *Other Financial Information* , in Notes to Consolidated Financial Statements in Item 8 of Part II of this Annual Report on Form 10-K, for more information regarding our restructuring liabilities.

In 2011 and 2010, we recorded $7.1 million and $6.3 million, respectively, in direct and indirect acquisition-related costs such as financial advisory, legal, due diligence, and integration costs from acquisitions completed in 2011 and 2010.

In 2009, we recorded litigation settlement charges of $182.3 million, which included $169.0 million related to our agreement in principle reached in February 2010, to settle the securities class action litigation pending against us and certain of our current and former officers and directors, $13.0 million related to the resolution of a dispute in connection with certain real estate in Sunnyvale California purchased in 2000 and $0.3 million related to another settlement recorded in the fourth quarter of 2009. Of these amounts, $181.3 million was recorded in the fourth quarter of 2009. See Note 15, *Commitments and Contingencies*, in Notes to Consolidated Financial Statements in Item 8 of Part II of this Annual Report on Form 10-K, for more information. No such charges were incurred in 2010 and 2011.

Share-Based Compensation

Share-based compensation expense associated with stock options, employee stock purchases, restricted stock units ("RSUs"), and performance share awards ("PSAs") was recorded in the following cost and expense categories (in millions, except percentages):

	Years Ended December 31,				Years Ended December 31,			
	2011	2010	$ Change	% Change	2010	2009	$ Change	% Change
Cost of revenues - Product	$ 4.6	$ 4.4	$ 0.2	5%	$ 4.4	$ 3.9	$ 0.5	13%
Cost of revenues - Service	15.7	13.5	2.2	16%	13.5	10.5	3.0	29%
Research and development	97.7	78.5	19.2	24%	78.5	59.3	19.2	32%
Sales and marketing	70.9	54.9	16.0	29%	54.9	43.1	11.8	27%
General and administrative	33.3	30.7	2.6	8%	30.7	22.9	7.8	34%
Total	$ 222.2	$ 182.0	$ 40.2	22%	$ 182.0	$ 139.7	$ 42.3	30%

Share-based compensation expense increased in 2011, compared to 2010, primarily due to the increase in award grants driven by headcount growth and higher fair value of equity awards attributable to the increase in the market value of our common stock for those awards. Share-based compensation expense increased in 2010 compared to 2009 due to an increase in RSU and PSA grants during the period primarily resulting from an increase in the number of participants.

Other Income and Expense, Net and Income Tax Provision

The following table presents other income and expense, net and income tax provision (in millions, except percentages):

	Years Ended December 31,				Years Ended December 31,			
	2011	2010	$ Change	% Change	2010	2009	$ Change	% Change
Interest income	$ 9.7	$ 10.5	$ (0.8)	(8)%	$ 10.5	$ 11.8	$ (1.3)	(11)%
Interest expense	(49.5)	(8.7)	(40.8)	469%	(8.7)	(6.0)	(2.7)	45%
Other	(7.0)	8.7	(15.7)	(180)%	8.8	(4.6)	13.4	(291)%
Total other (expense) income, net	$ (46.8)	$ 10.6	$ (57.4)	(542)%	$ 10.6	$ 1.4	$ 9.2	657%
Percentage of net revenues	*(1.1)%*	*0.3%*			*0.3%*	*—%*		
Income tax provision	$ 146.7	$ 158.8	$ (12.1)	(8)%	$ 158.8	$ 196.8	$ (38.0)	(19)%
Effective tax rate	*25.7 %*	*20.4%*			*20.4%*	*63.1%*		

Interest income primarily includes interest income from our cash, cash equivalents, and investments. Interest expense increased in 2011, compared to 2010, primarily due to the $37.7 million interest expense on the debt issued in March 2011. Other typically consists of investment and foreign exchange gains and losses and other non-operational income and expense items. In 2011, other included certain legal expenses unrelated to current or recent operations of approximately $7.0 million . In 2010, we recognized a total gain of $8.7 million, primarily due to acquisitions of our privately-held equity investments in Ankeena and Altor. During 2009 we recognized an impairment loss of $5.5 million on our equity investments for changes in fair value that we believed were other-than-temporary.

Our effective tax rates were 25.7%, 20.4%, and 63.1% in 2011, 2010, and 2009, respectively. The effective rate for 2011 differed from the federal statutory rate of 35% primarily due to the federal R&D credit and the benefit of earnings in foreign jurisdictions, which are subject to lower tax rates. The effective tax rate for 2011 differed from 2010 as a result of the items referenced below, which were recognized in 2010.

The decrease in overall rate in 2010 compared to 2009, and the federal statutory rate of 35%, was primarily due to the federal R&D credit, the benefit of earnings in foreign jurisdictions, which are subject to lower tax rates, and a $54.1 million income tax benefit in 2010 resulting from a change in the Company's estimate of unrecognized tax benefits due to the taxpayer favorable ruling by the U.S. Court of Appeals for the Ninth Circuit (the “Court”) in *Xilinx Inc. v. Commissioner* related to share-based compensation.

The effective tax rate in 2009 was higher than the federal statutory rate of 35% primarily due to the following income tax charges: (i) a $61.8 million discrete and other related charge that resulted from changes in California income tax laws that were enacted during 2009; (ii) a $52.1 million charge that resulted from a change in our unrecognized tax benefits related to share-based compensation; and (iii) a $4.6 million charge which related to an investigation by the India tax authorities. The effective rate impact from these charges was partially offset by the federal R&D credit and the benefit of earnings in foreign jurisdictions, which are subject to lower tax rates.

For a complete reconciliation of our effective tax rate to the U.S. federal statutory rate of 35% and further explanation of our income tax provision, see Note 14, *Income Taxes*, in Notes to Consolidated Financial Statements in Item 8 of Part II of this Annual Report on Form 10-K.

Segment Information

For a description of the products and services for each segment, see Item 1 *Business*, in Part I of this Annual Report on Form 10-K. A description of the measures included in management operating income can also be found in Note 13, *Segment Information*, in Notes to the Consolidated Financial Statements in Item 8 of Part II of this Annual Report on Form 10-K.

Select segment financial data for each of the three years in the period ended December 31, 2011, is as follows (in millions, except percentages and units):

Infrastructure

	Years Ended December 31,				Years Ended December 31,			
	2011	2010	$ Change	% Change	2010	2009	$ Change	% Change
Infrastructure revenues:								
Routers - Product	$ 2,287.4	$ 2,134.5	$ 152.9	7%	$ 2,134.5	$ 1,767.9	$ 366.6	21%
Routers - Service	607.0	521.3	85.7	16%	521.3	476.4	44.9	9%
Infrastructure revenue - Routers	2,894.4	2,655.8	238.6	9%	2,655.8	2,244.3	411.5	18%
Percentage of net revenues	*65.0%*	*64.9%*			*64.9%*	*67.7%*		
Switches - Product	493.1	377.1	116.0	31%	377.1	191.3	185.8	97%
Switches - Service	35.1	17.4	17.7	101%	17.4	6.0	11.4	188%
Infrastructure revenue - Switches	528.2	394.5	133.7	34%	394.5	197.3	197.2	100%
Percentage of net revenues	*11.9%*	*9.6%*			*9.6%*	*6.0%*		
Total Infrastructure segment revenues	$ 3,422.6	$ 3,050.3	$ 372.3	12%	$ 3,050.3	$ 2,441.6	$ 608.7	25%
Percentage of net revenues	*76.9%*	*74.5%*			*74.5%*	*73.6%*		
Infrastructure chassis revenue units (1)	22,010	14,115	7,895	56%	14,115	12,578	1,537	12%
Infrastructure ports shipped (1)	1,008,265	563,275	444,990	79%	563,275	437,278	125,997	29%
Infrastructure operating income (2)	$ 718.3	$ 773.7	$ (55.4)	(7)%	$ 773.7	$ 541.4	$ 232.3	43%
Percentage of Infrastructure revenues	*21.0%*	*25.4%*			*25.4%*	*22.2%*		

(1) Chassis revenue units represent the number of chassis on which revenue was recognized during the period. The number of ports on a module varies widely depending on the functionality and throughput offered by the module. Excludes modular and fixed configuration EX Series Ethernet switching products, circuit-to-packet products, and timing servers.

(2) A reconciliation of total segment operating income to income before taxes and noncontrolling interest can be found in Note 13, *Segments,* in Notes to Consolidated Financial Statement in Item 8 of this Form 10-K.

In 2011, Infrastructure products revenue increased across all three regions in both the service provider and enterprise markets. These increases were primarily from sales of our routing and switching products such as MX Series routers, EX Series switches and WLAN. The increase in Infrastructure service revenue in 2011, was primarily driven by strong contract renewals for support services and increased installed base from our Infrastructure product sales.

Infrastructure operating income decreased as a percent of Infrastructure revenue in 2011, compared to 2010, was largely due to the decline in product margins and higher operating expenses, partially offset by lower variable compensation in 2011.

We track Infrastructure chassis revenue units and ports shipped to analyze customer trends and indicate areas of potential network growth. Most of our Infrastructure product platforms are modular, with the chassis serving as the base of the platform. Each modular chassis has a certain number of slots that are available to be populated with components we refer to as modules or interfaces. The modules are the components through which the platform receives incoming packets of data from a variety of transmission media. The physical connection between a transmission medium and a module is referred to as a port. The number of ports on a module varies widely depending on the functionality and throughput offered by the module. Chassis revenue units represent the number of chassis on which revenue was recognized during the period. Infrastructure chassis revenue units increased in 2011, compared to 2010, primarily due to the increase in shipments of our MX Series routers, particularly the mid-range MX product lines. The increase in shipments of the mid-range MX product lines, which generally contain a higher number of ports per chassis, drove the higher number of ports shipped in 2011, compare to 2010.

In 2010, Infrastructure products revenue experienced growth in the enterprise and service provider markets across all regions compared to 2009. This increase was primarily attributable to revenue growth from our MX Series routers and EX Series switches. The increased demand for our products was primarily due to growing network demand attributable to increased reliance on digital devices connected to the network, and to a lesser extent, the improved macroeconomic environment.

Infrastructure chassis revenue units increased in 2010 compared to 2009, which was commensurate with Infrastructure product revenue growth during the year. Infrastructure port shipments increased in 2010 compared to 2009, primarily due to the continued growth in sales of MX Series products, which generally contain a higher number of ports per chassis.

A majority of our service revenue is earned from customers that purchase our products and enter into support services contracts for support. Infrastructure service revenues increased in 2010 compared to 2009, which was primarily driven by increased revenue from new product sales and strong contract renewals for support services. From a geographical and market perspective, the increase in Infrastructure service revenues was primarily due to an increase in enterprise business across all regions and service provider business in the EMEA and APAC regions. These increases were partially offset by a decrease in service revenue in the Americas service provider market.

Infrastructure operating income increased as a percent of Infrastructure revenue in 2010 compared to 2009, primarily due to a higher gross margin percentage, which was attributable to changes in product mix that favored higher margin products. Additionally, although Infrastructure sales and marketing expenses increased in absolute dollars as we increased our efforts to reach enterprise and service provider customers, they decreased as a percentage of Infrastructure revenues.

SLT

	Years Ended December 31,				Years Ended December 31,			
	2011	**2010**	**$ Change**	**% Change**	**2010**	**2009**	**$ Change**	**% Change**
	(in millions, except percentages and units)							
SLT segment revenues:								
SLT product revenue	$ 697.7	$ 747.1	$ (49.4)	(7)%	$ 747.1	$ 608.8	$ 138.3	23%
Percentage of net revenues	*15.7%*	*18.3%*			*18.3%*	*18.4%*		
SLT service revenue	328.4	295.9	32.5	11%	295.9	265.5	30.4	11%
Percentage of net revenues	*7.4%*	*7.2%*			*7.2%*	*8.0%*		
Total SLT segment revenues	$ 1,026.1	$ 1,043.0	$ (16.9)	(2)%	$ 1,043.0	$ 874.3	$ 168.7	19%
Percentage of net revenues	*23.1%*	*25.5%*			*25.5%*	*26.4%*		
SLT revenue units	252,848	231,365	21,483	9%	231,365	208,907	22,458	11%
SLT operating income (1)	$ 199.0	$ 208.0	$ (9.0)	(4)%	$ 208.0	$ 127.0	$ 81.0	64%
Percentage of SLT revenues	*19.4%*	*19.9%*			*19.9%*	*14.5%*		

(1) A reconciliation of total segment operating income to income before taxes and noncontrolling interest can be found in Note 13, *Segments*, in Notes to Consolidated Financial Statement in Item 8 of this Form 10-K.

SLT product revenues decreased in 2011, compared to 2010, which was largely driven by a decrease in revenue from our High-End SRX, High-End Firewall and Branch Firewall products, partially offset by an increase in our Branch SRX revenue. The decline was primarily experienced in the Americas service provider market. Although SLT product revenue decreased in 2011, revenue units increased due to the higher sales of our lower priced branch products.

The increase in SLT service revenue in 2011, compared to 2010, was primarily driven by strong contract renewals for support services in both the service provider and enterprise markets across all regions.

SLT operating income decreased as a percent of revenue in 2011, compared to 2010, primarily due to decline in revenue and shift to lower margin products.

We experienced an increase in SLT product revenue in the year ended December 31, 2010, compared to the same period in 2009, primarily due to increased demand for our branch and high-end SRX service gateway products. From a geographical and market perspective, we experienced revenue growth in the Americas service provider market and across all regions in the enterprise market in 2010.

SLT revenue units increased in 2010 compared to 2009, which was commensurate with growth in SLT product revenue. The percentage increase in SLT revenue units was less than the increase in SLT product revenues due to a product mix that favored higher average selling prices.

The increase in SLT service revenue in 2010 compared to 2009, was primarily driven by increased revenue from new product sales and strong contract renewals for support services. From a geographical and market perspective, the increase in SLT service revenues was due to growth in the enterprise and service provider markets across all regions.

SLT operating income increased as a percent of revenue in 2010 compared to 2009, primarily due to a decrease in operating expenses as a percent of SLT revenue as we continued our efforts to carefully manage costs. Additionally, the increase was attributable to higher gross margin percentage resulting from changes in product mix and efficiencies achieved from the higher 2010 revenues.

Liquidity and Capital Resources

Historically, we have funded our business primarily through our operating activities and the issuance of our common stock, and more recently, the issuance of long-term debt. The following table shows our capital resources (in millions, except percentages and days sales outstanding):

	As of			
	December 31, 2011	December 31, 2010	Change	% Change
Working capital	$ 2,973.0	$ 1,742.4	$ 1,230.6	71%
Days sales outstanding	46	45	1	2%
Cash and cash equivalents	$ 2,910.4	$ 1,811.9	$ 1,098.5	61%
Short-term investments	641.3	474.5	166.8	35%
Long-term investments	740.7	535.2	205.5	38%
Total cash, cash equivalents and investments	4,292.4	2,821.6	1,470.8	52%
Long-term debt	999.0	—	999.0	N/M
Net cash, cash equivalents, and investments	$ 3,293.4	$ 2,821.6	$ 471.8	17%

N/M - Not meaningful

The significant components of our working capital are cash and cash equivalents, short-term investments, and accounts receivable, reduced by accounts payable, accrued liabilities, and short-term deferred revenue. Working capital increased by $1,230.6 million in the year ended December 31, 2011, primarily due to a higher cash and cash equivalent balance as a result of our $1.0 billion debt offering in March 2011.

Summary of Cash Flows

As of December 31, 2011, our cash and cash equivalents increased by $1,098.5 million from December 31, 2010. This increase was mainly the result of cash generated by our operating and financing activities of $986.7 million and $819.0 million, respectively, partially offset by cash used in investing activities of $707.2 million.

Operating Activities

Net cash provided by operating activities was $986.7 million, $812.3 million, and $796.1 million, for 2011, 2010, and 2009, respectively. Cash flows from operations increased by $174.4 million in 2011, compared to the prior year, primarily due to the one-time litigation settlement payment of $169.3 million in 2010 which did not occur in 2011. The increase was partially offset by lower consolidated net income in 2011. For 2010, operating cash flows increased by $16.2 million from 2009, primarily due to higher consolidated net income, partially offset by litigation settlement payments, prepaid taxes, and higher accounts receivable.

Investing Activities

Net cash used in investing activities was $707.2 million, $532.8 million, and $948.3 million, in 2011, 2010, and 2009, respectively. During 2011, we invested the proceeds from our March 2011 debt offering in available-for-sale securities and purchased property and equipment for the build-out of our new headquarter campus in Sunnyvale, CA. The change in net cash used in investing activities from 2009 to 2010 was primarily due to net cash paid for acquisitions in 2010.

Financing Activities

Net cash generated in financing activities was $819.0 million in 2011, and net cash used were $72.4 million , and $262.2 million for 2010, and 2009, respectively. We generated additional cash from financing activities in 2011 compared to 2010 primarily due to the issuance of our long-term debt on March 5, 2011, partially offset by the repurchase of our outstanding common stock. For further discussion of our long-term debt, see Note 10, *Financing* , in the Notes to Consolidated Financial Statements in Item 8 of Part II of this Annual Report on Form 10-K.

In 2010, we used additional cash in financing activities to repurchase our outstanding common stock through our stock repurchase programs, partially offset by cash proceeds from issuance of common stock to employees as a result of higher stock prices.

Stock Repurchase Activities

In February 2010, our Board of Directors (the "Board") approved a stock repurchase program (the “2010 Stock Repurchase Program”), which authorized us to repurchase up to $1.0 billion of our common stock. This authorization was in addition to the stock repurchase program approved by the Board in March 2008 (the “2008 Stock Repurchase Program”), which also enabled us to repurchase up to $1.0 billion of our common stock.

We repurchased and retired approximately 17.5 million shares of our common stock at an average price of $30.93 per share for an aggregate purchase price of $541.2 million during the year ended December 31, 2011 , under our 2010 Stock Repurchase Program. As of December 31, 2011 , there were no remaining authorized funds under the 2008 Stock Repurchase Program and $213.8 million remaining authorized funds under the 2010 Stock Repurchase Program.

Off-Balance Sheet Arrangements

We had no off-balance sheet arrangements as of December 31, 2011, and 2010.

Contractual Obligations

Our principal commitments consist of obligations outstanding under operating leases, purchase commitments, tax liabilities, and other contractual obligations. The following table summarizes our principal contractual obligations as of December 31, 2011, and the effect such obligations are expected to have on our liquidity and cash flow in future periods (in millions):

	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years	Other
Operating leases (1)	$ 352.7	$ 57.9	$ 167.9	$ 70.7	$ 56.2	$ —
Purchase commitments (2)	150.6	$ 150.6	—	—	—	—
Tax liabilities (3)	108.5	—	—	—	—	108.5
Long-term debt (4)	1,000.0	—	—	300.0	700.0	$ —
Interest payment on long-term debt (4)	873.1	46.9	93.8	88.8	643.6	—
Other contractual obligations (5)	73.1	63.3	9.8	—	—	—
Total	$ 2,558.0	$ 318.7	$ 271.5	$ 459.5	$ 1,399.8	$ 108.5

(1) Our contractual obligations under operating leases primarily relate to our leased facilities under our non-cancelable operating leases. Rent payments are allocated to costs and operating expenses in our consolidated statements of operations. We occupy approximately 2.5 million square feet worldwide under operating leases. The majority of our office space is in North America, including our corporate headquarters in Sunnyvale, California. Our longest lease expires on November 30, 2022 .

(2) In order to reduce manufacturing lead times and ensure adequate component supply, our contract manufacturers place non-cancelable, non-returnable (“NCNR”) orders for components based on our build forecasts. The contract manufacturers use the components to build products based on our forecasts

and on purchase orders we have received from our customers. Generally, we do not own the components and title to the product transfers from the contract manufacturers to us and immediately to our customers upon delivery at a designated shipment location. If the components go unused or the products go unsold for specified periods of time, we may incur carrying charges or obsolete materials charges for components that our contract manufacturers purchased to build products to meet our forecast or customer orders. As of December 31, 2011, we had accrued $14.8 million based on our estimate of such charges. Total purchase commitments as of December 31, 2011, consisted of $150.6 million of NCNR orders.

(3) Tax liabilities include $108.5 million of long-term liabilities in the consolidated balance sheet for unrecognized tax positions. At this time, we are unable to make a reasonably reliable estimate of the timing of payments related to this amount due to uncertainties in the timing of tax audit outcomes.

(4) In March 2011, we issued $300.0 million aggregate principal amount of 3.10% senior notes due 2016 (the "2016 notes"), $300.0 million aggregate principal amount of 4.60% senior notes due 2021 (the "2021 notes"), and $400.0 million aggregate principal amount of 5.95% senior notes due 2041 (the "2041 notes" and, together with the 2016 notes and the 2021 notes the "notes"). Interest on the notes is payable in cash semiannually. We may redeem the notes, at any time in whole or from time to time in part, subject to a make-whole premium, and, in the event of a change in control, the holders of the notes may require us to repurchase for cash all or part of the notes at a purchase price equal to 101% of the aggregate principle amount, plus accrued and unpaid interest, if any. The indenture that governs the notes also contains various covenants, including limitations on the our ability to incur liens or enter into sale-leaseback transactions over certain dollar thresholds.

(5) Other contractual obligations primarily consisted of $25.1 million in indemnity-related and service related escrows, required by certain acquisitions completed in 2005, 2010 and 2011, $30.7 million in campus build-out obligations, and other miscellaneous commitments.

Guarantees

We have entered into agreements with customers that contain indemnification provisions relating to potential situations where claims could be alleged that our products infringe the intellectual property rights of a third-party. We also have financial guarantees consisting of guarantees of product and service performance, guarantees related to third-party customer-financing arrangements, customs and duties guarantees, and standby letters of credit for certain lease facilities. As of December 31, 2011 , and 2010, we had $19.9 million and $21.6 million , respectively, in bank guarantees and standby letters of credit related to these financial guarantees.

Liquidity and Capital Resource Requirements

Liquidity and capital resources may be impacted by our operating activities as well as acquisitions and investments in strategic relationships that we have made or we may make in the future. Additionally, if we were to repurchase additional shares of our common stock under the 2010 Stock Repurchase Program, our liquidity may be impacted. As of December 31, 2011 , 49% of our cash and investment balances are held outside of the U.S., which may be subject to U.S. taxes if repatriated.

In August 2010, we filed a $1.5 billion shelf registration with the SEC. In March 2011, we issued notes in the amount of $1.0 billion under the shelf registration statement. Therefore, while we have no current plans to do so, we may issue up to $500 million in additional securities under the shelf registration statement. The shelf registration is intended to give us flexibility to take advantage of financing opportunities as needed or deemed desirable in light of market conditions. Any additional offerings of securities under the shelf registration statement will be made pursuant to a prospectus.

We have been focused on managing our annual equity usage as a percentage of the common stock outstanding to align with peer group competitive levels and have made changes in recent years to reduce the number of shares underlying the equity awards we grant. Our intention for fiscal year 2011 was to target the number of shares underlying equity awards granted on an annual basis at less than three percent (3%) of our common stock outstanding. Based upon shares underlying our grants to date of options, RSUs, and PSAs (counting only the on-target measure of such PSA s), we achieved the goal for 2011. We have also managed our equity compensation programs to reduce the overall number of shares subject to outstanding awards over the past two years. The total number of common shares subject to our outstanding option, RSU, and PSA awards was 58.2 million, 63.5 million, and 76.5 million shares as of December 31, 2011, 2010, and 2009, respectively, reflecting a consecutive decline for the three years ended December 31, 2011.

Based on past performance and current expectations, we believe that our existing cash and cash equivalents, short-term, and long-term investments (which includes the proceeds of the issuance of the notes), together with cash generated from operations as well as cash generated from the exercise of employee stock options and purchases under our employee stock purchase plan will be sufficient to fund our operations and anticipated growth for at least the next 12 months. We believe our working capital is sufficient to meet our liquidity requirements for capital expenditures, commitments, and other liquidity requirements associated with our existing operations during the same period. However, our future liquidity and capital requirements may vary materially from those now planned depending on many factors, including:

- level and mix of our product, sales, and gross profit margins;
- our business, product, capital expenditures and R&D plans;
- repurchases of our common stock;
- incurrence and repayment of debt and related interest obligations;

- litigation expenses, settlements, and judgments, or similar items related to resolution of tax audits;
- volume price discounts and customer rebates;
- accounts receivable levels that we maintain;
- acquisitions and/or funding of other businesses, assets, products, or technologies;
- changes in our compensation policies;
- capital improvements for new and existing facilities;
- technological advances;
- our competitors' responses to our products and/or pricing;
- our relationships with supplies, partners, and customers;
- possible future investments in raw material and finished goods inventories;
- expenses related to future restructuring plans, if any;
- tax expense associated with share-based awards;
- issuance of share-based awards and the related payment in cash for withholding taxes in the current year and possibly during future years;
- level of exercises of stock options and stock purchases under our equity incentive plans; and
- general economic conditions and specific conditions in our industry and markets, including the effects of disruptions in global credit and financial markets, international conflicts, and related uncertainties.

ITEM 7A. *Quantitative and Qualitative Disclosure about Market Risk*

Interest Rate Risk

We maintain an investment portfolio of various holdings, types, and maturities. The value of our investments is subject to market price volatility. In addition, as of December 31, 2011, 49% of our cash, cash equivalents, and marketable securities are held in non-U.S. domiciled countries. Our marketable securities are generally classified as available-for-sale and, consequently, are recorded on our consolidated balance sheet at fair value with unrealized gains or losses reported as a separate component of accumulated other comprehensive income (loss).

At any time, a rise in interest rates could have a material adverse impact on the fair value of our investment portfolio. Conversely, a decline in interest rates could have a material impact on interest income from our investment portfolio. We do not currently hedge these interest rate exposures. We recognized immaterial gains and losses during the years ended December 31, 2011, 2010, and 2009, related to the sales of our investments.

The following tables present hypothetical changes in fair value of the financial instruments held at December 31, 2011, and 2010, that are sensitive to changes in interest rates (in millions):

	Valuation of Securities Given an Interest Rate Decrease of X BPS			Fair Value as of December 31, 2011	Valuation of Securities Given an Interest Rate Increase of X BPS		
	(150 BPS)	(100 BPS)	(50 BPS)		50 BPS	100 BPS	150 BPS
Government treasury and agencies	$ 740.4	$ 737.6	$ 734.8	$ 731.9	$ 729.2	$ 726.4	$ 723.6
Corporate bonds and notes	516.8	514.1	511.4	508.7	506.0	503.3	500.5
Other	1,572.0	1,571.4	1,570.8	1,570.3	1,569.7	1,569.1	1,568.7
Total	$ 2,829.2	$ 2,823.1	$ 2,817.0	$ 2,810.9	$ 2,804.9	$ 2,798.8	$ 2,792.8

	Valuation of Securities Given an Interest Rate Decrease of X BPS			Fair Value as of December 31, 2010	Valuation of Securities Given an Interest Rate Increase of X BPS		
	(150 BPS)	(100 BPS)	(50 BPS)		50 BPS	100 BPS	150 BPS
Government treasury and agencies	$ 457.4	$ 456.3	$ 455.1	$ 454.1	$ 452.8	$ 451.7	$ 450.5
Corporate bonds and notes	469.9	467.2	464.4	461.7	459.0	456.2	453.5
Foreign government debt securities	47.8	47.5	47.3	47.0	46.8	46.5	46.3
Other	1,291.6	1,291.2	1,290.7	1,290.1	1,289.7	1,289.2	1,288.7
Total	$ 2,266.7	$ 2,262.2	$ 2,257.5	$ 2,252.9	$ 2,248.3	$ 2,243.6	$ 2,239.0

These instruments are not leveraged and are held for purposes other than trading. The modeling technique used measures the changes in fair value arising from selected potential changes in interest rates. Market changes reflect immediate hypothetical parallel shifts in the yield curve of plus or minus 50 basis points (“BPS”), 100 BPS, and 150 BPS, which are representative of the historical movements in the Federal Funds Rate.

Foreign Currency Risk and Foreign Exchange Forward Contracts

Periodically, we use derivatives to hedge against fluctuations in foreign exchange rates. We do not enter into derivatives for speculative or trading purposes.

We use foreign currency forward contracts to mitigate variability in gains and losses generated from the re-measurement of certain monetary assets and liabilities denominated in non-functional currencies. These derivatives are carried at fair value with changes recorded in other income (expense) in the same period as the changes in the fair value from the re-measurement of the underlying assets and liabilities. These foreign exchange contracts have maturities of one year or less.

Our sales and costs of product revenues are primarily denominated in U.S. Dollars. Our cost of service revenue and operating expenses are denominated in U.S. Dollars as well as other foreign currencies including the British Pound, the Euro, Indian Rupee, and Japanese Yen. Approximately 76% of such costs and operating expenses are denominated in U.S. Dollars. Periodically, we use foreign currency forward and/or option contracts to hedge certain forecasted foreign currency transactions to reduce variability in cost of service revenue and operating expenses caused by non-U.S. Dollar denominated operating expense and costs. In designing a specific hedging approach, we consider several factors, including offsetting exposures, significance of exposures, costs associated with entering into a particular hedge instrument, and potential effectiveness of the hedge. These derivatives are designated as cash flow hedges and have maturities of less than one year. The effective portion of the derivative's gain or loss is initially reported as a component of accumulated other comprehensive income (loss) and, upon occurrence of the forecasted transaction, is subsequently reclassified into the line item in the consolidated statements of operations to which the hedged transaction relates. We record the ineffectiveness of the hedging instruments, which was immaterial during the years ended December 31, 2011, 2010, and 2009, respectively, in other income (expense) on our consolidated statements of operations. The change in operating expenses including cost of service revenue, R&D, sales and marketing, and G&A expenses, due to foreign currency fluctuations was approximately 1%, 1%, and 2% in 2011, 2010, and 2009, respectively.

If overall foreign currency exchange rates in comparison to the U.S. Dollar uniformly changes by 10%, the amount of cash, cash equivalents and marketable securities we would report in U.S. Dollars would change by less than 1%, assuming constant foreign currency cash, cash equivalents, and marketable securities balances.

Equity Price Risk

Our portfolio of publicly-traded equity securities and our non-qualified deferred compensation (“NQDC”) plan, which may also hold publicly-traded equity securities, are inherently exposed to equity price risk as the stock market fluctuates. Our publicly-traded equity securities are classified as available-for-sale securities on our consolidated balance sheets. Investments under the NQDC plan are considered trading securities and are also reported at fair value on our consolidated balance sheet. We do not purchase our publicly-traded equity securities with the intent to use them for speculative purposes. As of December 31, 2011, and 2010, the total investments under the NQDC plan were $9.3 million and $8.1 million, respectively. A hypothetical 30% adverse change on the total investments under the NQDC plan as of December 31, 2011, and 2010 would result in an immaterial loss.

We have also invested in privately-held companies. These investments are carried at cost. In 2011, there were impairment charge of $1.8 million on our investments in privately-held companies that we judged to be other than temporary as discussed in Note 5, *Fair Value Measurements*, in Notes to Consolidated Financial Statements in Item 8 of Part II of this Annual Report on Form 10-K. There were no such charges in 2010. The aggregate cost of our investments in privately-held companies was $51.8 million and $22.1 million as of December 31, 2011, and 2010, respectively.

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ITEM 8. ***Financial Statements and Supplementary Data***

Index of Consolidated Financial Statements for the years ended December 31, 2011, 2010, and 2009

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of Juniper Networks, Inc.

We have audited the accompanying consolidated balance sheets of Juniper Networks, Inc. as of December 31, 2011 and 2010, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2011. Our audits also included the financial statement schedule listed in the Index at Item 15(a)2. These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Juniper Networks, Inc., at December 31, 2011, and 2010, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2011, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As discussed in Note 2, *Summary of Significant Accounting Policies*, in Notes to Consolidated Financial Statements in Item 8 of Part II of this Annual Report on Form 10-K, in fiscal year 2010, Juniper Networks, Inc. changed its method of accounting for revenue recognition with the adoption of amendments to the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") resulting from Accounting Standards Update No. 2009-13, *Multiple-Deliverable Revenue Arrangements*, and Accounting Standards Update No. 2009-14, *Certain Revenue Arrangements That Include Software Elements*, both adopted effective January 1, 2010.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Juniper Networks, Inc.'s internal control over financial reporting as of December 31, 2011, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 24, 2012 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

San Jose, California
February 24, 2012

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of Juniper Networks, Inc.

