

Home Federal Bancorp, Inc. of Louisiana  
Form DEF 14A  
October 12, 2012

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

SCHEDULE 14A  
(Rule 14a-101)

Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934 (Amendment No. )

Filed by the Registrant    
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement  
 Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))  
 Definitive Proxy Statement  
 Definitive Additional Materials  
 Soliciting Material Pursuant to §240.14a-12

Home Federal Bancorp, Inc. of Louisiana

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.  
 Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

\_\_\_\_\_

(2) Aggregate number of securities to which transaction applies:

\_\_\_\_\_

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): \_\_\_\_\_

(4) Proposed maximum aggregate value of transaction:

\_\_\_\_\_

(5) Total fee paid:

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Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party: \_\_\_\_\_

(4) Date Filed: \_\_\_\_\_

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October 12, 2012

Dear Shareholder:

You are cordially invited to attend the annual meeting of shareholders of Home Federal Bancorp, Inc. of Louisiana. The meeting will be held at our main office located at 624 Market Street, Shreveport, Louisiana, on Wednesday, November 14, 2012 at 10:00 a.m., Central Time. At the annual meeting, you will be asked to act on the following proposals, both of which are more completely set forth in the accompanying proxy statement:

- (1) To elect four directors for a three-year term, or until their successors are elected and qualified; and
- (2) To ratify the appointment of LaPorte, A Professional Accounting Corporation as our independent registered public accounting firm for the fiscal year ending June 30, 2013.

It is very important that you be represented at the annual meeting regardless of the number of shares you own or whether you are able to attend the meeting in person. We urge you to mark, sign, date and return your proxy card today in the envelope provided or vote over the Internet or by telephone, even if you plan to attend the annual meeting. This will not prevent you from voting in person at the annual meeting, but will ensure that your vote is counted if you are unable to attend.

Your continued support of and interest in Home Federal Bancorp, Inc. of Louisiana is sincerely appreciated.

Very truly yours,

Daniel R. Herndon  
President and Chief Executive Officer

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Main Office  
624 Market Street  
Shreveport, LA 71101

Branch Offices  
6363 Youree Drive  
Shreveport, LA 71105

9300 Mansfield Road, Suite 101  
Shreveport, LA 71118

2555 Viking Drive  
Bossier City, LA

Commercial Division  
6425 Youree Drive, Suite 100  
Shreveport, LA 71105

#### ANNUAL MEETING DRIVING DIRECTIONS

From I-20 East/West  
Take the US-71/Spring Street Exit  
Merge onto Spring Street  
Turn left at 2nd cross street onto Milam Street  
Take the 1st left onto Market Street  
End at 624 Market Street

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HOME FEDERAL BANCORP, INC. OF LOUISIANA  
624 Market Street  
Shreveport, Louisiana 71101  
(318) 222-1145

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TIME	10:00 a.m., Central Time, Wednesday, November 14, 2012	
PLACE	Home Federal Bank 624 Market Street Shreveport, Louisiana	
ITEMS OF BUSINESS	(1)	To elect four directors for a three-year term expiring in 2015 and until their successors are elected and qualified;
	(2)	To ratify the appointment of LaPorte, A Professional Accounting Corporation as our independent registered public accounting firm for the fiscal year ending June 30, 2013; and
	(3)	To transact such other business, as may properly come before the meeting or at any adjournment thereof. We are not aware of any other such business.
RECORD DATE	Holders of Home Federal Bancorp common stock of record at the close of business on September 19, 2012 are entitled to vote at the meeting.	
ANNUAL REPORT	Our 2012 Annual Report is enclosed but is not a part of the proxy solicitation materials.	
PROXY VOTING	It is important that your shares be represented and voted at the meeting. You can vote your shares by completing and returning the proxy card sent to you. Most shareholders can also vote their shares over the Internet or by telephone. If Internet or telephone voting is available to you, voting instructions are printed on the proxy card or voting instruction form you received. You can revoke a proxy at any time prior to its exercise at the meeting by following the instructions in the accompanying proxy statement.	

BY ORDER OF THE BOARD OF DIRECTORS  
DeNell W. Mitchell  
Corporate Secretary

Shreveport, Louisiana  
October 12, 2012



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PROXY STATEMENT  
OF  
HOME FEDERAL BANCORP, INC. OF LOUISIANA

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ABOUT THE ANNUAL MEETING OF SHAREHOLDERS

We are furnishing this proxy statement to holders of common stock of Home Federal Bancorp, Inc. of Louisiana, the holding company of Home Federal Bank. We are soliciting proxies on behalf of our Board of Directors to be used at the annual meeting of shareholders to be held at our main office located at 624 Market Street, Shreveport, Louisiana, on Wednesday, November 14, 2012 at 10:00 a.m., Central Time, and any adjournment thereof, for the purposes set forth in the attached Notice of Annual Meeting of Shareholders. This proxy statement is first being mailed to shareholders on or about October 12, 2012.

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to Be Held on November 14, 2012. This proxy statement and our 2012 Annual Report are available at [www.proxyvote.com](http://www.proxyvote.com) and on our website at [www.hfbla.com](http://www.hfbla.com) under "Investor Relations."

What is the purpose of the annual meeting?

At our annual meeting, shareholders will act upon the election of directors and ratification of our independent registered public accounting firm. In addition, management will report on the performance of Home Federal Bancorp and respond to questions from shareholders.

What are the Board of Directors' recommendations?

The recommendations of the Board of Directors are set forth under the description of each proposal in this proxy statement. In summary, the Board of Directors recommends that you vote FOR the nominees for director described herein and FOR ratification of our independent registered public accounting firm for fiscal 2013.

The proxy solicited hereby, if properly signed and returned to us and not revoked prior to its use, will be voted in accordance with your instructions. If no contrary instructions are given, each proxy signed and received will be voted in the manner recommended by the Board of Directors and, upon the transaction of such other business as may properly come before the meeting, in accordance with the best judgment of the persons appointed as proxies. Proxies solicited hereby may be exercised only at the annual meeting and any adjournment of the annual meeting and will not be used for any other meeting.

Who is entitled to vote?

Only our shareholders of record as of the close of business on the record date for the meeting, September 19, 2012, are entitled to vote at the meeting. On the record date, we had 2,838,169 shares of common stock issued and outstanding and no other class of equity securities outstanding. For each issued and outstanding share of common stock you own on the record date, you will be entitled to one vote on each matter to be voted on at the meeting, in person or by proxy.

How do I vote my shares?

After you have carefully read this proxy statement, indicate on your proxy card how you want your shares to be voted, then sign, date and mail your proxy card in the enclosed prepaid return envelope as soon as possible. You may also vote by telephone or the Internet if indicated on your proxy card or voting instruction form. This will enable your

shares to be represented and voted at the annual meeting.

Voting instructions from participants in the Home Federal Bank savings and profit sharing plan and employee stock ownership plan must be received by 11:59 p.m. Eastern Time on November 7, 2012, to be used by the plan Trustees to determine the votes for plan shares.

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Can I attend the meeting and vote my shares in person?

Yes. All shareholders are invited to attend the annual meeting. Shareholders of record can vote in person at the annual meeting. If your shares are held in "street name", then you are not the shareholder of record and you must ask your broker or other nominee how you can vote at the annual meeting.

Can I change my vote or revoke my proxy after I return my proxy card?

Yes. If you are a shareholder of record, there are three ways you can change your vote or revoke your proxy after you have sent in your proxy card.

First, you may complete and submit a new proxy card or vote by telephone or the Internet before the deadline printed on the card. Any earlier proxies will be revoked automatically.

Second, you may send a written notice to our Corporate Secretary, Ms. DeNell W. Mitchell, Home Federal Bancorp, Inc. of Louisiana, 624 Market Street, Shreveport, Louisiana 71101, in advance of the meeting stating that you would like to revoke your proxy.

Third, you may attend the annual meeting and vote in person. Any earlier proxy will be revoked. However, attending the annual meeting without voting in person will not revoke your proxy.

If your shares are held in "street name" and you have instructed a broker or other nominee to vote your shares, you must follow directions from your broker or other nominee to change your vote.

If my shares are held in "street name" by my broker, could my broker automatically vote my shares?

Your broker may not vote on the election of directors if you do not furnish instructions for proposal one. You should use the voting instruction form provided by the institution that holds your shares to instruct your broker to vote your shares or else your shares may not be voted or may be considered "broker non-votes."

Your broker may vote in his or her discretion on the ratification of the appointment of our independent registered public accounting firm if you do not furnish instructions. If your broker votes in his or her discretion on proposal two and you do not provide instructions on proposal one, then your shares will be considered "broker non-votes" on the election of directors.

What constitutes a quorum?

The presence at the meeting, in person or by proxy, of the holders of a majority of the shares of common stock entitled to vote at the annual meeting will constitute a quorum. Proxies received but marked as abstentions will be included in the calculation of the number of shareholders considered to be present at the meeting.

What vote is required to approve each item?

The election of directors will be determined by a plurality of the votes cast at the annual meeting. The four nominees for director receiving the most "for" votes will be elected. The affirmative vote of a majority of the total votes cast is required for approval of the proposal to ratify the appointment of LaPorte, A Professional Accounting Corporation for the year ending June 30, 2013.

Abstentions are considered in determining the presence of a quorum, but will not affect the plurality vote required for the election of directors or the vote to ratify LaPorte, A Professional Accounting Corporation as our independent registered public accounting firm. Under applicable rules, the proposal to ratify the appointment of the independent registered public accounting firm is considered a “discretionary” item upon which brokerage firms may vote in their discretion on behalf of their clients if such clients have not furnished voting instructions.

INFORMATION WITH RESPECT TO NOMINEES FOR DIRECTOR, CONTINUING DIRECTORS AND EXECUTIVE OFFICERS

Election of Directors (Proposal One)

Our Articles of Incorporation provide that the Board of Directors shall be divided into three classes as nearly equal in number as possible. The directors are elected by our shareholders for staggered three year terms and until their successors are elected and qualified.

At this Annual Meeting, you will be asked to elect one class of directors, consisting of four directors, for a three-year term expiring in 2015 and until their successors are elected and qualified. Shareholders of Home Federal Bancorp are not permitted to use cumulative voting for the election of directors. Our Board of Directors, upon recommendation of the Nominating and Corporate Governance Committee, nominated Messrs. James R. Barlow, Clyde D. Patterson, Thomas Steen Trawick, Jr. and Timothy W. Wilhite, Esq. to a three-year term expiring in 2015. No director or nominee for director is related to any other director or executive officer by blood, marriage or adoption, except Daniel Herndon and David Herndon III who are brothers.

Unless otherwise directed, each proxy signed and returned by a shareholder will be voted for the election of the nominees for director listed below. If any person named as a nominee should be unable or unwilling to stand for election at the time of the annual meeting, the proxies will nominate and vote for any replacement nominee or nominees recommended by our Board of Directors. At this time, the Board of Directors knows of no reason why any of the nominees listed below may not be able to serve as a director if elected.

The following tables present information concerning the nominees for director and our continuing directors. The indicated period of service as a director is presented on a calendar year basis and includes service for directors of Home Federal Bank prior to the organization of our initial holding company in 2005. Ages are reflected as of September 30, 2012.

Nominees for Director for a Three-Year Term Expiring in 2015

Name	Position with Home Federal Bancorp, Age and Principal Occupation During the Past Five Years	Director Since
James R. Barlow	Director. Executive Vice President and Chief Operating Officer of Home Federal Bancorp since November 2009 and President and Chief Operating Officer of Home Federal Bank since February 2009. Previously, Mr. Barlow served as Executive Vice President and Area Manager for the Arkansas-Louisiana-Texas area commercial real estate operations of Regions Bank from August 2006 until February 2009. From 2005 until August 2006, Mr. Barlow was a Regions Bank City President for the Shreveport/Bossier area and from February 2003 to 2005 he served as Commercial Loan Manager for Regions Bank for the Shreveport/Bossier area. Mr. Barlow served in various positions at Regions Bank since 1997.	2009

Mr. Barlow brings substantial managerial, banking and lending experience to the board, as well as significant knowledge of the local commercial real estate market from his years of service as manager and regional President of a regional bank. Age 44.

