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**Juniper Networks, Inc. Reports Q405 and Year End 2005 Financial Results:
2005 Net Revenue up 54% to \$2.06B; 2005 GAAP EPS up 136% to \$0.59 ; and 2005 Non-GAAP EPS up 64% to \$0.72, from 2004**

SUNNYVALE, CA – January 25, 2006 -- Juniper Networks, Inc. (NASDAQ: JNPR) today reported its results for the fourth quarter and year ended December 31, 2005.

Net revenues for the fourth quarter of 2005 were \$575.5 million, compared with \$430.1 million for the fourth quarter of 2004, an increase of 34 percent.

Net income on a generally accepted accounting principles (GAAP) basis for the fourth quarter of 2005 was \$105.5 million or \$0.17 per share, compared with a GAAP net income of \$66.0 million or \$0.11 per share for the fourth quarter of 2004. Non-GAAP net income was \$119.6 million or \$0.20 per share, compared with non-GAAP net income of \$85.9 million or \$0.15 per share for the fourth quarter of 2004. A reconciliation between non-GAAP and GAAP net income is provided in a table immediately following the Non-GAAP Condensed Consolidated Statements of Operations.

Net revenues for fiscal 2005 were \$2,064.0 million, compared with \$1,336.0 million for fiscal 2004, an increase of 54 percent.

GAAP net income for fiscal 2005 was \$354.0 million or \$0.59 per share, compared to \$135.7 million or \$0.25 per share for fiscal 2004. Non-GAAP net income for fiscal 2005 was \$430.6 million or \$0.72 per share, compared to \$238.6 million or \$0.44 per share, for fiscal 2004. A reconciliation between non-GAAP and GAAP net income is provided in a table immediately following the Non-GAAP Condensed Consolidated Statements of Operations.

Cash provided by operations for the fourth quarter of 2005 was \$197.5 million, compared to cash provided by operations of \$142.5 million for the fourth quarter of 2004. Cash provided by operations for fiscal 2005 was \$642.9 million, up from \$439.4 million for 2004.

Capital expenditures and depreciation during the fourth quarter of 2005 were \$39.3 million and \$15.4 million, respectively.

“I’m pleased to report another strong quarter and the completion of a year characterized by growth across multiple dimensions,” commented Scott Kriens, chairman and CEO, Juniper Networks. “Juniper remains at the intersection of opportunity, where the increasing and strategic importance of today’s network demands the integrated best-in-class solutions that the company was built to deliver. As we surpass annual revenues of \$2 billion on the eve of our 10th anniversary we see a bright future, founded in the confidence our customers have placed in Juniper.”

Juniper continued to invest in and deliver innovation throughout 2005 with significant new product and feature announcements this year, all focused on serving the evolving needs of its customers.

- Highlights include new products and features to strengthen support for the cost-effective deployment of assured Triple Play services, such as IPTV, over a converged network infrastructure. These include the E320 Broadband Services Router, the industry's highest capacity broadband router and new features such as Dynamic Bandwidth Allocation for the E320, and SDX Network Resource Manager for the E-, M- and T-series routers.
- Juniper remained at the forefront of performance delivery with the introduction of the new OC-768c interface module for the T-series, the fastest optical interface available today.
- Juniper continued to innovate in the security arena with the introduction of its Unified Access Control solution, incorporating the Infranet Controller appliance and Infranet Agent. Numerous industry partners voiced their support for the most comprehensive access control solution on the market that allows customers to leverage existing infrastructure. The solution uses a combination of identity-based policy and endpoint intelligence to give enterprises real-time visibility and policy control throughout the network.
- The company also announced the availability of the ISG 1000 and 2000 with Intrusion Detection and Prevention, which integrates best-in-class security for comprehensive delivery and threat control. The company witnessed significant momentum for the product with customers such as AvantGo®, a mobile Internet service of iAnywhere; ProBusiness, a division of ADP National Account Services and Yakult, one of the largest food distributors in Korea.
- Additionally, Juniper continued its SSL VPN leadership with introductions of 4 new hardware platforms, the SA 700, 2000, 4000 and 6000 appliances that provide enterprises with enhanced delivery and threat control with high performance.
- The result of this innovation is the continued market share momentum Juniper enjoyed throughout 2005. Juniper is positioned in the leaders quadrant of Gartner Group's Magic Quadrant for all of the security segments in which it competes, including Firewall, IPSec VPN, SSL VPN and IPS. In addition, Juniper earned the number two slot in the High End Enterprise Router market with more than 25 per cent share according to Synergy Research Group. Juniper also retained its nearly one third market share and its number two position in the overall Service Provider Routing market with more than 30 per cent share in the Core, Edge & Broadband subcategories.