We have audited Juniper Networks, Inc.'s internal control over financial reporting as of December 31, 2011, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Juniper Networks, Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Juniper Networks, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2011, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Juniper Networks, Inc. as of December 31, 2011, and 2010 and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2011, of Juniper Networks, Inc. and our report dated February 24, 2012, expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

San Jose, California
February 24, 2012

Management's Report on Internal Control Over Financial Reporting

The management of Juniper Networks, Inc. (the "Company") is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. The Company's internal control over financial reporting is a process designed under the supervision of the Company's principal executive and principal financial officers to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external purposes in accordance with U.S. generally accepted accounting principles.

The Company's internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2011, based on the framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in *Internal Control - Integrated Framework.* Based on that assessment, management concluded that, as of December 31, 2011, the Company's internal control over financial reporting was effective.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2011, has been audited by Ernst & Young LLP, the independent registered public accounting firm that audits the Company's consolidated financial statements, as stated in their report preceding this report, which expresses an unqualified opinion on the effectiveness of the Company's internal control over financial reporting as of December 31, 2011.

Juniper Networks, Inc.

Consolidated Statements of Operations
(In thousands, except per share amounts)

	Years Ended December 31,		
	2011	2010	2009
Net revenues:			
Product	$ 3,478,264	$ 3,258,651	$ 2,567,992
Service	970,445	834,615	747,920
Total net revenues	4,448,709	4,093,266	3,315,912
Cost of revenues:			
Product	1,155,283	1,000,865	841,722
Service	424,836	350,654	290,987
Total cost of revenues	1,580,119	1,351,519	1,132,709
Gross margin	2,868,590	2,741,747	2,183,203
Operating expenses:			
Research and development	1,026,790	917,855	741,708
Sales and marketing	1,001,060	857,072	759,131
General and administrative	179,132	177,859	159,459
Amortization of purchased intangible assets	5,366	4,230	10,416
Litigation settlement charges	—	—	182,331
Restructuring and other charges	30,564	10,805	19,463
Acquisition-related and other charges	7,154	6,342	—
Total operating expenses	2,250,066	1,974,163	1,872,508
Operating income	618,524	767,584	310,695
Other (expense) income, net	(46,808)	10,570	1,366
Income before income taxes and noncontrolling interest	571,716	778,154	312,061
Income tax provision	146,704	158,781	196,833
Consolidated net income	425,012	619,373	115,228
Adjust for net (income) loss attributable to noncontrolling interest	124	(971)	1,771
Net income attributable to Juniper Networks	$ 425,136	$ 618,402	$ 116,999
Net income per share attributable to Juniper Networks common stockholders:			
Basic	$ 0.80	$ 1.18	$ 0.22
Diluted	$ 0.79	$ 1.15	$ 0.22
Shares used in computing net income per share:			
Basic	529,768	522,444	523,603
Diluted	541,417	538,790	534,015

See accompanying Notes to Consolidated Financial Statements

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Juniper Networks, Inc.

Consolidated Balance Sheets
(In thousands, except par values)

	December 31, 2011	December 31, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	$2,910,420	$1,811,887
Short-term investments	641,323	474,514
Accounts receivable, net of allowance for doubtful accounts of $9,523 for 2011 and $10,110 for 2010	577,386	596,622
Deferred tax assets, net	154,310	161,535
Prepaid expenses and other current assets	156,222	169,812
Total current assets	4,439,661	3,214,370
Property and equipment, net	598,581	493,881
Long-term investments	740,659	535,178
Restricted cash and investments	78,307	119,346
Purchased intangible assets, net	123,114	121,803
Goodwill	3,928,144	3,927,807
Other long-term assets	75,354	55,466
Total assets	9,983,820	8,467,851
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	324,843	292,270
Accrued compensation	223,018	256,746
Deferred revenue	712,663	660,264
Income taxes payable	12,545	25,000
Other accrued liabilities	193,634	237,696
Total current liabilities	1,466,703	1,471,976
Long-term debt	999,034	—
Long-term deferred revenue	254,364	224,165
Long-term income taxes payable	108,471	103,823
Other long-term liabilities	65,590	59,087
Commitments and contingencies (Note 15)		
Juniper Networks stockholders' equity:		
Convertible preferred stock, $0.00001 par value; 10,000 shares authorized; none issued and outstanding	—	—
Common stock, $0.00001 par value; 1,000,000 shares authorized; 526,409 shares and 525,378 shares issued and outstanding at December 31, 2011, and 2010, respectively	5	5
Additional paid-in capital	10,079,169	9,717,783
Accumulated other comprehensive loss	(17,590)	(1,251)
Accumulated deficit	(2,972,402)	(3,108,337)
Total Juniper Networks stockholders' equity	7,089,182	6,608,200
Noncontrolling interest	476	600
Total equity	7,089,658	6,608,800
Total liabilities and equity	$9,983,820	$8,467,851

See accompanying Notes to Consolidated Financial Statements

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Juniper Networks, Inc.

Consolidated Statements of Cash Flows
(In thousands)

	Years Ended December 31,		
	2011	**2010**	**2009**
Cash flows from operating activities:			
Consolidated net income	$ 425,012	$ 619,373	$ 115,228
Adjustments to reconcile consolidated net income to net cash from operating activities:			
Depreciation	142,160	146,757	132,946
Amortization	27,878	8,531	15,427
Non-cash portion of share-based compensation	217,761	177,825	139,659
Deferred income taxes	7,225	64,035	9,436
Loss/(gain) on equity investments	326	(8,653)	5,562
Excess tax benefits from share-based compensation	(44,961)	(48,500)	(3,510)
Other charges	13,462	—	—
Changes in operating assets and liabilities, net of effects from acquisitions:			
Accounts receivable, net	18,633	(129,199)	(28,682)
Prepaid expenses and other assets	28,488	(129,292)	(8,520)
Accounts payable	33,871	48,217	(2,422)
Accrued compensation	(32,228)	78,071	16,079
Accrued litigation settlements	—	(169,330)	169,330
Income tax payable	53,213	25,193	43,672
Other accrued liabilities	13,639	1,413	28,566
Deferred revenue	82,247	127,894	163,326
Net cash provided by operating activities	986,726	812,335	796,097
Cash flows from investing activities:			
Purchases of property and equipment	(266,314)	(185,291)	(153,101)
Purchases of trading investments	(5,214)	(2,754)	—
Purchases of available-for-sale investments	(2,297,363)	(1,577,758)	(1,461,532)
Proceeds from sales of available-for-sale investments	1,281,236	537,916	285,379
Proceeds from maturities of available-for-sale investments	645,362	1,086,514	398,435
Payment for business acquisitions, net of cash and cash equivalents acquired	(30,720)	(374,765)	—
Changes in restricted cash	(1,174)	(12,424)	(11,276)
Purchases of privately-held and other equity investments, net	(33,051)	(4,188)	(6,205)
Net cash used in investing activities	(707,238)	(532,750)	(948,300)
Cash flows from financing activities:			
Proceeds from issuance of common stock	346,951	451,039	164,207
Purchases and retirement of common stock	(548,590)	(565,473)	(453,888)
Issuance of long-term debt, net	991,556	—	—
Change in customer financing arrangements	(15,833)	(3,487)	19,613
Excess tax benefit from share-based compensation	44,961	48,500	3,510
Return of capital to noncontrolling interest	—	(3,000)	4,400
Net cash provided by (used in) financing activities	819,045	(72,421)	(262,158)
Net increase (decrease) in cash and cash equivalents	1,098,533	207,164	(414,361)
Cash and cash equivalents at beginning of period	1,811,887	1,604,723	2,019,084
Cash and cash equivalents at end of period	$ 2,910,420	$ 1,811,887	$ 1,604,723
Supplemental disclosures of cash flow information:			
Cash paid for interest	$ 35,655	$ 8,799	$ 5,417

Cash (received) paid for taxes	$	(2,080)	$	155,700	$	139,969
Capitalized interest	$	1,230	$	—	$	—

See accompanying Notes to Consolidated Financial Statements

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Juniper Networks, Inc.

Consolidated Statements of Changes in Equity
(In thousands)

	Juniper Networks						
	Shares	Amount	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Noncontrolling Interest	Total Equity
Balance at December 31, 2008	526,752	$ 5	$ 8,811,497	$ (4,245)	$ (2,905,852)	$ —	$ 5,901,405
Consolidated net income (loss)	—	—	—	—	116,999	(1,771)	115,228
Change in unrealized loss on investments, net	—	—	—	(2,757)	—	—	(2,757)
Change in foreign currency translation adjustments, net	—	—	—	5,569	—	—	5,569
Consolidated comprehensive income	—	—	—	—	—	—	118,040
Purchase of subsidiary shares by noncontrolling interest	—	—	—	—	—	4,400	4,400
Issuance of shares in connection with Employee Stock Purchase Plan	3,221	—	39,164	—	—	—	39,164
Issuance of shares in connection with vesting of restricted share units	1,432	—	—	—	—	—	—
Exercise of stock options by employees, net of repurchases	8,651	—	126,284	—	—	—	126,284
Repurchase and retirement of common stock	(20,715)	—	(6,216)	—	(447,672)	—	(453,888)
Share-based compensation expense	—	—	139,659	—	—	—	139,659
Adjustment related to tax benefit from employee stock option plans	—	—	(50,299)	—	—	—	(50,299)
Balance at December 31, 2009	519,341	5	9,060,089	(1,433)	(3,236,525)	2,629	5,824,765
Consolidated net income	—	—	—	—	618,402	971	619,373
Change in unrealized loss on investments, net	—	—	—	(317)	—	—	(317)
Change in foreign currency translation adjustments, net	—	—	—	499	—	—	499
Consolidated comprehensive income	—	—	—	—	—	—	619,555
Return of capital to noncontrolling interest	—	—	—	—	—	(3,000)	(3,000)
Issuance of shares in connection with Employee Stock Purchase Plan	1,974	—	41,829	—	—	—	41,829
Issuance of shares in connection with vesting of restricted share units	2,224	—	—	—	—	—	—
Exercise of stock options by employees, net of repurchases	21,568	—	409,395	—	—	—	409,395
Shares assumed in connection with business acquisitions	—	—	2,355	—	—	—	2,355
Repurchase and retirement of common stock	(19,654)	—	(75,242)	—	(488,284)	—	(563,526)
Repurchases related to net issuances	(75)	—	(17)	—	(1,930)	—	(1,947)
Share-based compensation expense	—	—	177,825	—	—	—	177,825
Adjustment related to tax benefit from employee stock option plans	—	—	101,549	—	—	—	101,549
Balance at December 31, 2010	525,378	5	9,717,783	(1,251)	(3,108,337)	600	6,608,800
Consolidated net income (loss)	—	—	—	—	425,136	(124)	425,012
Change in unrealized loss on investments, net	—	—	—	(9,980)	—	—	(9,980)
Change in foreign currency translation adjustments, net	—	—	—	(6,359)	—	—	(6,359)
Consolidated comprehensive income	—	—	—	—	—	—	408,673
Issuance of shares in connection with Employee Stock Purchase Plan	2,400	—	51,687	—	—	—	51,687
Issuance of shares in connection with vesting of restricted share units	2,431	—	—	—	—	—	—
Exercise of stock options by employees, net of repurchases	13,904	—	293,856	—	—	—	293,856
Repurchase and retirement of common stock	(17,500)	—	(256,372)	—	(284,866)	—	(541,238)
Repurchases related to net issuances	(204)	—	(3,017)	—	(4,335)	—	(7,352)
Share-based compensation expense	—	—	217,761	—	—	—	217,761
Adjustment related to tax benefit from employee stock option plans	—	—	57,471	—	—	—	57,471
Balance at December 31, 2011	526,409	$ 5	$ 10,079,169	$ (17,590)	$ (2,972,402)	$ 476	$ 7,089,658

See accompanying Notes to Consolidated Financial Statements

Juniper Networks, Inc.

Notes to Consolidated Financial Statements

Note 1. Description of Business and Basis of Presentation

Description of Business

Juniper Networks, Inc (the "Company" or "Juniper") designs, develops, and sells products and services that together provide customers with a high-performance network infrastructure built on simplicity, security, openness, and scale. The Company serves the high-performance networking requirements of global service providers, enterprises, governments, and research and public sector organizations that view the network as critical to their success.

Basis of Presentation

The consolidated financial statements, which include the Company and its wholly-owned subsidiaries are prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"). All inter-company balances and transactions have been eliminated.

As of December 31, 2011 , the Company owned a 60 percent interest in a joint venture with Nokia Siemens Networks B.V. ("NSN"). Given the Company's majority ownership interest in the joint venture, the accounts of the joint venture have been consolidated with the accounts of the Company, and a noncontrolling interest has been recorded for the noncontrolling investor's interests in the net assets and operations of the joint venture. In July 2011, NSN and the Company entered into an agreement to cease operation of and terminate the joint venture and subsequently NSN has assumed the activities of the joint venture. The Company is in the process of winding down this joint venture and the termination of this joint venture is not expected to have a material effect on the Company's financial position or results of operations.

Foreign Currency Translations

Assets and liabilities of foreign operations with non-U.S. Dollar functional currency are translated to U.S. Dollars using exchange rates in effect at the end of the period. Revenue and expenses are translated to U.S. Dollars using average exchange rates for the period. Foreign currency translation gains and losses were not material for the years ended December 31, 2011, 2010 and 2009.

Reclassifications

In the first quarter of 2010, the Company reclassified certain selling and marketing costs that were previously reported as cost of service revenues as sales and marketing expense. Accordingly, $25.1 million of costs reported in the year ended December 31, 2009, have been reclassified from cost of service revenues to sales and marketing expense to conform to the current period's presentation. The reclassification did not impact the Company's previously reported net revenues, segment results, operating income, net income, or earnings per share.

Note 2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of the financial statements and related disclosures in conformity with U.S. GAAP requires the Company to make judgments, assumptions, and estimates that affect the amounts reported in the consolidated financial statements and the accompanying notes. The Company bases its estimates and assumptions on current facts, historical experience, and various other factors that it believes are reasonable under the circumstances, to determine the carrying values of assets and liabilities that are not readily apparent from other sources. To the extent there are material differences between our estimates and the actual results, our future consolidated results of operation may be affected.

Fair Value

Fair value is defined as the price that would be received upon sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining fair value, the Company considers the principal or most advantageous market in which it transacts, and considers assumptions that market participants would use when pricing the asset or liability. The Company applies the following fair value hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument. These inputs are valued using market based approaches.

Level 3 – Inputs are unobservable inputs based on the Company's assumptions. These inputs, if any, are valued using internal financial models.

Cash, Cash Equivalents and Investments

Cash and Cash Equivalents

All highly liquid investments purchased with an original maturity of three months or less are classified as cash and cash equivalents. Cash and cash equivalents consist of cash on hand, demand deposits with banks, highly liquid investments in money market funds, commercial paper, government securities, certificates of deposit, and corporate debt securities, which are readily convertible into cash.

Investments in Available-for-Sale and Trading Securities

Investments with stated maturities of greater than three months are classified as short-term or long-term investments. Management determines the appropriate classification of securities at the time of purchase and re-evaluates such classification as of each balance sheet date.

The Company's investments in publicly-traded debt securities are classified as available-for-sale. Available-for-sale investments are initially recorded at cost and periodically adjusted to fair value in the consolidated balance sheets. Unrealized gains and losses on these investments are reported as a separate component of accumulated other comprehensive income (loss). Realized gains and losses are determined based on the specific identification method and are reported in the consolidated statements of operations.

The Company recognizes an impairment charge for available-for-sale investments when a decline in the fair value of its investments below the cost basis is determined to be other than temporary. The Company considers various factors in determining whether to recognize an impairment charge, including the length of time the investment has been in a loss position, the extent to which the fair value has been less than the Company's cost basis, the investment's financial condition, and near-term prospects of the investee. If the Company determines that the decline in an investment's fair value is other than temporary, the difference is recognized as an impairment loss in its consolidated statements of operations.

The Company's non-qualified compensation plan, which invests in mutual funds are classified as trading securities and reported at fair value in the consolidated balance sheets. The realized and unrealized holding gains and losses are reported in the consolidated statements of operations.

Privately-Held Investments

The Company has investments in privately-held companies. These investments are included in other long-term assets in the consolidated balance sheets and are carried at cost, adjusted for any impairment, as the Company does not have a controlling interest and does not have the ability to exercise significant influence over these companies. These investments are inherently high risk as the market for technologies or products manufactured by these companies are usually early stage at the time of the investment by the Company and such markets may never be significant. The Company measures the fair value of privately-held investments using an analysis of the financial conditions and near term prospects of the investees, including recent financing activities and their capital structure. Realized gains and losses, if any, are reported in the consolidated statements of operations.

Derivatives

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

The Company uses foreign currency forward contracts to mitigate variability in gains and losses generated from the re-measurement of certain monetary assets and liabilities denominated in non-functional currencies. These derivatives are carried at fair value with changes recorded in other (expense) income, net. Changes in the fair value of these derivatives are largely offset by re-measurement of the underlying assets and liabilities. Cash flows from such derivatives are classified as operating activities. These foreign exchange forward contracts have maturities of one year or less.

The Company also uses foreign currency forward or option contracts to hedge certain forecasted foreign currency transactions relating to operating expenses. These derivatives are designated as cash flow hedges and have maturities of less than one year. These derivatives are carried at fair value and the effective portion of the derivative's gain or loss is initially reported as a component of accumulated other comprehensive income (loss), and upon occurrence of the forecasted transaction, is subsequently reclassified into the operating expense line item to which the hedged transaction relates. The Company records any ineffectiveness of the hedging instruments, which was immaterial during 2011, 2010, and 2009, in other (expense) income, net, on its consolidated statements of operations. Cash flows from such hedges are classified as operating activities.

Concentrations

Financial instruments that subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents, investments, and accounts receivable. The Company invests only in high-quality credit instruments and maintains its cash, cash equivalents, available-for-sale investments in fixed income securities, and money market funds with several high-quality institutions. Deposits held with banks, including those held in foreign branches of global banks, may exceed the amount of insurance provided on such deposits. These deposits may be redeemed upon demand and, therefore, bear minimal risk.

Generally, credit risk with respect to accounts receivable is diversified due to the number of entities comprising the Company's customer base and their dispersion across different geographic locations throughout the world. The Company performs ongoing credit evaluations of its customers and generally does not require collateral on accounts receivable. The Company maintains reserves for potential bad debt and historically such losses have been within management's expectations. No single customer accounted for more than 10% of the Company's total net revenues for 2011. Verizon Communications, Inc., and AT&T, Inc., accounted for 10.6%, and 10.4% of the Company's total net revenues for 2010 and 2009, respectively.

The Company relies on sole suppliers for certain of its components such as ASICs and custom sheet metal. Additionally, the Company relies primarily on a limited number of significant independent contract manufacturers for the production of all of its products. The inability of any supplier or manufacturer to fulfill supply requirements of the Company could negatively impact future operating results.

Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets of one and half years to five years for computers, equipment and software, five years for furniture and fixtures, seven to forty years for building and building improvements, and ten to forty years for land improvements. Leasehold improvements are amortized using the straight-line method over lease term, for a maximum of ten years. Construction in progress is related to the construction or development of property and equipment that have not yet been placed in service for their intended use. Depreciation for equipment commences once it is placed in service and depreciation for buildings and leasehold improvements commences once they are ready for their intended use.

Goodwill and Other Long-Lived Assets

Goodwill represents the purchase price over estimated fair value of net assets of businesses acquired in a business combination. Goodwill and other intangible assets acquired in a business combination and determined to have an indefinite useful life are not amortized, but instead tested for impairment at least annually during the fourth quarter. Such goodwill and other intangible assets may also be tested for impairment between annual tests in the presence of impairment indicators such as, but not limited to: (a) a significant adverse change in legal factors or in the business climate; (b) a substantial decline in our market capitalization, (c) an adverse action or assessment by a regulator; (d) unanticipated competition; (e) loss of key personnel; (f) a more likely-than-not expectation of sale or disposal of a reporting unit or a significant portion thereof; (g) a realignment of our resources or restructuring of our existing businesses in response to changes to industry and market conditions; (h) testing for recoverability of a significant asset group within a reporting unit; or (i) higher discount rate used in the impairment analysis as impacted by an increase in interest rates.

The Company performs its annual goodwill impairment analysis at its reporting unit level, which is one level below its operating segment level during the fourth quarter of each year. The fair value of the Company's reporting units is determined using both the income and market valuation approaches. Under the income approach, the fair value of the reporting unit is based on the present value of estimated future cash flows that the reporting unit is expected to generate over its remaining life. Under the market approach, the value of the reporting unit is based on an analysis that compares the value of the reporting unit to values of publicly traded companies in similar lines of business. In the application of the income and market valuation approaches, the Company is required to make estimates of future operating trends and judgments on discount rates and other variables. Actual future results related to assumed variables could differ from these estimates.

Long-lived assets, such as property, plant, and equipment, and purchased intangible assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Such events or circumstances include, but are not limited to, a significant decrease in the fair value of the underlying business, a significant decrease in the benefits realized from an acquired business, difficulties or delays in integrating the business or a significant change in the operations of an acquired business. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset, or asset group, to estimated undiscounted future cash flows expected to be generated by the asset, or asset group. An impairment charge is recognized by the amount by which the carrying amount of the asset exceeds its fair value.

The Company amortizes intangible assets with estimable useful lives on a straight-line basis over their useful lives.

Revenue Recognition

Revenue is recognized when all of the following criteria have been met:

- *Persuasive evidence of an arrangement exists.* The Company generally relies upon sales contracts or agreements, and customer purchase orders to determine the existence of an arrangement.
- *Delivery has occurred.* The Company uses shipping terms and related documents, or written evidence of customer acceptance, when applicable, to verify delivery or performance.
- *Sales price is fixed or determinable.* The Company assesses whether the sales price is fixed or determinable based on the payment terms and whether the sales price is subject to refund or adjustment.
- *Collectability is reasonably assured.* The Company assesses collectability based on creditworthiness of customers as determined by our credit checks and their payment histories. The Company records accounts receivable net of allowance for doubtful accounts, estimated customer returns, and pricing credits.

In 2010, the Company adopted, on a prospective basis, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2009-13, Topic 605 - *Multiple-Deliverable Revenue Arrangements* ("ASU 2009-13"). ASU 2009-13 changes the requirements for establishing separate units of accounting in a multiple element arrangement and requires the allocation of arrangement consideration to each deliverable to be based on the relative selling price. Concurrently with issuing ASU 2009-13, the FASB also issued ASU No. 2009-14, Topic 985 - *Certain Revenue Arrangements That Include Software Elements* ("ASU 2009-14"). ASU 2009-14 excludes software that is contained on a tangible product from the scope of software revenue guidance if the software component and the non-software component function together to deliver the tangible products' essential functionality. The Company applied these two standards for new and materially modified arrangements originating after December 31, 2009.

When a sales arrangement contains multiple elements and software and non-software components function together to deliver the tangible products' essential functionality, the Company allocates revenue to each element based on a selling price hierarchy. The selling price for a deliverable is based on its vendor-specific objective evidence ("VSOE") if available, third-party evidence ("TPE") if VSOE is not available, or estimated selling price ("ESP") if neither VSOE nor TPE is available. The Company then recognizes revenue on each deliverable in accordance with its policies for product and service revenue recognition. VSOE of selling price is based on the price charged when the element is sold separately. In determining VSOE, the Company requires that a substantial majority of the selling prices fall within a reasonable range based on historical discounting trends for specific products and services. TPE of selling price is established by evaluating largely interchangeable competitor products or services in stand-alone sales to similarly situated customers. However, as the Company's products contain a significant element of proprietary technology and its solutions offer substantially different features and functionality, the comparable pricing of products with similar functionality typically cannot be obtained. Additionally, as the Company is unable to reliably determine what competitors products' selling prices are on a stand-alone basis, the Company is not typically able to determine TPE. The ESP is established considering multiple factors including, but not limited to pricing practices in different geographies and through different sales channels, gross margin objectives, internal costs, competitor pricing strategies, and industry technology lifecycles.

In multiple element arrangements where software deliverables are included, revenue is allocated to each separate unit of accounting for each of the non-software deliverables and to the software deliverables as a group using the relative selling prices of each of the deliverables in the arrangement based on the aforementioned selling price hierarchy. If the arrangement contains more than one software deliverable, the arrangement consideration allocated to the software deliverables as a group is then allocated to each software deliverable using the guidance for recognizing software revenue.

The Company limits the amount of revenue recognition for delivered elements to the amount that is not contingent on the future delivery of products or services or subject to customer-specific return or refund privileges. The Company evaluates each deliverable in an arrangement to determine whether they represent separate units of accounting. A deliverable constitutes a separate unit of accounting when it has stand-alone value and there are no customer-negotiated refunds or return rights for the delivered elements. If the arrangement includes a customer-negotiated refund or return right relative to the delivered item, and the delivery and performance of the undelivered item is considered probable and substantially in the Company's control, the delivered element constitutes a separate unit of accounting. In circumstances when the aforementioned criteria are not met, the deliverable is combined with the undelivered elements, and the allocation of the arrangement consideration and revenue recognition is determined for the combined unit as a single unit. Allocation of the consideration is determined at arrangement inception on the basis of each unit's relative selling price. The new standards do not generally change the units of accounting for the Company's revenue transactions.

Prior to 2010, and for current software sales, the Company allocated revenue to each element using the residual method when the VSOE of fair value of the undelivered items for arrangements with multiple elements, such as sales of products that include services and software, exists. Under the residual method, the amount of revenue allocated to delivered elements equals the total arrangement consideration less the aggregate fair value of any undelivered elements. If VSOE of one or more undelivered items does not exist, revenue from the entire arrangement is deferred and recognized at the earlier of: (i) delivery of those elements or (ii) when fair value can be established unless maintenance is the only undelivered element, in which case, the entire arrangement fee is recognized ratably over the contractual support period.

The Company accounts for multiple agreements with a single customer as one arrangement if the contractual terms and/or substance of those agreements indicate that they may be so closely related that they are, in effect, parts of a single arrangement. For sales to direct end-users, value-added resellers, and original equipment manufacturer ("OEM") partners, the Company recognizes product revenue upon transfer of title and risk of loss, which is generally upon shipment. It is the Company's practice to identify an end-user prior to shipment to a value-added reseller. For the Company's end-users and value-added resellers, there are no significant obligations for future performance such as rights of return. The Company's agreements with its OEM partners may allow future rights of returns or pricing credits. A portion of the Company's sales is made through distributors under agreements allowing for pricing credits or rights of return. Product revenue on sales made through these distributors is recognized upon sell-through as reported by the distributors to the Company. Deferred revenue on shipments to distributors reflects the effects of distributor pricing credits and the amount of gross margin expected to be realized upon sell-through. Deferred revenue is recorded net of the related product costs of revenue.

The Company records reductions to revenue for estimated product returns and pricing adjustments, such as rebates and price protection, in the same period that the related revenue is recorded. The amount of these reductions is based on historical sales returns and price protection credits, specific criteria outlined in rebate agreements, and other factors known at the time.

Service revenues include revenue from maintenance, training, and professional services. Maintenance is offered under renewable contracts. Revenue from maintenance service contracts is deferred and recognized ratably over the contractual support period, which is generally one to three years. Revenue from training and professional services is recognized as services are completed or ratably over the contractual period, which is generally one year or less.

The Company sells certain interests in accounts receivable on a non-recourse basis as part of customer financing arrangements primarily with one major financing company. Cash received under this arrangement in advance of revenue recognition is recorded as a secured borrowing within other current liabilities.

Allowance for Doubtful Accounts

The allowance for doubtful accounts is based on the Company's assessment of the collectability of customer accounts. The Company regularly reviews its receivables that remain outstanding past their applicable payment terms and establishes allowance and potential write-offs by considering factors such as historical experience, credit quality, age of the accounts receivable balances, and current economic conditions that may affect a customer's ability to pay.

Warranty Reserves

The Company generally offers a one-year warranty on all of its hardware products and a 90-day warranty on the media that contains the software embedded in the products. Warranty costs are accrued as part of the Company's cost of sales based on associated material costs, labor costs, and overhead at the time revenue is recognized. Material costs are estimated primarily based upon the historical costs to repair or replace product returns within the warranty period. Labor and overhead costs are estimated primarily based upon historical trends in the cost to support customer cases within the warranty period.

Contract Manufacturer Liabilities

The Company outsources most of its manufacturing, repair, and supply chain management operations to its independent contract manufacturers, and a significant portion of its cost of revenues consists of payments to them. The independent contract manufacturers produce the Company's products using design specifications, quality assurance programs, and standards established by the Company, and they procure components and manufacture the products based on the Company's demand forecasts. These forecasts are the Company's estimates of future demand for its products, based upon historical trends and analysis from the Company's sales and marketing organizations, adjusted for overall market conditions. The Company establishes a provision for inventory, carrying costs, and obsolete material exposures for excess components purchased based on historical trends.

Research and Development

Costs to research, design, and develop the Company's products are expensed as incurred. Software development costs are capitalized beginning when a product's technological feasibility has been established and ending when a product is available for general release to customers. Generally, the Company's products are released soon after technological feasibility has been established. As a result, costs incurred between achieving technological feasibility and product general availability have not been significant, and all software development costs have been expensed as incurred.

Advertising

Advertising costs are charged to sales and marketing expense as incurred. Advertising expense was $17.2 million, $17.1 million, and $11.4 million, for 2011, 2010, and 2009, respectively.

Loss Contingencies

The Company is subject to the possibility of various loss contingencies arising in the ordinary course of business. Management considers the likelihood of loss related to an asset, or the incurrence of a liability, as well as its ability to reasonably estimate the amount of loss, in determining loss contingencies. An estimated loss contingency is accrued when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. The Company records a charge equal to the minimum estimated liability or a loss contingency only when both of the following conditions are met: (i) information available prior to issuance of the consolidated financial statements indicates that it is probable that an asset had been impaired or a liability had been incurred at the date of the financial statements, and (ii) the range of loss can be reasonably estimated. The Company regularly evaluates current information available to determine whether such accruals should be adjusted and whether new accruals are required.

Share-Based Compensation

The Company utilizes the Black-Scholes-Merton (“BSM”) option-pricing model in order to estimate the fair value of its share-based payment awards on the date of grant. Share-base compensation expense for expected-to-vest share-based awards is valued under the single-option approach and and amortized on a straight-line basis, net of estimated forfeitures, and RSUs and PSAs are amortized on a ratable basis, net of estimated forfeitures. The value of the portion of the award that is ultimately expected to vest is recognized as expense over the requisite service period.

The BSM model requires various highly subjective assumptions that represents management's best estimates of volatility, expected option life, and risk-free interest rate. The expected volatility is based on the implied volatility of market traded options on our common stock, adjusted for other relevant factors including historical volatility of our common stock over the most recent period commensurate with the estimated expected life of our stock options. The expected life of an award is based on historical experience, the terms and conditions of the stock awards granted to employees, as well as the potential effect from options that have not been exercised at the time.

Provision for Income Taxes

Deferred tax assets and liabilities are measured using the currently enacted tax rates that apply to taxable income in effect for the years in which those tax assets are expected to be realized or settled. The Company regularly assesses the likelihood that its deferred tax assets will be realized from recoverable income taxes or recovered from future taxable income. To the extent that the Company believes any amounts are not more likely than not to be realized through the reversal of the deferred tax liabilities and future income, the Company records a valuation allowance to reduce its deferred tax assets. In the event the Company determines that all or part of the net deferred tax assets are not realizable in the future, an adjustment to the valuation allowance would be charged to earnings in the period such determination is made. Similarly, if the Company subsequently realizes deferred tax assets that were previously determined to be unrealizable, the respective valuation allowance would be reversed, resulting in an adjustment to earnings in the period such determination is made. In addition, the calculation of tax liabilities involves dealing with uncertainties in the application of complex tax regulations. The Company recognizes and measures potential liabilities based on its estimate of whether, and the extent to which, additional taxes will be due.