Clyde D. Patterson     Director. Chief Financial Officer of Home Federal Bancorp and Home Federal Bank since November 2009 and Executive Vice President of Home Federal Bancorp and Home Federal Bank since January 2005 and September 1993, respectively.     1990

Mr. Patterson brings significant banking and institutional experience to the board having served in various positions with Home Federal Bank since 1964. Age 70.

Nominees for Director for a Three-Year Term Expiring in 2015 (Continued)

Name	Position with Home Federal Bancorp, Age and Principal Occupation During the Past Five Years	Director Since
Thomas Steen Trawick, Jr.	<p>Director. Vice President of medical staff and Staff Physician of CHRISTUS Schumpert and CHRISTUS Highland and Medical Director of CHRISTUS Highland Hospitalist Program. Previously, Dr. Trawick had his private practice at Highland Clinic.</p> <p>Mr. Trawick brings management expertise to the board and knowledge of the local medical community as the president of the Shreveport Medical Society and active involvement in the Louisiana State Medical Society. Age 43.</p>	2012
Timothy W. Wilhite, Esq.	<p>Director. Chief Financial Officer and General Counsel of Wilhite Electric Co., Inc. since June 2001. Chairman of the Greater Bossier Economic Development Foundation. Of Counsel for the firm Downer, Huguet &amp; Wilhite, LLC. Serves on the Executive Committee of the Bossier Chamber of Commerce and as Executive Committee and Board Member of the Greater Bossier Economic Development Foundation.</p> <p>Mr. Wilhite brings knowledge of the local business and legal commun</p>	

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candidate or other actions that the Nominating and Corporate Governance Committee deems proper. Please see the information under Recommendation and Nomination of Director Candidates on page 6 of this proxy statement for more information on stockholder recommendations of director candidates.

The Nominating and Corporate Governance Committee evaluates the performance of the Board as a whole and evaluates the qualifications of individual members of the Board eligible for re-election at the annual meeting of stockholders.

The Nominating and Corporate Governance Committee considers the suitability of each candidate, including the current members of the Board, in light of the current size and composition of the Board. In evaluating the qualifications of the candidates, the committee considers many factors, including, issues of character, judgment, independence, age, expertise, diversity of experience, length of service, other commitments, ability to serve on committees of the Board and the like. The Nominating and Corporate Governance Committee evaluates such factors, among others, and does not assign any particular weighting or priority to any of these factors. The committee considers each individual candidate in the context of the current perceived needs of the Board as a whole. While the committee has not established specific minimum qualifications for director candidates, the committee believes that candidates and nominees must reflect a Board that is comprised of directors who (i) are predominantly independent, (ii) are of high integrity, (iii) have qualifications that will increase overall Board effectiveness and (iv) meet other requirements as may be required by applicable rules, such as financial literacy or financial expertise with respect to audit committee members.

In evaluating and identifying candidates, the Nominating and Corporate Governance Committee has the authority to retain and terminate any third party search firm that is used to identify director candidates, and has the authority to approve the fees and retention terms of any search firm.

After such review and consideration, the Nominating and Corporate Governance Committee selects, or recommends that the Board of Directors select, the slate of director nominees, either at a meeting of the Committee at which a quorum is present or by unanimous written consent of the Committee.

Kevin R. Johnson was appointed to the Board as a Class III director in September 2008 upon the commencement of his employment as our Chief Executive Officer. The recommendation that Mr. Johnson be considered for appointment to the Board was submitted by Mr. Kriens.

Each of the nominees for re-election at the 2009 annual meeting was evaluated by the Nominating and Corporate Governance Committee, recommended by the Committee to the Board for nomination and nominated by the Board for re-election.

## **Stockholder Communications with the Board**

Stockholders of Juniper Networks, Inc. and other parties interested in communicating with the Board may contact any of our directors by writing to them by mail or express mail c/o Juniper Networks, Inc., 1194 North Mathilda Avenue, Sunnyvale, California 94089-1206. The Nominating and Corporate Governance Committee of the Board has approved a process for handling stockholder communications received by the Company. Under that process, the General Counsel receives and logs stockholder communications directed to the Board and, unless marked confidential, reviews all such correspondence and regularly (not less than quarterly) forwards to the Board a summary of such correspondence and copies of such correspondence. Communications marked confidential will be logged as received by the General Counsel and then will be forwarded to the addressee(s).

## **Policy on Director Attendance at Annual Meetings**



As set forth in our Corporate Governance Standards, absent extraordinary circumstances, each member of the Board of Directors is strongly encouraged to attend each annual stockholder meeting in person. All of our eight incumbent directors serving at the time attended the 2008 annual meeting of stockholders.

**Table of Contents****DIRECTOR COMPENSATION****Non-Employee Director Meeting Fee and Retainer Information**

The following table provides information on Juniper Networks' compensation and reimbursement practices during fiscal 2008 for non-employee directors:

Annual retainer for all non-employee directors (payable quarterly)	\$ 30,000
Additional annual retainer for Audit Committee members (payable quarterly)	\$ 10,000
Additional annual retainer for Compensation Committee members (payable quarterly)	\$ 5,000
Additional annual retainer for Nominating and Corporate Governance Committee members (payable quarterly)	\$ 5,000
Additional annual retainer for Audit Committee Chairman (payable quarterly)	\$ 20,000
Additional annual retainer for Compensation Committee Chairman (payable quarterly)	\$ 5,000
Additional annual retainer for Nominating and Corporate Governance Committee Chairman (payable quarterly)	\$ 5,000
Stock options granted upon initial appointment or election to the Board(1)	50,000
Stock options granted annually(2)	20,000(3)
Payment for each Board meeting attended in person	\$ 1,250
Payment for each Board meeting attended by phone or video conference	\$ 625
Payment for each committee meeting attended in person	\$ 625
Payment for each committee meeting attended by phone or video conference	\$ 312.50
Payment for each Audit Committee meeting relating to the stock option investigation or each meeting of the Special Litigation Committee attended in person or by phone or video conference	\$ 1,250
Reimbursement for expenses attendant to Board membership	Yes

- (1) Vests monthly over three years commencing on the date of grant with the last 1/36th vesting on the day prior to our annual stockholder meeting in the third calendar year following the date of grant.
- (2) Vests monthly over twelve months commencing on the date of grant.
- (3) Each non-employee director who was not a non-employee director on the date of the prior year's annual stockholder meeting received an option covering the number of shares of common stock determined by multiplying 20,000 shares by a fraction, the numerator of which is the number of days since the non-employee director received his/her option upon initial appointment to the Board, and the denominator of which is 365, rounded down to the nearest whole share.

In February 2009, the Board adopted the following changes to the compensation of non-employee directors for service in 2009 and future years:

The per-meeting fees for attendance at Board and committee meetings were eliminated for the first 18 meetings attended by a non-employee director in a calendar year.

The annual retainer for non-employee directors was increased to \$55,000.

The additional annual retainer for the chairperson of the Audit Committee was increased to \$35,000.

The additional annual retainer for the chairpersons of the Compensation Committee and the Nominating and Corporate Governance Committee was increased to \$10,000.

The annual stock option grants for non-employee directors were replaced with an annual grant of restricted stock units (RSUs) as follows:

(i) each non-employee director who was a non-employee director on the date of the prior year's annual stockholder meeting shall be automatically granted RSUs for a number of shares equal to the Annual Value (as defined below), and

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(ii) each non-employee director who was not a non-employee director on the date of the prior year's annual stockholder meeting shall receive a RSU award for a number of shares determined by multiplying the Annual Value by a fraction, the numerator of which is the number of days since the non-employee director received their initial stock option grant, and the denominator of which is 365, rounded down to the nearest whole share.

The Annual Value means the number of RSUs equal to \$125,000 divided by the average daily closing price of the Company's common stock over the six month period ending on the last day of the fiscal year preceding the date of grant (for example, the period from July 1, 2008 – December 31, 2008 for Annual Awards granted in May 2009). These RSU awards vest approximately one year from the grant date subject to the non-employee director's continuous service on the Board.

**Non-Employee Director Compensation Table For Fiscal 2008**

The following table shows compensation information for our current and former non-employee directors for fiscal 2008. None of Mr. Johnson, Mr. Kriens or Dr. Sindhu received any separate compensation for their Board service. Mr. Meehan joined the Board in February 2009.

**Non-Employee Director Compensation for Fiscal 2008**

Name	Fees Earned or Paid		Stock Awards	Option Awards(1)	Nonqualified Non-Equity Incentive Plan Compensation		Change in Pension Value and Nonqualified Deferred Compensation	All Other Compensation	Total
	Cash				Earnings				
Robert M. Calderoni(2)	\$ 70,313			\$ 176,336					\$ 246,649
Mary Cranston(3)	\$ 42,500			\$ 255,232					\$ 297,732
Kenneth Goldman(4)				\$ 57,889					\$ 57,889
William R. Hearst III(5)				\$ 57,889					\$ 57,889
J. Michael Lawrie(6)	\$ 56,563			\$ 240,481					\$ 297,044
Michael Rose(7)	\$ 61,563			\$ 251,841					\$ 313,404
Stratton Sclavos(8)	\$ 50,625			\$ 176,336					\$ 226,961
William R. Stensrud(9)	\$ 61,563			\$ 176,336					\$ 237,899

(1) Amounts shown do not reflect compensation actually received by the director. Instead, the amounts shown are the compensation costs recognized by Juniper Networks in fiscal 2008 for option awards as determined pursuant to FAS 123R disregarding forfeiture assumptions. These compensation costs reflect option awards granted in 2008 and years prior to fiscal 2008. The assumptions used to calculate the value of option awards are set forth under Note 10 of the Notes to Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for 2008 filed with the SEC on March 2, 2009.

(2)

As of December 31, 2008, Mr. Calderoni held outstanding options to purchase 132,300 shares of the Company's common stock. The aggregate grant date fair value for the stock option award granted to Mr. Calderoni on May 21, 2008 was \$193,916.

- (3) As of December 31, 2008, Ms. Cranston held outstanding options to purchase 60,356 shares of the Company's common stock. The aggregate grant date fair value for the stock option award granted to Ms. Cranston on May 21, 2008 was \$100,410.
- (4) As of December 31, 2008, Mr. Goldman held no outstanding options to purchase shares of the Company's common stock. Mr. Goldman resigned from the Board in January 2008 and did not receive any compensation from the Company in 2008.
- (5) As of December 31, 2008, Mr. Hearst held no outstanding options to purchase shares of the Company's common stock. Mr. Hearst did not stand for re-election to the Board at our 2008 Annual Meeting and ceased being a director on May 21, 2008.

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- (6) As of December 31, 2008, Mr. Lawrie held outstanding options to purchase 74,712 shares of the Company's common stock. The aggregate grant date fair value for the stock option award granted to Mr. Lawrie on May 21, 2008 was \$193,916.
- (7) As of December 31, 2008, Mr. Rose held outstanding options to purchase 27,887 shares of the Company's common stock in connection with his service as a Non-Employee Director. The aggregate grant date fair value for the stock option award granted to Mr. Rose in connection with his service as Non-Employee Director on May 21, 2008 was \$164,160. Mr. Rose resigned from the Board in November 2008 to serve as our Executive Vice President of Worldwide Services, Support and Operations.
- (8) As of December 31, 2008, Mr. Sclavos held outstanding options to purchase 240,000 shares of the Company's common stock. The aggregate grant date fair value for the stock option award granted to Mr. Sclavos on May 21, 2008 was \$193,916.
- (9) As of December 31, 2008, Mr. Stensrud held outstanding options to purchase 220,000 shares of the Company's common stock. The aggregate grant date fair value for the stock option award granted to Mr. Stensrud on May 21, 2008 was \$193,916.

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**PROPOSALS TO BE VOTED ON**

**PROPOSAL NO. 1**

**ELECTION OF DIRECTORS**

There are three nominees for election to Class I of the Board at this year's annual meeting—Scott Kriens, Stratton Sclavos and William R. Stensrud. Each of the nominees is presently a member of the Board. Information regarding the business experience of each nominee and the other members of the Board is provided below. Each of the Class I directors will be elected to serve a three-year term until the Company's annual meeting in 2012 and until their respective successors are elected. There are no family relationships among our executive officers and directors.

If you sign your proxy or voting instruction card or vote by telephone or over the Internet but do not give instructions with respect to the voting of directors, your shares will be voted for the three persons recommended by the Board. If you wish to give specific instructions with respect to the voting of directors, you may do so by indicating your instructions on your proxy or voting instruction card or when you vote by telephone or over the Internet.