Juniper Networks will host a conference call web cast today, January 25, 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 February 25, 2006. A replay will be accessible by telephone on January 25th after 3:00 p.m. Pacific Time through February 2nd, 2006 by dialing 800-633-8284 (or 402-977-9140), reservation number, 21280063. 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.

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Statements in this release concerning Juniper Networks' business outlook, future financial and operating results, and overall future prospects are forward looking statements that involve a number of uncertainties and risks. Actual results could differ

materially from those anticipated in those forward-looking statements as a result of certain factors, including: general economic conditions globally or regionally; business and economic conditions in the networking industry; changes in overall technology spending; the network capacity requirements of communication service providers; increases in competition; the timing of orders and their fulfillment; availability and cost of key parts and supplies; ability to establish and maintain relationships with distributors and resellers; variations in the expected mix of products sold; changes in customer mix; customer and industry analyst perceptions of Juniper Networks and its technology, products and future prospects; delays in scheduled product availability; market acceptance of our products and services; rapid technological and market change; adoption of regulations or standards affecting our products, services or industry; the ability to successfully acquire, integrate and manage businesses and technologies; product defects, returns or vulnerabilities; the ability to recruit and retain key personnel; currency fluctuations; litigation; and other factors listed in our most recent report on Form 10-Q filed with the Securities and Exchange Commission. All statements made in this press release are made only as of the date set forth at the beginning of this release. Juniper Networks undertakes no obligation to update the information in this release in the event facts or circumstances subsequently change after the date of this press release.