Comprehensive Income (Loss)

Comprehensive income (loss) is defined as the change in equity during a period from transactions and other events and circumstances from non-owner sources. The Company includes the components of comprehensive income (loss) as part of its consolidated statements of changes in equity. Accumulated other comprehensive income (loss) includes net unrealized gains (losses) on available-for-sale securities and on derivatives designated as cash flow hedges that are excluded from net income, and net foreign currency translations.

Recent Accounting Pronouncements

In May 2011, the Financial Accounting Standards Board ("FASB") issued ASU No. 2011-04, Topic 820 - *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs* (“ASU 2011-04”), which amends current fair value measurement and disclosure guidance to converge with International Financial Reporting Standards ("IFRS") and provides increased transparency around valuation inputs and investment categorization. This guidance is effective for fiscal years and interim periods, beginning after December 15, 2011. Early application by public companies is not permitted. The Company's adoption of ASU 2011-04 will not have an impact on its consolidated results of operations or financial condition.

In June 2011, the FASB issued ASU No. 2011-05, Topic 220 - *Presentation of Comprehensive Income* (“ASU 2011-05”), which requires an entity to present total comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements and eliminates the option to present the components of other comprehensive income as part of the statement of changes in stockholders' equity. This guidance is effective for fiscal years and interim periods, beginning after December 15, 2011. The Company's adoption of ASU 2011-05 will not have an impact on its consolidated results of operations or financial condition.

In September 2011, the FASB issued ASU No. 2011-08, Topic 350 - *Intangibles - Goodwill and Other* ("ASU 2011-08"), which amends Topic 350 to allow an entity to first assess qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. An entity would not be required to calculate the fair value of a reporting unit unless the entity determines, based the qualitative assessment, that it is more likely than not that its fair value is less than its carrying amount. This guidance is effective for annual and interim goodwill tests performed for years beginning after December 15,

2011. Early adoption is permitted. The Company's adoption of ASU 2011-08 is not expected to have an impact on its consolidated results of operations or financial condition.

In December 2011, the FASB issued Accounting Standards Update ("ASU") No. 2011-12, Topic 220 - *Comprehensive Income* ("ASU 2011-12"), which indefinitely deferred certain provisions of ASU 2011-05, including the requirement to present reclassification adjustments out of accumulated other comprehensive income by component in both the statement in which net income is presented and the statement in which other comprehensive income is presented. This amendment is effective for both annual and interim financial statements beginning after December 15, 2011. The Company's adoption of ASU 2011-12 will not have an impact on its consolidated results of operations or financial condition.

In December 2011, the FASB issued ASU No. 2011-11, Topic 2010 - *Balance Sheet* ("ASU 2011-11"), which contains new disclosure requirements regarding the nature of an entity's rights of set off and related arrangements associated with its financial instruments and derivative instruments. Under U.S. GAAP, certain derivative and repurchase agreement arrangements are granted exceptions from the general off-setting model. To facilitate comparison between financial statements prepared under U.S. GAAP and IFRS, the new disclosure requirement will provide financial statement users information regarding both gross and net exposures. This guidance is effective for annual and interim financial statements beginning on or after January 1, 2013. Retrospective application is required. The Company does not set off related arrangements associated with its financial instruments and derivative instruments. Its adoption of ASU 2011-11 is not expected to have an impact on its consolidated results of operations or financial condition.

Note 3. Net Income per Share

The Company computed basic and diluted net income per share attributable to Juniper Networks common stockholders as follows (in millions, except per share amounts):

	Years Ended December 31,		
	2011	2010	2009
Numerator:			
Net income attributable to Juniper Networks	$ 425.1	$ 618.4	$ 117.0
Denominator:			
Weighted-average shares used to compute basic net income per share	529.8	522.4	523.6
Dilutive effect of employee stock awards	11.6	16.4	10.4
Weighted-average shares used to compute diluted net income per share	541.4	538.8	534.0
Net income per share attributable to Juniper Networks common stockholders:			
Basic	$ 0.80	$ 1.18	$ 0.22
Diluted	$ 0.79	$ 1.15	$ 0.22

Basic net income per share is computed using net income available to common stockholders and the weighted-average number of common shares outstanding for the period. Diluted net income per share is computed using net income available to common stockholders and the weighted-average number of common shares outstanding plus potentially dilutive common shares outstanding during the period. Dilutive potential common shares consist of common shares issuable upon exercise of stock options, employee stock purchase plan, vesting of restricted stock units ("RSUs"), and vesting of performance share awards ("PSAs").

The Company excludes both outstanding stock options with exercise prices that are greater than the average market price and RSUs with grant date fair market value that are greater than the average market price from the calculation of diluted net income per share because their effect would be anti-dilutive. The Company includes the common shares underlying PSAs in the calculation of diluted net income per share when they become contingently issuable and excludes such shares when they are not contingently issuable. Potentially dilutive common shares of approximately 17.4 million, 14.0 million, and 38.9 million shares were outstanding but were not included in the computation of diluted earnings per share for the years ended December 31, 2011, 2010, and 2009, respectively.

Note 4. Cash, Cash Equivalents, and Investments

Cash and Cash Equivalents

The following table summarizes the Company's cash and cash equivalents (in millions):

	As of December 31,	
	2011	2010
Cash:		
Demand deposits	$ 633.7	$ 413.0
Time deposits	926.0	273.3
Total cash	1,559.7	686.3
Cash equivalents:		
U.S. government securities	—	76.7
Government-sponsored enterprise obligations	24.5	5.0
Commercial paper	10.0	4.0
Money market funds	1,316.2	1,039.9
Total cash equivalents	1,350.7	1,125.6
Total cash and cash equivalents	$ 2,910.4	$ 1,811.9

Investments in Available-for-Sale and Trading Securities

The following table summarizes unrealized gains and losses related to the Company's investments with stated maturities of greater than three months designated as available-for-sale and trading securities, as of December 31, 2011, and 2010 (in millions):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
As of December 31, 2011:				
Fixed income securities:				
U.S. government securities	$ 301.1	$ —	$ (0.1)	$ 301.0
Government-sponsored enterprise obligations	406.3	0.3	(0.1)	406.5
Foreign government debt securities	—	—	—	—
Certificates of deposit	31.8	—	—	31.8
Asset-backed securities	124.7	0.1	(0.1)	124.7
Corporate debt securities	508.2	1.0	(0.5)	508.7
Total fixed income securities	1,372.1	1.4	(0.8)	1,372.7
Total available-for-sale securities	1,372.1	1.4	(0.8)	1,372.7
Trading securities:				
Mutual funds (1)	9.3	—	—	9.3
Total trading securities	9.3	—	—	9.3
Total	$ 1,381.4	$ 1.4	$ (0.8)	$ 1,382.0
Reported as:				
Short-term investments	$ 640.9	$ 0.4	$ —	$ 641.3
Long-term investments	740.5	1.0	(0.8)	740.7
Total	$ 1,381.4	$ 1.4	$ (0.8)	$ 1,382.0

(1) Balance includes the Company's non-qualified deferred compensation plan assets. For additional information, see Note 12, *Employee Benefits Plans* , under the section Deferred Compensation Plan.

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

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
As of December 31, 2010:				
Fixed income securities:				
U.S. government securities	$ 158.2	$ 0.2	$ —	$ 158.4
Government-sponsored enterprise obligations	213.8	0.4	(0.2)	214.0
Foreign government debt securities	46.8	0.2	—	47.0
Certificates of deposit	20.9	0.1	—	21.0
Commercial paper	9.5	—	—	9.5
Asset-backed securities	90.1	—	(0.1)	90.0
Corporate debt securities	459.7	2.2	(0.2)	461.7
Total fixed income securities	999.0	3.1	(0.5)	1,001.6
Total available-for-sale securities	999.0	3.1	(0.5)	1,001.6
Trading securities:				
Mutual funds (1)	8.1	—	—	8.1
Total trading securities	8.1	—	—	8.1
Total	$ 1,007.1	$ 3.1	$ (0.5)	$ 1,009.7
Reported as:				
Short-term investments	$ 473.6	$ 0.9	$ —	$ 474.5
Long-term investments	533.5	2.2	(0.5)	535.2
Total	$ 1,007.1	$ 3.1	$ (0.5)	$ 1,009.7

(1) Balance includes the Company's non-qualified deferred compensation plan assets. For additional information, see Note 12, *Employee Benefits Plans*, under the section Deferred Compensation Plan.

The following table presents the maturities of the Company's available-for-sale securities, as of December 31, 2011 (in millions):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Due within one year	$ 631.6	$ 0.4	$ —	$ 632.0
Due between one and five years	740.5	1.0	(0.8)	740.7
Total	$ 1,372.1	$ 1.4	$ (0.8)	$ 1,372.7

The following tables present the Company's available-for-sale investments that are in an unrealized loss position as of December 31, 2011 , and December 31, 2010 (in millions):

	Less than 12 Months		12 Months or Greater		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
As of December 31, 2011						
Corporate debt securities	$ 189.9	$ (0.5)	$ —	$ —	$ 189.9	$ (0.5)
U.S. government securities	186.7	(0.1)	—	—	186.7	(0.1)
Government-sponsored enterprise obligations	146.0	(0.1)	—	—	146.0	(0.1)
Asset-backed securities	76.8	(0.1)	0.3 *	—	77.1 *	(0.1)
Total	$ 599.4	$ (0.8)	$ 0.3	$ —	$ 599.7	$ (0.8)

* Balance includes investments that were in an immaterial unrealized loss position as of December 31, 2011.

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

	Less than 12 Months		12 Months or Greater		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
As of December 31, 2010						
Corporate debt securities	$ 104.3	$ (0.2)	$ 28.8 *	$ —	$ 133.1 *	$ (0.2)
Government-sponsored enterprise obligations	57.8	(0.2)	—	—	57.8	(0.2)
Foreign government debt securities	—	—	6.2 *	—	6.2 *	—
Commercial paper	5.0 *	—	—	—	5.0 *	—
Asset-backed securities	54.7	(0.1)	—	—	54.7	(0.1)
Total	$ 221.8	$ (0.5)	$ 35.0	$ —	$ 256.8	$ (0.5)

* Balance includes investments that were in an immaterial unrealized loss position as of December 31, 2010.

There were no material realized gains or losses from the sale of available-for-sale and trading securities in 2011, 2010, and 2009. The Company generated cash proceeds of $1,926.6 million, $1,624.4 million, and $683.8 million from maturities and sales of our available-for-sale investments during 2011, 2010, and 2009, respectively.

The Company had 135 and 73 investments in unrealized loss positions as of December 31, 2011, and December 31, 2010, respectively. The gross unrealized losses related to these investments were primarily due to changes in market interest rates. For the fixed income securities that have unrealized losses, the Company determined that (i) it does not have the intent to sell any of these investments and (ii) it is not more likely than not that it will be required to sell any of these investments before recovery of the entire amortized cost basis. The Company did not consider these investments to be other-than-temporarily impaired as of December 31, 2011, and December 31, 2010. The Company reviews its investments to identify and evaluate investments that have an indication of possible impairment. The Company aggregates its investments by category and length of time the securities have been in a continuous unrealized loss position to facilitate its evaluation.

Restricted Cash and Investments

The Company classifies cash and investments as restricted cash and investments on its consolidated balance sheet for: (i) amounts held in escrow accounts, as required by certain acquisitions; (ii) the India Gratuity Trust and Israel Retirement Trust, which cover statutory severance obligations in the event of termination of the Company's India and Israel employees, respectively; and (iii) the Directors and Officers ("D&O") indemnification trust. During the year ended December 31, 2011 , the Company distributed approximately $42.0 million of restricted cash, mainly related to the 2010 acquisitions.
In 2010, the Company increased its restricted cash and cash investments by $261.9 million , primarily for the escrow accounts required by the acquisitions completed in 2010, and to a lesser extent for the Israel Retirement Trust established in the first quarter of 2010. The increases in restricted cash were partially offset by distributions of approximately $196.5 million , mainly related to the 2010 acquisitions.

In connection with the 2010 acquisition of Ankeena Networks, Inc. ("Ankeena"), the Company agreed to pay from escrow a total amount of $10.7 million, representing the cash value of unvested restricted shares of Ankeena common stock as of April 8, 2010, held by certain former Ankeena employees. Through December 31, 2011, the Company has released $9.8 million from escrow and expects to release the remaining $0.9 million from escrow over the next nine months.

The following table summarizes the Company's cash and investments that are classified as restricted cash and investments in the consolidated balance sheets (in millions):

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

	As of December 31,	
	2011	2010
Restricted cash:		
Demand deposits	$ 0.6	$ 1.7
Total restricted cash	0.6	1.7
Restricted investments:		
U.S. government securities	—	0.6
Corporate debt securities	1.6	2.7
Mutual funds	1.0	—
Money market funds	75.1	114.3
Total restricted investments	77.7	117.6
Total restricted cash and investments	$ 78.3	$ 119.3

As of December 31, 2011, and 2010, the unrealized gains and losses related to restricted investments were immaterial.

Privately-Held Investments

The Company reviews its investments to identify and evaluate investments that have an indication of possible impairment. The Company adjusts its privately-held equity investments for any impairment if the fair value is less than the carrying value of the respective assets on an other-than-temporary basis.

As of December 31, 2011, and December 31, 2010, the carrying values of the Company's privately-held and other equity investments of $51.8 million and $22.1 million, respectively, were included in other long-term assets in the consolidated balance sheets. In 2011, 2010, and 2009, the Company invested a total of $33.1 million, $13.3 million, and $7.2 million, respectively, in privately-held equity investments. In 2010, as a result of the acquisitions of Ankeena and Altor Networks, Inc ("Altor"), the Company recognized a gain of $3.2 million and $2.1 million, respectively, from its minority equity investments in those companies.

In the year ended December 31, 2011, the Company recognized a loss of $1.8 million from the impairment of a privately-held investment that the Company judged to be other than temporary, partially offset by gains on other privately-held investments. In 2010, the Company determined there were no impairments to its privately-held equity investments During the year ended December 31, 2009, the Company recognized an impairment loss of $5.5 million on its investments in privately-held companies determined to be other than temporary.

Note 5. Fair Value Measurements

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following tables provide a summary of assets measured at fair value on a recurring basis and as reported in the consolidated balance sheets (in millions):

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

	Fair Value Measurements at December 31, 2011 Using:			
	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
Assets measured at fair value:				
Available-for-sale debt securities:				
U.S. government securities	$ 149.3	$ 151.7	$ —	$ 301.0
Government-sponsored enterprise obligations	314.2	116.8	—	431.0
Commercial paper	—	10.0	—	10.0
Corporate debt securities (1)	—	510.3	—	510.3
Certificate of deposit	—	31.8	—	31.8
Asset-backed securities	—	124.7	—	124.7
Money market funds (2)	1,391.3	—	—	1,391.3
Total available-for-sale debt securities	1,854.8	945.3	—	2,800.1
Total available-for-sale securities	1,854.8	945.3	—	2,800.1
Trading securities:				
Mutual funds (3)	10.3	—	—	10.3
Total trading securities	10.3	—	—	10.3
Derivative assets:				
Foreign exchange contracts	—	0.4	—	0.4
Total derivative assets	—	0.4	—	0.4
Total assets measured at fair value	$ 1,865.1	$ 945.7	$ —	$2,810.8
Liabilities measured at fair value:				
Derivative liabilities:				
Foreign exchange contracts	$ —	$ (9.6)	$ —	$ (9.6)
Total derivative liabilities	—	(9.6)	—	(9.6)
Total liabilities measured at fair value	$ —	$ (9.6)	$ —	$ (9.6)

(1) Balance includes $1.6 million of restricted investments measured at fair market value, related to the Company's India Gratuity Trust.
(2) Balance includes $75.1 million of restricted investments measured at fair market value, related to the Company's D&O trust and acquisition related escrows.
(3) Balance includes $9.3 million of the Company's non-qualified deferred compensation plan assets and $1.0 million of restricted investments measured at fair market value, related to the Company's India Gratuity Trust.

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

	Fair Value Measurements at December 31, 2011 Using:			
	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
Total assets measured at fair value, reported as:				
Cash equivalents	$ 1,316.2	$ 34.5	$ —	$1,350.7
Short-term investments	168.9	472.4	—	641.3
Long-term investments	303.9	436.8	—	740.7
Restricted cash and investments	76.1	1.6	—	77.7
Prepaid expenses and other current assets	—	0.4	—	0.4
Total assets measured at fair value	$ 1,865.1	$ 945.7	$ —	$2,810.8
Total liabilities measured at fair value, reported as:				
Other accrued liabilities	$ —	$ (9.6)	$ —	$ (9.6)
Total liabilities measured at fair value	$ —	$ (9.6)	$ —	$ (9.6)

	Fair Value Measurements at December 31, 2010 Using:			
	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
Assets measured at fair value:				
Available-for-sale debt securities:				
U.S. government securities (1)	$ 54.9	$ 180.8	$ —	$ 235.7
Government-sponsored enterprise obligations	208.9	10.1	—	219.0
Foreign government debt securities	21.0	26.0	—	47.0
Commercial paper	—	13.5	—	13.5
Corporate debt securities (2)	2.7	461.7	—	464.4
Certificate of deposit	—	21.0	—	21.0
Asset-backed securities	—	90.0	—	90.0
Money market funds (3)	1,154.2	—	—	1,154.2
Total available-for-sale debt securities	1,441.7	803.1	—	2,244.8
Total available-for-sale securities	1,441.7	803.1	—	2,244.8
Trading securities:				
Mutual funds	8.1	—	—	8.1
Total trading securities	8.1	—	—	8.1
Derivative assets:				
Foreign exchange contracts	—	0.4	—	0.4
Total derivative assets	—	0.4	—	0.4
Total assets measured at fair value	$ 1,449.8	$ 803.5	$ —	$2,253.3
Liabilities measured at fair value:				
Derivative liabilities:				

Foreign exchange contracts	$ —	$ (2.6)	$ —	$ (2.6)
Total derivative liabilities	—	(2.6)	—	(2.6)
Total liabilities measured at fair value	$ —	$ (2.6)	$ —	$ (2.6)

(1) Balance includes $0.6 million of restricted investments measured at fair market value, related to an acquisition completed in 2005. For additional information regarding the Company's restricted investments, see Note 4, *Cash, Cash Equivalents, and Investments* , under the heading "Restricted Cash

and Investments." Restricted investments are included in the restricted cash balance in the consolidated balance sheet.
(2) Balance includes $2.7 million of restricted investments measured at fair market value, related to the Company's India Gratuity Trust.
(3) Balance includes $114.3 million of restricted investments measured at fair market value, related to the Company's D&O trust and acquisition related escrows.

	Fair Value Measurements at December 31, 2010 Using:			
	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
Total assets measured at fair value, reported as:				
Cash equivalents	$ 1,039.9	$ 85.7	$ —	$1,125.6
Short-term investments	150.7	323.8	—	474.5
Long-term investments	142.2	393.0	—	535.2
Restricted cash	117.0	0.6	—	117.6
Prepaid expenses and other current assets	—	0.4	—	0.4
Total assets measured at fair value	$ 1,449.8	$ 803.5	$ —	$2,253.3
Total liabilities measured at fair value, reported as:				
Other accrued liabilities	$ —	$ (2.6)	$ —	$ (2.6)
Total liabilities measured at fair value	$ —	$ (2.6)	$ —	$ (2.6)

The Company's policy is to recognize asset or liability transfers among Level 1, Level 2, and Level 3 as of the actual date of the events or change in circumstances that caused the transfer. During the years ended December 31, 2011 , and 2010, the Company had no transfers between levels of the fair value hierarchy of its assets or liabilities measured at fair value.

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

As of December 31, 2011, and December 31, 2010, the carrying value of privately-held equity investments measured at fair value on a nonrecurring basis was $0.4 million and $0.8 million, respectively. These privately-held equity investments, which are normally carried at cost, were measured at fair value due to events and circumstances that the Company identified as significantly impacting the fair value of the investments. The Company measured the fair value of its privately held equity investments using an analysis of the financial condition and near-term prospects of the investee, including recent financing activities and their capital structure. As a result, the Company recognized an impairment loss of $1.8 million and $5.5 million, in years ended December 31, 2011 and 2009, respectively, and classified the investment as Level 3 assets due to the absence of quoted market prices and inherent lack of liquidity. There were no such charges in the year ended December 31, 2010.

The Company had no liabilities measured at fair value on a nonrecurring basis as of December 31, 2011 and December 31, 2010.

Assets and Liabilities Not Measured at Fair Value

The carrying amounts of the Company's accounts receivable, financing receivables, accounts payable, and other accrued liabilities approximate fair value due to their short maturities. The fair value of the Company's long-term debt is disclosed in Note 10, *Financing*, and was determined using quoted market prices (Level 1).

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

Note 6. 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 Company's foreign currency derivatives are summarized as follows (in millions):

	As of December 31,	
	2011	2010
Cash flow hedges	$ 184.3	$ 110.4
Non-designated hedges	122.7	74.4
Total	$ 307.0	$ 184.8

Cash Flow Hedges

The Company uses foreign currency forward contracts to hedge certain forecasted foreign currency transactions relating to cost of services and operating expenses. The derivatives are intended to protect the U.S. Dollar equivalent of the Company's planned cost of services and operating expenses denominated in foreign currencies. These derivatives are designated as cash flow hedges. Execution of these cash flow hedge derivatives typically occurs every month with maturities of one year or less. The effective portion of the derivative's gain or loss is initially reported as a component of accumulated other comprehensive income (loss), and upon occurrence of the forecasted transaction, is subsequently reclassified into the cost of services or operating expense line item to which the hedged transaction relates. The Company records any ineffectiveness of the hedging instruments in other (expense) income, net in its consolidated statements of operations. Cash flows from such hedges are classified as operating activities. All amounts within other comprehensive income (loss) are expected to be reclassified into earnings within the next 12 months.

The total fair value of the Company’s derivative assets located in other current assets on the consolidated balance sheet as of December 31, 2011 and December 31, 2010 , was $0.4 million and $0.4 million , respectively. The total fair value of the Company’s derivative liabilities located in other accrued liabilities on the consolidated balance sheet as of December 31, 2011 and December 31, 2010 , was $9.6 million and $2.6 million , respectively.

During the year ended December 31, 2011, the Company recognized a loss of $7.9 million in accumulated other comprehensive income for the effective portion of its derivative instruments and reclassified a gain of $0.7 million from other comprehensive income to operating expense in the consolidated statements of operations. During the year ended December 31, 2010, the Company recognized a loss of $3.0 million in accumulated other comprehensive income for the effective portion of its derivative instruments and reclassified a loss of $2.1 million from other comprehensive income to operating expense in the consolidated statements of operations. During the year ended December 31, 2009, the Company recognized a gain of $0.6 million in accumulated other comprehensive income for the effective portion of its derivative instruments and reclassified a gain of $4.2 million from other comprehensive income to operating expense in the consolidated statements of operations.

The ineffective portion of the Company's derivative instruments recognized in its consolidated statements of operations was immaterial during the years ended December 31, 2011, 2010 and 2009.

Non-Designated Hedges

The Company also uses foreign currency forward contracts to mitigate variability in gains and losses generated from the re-measurement of certain monetary assets and liabilities denominated in foreign currencies. These hedges do not qualify for special hedge accounting treatment. These derivatives are carried at fair value with changes recorded in other income and expense, net. Changes in the fair value of these derivatives are largely offset within the consolidated statement of operations by re-measurement of the underlying assets and liabilities. Cash flows from such derivatives are classified as operating activities. The derivatives have maturities of one year or less.

The Company recognized a gain of $1.5 million, a loss of $0.3 million, and a gain of $4.9 million on non-designated derivative instruments within other (expense) income, net, in its consolidated statements of operations during the years ended December 31, 2011, 2010, and 2009, respectively.

Note 7. Business Combinations

The Company's consolidated financial statements include the operating results of acquired businesses from the date of each acquisition. Pro forma results of operations for these acquisitions have not been presented as the financial impact to the Company's consolidated results of operations, both individually and in aggregate, is not material. Additional information existing as of the acquisition dates but unknown to the Company may become known during the remainder of the measurement period, not to exceed 12 months from the acquisition date, which may result in changes to the amounts and allocations recorded.

The Company completed two business combinations in 2011 and four business combinations in 2010 for either cash consideration or cash consideration along with vested share-based awards assumed of approximately $30.5 million and $394.5 million , respectively. There were no acquisitions in 2009. Total purchase consideration for these acquisitions at the acquisition dates was allocated as follows (in millions):

Allocation of purchase consideration:	2011 Acquisitions	2010 Acquisitions
Net tangible assets acquired	$ 1.7	$ 8.8
Intangible assets acquired	28.4	116.5
Goodwill	0.4	269.2
Total	$ 30.5	$ 394.5

The Company recognized $9.6 million and $6.3 million of acquisition-related costs in the years ended December 31, 2011 and 2010, respectively. These acquisition related charges were expensed in the period incurred and reported in the Company's consolidated statement of operations within cost of revenues and operating expense.

The goodwill recognized for the 2011 acquisitions is attributable primarily to expected synergies. None of the goodwill is deductible for U.S. federal income tax purposes for acquisitions completed in 2011. Approximately $88.9 million of the acquired goodwill from a 2010 acquisition is deductible for income tax purposes.

Fiscal 2011 Acquisitions

On February 9, 2011, the Company acquired certain IP assets of OpNext for $26.0 million in cash, which was accounted for as a business combination. The acquisition of OpNext's ASIC technology is expected to help further Juniper's next-generation development of converged packet optical solutions for the Company's service provider customers. In connection with this acquisition, the Company acquired net assets of $25.7 million, and recognized goodwill of $0.3 million, which was assigned to the Company's Infrastructure segment.

On February 18, 2011, the Company acquired certain assets, including all the intellectual property ("IP"), of Brilliant, a supplier of next-generation packet-based, network synchronization equipment and monitoring solutions, for $4.5 million in cash. This IP is expected to assist the Company in extending its market position by delivering solutions that offer greater flexibility for service providers as they continue to deploy 3G and 4G networks. In connection with this acquisition, the Company acquired net assets of $4.4 million, and recognized goodwill of $0.1 million, which was assigned to the Company's Infrastructure segment.

Fiscal 2010 Acquisitions

In 2010, the Company completed the acquisitions of Ankeena, SMobile Systems, Inc. (“SMobile”), Altor, and Trapeze Networks ("Trapeze").

Total purchase consideration for these acquisitions is summarized as follows (in millions):

	Ankeena	SMobile	Altor	Trapeze	Total
Net cash	$ 66.5	$ 69.5	$ 104.0	$ 152.1	$ 392.1
Assumed stock option and RSU awards allocated to purchase price (1)	2.4	—	—	—	2.4
Total	$ 68.9	$ 69.5	$ 104.0	$ 152.1	$ 394.5

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

(1) The fair value of the stock option and RSU awards assumed was based on the acquired company's determined value on the acquisition date.

Ankeena Acquisition

On April 19, 2010, the Company acquired 100% of the equity securities of Ankeena, a privately-held provider of new media infrastructure technology. In connection with the acquisition of Ankeena, the Company acquired net assets of $3.6 million, including cash and cash equivalents of $2.3 million, and recognized goodwill of $53.1 million, which was assigned to the Company's Infrastructure segment.

Prior to the acquisition, the Company had a $2.0 million , or a 7.7% ownership interest in Ankeena, and accounted for it as a privately-held equity investment. As of the acquisition-date, the fair value of the equity interest in Ankeena was $5.2 million based on a noncontrolling interest fair value and was included in the purchase price. The Company recognized a $3.2 million gain, which was reported within gain (loss) on equity investments in its consolidated statement of operations.

SMobile Acquisition

On July 30, 2010, the Company acquired 100% of the equity securities of SMobile, a privately-held software company focused solely on smartphone and tablet security solutions for the enterprise, service provider, and consumer markets. In connection with the acquisition of SMobile, the Company assumed net liabilities of $5.2 million, including cash and cash equivalents of $0.4 million, and recognized goodwill of $48.1 million, which was assigned to the Company's Service Layer Technology ("SLT") segment.

Altor Acquisition

On December 6, 2010, the Company acquired 100% of the equity securities of Altor, a privately-held provider of virtualization security. In connection with the acquisition of Altor, the Company acquired net assets of $4.5 million , including cash and cash equivalents of $6.4 million , and recognized goodwill of $78.2 million , which was assigned to the Company's SLT segment.

Prior to the acquisition, the Company had a $2.0 million, or a 5.0% ownership interest in Altor, accounted for as a privately-held equity investment. As of the acquisition-date, the fair value of the equity interest in Altor was $4.1 million based on a noncontrolling interest fair value and was included in the purchase price. The Company recognized a $2.1 million gain, which was reported within gain (loss) on equity investments in its consolidated statement of operations.

Trapeze Acquisition

On December 16, 2010, the Company acquired 100% of the equity securities of Trapeze, a subsidiary of Belden Inc. and a provider of enterprise wireless local area network ("WLAN") solutions. In connection with the acquisition of Trapeze, the Company acquired net assets of $5.9 million, including cash and cash equivalents of $0.8 million, and recognized goodwill of $89.8 million, which was assigned to the Company's Infrastructure segment.

Intangible Assets Acquired

The following table presents details of the intangible assets acquired through the business combinations completed in 2011, as of December 31, 2011 (in millions, except years):

	2011 Acquisitions	
	Estimated Useful Life (In Years)	Amount
Existing or Core technology	10	$ 21.9
Support agreements and related relationships	4	5.1
Patents	5	1.4
Total		$ 28.4

The following table presents details of the intangible assets acquired through the business combinations completed during 2010, as of December 31, 2011 (in millions, except years):

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	2010 Acquisitions								
	Ankeena		SMobile		Altor		Trapeze		
	Estimated Useful Life (In Years)	Amount	Estimated Useful Life (In Years)	Amount	Estimated Useful Life (In Years)	Amount	Estimated Useful Life (In Years)	Amount	Total Amount
Existing technology	4.0	$ 9.0	5.0	$ 24.3	6.0	$ 13.9	5.0	$ 45.0	$ 92.2
In-process research and development	—	—	—	—	—	2.8	—	—	2.8
Core technology	4.0	3.2	—	—	6.0	4.6	—	—	7.8
Customer contracts and related relationships	—	—	6.0	2.1	—	—	7.0	8.6	10.7
Support agreements and related relationships	—	—	6.0	0.1	—	—	7.0	2.6	2.7
Non-compete agreements	—	—	2.0	0.1	—	—	—	—	0.1
OEM customer contracts	—	—	—	—	—	—	2.0	0.2	0.2
Total		$ 12.2		$ 26.6		$ 21.3		$ 56.4	$ 116.5

Acquired in-process research and development ("IPR&D") consists of existing research and development projects at the time of the acquisition. Projects that qualify as IPR&D assets represent those that have not yet reached technological feasibility and have no alternative future use. After initial recognition, acquired IPR&D assets are accounted for as indefinite-lived intangible assets. Development costs incurred after acquisition on acquired development projects are expensed as incurred. Upon completion of development, acquired IPR&D assets are considered amortizable intangible assets. If the IPR&D project is abandoned, the Company writes off the related purchased intangible asset in the period it is abandoned.

Note 8. Goodwill and Purchased Intangible Assets

Goodwill

The following table summarizes the Company's goodwill activities by segment (in millions):

	Infrastructure	SLT	Total
December 31, 2009	$ 1,500.5	$ 2,158.1	$ 3,658.6
Adjustment to goodwill	—	0.2	0.2
Additions due to business combinations	142.9	126.1	269.0
December 31, 2010	1,643.4	2,284.4	3,927.8
Adjustments to goodwill	1.7	(1.8)	(0.1)
Additions due to business combinations	0.4	—	0.4
December 31, 2011	$ 1,645.5	$ 2,282.6	$ 3,928.1

The adjustments to goodwill during the year ended December 31, 2011, were related to adjustments in net tangible assets assumed from certain businesses acquired in 2010 and 2011. There were no impairments to goodwill during the years ended December 31, 2011, 2010 and 2009. As of December 31, 2011, accumulated impairment losses were $1,280.0 million, all of which were associated with the SLT segment.