**Our Board recommends a vote FOR the election to the Board of Scott Kriens, Stratton Sclavos and William R. Stensrud as Class I directors.**

**Vote Required**

The three persons receiving the highest number of FOR votes represented by shares of Juniper Networks common stock present in person or represented by proxy and entitled to be voted at the annual meeting will be elected.

***Nominees for Election***

**Scott Kriens**

Director since 1996  
Age 51

Mr. Kriens has served as Chairman of the Board of Directors of Juniper Networks since October 1996 and served as Chief Executive Officer of Juniper Networks from October 1996 to September 2008. From April 1986 to January 1996, Mr. Kriens served as Vice President of Sales and Vice President of Operations at StrataCom, Inc., a telecommunications equipment company, which he co-founded in 1986. Mr. Kriens also serves on the board of directors of Equinix, Inc., a provider of global data center services.

**Stratton Sclavos**

Director since 2000  
Age 47

Mr. Sclavos has served as a General Partner of Radar Partners LLC, a private investment firm, since November 2007. From July 1995 to May 2007, Mr. Sclavos served as President and Chief Executive Officer of VeriSign, Inc., a provider of digital infrastructure solutions, and Chairman of its board of directors from December 2001 to May 2007. From October 1993 to June 1995, he was Vice President, Worldwide Marketing and Sales of Taligent, Inc., a software development company that was a joint venture among Apple Computer, Inc., IBM and Hewlett-Packard. Prior to that time, he served in various sales, business development and marketing capacities

for GO Corporation, MIPS Computer Systems, Inc. and Megatest Corporation. Mr. Slavos also serves on the boards of directors of Salesforce.com, a provider of customer relationship management services, and Intuit, Inc., a provider of business and financial management solutions.



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**William R. Stensrud**

Director since 1996

Age 58

Mr. Stensrud is an independent investor. From January 2007 to March 2007, he served as Chairman and CEO of Muze, Inc., a provider of B2B digital commerce solutions and descriptive entertainment media information. Mr. Stensrud was a general partner with the venture capital firm of Enterprise Partners from January 1997 to December 2006. Mr. Stensrud was an independent investor and turn-around executive from March 1996 to January 1997. During this period, Mr. Stensrud served as President of Paradyne Corporation and as a director of Paradyne Corporation, GlobeSpan Corporation and Paradyne Partners LLP, all data networking companies. From January 1992 to July 1995, Mr. Stensrud served as President and Chief Executive Officer of Primary Access Corporation, a data networking company acquired by 3Com Corporation. From 1986 to 1992, Mr. Stensrud served as the Marketing Vice President of StrataCom, Inc., a telecommunications equipment company, which Mr. Stensrud co-founded.

***Continuing Directors***

**Robert M. Calderoni**

Director since 2003

Age 49

Mr. Calderoni has served as President and Chief Executive Officer and a member of the board of directors of Ariba, Inc., a provider of spend management solutions, since October 2001. From January 2001 to October 2001, Mr. Calderoni served as Ariba's Executive Vice President and Chief Financial Officer. From November 1997 to January 2001, he served as Chief Financial Officer at Avery Dennison Corporation, a manufacturer of pressure-sensitive materials and office products. From June 1996 to November 1997, Mr. Calderoni served as Senior Vice President of Finance at Apple Computer, a provider of hardware and software products and Internet-based services. Mr. Calderoni also serves as a member of the board of directors of KLA-Tencor, Inc., a semiconductor equipment manufacturer.

**Mary B. Cranston**

Director since 2007

Age 61

Ms. Cranston is currently the Firm Senior Partner of Pillsbury Winthrop Shaw Pittman LLP, an international law firm. She was the Chair and Chief Executive Officer of Pillsbury from January 1999 until April 2006, and continued to serve as Chair of Pillsbury until December 2006. Ms. Cranston also serves as a member of the board of directors of Visa, Inc., a financial services company, GrafTech International, Ltd., a manufacturer of carbon and graphite products and International Rectifier, a power management company.

**Kevin R. Johnson**

Director since 2008

Age 48

Mr. Johnson joined Juniper Networks in September 2008 as Chief Executive Officer and a member of our Board of Directors. Prior to Juniper Networks, 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.

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**J. Michael Lawrie**

Director since 2007

Age 55

Mr. Lawrie has served as Chief Executive Officer of Misys plc, a UK-based provider of industry-specific software products and solutions, since November 2006. Mr. Lawrie also serves as the Executive Chairman of Allscripts-Misys Healthcare Solutions, Inc., a provider of software, services, information and connectivity solutions for the healthcare industry. From October 2005 to November 2006, Mr. Lawrie served as a partner of ValueAct Capital. From May 2004 to April 2005 Mr. Lawrie served as Chief Executive Officer of Siebel Systems, Inc. From May 2001 to May 2004, Mr. Lawrie served as Senior Vice President and Group Executive at IBM responsible for sales and distribution of all IBM products and services worldwide. Mr. Lawrie also serves as a National Trustee for the Ohio University board of trustees.

**William F. Meehan**

Director since 2009

Age 56

Mr. Meehan is the Raccoon Partners Lecturer in Management at the Graduate School of Business at Stanford University, where he is also a faculty affiliate of the Center for Social Innovation and a member of the Board of Advisors of the Stanford Social Innovation Review. From August 1978 to December 2008, Mr. Meehan served at McKinsey and Company, Inc., a management consulting firm, most recently serving as a Senior Director. While at McKinsey, Mr. Meehan was a member of the Shareholders Council, a member of McKinsey's Board of Directors; Chair of the Client Committee; Chair of the McKinsey Investment Office; Vice-Chair of the Directors Review Committee; founder and leader of the Private Equity Practice; Chair of the West Coast Practice; and Managing Director of the San Francisco Office.

**Pradeep Sindhu**

Director since 1996

Age 56

Dr. Sindhu co-founded Juniper Networks 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 Networks. 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, Xerox Corporation, Palo Alto Research Center, a technology research center.

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**PROPOSAL NO. 2**

**APPROVAL OF AMENDMENT TO THE JUNIPER NETWORKS, INC. 2006  
EQUITY INCENTIVE PLAN**

**Background**

Our 2006 Equity Incentive Plan (the 2006 Plan ) allows us to grant equity awards (including stock options, restricted stock units and performance share awards) to our employees, officers and directors.

We believe our success is due to our highly talented employee base and that future success depends on the ability to attract and retain high caliber personnel. Our primary centers for innovation are in technology centers such as Silicon Valley where we must compete with many companies for a limited pool of talented people. The ability to grant equity awards is a necessary and powerful recruiting and retention tool for us to obtain the quality personnel we need to move our business forward.

We designed the 2006 Plan to conform to best practices in equity incentive plans. The 2006 Plan replaced our previously existing equity incentive plans and adopted many features designed to address stockholder concerns related to equity incentive plans, such as the prohibition on option and stock appreciation right repricing without stockholder consent, reduced maximum option terms, elimination of evergreen share reserve increases and the flexibility of restricted stock, restricted stock units, performance shares or deferred stock units which can be used in lieu of stock options to reduce the total number of our shares necessary to grant competitive equity awards.

**Summary of the Proposal**

Our Board of Directors approved an amendment to the 2006 Plan (as amended and restated, the Amended Plan ) on February 11, 2009, with the following provision subject to approval by our stockholders at our 2009 annual meeting: We are seeking stockholder approval of an increase in the types of performance metrics our Compensation Committee may use in structuring equity compensation to qualify as performance-based compensation under Internal Revenue Code Section 162(m).

We are also seeking approval of the material terms of the Amended Plan for purposes of complying with Internal Revenue Code Section 162(m).

***Increase in Types of Permissible Performance Metrics***

Currently, at the Committee s discretion, one or more of the following performance goals may be used for purposes of qualifying an equity award as deductible performance-based compensation under Internal Revenue Code Section 162(m): annual revenue, cash position, earnings per share, net income, operating cash flow, operating income, return on assets, return on equity, return on sales, and total stockholder return.

In recent years, the Committee has utilized a number of different performance metrics to determine the compensation of employees. Many of these measures are not currently included under the 2006 Plan. In order to provide our Compensation Committee with greater flexibility in determining appropriate performance metrics to incentivize performance that will also qualify as deductible performance-based compensation under Internal Revenue Code Section 162(m), we are also seeking stockholder approval of a plan amendment such that the following performance goals may apply: (i) cash flow (including operating cash flow or free cash flow), (ii) cash position, (iii) revenue (on an

absolute basis or adjusted for currency effects), (iv) revenue growth, (v) contribution margin, (vi) gross margin, (vii) operating margin (viii) operating expenses or operating expenses as a percentage of revenue, (ix) earnings (which may include earnings before interest and taxes, earnings before taxes and net earnings), (x) earnings per share, (xi) operating income, (xii) net income, (xiii) stock price, (xiv) return on equity, (xv) total stockholder return, (xvi) growth in stockholder value relative to a specified publicly reported index (such as the S&P 500 Index), (xvii) return on capital, (xviii) return on assets or net assets, (xix) return on investment, (xx) economic value added, (xxi) operating profit or net operating profit, (xxii) operating margin, (xxiii) market share, (xxiv) contract awards or backlog, (xxv) overhead or other expense reduction, (xxvi) credit rating, (xxvii) objective customer indicators, (xxviii) new product invention or innovation, (xxix) attainment of research

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and development milestones, (xxx) improvements in productivity, (xxxi) attainment of objective operating goals, and (xxxii) objective employee metrics.

The performance measures listed above may apply to either the Company as a whole or, except with respect to stockholder return metrics, a region, business unit, affiliate or business segment, and measured either on an absolute basis or relative to a pre-established target, to a previous period's results or to a designated comparison group, and, with respect to financial metrics, which may be determined in accordance with United States Generally Accepted Accounting Principles ( GAAP ), in accordance with accounting principles established by the International Accounting Standards Board ( IASB Principles ) or which may be adjusted when established to exclude any items otherwise includable under GAAP or under IASB Principles or any other objectively determinable items including, without limitation, (a) any extraordinary non-recurring items, (b) the effect of any merger, acquisition, or other business combination or divestiture, or (c) the effect of any changes in accounting principles affecting the Company's or a business unit's, region's, affiliate's or business segment's reported results. The Compensation Committee may choose other performance goals for awards that are not intended to qualify as performance-based compensation under Code Section 162(m).

We believe that approving a broader range of permissible performance metrics will allow us to be more flexible in establishing equity incentives for our senior management that align to the interests of our stockholders. If our stockholders do not approve these increased metrics, our ability to obtain tax deductible treatment for certain performance-based equity awards will be limited, our earnings may be reduced and our ability to incentivize our senior management in alignment with stockholder interests may be adversely affected.

## **Description of the Amended Plan**

*ELIGIBILITY; LIMITATIONS.* Options, stock appreciation rights, performance shares, performance units, restricted stock, restricted stock units, deferred stock units and dividend equivalents may be granted under the 2006 Plan. Options granted under the 2006 Plan may be either incentive stock options, as defined in Section 422 of the Internal Revenue Code of 1986, as amended (the Code ), or nonstatutory stock options. Incentive stock options may be granted only to employees of the Company or of any subsidiary of the Company. Other awards may be granted under the 2006 Plan to any employee, consultant or non-employee director of the Company or of any parent or subsidiary of the Company. Non-employee directors, however, may only be granted restricted stock units and stock options under the 2006 Plan, and these are made pursuant to an automatic, non-discretionary formula. Otherwise, the 2006 Plan administrator, in its discretion, selects the person(s) to whom awards may be granted, and (except for performance units and dividend equivalents, which are cash awards) the number of shares subject to each such grant. For this reason, it is not possible to determine the benefits or amounts that will be received by any particular individual or individuals in the future. The 2006 Plan provides that no person(s) may be granted, in any fiscal year of the Company: (i) options or stock appreciation rights to purchase more than four million (4,000,000) shares of common stock in such person's first fiscal year of service with the Company and more than two million (2,000,000) shares of common stock in any other fiscal year of service; (ii) performance shares, restricted stock units, restricted stock or deferred stock units to more than more than two million (2,000,000) shares of common stock in such person's first fiscal year of service with the Company and more than one million (1,000,000) shares of common stock in any other fiscal year of service; and (iii) performance units having an initial value more than four million dollars (\$4,000,000) in such persons first fiscal year of service with the Company and more than two million dollars (\$2,000,000) in any other fiscal year of service. As of March 31, 2009 the Company had six (6) non-employee directors and approximately 7,000 employees that could be eligible for awards under the 2006 Plan.