This release includes non-GAAP net income, non-GAAP net income per share data and other non-GAAP line items from the Consolidated Statements of Operations, including operating expenses, other income and expenses, income before income taxes, provision for income taxes and net income. 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. Juniper Networks believes that the presentation of these non-GAAP measures, when shown in conjunction with the corresponding GAAP measures, provides useful information to management and investors regarding financial and business trends relating to its financial condition and results of operations. Juniper Networks further believes that where the adjustments used in calculating non-GAAP net income and non-GAAP net income per share are based on specific, identified charges that impact different line items in the statements of operations (including cost of revenues, research and development, sales and marketing, and general and administrative expense), that it is useful to investors to know how these specific line items in the statements of operations are affected by these adjustments. For its internal budgets, Juniper Networks' management uses financial statements that do not include 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 December 31, | | Year Ended December 31, | |
|---|------------------------------------|------------------|----------------------------|-------------------|
| | 2005 | 2004 | 2005 | 2004 |
| Net revenues: | | | | |
| Product | \$ 488,549 | \$ 379,834 | \$ 1,770,988 | \$ 1,162,928 |
| Service | 86,915 | 50,219 | 292,969 | 173,091 |
| Total net revenues | <u>575,464</u> | <u>430,053</u> | <u>2,063,957</u> | <u>1,336,019</u> |
| Cost of revenues: | | | | |
| Product | 139,858 | 100,110 | 506,112 | 320,466 |
| Service | 42,086 | 27,317 | 146,754 | 92,958 |
| Total cost of revenues | <u>181,944</u> | <u>127,427</u> | <u>652,866</u> | <u>413,424</u> |
| Gross margin | 393,520 | 302,626 | 1,411,091 | 922,595 |
| Operating expenses: | | | | |
| Research and development | 99,276 | 73,976 | 355,417 | 259,856 |
| Sales and marketing | 126,318 | 104,995 | 439,596 | 320,030 |
| General and administrative | 16,291 | 14,982 | 74,756 | 55,188 |
| Amortization of purchased intangibles | 23,733 | 18,447 | 85,174 | 56,782 |
| In-process research and development | 5,300 | — | 11,000 | 27,500 |
| Restructuring, impairments and special charges, net | 6,170 | — | (582) | (5,058) |
| Integration costs | — | — | — | 5,087 |
| Total operating expenses | <u>277,088</u> | <u>212,400</u> | <u>965,361</u> | <u>719,385</u> |
| Operating income | 116,432 | 90,226 | 445,730 | 203,210 |
| Interest and other income | 19,082 | 11,526 | 59,144 | 28,233 |
| Interest and other expense | (1,199) | (412) | (3,925) | (5,379) |
| Gain (loss) on investments | (448) | — | 1,250 | (2,939) |
| Loss on redemption of convertible subordinated notes | — | — | — | (4,107) |
| Income before income taxes | 133,867 | 101,340 | 502,199 | 219,018 |
| Provision for income taxes | 28,337 | 35,339 | 148,170 | 83,272 |
| Net income | <u>\$ 105,530</u> | <u>\$ 66,001</u> | <u>\$ 354,029</u> | <u>\$ 135,746</u> |
| Net income per share: | | | | |
| Basic | \$ 0.19 | \$ 0.12 | \$ 0.64 | \$ 0.28 |
| Diluted | <u>\$ 0.17</u> | <u>\$ 0.11</u> | <u>\$ 0.59</u> | <u>\$ 0.25</u> |
| Shares used in computing net income per share: | | | | |
| Basic | 565,875 | 538,158 | 554,223 | 493,073 |
| Diluted | <u>606,767</u> | <u>588,583</u> | <u>598,907</u> | <u>542,625</u> |

Certain prior period amounts have been reclassified to conform to the current period presentation. The reclassifications pertain to amortization of deferred stock compensation which had previously been reported as separate line item to the following cost and expense categories by period:

| (In millions) | Three Months Ended December 31, | | Year Ended December 31, | |
|----------------------------|------------------------------------|------------------|----------------------------|------------------|
| | 2005 | 2004 | 2005 | 2004 |
| Cost of revenues – Product | \$ 312 | \$ 676 | \$ 848 | \$ 2,850 |
| Cost of revenues – Service | 234 | — | 1,118 | — |
| Research and development | 1,623 | 5,217 | 9,894 | 21,493 |
| Sales and marketing | 1,413 | 3,800 | 4,761 | 17,685 |
| General and administrative | 214 | 383 | 1,016 | 1,927 |
| Total | <u>\$ 3,796</u> | <u>\$ 10,076</u> | <u>\$ 17,637</u> | <u>\$ 43,955</u> |

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

| | Three Months Ended December 31, | | Year Ended December 31, | |
|--|------------------------------------|------------------|----------------------------|-------------------|
| | 2005 | 2004 | 2005 | 2004 |
| Net revenues: | | | | |
| Product | \$ 488,549 | \$ 379,834 | \$ 1,770,988 | \$ 1,162,928 |
| Service | 86,915 | 50,219 | 292,969 | 173,091 |
| Total net revenues | <u>575,464</u> | <u>430,053</u> | <u>2,063,957</u> | <u>1,336,019</u> |
| Cost of revenues: | | | | |
| Product | 139,546 | 99,434 | 505,264 | 317,616 |
| Service | 41,852 | 27,317 | 145,636 | 92,958 |
| Total cost of revenues | <u>181,398</u> | <u>126,751</u> | <u>650,900</u> | <u>410,574</u> |
| Gross margin | 394,066 | 303,302 | 1,413,057 | 925,445 |
| Operating expenses: | | | | |
| Research and development | 97,653 | 68,759 | 345,523 | 238,363 |
| Sales and marketing | 124,905 | 101,195 | 434,835 | 302,345 |
| General and administrative | 16,077 | 14,599 | 63,900 | 53,261 |
| Total operating expenses | <u>238,635</u> | <u>184,553</u> | <u>844,258</u> | <u>593,969</u> |
| Operating income | 155,431 | 118,749 | 568,799 | 331,476 |
| Interest and other income | 19,082 | 8,024 | 59,144 | 24,731 |
| Interest and other expense | (1,199) | (412) | (3,925) | (5,379) |
| Income before income taxes | 173,314 | 126,361 | 624,018 | 350,828 |
| Provision for income taxes | 53,727 | 40,436 | 193,445 | 112,265 |
| Net income | <u>\$ 119,587</u> | <u>\$ 85,925</u> | <u>\$ 430,573</u> | <u>\$ 238,563</u> |
| Net income per share: | | | | |
| Basic | \$ 0.21 | \$ 0.16 | \$ 0.78 | \$ 0.48 |
| Diluted | <u>\$ 0.20</u> | <u>\$ 0.15</u> | <u>\$ 0.72</u> | <u>\$ 0.44</u> |
| Shares used in computing net income per share: | | | | |
| Basic | 565,875 | 538,158 | 554,223 | 493,073 |
| Diluted | <u>606,767</u> | <u>588,583</u> | <u>598,907</u> | <u>542,625</u> |

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

| | Three Months Ended December 31, | | Year Ended December 31, | |
|--|------------------------------------|------------------|----------------------------|-------------------|
| | 2005 | 2004 | 2005 | 2004 |
| Non-GAAP net income | \$ 119,587 | \$ 85,925 | \$ 430,573 | \$ 238,563 |
| Amortization of purchased intangibles | (23,733) | (18,447) | (85,174) | (56,782) |
| Compensation expense related to acquisitions | (4,123) | (10,076) | (17,804) | (43,955) |
| In-process research and development | (5,300) | – | (11,000) | (27,500) |
| Restructuring, impairments and related costs | (5,843) | – | 909 | 5,058 |
| Patent cross-licensing expense | – | – | (10,000) | – |
| Integration costs | – | – | – | (5,087) |
| Gain from non-recurring engineering contract | – | 3,502 | – | 3,502 |
| Gain (loss) on investments | (448) | – | 1,250 | (2,939) |
| Loss on redemption of convertible subordinated notes | – | – | – | (4,107) |
| Income tax effect | 25,390 | 5,097 | 45,275 | 28,993 |
| Net income | <u>\$ 105,530</u> | <u>\$ 66,001</u> | <u>\$ 354,029</u> | <u>\$ 135,746</u> |

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

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

| | Three Months Ended December 31, | | Year Ended December 31, | |
|----------------------------|------------------------------------|-------------------|----------------------------|---------------------|
| | 2005 | 2004 | 2005 | 2004 |
| Infrastructure | \$ 376,039 | \$ 299,863 | \$ 1,367,811 | \$ 975,729 |
| Service Layer Technologies | 112,510 | 79,971 | 403,177 | 187,199 |
| Total | <u>\$ 488,549</u> | <u>\$ 379,834</u> | <u>\$ 1,770,988</u> | <u>\$ 1,162,928</u> |

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

| | December 31, 2005 | December 31, 2004 |
|--|----------------------|----------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 918,401 | \$ 713,182 |
| Short-term investments | 510,364 | 404,659 |
| Accounts receivable, net of allowance for doubtful of accounts | 268,907 | 187,306 |
| Prepaid expenses and other current assets | 120,784 | 108,586 |
| Total current assets | <u>1,818,456</u> | <u>1,413,733</u> |
| Property and equipment, net | 319,885 | 275,612 |
| Long-term investments | 618,342 | 595,234 |
| Restricted cash | 66,074 | 31,226 |
| Goodwill | 4,904,239 | 4,427,930 |
| Purchased intangible assets, net | 269,921 | 241,879 |
| Other assets | 29,682 | 14,100 |
| Total assets | <u>\$ 8,026,599</u> | <u>\$ 6,999,714</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 165,172 | \$ 113,890 |
| Deferred revenue | 213,482 | 159,750 |
| Accrued liabilities | 248,746 | 229,197 |
| Total current liabilities | <u>627,400</u> | <u>502,837</u> |
| Deferred revenue, net of current portion | 39,330 | 22,700 |
| Convertible senior notes and other long-term liabilities | 460,159 | 481,440 |
| Commitments and contingencies | | |
| Stockholders' equity: | | |
| Common stock and additional paid-in capital | 6,431,960 | 5,888,220 |
| Deferred stock compensation | (15,582) | (32,394) |
| Accumulated other comprehensive loss | (8,324) | (716) |
| Retained earnings | 491,656 | 137,627 |
| Total stockholders' equity | <u>6,899,710</u> | <u>5,992,737</u> |
| Total liabilities and stockholders' equity | <u>\$ 8,026,599</u> | <u>\$ 6,999,714</u> |

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

| | December 31, 2005 | December 31, 2004 |
|---|----------------------|----------------------|
| Cash and cash equivalents | \$ 918,401 | \$ 713,182 |
| Short-term investments | 510,364 | 404,659 |
| Long-term investments | 618,342 | 595,234 |
| Total Cash and cash equivalents and Investments | <u>\$ 2,047,107</u> | <u>\$ 1,713,075</u> |

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

| | Year Ended December 31, | |
|---|-------------------------|-------------------|
| | 2005 | 2004 |
| OPERATING ACTIVITIES: | | |
| Net income | \$ 354,029 | \$ 135,746 |
| Adjustments to reconcile net income to net cash from operating activities: | | |
| Depreciation and amortization | 138,904 | 97,625 |
| Stock based compensation | 17,637 | 43,955 |
| In-process research and development | 11,000 | 27,500 |
| Loss on redemption of convertible subordinated notes | – | 4,107 |
| Loss (gain) on sale or write-down of investments | (364) | 2,939 |
| Restructuring, impairment, and related charges | 6,170 | 321 |
| Non-cash portion of debt issuance costs and disposal of property, plant and equipment | 1,735 | 4,094 |
| Tax benefit of employee stock option plans | 129,492 | 65,988 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable, net | (68,053) | (81,398) |
| Prepaid expenses and other assets | (26,201) | (56,253) |
| Accounts payable | 50,310 | 29,390 |
| Accrued liabilities | (35,996) | 71,786 |
| Deferred revenue | 64,280 | 93,648 |
| Net cash provided by operating activities | <u>642,943</u> | <u>439,448</u> |
| INVESTING ACTIVITIES: | | |
| Purchases of property and equipment, net | (98,192) | (63,185) |
| Purchases of available-for-sale investments | (936,031) | (739,437) |
| Maturities and sales of available-for-sale investments | 805,047 | 704,740 |
| Increase in restricted cash | (34,848) | (249) |
| Minority equity investments | (9,823) | (1,225) |
| Acquisitions of businesses, net of cash and cash equivalents acquired | (309,889) | 40,889 |
| Net cash used in investing activities | <u>(583,736)</u> | <u>(58,467)</u> |
| FINANCING ACTIVITIES: | | |
| Proceeds from issuance of common stock | 146,012 | 175,172 |
| Redemption of convertible subordinated notes | – | (144,967) |
| Retirement of common stock | – | (63,610) |
| Net cash provided by (used in) financing activities | <u>146,012</u> | <u>(33,405)</u> |
| Net increase in cash and cash equivalents | 205,219 | 347,576 |
| Cash and cash equivalents at beginning of period | 713,182 | 365,606 |
| Cash and cash equivalents at end of period | <u>\$ 918,401</u> | <u>\$ 713,182</u> |