Purchased Intangible Assets

Changes to the Company's purchased intangible assets were as follows (in millions):

	Gross		Accumulated Amortization		Net
As of December 31, 2011:					
Intangible assets with finite lives:					
Technologies and patents	$	499.5	$ (404.2)	$	95.3
Other		91.5	(66.5)		25.0
Total intangible assets with finite lives		591.0	(470.7)		120.3
IPR&D with indefinite lives		2.8	—		2.8
Total purchased intangible assets	$	593.8	$ (470.7)	$	123.1
As of December 31, 2010:					
Intangible assets with finite lives:					
Technologies and patents	$	471.1	$ (381.4)	$	89.7
Other		86.4	(62.2)		24.2
Total intangible assets with finite lives		557.5	(443.6)		113.9
IPR&D with indefinite lives		7.9	—		7.9
Total purchased intangible assets	$	565.4	$ (443.6)	$	121.8

During the year ended December 31, 2011, the Company added $28.4 million of purchased intangible assets as a result of acquisitions completed during 2011. During the year ended December 31, 2010, the Company added $116.5 million, of purchased intangible assets as a result of acquisitions completed during 2010. Amortization of purchased intangible assets included in operating expenses and cost of product revenues totaled $27.1 million, $8.6 million and $15.4 million for the years ended December 31, 2011, 2010 and 2009, respectively.

The estimated future amortization expense of purchased intangible assets with finite lives is as follows (in millions):

Years Ending December 31,		Amount
2012	$	27.4
2013		27.2
2014		25.3
2015		20.4
2016		7.7
Thereafter		12.3
Total	$	120.3

Note 9. Other Financial Information

Inventories, net

The Company's inventories are stated at the lower of standard cost or market, which approximates actual cost. Inventories, net are reported within prepaid expenses and other current assets on the consolidated balance sheet and consist of the following (in millions):

	As of December 31,			
	2011		2010	
Inventories, net				
Production materials	$	52.4	$	5.8
Finished goods		16.7		15.8
Total inventories, net	$	69.1	$	21.6

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

Property and Equipment

Property and equipment consist of the following (in millions):

	As of December 31,	
	2011	2010
Computers and equipment	$ 604.6	$ 514.3
Software	110.2	101.6
Leasehold improvements	204.1	179.0
Furniture and fixtures	27.4	24.9
Building and building improvements	6.2	—
Land and land improvements	208.2	203.7
Construction-in-process	99.7	41.9
Property and equipment, gross	1,260.4	1,065.4
Accumulated depreciation	(661.8)	(571.5)
Property and equipment, net	$ 598.6	$ 493.9

Depreciation expense was $142.2 million, $146.8 million, and $133.0 million in 2011, 2010, and 2009, respectively. In 2011, the Company recorded a $13.5 million asset impairment charge in restructuring and other charges on the consolidated statement of operations related to an abandoned in-process internal use software project.

Deferred Revenue

Details of the Company's deferred revenue were as follows (in millions):

	As of December 31,	
	2011	2010
Deferred product revenue:		
Undelivered product commitments and other product deferrals	$ 288.1	$ 294.1
Distributor inventory and other sell-through items	134.0	143.4
Deferred gross product revenue	422.1	437.5
Deferred cost of product revenue	(136.9)	(148.8)
Deferred product revenue, net	285.2	288.7
Deferred service revenue	681.8	595.7
Total	$ 967.0	$ 884.4
Reported as:		
Current	$ 712.6	$ 660.2
Long-term	254.4	224.2
Total deferred revenue	$ 967.0	$ 884.4

Deferred product revenue primarily represents unrecognized revenue related to shipments to distributors that have not sold through to end-users, undelivered product commitments, and other shipments that have not met all revenue recognition criteria. Deferred product revenue is recorded net of the related costs of product revenue. Deferred service revenue represents customer payments made in advance for services, which include technical support, hardware and software maintenance, professional services, and training.

Warranties

The Company accrues for warranty costs as part of its cost of sales based on associated material costs, labor costs for customer support, and overhead at the time revenue is recognized. This provision is reported as accrued warranty within other current liabilities on the consolidated balance sheets. Changes in the Company’s warranty reserve were as follows (in millions):

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

	As of December 31,	
	2011	2010
Beginning balance	$ 35.9	$ 38.2
Provisions made during the period, net	52.5	49.9
Change in estimate	(12.6)	(3.0)
Actual costs incurred during the period	(47.5)	(49.2)
Ending balance	$ 28.3	$ 35.9

Restructuring Liabilities

In the third quarter of 2011, the Company implemented a restructuring plan (the "2011 Restructuring Plan") in an effort to better align its business operations with the current market and macroeconomic conditions. The 2011 Restructuring Plan primarily consisted of certain workforce reductions, and to a lesser extent, contract terminations.

During 2009, the Company implemented a restructuring plan (the "2009 Restructuring Plan") in an effort to better align its business operations with the market and macroeconomic conditions. The 2009 Restructuring Plan included restructuring of certain business functions that resulted in reductions of workforce and facilities. The Company recorded the majority of the restructuring charges associated with this plan during the years ended 2010 and 2009.

The Company recorded net restructuring charges of $ 17.1 million in the year ended December 31, 2011, primarily due to the implementation of its 2011 Restructuring Plan, and recorded $10.8 million and $19.5 million in restructuring charges during the years ended December 31, 2010, and 2009, respectively, associated with the 2009 Restructuring Plan. As of December 31, 2011 , remaining restructuring liability under the 2011 Restructuring Plan was related to severance costs to be paid out in the first half of 2012, as well as facilities related charges under the 2009 Restructuring Plan, which is expected to be completed through February 2015.

Restructuring charges were based on the Company's restructuring plans that were committed by management. Any changes in the estimates of executing the approved plans will be reflected in the Company's results of operations. The following tables provide a summary of changes in the Company’s restructuring liability, which is reported in current and long-term liabilities on its consolidated balance sheets, for 2011 and 2010 (in millions):

	Remaining Liability as of December 31, 2010	Charges	Cash payments	Non-cash Settlements and Other Adjustments	Remaining Liability as of December 31, 2011
Facilities	$ 7.7	$ 0.2	$ (5.3)	$ (1.6)	$ 1.0
Severance, contractual commitments, and other charges	0.2	16.9	(13.3)	(0.7)	3.1
Total	$ 7.9	$ 17.1	$ (18.6)	$ (2.3)	$ 4.1

	Remaining Liability as of December 31, 2009	Charges	Cash payments	Non-cash Settlements and Other Adjustments	Remaining Liability as of December 31, 2010
Facilities	$ 4.9	$ 6.9	$ (2.5)	$ (1.6)	$ 7.7
Severance, contractual commitments, and other charges	4.5	3.9	(5.5)	(2.7)	0.2
Total	$ 9.4	$ 10.8	$ (8.0)	$ (4.3)	$ 7.9

Other Expense and Income, Net

Other expense and income, net consists of the following (in millions):

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

	Years Ended December 31,		
	2011	2010	2009
Interest income	$ 9.7	$ 10.5	$ 11.8
Interest expense	(49.5)	(8.7)	(6.0)
Other income and expense, net	(7.0)	8.8	(4.6)
Other (expense) income, net	$ (46.8)	$ 10.6	$ 1.4

Interest income primarily includes interest earned on the Company's cash, cash equivalents, and investments. Interest expense primarily includes interest expense from long-term debt and customer financing arrangements. Other income and expense typically consists of investment and foreign exchange gains and losses and other non-operational income and expense items.

In 2011, the Company recognized $37.7 million in interest expense in connection with its long-term debt issued in March 2011. In 2011, other income and expense, net, included certain legal expenses unrelated to current or recent operations of approximately $7.0 million . In 2010, the Company recognized a total gain of $8.7 million , primarily due to acquisitions of its privately-held equity investments in Ankeena and Altor. During 2009, the Company recognized an impairment loss of $5.6 million on its equity investments for changes in fair value that the Company believed were other-than-temporary.

Note 10. Financing

Long-Term Debt

In March 2011, the Company issued $300.0 million aggregate principal amount of 3.10% senior notes due 2016 ("2016 Notes"), $300.0 million aggregate principal amount of 4.60% senior notes due 2021 ("2021 Notes"), and $400.0 million aggregate principal amount of 5.95% senior notes due 2041 ("2041 Notes" and, together with the 2016 Notes and the 2021 Notes, the "Notes"). Interest on the Notes is payable in cash semiannually. The Company may redeem the Notes, at any time in whole or from time to time in part, subject to a make-whole premium, and, in the event of a change in control, the holders of the Notes may require the Company to repurchase for cash all or part of the Notes at a purchase price equal to 101% of the aggregate principle amount, plus accrued and unpaid interest, if any. The indenture that governs the Notes also contains various covenants, including limitations on the Company's ability to incur liens or enter into sale-leaseback transactions over certain dollar thresholds.

The following table summarizes the Company's long-term debt entered into in 2011 (in millions, except percentages):

	As of December 31, 2011	
	Amount	Effective Interest Rate
3.10% fixed-rate Notes, due 2016	$ 300.0	3.12%
4.60% fixed-rate Notes, due 2021	300.0	4.63%
5.95% fixed-rate Notes, due 2041	400.0	6.01%
Total Notes	1,000.0	
Unaccreted discount	(1.0)	
Total long-term debt	$ 999.0	

The effective rates for the Notes include the interest on the Notes, accretion of the discount, and amortization of issuance costs. At December 31, 2011, the estimated fair value of the Notes included in long-term debt was approximately $1,069.8 million based on quoted market prices (Level 1).

Customer Financing Arrangements

The Company has customer financing arrangements to sell its accounts receivable to a major third-party financing provider. The program does not and is not intended to affect the timing of revenue recognition because the Company only recognizes revenue upon sell-through. Under the financing arrangements, proceeds from the financing provider are due to the Company 30 days from the sale of the receivable. In these transactions with the financing provider, the Company surrendered control over the transferred assets. The accounts receivable were isolated from the Company and put beyond the reach of creditors, even in the event of bankruptcy. The Company does not maintain effective control over the transferred assets through obligations or rights to redeem, transfer, or repurchase the receivables after they have been transferred.

Pursuant to the financing arrangements for the sale of receivables, the Company sold net receivables of $738.2 million , $637.5 million and $449.8 million during the years ended December 31, 2011 , 2010 and 2009, respectively. The Company received cash proceeds from the financing provider of $686.5 million , $595.7 million and $426.3 million during the years ended December 31, 2011 , 2010 and 2009, respectively. The amounts owed by the financing provider recorded as accounts receivable on the Company's consolidated balance sheets as of December 31, 2011 , and December 31, 2010 , were $162.9 million and $127.4 million , respectively.

The portion of the receivable financed that has not been recognized as revenue is accounted for as a financing arrangement and is included in other accrued liabilities and other long-term liabilities in the consolidated balance sheet. As of December 31, 2011 and December 31, 2010, the estimated cash received from the financing provider not recognized as revenue from distributors was $33.3 million and $49.1 million, respectively.

Note 11. Equity

Stock Repurchase Activities

In February 2010, the Company's Board of Directors (the "Board") approved a stock repurchase program (the "2010 Stock Repurchase Program") which authorized the Company to repurchase up to $1.0 billion of its common stock. This authorization was in addition to the stock repurchase program approved by the Board in March 2008 (the "2008 Stock Repurchase Program"), which also enabled the Company to repurchase up to $1.0 billion of the Company's common stock.

The Company repurchased and retired approximately 17.5 million shares of its common stock at an average price of $30.93 per share for an aggregate purchase price of $541.2 million during year ended December 31, 2011 under its 2010 Stock Repurchase Program. The Company repurchased approximately 19.7 million shares of its common stock at an average price of $28.67 per share for a total purchase price of $563.5 million in the year ended December 31, 2010 under the two stock repurchase programs. There are no remaining authorized funds under the 2008 Stock Repurchase Program and $213.8 million remaining authorized funds under the 2010 Stock Repurchase Program as of December 31, 2011.

In addition to repurchases under the Company's stock repurchase programs, there were also broker-transacted repurchases of common stock from the Company's employees in connection with net issuance of shares to satisfy tax withholding obligations for the vesting of certain RSUs and PSAs. There were broker-transacted repurchases of approximately 0.2 million shares of common stock at an average price of $35.98 per share for an aggregate purchase price of $7.4 million in connection with the net issuances during the year ended December 31, 2011. There were broker-transacted repurchases of approximately 0.1 million shares of common stock at an average price of $25.75 per share for an aggregate purchase price of $1.9 million in connection with the net issuances during the year ended December 31, 2010.

All shares of common stock repurchased under the Company's 2008 and 2010 stock repurchase programs and from its employees in connection with net issuances have been retired. Future share repurchases under the Company's 2010 Stock Repurchase Program 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. This program may be discontinued at any time. See Note 17, *Subsequent Events* , for discussion of the Company's stock repurchase activity in 2012.

Comprehensive Income Attributable to Juniper Networks

Comprehensive income attributable to Juniper Networks consists of the following (in millions):

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Notes to Consolidated Financial Statements (Continued)

	Years Ended December 31,		
	2011	2010	2009
Consolidated net income	$ 425.0	$ 619.4	$ 115.2
Other comprehensive income (loss), net:			
Change in unrealized gain (loss) on investments, net	(9.9)	(0.3)	(2.8)
Change in foreign currency translation adjustment, net	(6.4)	0.5	5.6
Total other comprehensive income (loss), net	(16.3)	0.2	2.8
Consolidated comprehensive income	408.7	619.6	118.0
Adjust for comprehensive loss (income) attributable to noncontrolling interest, net	0.1	(1.0)	1.8
Comprehensive income attributable to Juniper Networks	$ 408.8	$ 618.6	$ 119.8

Note 12. Employee Benefit Plans

Share-Based Compensation Plans

The Company’s share-based compensation plans include the 2006 Equity Incentive Plan (the “2006 Plan”), the 2000 Nonstatutory Stock Option Plan (the “2000 Plan”), the Amended and Restated 1996 Stock Plan (the “1996 Plan”), various equity incentive plans assumed through acquisitions, the 2008 Employee Stock Purchase Plan (the “2008 Purchase Plan”), and the 1999 Employee Stock Purchase Plan ("1999 Purchase Plan"). Under these plans, the Company has granted (or in the case of acquired plans, assumed) stock options, RSUs, and PSAs.

As of December 31, 2011, a total of approximately 105.2 million shares of common stock were reserved for future issuance upon exercise of stock options and for the future grant of share-based compensation awards under the Company's equity incentive plans and the 2008 Purchase Plan.

The 2006 Plan, adopted and approved by the Company’s stockholders in May 2006, had an initial authorized share reserve of 64.5 million shares of common stock plus the addition of any shares subject to options under the 2000 Plan and the 1996 Plan that were outstanding as of May 18, 2006, and that subsequently expire unexercised, up to a maximum of an additional 75.0 million shares. In the second quarters of 2011 and 2010, the Company’s stockholders’ approved amendments to the 2006 Plan that increased the number of shares reserved for issuance thereby increasing the authorized share reserve by 30.0 million shares in May 2011 and 2010. As of December 31, 2011 , the 2006 Plan had 58.2 million shares subject to currently outstanding equity awards and 41.1 million shares available for future issuance. Options granted under the 2006 Plan have a maximum term of seven years from the grant date, and generally vest and become exercisable over a four-year period. Subject to the terms of change of control severance agreements, and except for a limited number of shares allowed under the 2006 Plan, RSUs or PSAs that vest solely based on continuing employment or provision of services will vest in full no earlier than three years from the grant date, or in the event vesting is based on factors other than continued future provision of services, such awards will vest in full no earlier than one year from the grant date.

In connection with past acquisitions, the Company assumed stock option and RSU awards under the stock plans of the acquired companies. The Company exchanged those awards for Juniper Networks' stock options and RSUs. As of December 31, 2011, stock options and RSUs covering approximately 1.4 million shares of common stock were outstanding under awards assumed through the Company's past acquisitions.

The Company adopted the 2008 Purchase Plan, in May 2008, which replaced the 1999 Purchase Plan. The Board reserves an aggregate of 12.0 million shares of the Company's common stock for issuance under this plan. The 2008 Purchase Plan is generally similar to the 1999 Purchase Plan, except that under the 2008 Purchase Plan, any increases to the number of shares reserved for issuance must be approved by the Company's stockholders. The 2008 Purchase Plan permits eligible employees to acquire shares of the Company’s common stock at a 15% discount to the offering price (as determined in the 2008 Purchase Plan) through periodic payroll deductions of up to 10% of base compensation, subject to individual purchase limits of 6,000 shares in any twelve-month period or $25,000 worth of stock, determined at the fair market value of the shares at the time the stock purchase option is granted, in one calendar year.

In December 2005, the Board amended the Juniper Networks 1999 Employee Stock Purchase Plan that was approved by the Board in April 1999. Under the 1999 Purchase Plan, the Board authorized a maximum number of 12.0 million shares, plus an annual increase to be added on the first day of the Company's fiscal year beginning in 2000 equal to the lesser of (1) 3.0 million shares or (2) 1% of the outstanding shares on such date or (3) a lesser amount determined by the Board. The 1999 Purchase Plan permits eligible employees to acquire shares of the Company's common stock through periodic payroll deductions of up to 10% of base compensation.

Stock Option Activities

Since 2006, the Company has granted stock option awards that have a maximum contractual life of seven years from the date of grant. Prior to 2006, stock option awards generally had a ten-year contractual life from the date of grant. The following table summarizes the Company's stock option activity and related information as of and for the three years ended December 31, 2011 (in millions, except for per share amounts and years):

	Outstanding Options			
	Number of Shares	Weighted Average Exercise Price per Share	Weighted Average Remaining Contractual Term (In Years)	Aggregate Intrinsic Value
Balance at December 31, 2008	73.6	$ 21.24		
Options granted	9.9	17.86		
Options canceled	(2.3)	21.57		
Options exercised	(8.6)	14.59		
Options expired	(5.2)	34.91		
Balance at December 31, 2009	67.4	20.84	4.6	$ 451.2
Options granted	6.2	29.15		
Options assumed (1)	0.5	31.65		
Options canceled	(2.3)	22.03		
Options exercised	(21.6)	18.99		
Options expired	(0.8)	61.48		
Balance at December 31, 2010	49.4	21.90	4.1	$ 744.5
Options granted	5.6	37.17		
Options canceled	(1.9)	26.76		
Options exercised	(13.9)	21.13		
Options expired	(0.6)	34.32		
Balance at December 31, 2011	38.6	$ 23.98	3.7	$ 75.3
As of December 31, 2011:				
Vested or expected-to-vest options	36.9	$ 23.66	3.7	$ 74.2
Exercisable options	26.1	$ 21.51	3.0	$ 61.7

(1) Stock options assumed in connection with the acquisition of Ankeena and Altor.

Aggregate intrinsic value represents the difference between the Company's closing stock price on the last trading day of the period, which was $20.41 per share as of December 31, 2011 and the exercise price multiplied by the number of related options. The pre-tax intrinsic value of options exercised, representing the difference between the fair market value of the Company's common stock on the date of the exercise and the exercise price of each option, was $249.8 million, $260.3 million, and $83.6 million for 2011, 2010, and 2009, respectively. Total fair value of options vested during 2011, 2010, and 2009 was $80.7 million, $83.2 million, and $88.9 million, respectively.

The following table summarizes information about stock options outstanding under all option plans as of December 31, 2011:

	Options Outstanding			Options Exercisable	
Range of Exercise Price	Number Outstanding	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number Exercisable	Weighted-Average Exercise Price
	(In millions)	(In years)	(In dollars)	(In millions)	(In dollars)
$0.33 - $14.91	4.3	2.2	$ 10.84	3.7	$ 10.45
$15.00 - $15.09	4.0	3.5	15.07	2.7	15.06
$15.32 - $18.96	4.4	2.5	17.69	3.9	17.78
$19.45 - $22.74	4.0	3.8	21.27	2.7	21.36
$22.97 - $25.16	5.7	3.1	24.47	5.3	24.44
$25.19 - $26.90	4.6	3.9	26.33	3.2	26.35
$26.97 - $29.89	4.9	4.8	28.58	2.5	28.46
$29.93 - $38.93	3.2	4.3	33.35	2.1	32.77
$40.26 - $44.00	3.5	6.2	41.87	—	—
	38.6	3.7	$ 23.98	26.1	$ 21.51

As of December 31, 2011, approximately 26.1 million shares of common stock were exercisable at an average exercise price of $21.51 per share. As of December 31, 2010, approximately 32.1 million shares of common stock were exercisable at a weighted-average exercise price of $20.96 per share.

Restricted Stock Units and Performance Share Awards Activities

RSUs generally vest over a period of three to four years from the date of grant, and PSAs generally vest over three years provided that certain annual performance targets and other vesting criteria are met. Until vested, RSUs and PSAs do not have the voting and dividend participation rights of common stock and the shares underlying the awards are not considered issued and outstanding.

The following table summarizes the Company’s RSU and PSA activity and related information as of and for the three years ended December 31, 2011 (in millions, except per share amounts and years):

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

	Outstanding RSUs and PSAs			
	Number of Shares	Weighted Average Grant-Date Fair Value per Share	Weighted Average Remaining Contractual Term (In Years)	Aggregate Intrinsic Value
Balance at January 1, 2009	6.7	$ 24.59		
RSUs granted	1.8	$ 17.87		
PSAs granted	2.9	$ 18.05		
RSUs vested	(1.3)	$ 21.05		
PSAs vested	(0.1)	$ 26.90		
RSUs canceled	(0.7)	$ 24.67		
PSAs canceled	(0.2)	$ 19.12		
Balance at December 31, 2009	9.1	$ 21.76	1.6	$ 243.3
RSUs granted	4.0	$ 30.19		
RSUs assumed (1)	0.5	$ 32.09		
PSAs granted	3.8	$ 29.25		
RSUs vested	(1.8)	$ 25.30		
PSAs vested	(0.4)	$ 20.64		
RSUs canceled	(0.6)	$ 24.87		
PSAs canceled	(0.4)	$ 22.57		
Balance at December 31, 2010	14.2	$ 25.94	1.7	$ 522.9
RSUs granted	7.3	$ 31.75		
PSAs granted (2)	4.5	$ 38.64		
RSUs vested	(1.7)	$ 23.26		
PSAs vested	(0.8)	$ 24.76		
RSUs canceled	(1.0)	$ 31.57		
PSAs canceled	(2.9)	$ 30.72		
Balance at December 31, 2011	19.6	$ 30.27	1.5	$ 400.5
As of December 31, 2011:				
Vested and expected-to-vest RSUs and PSAs	16.7	$ 29.97	1.3	$ 341.0

(1) RSUs assumed in connection with the acquisitions of Ankeena and Altor.
(2) 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 are achieved is estimated at 1.9 million shares. Depending on achievement of such performance goals, the range of shares that could be issued under these awards is 0 to 4.5 million shares.

Shares Available for Grant

The following table presents the stock grant activity and the total number of shares available for grant under the 2006 Plan as of December 31, 2011 (in millions):

	Number of Shares
Balance at January 1, 2011	30.7
Additional authorized share reserve approved by stockholders	30.0
RSUs and PSAs granted (1)	(24.6)
Options granted	(5.6)
RSUs and PSAs canceled (1)	8.1
Options canceled (2)	1.9
Options expired (2)	0.6
Balance at December 31, 2011	41.1

(1) RSUs and PSAs with a per share or unit purchase price lower than 100% of the fair market value of the Company's common stock on the day of the grant under the 2006 Plan are counted against shares authorized under the plan as two and one-tenth shares of common stock for each share subject to such award. The number of shares subject to PSAs granted represents the maximum number of shares that may be issued pursuant to the award over its full term.
(2) Includes canceled or expired options under the 1996 Plan and the 2000 Plan that expired unexercised after May 18, 2006, which become available for grant under the 2006 Plan according to its terms.

Employee Stock Purchase Plan

The Company's 2008 Purchase Plan is implemented in a series of offering periods, each six months in duration, or a shorter period as determined by the Board. Employees purchased approximately 2.4 million, 2.0 million, and 3.2 million shares of common stock through the 2008 Purchase Plan and 1999 Purchase Plan at an average exercise price of $21.53, $21.20, and $12.16 per share during fiscal years 2011, 2010, and 2009, respectively.

As of December 31, 2011, approximately 6.0 million shares had been issued and 6.0 million shares remained available for future issuance under the 2008 Purchase Plan.

Share-Based Compensation Expense

The weighted-average assumptions used and the resulting estimates of fair value for employee stock options and the employee stock purchase plan during the three years ended December 31, 2011 were:

	Years Ended December 31,		
	2011	2010	2009
Employee Stock Options:			
Volatility factor	43%	38%	50%
Risk-free interest rate	1.5%	2.0%	1.6%
Expected life (years)	4.1	4.3	4.2
Dividend yield	—	—	—
Weighted-average fair value per share	$13.17	$9.77	$7.41
Employee Stock Purchase Plan:			
Volatility factor	41%	35%	54%
Risk-free interest rate	0.2%	0.2%	0.4%
Expected life (years)	0.5	0.5	0.5
Dividend yield	—	—	—
Weighted-average fair value per share	$7.48	$6.55	$5.54

The Company’s share-based compensation expense associated with stock options, employee stock purchases, RSUs, and PSAs is recorded in the following cost and expense categories for the three years ended December 31, 2011 (in millions):

	Years Ended December 31,		
	2011	2010	2009
Cost of revenues - Product	$ 4.6	$ 4.4	$ 3.9
Cost of revenues - Service	15.7	13.5	10.5
Research and development	97.7	78.5	59.3
Sales and marketing	70.9	54.9	43.1
General and administrative	33.3	30.7	22.9
Total	$ 222.2	$ 182.0	$ 139.7

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

	Years Ended December 31,		
	2011	2010	2009
Options	$ 76.2	$ 81.5	$ 81.2
Assumed options	—	0.8	—
RSUs and PSAs	123.1	81.8	44.1
Assumed RSUs	—	0.6	—
Employee stock purchase plan	18.5	13.1	14.4
Other acquisition-related compensation	4.4	4.2	—
Total	$ 222.2	$ 182.0	$ 139.7

As of December 31, 2011, approximately $94.8 million of unrecognized compensation cost, adjusted for estimated forfeitures, related to unvested stock options will be recognized over a weighted-average period of approximately 2.3 years while approximately $247.4 million of unrecognized compensation cost, adjusted for estimated forfeitures, related to unvested RSUs and PSAs will be recognized over a weighted-average period of approximately 2.1 years.

401(k) Plan

The Company maintains a savings and retirement plan qualified under Section 401(k) of the Internal Revenue Code of 1986, as amended. Employees meeting the eligibility requirements, as defined, may contribute up to the statutory limits of the year. The Company has matched employee contributions since January 1, 2001, currently matching 25% of all eligible employee contributions. All matching contributions vest immediately. The Company’s matching contributions to the plan totaled $16.3 million , $13.2 million , and $11.9 million in the years ended December 31, 2011, 2010 and 2009, respectively.

Deferred Compensation Plan

The Company’s non-qualified deferred compensation (“NQDC”) plan is an unfunded and unsecured deferred compensation arrangement. Under the NQDC plan, officers and other senior employees may elect to defer a portion of their compensation and contribute such amounts to one or more investment funds. The NQDC plan assets are included within short-term investments, and offsetting obligations are included within accrued compensation on the consolidated balance sheet. The investments are considered trading securities and are reported at fair value. The realized and unrealized holding gains and losses related to these investments are recorded in other (expense) income, net, and the offsetting compensation expense are recorded as operating expenses in the consolidated results of operations. The deferred compensation liability under the NQDC plan was approximately $9.3 million and $8.1 million as of December 31, 2011, and December 31, 2010, respectively. For additional information regarding the Company's NQDC, see Note 4, *Cash, Cash Equivalents, and Investments*.

Note 13. Segments

The Company's chief operating decision maker ("CODM") allocates resources and assesses performance based on financial information by the Company's business groups. The Company's operations are organized into two reportable segments: Infrastructure and Service Layer Technology ("SLT"). The Infrastructure segment consists of routing and switching products and services. Routing includes products and services from the E, M, MX, PTX, and T Series router families, and the network application platform, Junos Space. Switching primarily consists of products and services for EX Series and wireless local area network solutions, as well as, QFabric. The SLT segment includes SRX services and vGW virtual gateways, Firewall virtual private network systems and appliances, secure socket layer virtual private network appliances, the J Series router product family, intrusion detection and prevention appliances, wide area network optimization platforms, and Junos Pulse.

The primary financial measure used by the CODM in assessing performance of the segments is segment operating income, which includes certain cost of revenues, research and development ("R&D") expenses, sales and marketing expenses, and general and administrative ("G&A") expenses. The CODM does not allocate certain miscellaneous expenses to its segments even though such expenses are included in the Company's management operating income.

For arrangements with both Infrastructure and SLT products and services, revenue is attributed to the segment based on the underlying purchase order, contract, or sell-through report. Direct costs and operating expenses, such as standard costs, R&D, and product marketing expenses, are generally applied to each segment. Indirect costs, such as manufacturing overhead and other cost of revenues, are allocated based on standard costs. Indirect operating expenses, such as sales, marketing, business development, and G&A expenses are generally allocated to each segment based on factors including headcount, usage, and revenue. The CODM does not allocate share-based compensation, amortization of purchased intangible assets, restructuring and impairment charges, gains or losses on equity investments, other net income and expense, income taxes, or certain other charges to the segments.

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

The following table summarizes financial information for each segment used by the CODM for the three years ended December 31, 2011 (in millions):

	Years Ended December 31,		
	2011	2010	2009
Net revenues:			
Infrastructure:			
Routers	$ 2,894.4	$ 2,655.7	$ 2,244.2
Switches	528.2	394.6	197.4
Total Infrastructure	3,422.6	3,050.3	2,441.6
SLT	1,026.1	1,043.0	874.3
Total net revenues	$ 4,448.7	$ 4,093.3	$ 3,315.9
Segment operating income:			
Infrastructure	$ 718.3	$ 773.7	$ 541.4
SLT	199.0	208.0	127.0
Total segment operating income	917.3	981.7	668.4
Amortization of purchased intangible assets (1)	(27.1)	(8.6)	(15.4)
Share-based compensation expense	(222.2)	(182.0)	(139.7)
Share-based payroll tax expense	(9.3)	(6.4)	(0.8)
Restructuring and other charges	(30.6)	(10.8)	(19.5)
Acquisition-related and other charges (2)	(9.6)	(6.3)	(182.3)
Total operating income	618.5	767.6	310.7
Other (expense) income, net	(46.8)	10.6	1.4
Income before income taxes and noncontrolling interest	$ 571.7	$ 778.2	$ 312.1

(1) Amount includes amortization expense of purchased intangible assets in operating expenses and in cost of revenues.
(2) Amount includes acquisition-related costs in operating expenses and in cost of revenues.

Depreciation expense allocated to the Infrastructure segment was $110.0 million, $108.9 million, and $94.0 million in the years ended December 31, 2011, 2010, and 2009, respectively. The depreciation expense allocated to the SLT segment was $32.2 million, $37.9 million, and $39.0 million in the years ended December 31, 2011, 2010, and 2009, respectively.

The Company attributes revenues to geographic region based on the customer's ship-to location. The following table shows net revenues by geographic region (in millions):

	Years Ended December 31,		
	2011	2010	2009
Americas:			
United States	$ 2,015.8	$ 1,890.1	$ 1,515.1
Other	222.2	205.5	172.8
Total Americas	2,238.0	2,095.6	1,687.9
Europe, Middle East, and Africa	1,339.8	1,189.3	953.2
Asia Pacific	870.9	808.4	674.8
Total	$ 4,448.7	$ 4,093.3	$ 3,315.9

During the year ended December 31, 2011, no single customer accounted for 10% or more of net revenues. Verizon Communications, Inc. accounted for 10.6% of the Company's total net revenues for 2010 and AT&T, Inc. accounted for 10.4% of the Company's total net revenues for 2009.

The majority of the Company's assets, excluding cash and cash equivalents and investments, as of December 31, 2011 , and December 31, 2010 , were attributable to U.S. operations. For both of the years ended December 31, 2011 , and December 31, 2010 , gross property and equipment held in the U.S., as a percentage of total property and equipment, was approximately 80% .

Although management reviews asset information on a corporate level and allocates depreciation expense by segment, the CODM does not review asset information on a segment basis.

Note 14. Income Taxes

The components of income before the provision for income taxes and noncontrolling interest are summarized as follows (in millions):

	Years Ended December 31,		
	2011	2010	2009
Domestic	$ 218.4	$ 370.6	$ 50.1
Foreign	353.3	407.6	262.0
Total income before provision for income taxes and noncontrolling interest	$ 571.7	$ 778.2	$ 312.1

The provision for income taxes is summarized as follows (in millions):

	Years Ended December 31,		
	2011	2010	2009
Current provision (benefit):			
Federal	$ 19.5	$ (8.4)	$ 123.8
State	0.9	1.0	21.4
Foreign	47.8	44.2	43.5
Total current provision	68.2	36.8	188.7
Deferred provision (benefit):			
Federal	23.0	57.5	(42.7)
State	0.6	14.0	55.7
Foreign	(3.6)	(7.5)	(5.9)
Total deferred provision	20.0	64.0	7.1
Income tax benefits attributable to employee stock plan activity	58.5	58.0	1.0
Total provision for income taxes	$ 146.7	$ 158.8	$ 196.8

The provision for income taxes differs from the amount computed by applying the federal statutory rate to income before provision for income taxes as follows (in millions):

	Years Ended December 31,		
	2011	2010	2009
Expected provision at 35% rate	$ 200.1	$ 272.4	$ 109.2
State taxes, net of federal benefit	2.0	6.2	(1.6)
Foreign income at different tax rates	(50.4)	(71.5)	(33.8)
R&D credits	(21.3)	(18.6)	(14.4)
Stock-based compensation	16.7	(40.2)	62.1
Temporary differences not currently benefited	—	10.2	72.8
Other	(0.4)	0.3	2.5
Total provision for income taxes	$ 146.7	$ 158.8	$ 196.8

Deferred income taxes reflect the net tax effects of tax carry-forward items and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities are as follows (in millions):

	As of December 31,	
	2011	2010
Deferred tax assets:		
Net operating loss carry-forwards	$ 4.4	$ 14.1
Foreign tax credit carry-forwards	48.7	40.3
Research and other credit carry-forwards	86.3	68.2
Deferred revenue	94.0	86.1
Stock-based compensation	91.2	75.6
Reserves and accruals not currently deductible	255.9	227.6
Other	31.0	26.8
Total deferred tax assets	611.5	538.7
Valuation allowance	(145.2)	(122.2)
Deferred tax assets, net of valuation allowance	466.3	416.5
Deferred tax liabilities:		
Property and equipment basis differences	(87.0)	(47.1)
Purchased intangibles	(53.2)	(58.5)
Unremitted foreign earnings	(210.5)	(175.1)
Other	—	(0.1)
Total deferred tax liabilities	(350.7)	(280.8)
Net deferred tax assets	$ 115.6	$ 135.7

As of December 31, 2011, and 2010, the Company had a valuation allowance on its U.S. domestic deferred tax assets of approximately $145.2 million and $122.2 million, respectively. The balance at December 31, 2011 consisted of approximately $94.3 million and $9.7 million against the Company's California and Massachusetts deferred tax assets, respectively, which will not be utilized in the future years, and approximately $41.2 million related to losses that are capital in nature and may carry forward to offset future capital gains. The valuation allowance increased $23.0 million and $9.4 million in the years ended December 31, 2011, and 2010, respectively. Approximately $13.7 million and $9.7 million of the 2011 increase was due to changes in income apportioned to California and Massachusetts, respectively, and approximately $9.4 million of the 2010 increase relates to the income apportioned to California. The income apportioned to Massachusetts and California impacts the future taxable income within these states for the years in which the deferred tax assets are expected to be realized or settled.

As of December 31, 2011, the Company had federal and California net operating loss carry-forwards of approximately $9.6 million and $39.6 million, respectively. The Company also had California tax credit carry-forwards of approximately $159.8 million. Approximately $21.3 million of the benefit from the California tax credit carry-forwards will be credited to additional paid-in capital when realized on the Company's income tax returns. Unused net operating loss carry-forwards will expire at various dates beginning in the year 2012. The California tax credit carry-forwards will carry forward indefinitely.

The Company provides U.S. income taxes on the earnings of foreign subsidiaries unless the subsidiaries' earnings are considered indefinitely reinvested outside of the United States. The Company has made no provision for U.S. income taxes on approximately $1,462.6 million of cumulative undistributed earnings of certain foreign subsidiaries through December 31, 2011, because it is the Company's intention to permanently reinvest such earnings. If such earnings were distributed, the Company would accrue additional income tax expense of approximately $447.3 million. These earnings are considered indefinitely invested in operations outside of the U.S., as we intend to utilize these amounts to fund future expansion of our international operations.

As of December 31, 2011, 2010, and 2009 the total amount of gross unrecognized tax benefits was $132.2 million , $116.4 million , and $183.6 million , respectively. As of December 31, 2011, approximately $117.2 million of the $132.2 million gross unrecognized tax benefits, if recognized, would affect the effective tax rate.

A reconciliation of the beginning and ending amount of the Company's total gross unrecognized tax benefits for the years ended December 31, 2011, 2010, and 2009 was as follows (in millions):

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

	As of December 31,		
	2011	2010	2009
Balance beginning of the year	$ 116.4	$ 183.6	$ 113.5
Tax positions related to current year:			
Additions	17.6	13.9	12.7
Tax positions related to prior years:			
Additions	6.4	—	73.5
Reductions	—	(73.8)	(1.0)
Settlements	(5.4)	(1.6)	(12.8)
Lapses in statutes of limitations	(2.8)	(5.7)	(2.3)
Balance end of the year	$ 132.2	$ 116.4	$ 183.6

As of December 31, 2011, 2010, and 2009 the Company had accrued interest and penalties related to unrecognized tax benefits of $17.3 million, $18.9 million, and $23.5 million, respectively, within other long-term liabilities in the consolidated balance sheets. In accordance with the Company's accounting policy, accrued interest and penalties related to unrecognized tax benefits are recognized as a component of tax expense in the consolidated statements of operations. The Company recognized a benefit for net interest and penalties of $1.6 million, and $4.6 million, and an expense of $14.8 million in its consolidated statements of operations during the years ended December 31, 2011, 2010, and 2009, respectively.

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 the gross unrecognized tax benefits will decrease by approximately
$3.5 million within the next twelve months due to lapses of applicable statutes of limitation in multiple jurisdictions that the Company operated in. However, at this time, the Company is unable to make a reasonably reliable estimate of the timing of payments related to the remaining unrecognized tax liabilities due to uncertainties in the timing of tax audit outcomes.

During the fourth quarter of 2011, the Company resolved an audit by a state tax authority for the years from 2002 through 2004. As the result of the settlement, the Company recorded a tax benefit of approximately $7.0 million including interest and penalties.

During 2010, the Company recognized approximately $73.4 million of tax benefits related to share based compensation, which the Company had previously recorded as unrecognized tax benefits in 2009. On March 22, 2010, the Court overturned its May 27, 2009 decision in *Xilinx v. Commissioner* and affirmed the original U.S. Tax Court decision, which held in favor of the taxpayer. While Juniper Networks was not a named party to the case, the Court's decision eliminates the uncertainty regarding the benefit of the tax position taken by the Company in certain years prior to fiscal 2004 relative to the allocable transfer price of share-based compensation related to the Company's intangible development costs. The Court's decision affirms that the value of share-based compensation related to share-based compensation grants made prior to 2004 is not required to be included in cost sharing agreements between related parties. In light of the Court's decision, the Company has determined that the tax benefit recognized under its prior tax position is more likely than not to be sustained.

The Company conducts business globally and, as a result, Juniper Networks or one or more of its subsidiaries files income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. In the normal course of business the Company is subject to examination by taxing authorities throughout the world, including such major jurisdictions as Ireland, Hong Kong, U.K., France, Germany, The Netherlands, Japan, China, Australia, India, and the U.S. With few exceptions, the Company is no longer subject to U.S. federal, state and local, and non-U.S. income tax examinations for years before 2004, although carry-forward attributes that were generated prior to 2004 may still be adjusted upon examination by the Internal Revenue Service ("IRS") if the attributes either have been or will be used in a future period.

The Company is currently under examination by the IRS for the 2004 through 2009 tax years. The Company is also subject to two separate ongoing examinations by the India tax authorities for the 2004 tax year and 2004 through 2009 tax years, respectively. Additionally, the Company has not reached a final resolution with the IRS on an adjustment it proposed for the 1999 and 2000 tax years. The Company is not aware of any other examination by taxing authorities in any other major jurisdictions in which it files income tax returns as of December 31, 2011.

In May 2011, as part of the 2005 and 2006 IRS audit, the Company received a proposed adjustment related to its intercompany R&D cost sharing arrangement for the license of intangibles acquired in 2005. In 2009, as part of the 2004 IRS audit, the

Company received a similar proposed adjustment related to the license of intangibles acquired in 2004. In December 2008, the Company received a proposed adjustment from the India tax authorities related to the 2004 tax year.

In 2009, the India tax authorities commenced a separate investigation of our 2004 through 2008 tax returns and are disputing the Company's determination of taxable income due to the cost basis of certain fixed assets. The Company accrued $4.6 million in penalties and interest in 2009 related to this matter. The Company understands that the India tax authorities may issue an initial assessment that is substantially higher than this amount. As a result, in accordance with the administrative and judicial process in India, the Company may be required to make payments that are substantially higher than the amount accrued in order to ultimately settle this issue. The Company strongly believes that any assessment it may receive in excess of the amount accrued would be inconsistent with applicable India tax laws and intends to defend this position vigorously.

The Company is pursuing all available administrative procedures relative to the matters referenced above. The Company believes that it has adequately provided for any reasonably foreseeable outcomes related to these proposed adjustments and the ultimate resolution of these matters is unlikely to have a material effect on its consolidated financial condition or results of operations; however there is still a possibility that an adverse outcome of these matters could have a material effect on its consolidated financial condition and results of operations. For more information, please see Note 15, *Commitments and Contingencies*, under the heading "IRS Notices of Proposed Adjustments."

Note 15. Commitments and Contingencies

Commitments

The following table summarizes the Company's future principal contractual obligations as of December 31, 2011 (in millions):

		Years Ending December 31,						
	Total	2012	2013	2014	2015	2016	Thereafter	Other
Operating leases	$ 352.7	$ 57.9	$ 50.8	$ 63.8	$ 53.4	$ 26.6	$ 100.2	$ —
Purchase commitments	150.6	150.6	—	—	—	—	—	—
Tax liabilities	108.5	—	—	—	—	—	—	108.5
Long-term debt	1,000.0	—	—	—	—	300.0	700.0	—
Interest payment on long-term debt	873.1	46.9	46.9	46.9	46.9	41.9	643.6	—
Other contractual obligations	73.1	63.3	4.8	3.0	2.0	—	—	—
Total	$ 2,558.0	$ 318.7	$ 102.5	$ 113.7	$ 102.3	$ 368.5	$ 1,443.8	$ 108.5

Operating Leases

The Company leases its facilities under operating leases that expire at various times, the longest of which expires on November 30, 2022. Future minimum payments under the non-cancelable operating leases totaled $352.7 million as of December 31, 2011. Rent expense for 2011, 2010, and 2009 was approximately $65.7 million, $55.9 million, and $56.5 million, respectively.

Purchase Commitments

In order to reduce manufacturing lead times and ensure adequate component supply, contract manufacturers utilized by the Company place non-cancelable, non-returnable ("NCNR") orders for components based on the Company's build forecasts. As of December 31, 2011 , there were NCNR component orders placed by the contract manufacturers with a value of $150.6 million . The contract manufacturers use the components to build products based on the Company's forecasts and customer purchase orders received by the Company. Generally, the Company does not own the components and title to the products transfers from the contract manufacturers to the Company and immediately to the Company's customers upon delivery at a designated shipment location. If the components remain unused or the products remain unsold for specified periods, the Company may incur carrying charges or obsolete materials charges for components that the contract manufacturers purchased to build products to meet the Company's forecast or customer orders. As of December 31, 2011 , the Company had accrued $14.8 million based on its estimate of such charges.

Tax Liabilities

As of December 31, 2011, the Company had $108.5 million included in long-term liabilities in the consolidated balance sheet for unrecognized tax positions. At this time, the Company is unable to make a reasonably reliable estimate of the timing of payments related to the $108.5 million due to uncertainties in the timing of tax audit outcomes.

Long-Term Debt and Interest Payment on Long-Term Debt

As of December 31, 2011 , the Company held long-term debt with a carrying value of $999.0 million . Of these Notes, $300.0 million will mature in 2016 and bears interest at a fixed rate of 3.10% , $300.0 million will mature in 2021 and bears interest at a fixed rate of 4.60% , and $400.0 million will mature in 2041 and bears interest at 5.95% . Interest on the Notes is payable semiannually. See Note 10, *Financing* , for further discussion of the Company's long-term debt.

Other Contractual Obligations

As of December 31, 2011, other contractual obligations primarily consisted of $25.1 million in indemnity-related and service related escrows, required by certain acquisitions completed in 2005, 2010 and 2011, $30.7 million in obligations related to a office campus build-out adjacent to the Company's headquarters, and other miscellaneous commitments.

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 infringe the intellectual property rights of a third-party. The Company also has financial guarantees consisting of guarantees of product and service performance, guarantees related to third-party customer-financing arrangements, customs and duties guarantees, and standby letters of credit for certain lease facilities. As of December 31, 2011 , and 2010, the Company had $19.9 million and $21.6 million , respectively, in bank guarantees and standby letters of credit related to these financial guarantees.

Legal Proceedings

The Company is involved in disputes, litigation, and other legal actions, including, but not limited to, the matters described below. The Company is aggressively defending its current litigation matters, and while the Company currently believes that there are no existing claims or proceedings that are likely to have a material adverse effect on its financial position, the outcome of these matters is currently not determinable. There are many uncertainties associated with any litigation, and these actions 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 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, which could result in the need to adjust the liability and record additional expenses.

IPO Allocation Case

In December 2001, a class action complaint was filed in the United States District Court for the Southern District of New York against the Goldman Sachs Group, Inc., Credit Suisse First Boston Corporation, FleetBoston Robertson Stephens, Inc., Royal Bank of Canada (Dain Rauscher Wessels), SG Cowen Securities Corporation, UBS Warburg LLC (Warburg Dillon Read LLC), Chase (Hambrecht & Quist LLC), J.P. Morgan Chase & Co., Lehman Brothers, Inc., Salomon Smith Barney, Inc., Merrill Lynch, Pierce, Fenner & Smith, Incorporated (collectively, the "Underwriters"), Juniper Networks and certain of Juniper Networks' officers. This action was brought on behalf of purchasers of the Company's common stock in its initial public offering in June 1999 and the Company's secondary offering in September 1999. Specifically, among other things, this complaint alleged that the prospectus pursuant to which shares of common stock were sold in the Company's initial public offering and the Company's subsequent secondary offering contained certain false and misleading statements or omissions regarding the practices of the Underwriters with respect to their allocation of shares of common stock in these offerings and their receipt of commissions from customers related to such allocations. Various plaintiffs have filed actions asserting similar allegations concerning the initial public offerings of approximately 300 other issuers. These various cases pending in the Southern District of New York have been coordinated for pretrial proceedings as *In re Initial Public Offering Securities Litigation* , 21 MC 92. In April 2002, the plaintiffs filed a consolidated amended complaint in the action against the Company, alleging violations of the Securities Act of 1933 and the Securities Exchange Act of 1934. The defendants in the coordinated proceeding filed motions to dismiss. On February 19, 2003, the Court granted in part and denied in part the motion to dismiss, but declined to dismiss the claims against the Company.

The parties have reached a global settlement of the litigation. Under the settlement, the insurers are to pay the full amount of settlement share allocated to the Company, and the Company will bear no financial liability. The Company and other defendants will receive complete dismissals from the case. In October 2009, the Court entered an Opinion and Order granting final approval of the settlement. Certain objectors appealed; these appeals have now been dismissed or withdrawn. As a result, the case is now settled.

2011 Federal Securities Class Action

On August 15, 2011, a purported securities class action lawsuit, captioned *City of Royal Oak Retirement System v. Juniper Networks, Inc., et al.*, Case No. 11-cv-04003-LHK, was filed in the United States District Court for the Northern District of California naming the Company and certain of its officers and directors as defendants. The complaint alleges that the defendants made false and misleading statements regarding the Company's business and prospects. On January 9, 2012 the Court appointed City of Omaha Police and Fire Retirement System and City of Bristol Pension Fund as lead plaintiff. Lead plaintiff filed an amended complaint on February 13, 2012. The amended complaint alleges that defendants made false and misleading statements about Juniper's business and future prospects, and failed to adequately disclose the impact of certain changes in accounting rules. The amended complaint purports to assert claims for violations of Sections 10(b), 20(a) and 20A of the Securities Exchange Act of 1934 and SEC Rule 10b-5 on behalf of those who purchased or otherwise acquired Juniper's common stock between July 20, 2010 and July 26, 2011, inclusive.

2011 California State Derivative Lawsuits

Between August 22 and September 9, 2011, four purported shareholder derivative actions were filed in the Superior Court of the State of California, County of Santa Clara, naming certain of the Company's officers and directors as defendants. The Company is named only as a nominal defendant in the actions. The actions were consolidated as *In re Juniper Networks, Inc. Shareholder Litigation*, Case No. 1-11-CV-207701 (Lead Case), by order dated September 12, 2011. The complaints are generally based upon the disclosures and alleged omissions challenged in the securities class action. The complaints purport to assert claims against the defendants for breach of fiduciary duties, unjust enrichment, abuse of control, gross mismanagement, and waste of corporate assets. The complaints seek, among other relief, damages in an unspecified amount, restitution, and attorneys' fees and costs.

2011 Federal Derivative Lawsuit

On September 27, 2011 and December 28, 2011, two purported shareholder derivative actions, captioned *Ratinova v. Johnson, et al.*, Case No. 11-cv-04792 and Lisa E. Coppola, ERA v. Johnson, et al., Case No. 11-cv-06667, respectively, were filed in the United States District Court for the Northern District of California naming certain of the Company's officers and directors as defendants. The Company is named only as a nominal defendant in the action. Like the state derivative actions, the federal derivative lawsuits are generally based upon the disclosures and alleged omissions challenged in the securities class action. The complaints purport to assert claims against the defendants for breach of fiduciary duties and unjust enrichment. The complaints seek, among other relief, damages in an unspecified amount, restitution, and attorneys' fees and costs. By order dated January 30, 2012, the Court consolidated the actions as *In re Juniper Networks, Inc. Shareholder Derivative Litigation*, Master File No. 11-cv-04792-LHK. On February 3, 2012, the parties filed a stipulation in which the parties requested that the Court stay the action until such time as the Court entered an order denying a motion to dismiss in the related federal securities class action described above. On February 6, 2012, the Court granted the parties' stipulation.

IRS Notices of Proposed Adjustments

In May 2011, as a result of its audit of the Company's U.S. federal income tax returns for the 2005 and 2006 fiscal years, the IRS issued a Preliminary Notice of Deficiency ("PNOD") regarding the Company's transfer pricing transactions under its intercompany R&D cost sharing arrangement related to the license of intangibles acquired in 2005. The asserted changes would affect the Company's income tax liabilities for tax years subsequent to 2004. Because of the PNOD, the estimated incremental tax liabilities for all relative tax years would be approximately $92.0 million , excluding interest and penalties. The Company has filed a protest to the proposed deficiency with the IRS, which is under review by the Appeals Division of the IRS.

In 2009, the Company received a PNOD from the IRS claiming that the Company owes additional taxes, plus interest and possible penalties, for the 2004 tax year based on a transfer pricing transaction related to the license of acquired intangibles under an intercompany R&D cost sharing arrangement. The asserted changes to the Company's 2004 tax year would affect the Company's income tax liabilities in tax years subsequent to 2003. In addition, the Company has not reached a final resolution with the IRS on an adjustment the IRS proposed for the 1999 and 2000 tax years. Because of the PNOD, the estimated incremental tax liability would be approximately $807.0 million, excluding interest and penalties. The Company has filed a protest to the proposed deficiency with the IRS, which is under review by the Appeals Division of the IRS.

The Company strongly believes the IRS' position with regard to transfer pricing transactions for the Company's 2004 through 2006 fiscal years are inconsistent with applicable tax laws, judicial precedent and existing Treasury regulations, and that the Company's previously reported income tax provisions for the years in question are appropriate. However, there can be no assurance that these matters will be resolved in the Company's favor. Regardless of whether these matters are resolved in the Company's favor, the final resolution of these matters could be expensive and time-consuming to defend and/or settle. While the Company believes it has provided adequately for these matters, there is still a possibility that an adverse outcome from these matters could have a material effect on its results of operations and financial condition.

In September 2008, as part of its ongoing audit of the U.S. federal income tax return for the 2004 fiscal year, the IRS issued a Notice of Proposed Adjustment ("NOPA") regarding the Company's business credits. The Company believes that it has adequately provided for any reasonable foreseeable outcome related to this proposed adjustment.

The Company is also under routine examination by certain state and non-U.S. tax authorities. The Company believes that it has adequately provided for any reasonably foreseeable outcome related to these audits.

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elected Quarterly Financial Data (Unaudited)

The table below sets forth selected unaudited financial data for each quarter of the two years ended December 31, 2011 (in millions, except per share amounts):

Year Ended December 31, 2011	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net revenues:				
Product	$ 877.4	$ 891.4	$ 861.9	$ 847.5
Service	224.2	229.1	243.9	273.3
Total net revenues	1,101.6	1,120.5	1,105.8	1,120.8
Cost of revenues:				
Product (2)	265.7	292.4	286.6	310.6
Service	100.0	105.9	107.6	111.3
Total cost of revenues	365.7	398.3	394.2	421.9
Gross margin	735.9	722.2	711.6	698.9
Operating expenses:				
Research and development	262.0	257.3	257.1	250.5
Sales and marketing	246.3	246.6	254.9	253.2
General and administrative	44.9	44.3	44.5	45.5
Amortization of purchased intangibles	1.5	1.3	1.3	1.2
Restructuring and other charges (1)	(0.3)	(0.9)	16.8	15.0
Acquisition-related and other charges (2)	4.1	2.7	—	0.3
Total operating expenses	558.5	551.3	574.6	565.7
Operating income	177.4	170.9	137.0	133.2
Interest and other income (expense), net	(6.5)	(13.7)	(15.9)	(10.7)
Income before income taxes and noncontrolling interest	170.9	157.2	121.1	122.5
Income tax provision	41.3	41.7	37.4	26.3
Consolidated net income	129.6	115.5	83.7	96.2
Adjust for net loss attributable to noncontrolling interest	0.1	—	—	—
Net income attributable to Juniper Networks	$ 129.7	$ 115.5	$ 83.7	$ 96.2
Net income per share attributable to Juniper Networks common stockholders: (3)				
Basic	$ 0.24	$ 0.22	$ 0.16	$ 0.18
Diluted	$ 0.24	$ 0.21	$ 0.16	$ 0.18

(1) Restructuring and other charges consisted of restructuring charges and asset impairment charges. In the third quarter of 2011, the Company implemented the 2011 Restructuring Plan for workforce reduction and recorded restructuring charges of $16.8 million. In the fourth quarter of 2011, the Company recorded a charge of $13.5 million associated with an abandoned in-process internal used software project.
(2) Acquisition-related and other charges comprised of direct and indirect costs such as financial advisory, legal, and due diligence, as well as integration costs related to the acquisitions completed in 2010 and 2011.
(3) Net income per share attributable to Juniper Network stockholders is computed independently. Therefore, the sum of the quarterly net income per share may not equal the total computed for the fiscal year or any cumulative interim period.

Year Ended December 31, 2010	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net revenues:				
Product	$ 721.2	$ 774.1	$ 801.2	$ 962.2
Service	191.4	204.2	211.2	227.8
Total net revenues	912.6	978.3	1,012.4	1,190.0
Cost of revenues:				
Product	222.4	231.8	247.0	299.7
Service	78.2	86.6	87.6	98.3
Total cost of revenues	300.6	318.4	334.6	398.0
Gross margin	612.0	659.9	677.8	792.0
Operating expenses:				
Research and development	207.0	224.8	231.2	254.9
Sales and marketing	192.4	202.3	204.7	257.7
General and administrative	43.1	45.9	43.8	45.1
Amortization of purchased intangibles	1.1	1.2	0.9	0.9
Restructuring charges (1)	8.1	0.2	0.2	2.3
Acquisition-related charges (2)	—	0.5	1.5	4.3
Total operating expenses	451.7	474.9	482.3	565.2
Operating income	160.3	185.0	195.5	226.8
Other income (expense), net	1.4	4.0	0.2	4.8
Income before income taxes and noncontrolling interest	161.7	189.0	195.7	231.6
Income tax (benefit) provision	(2.9)	58.7	61.4	41.5
Consolidated net income	164.6	130.3	134.3	190.1
Adjust for net (income) loss attributable to noncontrolling interest	(1.5)	0.2	0.2	0.1
Net income attributable to Juniper Networks	$ 163.1	$ 130.5	$ 134.5	$ 190.2
Net income per share attributable to Juniper Networks common stockholders: (3)				
Basic	$ 0.31	$ 0.25	$ 0.26	$ 0.36
Diluted	$ 0.30	$ 0.24	$ 0.25	$ 0.35

(1) Restructuring costs are typically comprised of employee severance costs, costs of consolidating duplicate facilities and contract termination costs. In the first quarter of 2010, the Company implemented a plan that resulted in reduction in workforce and facilities in certain business operations.
(2) Acquisition-related and other charges comprised of direct and indirect costs such as financial advisory, legal, due diligence, and integration costs from the four acquisitions completed in 2010.
(3) Net income per share attributable to Juniper Network stockholders is computed independently. Therefore, the sum of the quarterly net income per share may not equal the total computed for the fiscal year or any cumulative interim period.

ubsequent Event

Stock Repurchases

Subsequent to December 31, 2011, through the filing of this report, the Company repurchased 2.4 million shares of its common stock, for $51.6 million at an average purchase price of $21.75 per share, under its 2010 Stock Repurchase Program. As of the filing of this Annual Report on Form 10-K, the Company's 2010 Stock Repurchase Program had remaining authorized funds of $162.2 million. Purchases under the Company's 2010 Stock Repurchase Program are subject to a review of the circumstances in place at the time and will be made from time to time as permitted by securities laws and other legal requirements. This program may be discontinued at any time.

Business Acquisition

On February 13, 2012, the Company acquired Mykonos Software, a provider of Intrusion Deception Systems that protect websites and web applications, for cash consideration of approximately $80.0 million. This acquisition enables the Company to extend its security portfolio with the intrusion deception system that is capable of detecting an attacker before an attack is in progress. The Company is in the process of determining the net assets acquired and goodwill associated with this acquisition.

Segment Changes

In the first quarter of 2012, the Company has aligned its organization structure to focus on its platform and software strategy. Beginning 2012, the Company will conform its reportable segments to this new business structure.

ITEM 9. *Changes in and Disagreements with Accountants on Accounting and Financial Disclosures*

None.

Item 9A. *Controls and Procedures*

(a) *Management's Annual Report on Internal Control Over Financial Reporting:* Please see "Management's Annual Report on Internal Control over Financial Reporting" under Item 8 on page 54 of this Form 10-K, which report is incorporated herein by reference.

(b) For the “Report of Independent Registered Public Accounting Firm,” please see the report under Item 8 on page 53 of this Form 10-K, which report is incorporated herein by reference.

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

There were no changes in our internal control over financial reporting that occurred during the fourth quarter of 2011 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Our management, including the Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”), does not expect that our disclosure controls or our internal control over financial reporting will prevent or detect all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system’s objectives will be met. Our controls and procedures are designed to provide reasonable assurance that our control system’s objective will be met and our CEO and CFO have concluded that our disclosure controls and procedures are effective at the reasonable assurance level. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of these controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events. Projections of any evaluation of controls effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

ITEM 9B. ***Other Information***

None

PART III

ITEM 10. ***Directors, Executive Officers and Corporate Governance***

We have adopted a Worldwide Code of Business Conduct and Ethics that applies to our principal executive officer and all other employees. This code of ethics is posted on our Website at www.juniper.net, and may be found as follows:

1. From our main Web page, first click on "Company" and then on "Investor Relations."

2. Next, select Corporate Governance and then click on "Worldwide Code of Business Conduct and Ethics."

Alternatively, you may obtain a free copy of this code of ethics by contacting the Investor Relations Department at our corporate offices by calling (888) 586-4737 or by sending an e-mail message to investor-relations@juniper.net.

We intend to satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding an amendment to, or waiver from, a provision of this code of ethics by posting such information on our Website, at the address and location specified above.

For information with respect to Executive Officers, see Part I, Item 1 of this Annual Report on Form 10-K, under "Executive Officers of the Registrant."

Information concerning directors, including director nominations, and our audit committee and audit committee financial expert, appearing in our definitive Proxy Statement to be filed with the SEC in connection with the 2012 Annual Meeting of Stockholders (the "Proxy Statement") under "Corporate Governance Principles and Board Matters," "Director Compensation" and "Election of Directors" is incorporated herein by reference.

Information concerning Section 16(a) beneficial ownership reporting compliance appearing in the Proxy Statement under "Section 16(a) Beneficial Ownership Reporting Compliance," is incorporated herein by reference.

ITEM 11. ***Executive Compensation***

Information concerning executive compensation appearing in the Proxy Statement under "Executive Compensation" is incorporated herein by reference.

Information concerning compensation committee interlocks and insider participation appearing in the Proxy Statement under "Compensation Committee Interlocks and Insider Participation" is incorporated herein by reference.

Information concerning the compensation committee report appearing in the Proxy Statement under "Compensation Committee Report" is incorporated herein by reference.

ITEM 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters***

Information concerning the security ownership of certain beneficial owners and management appearing in the Proxy Statement, under "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters," is incorporated herein by reference.

Information concerning our equity compensation plan information appearing in the Proxy Statement, under "Equity Compensation Plan Information," is incorporated herein by reference.

ITEM 13. ***Certain Relationships and Related Transactions, and Director Independence***

The information appearing in the Proxy Statement under the heading "Certain Relationships and Related Transactions" is incorporated herein by reference.

The information appearing in the Proxy Statement under the heading “Board Independence” is incorporated herein by reference.

ITEM 14. ***Principal Accountant Fees and Services***

Information concerning principal accountant fees and services and the audit committee's preapproval policies and procedures appearing in the Proxy Statement under the headings “Principal Accountant Fees and Services” is incorporated herein by reference.

PART IV

ITEM 15. ***Exhibits and Financial Statement Schedules***

(a) The following documents are filed as part of this report:

1. Consolidated Financial Statements

See Index to Consolidated Financial Statements at Item 8 herein.

2. Financial Statement Schedules

The following financial statement schedule is included as part of this Annual Report on Form 10-K:

Schedule	Page
Schedule II - Valuation and Qualifying Account	106

Schedules not listed above have been omitted because the information required to be set forth therein is not applicable or is shown in the financial statements or notes herein.

3. Exhibits

See Exhibit Index on page 107 of this report.

(b) Exhibits

See Exhibit Index on page 107 of this report.

(c) None

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in this City of Sunnyvale, State of California, on the 24th day of February 2012.

Juniper Networks, Inc.

By: /s/ Robyn M. Denholm

Robyn M. Denholm
Executive Vice President and Chief Financial Officer
(Duly Authorized Officer and Principal
Financial Officer)

By: /s/ Gene Zamiska

Gene Zamiska
Vice President, Finance and Corporate Controller
(Duly Authorized Officer and Principal Accounting Officer)

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POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Mitchell Gaynor and Robyn M. Denholm, and each of them individually, as his or her attorney-in-fact, each with full power of substitution, for him or her in any and all capacities to sign any and all amendments to this Annual Report on Form 10-K, and to file the same with, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that said attorney-in-fact, or his or her substitute, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Kevin R. Johnson Kevin R. Johnson	Chief Executive Officer and Director (Principal Executive Officer)	February 24, 2012
/s/ Robyn M. Denholm Robyn M. Denholm	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	February 24, 2012
/s/ Gene Zamiska Gene Zamiska	Vice President, Finance and Corporate Controller (Principal Accounting Officer)	February 24, 2012
/s/ Scott Kriens Scott Kriens	Chairman of the Board	February 24, 2012
/s/ Pradeep Sindhu Pradeep Sindhu	Chief Technical Officer and Vice Chairman of the Board	February 24, 2012
/s/ Robert M. Calderoni Robert M. Calderoni	Director	February 24, 2012
/s/ Mary B. Cranston Mary B. Cranston	Director	February 24, 2012
/s/ Mercedes Johnson Mercedes Johnson	Director	February 24, 2012
/s/ Michael Lawrie Michael Lawrie	Director	February 24, 2012
/s/ William F. Meehan William F. Meehan	Director	February 23, 2012
/s/ David Schlotterbeck David Schlotterbeck	Director	February 24, 2012
/s/ William R. Stensrud William R. Stensrud	Director	February 24, 2012

Juniper Networks, Inc.

Schedule II - Valuation and Qualifying Account
Years Ended December 31, 2011, 2010, and 2009

	Balance at Beginning of Year	Charged to (Reversed from) Costs and Expenses	Recoveries (Deductions), Net	Balance at End of Year
		(In millions)		
Year ended December 31, 2011				
Allowance for doubtful accounts	$ 10.1	$ (0.2)	$ (0.4)	$ 9.5
Sales returns reserve	$ 52.8	$ 108.8	$ (109.6)	$ 52.0
Year ended December 31, 2010				
Allowance for doubtful accounts	$ 9.1	$ 1.2	$ (0.2)	$ 10.1
Sales returns reserve	$ 45.6	$ 104.4	$ (97.2)	$ 52.8
Year ended December 31, 2009				
Allowance for doubtful accounts	$ 9.7	$ (0.6)	$ —	$ 9.1
Sales returns reserve	$ 36.8	$ 84.1	$ (75.3)	$ 45.6

Exhibit Index

Exhibit No.	Exhibit	Incorporated by Reference			
		Filing	Exhibit No.	File No.	File Date
3.1	Juniper Networks, Inc. Amended and Restated Certificate of Incorporation	10-K	3.1	000-26339	3/27/2001
3.2	Amended and Restated Bylaws of Juniper Networks, Inc.*				
4.1	Indenture, dated March 3, 2011, by and between Juniper Networks, Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee	8-K	4.1	001-34501	3/4/2011
4.8	First Supplemental Indenture, dated March 3, 2011, by and between Juniper Networks, Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee	10-Q	4.8	001-34501	3/4/2011
4.9	Form of Note for Juniper Networks, Inc.'s 3.100% Senior Notes due 2016 (incorporated by reference to Exhibit 4.8 hereto)	10-Q	4.9	001-34501	3/4/2011
4.10	Form of Note for Juniper Networks, Inc.'s 4.600% Senior Notes due 2021 (incorporated by reference to Exhibit 4.8 hereto)	10-Q	4.10	001-34501	3/4/2011
4.11	Form of Note for Juniper Networks, Inc.'s 5.950% Senior Notes due 2041 (incorporated by reference to Exhibit 4.8 hereto)	10-Q	4.11	001-34501	3/4/2011
10.1	Form of Indemnification Agreement entered into by the Registrant with each of its directors, officers and certain employees	10-Q	10.1	000-26339	11/14/2003
10.2	Amended and Restated 1996 Stock Plan++	8-K	10.1	000-26339	11/9/2005
10.3	Form of Stock Option Agreement for the Juniper Networks, Inc. Amended and Restated 1996 Stock Plan++	10-Q	10.16	000-26339	11/2/2004
10.4	Form of Notice of Grant and Restricted Stock Unit Agreement for the Juniper Networks, Inc. Amended and Restated 1996 Stock Plan++	8-K	10.2	000-26339	11/9/2005
10.5	Juniper Networks 2000 Nonstatutory Stock Option Plan++	S-8	10.1	333-92086	7/9/2002
10.6	Form of Option Agreement for the Juniper Networks 2000 Nonstatutory Stock Option Plan++	10-K	10.6	000-26339	3/4/2005
10.7	Juniper Networks, Inc. 2006 Equity Incentive Plan, as amended May 18, 2011++	8-K	10.7	000-34501	5/23/2011
10.8	Form of Stock Option Agreement for the Juniper Networks, Inc. 2006 Equity Incentive Plan++	8-K	10.2	000-26339	5/24/2006
10.9	Form of Non-Employee Director Stock Option Agreement for the Juniper Networks, Inc. 2006 Equity Incentive Plan++	8-K	10.3	000-26339	5/24/2006
10.10	Form of Notice of Grant and Restricted Stock Unit Agreement for the Juniper Networks, Inc. 2006 Equity Incentive Plan++	10-K	10.20	000-26339	2/29/2008
10.11	Form of Notice of Grant and Performance Share Agreement for the Juniper Networks, Inc. 2006 Equity Incentive Plan++	10-K	10.21	000-26339	2/29/2008
10.12	Form of India Stock Option Agreement under the Juniper Networks, Inc. 2006 Equity Incentive Plan	10-Q	10.2	000-26339	5/9/2008
10.13	Form of India Restricted Stock Unit Agreement under the Juniper Networks, Inc. 2006 Equity Incentive Plan	10-Q	10.3	000-26339	5/9/2008
10.14	Unisphere Networks, Inc. Second Amended and Restated 1999 Stock Incentive Plan++	S-8	10.1	333-92090	7/9/2002
10.15	NetScreen Technologies, Inc. 1997 Equity Incentive Plan++	S-1+	10.2	333-71048	10/5/2001
10.16	NetScreen Technologies, Inc. 2001 Equity Incentive Plan++	S-1+	10.3	333-71048	12/10/2001
10.17	NetScreen Technologies, Inc. 2002 Stock Option Plan++	S-8	4.7	333-114688	4/21/2004
10.18	Neoteris 2001 Stock Plan++	S-8+	4.1	333-110709	11/24/2003
10.19	Kagoor Networks, Inc. 2003 General Stock Option Plan++	S-8	4.1	333-124572	5/3/2005
10.20	Kagoor Networks, Inc. 2003 Israel Stock Option Plan++	S-8	4.2	333-124572	5/3/2005
10.21	Redline Networks 2000 Stock Plan++	S-8	4.1	333-124610	5/4/2005
10.22	Peribit Networks 2000 Stock Plan++	S-8	99.1	333-126404	7/6/2005
10.23	Amended and Restated Juniper Networks 1999 Employee Stock Purchase Plan++	10-Q	10.2	000-26339	8/9/2007

Exhibit No.	Exhibit	Incorporated by Reference Filing	Exhibit No.	File No.	File Date
10.24	Juniper Networks, Inc. 2008 Employee Stock Purchase Plan++	S-8	4.3	333-151669	6/16/2008
10.25	Sub-plan to the Juniper Networks, Inc. 2008 Employee Stock Purchase Plan For Employees Located in the European Economic Area	10-K	10.25	000-26339	3/2/2009
10.26	Juniper Networks, Inc. Deferred Compensation Plan++	S-8	4.4	333-151669	6/16/2008
10.27	Form of Executive Officer Change of Control Agreement, as amended++	10-K	10.27	000-26339	3/2/2009
10.28	Form of Executive Officer Severance Agreement, as amended++	10-Q	10.4	000-26339	11/10/2008
10.29	Option Amendment Agreement by and between the Registrant and Kim Perdikou++	8-K	99.2	000-26339	5/2/2007
10.30	Severance Agreement by and between the Registrant and Robyn M. Denholm++	10-K	10.33	000-26339	3/2/2009
10.31	Summary of Compensatory Arrangements for Certain Officers adopted on March 9, 2007++	8-K	99.1	000-26339	3/12/2007
10.32	Summary of Compensatory Arrangements for Certain Officers announced on August 14, 2007++	8-K	Item 5.02	000-26339	8/14/2007
10.33	Summary of Compensatory Plans and Arrangements for Certain Officers adopted on February 26, 2008++	8-K	99.1	000-26339	2/28/2008
10.34	Summary of Compensatory Arrangements for Certain Officers adopted on February 11, 2009++	8-K	Item 5.02	000-26339	2/18/2009
10.35	Summary of Compensatory Arrangements for Certain Officers adopted on March 2, 2009++	8-K	Item 5.02	000-26339	3/6/2009
10.36	Summary of Compensatory Arrangements for Certain Officers adopted on November 12, 2009++	8-K	Item 5.02	001-34501	11/18/2009
10.37	Offer Letter by and between Juniper Networks, Inc. and John Morris++	10-Q	10.1	000-26339	11/10/2008
10.38	Employment Agreement by and between Juniper Networks, Inc. and Kevin Johnson++	10-Q	10.2	000-26339	11/10/2008
10.39	Offer Letter by and between Juniper Networks, Inc. and Michael J. Rose++	10-K	10.38	000-26339	3/2/2009
10.40	Tolling Agreement by and between Juniper Networks, Inc. and Scott Kriens++	10-Q	10.3	000-26339	11/10/2008
10.41	Agreement for ASIC Design and Purchase of Products between IBM Microelectronics and the Registrant dated August 26, 1997	S-1	10.8	333-76681	6/18/1999
10.42	Amendment One dated January 5, 1998 to Agreement for ASIC Design and Purchase of Products between IBM Microelectronics and the Registrant dated August 26, 1997	S-1	10.8.1	333-76681	4/23/1999
10.43	Amendment Two dated March 2, 1998 to Agreement for ASIC Design and Purchase of Products between IBM Microelectronics and the Registrant dated August 26, 1997	S-1	10.8.2	333-76681	4/23/1999
10.44	Lease between Mathilda Associates LLC and the Registrant dated June 18, 1999	S-1	10.10	333-76681	6/23/1999
10.45	Lease between Mathilda Associates LLC and the Registrant dated February 1, 2000	10-K	10.9	000-26339	3/27/2001
10.46	Lease between Mathilda Associates II LLC and the Registrant dated August 15, 2000	10-Q	10.15	000-26339	11/2/2004

Exhibit No.	Exhibit	Incorporated by Reference			
		Filing	Exhibit No.	File No.	File Date
10.47	First Amendment to Lease between Sunnyvale Office Park, L.P. and the Registrant dated January 24, 2002	10-K	10.47	000-34501	2/26/2010
10.48	First Amendment to Lease between Sunnyvale Office Park, L.P. and the Registrant dated February 28, 2000	10-K	10.48	000-34501	2/26/2010
10.49	First Amendment to Lease between Sunnyvale Office Park, L.P. and the Registrant dated October 14, 2009	10-K	10.49	000-34501	2/26/2010
10.50	Second Amendment to Lease between Sunnyvale Office Park, L.P. and the Registrant dated October 14, 2009	10-K	10.50	000-34501	2/26/2010
10.51	Amendment No. 2 to Lease between Sunnyvale Office Park, L.P. and the Registrant dated October 14, 2009	10-K	10.51	000-34501	2/26/2010
10.52	Ankeena Networks, Inc. 2008 Stock Plan++	S-8	4.3	333-166248	4/23/2010
10.53	Altor Networks, Inc. 2007 Stock Plan and 2009 Israeli Equity Incentive Sub Plan++	S-8	10.1	333-171299	12/12/2010
10.54	Australian Addendum to the Juniper Networks, Inc. 2006 Equity Incentive Plan, as amended++	10-Q	10.2	000-34501	11/5/2010
10.55	Australian Addendum to the Juniper Networks, Inc. 2008 Employee Stock Purchase Plan, as amended++	10-Q	10.3	000-34501	11/5/2010
10.56	Employee Agreement between Juniper Networks, Inc. and Robert Muglia++	10-Q	10.3	001-34501	11/4/2011
10.57	Form of Severance Agreement for Certain Officers adopted on February 14, 2012*++				
10.58	Form of Change of Control Agreement for Certain Officers adopted on February 14, 2012*++				
12.1	Computation of Ratio of Earnings to Fixed Charges*				
21.1	Subsidiaries of the Company*				
23.1	Consent of Independent Registered Public Accounting Firm*				
24.1	Power of Attorney (see page 105)				
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934*				
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934*				
32.1	Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**				
32.2	Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**				
101	The following materials from Juniper Networks Inc.'s Annual Report on Form 10-K for the year ended December 31, 2011, formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Statements of Operations, (ii) the Consolidated Balance Sheets, and (iii) the Consolidated Statements of Cash Flows, and (iv) Notes to Consolidated Financial Statements, tagged as blocks of text				
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

\+ Filed by NetScreen Technologies, Inc.

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

EXHIBIT 3.2

AMENDED AND RESTATED BYLAWS

OF

JUNIPER NETWORKS, INC.

(As amended February 14, 2012)

ARTICLE I

CORPORATE OFFICES

1.1 REGISTERED OFFICE

The registered office of the Corporation shall be 1209 Orange Street, in the City of Wilmington, County of New Castle, State of Delaware, 19801. The name of the registered agent of the Corporation at such location is The Corporation Trust Company.

1.2 OTHER OFFICES

The board of directors may at any time establish other offices at any place or places where the Corporation is qualified to do business.

ARTICLE II

MEETINGS OF STOCKHOLDERS

2.1 PLACE OF MEETINGS

Meetings of stockholders shall be held at any place, within or outside the State of Delaware, designated by the board of directors. In the absence of any such designation, stockholders' meetings shall be held at the registered office of the Corporation. The board of directors may, in its sole discretion, determine that a meeting of stockholders shall not be held at any place, but may instead be held solely by means of remote communication as authorized by Section 211(a)(2) of the Delaware General Corporation Law.

2.2 ANNUAL MEETING

The annual meeting of stockholders shall be held each year on a date and at a time designated by the board of directors. At the meeting, directors shall be elected and any other proper business may be transacted.

2.3 SPECIAL MEETING

A special meeting of the stockholders may be called at any time by the (i) board of directors acting pursuant to a resolution adopted by a majority of the Whole Board, (ii) the chairman of the board, (iii) the president, or (iv) the chief executive officer, but a special meeting may not be called by any other person or persons. For purposes of these bylaws, the term “Whole Board” shall mean the total number of authorized directors whether or not there exist any vacancies in previously authorized directorships. The board of directors, acting pursuant to a resolution adopted by the majority of the Whole Board, may cancel, postpone or reschedule any previously scheduled special meeting at any time, before or after the notice for such meeting has been sent to the stockholders.

If a special meeting is called by any person other than the board of directors, the request shall be in writing, specifying the time of such meeting and the general nature of the business proposed to be transacted, and shall be delivered personally or sent by registered mail or by telegraphic or other facsimile transmission to the chairman of the board, the president, any vice president, or the secretary of the corporation. No business may be transacted at such special meeting otherwise than specified in such notice. The officer receiving the request shall cause notice to be promptly given to the stockholders entitled to vote, in accordance with the provisions of Sections 2.4 and 2.5 of this Article II, that a meeting will be held at the time requested by the person or persons who called the meeting, not less than thirty-five (35) nor more than sixty (60) days after the receipt of the request. If the notice is not given within twenty (20) days after the receipt of the request, the person or persons requesting the meeting may give the notice. Nothing contained in this paragraph of this Section 2.3 shall be construed as limiting, fixing, or affecting the time when a meeting of stockholders called by action of the board of directors may be held.

2.4 NOTICE OF STOCKHOLDERS' MEETINGS

All notices of meetings with stockholders shall be in writing and shall be sent or otherwise given in accordance with Section 2.6 of these Bylaws not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder entitled to vote at such meeting. The notice shall specify the place, date and hour of the meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called.

2.5 ADVANCE NOTICE OF STOCKHOLDER BUSINESS AND DIRECTOR NOMINATIONS BY STOCKHOLDERS

(i) At an annual meeting of stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting business must brought: (A) pursuant to the Corporation's proxy materials with respect to such meeting, (B) by or at the direction of the board of directors, or (C) by a stockholder of the Corporation who (1) is a stockholder of record at the time of the giving of the notice required by this Section 2.5(i) and on the record date for the determination of stockholders entitled to vote at the annual meeting and (2) has timely complied in proper written form with the notice procedures set forth in this Section 2.5(i). In addition, for business to be properly brought before an annual meeting by a stockholder, such business must be a proper matter for stockholder action pursuant to these bylaws and applicable law. For the avoidance of doubt, clause (C) above shall be the exclusive means for a stockholder to bring business before an annual meeting of stockholders.

(a) To comply with clause (C) of Section 2.5(i) above, a stockholder's notice must set forth all information required under this Section 2.5(i) and must be timely received by the secretary of the Corporation. To be timely, a stockholder's notice must be received by the secretary at the principal executive offices of the Corporation not later than the 45th day nor earlier than the 75th day before the one-year anniversary of the date on which the Corporation first mailed its proxy materials or a notice of availability of proxy materials (whichever is earlier) for the preceding year's annual meeting; *provided, however*, that in the event that no annual meeting was held in the previous year or if the date of the annual meeting is advanced by more than 30 days prior to or delayed by more than 60 days after the one-year anniversary of the date of the previous year's annual meeting, then, for notice by the stockholder to be timely, it must be so received by the secretary not earlier than the close of business on the 120th day prior to such annual meeting and not later than the close of business on the later of (i) the 90th day prior to such annual meeting, or (ii) the tenth day following the day on which Public Announcement (as defined below) of the date of such annual meeting is first made. In no event shall any adjournment or postponement of an annual meeting or the announcement thereof commence a new time period for the giving of a stockholder's notice as described in this Section 2.5(i)(a). “Public Announcement” shall mean disclosure in a press release released on Business Wire and/or reported by the Dow Jones News Service, Associated Press or a comparable national news and/or wire service or in a document publicly filed by the Corporation with the Securities and Exchange Commission (the “Commission”) pursuant to Section 13, 14 or 15(d) of the Securities Exchange Act of 1934, as amended, or any successor thereto (the “1934 Act”).

(b) To be in proper written form, a stockholder's notice to the secretary must set forth as to each matter of business the stockholder intends to bring before the annual meeting: (1) a brief description of the business intended to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (2) the name and address, as they appear on the Corporation's books, of the stockholder proposing such business and any Stockholder Associated Person (as defined below), (3) the class and number of shares of the Corporation that are held of record or are beneficially owned by the stockholder or any Stockholder Associated Person and any derivative positions held or beneficially held by the stockholder or any Stockholder Associated Person, (4) whether and the extent to which any hedging or other transaction or series of transactions has been entered into by or on behalf of such stockholder or any Stockholder Associated Person with respect to any securities of the Corporation, and a description of any other agreement, arrangement or understanding (including any short position or any borrowing or lending of shares), the effect or intent of which is to mitigate loss to, or to manage the risk or benefit from share price changes for, or to increase or decrease the voting power of, such stockholder or any Stockholder Associated Person with respect to any securities of the Corporation, (5) any material interest of the stockholder or a Stockholder Associated Person in such business, and (6) a statement whether either such stockholder or any Stockholder Associated Person will deliver a proxy statement and form of proxy to holders of at least the percentage of the Corporation's voting shares required under applicable law to carry the proposal (such information provided and statements made as required by clauses (1) through (6), a “Business Solicitation Statement”). In addition, to be in proper written form, a stockholder's notice to the secretary must be supplemented not later than ten days following the record date to disclose the information contained in clauses (3) and (4) above as of the record date. For purposes of this Section 2.5, a “Stockholder Associated Person” of any stockholder shall mean (i) any person controlling, directly or indirectly, or acting in concert with, such stockholder, (ii) any beneficial owner of shares of stock of the Corporation owned of record or beneficially by such stockholder and on whose behalf the proposal or nomination, as the case may be, is being made, or (iii) any person controlling, controlled by or under common control with such person referred to in the preceding clauses (i) and (ii).

(c) Without exception, no business shall be conducted at any annual meeting except in accordance with the provisions set forth in this Section 2.5(i) and, if applicable, Section 2.5(ii). In addition, business proposed to be brought by a stockholder may not be brought before the annual meeting if such stockholder or a Stockholder Associated Person, as applicable, takes action contrary to the representations made in the Business Solicitation Statement applicable to such business or if the Business Solicitation Statement applicable to such business contains an untrue statement of a material fact or omits to state a material fact necessary to make the statements therein not misleading. The chairperson of the annual meeting shall, if the facts warrant, determine and declare at the annual meeting that business was not properly brought before the annual meeting and in accordance with the provisions of this Section 2.5(i), and, if the chairperson should so determine, he or she shall so declare at the annual meeting that any such business not properly brought before the annual meeting shall not be conducted.

(ii) Notwithstanding anything in these bylaws to the contrary, only persons who are nominated in accordance with the procedures set forth in this Section 2.5(ii) shall be eligible for election or re-election as directors at an annual meeting of stockholders. Nominations of persons for election to the board of directors of the Corporation shall be made at an annual meeting of stockholders only (A) by or at the direction of the board of directors or (B) by a stockholder of the Corporation who (1) was a stockholder of record at the time of the giving of the notice required by this Section 2.5(ii) and on the record date for the determination of stockholders entitled to vote at the annual meeting and (2) has complied with the notice procedures set forth in this Section 2.5(ii). In addition to any other applicable requirements, for a nomination to be made by a stockholder, the stockholder must have given timely notice thereof in proper written form to the secretary of the Corporation.

(a) To comply with clause (B) of Section 2.5(ii) above, a nomination to be made by a stockholder must set forth all information required under this Section 2.5(ii) and must be received by the secretary of the Corporation at the principal executive offices of the Corporation at the time set forth in, and in accordance with, the final three sentences of Section 2.5(i)(a) above.

(b) To be in proper written form, such stockholder's notice to the secretary must set forth:

(1) as to each person (a "nominee") whom the stockholder proposes to nominate for election or re-election as a director: (A) the name, age, business address and residence address of the nominee, (B) the principal occupation or employment of the nominee, (C) the class and number of shares of the Corporation that are held of record or are beneficially owned by the nominee and any derivative positions held or beneficially held by the nominee, (D) whether and the extent to which any hedging or other transaction or series of transactions has been entered into by or on behalf of the nominee with respect to any securities of the Corporation, and a description of any other agreement, arrangement or understanding (including any short position or any borrowing or lending of shares), the effect or intent of which is to mitigate loss to, or to manage the risk or benefit of share price changes for, or to increase or decrease the voting power of the nominee, (E) a description of all arrangements or understandings between the stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nominations are to be made by the stockholder, (F) a written statement executed by the nominee acknowledging that as a director of the Corporation, the nominee will owe a fiduciary duty under Delaware law with respect to the Corporation and its stockholders, and (G) any other information relating to the nominee that would be required to be disclosed about such nominee if proxies were being solicited for the election of the nominee as a director, or that is otherwise required, in each case pursuant to Regulation 14A under the 1934 Act (including without limitation the nominee's written consent to being named in the proxy statement, if any, as a nominee and to serving as a director if elected); and

(2) as to such stockholder giving notice, (A) the information required to be provided pursuant to clauses (2) through (5) of Section 2.5(i)(b) above, and the supplement referenced in the second sentence of Section 2.5(i)(b) above (except that the references to "business" in such clauses shall instead refer to nominations of directors for purposes of this paragraph), and (B) a statement whether either such stockholder or Stockholder Associated Person will deliver a proxy statement and form of proxy to holders of a number of the Corporation's voting shares reasonably believed by such stockholder or Stockholder Associated Person to be necessary to elect such nominee(s) (such information provided and statements made as required by clauses (A) and (B) above, a "Nominee Solicitation Statement").

(c) At the request of the board of directors, any person nominated by a stockholder for election as a director must furnish to the secretary of the Corporation (1) that information required to be set forth in the stockholder's notice of nomination of such person as a director as of a date subsequent to the date on which the notice of such person's nomination was given and (2) such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation or that could be material to a reasonable stockholder's understanding of the independence, or lack thereof, of such nominee; in the absence of the furnishing of such information if requested, such stockholder's nomination shall not be considered in proper form pursuant to this Section 2.5(ii).

(d) Without exception, no person shall be eligible for election or re-election as a director of the Corporation at an annual meeting of stockholders unless nominated in accordance with the provisions set forth in this Section 2.5(ii). In addition, a nominee shall not be eligible for election or re-election if a stockholder or Stockholder Associated Person, as applicable, takes action contrary to the representations made in the Nominee Solicitation Statement applicable to such nominee or if the Nominee Solicitation Statement applicable to such nominee contains an untrue statement of a material fact or omits to state a material fact necessary to make the statements therein not misleading. The chairperson of the annual meeting shall, if the facts warrant, determine and declare at the annual meeting that a nomination was not made in accordance with the provisions prescribed by these bylaws, and if the chairperson should so determine, he or she shall so declare at the annual meeting, and the defective nomination shall be disregarded.

(iii) Advance Notice of Director Nominations for Special Meetings.

(a) For a special meeting of stockholders at which directors are to be elected pursuant to Section 2.3, nominations of persons for election to the board of directors shall be made only (1) by or at the direction of the board of directors or (2) by any stockholder of the Corporation who (A) is a stockholder of record at the time of the giving of the notice required by this Section 2.5(iii) and on the record date for the determination of stockholders entitled to vote at the special meeting and (B) delivers a timely written notice of the nomination to the secretary of the Corporation that includes the information set forth in Sections 2.5(ii)(b) and (ii)(c) above. To be timely, such notice must be received by the secretary at the principal executive offices of the Corporation not later than the close of business on the later of the 90th day prior to such special meeting or the tenth day following the day on which Public Announcement is first made of the date of the special meeting and of the nominees proposed by the board of directors to be elected at such meeting. A person shall not be eligible for election or re-election as a director at a special meeting unless the person is nominated (i) by or at the direction of the board of directors or (ii) by a stockholder in accordance with the notice procedures set forth in this Section 2.5(iii). In addition, a nominee shall not be eligible for election or re-election if a stockholder or Stockholder Associated Person, as applicable, takes action contrary to the representations made in the Nominee Solicitation Statement applicable to such nominee or if the Nominee Solicitation Statement applicable to such nominee contains an untrue statement of a material fact or omits to state a material fact necessary to make the statements therein not misleading.

(b) The chairperson of the special meeting shall, if the facts warrant, determine and declare at the meeting that a nomination or business was not made in accordance with the procedures prescribed by these bylaws, and if the chairperson should so determine, he or she shall so declare at the meeting, and the defective nomination or business shall be disregarded.

(iv) Other Requirements and Rights.

In addition to the foregoing provisions of this Section 2.5, a stockholder must also comply with all applicable requirements of state law and of the 1934 Act and the rules and regulations thereunder with respect to the matters set forth in this Section 2.5. Nothing in this Section 2.5 shall be deemed to affect any right of the Corporation to omit a proposal from the Corporation's proxy statement pursuant to Rule 14a-8 (or any successor provision) under the 1934 Act and nothing in this Section 2.5 shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

2.6 MANNER OF GIVING NOTICE; AFFIDAVIT OF NOTICE

Written notice of any meeting of stockholders, if mailed, is given when deposited in the United States mail, postage prepaid, directed to the stockholder at his address as it appears on the records of the Corporation. An affidavit of the secretary or an assistant secretary or of the transfer agent of the Corporation that the notice has been given shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

2.7 QUORUM

The holders of a majority of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise provided by statute or by the Certificate of Incorporation. If, however, such quorum is not present or represented at any meeting of the stockholders, then either (i) the chairman of the meeting, or (ii) the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present or represented. At such adjourned meeting at which a quorum is present or represented, any business may be transacted that might have been transacted at the meeting as originally noticed.

When a quorum is present or represented at any meeting, the vote of the holders of a majority of the stock having voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which, by express provisions of the statutes, the Certificate of Incorporation, these Bylaws, the applicable stock exchange or the rules of the Securities Exchange Act of 1934, as amended, a different vote is required, in which case such express provision shall govern and control the decision of the question.

2.8 ADJOURNED MEETING; NOTICE

When a meeting is adjourned to another time or place, unless these Bylaws otherwise require, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting the Corporation may transact any business that might have been transacted at the original meeting. If the adjournment is for more than 30 days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

2.9 VOTING

The stockholders entitled to vote at any meeting of stockholders shall be determined in accordance with the provisions of Sections 2.12 and 2.14 of these Bylaws, subject to the provisions of Sections 217 and 218 of the General Corporation Law of Delaware (relating to voting rights of fiduciaries, pledgors and joint owners of stock and to voting trusts and other voting agreements).

Except as may be otherwise provided in the Certificate of Incorporation, each stockholder shall be entitled to one vote for each share of capital stock held by such stockholder.

2.10 WAIVER OF NOTICE

Whenever notice is required to be given under any provision of the General Corporation Law of Delaware or of the Certificate of Incorporation or these Bylaws, a written waiver thereof, signed by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders need be specified in any written waiver of notice unless so required by the Certificate of Incorporation or these Bylaws.

2.11 STOCKHOLDER ACTION BY WRITTEN CONSENT WITHOUT A MEETING

Notwithstanding the following provisions of this Section 2.11, effective upon the listing of the Common Stock of the Corporation on the Nasdaq Stock Market and the registration of any class of securities of the Corporation pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the stockholders of the Corporation may not take action by written consent without a meeting but must take any such actions at a duly called annual or special meeting.

Except as otherwise provided in this Section 2.11, any action required by this chapter to be taken at any annual or special meeting of stockholders of a Corporation, or any action that may be taken at any annual or special meeting of such stockholders, may be taken without a meeting, without prior notice, and without a vote if a consent in writing, setting forth the action so taken, is signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted.

Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing. If the action which is consented to is such as would have required the filing of a certificate under any section of the General Corporation Law of Delaware if such action had been voted on by stockholders at a meeting thereof, then the certificate filed under such section shall state, in lieu of any statement required by such section concerning any vote of stockholders, that written notice and written consent have been given as provided in Section 228 of the General Corporation Law of Delaware.

2.12 RECORD DATE FOR STOCKHOLDER NOTICE; VOTING; GIVING CONSENTS

In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the board of directors may fix, in advance, a record date, which shall not be more than 60 nor less than 10 days before the date of such meeting, nor more than 60 days prior to any other action.

If the board of directors does not so fix a record date, the fixing of such record date shall be governed by the provisions of Section 213 of the General Corporation Law of Delaware.

A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the board of directors may fix a new record date for the adjourned meeting.

2.13 PROXIES

Each stockholder entitled to vote at a meeting of stockholders or to express consent or dissent to corporate action in writing without a meeting may authorize another person or persons to act for him by a written proxy, signed by the stockholder and filed with the secretary of the Corporation, but no such proxy shall be voted or acted upon after 3 years from its date, unless the proxy provides for a longer period. A proxy shall be deemed signed if the stockholder's name is placed on the proxy (whether by manual signature, typewriting, telegraphic transmission or otherwise) by the stockholder or the stockholder's attorney-in-fact. The revocability of a proxy that states on its face that it is irrevocable shall be governed by the provisions of Section

212(c) of the General Corporation Law of Delaware.

2.14 LIST OF STOCKHOLDERS ENTITLED TO VOTE

The officer who has charge of the stock ledger of a Corporation shall prepare and make, at least 10 days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least 10 days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The stock ledger shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. The stock ledger shall be the only evidence as to who are the stockholders entitled to examine the stock ledger, the list of stockholders or the books of the Corporation, or to vote in person or by proxy at any meeting of stockholders and of the number of shares held by each such stockholder.

2.15 CONDUCT OF BUSINESS

Meetings of stockholders shall be presided over by the chairman of the board, if any, or in his absence by the president, or in his absence by a vice president, or in the absence of the foregoing persons by a chairman designated by the board of directors, or in the absence of such designation by a chairman chosen at the meeting. The secretary shall act as secretary of the meeting, but in his absence the chairman of the meeting may appoint any person to act as secretary of the meeting. The chairman of any meeting of stockholders shall determine the order of business and the procedures at the meeting, including such matters as the regulation of the manner of voting and conduct of business.