*SHARES AVAILABLE FOR ISSUANCE.* A total of 64,500,000 shares of common stock have been reserved for issuance under the 2006 Plan plus the addition of shares subject to outstanding options under the Company's 2000 Plan and 1996 Plan that expire unexercised after May 18, 2006, up to a maximum of 75,000,000 additional shares.

Any shares subject to options or stock appreciation rights shall be counted against the shares available for issuance as one share for every share subject thereto. Any restricted stock, restricted stock units, performance shares or deferred stock units with a per share purchase price lower than 100% of fair market value on the date of grant shall be counted against the shares available for issuance as two and one-tenth (2.1) shares for every one share subject

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thereto. To the extent that a share that was subject to an award that counted as two and one-tenth shares against the 2006 Plan reserve is recycled back into the 2006 Plan, the 2006 Plan shall be credited with two and one-tenth shares.

If an award expires or becomes unexercisable without having been exercised in full, or, with respect to restricted stock, performance shares, restricted stock units or deferred stock units, is forfeited to or repurchased by the Company due to its failure to vest, the unpurchased shares (or for awards other than options and stock appreciation rights, the forfeited or repurchased shares) which were subject thereto shall become available for future grant or sale under the 2006 Plan. With respect to stock appreciation rights, when a stock-settled SAR is exercised, the shares subject to a SAR grant agreement shall be counted against the shares available for issuance under the 2006 Plan as one share for every share subject thereto, regardless of the number of shares used to settle the SAR upon exercise. Shares that have actually been issued under the 2006 Plan under any award shall not be returned to the 2006 Plan and shall not become available for future distribution under the 2006 Plan; provided, however, that if shares of restricted stock, performance shares, restricted stock units or deferred stock units are repurchased by the Company at their original purchase price or are forfeited to the Company due to their failure to vest, such shares shall become available for future grant under the 2006 Plan as described above. Shares used to pay the exercise price of a stock option shall not become available for future grant or sale under the 2006 Plan. Shares used to satisfy tax withholding obligations shall not become available for future grant or sale under the 2006 Plan. To the extent a 2006 Plan award is paid out in cash rather than stock, such cash payment shall not reduce the number of shares available for issuance under the 2006 Plan. Any payout of dividend equivalents or performance units, because they are payable only in cash, shall not reduce the number of shares available for issuance under the 2006 Plan. Conversely, any forfeiture of dividend equivalents or performance units shall not increase the number of shares available for issuance under the 2006 Plan.

*ADMINISTRATION.* The 2006 Plan may generally be administered by the Board or a committee appointed by the Board (as applicable, the Administrator ). The Board has authorized the Compensation Committee of the Board to approve awards and grants to Section 16 reporting executive officers. The Compensation Committee is composed entirely of independent non-employee directors. The Board has also authorized the Stock Committee to approve awards and grants, within limits, to employees and consultants other than the Section 16 reporting executive officers. The Stock Committee is composed of the Chief Executive Officer, Chief Financial Officer and one outside director.

*OPTION TERMS AND CONDITIONS.* Each option is evidenced by a stock option agreement between the Company and the optionee, and is subject to the following additional terms and conditions:

*EXERCISE PRICE.* The Administrator determines the exercise price of options at the time the options are granted. The exercise price of an option may not be less than 100% of the fair market value of our common stock on the date such option is granted. The fair market value of our common stock is set at the closing sale price for our common stock on the date the option is granted.

*EXERCISE OF OPTION; FORM OF CONSIDERATION.* The Administrator determines when options become exercisable, and may in its discretion accelerate the vesting of any outstanding option. Stock options granted under the 2006 Plan generally vest and become exercisable over a four (4) year period. The 2006 Plan permits payment to be made by cash, check, other shares of common stock of the Company, cashless exercises, a reduction in the amount of any Company liability to the optionee, any other form of consideration permitted by applicable law, or any combination thereof.

*TERM OF OPTION.* Currently, options granted under the 2006 Plan expire seven (7) years from the date of grant. However, the 2006 Plan allows an option to be granted with a shorter term determined by the Administrator. No option may be exercised after its term expires.



*TERMINATION OF EMPLOYMENT.* If the optionee's employment or status as a service provider terminates for any reason other than death or permanent total disability or unless the Administrator otherwise approves, then options may be exercised no later than 90 days after such termination and may be exercised only to the extent the option was exercisable on the termination date.

*DEATH OR DISABILITY.* If an optionee's employment or status as a service provider terminates as a result of his or her death or permanent total disability, then all options held by such optionee under the 2006 Plan may be

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exercised within twelve (12) months or as may be provided in the option agreement, but only to the extent the options would have been exercisable at the date of death or permanent total disability.

*OTHER PROVISIONS.* The stock option agreement may contain other terms, provisions and conditions not inconsistent with the 2006 Plan as may be determined by the Administrator.

*STOCK APPRECIATION RIGHTS.* Stock appreciation rights are exercisable in whole or in part at such times as the Administrator specifies in the grant or agreement. However, the term of a stock appreciation right may be no more than seven (7) years from the date of grant. The Company's obligations arising upon the exercise of a stock appreciation right may be paid in cash or common stock, or any combination of the same, as the Administrator may determine. We expect, however, that most or all of the stock appreciation rights that we grant, if any, will provide that they may only be settled in shares of common stock. Shares issued upon the exercise of a stock appreciation right are valued at their fair market value as of the date of exercise.

*VESTING OF CERTAIN AWARDS.* Restricted stock, performance shares, restricted stock units or deferred stock units that vest solely based on continuing as an employee or service provider will vest in full no earlier (except if accelerated pursuant to a change of control or related cessations of service) than the three (3) year anniversary of the grant date. If vesting is based on factors other than solely on continued employment or provision of services, they will vest in full no earlier than the one (1) year anniversary of the grant date (except if accelerated pursuant to a change of control or related cessations of service). The foregoing limitations do not apply to any such awards that result in issuing up to 5% of the maximum aggregate number of shares authorized for issuance under the 2006 Plan. Discretionary accelerated vesting of certain 2006 Plan awards (except if accelerated pursuant to a change of control, related cessation of service or pursuant to the participant's death or permanent disability) count against the 5% exception.

*RESTRICTED STOCK.* Subject to the terms and conditions of the 2006 Plan, restricted stock may be granted to participants at any time and from time to time at the discretion of the Administrator. Subject to the annual share limit and vesting limitations set forth above, the Administrator shall have complete discretion to determine (i) the number of shares subject to a restricted stock award granted to any participant, and (ii) the conditions for grant or for vesting that must be satisfied, which typically will be based principally or solely on continued provision of services but may include a performance-based component. Each restricted stock grant shall be evidenced by an agreement that shall specify the purchase price (if any) and such other terms and conditions as the Administrator shall determine; *provided, however,* that if the restricted stock grant has a purchase price, the purchase price must be paid no more than seven (7) years following the date of grant.

*RESTRICTED STOCK UNITS.* Restricted stock units are awards that obligate the Company to deliver common stock shares to the participant as specified on each vesting date. Subject to the annual share limit and vesting limitations set forth above, the Administrator has complete discretion to determine (i) the number of shares subject to a restricted stock unit award granted to any participant, and (ii) the conditions for grant or for vesting that must be satisfied, which typically will be based principally or solely on continued provision of services but may include a performance-based component.

*PERFORMANCE SHARES.* Performance shares are also awards that obligate the Company to deliver common stock shares to the participant as specified on each vesting date. Performance shares may be granted to employees and consultants at any time and from time to time as shall be determined at the discretion of the Administrator. Subject to the annual share limit and vesting limitations set forth above, the Administrator shall have complete discretion to determine (i) the number of shares of common stock subject to a performance share award granted to any service provider and (ii) the conditions that must be satisfied for grant or for vesting, which typically will be based principally or solely on achievement of performance milestones but may include a service-based component.

*PERFORMANCE UNITS.* Performance Units are similar to Performance Shares, except that they are settled in a cash equivalent to the Fair Market Value of the underlying shares, determined as of the vesting date. Subject to the terms and conditions of the 2006 Plan, Performance Units may be granted to participants at any time and from time to time as shall be determined by the Administrator, in its sole discretion. The Administrator shall have complete discretion to determine the conditions that must be satisfied, which typically will be based principally or

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solely on achievement of performance milestones but may include a service-based component, upon which is conditioned the grant or vesting of Performance Units. Performance Units shall be granted in the form of units to acquire shares. Each such unit shall be the cash equivalent of one share of common stock. No right to vote or receive dividends or any other rights as a stockholder shall exist with respect to Performance Units or the cash payable thereunder.

*DEFERRED STOCK UNITS.* Deferred Stock Units consist of a Restricted Stock, Restricted Stock Unit, Performance Share or Performance Unit Award that the Administrator, in its sole discretion permits to be paid out in installments or on a deferred basis, in accordance with rules and procedures established by the Administrator and applicable law, including Code Section 409A. Deferred Stock Units shall remain subject to the claims of the Company's general creditors until distributed to the participant.

*DIVIDEND EQUIVALENTS.* A dividend equivalent is a credit, payable in cash, awarded at the discretion of the Administrator, to the account of a participant in an amount equal to the cash dividends paid on one share for each share represented by an award. Dividend equivalents may be subject to the same vesting restrictions as apply to a related award.

*CODE SECTION 162(m) PERFORMANCE GOALS.* The 2006 Plan is designed to permit the Company to issue awards that qualify as performance-based under Section 162(m) of the Code. Thus, the Administrator may make performance goals applicable to a participant with respect to an award. At the Administrator's discretion, one or more of the following performance goals may apply: (i) cash flow (including operating cash flow or free cash flow), (ii) cash position, (iii) revenue (on an absolute basis or adjusted for currency effects), (iv) revenue growth, (v) contribution margin, (vi) gross margin, (vii) operating margin (viii) operating expenses or operating expenses as a percentage of revenue, (ix) earnings (which may include earnings before interest and taxes, earnings before taxes and net earnings), (x) earnings per share, (xi) operating income, (xii) net income, (xiii) stock price, (xiv) return on equity, (xv) total stockholder return, (xvi) growth in stockholder value relative to a specified publicly reported index (such as the S&P 500 Index), (xvii) return on capital, (xviii) return on assets or net assets, (xix) return on investment, (xx) economic value added, (xxi) operating profit or net operating profit, (xxii) operating margin, (xxiii) market share, (xxiv) contract awards or backlog, (xxv) overhead or other expense reduction, (xxvi) credit rating, (xxvii) objective customer indicators, (xxviii) new product invention or innovation, (xxix) attainment of research and development milestones, (xxx) improvements in productivity, (xxxi) attainment of objective operating goals, and (xxxii) objective employee metrics. The performance measures listed above may apply to either the Company as a whole or, except with respect to stockholder return metrics, a region, business unit, affiliate or business segment, and measured either on an absolute basis or relative to a pre-established target, to a previous period's results or to a designated comparison group, and, with respect to financial metrics, which may be determined in accordance with GAAP, in accordance with IASB Principles or which may be adjusted when established to exclude any items otherwise includable under GAAP or under IASB Principles or any other objectively determinable items including, without limitation, (a) any extraordinary non-recurring items, (b) the effect of any merger, acquisition, or other business combination or divestiture, or (c) the effect of any changes in accounting principles affecting the Company's or a business unit's, region's, affiliate's or business segment's reported results.

*NO REPRICING.* The 2006 Plan prohibits option or stock appreciation right repricings (including by way of exchange for another award) unless stockholder approval is obtained.

*NONTRANSFERABILITY OF AWARDS.* Unless determined otherwise by the Administrator, an award granted under the 2006 Plan is not transferable other than by will or the laws of descent and distribution, and may be exercised during the participant's lifetime only by the participant. In no event may a Plan award be transferred for value.

*AUTOMATIC GRANTS TO OUTSIDE DIRECTORS.* The 2006 Plan provides that each non-employee member of the Board (each, an Outside Director ) shall be automatically granted an option to purchase 50,000 shares of common stock upon the date on which such person first becomes a director, whether through election by the stockholders of the Company or appointment by the Board to fill a vacancy (the First Option ). At each of the Company s annual stockholder meetings (A) each Outside Director who was an Outside Director on the date of the prior year s annual stockholder meeting shall be automatically granted Restricted Stock Units for a number of shares equal to the Annual Value, and (B) each Outside Director who was not an Outside Director on the

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date of the prior year's annual stockholder meeting shall receive a Restricted Stock Unit for a number of shares determined by multiplying the Annual Value by a fraction, the numerator of which is the number of days since the Outside Director received their First Option, and the denominator of which is 365, rounded down to the nearest whole share. Each award specified in A and B is generically referred to as an Annual Award. The Annual Value means the number equal to \$125,000 divided by the average daily closing price over the six month period ending on the last day of the fiscal year preceding the date of grant (for example, the period from July 1, 2008 to December 31, 2008 for Annual Awards granted in May 2009). The First Option shall vest and become exercisable as to 1/36th of the covered shares each month following the grant date, with the last 1/36th vesting on the day prior to the Company's annual stockholder meeting in the third calendar year following the date of grant, so as to become 100% vested on the approximately three-year anniversary of the grant date, subject to the Outside Director continuing to serve as a director on each vesting date. The Annual Award shall become 100% vested on the day prior to the Company's annual stockholder meeting in the year following the grant date, subject to the Outside Director continuing to serve as a director on each vesting date. The First Option granted to Outside Directors will have a maximum term of seven (7) years. Outside Directors are not otherwise eligible to receive discretionary awards under the 2006 Plan.

*ADJUSTMENTS UPON CHANGES IN CAPITALIZATION.* In the event that the stock of the Company changes by reason of any stock split, reverse stock split, stock dividend, combination, reclassification or other similar change in the capital structure of the Company effected without the receipt of consideration, appropriate adjustments shall automatically be made in the number and class of shares of stock subject to the 2006 Plan, the number and class of shares of award outstanding under the 2006 Plan, the fiscal year limits on the number of awards that any person may receive, the number of shares subject to automatic option and restricted stock unit grants to Outside Directors and the exercise price of any outstanding option or stock appreciation right.

In the event of a liquidation or dissolution, the Administrator shall notify each participant prior to the effective date. Except with respect to Outside Director options, the Administrator may, in its discretion, provide that each participant shall have the right to exercise all of their options and stock appreciation rights, as to all of the shares covered by the option or stock appreciation right, including as to those shares not otherwise exercisable. In addition, the Administrator may provide, except with respect to Outside Director restricted stock units, that any Company repurchase option or forfeiture rights applicable to any award shall lapse 100%, and that any award vesting shall accelerate 100%, provided the proposed dissolution or liquidation takes place at the time and in the manner contemplated.

*MERGER OR ASSET SALE.* In the event of a merger of the Company with or into another corporation, or the sale of substantially all of the assets of the Company, each outstanding option and stock appreciation right shall be assumed or an equivalent option or stock appreciation right substituted by the successor corporation or a parent or subsidiary of the successor corporation. In the event that the successor corporation refuses to assume or substitute for the option or stock appreciation right, the participant shall fully vest in and have the right to exercise the option or stock appreciation right as to all of the common stock covered thereby including shares as to which it would not otherwise be vested or exercisable. If an option or stock appreciation right becomes fully vested and exercisable in lieu of assumption or substitution in such event, the Administrator shall notify the participant that the option or stock appreciation right shall be fully vested and exercisable for a period of thirty days, and the option or stock appreciation right shall terminate upon the expiration of such period. With respect to options granted to Outside Directors, in the event that the Outside Director is required to terminate his or her position as an Outside Director at the request of the acquiring entity within twelve (12) months following such merger or asset sale, each outstanding option held by such Outside Director shall become fully vested and exercisable, including as to shares as to which it would not otherwise be exercisable, unless the Board, in its discretion, determines otherwise.

In the event of a merger of the Company with or into another corporation, or the sale of substantially all of the assets of the Company, each outstanding restricted stock, restricted stock unit, performance share, performance unit,

dividend equivalent and deferred stock unit award (and any related dividend equivalent) shall be assumed or an equivalent award substituted by the successor corporation or a parent or subsidiary of the successor corporation. In the event that the successor corporation refuses to assume or substitute for the award, the participant shall fully vest in the award, including as to shares (or with respect to dividend equivalents and performance units, the cash equivalent thereof) which would not otherwise be vested.

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*TAX WITHHOLDING.* At the Administrator's discretion, participants may satisfy the minimum statutory tax withholding requirements arising in connection with the exercise, vesting or delivery of their awards by having the Company retain shares with a fair market value equal to the minimum amount required to be withheld.

*AMENDMENT AND TERMINATION OF THE 2006 PLAN.* The Board may amend, alter, suspend or terminate the 2006 Plan, or any part thereof, at any time and for any reason. However, the Company shall obtain stockholder approval for the 2006 Plan and any amendment to the 2006 Plan to the extent it desires that the amendments satisfy the requirements of Section 422 of the Code, or any other applicable rule or statute. No such amendment by the Board or stockholders may alter or impair any award previously granted under the 2006 Plan without the written consent of the participant.

*TERM OF THE 2006 PLAN.* The 2006 Plan will continue in effect until March 1, 2016.

## **FEDERAL INCOME TAX CONSEQUENCES**

*INCENTIVE STOCK OPTIONS.* An optionee who is granted an incentive stock option does not recognize taxable income at the time the option is granted or upon its exercise, although the exercise may subject the optionee to the alternative minimum tax. Upon an optionee's sale of the shares (assuming that the sale occurs at least two years after grant of the option and at least one year after exercise of the option), any gain will be taxed to the optionee as long-term capital gain. If the optionee disposes of the shares prior to the expiration of the above holding periods, then the optionee will recognize ordinary income in an amount generally measured as the difference between the exercise price and the lower of the fair market value of the shares at the exercise date or the sale price of the shares. Any gain or loss recognized on such premature sale of the shares in excess of the amount treated as ordinary income will be characterized as capital gain or loss.

*NONSTATUTORY STOCK OPTIONS.* An optionee does not recognize any taxable income at the time he or she is granted a nonstatutory stock option. Upon exercise, the optionee recognizes taxable income generally measured by the excess of the then fair market value of the shares over the exercise price. Upon a disposition of such shares by the optionee, any difference between the sale price and the optionee's exercise price, to the extent not recognized as taxable income as provided above, is treated as long-term or short-term capital gain or loss, depending on the holding period.

*RESTRICTED STOCK.* If at the time of purchase, restricted stock is subject to a substantial risk of forfeiture within the meaning of Section 83 of the Code, the purchaser will not recognize ordinary income at the time of purchase. Instead, the purchaser will recognize ordinary income on the dates when a stock ceases to be subject to a substantial risk of forfeiture. At such times, the purchaser will recognize ordinary income measured as the difference between the purchase price and the fair market value of the stock on the date the stock is no longer subject to a substantial risk of forfeiture.

The purchaser may accelerate to the date of purchase his or her recognition of ordinary income, if any, and the beginning of any capital gain holding period by timely filing an election pursuant to Section 83(b) of the Code. In such event, the ordinary income recognized, if any, is measured as the difference between the purchase price and the fair market value of the stock on the date of purchase, and the capital gain holding period commences on such date. The ordinary income recognized by a purchaser who is an employee will be subject to tax withholding by the Company.

*STOCK APPRECIATION RIGHTS.* No income will be recognized by a recipient in connection with the grant of a stock appreciation right. When the stock appreciation right is exercised, the recipient will generally be required to include as taxable ordinary income in the year of exercise an amount equal to the sum of the amount of cash received



and the fair market value of any common stock received upon the exercise.

*RESTRICTED STOCK UNITS AND PERFORMANCE SHARES.* A participant will not have taxable income upon grant. Instead, he or she will recognize ordinary income at the time of vesting equal to the fair market value (on the vesting date) of the vested shares or cash received minus any amount paid for the shares.

*DIVIDEND EQUIVALENTS.* A participant will recognize taxable income upon the payout of a dividend equivalent.

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*DEFERRED STOCK UNITS.* Typically, a participant will recognize employment taxes upon the vesting of a Deferred Stock Unit and income upon its delivery. The participant may be subject to additional taxation, interest and penalties if the Deferred Stock Unit does not comply with Internal Revenue Code Section 409A.

*COMPANY TAX DEDUCTION.* The Company generally will be entitled to a tax deduction in connection with an award under the 2006 Plan in an amount equal to the ordinary income realized by a participant and at the time the participant recognizes such income (for example, the exercise of a nonqualified stock option). Special rules limit the deductibility of compensation paid to the Chief Executive Officer and to certain other highly compensated executive officers. Under Section 162(m) of the Code, the annual compensation paid to any of these specified executives will be deductible only to the extent that it does not exceed \$1,000,000. However, the Company can preserve the deductibility of certain compensation in excess of \$1,000,000 if the conditions of Section 162(m) are met with respect to awards. These conditions include stockholder approval of the performance goals under the 2006 Plan, setting individual annual limits on each type of award, approving the material terms of the 2006 Plan and certain other requirements. The 2006 Plan has been designed to permit the Administrator to grant certain awards that qualify as performance-based for purposes of satisfying the conditions of Section 162(m), thereby permitting the Company to receive a federal income tax deduction in connection with such awards.

THE FOREGOING IS ONLY A SUMMARY OF THE EFFECT OF U.S. FEDERAL INCOME TAXATION UPON PARTICIPANTS AND THE COMPANY UNDER THE 2006 PLAN. IT DOES NOT PURPORT TO BE COMPLETE, AND DOES NOT DISCUSS THE TAX CONSEQUENCES OF THE EMPLOYEE'S DEATH OR THE PROVISIONS OF THE INCOME TAX LAWS OF ANY MUNICIPALITY, STATE OR FOREIGN COUNTRY IN WHICH THE EMPLOYEE MAY RESIDE.

*ACCOUNTING TREATMENT.* Under current accounting rules mandating expensing for all compensatory equity awards, including stock options, the Company recognizes compensation expense for all awards granted under the 2006 Plan. This will result in a direct charge to the Company's reported earnings.

A full copy of the 2006 Plan, as amended, is attached to this proxy statement as Appendix A.

Members of our Board and our named executive officers have an interest in this proposal because they are eligible to receive awards under the 2006 Plan.

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**Amended Plan Benefits  
2006 Equity Incentive Plan**

The following table shows the aggregate number of shares subject to awards granted to our named executive officers, our executive officers as a group, our non-employee directors as a group and our non-executive officer employees under the 2006 Plan in fiscal 2008.

Name and Position	Number of Shares Subject to Restricted Stock Units and Performance Share Awards(1)	Number of Shares Subject to Stock Option Awards(2)	Grant Date Value(3)
Scott Kriens, Chairman of the Board	140,000		\$ 3,522,400
Kevin Johnson, Chief Executive Officer	670,000	180,000	\$ \$ 18,023,000
Robyn Denholm, Executive Vice President, Chief Financial Officer	50,000	1,400,000	\$
Mark Bauhaus, Executive Vice President and General Manager, Service Layer Technology Business Group	50,000 30,000	200,000	\$ \$ 1,258,000
Edward Minshull, Executive Vice President Worldwide Field Operations	50,000	65,000	\$
Kim Perdikou, Executive Vice President and General Manager, Infrastructure Products Group	50,000	65,000	\$ 1,258,000
Pradeep Sindhu, Chief Technology Officer and Vice Chairman of the Board	50,000	65,000	\$ 1,258,000
Executive Officer Group (10 persons)	1,320,000		\$ 33,855,000
Non-Executive Director Group (6 persons)		2,535,000	\$
Non-Executive Officer Employee Group	1,701,880	107,287	\$
		13,075,048	\$ 40,222,944

(1) Shares equal to maximum number of shares that could be issued pursuant to award. Restricted Stock Units vest based upon continued service to Juniper Networks and Performance Share Awards vest based upon certain performance metrics and continued service to Juniper Networks.

(2) Stock option awards vest based upon continued service to Juniper Networks.

- (3) Based on the market value of the award on the date of grant. Non-Qualified Stock Options are granted at 100% of the fair market value of Juniper Networks common stock on the date of grant as described in the 2006 Plan. Restricted Stock Units and Performance Share Awards are full value awards.

**The Board of Directors Recommends a Vote FOR approval of the foregoing Amendment to the Juniper Networks, Inc. 2006 Equity Incentive Plan and the material terms of the Amended Plan for purposes of complying with Internal Revenue Code Section 162(m).**

If you sign your proxy or voting instruction card or vote by telephone or over the Internet but do not give instructions with respect to this proposal, your shares will be voted for the approval of the foregoing amendment to the Juniper Networks, Inc. 2006 Equity Incentive Plan and approval of the material terms of the Amended Plan for purposes of complying with Internal Revenue Code Section 162(m), as recommended by the Board.

**Vote Required**

Approval of the foregoing amendment to the Juniper Networks, Inc. 2006 Equity Incentive Plan, including approval of the material terms of the Amended Plan for purposes of complying with Internal Revenue Code Section 162(m), requires the affirmative vote of a majority of the shares of Juniper Networks common stock present in person or represented by proxy and entitled to be voted at the meeting.

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**PROPOSAL NO. 3**

**RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee of the Board has appointed Ernst & Young LLP, an independent registered public accounting firm, to audit Juniper Networks' consolidated financial statements for the fiscal year ending December 31, 2009. During fiscal 2008, Ernst & Young served as Juniper Networks' independent registered public accounting firm and also provided certain tax and other audit related services. See "Principal Accountant Fees and Services" on page 55. Representatives of Ernst & Young are expected to attend the annual meeting, where they are expected to be available to respond to appropriate questions and, if they desire, to make a statement.

**Our Board recommends a vote FOR the ratification of the appointment of Ernst & Young LLP, an independent registered public accounting firm, as Juniper Networks' auditors for the 2009 fiscal year.** If the appointment is not ratified, the Audit Committee will consider whether it should select other independent auditors. Even if the appointment is ratified, the Audit Committee, in its discretion, may direct the appointment of a different independent registered public accounting firm as Juniper Networks' independent auditors at any time during the year if the Audit Committee determines that such a change would be in the Company's and its stockholders' best interests.

If you sign your proxy or voting instruction card or vote by telephone or over the Internet but do not give instructions with respect to this proposal, your shares will be voted for the ratification of the appointment of Ernst & Young LLP, an independent registered public accounting firm, as Juniper Networks' auditors for the 2009 fiscal year, as recommended by the Board.

**Vote Required**

Ratification of the appointment of Ernst & Young LLP, an independent registered public accounting firm, as auditors for fiscal 2009 requires the affirmative vote of a majority of the shares of Juniper Networks common stock present in person or represented by proxy and entitled to be voted at the meeting.

**Table of Contents****SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

The following table sets forth information, as of March 1, 2009, concerning:

beneficial owners of more than 5% of Juniper Networks common stock;

beneficial ownership by Juniper Networks directors and the named executive officers set forth in the Summary Compensation table on page 48; and

beneficial ownership by all current Juniper Networks directors and current Juniper Networks executive officers as a group.

The information provided in the table is based on Juniper Networks records, information filed with the Securities and Exchange Commission and information provided to Juniper Networks, except where otherwise noted.

The number of shares beneficially owned by each entity, person, director or executive officer is determined under rules of the Securities and Exchange Commission, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares as to which the individual has the sole or shared voting power or investment power and also any shares that the individual has the right to acquire as of April 30, 2009 (60 days after March 1, 2009) through the exercise of any stock option or other right. Unless otherwise indicated, each person has sole voting and investment power (or shares such powers with his or her spouse) with respect to the shares set forth in the following table. In addition, unless otherwise indicated, all persons named below can be reached at Juniper Networks, Inc., 1194 N. Mathilda Avenue, Sunnyvale, California 94089.

**BENEFICIAL OWNERSHIP TABLE**

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership(1)	Percent of Class(1)
<b><u> Holders of Greater Than 5% </u></b>		
<b>FMR Corp. LLC</b> <b>82 Devonshire Street</b> <b>Boston, MA 02109</b>	<b>81,232,910(2)</b>	<b>15.5%</b>
<b>T. Rowe Price Associates</b> <b>100 E. Pratt Street</b> <b>Baltimore, MD 21202</b>	<b>81,036,310(3)</b>	<b>15.5%</b>
<b><u> Directors and Named Executive Officers: </u></b>		
<b>Mark Bauhaus(4)</b>	<b>108,253</b>	<b>*</b>
<b>Robert M. Calderoni(5)</b>	<b>130,633</b>	<b>*</b>
<b>Mary Cranston(5)</b>	<b>33,104</b>	<b>*</b>
<b>Robyn Denholm(5)</b>	<b>121,770</b>	<b>*</b>
<b>Kevin R. Johnson</b>	<b>85,349</b>	<b>*</b>
<b>Scott Kriens(6)</b>	<b>14,666,347</b>	<b>2.8%</b>

<b>J. Michael Lawrie(5)</b>	<b>59,156</b>	<b>*</b>
<b>Edward Minshull</b>	<b>17,069</b>	<b>*</b>
<b>William F. Meehan(5)</b>	<b>2,777</b>	<b>*</b>
<b>Kim Perdikou(7)</b>	<b>562,499</b>	<b>*</b>
<b>Stratton Sclavos(8)</b>	<b>246,333</b>	<b>*</b>
<b>Pradeep Sindhu(9)</b>	<b>8,195,881</b>	<b>1.6%</b>
<b>William R. Stensrud(10)</b>	<b>1,319,996</b>	<b>*</b>
<b>All Directors and Executive Officers as a Group (17 persons)(11)</b>	<b>25,918,177</b>	<b>4.9%</b>

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\* Represents holdings of less than one percent.

- (1) The percentages are calculated using 522,417,234 outstanding shares of the Company's common stock on March 1, 2009, as adjusted pursuant to Rule 13d-3(d)(1)(i). Pursuant to Rule 13d-3(d)(1) of the Securities Exchange Act of 1934, as amended, beneficial ownership information also includes shares subject to options exercisable within 60 days of March 1, 2009.
- (2) Based on information reported on Schedule 13G filed with the Securities and Exchange Commission on February 13, 2009.
- (3) Based on information reported on Schedule 13G filed with the Securities and Exchange Commission on February 13, 2009. These securities are owned by various individual and institutional investors which T. Rowe Price Associates, Inc. ( "Price Associates" ) serves as investment adviser with power to direct investments and/or sole power to vote the securities. For purposes of the reporting requirements of the Securities Exchange Act of 1934, Price Associates is deemed to be a beneficial owner of such securities; however, Price Associates expressly disclaims that it is, in fact, the beneficial owner of such securities.
- (4) Includes 106,770 shares which are subject to options that may be exercised within 60 days of March 1, 2009.
- (5) Consists of shares which are subject to options that may be exercised within 60 days of March 1, 2009.
- (6) Includes 8,981,672 shares held by the Kriens 1996 Trust, of which Mr. Kriens and his spouse are the trustees and 5,219,895 shares which are subject to options that may be exercised within 60 days of March 1, 2009.
- (7) Includes 545,604 shares which are subject to options that may be exercised within 60 days of March 1, 2009.
- (8) Includes 238,333 shares which are subject to options that may be exercised within 60 days of March 1, 2009.
- (9) Includes 1,438,780 shares held by the Sindhu Investments, LP, a family limited partnership; 2,880,070 shares held by the Sindhu Family Trust and 6,867 shares held by Dr. Sindhu's spouse. Also includes 2,257,811 shares which are subject to options that may be exercised within 60 days of March 1, 2009.
- (10) Includes 915,263 shares held in a trust as community property and 218,333 shares which are subject to options that may be exercised within 60 days of March 1, 2009.
- (11) Includes an aggregate of 9,291,007 shares which are subject to options that may be exercised within 60 days of March 1, 2009.

**EXECUTIVE OFFICER AND DIRECTOR STOCK OWNERSHIP GUIDELINES**

The Company has adopted stock ownership guidelines to further align the interests of the Company's named executive officers and directors with the interests of its stockholders and promote the Company's commitment to sound corporate governance.

The ownership guidelines applicable to named executive officers are determined as a multiple of the officer's base salary. The Company's Chief Executive Officer is required to hold shares of Juniper Networks common stock with a value equal to at least three (3) times his or her annual base salary. The other named executive officers are required to hold shares of Juniper Networks common stock with a value equal to one and one-half (1.5) times his or her annual



base salary. This ownership guideline is initially calculated using the applicable base salary as of the later of (a) February 11, 2009, and (b) the date the person first became subject to these guidelines as a named executive officer. The base salary guideline for each person will be re-calculated February 7, 2012 and each third year thereafter, and will be based on applicable base salary in effect on such calculation date. Named executive officers are required to achieve the applicable level of ownership within five (5) years of the later of (a) February 11, 2009, and (b) the date the person was initially designated a named executive officer of the Company.

Outside directors are required to hold shares of Juniper Networks common stock with a value equal to three (3) times the amount of the annual retainer paid to outside directors for service on the Board (excluding additional committee retainers, if any). This ownership guideline is initially calculated using the annual cash retainer for service as a director (but not including additional retainers associated with committee or Chairman service) as of the date the person first became subject to these guidelines as an outside director. The ownership guidelines will be re-calculated based on applicable annual director retainers as of February 7, 2012 and each third year thereafter, and

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will be based on applicable annual Board retainer in effect on such calculation date. Outside directors are required to achieve applicable level of ownership within three (3) years of the later of (a) February 11, 2009 and (b) the date the person first became a non-employee member of the Board.

A complete copy of the Company's equity ownership guidelines is located at <http://www.juniper.net/us/en/local/pdf/legal/stock-ownership-guidelines.pdf>.

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our directors, executive officers and holders of more than 10% of Juniper Networks common stock to file with the Securities and Exchange Commission reports regarding their ownership and changes in ownership of our securities. We believe that, during fiscal 2008, our directors, executive officers and 10% stockholders complied with all Section 16(a) filing requirements. In making this statement, we have relied upon examination of the copies of Forms 3, 4 and 5, and amendments thereto, provided to Juniper Networks and the written representations of its directors and executive officers.

**CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

The Company's Worldwide Code of Business Conduct and Ethics (the Code) requires that the Company's employees, officers and directors should avoid conducting Company business with a relative or significant other, or with a business in which a relative or significant other is associated in any significant role (as used in the Code, a related party transaction). If the related party transaction involves the Company's directors or executive officers or is determined by the Company's Chief Financial Officer to be material to the Company (or if applicable SEC or NASDAQ rules require approval by the Audit Committee), the Audit Committee of the Board, in accordance with the Code and its charter, must review and approve the matter in writing in advance of any such related party transactions.

The Company reimburses Mr. Kriens for ordinary operating costs relating to his use of his aircraft for business purposes up to a maximum amount of \$650,000 per year. In 2008, Mr. Kriens received \$183,660 in such reimbursements. This reimbursement will be limited to the value of equivalent first-class airfare beginning April 1, 2009.

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**EXECUTIVE COMPENSATION**

**Compensation Discussion and Analysis**

The Compensation Committee (the Committee) of the Board is comprised entirely of independent directors and has the responsibility for approving compensation for those officers who are designated as reporting officers under Section 16 of the Securities Exchange Act of 1934 (Section 16 officers). Generally, the types of compensation and benefits provided to the Section 16 officers are also provided to other non-Section 16 officers reporting to the Chief Executive Officer. Throughout this proxy statement, the individuals who served as the Company's Chief Executive Officer or Chief Financial Officer during 2008, as well as the other individuals included in the Summary Compensation Table on page 48, are referred to as the named executive officers. All of the named executive officers are current Section 16 officers except for Mr. Scott Kriens, who is no longer an executive officer of the Company but remains subject to Section 16 as Chairman the Board, and Mr. Edward Minshull, who is no longer an employee of the Company.

This discussion describes and analyzes the 2008 compensation program for the named executive officers of the Company as well as certain aspects of the 2009 compensation program for the same individuals.

**Executive Compensation Philosophy and Objectives**

The Company's executive compensation programs are overseen by the Committee. The Committee recognizes that in order for the Company to successfully develop, introduce, market and sell products, the Company must be able to attract, retain and reward qualified executives who will be able to operate effectively in a high growth, complex environment. The Committee's approach is based on the philosophy that a substantial portion of aggregate compensation for named executive officers should be contingent upon the Company's overall performance and an individual's contribution to the Company's success. Key objectives of the executive compensation program are as follows:

- Provide compensation opportunity that is competitive in the industry;
- Motivate named executive officers to achieve the Company's strategic business objectives;
- Align the interests of named executive officers with the long-term interests of stockholders; and
- Attract and retain key executive talent.

As a starting point for 2008 the Committee targeted key elements of the named executive officer compensation program relative to competitive benchmarks for similar jobs as follows:

- Base salary at approximately the 50th percentile, or median;
- Annual cash incentive compensation at or slightly above the 50th percentile, with an opportunity to earn above the market median for superior performance relative to pre-established goals;
- Long-term equity incentive compensation between the 50th and 75th percentile, with an opportunity to earn above market median for superior performance relative to pre-established goals and based on stock price appreciation.

Final decisions regarding compensation opportunity for an executive officer take into account individual performance, tenure, criticality of role, and ability to impact business results.

**Role of the Compensation Consultant**

The Committee has the authority to engage its own advisors to assist it in carrying out its responsibilities and has approved the Company's retention of Mercer (US) Inc. ( Mercer ) to provide analysis, advice and guidance with respect to compensation. The Committee is free to replace its compensation advisors or retain additional advisors at any time. Mercer evaluated the competitiveness of the Section 16 officer compensation program relative to the external market, provided emerging trends and best practices and developed recommendations. Mercer and Mercer affiliates also provide other services to the Company, including U.S. benefits administration, consulting services related to generally available Company benefit plans, and brokerage services for U.S. and international benefit plans.

Mercer reports to the Company's Executive Vice President responsible for Human Resources and the Company's Senior Director of Total Rewards.

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### **Role of the Chief Executive Officer**

The Chief Executive Officer makes recommendations to the Committee regarding the salary, incentive target and equity awards for the CFO and other named executive officers (except for himself and Mr. Kriens) based on the analysis and guidance provided by the Mercer and his assessment of the performance of the individuals. He is assisted by the Executive Vice President, Human Resources and the Senior Director of Total Rewards in these recommendations to the Committee.

The Committee independently decides the salary, incentive target and equity awards for the Chief Executive Officer. The Executive Vice President, Human Resources and the Senior Director of Total Rewards make the recommendation regarding the Chief Executive Officer's compensation with Mercer's input and advice. Based on the information presented, the Committee discusses the Chief Executive Officer's performance, Company performance and the competitive market, and independently makes compensation decisions in an executive session, without the Chief Executive Officer present.

### **Chief Executive Officer**

In July 2008, Mr. Kevin Johnson agreed to join the Company as Chief Executive Officer. In determining Mr. Johnson's new-hire compensation, the Committee considered various factors including market compensation data and in-the-money equity value at the previous employer which Mr. Johnson would forfeit. The Committee's emphasis on equity grants reflects their intention to reward Mr. Johnson for financial growth and significant increases in stockholder value creation under his leadership. As such, Mr. Johnson's compensation was set at the following levels:

\$800,000 in annual base salary.

150% of base salary as the target annual cash incentive.

*Sign-on cash bonus:* \$5,000,000 to be paid in three annual increments as follows: \$1,500,000 for the first year of service, \$1,500,000 for the second year of service, and \$2,000,000 for the third year of service. Should he voluntarily terminate his employment or if his employment is terminated by the Company with cause (as defined in his employment agreement), he will not receive any of the future increments and he will be responsible for prorated repayment to the Company of the bonus amount for the service year in which the termination occurs.

1,600,000 stock options of which 1,400,000 will vest as to 25% of the shares on the first anniversary of his employment commencement and the balance will vest in 36 successive monthly installments, provided Mr. Johnson continues to provide services to the Company. The remaining 200,000 options will vest as to 25% of the shares on March 1, 2010 and the balance will vest in 36 successive monthly installments, provided Mr. Johnson continues to provide services to the Company. Each option has a term of seven years from date of grant, which was September 19, 2008.

*335,000 Performance shares:* the exact number of shares that he will ultimately receive with respect to each year will be determined based on achievement of certain Company performance targets for 2008, 2009, 2010, 2011, and 2012, as determined by the Committee and in accordance with the performance share plan discussed below.

For 2008, Mr. Johnson's actual salary and annual cash incentive payout were prorated based on his period of service.

### **Ex-Chief Executive Officer and Chairman of the Board Role Change and Transition Strategy**

Effective September 2008, Mr. Kriens transitioned from Chief Executive Officer to Chairman of the Board. To ensure a smooth transition of the Chief Executive Officer responsibilities to Mr. Johnson, the Committee maintained Mr. Kriens' base salary level through March 2009 and participation in the 2008 executive annual incentive plan for the entire 2008 year.

Although Mr. Kriens is no longer serving as an executive officer, he remains an employee of the Company, providing services to the Company at the direction of Mr. Johnson and the Board. The Committee determined his 2009 compensation arrangement commensurate with his ongoing employment responsibilities when compared to

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other personnel engaged in related roles within the Company and taking into account the unique value provided in this capacity from Mr. Kriens' experience as the Company's Chief Executive Officer. In March 2009 the Committee approved the following compensation arrangement for Mr. Kriens to reflect the change in his responsibilities from Chief Executive Officer to Chairman which are effective April 1, 2009:

Annual base salary of \$400,000 (reduced from the \$700,000 base salary in effect in his capacity as Chief Executive Officer).

Performance shares for a target number of shares of 28,806, which vest after 1 year. The number of shares actually earned can range between 0 and 57,612 shares depending on the achievement during 2009 of the performance measures described in Key 2009 Compensation Program Changes applicable to the named executive officer performance share awards for 2009.

Mr. Kriens will not be eligible to participate in the annual cash incentive program. Mr. Kriens will continue to earn performance shares from previous grants based on performance and so long as he is an employee of the Company. In addition, Mr. Kriens' change of control agreement expired in January 2009 and the Committee decided not to renew it given the change in his role.

**Factors Considered in Determining Executive Compensation**

As a starting point, the Committee reviews competitive compensation market data to establish reference points and relies on the following data sources:

*Peer Group:* A group of publicly-traded networking equipment and other high technology companies per the table below (the Peer Group). The companies included in the Peer Group are ones which the Committee believes are similar in size and business scope and which compete with the Company for talent. This list is periodically reviewed and updated by the Committee to take into account changes in both the Company's business and the businesses of the peer companies. For 2008, the Peer Group was revised at the recommendation of Mercer to replace certain companies that were acquired or were deemed to engage in atypical pay practices compared to the other members of the group. The data on the compensation practices of the Peer Group is gathered through publicly available information. The Company's fiscal 2008 revenues were approximately \$3,572,000,000.

**Table 1**

<b>Peer Group Company</b>	<b>FY 2007 Revenues (In millions)</b>	
Ebay Inc.	\$	7,672
Symantec Corp.	\$	5,874
Corning Inc.	\$	5,860
CA Inc.	\$	4,277
Harris Corp.	\$	4,243
Network Appliance Inc.	\$	3,303
Adobe Systems Inc.	\$	3,158
Intuit Inc.	\$	2,673
UTStarcom Inc.	\$	2,467
Autodesk Inc.	\$	2,172

Tellabs Inc.	\$	1,913
BMC Software Inc.	\$	1,732
VeriSign Inc.	\$	1,496
Earthlink Inc.	\$	1,216
Avaya Inc.		n/a
Peer Group Median	\$	2,915
Juniper Networks	\$	2,836

Note: Avaya Inc was acquired in 2007.



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*Published Surveys:* For the 2008 annual compensation review, broader technology company data was drawn from the following published survey sources. For corporate positions, data was collected for companies between \$1 billion and \$6 billion in sales revenue. For the general managers who are compensated in part based on the performance of their respective business unit, the Committee received survey data for top business unit executives scoped to the sales revenue size of each respective business unit at the Company.

**Table 2**

<b>Executive</b>	<b>Surveys Used in Benchmark</b>	<b>Scope</b>
Kevin Johnson Chief Executive Officer(1)	N/A	N/A
Scott Kriens Chairman of the Board (Chief Executive Officer through September 8, 2008)	Radford 2007 Executive Survey Buck 2006 Executive Survey	Corporate Revenue, \$3B-\$5.9B Corporate Revenue, \$1B-\$6B
Robyn Denholm Executive Vice President and Chief Financial Officer	Radford 2007 Executive Survey Buck 2006 Executive Survey	Corporate Revenue, \$3B-\$5.9B Corporate Revenue, \$1B-\$6B
Mark Bauhaus Executive Vice President and General Manager, Service Layer Technology Business Group	Radford 2007 Executive Survey	Business Group Revenue, survey median scope \$2.3B (revenue range not available)
Kim Perdikou Executive Vice President and General Manager, Infrastructure Products Group	Radford 2007 Executive Survey	Business Group Revenue, survey median scope \$2.3B (revenue range not available)
Pradeep Sindhu Chief Technology Officer and Vice Chairman of the Board	Radford 2007 Executive Survey Buck 2006 Executive Survey	Corporate Revenue, \$3B-\$5.9B Corporate Revenue, \$1B-\$6B
Edward Minshull Executive Vice President Worldwide Field Operations	Radford 2007 Executive Survey Buck 2006 Executive Survey	Corporate Revenue, \$3B-\$5.9B Corporate Revenue, \$1B-\$6B

(1) Mr. Johnson was a new hire in 2008 and therefore was not part of the 2008 benchmarking evaluation.

After reviewing the market data, the Committee takes into consideration other factors, such as internal equity, individual performance, tenure, leadership skills and ability to impact business performance. In addition, while recruiting key executive talent, the compensation decisions may be determined based on the recruitment negotiations with such individuals and reflect such factors as the amounts of compensation that the individual would forego by joining the Company or the costs of relocation.

**Table of Contents****Elements of Executive Compensation**

The named executive officer compensation program comprises the following elements:

<b>Element</b>	<b>Rationale</b>
Base Salary	Provides fixed level of compensation for day-to-day responsibilities and achieving target goals and objectives
Annual Cash Incentives	Aligns executive efforts with short-term (annual) financial and strategic Company goals
Long-term Incentives	Bridges short and long-term goals and align executive efforts with stockholder value creation
Stock Options	Explicitly aligns executive efforts with stockholder value creation (stock price appreciation)
Performance Shares	Rewards longer-term sustained financial performance, further strengthening the link with stockholder value creation
Restricted Stock Units	Key tool used in specific situations for retention and attraction needs
Benefits	Except as referenced below, executives participate in company wide benefit programs. Executives may choose to defer a portion of salary and annual incentive bonus under a deferred compensation program
Severance	Provides a financial bridge to new employment in line with market competitive practices
Change of Control related Benefits	Encourage the continued attention, dedication and continuity of assigned duties without the distraction that may arise from the possibility of a change of control

**Base Salary**

Pursuant to the 2008 annual compensation review, the following base salary increases were approved for 2008 by the Committee with an intention to bring salaries closer to the median of the Peer Group. However, even after the adjustment, Mr. Kriens' 2008 salary was substantially below the median. No changes were made to the base salary of Mr. Edward Minshull because his salary was above the median of the competitive market data. The Committee noted that this was primarily due to the fact that Mr. Minshull was paid in British Pounds and exchange rates had impacted his compensation relative to the other named executive officers. The increase to Ms. Denholm's salary placed her total target cash compensation slightly above the median for the Peer Group and the Committee determined this was appropriate in light of Ms. Denholm's performance in 2007.

**Table 3**

<b>Executive</b>	<b>2008 Base Salary</b>	<b>% Increase Over 2007 Base Salary</b>
Kevin Johnson(1)	\$ 800,000	N/A
Robyn Denholm	\$ 500,000	4.2%
Mark Bauhaus	\$ 357,000	5.0%

Kim Perdikou	\$	362,250	5.0%
Pradeep Sindhu	\$	396,750	15.0%
Scott Kriens	\$	700,000	16.7%
Edward Minshull	\$	460,000	

(1) Mr. Johnson was a new hire in 2008 and therefore was not part of the merit increase cycle

### **Annual Cash Incentive Compensation**

As discussed above, one of the key program objectives is to have a significant portion of each named executive officer's compensation tied to performance. To this end, the Company has established a target annual performance-

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based cash incentive opportunity for each named executive officer expressed as a percent of base salary. In establishing the amount of target incentive, the Committee takes into account the competitive market data, desired positioning against market, the individual's role and contribution to performance, and internal consistency among executives at a comparable level. The actual award earned may be higher or lower than this target incentive amount based on company, business unit, and/or individual performance factors.

For 2008, taking into account the changes made to base salary and other factors discussed above, the Committee determined not to make any changes to the target incentives (as a percentage of base salary). The target incentives as a percentage of base salary are presented below:

**Table 4**

<b>Executive</b>	<b>2008 Target Incentives (as % of Base Salary)</b>
Kevin Johnson	150%
Robyn Denholm	100%
Mark Bauhaus	75%
Kim Perdikou	75%
Pradeep Sindhu	75%
Scott Kriens	150%
Edward Minshull	100%

Named executive officers could earn annual cash incentives in 2008 based on pre-determined revenue, non-GAAP operating income and company wide strategic objectives. The strategic goals component pays out based on aggregate achievement against the following three objectives:

2008 vs. 2007 employee survey results: Scores maintained and/or improved in the areas of confidence in the future and opportunities for development;

2008 unplanned voluntary attrition at or below industry average; and

Manager's Essentials course completion rate.

The table below lists the performance objectives and the weighting assigned to each measure for each individual named executive officer.

**Table 5**

<b>Executive</b>	<b>Corporate Financial Performance</b>		<b>Business Group Financial Performance</b>		<b>Company Wide Strategic Goals</b>
	<b>Revenue</b>	<b>Operating Income</b>	<b>Revenue</b>	<b>Operating Income</b>	
Kevin Johnson(1)	50%	30%			20%

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Robyn Denholm	50%	30%			20%
Mark Bauhaus	25%	15%	25%	15%	20%
Kim Perdikou	25%	15%	25%	15%	20%
Pradeep Sindhu	50%	30%			20%
Scott Kriens	50%	30%			20%
Edward Minshull(2)	N/A	N/A	N/A	N/A	N/A

- (1) Mr. Johnson's payment is based on his annual base salary prorated from the commencement of his employment in September 2008.
- (2) Mr. Minshull resigned from his position at the Company in 2008 and was not eligible for payment.

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The amounts paid depend on the level of achievement against the objectives and, with respect to the revenue and operating income objectives, range between zero and 200% of the target incentive. With respect to the specified strategic goals, payments range between zero and 100% of the target incentive. As such, the maximum aggregate amount payable to each named executive officer is 180% of his or her incentive target. The incentive is based on the Company's revenue results, non-GAAP operating income results and on achieving other specified strategic goals, such as employee engagement and leadership development. However, in the case of a general manager of a business group, such as Mr. Bauhaus and Ms. Perdikou, the revenue and operating income factors are based half on achieving the Company's revenue and non-GAAP operating income targets and half on achieving the applicable business group's revenue and non-GAAP contribution margin targets. However, no payment is earned for any component if less than 80% of the operating income objective is achieved. At 80% of the objective, 30% of the applicable component is earned; achievement of 100% of the objective results in 100% of the component earned; and if 120% of the revenue or operating income objective is achieved, 200% of that component is earned. For 2008, the Committee set target performance goals at levels which it believed at the time to be difficult but achievable and set maximum performance goals a level which it believed to be very difficult.

Upon completion of the measurement period for 2008, the Committee reviewed the performance of the Company and each applicable business group to verify and approve the calculations of the amounts to be paid. Actual payments to named executive officers under the incentive program ranged between 68% and 88% of the individual's target bonus for the year. The following table summarizes the payments for the Company's named executive officers (expressed as percentage of their 2008 target incentive):

**Table 6**

Executive	Corporate Financial Performance		Business Group Financial Performance		Company Wide Strategic Goals	Total
	Revenue	Operating Income	Revenue	Operating Income		
Kevin Johnson(1)	38%	28%			20%	86%
Robyn Denholm	38%	28%			20%	86%
Mark Bauhaus	19%	14%	15%	0%	20%	68%
Kim Perdikou	19%	14%	21%	14%	20%	88%
Pradeep Sindhu	38%	28%			20%	86%
Scott Kriens	38%	28%			20%	86%
Edward Minshull(2)	N/A	N/A	N/A	N/A	N/A	N/A

(1) Mr. Johnson's payment is based on his annual base salary prorated from the commencement of his employment in September 2008.

(2) Mr. Minshull resigned from his position at the Company in 2008 and was not eligible for payment.

In comparison, payments to eligible named executive officers under the Company's 2007 annual cash incentive program ranged between 100% and 117% of the individual's target bonus for the year.

**Long-Term Equity Incentive Compensation**

The equity compensation programs are intended to align the interests of our named executive officers with those of our stockholders by creating an incentive to drive financial performance over time and maximize stockholder value creation. The vehicles used for the equity compensation program and the rationale for their use is as follows:

Stock options provide payout opportunity to the named executive officers only if the stock price appreciates relative to the date of grant, which is an express link between stockholder value creation and executive efforts. The stock options vest based upon continued service over a four year period.

Performance share awards are designed to reward executive efforts with respect to year-over-year sustained financial performance, which in the longer-term potentially positively impacts stockholder value. The amount of performance shares earned for a particular year is based on the achievement of annual performance targets established for that year. For 2008, the performance targets were based on revenue

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and non-GAAP operating margin. For 2008, the Committee set target performance goals at levels which it believed at the time to be difficult but achievable and set maximum performance goals a level which it believed to be very difficult. With respect to each year's performance, the participants can earn between 0% and 200% of the target amount for that year depending on the level of achievement against the targets established for that year (the target amount for each year is one third of the target amount for the entire three year period). Shares earned vest on satisfaction of the service period of three years from date of grant. No shares are vested or issued prior to the completion of the third year, and any earned but unvested shares are forfeited if the employee leaves the Company before they are vested and paid.

Service-based restricted stock units (RSUs) are granted to named executive officers on a case by case basis to reward exemplary performance and manage retention risk.

In determining the amount of long-term equity incentives to award each individual, the Committee evaluated grant levels in the Peer Group and reported in the survey data. The Committee's objective was to continue to target total direct compensation near the 50th percentile of the Peer Group market data discussed above. However, within this general objective, the specific number of equity awards for each of the Named Executive Officers was based on their respective roles and grade level. In structuring the 2008 awards, the Committee sought to allocate approximately 50% of the value to stock options and 50% to the performance shares.

The stock options were granted by the Company on March 21, 2008 and have an exercise price equal to the closing market price in effect on the date of grant of \$25.16 per share. The options have a seven-year term and vest with respect to 25% of the shares on the first anniversary of grant and with respect to 1/48th of the shares each month thereafter, assuming continued service to the Company. The performance shares were granted on March 21, 2008 and vest after the Committee approves the payout calculations following the end of the third performance year based on achievement of specific performance objectives established for each year of a three-year period. In the case of Mr. Johnson, his performance shares were granted in connection with the commencement of his employment in September 2008 and vest each year after the Committee approves the payout calculations following 2008, 2009, 2010, 2011, and 2012. Details on individual grants can be found in the Grants of Plan Based Awards Table on page 51 of this document.

The table below details shares banked (meaning that they have been earned subject to the condition that they do not vest until after the last performance period, except in the case of Mr. Johnson as noted above) for the 2008 performance measurement year by each named executive officer under their outstanding performance shares that were granted in 2007 and/or 2008 based on actual 2008 performance.

**Table 7**

Executive	Grant Year of Performance	Total Performance	2008 Target	2008	
				Performance Achievement (% of Target)	2008 Total Shares Banked
Kevin Johnson(1)	2008	335,000	35,000	96%	33,600
Robyn Denholm	2008	25,000	8,334	96%	8,001
Mark Bauhaus	2008	25,000	8,334	96%	8,001
Kim Perdikou	2008	25,000	8,334	96%	8,001



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	2007	33,000	11,000	96%	10,560
Pradeep Sindhu	2008	25,000	8,334	96%	8,001
	2007	33,000	11,000	96%	10,560
Scott Kriens	2008	70,000	23,334	96%	22,401
	2007	100,000	33,333	96%	32,000
Edward Minshull(2)	N/A	N/A	N/A	N/A	N/A

- (1) Mr. Johnson's performance share award is a five year award and differs from the awards described above-please see the descriptions above for a description of his award.
- (2) Mr. Minshull resigned from his position at the Company in 2008 and was not eligible for award.

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In addition, on March 21, 2008 the Committee granted Mr. Bauhaus a restricted stock unit award for 30,000 shares that vests in three equal annual installments, provided Mr. Bauhaus continues to provide services to the Company. The Committee granted this award in recognition of Mr. Bauhaus' prior contributions to the Company.

### **Benefits and Perquisites**

The named executive officers are provided the same benefits available to employees broadly. The Committee believes that the benefits programs are reasonable and consistent with its overall compensation program to better enable the Company to attract and retain talent.

Mr. Minshull participated in the Group Personal Pension Plan which is a tax-qualified defined contribution retirement plan available to all full time employees in the United Kingdom. The Company contributed 7% of an employee's base salary to the plan following an initial period of service, which Mr. Minshull had satisfied. As such, Company contributions for Mr. Minshull were fully-vested upon contribution. The Company does not match employee contributions to this plan. The Company does not maintain or provide any defined benefit plans for its employees.

As is typical for the Company's managers in Europe, in 2008 Mr. Minshull was given a car allowance. Mr. Minshull received a car allowance of \$1,852 per month in arrears, less deductions for tax and U.K. National Insurance taxes contributions. He was also entitled to reimbursement of fuel costs through the standard expense reimbursement process.

In addition to the company wide benefits, named executive officers participate in the Deferred Compensation and Executive Wellness Program described below.

### ***Deferred Compensation Plan***

In June 2008 the Company adopted and implemented a deferred compensation plan. All named executive officers are eligible to participate in the deferred compensation plan. The Company implemented this plan in order to offer benefits that are competitive with companies with which we compete for talent. This plan allows participants to elect to defer a certain amount of compensation earned into one or more investment choices. The participants are not taxed on the compensation deferred into these investments until distribution of invested funds to the participant at a future date, which may be upon termination of employment with the Company or a designated in-service date elected by the participant. The deferred compensation plan is intended to comply with Internal Revenue Code Section 409A. Information regarding participation in the deferred compensation plan by named executive officers in 2008 is set forth in the Non-Qualified Deferred Compensation Table on page 54 below.

### ***Executive Wellness Program***

The Committee approved the adoption of an Executive Wellness Program (the Wellness Program) beginning in June 2008. Under the Wellness Program, eligible executives will receive additional benefits focused on health care screening and wellness. The total value this benefit is limited to \$10,000 per year for each eligible executive. The Committee believes that by promoting the health and wellness of its executives can result in a number of benefits to the Company, including increased productivity, lower absentee rate and increased organizational stability, among others.

From time to time, the Company may agree to reimburse employees for relocation costs if the employee's job responsibilities require him or her to move a significant distance. In connection with Mr. Johnson's joining the Company in September 2008, the Company agreed to reimburse Mr. Johnson for relocation expenses to facilitate his

move to a location near the Company's corporate headquarters. Mr. Johnson was reimbursed \$34,169 in connection with such expenses.

In addition, in connection with attendance at a Company-sponsored recognition event in 2008, Mr. Kriens, Mr. Bauhaus, Mr. Minshull and Ms. Perdikou received \$32,090, \$27,340, \$27,840 and \$12,492 in deemed compensation.

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Attributed costs of the personal benefits described above for the named executive officers for the fiscal year ended December 31, 2008, are included in the column entitled "All Other Compensation" in the Summary Compensation Table on page 48.

### **Severance Benefits**

In addition to compensation designed to reward employees for service and performance, the Committee has approved certain severance and change of control provisions for certain employees, including named executive officers.

#### ***Basic Severance***

In order to recruit executives to the Company and encourage retention of employees, the Committee believes it is appropriate and necessary to provide assurance of certain severance payments if the Company terminates the individual's employment without cause, as described below. The Committee has approved severance benefits for several members of senior management, including Mr. Bauhaus, Ms. Denholm, Mr. Kriens, Ms. Perdikou and Dr. