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**Juniper Networks, Inc. Reports Q1'06 Financial Results
Q1'06 Net Revenue of \$566.7M, up 26% from Q1'05; GAAP EPS \$0.13;
Non-GAAP EPS up 20% to \$0.19 from Q1'05**

SUNNYVALE, CA – April 19, 2006 -- Juniper Networks, Inc. (NASDAQ: JNPR) today reported its results for the first quarter ended March 31, 2006.

Net revenues for the first quarter of 2006 were \$566.7 million, compared with \$449.1 million for the first quarter of 2005, an increase of 26 percent.

With the adoption of Statement of Financial Accounting Standards No. 123R (FAS 123R) as of January 1, 2006, Juniper is reporting stock-based compensation expense in its generally accepted accounting principles (GAAP) results for the first time. Net income on a GAAP basis for the first quarter of 2006 was \$75.8 million or \$0.13 per share, compared with a GAAP net income of \$75.4 million or \$0.13 per share for the first quarter of 2005. Non-GAAP net income for the first quarter of 2006 was \$113.4 million or \$0.19 per share, compared with non-GAAP net income of \$91.9 million or \$0.16 per share for the first quarter of 2005. The reconciliation between non-GAAP and GAAP net income is provided in a table immediately following the Non-GAAP Condensed Consolidated Statements of Operations.

For comparative purposes, net income excluding stock-based compensation for the first quarter of 2006 was \$91.9 million or \$0.15 per share, compared with a net income excluding stock-based compensation of \$77.8 million or \$0.13 per share for the first quarter of 2005. The reconciliation between net income excluding stock-based compensation and GAAP net income is provided in a table below the Condensed Consolidated Statements of Operations.

Net cash flows from operations for the first quarter of 2006 were \$83.0 million, compared to cash provided by operations of \$134.4 million for the first quarter of 2005. For comparative purposes, non-GAAP cash flows from operations in the first quarter of 2006 were \$139.1 million including the tax benefit from the exercise of employee stock options which were previously included in the operating cash flows. As a result of the adoption of FAS 123R, tax benefits from the exercise of employee stock options totaling \$56.1 million are included in cash flows from financing activities. The reconciliation between non-GAAP and GAAP cash flows from operations is provided in a table immediately following the Condensed Consolidated Statements of Cash Flows.

Capital expenditures and depreciation during the first quarter of 2006 were \$18.2 million and \$17.2 million, respectively.

“The first quarter reflected the continuing acceptance of Juniper’s product portfolio with both our enterprise and service provider customers,” commented Scott Kriens, chairman and CEO, Juniper

Networks. “We will intensify our focus on execution in order to capitalize in an environment where our capabilities and the market requirements are aligning more clearly than ever before.”

Juniper’s ongoing focus on serving the needs of its global service provider and enterprise customers was reflected in a number of key accomplishments this quarter.

- Juniper continued to support its service provider customers as they transition to Next Generation Network infrastructures. China Telecom Shanghai and Cox Communications, for example, chose the T-series to provide the performance, reliability and scale to support the build-outs of their core IP infrastructures, while BT is deploying Juniper at both the core and the edge of its 21st Century Network. IPTV continued to drive demand for Juniper products. Working side by side with its partner, Siemens, Juniper garnered wins at T-Com and Fastweb in Europe. In addition, Juniper remains the sole sourced provider for the world’s largest IPTV network, PCCW. Juniper was also chosen by Germany’s leading TV station, RTL, to ensure quality of service and scalability for live broadcast content, via the M-series, multi-service edge router.
- On the enterprise side Juniper saw solid demand across the portfolio. Sharper Image, for example is deploying Juniper’s Firewall/IPSec VPNs, SSL VPNs and WX appliances as it redesigns its network to increase performance, security and meet government mandates. Other key wins include Sara Lee, Canada’s Globe and Mail, Daimler Chrysler, the North Atlantic Treaty Organization (NATO), which is securing its global network with Juniper’s IDP solutions and the US Air force.
- Juniper’s innovation engine continued this quarter with the delivery of the Secure Services Gateway (SSG), a new line of high performance firewall/VPN platforms with integrated local-area and wide-area interfaces. Strong customer traction has validated Juniper’s strategy of delivering integrated branch solutions with no compromise between security and performance.