ARTICLE III

DIRECTORS

3.1 POWERS

Subject to the provisions of the General Corporation Law of Delaware and any limitations in the Certificate of Incorporation or these Bylaws relating to action required to be approved by the stockholders or by the outstanding shares, the business and affairs of the Corporation shall be managed and all corporate powers shall be exercised by or under the direction of the board of directors.

3.2 NUMBER AND ELECTION

The authorized number of directors of the Corporation shall be ten (10). No reduction of the authorized number of directors shall have the effect of removing any director before that director's term of office expires.

Effective as of the first meeting of stockholders at which the directors will be elected following the 2012 annual meeting of stockholders, each director shall be elected by the vote of the majority of the votes cast with respect to the nominee at any meeting for the election of directors at which a quorum is present, provided that, the directors shall be elected by the vote of a plurality of the votes cast on the election of directors at the 2012 annual meeting of stockholders and at any meeting for which (i) the Secretary receives a notice of a stockholder's intention to nominate a person or persons for election to the board of directors in compliance with the advance notice provisions of Section 2.5 of these Bylaws and (ii) such nomination has not been withdrawn by such stockholder on or before the fourteenth (14th) day preceding the date the Corporation first mails its notice of meeting for such meeting of stockholders. For purposes of this Section, a majority of the votes cast means that the number of shares voted “for” a director must exceed the number of votes cast “against” that director.

3.3 CLASSES OF DIRECTORS

At such time as a Registration Statement regarding the sale of the Corporation's Common Stock to the public is declared effective by the Securities and Exchange Commission, the Directors shall be divided into three classes designated as Class I, Class II and Class III, respectively. Directors shall be assigned to each class in accordance with a resolution or resolutions adopted by the Board of Directors. At the first annual meeting of stockholders following the closing of the Initial Public Offering, the term of office of the Class I Directors shall expire and Class I Directors shall be elected for a full term of three years. At the second annual meeting of stockholders following the closing of the Initial Public Offering, the term of office of the Class II Directors shall expire and Class II Directors shall be elected for a full term of three years. At the third annual meeting of stockholders following the closing of the Initial Public Offering, the term of office of the Class III Directors shall expire and Class III Directors shall be elected for a full term of three years. At each succeeding annual meeting of stockholders, Directors shall be elected for a full term of three years to succeed the Directors of the class whose terms expire at such annual meeting.

Notwithstanding the foregoing provisions of this Article, each Director shall serve until his successor is duly elected and qualified or until his earlier death, resignation or removal. No decrease in the number of Directors constituting the Board of Directors shall shorten the term of any incumbent Director.

3.4 RESIGNATION AND VACANCIES

Any director may resign at any time upon written notice to the Corporation. Stockholders may remove directors with or without cause. Any vacancy occurring in the board of directors with or without cause may be filled by a majority of the remaining members of the board of directors, although such majority is less than a quorum, or by a plurality of the votes cast at a meeting of stockholders, and each director so elected shall hold office until the expiration of the term of office of the director whom he has replaced.

Unless otherwise provided in the Certificate of Incorporation or these Bylaws:

(i) Vacancies and newly created directorships resulting from any increase in the authorized number of directors elected by all of the stockholders having the right to vote as a single class may be filled by a majority of the directors then in office, although less than a quorum, or by a sole remaining director.

(ii) Whenever the holders of any class or classes of stock or series thereof are entitled to elect one or more directors by the provisions of the Certificate of Incorporation, vacancies and newly created directorships of such class or classes or series may be filled by a majority of the directors elected by such class or classes or series thereof then in office, or by a sole remaining director so elected.

If at any time, by reason of death or resignation or other cause, the Corporation should have no directors in office, then any officer or any stockholder or an executor, administrator, trustee or guardian of a stockholder, or other fiduciary entrusted with like responsibility for the person or estate of a stockholder, may apply to the Court of Chancery for a decree summarily ordering an election as provided in Section 211 of the General Corporation Law of Delaware. If, at the time of filling any vacancy or any newly created directorship, the directors then in office constitute less than a majority of the whole board (as constituted immediately prior to any such increase), then the Court of Chancery may, upon application of any stockholder or stockholders holding at least 10% of the total number of the shares at the time outstanding having the right to vote for such directors, summarily order an election to be held to fill any such vacancies or newly created directorships, or to replace the directors chosen by the directors then in office as aforesaid, which election shall be governed by the provisions of Section 211 of the General Corporation Law of Delaware as far as applicable.

3.5 PLACE OF MEETINGS; MEETINGS BY TELEPHONE

The board of directors of the Corporation may hold meetings, both regular and special, either within or outside the State of Delaware.

Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, members of the board of directors, or any committee designated by the board of directors, may participate in a meeting of the board of directors, or any committee, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

3.6 REGULAR MEETINGS

Regular meetings of the board of directors may be held without notice at such time and at such place as shall from time to time be determined by the board.

3.7 SPECIAL MEETINGS; NOTICE

Special meetings of the board of directors for any purpose or purposes may be called at any time by the chairman of the board, the president, any vice president, the secretary or any two directors.

Notice of the time and place of special meetings shall be (i) delivered personally by hand, by courier or by telephone to each director, (ii) sent by first-class mail, postage prepaid, (iii) sent by facsimile, or (iv) sent by electronic mail, directed to each director at that director's address, telephone number, facsimile number or electronic mail address, as the case may be, as it is shown on the records of the Corporation.

If the notice is mailed, it shall be deposited in the United States mail at least 4 days before the time of the holding of the meeting. If the notice is (i) delivered personally by hand, by courier or by telephone, (ii) sent by facsimile, or (iii) sent by electronic mail, it shall be delivered or sent at least 24 hours before the time of the holding of the meeting. Any oral notice may be communicated to the director. The notice need not specify the place of the meeting, if the meeting is to be held at the principal executive office of the Corporation, or the purpose of the meeting.

3.8 QUORUM

At all meetings of the board of directors, a majority of the authorized number of directors shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the board of directors, except as may be otherwise specifically provided by statute or by the Certificate of Incorporation. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting.

3.9 WAIVER OF NOTICE

Whenever notice is required to be given under any provision of the General Corporation Law of Delaware or of the Certificate of Incorporation or these Bylaws, a written waiver thereof, signed by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the directors, or members of a committee of directors, need be specified in any written waiver of notice unless so required by the Certificate of Incorporation or these Bylaws.

3.10 ADJOURNED MEETING; NOTICE

If a quorum is not present at any meeting of the board of directors, then the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present.

3.11 CONDUCT OF BUSINESS

Meetings of the board of directors shall be presided over by the chairman of the board, if any, or in his absence by the chief executive officer, or in their absence by a chairman chosen at the meeting. The secretary shall act as secretary of the meeting, but in his absence the chairman of the meeting may appoint any person to act as secretary of the meeting. The chairman of any meeting shall determine the order of business and the procedures at the meeting.

3.12 BOARD ACTION BY WRITTEN CONSENT WITHOUT A MEETING

Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the board of directors, or of any committee thereof, may be taken without a meeting if all members of the board or committee, as the case may be, consent thereto in writing, or by electronic transmission and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the board or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

3.13 FEES AND COMPENSATION OF DIRECTORS

Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, the board of directors shall have the authority to fix the compensation of directors. The directors may be paid their expenses, if any, of attendance at each meeting of the board of directors and may be paid a fixed sum for attendance at each meeting of the board of directors or a stated salary as director. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

3.14 REMOVAL OF DIRECTORS

Unless otherwise restricted by statute, by the Certificate of Incorporation or by these Bylaws, any director or the entire board of directors may be removed, with or without cause, by the holders of a majority of the shares then entitled to vote at an election of directors. If at any time a class or series of shares is entitled to elect one or more directors, the provisions of this Article 3.14 shall apply to the vote of that class or series and not to the vote of the outstanding shares as a whole.

3.15 DIRECTOR INDEPENDENCE

At least two-thirds of the members of the board of directors must be independent as defined by the requirements of the exchange on which the Corporation's securities are listed and any other requirements of applicable law, provided, that in the event one or more directors become non-independent or resign and such change causes the proportion of independent directors to be less than two-thirds of the board of directors, the Corporation shall have 150 days from the effective date of such determination or resignation to elect a new independent director. For purposes of this Section 3.15, “independence” shall be determined in accordance with the then applicable rules and regulations of the Securities and Exchange Commission and the primary stock exchange on which the Corporation's stock is traded.

ARTICLE IV

COMMITTEES

4.1 COMMITTEES OF DIRECTORS

The board of directors may, by resolution passed by a majority of the whole board, designate one or more committees, with each committee to consist of one or more of the directors of the Corporation. The board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the board of directors to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the board of directors or in the Bylaws of the Corporation, shall have and may exercise all the powers and authority of the board of directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers that may require it; but no such committee shall have the power or authority to (i) amend the Certificate of Incorporation (except that a committee may, to the extent authorized in the resolution or resolutions providing for the issuance of shares of stock adopted by the board of directors as provided in Section 151(a) of the General Corporation Law of Delaware, fix any of the preferences or rights of such shares relating to dividends, redemption, dissolution, any distribution of assets of the Corporation or the conversion into, or the exchange of such shares for, shares of any other class or classes or any other series of the same or any other class or classes of stock of the Corporation), (ii) adopt an agreement of merger or consolidation under Sections 251 or 252 of the General Corporation Law of Delaware, (iii) recommend to the stockholders the sale, lease or exchange of all or substantially all of the Corporation's property and assets, (iv) recommend to the stockholders a dissolution of the Corporation or a revocation of a dissolution, or (v) amend the Bylaws of the Corporation; and, unless the board resolution establishing the committee, the Bylaws or the Certificate of Incorporation expressly so provide, no such committee shall have the power or authority to declare a dividend, to authorize the issuance of stock, or to adopt a certificate of ownership and merger pursuant to Section 253 of the General Corporation Law of Delaware.

4.2 COMMITTEE MINUTES

Each committee shall keep regular minutes of its meetings and report the same to the board of directors when required.

4.3 MEETINGS AND ACTION OF COMMITTEES

Meetings and actions of committees shall be governed by, and held and taken in accordance with, the provisions of Article III of these Bylaws, Section 3.5 (place of meetings and meetings by telephone), Section 3.6 (regular meetings), Section 3.7 (special meetings and notice), Section 3.8 (quorum), Section 3.9 (waiver of notice), Section 3.10 (adjournment and notice of adjournment), Section 3.11 (conduct of business) and 3.12 (action without a meeting), with such changes in the context of those Bylaws as are necessary to substitute the committee and its members for the board of directors and its members; provided, however, that the time of regular meetings of committees may also be called by resolution of the board of directors and that notice of special meetings of committees shall also be given to all alternate members, who shall have the right to attend all meetings of the committee. The board of directors may adopt rules for the government of any committee not inconsistent with the provisions of these Bylaws.

ARTICLE V

OFFICERS

5.1 OFFICERS

The officers of the Corporation shall be a chief executive officer, one or more vice presidents, a secretary and a chief financial officer. The Corporation may also have, at the discretion of the board of directors, a chairman of the board, a president, a chief operating officer, one or more executive, senior or assistant vice presidents, assistant secretaries and any such other officers as may be appointed in accordance with the provisions of

Section 5.2 of these Bylaws. Any number of offices may be held by the same person.

5.2 APPOINTMENT OF OFFICERS

Except as otherwise provided in this Section 5.2, the officers of the Corporation shall be appointed by the board of directors, subject to the rights, if any, of an officer under any contract of employment. The board of directors may appoint, or empower an officer to appoint, such officers and agents of the business as the Corporation may require (whether or not such officer or agent is described in this Article V), each of whom shall hold office for such period, have such authority, and perform such duties as are provided in these Bylaws or as the board of directors may from time to time determine. Any vacancy occurring in any office of the Corporation shall be filled by the board of directors or may be filled by the officer, if any, who appointed such officer.

5.3 REMOVAL AND RESIGNATION OF OFFICERS

Subject to the rights, if any, of an officer under any contract of employment, any officer may be removed, either with or without cause, by an affirmative vote of the majority of the board of directors at any regular or special meeting of the board or, except in the case of an officer chosen by the board of directors, by any officer upon whom such power of removal may be conferred by the board of directors or, in the case of an officer appointed by another officer, by such other officer.

Any officer may resign at any time by giving written notice to the Corporation. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice; and, unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the Corporation under any contract to which the officer is a party.

5.4 CHAIRMAN OF THE BOARD

The chairman of the board, if such an officer be elected, shall, if present, preside at meetings of the board of directors and exercise and perform such other powers and duties as may from time to time be assigned to him by the board of directors or as may be prescribed by these Bylaws. If there is no chief executive officer, then the chairman of the board shall also be the chief executive officer of the Corporation and shall have the powers and duties prescribed in Section 5.5 of these Bylaws.

5.5 CHIEF EXECUTIVE OFFICER

The Chief Executive Officer of the Corporation shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business and the officers of the Corporation. He or she shall preside at all meetings of the stockholders and, in the absence or nonexistence of a Chairman of the Board at all meetings of the Board of Directors. He or she shall have the general powers and duties of management usually vested in the chief executive officer of a Corporation, including general supervision, direction and control of the business and supervision of other officers of the Corporation, and shall have such other powers and duties as may be prescribed by the Board of Directors or these Bylaws.

The Chief Executive Officer shall, without limitation, have the authority to execute bonds, mortgages and other contracts requiring a seal, under the seal of the Corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the Corporation.

5.6 PRESIDENT

Subject to such supervisory powers as may be given by these Bylaws or the Board of Directors to the Chairman of the Board or the Chief Executive Officer, if there be such officers, the president shall have general supervision, direction and control of the business and supervision of other officers of the Corporation, and shall have such other powers and duties as may be prescribed by the Board of Directors or these Bylaws. In the event a Chief Executive Officer shall not be appointed, the President shall have the duties of such office.

5.7 VICE PRESIDENT

In the absence or disability of the president, the vice presidents, if any, in order of their rank as fixed by the board of directors or, if not ranked, a vice president designated by the board of directors, shall perform all the duties of the chief executive officer and when so acting shall have all the powers of, and be subject to all the restrictions upon, the chief executive officer. The vice presidents shall have such other powers and perform such other duties as from time to time may be prescribed for them respectively by the board of directors, these Bylaws, the chief executive officer or the chairman of the board.

5.8 SECRETARY

The secretary shall keep or cause to be kept, at the principal executive office of the Corporation or such other place as the board of directors may direct, a book of minutes of all meetings and actions of directors, committees of directors, and stockholders. The minutes shall show the time and place of each meeting, whether regular or special (and, if special, how authorized and the notice given), the names of those present at directors' meetings or committee meetings, the number of shares present or represented at stockholders' meetings, and the proceedings thereof.

The secretary shall keep, or cause to be kept, at the principal executive office of the Corporation or at the office of the Corporation's transfer agent or registrar, as determined by resolution of the board of directors, a share register, or a duplicate share register, showing the names of all stockholders and their addresses, the number and classes of shares held by each, the number and date of certificates evidencing such shares, and the number and date of cancellation of every certificate surrendered for cancellation. The secretary shall give, or cause to be given, notice of all meetings of the stockholders and of the board of directors required to be given by law or by these Bylaws. He shall keep the seal of the Corporation, if one be adopted, in safe custody and shall have such other powers and perform such other duties as may be prescribed by the board of directors or by these Bylaws.

5.9 CHIEF FINANCIAL OFFICER

The chief financial officer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and business transactions of the Corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings and shares. The books of account shall at all reasonable times be open to inspection by any director.

The chief financial officer shall deposit all money and other valuables in the name and to the credit of the Corporation with such depositaries as may be designated by the board of directors. He shall disburse the funds of the Corporation as may be ordered by the board of directors, shall render to the chief executive officer and directors, whenever they request it, an account of all of his transactions as treasurer and of the financial condition of the Corporation, and shall have such other powers and perform such other duties as may be prescribed by the board of directors or these Bylaws.

5.10 ASSISTANT SECRETARY

The assistant secretary, or, if there is more than one, the assistant secretaries in the order determined by the stockholders or board of directors

(or if there be no such determination, then in the order of their election)

shall, in the absence of the secretary or in the event of his or her inability or refusal to act, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the board of directors or the stockholders may from time to time prescribe.

5.11 AUTHORITY AND DUTIES OF OFFICERS

In addition to the foregoing authority and duties, all officers of the Corporation shall respectively have such authority and perform such duties in the management of the business of the Corporation as may be designated from time to time by the board of directors or the stockholders.

ARTICLE VI

INDEMNITY

6.1 THIRD PARTY ACTIONS

The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that the person is or was a director, officer, employee or an agent of the Corporation, or is or was serving at the request of the Corporation, any predecessor of the Corporation, or any subsidiary of the Corporation, as a director or officer of another corporation, partnership, joint venture trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, any predecessor of the Corporation, or any subsidiary of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interest of the

Corporation, any predecessor of the Corporation, or any subsidiary of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

The Corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that the person is or was a director, officer, employee or an agent of the Corporation, or is or was serving at the request of the Corporation, any predecessor of the Corporation, or any subsidiary of the Corporation, as an employee or agent of another corporation, partnership, joint venture trust or other enterprise, against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, any predecessor of the Corporation, or any subsidiary of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interest of the Corporation, any predecessor of the Corporation, or any subsidiary of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

6.2 ACTIONS BY OR IN THE RIGHT OF THE CORPORATION

The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation, any predecessor of the Corporation, or any subsidiary of the Corporation, to procure a judgment in its favor by reason of the fact that he is or was a director or officer of Corporation, any predecessor of the Corporation, or any subsidiary of the Corporation, or is or was serving at the request of the Corporation, any predecessor of the Corporation, or any subsidiary of the Corporation, as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in manner he reasonably believed to be in or not opposed to the best interests of the Corporation, any predecessor of the Corporation, or any subsidiary of the Corporation, and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation, any predecessor of the Corporation, or any subsidiary of the Corporation, unless and only to the extent that the Delaware Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Delaware Court of Chancery or such other court shall deem proper.

The Corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation, any predecessor of the Corporation, or any subsidiary of the Corporation, to procure a judgment in its favor by reason of the fact that he is or was an employee or agent of the Corporation, any predecessor of the Corporation, or any subsidiary of the Corporation, or is or was serving at the request of the Corporation, any predecessor of the Corporation, or any subsidiary of the Corporation, as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorney's fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in manner he reasonably believed to be in or not opposed to the best interests of the Corporation, any predecessor of the Corporation, or any subsidiary of the Corporation, and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation, any predecessor of the Corporation, or any subsidiary of the Corporation, unless and only to the extent that the Delaware Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Delaware Court of Chancery or such other court shall deem proper.

6.3 SUCCESSFUL DEFENSE

To the extent that a director, officer, employee or agent of the Corporation, any predecessor of the Corporation, or any subsidiary of the Corporation, has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Sections 6.1 and 6.2, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

6.4 DETERMINATION OF CONDUCT

Any indemnification under Sections 6.1 and 6.2 (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that the indemnification of the director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in Sections 6.1 and 6.2. Such determination shall be made (1) by the board of Directors or the Executive Committee by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) or if such quorum is not obtainable or, even if obtainable, a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (3) by the stockholders.

6.5 PAYMENT OF EXPENSES IN ADVANCE

Expenses incurred in defending a civil or criminal action, suit or proceeding shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the Corporation as authorized in this Article VI.

6.6 INDEMNITY NOT EXCLUSIVE

The indemnification and advancement of expenses provided or granted pursuant to the other subsections of this section shall not be deemed exclusive of any other rights or limiting any other rights to which those seeking indemnification or advancement of expenses may be entitled under any by-law, certificate of incorporation, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another while holding such office.

6.7 INSURANCE INDEMNIFICATION

The Corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, any predecessor of the Corporation, or any subsidiary of the Corporation, or is or was serving at the request of the Corporation, as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under the provisions of this Article VI.

6.8 THE CORPORATION

For purposes of this Article VI, references to “the Corporation” shall include, in addition to the resulting Corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, and employees or agents, so that any person who is was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under and subject to the provisions of this Article VI (including, without limitation the provisions of Section 6.4) with respect to the resulting or surviving corporation as he would have with respect to such constituent corporation if its separate existence had continued.

6.9 EMPLOYEE BENEFIT PLANS

For purposes of this Article VI, references to “other enterprises” shall include employee benefit plans; references to “fines” shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to “serving at the request of the Corporation” shall include any service as a director, officer, employee or agent of the Corporation which imposes duties on, or involves services by, such director, officer, employee, or agent with respect to an employee benefit plan, its participants, or beneficiaries; and a person who acted in good faith and in a manner he reasonably deemed to have acted in a manner “not opposed to the best interests of the Corporation” as referred to in this Article VI.

6.10 CONTINUATION OF INDEMNIFICATION AND ADVANCEMENT OF EXPENSES

The indemnification and advanced of expenses provided by, or granted pursuant to, this Article VI shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

6.11 INDEMNITY FUND

Upon resolution passed by the Board, the Corporation may create a trust fund, grant a security interest and/or use other means (including, without limitation, letters of credit, surety bonds and/or similar arrangements), to ensure the payment of certain of its obligations arising under this Article VI and/or agreements which may be entered into between the Corporation and its officers and/or directors from time to time.

ARTICLE VII

RECORDS AND REPORTS

7.1 MAINTENANCE AND INSPECTION OF RECORDS

The Corporation shall, either at its principal executive office or at such place or places as designated by the board of directors, keep a record of its stockholders listing their names and addresses and the number and class of shares held by each stockholder, a copy of these Bylaws as amended to date, accounting books, and other records.

Any stockholder of record, in person or by attorney or other agent, shall, upon written demand under oath stating the purpose thereof, have the right during the usual hours for business to inspect for any proper purpose the Corporation's stock ledger, a list of its stockholders, and its other books and records and to make copies or extracts therefrom. A proper purpose shall mean a purpose reasonably related to such person's interest as a stockholder. In every instance where an attorney or other agent is the person who seeks the right to inspection, the demand under oath shall be accompanied by a power of attorney or such other writing that authorizes the attorney or other agent to so act on behalf of the stockholder. The demand under oath shall be directed to the Corporation at its registered office in Delaware or at its principal place of business.

7.2 INSPECTION BY DIRECTORS

Any director shall have the right to examine the Corporation's stock ledger, a list of its stockholders and its other books and records for a purpose reasonably related to his position as a director. The Court of Chancery is hereby vested with the exclusive jurisdiction to determine whether a director is entitled to the inspection sought. The Court may summarily order the Corporation to permit the director to inspect any and all books and records, the stock ledger, and the stock list and to make copies or extracts therefrom. The Court may, in its discretion, prescribe any limitations or conditions with reference to the inspection, or award such other and further relief as the Court may deem just and proper.

7.3 REPRESENTATION OF SHARES OF OTHER CORPORATIONS

The chairman of the board, the chief executive officer, any vice president, the chief financial officer, the secretary or assistant secretary of this Corporation, or any other person authorized by the board of directors or the chief executive officer or a vice president, is authorized to vote, represent, and exercise on behalf of this Corporation all rights incident to any and all shares of any other corporation or corporations standing in the name of this Corporation. The authority granted herein may be exercised either by such person directly or by any other person authorized to do so by proxy or power of attorney duly executed by such person having the authority.

ARTICLE VIII

GENERAL MATTERS

8.1 CHECKS

From time to time, the board of directors shall determine by resolution which person or persons may sign or endorse all checks, drafts, other orders for payment of money, notes or other evidences of indebtedness that are issued in the name of or payable to the Corporation, and only the persons so authorized shall sign or endorse those instruments.

8.2 EXECUTION OF CORPORATE CONTRACTS AND INSTRUMENTS

The board of directors, except as otherwise provided in these Bylaws, may authorize any officer or officers, or agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the Corporation; such authority may be general or confined to specific instances. Unless so authorized or ratified by the board of directors or within the agency power of an officer, no officer, agent or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or for any amount.

8.3 STOCK CERTIFICATES; PARTLY PAID SHARES

The shares of a corporation shall be represented by certificates, provided that the board of directors of the Corporation may provide by resolution or resolutions that some or all of any or all classes or series of its stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the Corporation. Notwithstanding the adoption of such a resolution by the board of directors, every holder of stock represented by certificates and upon request every holder of uncertificated shares shall be entitled to have a certificate signed by, or in the name of the Corporation by the chairman or vice-chairman of the board of directors, or the president or vice-president, and by the treasurer or an assistant treasurer, or the secretary or an assistant secretary of such Corporation representing the number of shares registered in certificate form. Any or all of the signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate has to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

The Corporation may issue the whole or any part of its shares as partly paid and subject to call for the remainder of the consideration to be paid therefor. Upon the face or back of each stock certificate issued to represent any such partly paid shares, upon the books and records of the Corporation in the case of uncertificated partly paid shares, the total amount of the consideration to be paid therefor and the amount paid thereon shall be stated. Upon the declaration of any dividend on fully paid shares, the Corporation shall declare a dividend upon partly paid shares of the same class, but only upon the basis of the percentage of the consideration actually paid thereon.

8.4 SPECIAL DESIGNATION ON CERTIFICATES

If the Corporation is authorized to issue more than one class of stock or more than one series of any class, then the powers, the designations, the preferences, and the relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate that the Corporation shall issue to represent such class or series of stock; provided, however, that, except as otherwise provided in Section 202 of the General Corporation Law of Delaware, in lieu of the foregoing requirements there may be set forth on the face or back of the certificate that the Corporation shall issue to represent such class or series of stock a statement that the Corporation will furnish without charge to each stockholder who so requests the powers, the designations, the preferences, and the relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights. Within a reasonable time after the issuance or transfer of uncertificated stock, the corporation shall send to the registered owner thereof a written notice containing the information required to be set forth or stated on certificates pursuant to this Section 8.4 or Sections 156, 202(a) or 218(a) of the General Corporation Law of Delaware or with respect to this Section 8.4 a statement that the corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights. Except as otherwise expressly provided by law, the rights and obligations of the holders of uncertificated stock and the rights and obligations of the holders of certificates representing stock of the same class and series shall be identical.

8.5 LOST CERTIFICATES

Except as provided in this Section 8.5, no new certificates for shares shall be issued to replace a previously issued certificate unless the latter is surrendered to the Corporation and cancelled at the same time. The Corporation may issue a new certificate of stock or uncertificated shares in the place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the Corporation may require the owner of the lost, stolen or destroyed certificate, or his legal representative, to give the Corporation a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate or uncertificated shares.

8.6 CONSTRUCTION; DEFINITIONS

Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the Delaware General Corporation Law shall govern the construction of these Bylaws. Without limiting the generality of this provision, the singular number includes the plural, the plural number includes the singular, and the term “person” includes both a Corporation and a natural person.

8.7 DIVIDENDS

The directors of the Corporation, subject to any restrictions contained in the Certificate of Incorporation, may declare and pay dividends upon the shares of its capital stock pursuant to the General Corporation Law of Delaware. Dividends may be paid in cash, in property, or in shares of the Corporation's capital stock.

The directors of the Corporation may set apart out of any of the funds of the Corporation available for dividends a reserve or reserves for any proper purpose and may abolish any such reserve. Such purposes shall include but not be limited to equalizing dividends, repairing or maintaining any property of the Corporation, and meeting contingencies.

8.8 FISCAL YEAR

The fiscal year of the Corporation shall be fixed by resolution of the board of directors and may be changed by the board of directors.

8.9 SEAL

The Corporation may adopt a corporate seal, which may be altered at pleasure, and may use the same by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

8.10 TRANSFER OF STOCK

Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignation or authority to transfer, it shall be the duty of the Corporation to issue a new certificate or uncertificated shares to the person entitled thereto, cancel the old certificate, and record the transaction in its books.

8.11 STOCK TRANSFER AGREEMENTS

The Corporation shall have power to enter into and perform any agreement with any number of stockholders of any one or more classes of stock of the Corporation to restrict the transfer of shares of stock of the Corporation of any one or more classes owned by such stockholders in any manner not prohibited by the General Corporation Law of Delaware.

8.12 REGISTERED STOCKHOLDERS

The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends and to vote as such owner, shall be entitled to hold liable for calls and assessments the person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of another person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

ARTICLE IX

AMENDMENTS

The original or other Bylaws of the Corporation may be adopted, amended or repealed by the stockholders entitled to vote; provided, however, that the Corporation may, in its Certificate of Incorporation, confer the power to adopt, amend or repeal Bylaws upon the directors. The fact that such power has been so conferred upon the directors shall not divest the stockholders of the power, nor limit their power to adopt, amend or repeal Bylaws.

ARTICLE X

DISSOLUTION

If it should be deemed advisable in the judgment of the board of directors of the Corporation that the Corporation should be dissolved, the board, after the adoption of a resolution to that effect by a majority of the whole board at any meeting called for that purpose, shall cause notice to be mailed to each stockholder entitled to vote thereon of the adoption of the resolution and of a meeting of stockholders to take action upon the resolution.

At the meeting a vote shall be taken for and against the proposed dissolution. If a majority of the outstanding stock of the Corporation entitled to vote thereon votes for the proposed dissolution, then a certificate stating that the dissolution has been authorized in accordance with the provisions of Section 275 of the General Corporation Law of Delaware and setting forth the names and residences of the directors and officers shall be executed, acknowledged, and filed and shall become effective in accordance with Section 103 of the General Corporation Law of Delaware. Upon such certificate's becoming effective in accordance with Section 103 of the General Corporation Law of Delaware, the Corporation shall be dissolved.

ARTICLE XI

CUSTODIAN

11.1 APPOINTMENT OF A CUSTODIAN IN CERTAIN CASES

The Court of Chancery, upon application of any stockholder, may appoint one or more persons to be custodians and, if the Corporation is insolvent, to be receivers, of and for the Corporation when:

(i) at any meeting held for the election of directors the stockholders are so divided that they have failed to elect successors to directors whose terms have expired or would have expired upon qualification of their successors; or

(ii) the business of the Corporation is suffering or is threatened with irreparable injury because the directors are so divided respecting the management of the affairs of the Corporation that the required vote for action by the board of directors cannot be obtained and the stockholders are unable to terminate this division; or

(iii) the Corporation has abandoned its business and has failed within a reasonable time to take steps to dissolve, liquidate or distribute its assets.

11.2 DUTIES OF CUSTODIAN

The custodian shall have all the powers and title of a receiver appointed under Section 291 of the General Corporation Law of Delaware, but the authority of the custodian shall be to continue the business of the Corporation and not to liquidate its affairs and distribute its assets, except when the Court of Chancery otherwise orders and except in cases arising under Sections 226(a)(3) or 352(a)(2) of the General Corporation Law of Delaware.

ARTICLE XII

LOANS TO OFFICERS

Subject to applicable law, the Corporation may lend money to, or guarantee any obligation of, or otherwise assist any officer or other employee of the Corporation or of its subsidiaries, including any officer or employee who is a Director of the Corporation or its subsidiaries, whenever, in the judgment of the Board of Directors, such loan, guarantee or assistance may reasonably be expected to benefit the Corporation. The loan, guarantee or other assistance may be with or without interest and may be unsecured, or secured in such manner as the Board of Directors shall approve, including, without limitation, a pledge of shares of stock of the Corporation. Nothing in this Bylaw shall be deemed to deny, limit or restrict the powers of guaranty or warranty of the Corporation at common law or under any statute.

EXHIBIT 10.57

JUNIPER NETWORKS, INC.

SEVERANCE AGREEMENT

This Severance Agreement (the “Agreement”) is made and entered into by and between ______________ (the “Employee”) and Juniper Networks, Inc., a Delaware Corporation (the “Company”), effective as of ___________, 2012 (the “Effective Date”).

RECITALS

The Compensation Committee believes that it is imperative to provide the Employee with certain severance benefits upon certain terminations of employment. These benefits will provide the Employee with enhanced financial security and incentive and encouragement to remain with the Company.

Certain capitalized terms used in the Agreement are defined below.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties hereto agree as follows:

1. Term of Agreement. This Agreement shall terminate upon the later of (i) January 1, 2015 or (ii) if Employee is terminated involuntarily by Company without Cause prior to January 1, 2015, the date that all of the obligations of the parties hereto with respect to this Agreement have been satisfied.

2. At-Will Employment. The Company and the Employee acknowledge that the Employee's employment is and shall continue to be at-will, as defined under applicable law, except as may otherwise be specifically provided by applicable law or under the terms of any written formal employment agree-ment or offer letter between the Company and the Employee (an “Employment Agreement”). This Agreement does not constitute an agreement to employ Employee for any specific time.

3. Severance Benefits.

(a) In the event the Employee is terminated involuntarily by Company without Cause, as defined below, and provided the Employee executes and does not revoke a full release of claims with the Company (in a form satisfactory to the Company and effective no later than March 15 of the year following the year in which the termination occurs) (the “Release”), the Employee will be entitled to receive the severance benefits set out in subsections (i) and (ii). For purposes of this Agreement, “Cause” is defined as: (i) willfully engaging in gross misconduct that is demonstrably injurious to Company; (ii) willful act or acts of dishonesty or malfeasance undertaken by the individual; (iii) conviction of or a plea of nolo contendere to a felony; or (iv) willful and continued refusal or failure to substantially perform duties with Company (other than incapacity due to physical or mental illness); provided that the action or conduct described in clause (iv) above will constitute “Cause” only if such failure continues after the Company's CEO, COO or Board of Directors has provided the individual with a written demand for substantial performance setting forth in detail the specific respects in which it believes the individual has willfully and not substantially performed the individual's duties thereof and has been provided a reasonable opportunity (to be not less than 30 days) to cure the same.

(i) A cash payment in a lump sum (less any withholding taxes) equal to [12 months for Grade 15, 15 months for Grade 16, 16.5 months for Grade 17] months of base salary (as in effect immediately prior to the termination).

(ii) In lieu of continuation of benefits, Employee shall receive $18,000 (whether or not Employee elects COBRA).

(b) Release Effectiveness . The receipt of any severance pursuant to Section 3(a) will be subject to Employee signing and not revoking the Release and provided that such Release is effective within sixty (60) days following the termination of employment. No severance pursuant to such Section will be paid or provided until the Release becomes effective. In the event the termination occurs at a time during the calendar year where it would be possible for the Release to become effective in the calendar year following the calendar year in which the Employee's termination occurs, any severance that would be considered Deferred Compensation Separation Benefits (as defined in Section 3(d)) will be paid on the first payroll date to occur during the calendar year following the calendar year in which such termination occurs.

(c) Timing of Severance Payments. Any cash severance payment to which Employee is entitled shall be paid by the Company to Employee in a single lump sum in cash on the Release's effective date.

(d) Change of Control Benefits. In the event the Employee receives severance and other benefits pursuant to a change in control agreement that are greater than or equal to the amounts payable hereunder, then the Employee shall not be entitled to receive severance or any other benefits under this Agreement.

(e) Section 409A.

(i) Notwithstanding anything to the contrary in this Agreement, if Employee is a “specified employee” within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”) and the final regulations and any guidance promulgated thereunder (“Section 409A”) at the time of Employee's termination (other than due to death) or resignation, then the severance payable to Employee, if any, pursuant to this Agreement, when considered together with any other severance payments or separation benefits that are considered deferred compensation under Section 409A (together, the “Deferred Compensation Separation Benefits”) that are payable within the first six (6) months following Employee's termination of employment, will become payable on or within ten days following the first payroll date that occurs on or after the date six (6) months and one (1) day following the date of Employee's termination of employment. All subsequent Deferred Compensation Separation Benefits, if any, will be payable in accordance with the payment schedule applicable to each payment or benefit. Notwithstanding anything herein to the contrary, if Employee dies following his termination but prior to the six (6) month anniversary of his termination, then any payments delayed in accordance with this paragraph will be payable in a lump sum as soon as administratively practicable after the date of Employee's death and all other Deferred Compensation Separation Benefits will be payable in accordance with the payment schedule applicable to each payment or benefit. Each payment and benefit payable under this Agreement is intended to constitute separate payments for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations.

(ii) Any amount paid under this Agreement that satisfies the requirements of the “short-term deferral” rule set forth in Section 1.409A-1(b)(4) of the Treasury Regulations shall not constitute Deferred Compensation Separation Benefits for purposes of clause (i) above.

(iii) Any amount paid under this Agreement that qualifies as a payment made as a result of an involuntary separation from service pursuant to Section 1.409A-1(b)(9)(iii) of the Treasury Regulations that do not exceed the Section 409A Limit shall not constitute Deferred Compensation Separation Benefits for purposes of clause (i) above. “Section 409A Limit” will mean the lesser of two (2) times: (i) Employee's annualized compensation based upon the annual rate of pay paid to Employee during the Employee's taxable year preceding the Employee's taxable year of Employee's termination of employment as determined under, and with such adjustments as are set forth in, Treasury Regulation 1.409A-1(b)(9)(iii)(A)(1) and any Internal Revenue Service guidance issued with respect thereto; or (ii) the maximum amount that may be taken into account under a qualified plan pursuant to Section 401(a)(17) of the Code for the year in which Employee's employment is terminated.

(iv) The foregoing provisions are intended to comply with the requirements of Section 409A so that none of the severance payments and benefits to be provided hereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to so comply. The Company and Employee agree to work together in good faith to consider amendments to this Agreement and to take such reasonable actions which are necessary, appropriate or desirable to avoid imposition of any additional tax or income recognition prior to actual payment to Employee under Section 409A.

4. Successors.

(a) The Company's Successors. Any successor to the Company (whether direct or indirect and whether by purchase, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business and/or assets shall assume the obligations under this Agreement and agree expressly to perform the obligations under this Agreement in the same manner and to the same extent as the Company would be required to perform such obligations in the absence of a succession. For all purposes under this Agreement, the term "Company" shall include any successor to the Company's business and/or assets which executes and delivers the assumption agreement described in this Section 4(a) or which becomes bound by the terms of this Agreement by operation of law. The term "Company" shall also include any direct or indirect that is majority owned by Juniper Networks, Inc.

(b) The Employee's Successors. The terms of this Agreement and all rights of the Employee hereunder shall inure to the benefit of, and be enforceable by, the Employee's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

5. Notice. All notices and other communications required or permitted here-under shall be in writing, shall be effective when given, and shall in any event be deemed to be given upon receipt or, if earlier, (a) five (5) days after deposit with the U.S. Postal Service or other applicable postal service, if delivered by first class mail, postage prepaid, (b) upon delivery, if delivered by hand, (c) one (1) business day after the business day of deposit with Federal Express or similar overnight courier, freight prepaid or (d) one (1) business day after the business day of facsimile transmission, if delivered by facsimile transmission with copy by first class mail, postage prepaid, and shall be addressed (i) if to Employee, at his or her last known residential address and (ii) if to the Company, at the address of its principal corporate offices (attention: Secretary), or in any such case at such other address as a party may designate by ten (10) days' advance written notice to the other party pursuant to the provisions above.

6. Miscellaneous Provisions.

(a) No Duty to Mitigate. The Employee shall not be required to mitigate the amount of any payment contemplated by this Agreement, nor shall any such payment be reduced by any earnings that the Employee may receive from any other source.

(b) Waiver. No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by the Employee and by an authorized officer of the Company (other than the Employee). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(c) Headings. All captions and section headings used in this Agreement are for convenient reference only and do not form a part of this Agreement.

(d) Entire Agreement. This Agreement constitutes the entire agreement of the parties hereto and supersedes in their entirety all prior representations, understandings, undertakings or agreements (whether oral or written and whether expressed or implied) of the parties with respect to the subject matter hereof.

(e) Choice of Law. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of California. The Superior Court of Santa Clara County and/or the United States District Court for the Northern District of California shall have exclusive jurisdiction and venue over all controversies in connection with this Agreement.

(f) Severability . The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision hereof, which shall remain in full force and effect.

(g) Withholding . All payments made pursuant to this Agreement will be subject to withholding of applicable income and employment taxes.

(h) Counterparts . This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officer, as of the day and year set forth below.

COMPANY JUNIPER NETWORKS, INC.

By:

Name: ______________________________

Title:

EMPLOYEE

Name:

EXHIBIT 10.58

JUNIPER NETWORKS, INC.

CHANGE OF CONTROL AGREEMENT

This Change of Control Agreement (the "Agreement") is made and entered into by and between ___________ (the "Employee") and Juniper Networks, Inc., a Delaware Corporation (the "Company"), effective as of _____________, 2012 (the "Effective Date").

RECITALS

1. It is expected that the Company from time to time will consider the possibility of an acquisition by another company or other change of control. The Board of Directors of the Company (the "Board") recognizes that such consideration can be a distraction to the Employee and can cause the Employee to consider alternative employment opportunities. The Board has determined that it is in the best interests of the Company and its stockholders to assure that the Company will have the continued dedication and objectivity of the Employee, notwithstanding the possibility, threat or occurrence of a Change of Control (as defined herein) of the Company.

2. The Board believes that it is in the best interests of the Company and its stockholders to provide the Employee with an incentive to continue his or her employment and to motivate the Employee to maximize the value of the Company upon a Change of Control for the benefit of its stockholders.

3. The Board believes that it is imperative to provide the Employee with certain severance benefits upon certain terminations of employment following a Change of Control. These benefits will provide the Employee with enhanced financial security and incentive and encouragement to remain with the Company notwithstanding the possibility of a Change of Control.

4. Certain capitalized terms used in the Agreement are defined in Section 6 below.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties hereto agree as follows:

1. Term of Agreement. This Agreement shall terminate upon the later of (i) January 1, 2015 or (ii) if a Change of Control has occurred on or before January 1, 2015 (or if a definitive agreement relating to a Change in Control has been signed by the Company on or before January 1, 2015 and the closing of that transaction occurs on or before March 31, 2015), the date that all of the obligations of the parties hereto with respect to this Agreement have been satisfied.

2. At-Will Employment. The Company and the Employee acknowledge that the Employee's employment is and shall continue to be at-will, as defined under applicable law, except as may otherwise be specifically provided under the terms of any written formal employment agree-ment or offer letter between the Company and the Employee (an "Employment Agreement"). If the Employee's employment terminates for any reason, including (without limitation) any termination prior to a Change of Control, the Employee shall not be entitled to any payments, benefits, damages, awards or compensation other than as provided by this Agreement or under his or her Employment Agreement, or as may otherwise be available in accordance with the Company's established employee plans.

3. Severance Benefits.

(a) Involuntary Termination Other than for Cause or Voluntary Termination for Good Reason Following a Change of Control Period. If (i) between the date that is four (4) months following a

Change of Control and the date that is twelve (12) months following a Change of Control the Employee terminates his or her employment with the Company (or any parent or subsidiary of the Company) for "Good Reason" (as defined herein), provided however, that the grounds for Good Reason may arise at anytime within the twelve (12) months following the Change of Control, or (ii) within twelve (12) months following a Change of Control the Company (or any parent or subsidiary of the Company) terminates the Employee's employment for other than "Cause" (as defined herein), and the Employee signs and does not revoke a standard release of claims with the Company (in a form acceptable to the Company and effective no later than March 15 of the year following the year in which the termination occurs) (the "Release"), then the Employee shall receive the following severance from the Company:

(i) Severance Payment. The Employee shall be entitled to receive a lump-sum severance payment (less applicable withholding taxes) equal to 100% of the Employee's annual base salary (as in effect immediately prior to (A) the Change of Control, or (B) the Employee's termination, whichever is greater) plus 100% of the Employee's target bonus for the fiscal year in which the Change of Control or the Employee's termination occurs, whichever is greater).

(ii) Equity Compensation Acceleration. One hundred percent (100%) of Employee's then unvested outstanding stock options, stock appreciation rights, restricted stock units and other Company equity compensation awards (the "Equity Compensation Awards") that vest based on time (such as an option that vests 25% on the first anniversary of grant and 1/48 th monthly thereafter) shall immediately vest and became exercisable (and any rights of repurchase by the Company or restriction on sale shall lapse). With respect to Equity Compensation Awards that vest wholly or in part based on factors other than time, such as performance (whether individual or based on external measures such as Company performance, market share, stock price, etc.), (i) any portion for which the measurement or performance period or performance measures have been completed and the resulting quantities have been determined or calculated, shall immediately vest and become exercisable (and any rights of repurchase by the Company or restriction on sale shall lapse) and (ii) the remaining portions shall immediately vest and become exercisable (and any rights of repurchase by the Company or restriction on sale shall lapse) in an amount equal to the number that would be calculated if the performance measures were achieved at the target level (for example, if the employee were granted 300 three year performance shares, where (a) the amount that can be earned is determined each year based on performance against annual performance targets but the entire amount vests at the end of the three years and (b) at target performance levels the employee could earn 1/3 of the amount each year and (c) the first year had been completed and the performance resulted in a calculation that 85 shares were earned and (d) the employee is terminated prior to the completion of year 2, then the amount that would vest and become immediately exercisable would be 285 shares -- representing the 85 shares calculated for year 1 and the target amount of 100 shares for each of year 2 and year 3); provided however, that if there is no "target" number, then the number that vest shall be 100% of the amounts that could vest with respect to that measurement period. Any Company stock options and stock appreciation rights shall thereafter remain exercisable following the Employee's employment termination for the period prescribed in the respective option and stock appreciation right agreements.

(iii) Continued Employee Benefits . In lieu of continuation of benefits, Employee shall receive $36,000 (whether or not Employee elects COBRA).

(b) Timing of Severance Payments .

(i) *Payment Timing* . One half of the severance payment to which Employee is entitled shall be paid by the Company to Employee in cash on the 60th calendar day after Employee's termination of employment, but in no case prior to the effective date of the Release. The other half of the severance payment to which Employee is entitled shall be paid by the Company to Employee in cash not later than six months after Employee's termination of employment, but in no case prior to the effective date of the Release. If the Employee should die before all amounts have been paid, such unpaid amounts shall be paid in a lump-sum payment (less any withholding taxes) to the Employee's designated beneficiary, if living, or otherwise to the personal representative of the Employee's estate.

(ii) *Release Effectiveness.* The receipt of any severance pursuant to Section 3(a) will be subject to Employee signing and not revoking the Release and provided that such Release is effective within sixty (60) days following the termination of employment. No severance pursuant to such Section will be paid or provided until the Release becomes effective. In the event the termination occurs at a time during the calendar year where it would be possible for the Release to become effective in the calendar year following the calendar year in which the Employee's termination occurs, any severance that would be considered Deferred Compensation Separation Benefits (as defined in Section 3(f)) will be paid on the first payroll date to occur during the calendar year following the calendar year in which such termination occurs, or such later time as required by the payment schedule applicable to each payment or benefit, or Section 3(f)

(c) Voluntary Resignation; Termination for Cause. If the Employee's employ-ment with the Company terminates (i) voluntarily by the Employee other than for Good Reason, or (ii) for Cause by the Company, then the Employee shall not be entitled to receive severance or other benefits except for those (if any) as may then be established under the Company's then existing severance and benefits plans and practices or pursuant to other written agreements with the Company.

(d) Termination Outside of Change of Control Period. In the event the Employee's employment is terminated for any reason, either prior to the occurrence of a Change of Control or after the twelve (12) month period following a Change of Control, or if the Employee terminates for Good Reason within four months after a Change in Control, then the Employee shall be entitled to receive severance and any other benefits only as may then be established under the Company's existing written severance and benefits plans and practices or pursuant to other written agreements with the Company.

(e) Section 409A.

(i) Notwithstanding anything to the contrary in this Agreement, if Employee is a "specified employee" within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and the final regulations and any guidance promulgated thereunder ("Section 409A") at the time of Employee's termination (other than due to death) or resignation, then the severance payable to Employee, if any, pursuant to this Agreement, when considered together with any other severance payments or separation benefits that are considered deferred compensation under Section 409A (together, the "Deferred Compensation Separation Benefits") that are payable within the first six (6) months following Employee's termination of employment, will become payable on the first payroll date that occurs on or after the date six (6) months and one (1) day following the date of Employee's termination of employment. All subsequent Deferred Compensation Separation Benefits, if any, will be payable in accordance with the payment schedule applicable to each payment or benefit. Notwithstanding anything herein to the contrary, if Employee dies following his termination but prior to the six (6) month anniversary of his termination, then any payments delayed in accordance with this paragraph will be payable in a lump sum as soon as administratively practicable after the date of Employee's death and all other Deferred Compensation Separation Benefits will be payable in accordance with the payment schedule applicable to each payment or benefit. Each payment and benefit payable under this Agreement is intended to constitute separate payments for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations.

(ii) Any amount paid under this Agreement that satisfies the requirements of the "short-term deferral" rule set forth in Section 1.409A-1(b)(4) of the Treasury Regulations shall not constitute Deferred Compensation Separation Benefits for purposes of clause (i) above.

(iii) Any amount paid under this Agreement that qualifies as a payment made as a result of an involuntary separation from service pursuant to Section 1.409A-1(b)(9)(iii) of the Treasury Regulations that do not exceed the Section 409A Limit shall not constitute Deferred Compensation Separation Benefits for purposes of clause (i) above. "Section 409A Limit" will mean the lesser of two (2) times: (i) Employee's annualized compensation based upon the annual rate of pay paid to Employee during the Employee's taxable year preceding the Employee's taxable year of Employee's termination of employment as determined under, and with such adjustments as are set forth in, Treasury Regulation 1.409A-1(b)(9)(iii)(A)(1) and any Internal Revenue Service guidance issued with respect thereto; or (ii) the maximum amount that may be taken into account under a qualified plan pursuant to Section 401(a)(17) of the Code for the year in which Employee's employment is terminated.

(iv) The foregoing provisions are intended to comply with the requirements of Section 409A so that none of the severance payments and benefits to be provided hereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to so comply. The Company and Employee agree to work together in good faith to consider amendments to this Agreement and to take such reasonable actions which are necessary, appropriate or desirable to avoid imposition of any additional tax or income recognition prior to actual payment to Employee under Section 409A.

4. Conditional Nature of Severance Payments and Benefits.

(a) Noncompete. Employee acknowledges that the nature of the Company's business is such that if Employee were to become employed by, or substantially involved in, the business of a competitor of the Company during the twelve (12) months following the termination of Employee's employment with the Company, it would be very difficult for Employee not to rely on or use the Company's trade secrets and confidential information. Thus, to avoid the inevitable disclosure of the Company's trade secrets and confidential information, Employee agrees and acknowledges that Employee's right to receive the severance benefits set forth in Section 3(a) (to the extent Employee is otherwise entitled to such payments) shall be conditioned upon Employee not directly or indirectly engaging in (whether as an employee, consultant, agent, proprietor, principal, partner, stockholder, corporate officer, director or otherwise), nor having any ownership interested in or participating in the financing, operation, management or control of, any person, firm, corporation or business in Competition (as defined herein) with Company. Notwithstanding the foregoing, Employee may, without violating this Section 4, own, as a passive investment, shares of capital stock of a corporation or other entity that engages in Competition where the number of shares of such corporation's capital stock that are owned by Employee represent less than three percent of the total number of shares of such entity's capital stock outstanding.

(b) Non-Solicitation. Until the date twelve (12) months after the termination of Employee's employment with the Company for any reason, Employee agrees and acknowledges that Employee's right to receive the severance payments set forth in Section 3(a) (to the extent Employee is otherwise entitled to such payments) shall be conditioned upon Employee neither directly nor indirectly soliciting, inducing, recruiting or encouraging an employee to leave his or her employment either for Employee or for any other entity or person with which or whom Employee has a business relationship.

(c) Understanding of Covenants. Employee represents that he (i) is familiar with the foregoing covenants not to compete and not to solicit, and (ii) is fully aware of his obligations hereunder, including, without limitation, the reasonableness of the length of time, scope and geographic coverage of these covenants.

(d) Remedy for Breach. Upon any breach of this section by Employee, all severance payments and benefits pursuant to this Agreement shall immediately cease and any stock options or stock appreciation rights then held by Employee shall immediately terminate and be without further force and effect, and Employee shall return all of the consideration paid by the Company under this Section 3 and remit any shares of Restricted Stock or shares purchased under stock options to the extent vesting accelerated under Section 3 above (or the profits from the sale of such shares if they are or have been sold).

5. Golden Parachute Excise Tax Best Results. In the event that the severance and other benefits provided for in this agreement or otherwise payable to Employee (a) constitute "parachute payments" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code") and (b) would be subject to the excise tax imposed by Section 4999 of the Code, then such benefits shall be either be:

(i) delivered in full, or

(ii) delivered as to such lesser extent which would result in no portion of such severance benefits being subject to excise tax under Section 4999 of the Code,

whichever of the foregoing amounts, taking into account the applicable federal, state and local income and employment taxes and the excise tax imposed by Section 4999, results in the receipt by Employee, on an after-tax basis, of the greatest amount of benefits, notwithstanding that all or some portion of such benefits may be taxable under Section 4999 of the Code. Unless the Company and Employee otherwise agree in writing, any determination required under this Section 5 will be made in writing by a national “Big Four” accounting firm selected by the Company or such other person or entity to which the parties mutually agree (the “Accountants”), whose determination will be conclusive and binding upon Employee and the Company for all purposes. For purposes of making the calculations required by this Section 5, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and the Employee shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this Section. The Company shall bear all costs the Accountants may reasonably incur in connection with any calculations contemplated by this Section 5. Any reduction in payments and/or benefits required by this Section 5 shall occur in the following order: (1) reduction of cash payments; and (2) reduction of other benefits paid to Employee. In the event that acceleration of vesting of equity awards is to be reduced, such acceleration of vesting shall be cancelled in the reverse order of the date of grant for Employee's equity awards.

6. Definition of Terms. The following terms referred to in this Agreement shall have the following meanings:

(a) Cause. “Cause” shall mean:

(i) an act of personal dishonesty taken by the Employee in connection with his responsibilities as an employee and intended to result in substantial personal enrichment of the Employee; or

(ii) Employee being convicted of, or pleading nolo contendere to a felony; or

(iii) a willful act by the Employee which constitutes gross misconduct and which is injurious to the Company; or

(iv) following delivery to the Employee of a written demand for performance from the Company which describes the basis for the Company's reasonable belief that the Employee has not substantially performed his duties, continued violations by the Employee of the Employee's obligations to the Company which are demonstrably willful and deliberate on the Employee's part.

(b) Change of Control. “Change of Control” means the occurrence of any of the following:

(i) Any “person” (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended) becomes the “beneficial owner” (as defined in Rule 13d-3 under said Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities; or

(ii) Any action or event occurring within a two-year period, as a result of which fewer than a majority of the directors are Incumbent Directors. “Incumbent Directors” shall mean directors who either (A) are directors of the Company as of the date hereof, or (B) are elected, or nominated for election, to the Board with the affirmative votes of at least a majority of the Incumbent Directors at the time of such election or nomination (but shall not include an individual whose election or nomination is in connection with an actual or threatened proxy contest relating to the election of directors to the Company); or

(iii) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation; or

(iv) The consummation of the sale, lease or other disposition by the Company of all or substantially all the Company's assets.

(c) Competition. means the development, marketing or sale of networking equipment or network security software or products in the United. For the avoidance of doubt, Competition includes, but is not limited to, Cisco Systems, Huawei, Alcatel, Checkpoint, and Foundry.

(d) Disability . "Disability" shall mean that the Employee has been unable to perform his or her Company duties as the result of his incapacity due to physical or mental illness, and such inability, at least twenty-six (26) weeks after its commencement, is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to the Employee or the Employee's legal representative (such agreement as to acceptability not to be unreasonably withheld). Termination resulting from Disability may only be effected after at least thirty (30) days' written notice by the Company of its intention to terminate the Employee's employment. In the event that the Employee resumes the performance of substantially all of his or her duties hereunder before the termination of his or her employment becomes effective, the notice of intent to terminate shall automatically be deemed to have been revoked.

(e) Good Reason . "Good Reason" means Employee's termination of employment following the expiration of any cure period (discussed below) following the occurrence, without Employee's express written consent, of one or more of the following:

(i) a material reduction of the Employee's duties, title, authority or responsibilities, relative to the Employee's duties, title, authority or responsibilities as in effect immediately prior to such reduction; provided, however, that a reduction in duties, title, authority or responsibilities solely by virtue of the Company being acquired and made part of a larger entity (as, for example, when the Chief Financial Officer of the Company remains the Chief Financial Officer of the subsidiary or business unit substantially containing the Company's business following a Change of Control) shall not by itself constitute grounds for a "Voluntary Termination for Good Reason" or

(ii) a substantial reduction of the facilities and perquisites (including office space and location) available to the Employee immediately prior to such reduction; or

(iii) a reduction by the Company in the base compensation or total target cash compensation of the Employee as in effect immediately prior to such reduction; or

(iv) a material reduction by the Company in the kind or level of benefits to which the Employee was entitled immediately prior to such reduction with the result that such Employee's overall benefits package is significantly reduced; or

(v) the relocation of the Employee to a facility or a location more than forty (40) miles from such Employee's then present location.

Employee will not resign for Good Reason without first providing the Company with written notice within sixty (60) days of the event that Employee believes constitutes "Good Reason" specifically identifying the acts or omissions constituting the grounds for Good Reason and a reasonable cure period of not less than thirty (30) days following the date of such notice.

7. Successors.

(a) The Company's Successors. Any successor to the Company (whether direct or indirect and whether by purchase, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business and/or assets shall assume the obligations under this Agreement and agree expressly to perform the obligations under this Agreement in the same manner and to the same extent as the Company would be required to perform such obligations in the absence of a succession. For all purposes under this Agreement, the term "Company" shall include any successor to the Company's business and/or assets which executes and delivers the assumption agreement described in this Section 7(a) or which becomes bound by the terms of this Agreement by operation of law.

(b) The Employee's Successors. The terms of this Agreement and all rights of the Employee hereunder shall inure to the benefit of, and be enforceable by, the Employee's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

8. Notice.

(a) General. All notices and other communications required or permitted here-under shall be in writing, shall be effective when given, and shall in any event be deemed to be given upon receipt or, if earlier, (a) five (5) days after deposit with the U.S. Postal Service or other applicable postal service, if delivered by first class mail, postage prepaid, (b) upon delivery, if delivered by hand, (c) one (1) business day after the business day of deposit with Federal Express or similar overnight courier, freight prepaid or (d) one (1) business day after the business day of facsimile transmission, if delivered by facsimile transmission with copy by first class mail, postage prepaid, and shall be addressed (i) if to Employee, at his or her last known residential address and (ii) if to the Company, at the address of its principal corporate offices (attention: Secretary), or in any such case at such other address as a party may designate by ten (10) days' advance written notice to the other party pursuant to the provisions above.

(b) Notice of Termination. Any termination by the Company for Cause or by the Employee for Good Reason or Disability or as a result of a voluntary resignation shall be communi-cated by a notice of termination to the other party hereto given in accordance with Section 8(a) of this Agreement. Such notice shall indicate the specific termination provision in this Agreement relied upon, shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination under the provision so indicated, and shall specify the termination date (which shall be not more than thirty (30) days after the giving of such notice). The failure by the Employee to include in the notice any fact or circumstance which contributes to a showing of Good Reason or Disability shall not waive any right of the Employee hereunder or preclude the Employee from asserting such fact or circumstance in enforcing his or her rights hereunder.

9. Miscellaneous Provisions.

(a) No Duty to Mitigate. The Employee shall not be required to mitigate the amount of any payment contemplated by this Agreement, nor shall any such payment be reduced by any earnings that the Employee may receive from any other source.

(b) Waiver. No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by the Employee and by an authorized officer of the Company (other than the Employee). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(c) Headings. All captions and section headings used in this Agreement are for convenient reference only and do not form a part of this Agreement.

(d) Entire Agreement. This Agreement constitutes the entire agreement of the parties hereto and supersedes in their entirety all prior representations, understandings, undertakings or agreements (whether oral or written and whether expressed or implied) of the parties with respect to the subject matter hereof.

(e) Choice of Law. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of California. The Superior Court of Santa Clara County and/or the United States District Court for the Northern District of California shall have exclusive jurisdiction and venue over all controversies in connection with this Agreement.

(f) Severability. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision hereof, which shall remain in full force and effect.

(g) Withholding. All payments made pursuant to this Agreement will be subject to withholding of applicable income and employment taxes.

(h) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officer, as of the day and year set forth below.

COMPANY	JUNIPER NETWORKS, INC.	
		By:
		Name: ______________________________
		Title:

EMPLOYEE	
	Name:

EXHIBIT 12.1

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

	Years ended December 31,				
	2011 (a)	**2010 (a)**	**2009 (a)**	**2008 (a)**	**2007 (a)**
Earnings for computation of ratio:					
Pre-tax income (loss) from continuing operations before adjustment for minority interests in consolidated subsidiaries or income or (loss) from equity investees	$ 572.0	$ 769.5	$ 317.6	$ 743.7	$ 503.8
Fixed charges	69.2	16.8	17.0	23.2	17.6
Less:					
Interest capitalized	(1.2)	—	—	—	—
Minority interest in pre-tax income of subsidiaries that have not incurred fixed charges	—	(1.3)	—	—	—
Total earnings (loss)	$ 640.0	$ 785.0	$ 334.6	$ 766.9	$ 521.4
Fixed charges:					
Interest expensed and debt cost amortization	$ 48.9	$ —	$ —	$ 5.8	$ 2.9
Amortized premiums, discounts, and capitalized expenses relating to indebtedness	0.6	—	—	—	—
Estimate of interest within rental expense	19.7	16.8	17.0	17.4	14.6
Total fixed charges	$ 69.2	$ 16.8	$ 17.0	$ 23.2	$ 17.5
Ratio of earnings to fixed charges	9.2	46.8	19.7	33.0	29.7

(a) For these ratios, "earnings" represents income before taxes before adjustment for minority interests in equity investments and fixed charges, adjusted for interest capitalized and minority interest in pre-tax income of subsidiaries that have not incurred fixed charges.

EXHIBIT 21.1

SUBSIDIARIES OF THE COMPANY AS OF DECEMBER 31, 2011*

NAME	JURISDICTION OF INCORPORATION
Juniper Networks (Cayman) Limited	Cayman Islands
Juniper Networks Ireland	Ireland
Juniper Networks (Hong Kong), Ltd.	Hong Kong
Juniper Networks (US), Inc.	California, USA

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* All other subsidiaries would not in the aggregate constitute a “significant subsidiary” as defined in Regulation S-X.

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements (Form S-8 Nos. 333-176171, 333-171299, 333-168734, 333-166248, 333-151669, 333-141211, 333-132260, 333-126404, 333-124610, 333-124572, 333-118340, 333-114688, 333-92086, 333-92088, 333-92090, 333-85387, 333-32412, 333-44148, 333-52258, 333-57860, 333-57862, 333-57864, and 333-75770 and Form S-3 No. 333-168733) of Juniper Networks, Inc. of our reports dated February 24, 2012, with respect to the consolidated financial statements and schedule of Juniper Networks, Inc., and the effectiveness of internal control over financial reporting of Juniper Networks, Inc., included in this Annual Report (Form 10-K) of Juniper Networks, Inc., for the year ended December 31, 2011.

/s/ Ernst & Young LLP

San Jose, California
February 24, 2012

EXHIBIT 31.1

CERTIFICATION

I, Kevin R. Johnson, certify that:

1. I have reviewed this Annual Report on Form 10-K 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: February 24, 2012

/s/ Kevin R. Johnson
Kevin R. Johnson
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, Robyn M. Denholm, certify that:

1. I have reviewed this Annual Report on Form 10-K 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.

Da te: February 24, 2012

/s/ Robyn M. Denholm
Robyn M. Denholm
Executive Vice President and Chief Financial Officer

EXHIBIT 32.1

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, Kevin R. Johnson, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report of Juniper Networks, Inc. on Form 10-K for the fiscal year ended December 31, 2011, 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 Annual Report on Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Juniper Networks, Inc.

/s/ Kevin R. Johnson
Kevin R. Johnson
Chief Executive Officer
February 24, 2012

EXHIBIT 32.2

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, Robyn M. Denholm, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report of Juniper Networks, Inc. on Form 10-K for the fiscal year ended December 31, 2011, 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 Annual Report on Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Juniper Networks, Inc.

/s/ Robyn M. Denholm
Robyn M. Denholm
Executive Vice President and Chief Financial Officer
February 24, 2012