Juniper Networks will host a conference call web cast today, April 19, 2006 at 1:45 p.m. (Pacific Time), to be broadcasted live over the Internet <http://www.juniper.net/company/investor/conferencecall.html>. The conference call will be archived on the Juniper Networks website until May 19, 2006. A replay will be accessible by telephone on April 19, 2006 after 4:00 p.m. Pacific Time through April 26, 2006 by dialing 800-633-8284 (or 402-977-9140), reservation number, 21288675. The replays will be available 24 hours/day, including weekends.

About Juniper Networks, Inc.

Juniper Networks is the leader in enabling secure and assured communications over a single IP network. The company’s purpose-built, high performance IP platforms enable customers to support many different services and applications at scale. Service providers, enterprises, governments and research and education institutions worldwide rely on Juniper Networks to deliver products for building networks that are tailored to the specific needs of their users, services and applications. Juniper Networks’ portfolio of proven networking and security solutions supports the complex scale, security and performance requirements of the world’s most demanding networks. Additional information can be found at www.juniper.net.

Juniper Networks is a registered trademarks of Juniper Networks, Inc. in the United States and other countries.

This release includes non-GAAP net income, non-GAAP net income per share data and other non-GAAP line items from the Condensed Consolidated Statements of Operations and Condensed Consolidated Statements of Cash Flows, including operating expenses, other income and expenses, income before income taxes, provision for income taxes and net income and cash flows from operations. These measures are not in accordance with, or an alternative for, generally accepted accounting principles and may be different from non-GAAP measures used by other companies. These non-GAAP adjustments are provided to enhance the user’s overall understanding of our operating performance and our prospects for the future. Juniper Networks believes that the presentation of these non-GAAP measures, when shown in conjunction with the corresponding GAAP measures, provides useful information to both management and investors regarding financial and business trends relating to its financial condition and results of operations, in particular by excluding certain expense and income items that we believe are not indicative of our core operating results. In addition, since we have historically reported non-GAAP results to the investment community, we believe the inclusion of non-GAAP numbers provides consistency in our financial reporting For its internal budgeting and planning, Juniper Networks’ management uses financial statements that do not include employee stock-based compensation; amortization of

purchased intangible assets; in-process research and development; restructuring, impairment and related charges; integration costs; patent cross licensing expense; gain (loss) on investments; and the income tax effects of the foregoing, as applicable. Juniper Networks' management also uses the foregoing non-GAAP measures, in addition to the corresponding GAAP measures, in determining objectives for compensation programs or reviewing the financial results of Juniper Networks.

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

| | Three Months Ended March 31, | |
|--|---------------------------------|------------------|
| | 2006 | 2005 |
| Net revenues: | | |
| Product | \$ 474,125 | \$ 392,280 |
| Service | 92,589 | 56,832 |
| Total net revenues | <u>566,714</u> | <u>449,112</u> |
| Cost of revenues: | | |
| Product | 140,995 | 112,555 |
| Service | 43,952 | 31,099 |
| Total cost of revenues | <u>184,947</u> | <u>143,654</u> |
| Gross margin | 381,767 | 305,458 |
| Operating expenses: | | |
| Research and development | 113,688 | 78,135 |
| Sales and marketing | 129,429 | 92,111 |
| General and administrative | 23,099 | 15,741 |
| Amortization of purchased intangibles | 23,221 | 18,541 |
| Special charges | 1,404 | - |
| Total operating expenses | <u>290,841</u> | <u>204,528</u> |
| Operating income | 90,926 | 100,930 |
| Interest and other income | 20,767 | 11,077 |
| Interest and other expense | (1,089) | (779) |
| Income before income taxes | 110,604 | 111,228 |
| Provision for income taxes | 34,841 | 35,793 |
| Net income | <u>\$ 75,763</u> | <u>\$ 75,435</u> |
| Net income per share: | | |
| Basic | <u>\$ 0.13</u> | <u>\$ 0.14</u> |
| Diluted | <u>\$ 0.13</u> | <u>\$ 0.13</u> |
| Shares used in computing net income per share: | | |
| Basic | <u>565,927</u> | <u>542,651</u> |
| Diluted | <u>603,589</u> | <u>587,659</u> |

Certain prior period amounts have been reclassified to conform to the current period presentation.

Stock-based compensation is included in the following cost and expense categories by period (in thousands):

| | Three Months Ended March 31, | |
|----------------------------|---------------------------------|-----------------|
| | 2006 | 2005 |
| Cost of revenues – Product | \$ 487 | \$ 75 |
| Cost of revenues – Service | 1,396 | 384 |
| Research and development | 10,013 | 2,007 |
| Sales and marketing | 7,627 | 683 |
| General and administrative | 3,542 | 274 |
| Total | <u>\$ 23,065</u> | <u>\$ 3,423</u> |

Juniper Networks, Inc.
Condensed Non-GAAP Consolidated Statements of Operations
(in thousands, except per share amounts)

| | Three Months Ended | |
|--|--------------------|------------------|
| | March 31, | |
| | 2006 | 2005 |
| Net revenues: | | |
| Product | \$ 474,125 | \$ 392,280 |
| Service | 92,589 | 56,832 |
| Total net revenues | <u>566,714</u> | <u>449,112</u> |
| Cost of revenues: | | |
| Product | 139,139 | 112,480 |
| Service | 42,556 | 30,715 |
| Total cost of revenues | <u>181,695</u> | <u>143,195</u> |
| Gross margin | 385,019 | 305,917 |
| Operating expenses: | | |
| Research and development | 103,675 | 76,128 |
| Sales and marketing | 121,802 | 91,428 |
| General and administrative | 19,557 | 15,467 |
| Total operating expenses | <u>245,034</u> | <u>183,023</u> |
| Operating income | 139,985 | 122,894 |
| Interest and other income | 20,767 | 11,077 |
| Interest and other expense | (1,089) | (779) |
| Income before income taxes | <u>159,663</u> | <u>133,192</u> |
| Provision for income taxes | 46,302 | 41,290 |
| Net income | <u>\$ 113,361</u> | <u>\$ 91,902</u> |
| Net income per share: | | |
| Basic | <u>\$ 0.20</u> | <u>\$ 0.17</u> |
| Diluted | <u>\$ 0.19</u> | <u>\$ 0.16</u> |
| Shares used in computing net income per share: | | |
| Basic | <u>565,927</u> | <u>542,651</u> |
| Diluted | <u>603,589</u> | <u>587,659</u> |

Juniper Networks, Inc.
Reconciliation between GAAP to non-GAAP Net Income
(in thousands)

| | Three Months Ended March 31, | |
|---------------------------------------|---------------------------------|-----------|
| | 2006 | 2005 |
| Non-GAAP net income | \$ 113,361 | \$ 91,902 |
| Amortization of purchased intangibles | (24,590) | (18,541) |
| Stock-based compensation | (23,065) | (3,423) |
| Special charges | (1,404) | - |
| Income tax effect | 11,461 | 5,497 |
| Net income | \$ 75,763 | \$ 75,435 |
| Diluted Non-GAAP net income per share | \$ 0.19 | \$ 0.16 |
| Diluted net income per share | \$ 0.13 | \$ 0.13 |

Juniper Networks, Inc.
Net Income, excluding Stock-based Compensation Expense
(in thousands)

| | Three Months Ended March 31, | |
|---|---------------------------------|-----------|
| | 2006 | 2005 |
| Net income | \$ 75,763 | \$ 75,435 |
| Stock-based compensation expense | 23,065 | 3,423 |
| Income tax effect | (6,920) | (1,027) |
| Stock-based compensation expense, net of tax | \$ 16,145 | \$ 2,396 |
| Net income, excluding stock-based compensation expense, net of tax | \$ 91,908 | \$ 77,831 |
| Diluted net income per share | \$ 0.13 | \$ 0.13 |
| Diluted net income per share, excluding stock-based compensation expense | \$ 0.15 | \$ 0.13 |

Juniper Networks, Inc.
Net Product Revenue by Operating Segment
(in thousands)

| | Three Months Ended March 31, | |
|----------------------------|---------------------------------|------------|
| | 2006 | 2005 |
| Infrastructure | \$ 363,004 | \$ 304,131 |
| Service Layer Technologies | 111,121 | 88,149 |
| Total | \$ 474,125 | \$ 392,280 |

Juniper Networks, Inc.
Condensed Consolidated Balance Sheets
(in thousands)

| | March 31, 2006 | December 31, 2005 |
|--|-------------------|----------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 904,295 | \$ 918,401 |
| Short-term investments | 510,606 | 510,364 |
| Accounts receivable, net of allowance for doubtful of accounts | 304,750 | 268,907 |
| Deferred tax assets | 92,539 | 74,108 |
| Prepaid expenses and other current assets | 41,382 | 46,676 |
| Total current assets | 1,853,572 | 1,818,456 |
| Property and equipment, net | 321,388 | 319,885 |
| Investments | 623,269 | 618,342 |
| Restricted cash | 59,894 | 66,074 |
| Goodwill | 4,904,306 | 4,904,239 |
| Purchased intangible assets, net | 245,332 | 269,921 |
| Other long-term assets | 28,003 | 29,682 |
| Total assets | \$ 8,035,764 | \$ 8,026,599 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 160,278 | \$ 165,172 |
| Accrued compensation | 68,942 | 97,738 |
| Accrued warranty | 28,416 | 28,187 |
| Deferred revenue | 240,344 | 213,482 |
| Income taxes payable | 65,617 | 56,360 |
| Other accrued liabilities | 67,779 | 66,461 |
| Total current liabilities | 631,376 | 627,400 |
| Deferred revenue | 53,486 | 39,330 |
| Other long-term liabilities | 31,359 | 60,200 |
| Long-term debt | 399,944 | 399,959 |
| Commitments and contingencies | | |
| Stockholders' equity | 6,919,599 | 6,899,710 |
| Total liabilities and stockholders' equity | \$ 8,035,764 | \$ 8,026,599 |

Juniper Networks, Inc.
Cash and Cash Equivalents and Investments
(in thousands)

March 31, December 31,

| | <u>2006</u> | <u>2005</u> |
|---|---------------------|---------------------|
| Cash and cash equivalents | \$ 904,295 | \$ 918,401 |
| Short-term investments | 510,606 | 510,364 |
| Long-term investments | <u>623,269</u> | <u>618,342</u> |
| Total Cash and cash equivalents and Investments | <u>\$ 2,038,170</u> | <u>\$ 2,047,107</u> |

Juniper Networks, Inc.
Condensed Consolidated Statements of Cash Flows
(in thousands)

| | Three Months Ended March 31, | |
|--|---------------------------------|------------|
| | 2006 | 2005 |
| OPERATING ACTIVITIES: | | |
| Net income | \$ 75,763 | \$ 75,435 |
| Adjustments to reconcile net income to net cash from operating activities: | | |
| Depreciation and amortization | 41,828 | 30,276 |
| Stock-based compensation | 23,065 | 3,423 |
| Non-cash portion of debt issuance costs and disposal of property and equipment | 363 | 363 |
| Tax benefit of employee stock option plans | - | 28,910 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable, net | (35,437) | 2,517 |
| Prepaid expenses and other assets | (11,585) | (19,601) |
| Accounts payable | (5,149) | (7,167) |
| Accrued compensation | (28,797) | (27,618) |
| Accrued warranty | 444 | (691) |
| Other accrued liabilities | (18,511) | 1,793 |
| Deferred revenue | 41,018 | 46,749 |
| Net cash provided by operating activities | 83,002 | 134,389 |
| INVESTING ACTIVITIES: | | |
| Purchases of property and equipment, net | (18,228) | (22,549) |
| Purchases of available-for-sale investments | (132,949) | (235,235) |
| Maturities and sales of available-for-sale investments | 126,733 | 191,422 |
| Decrease (increase) in restricted cash | 6,180 | (73) |
| Minority equity investments | (90) | (968) |
| Net cash used in investing activities | (18,354) | (67,403) |
| FINANCING ACTIVITIES: | | |
| Proceeds from issuance of common stock | 51,521 | 39,380 |
| Retirement of common stock | (186,388) | - |
| Tax benefit of employee stock option plans | 56,113 | - |
| Net cash (used in) provided by financing activities | (78,754) | 39,380 |
| Net (decrease) increase in cash and cash equivalents | (14,106) | 106,366 |
| Cash and cash equivalents at beginning of period | 918,401 | 713,182 |
| Cash and cash equivalents at end of period | \$ 904,295 | \$ 819,548 |

Juniper Networks, Inc.
Reconciliation between GAAP to non-GAAP Cash Flows from Operations
(in thousands)

| | Three Months Ended March 31, | |
|--|---------------------------------|------------|
| | 2006 | 2005 |
| GAAP cash flows from operations | \$ 83,002 | \$ 134,389 |
| Tax benefit of employee stock option plans | 56,113 | - |
| Non-GAAP cash flows from operations | \$ 139,115 | \$ 134,389 |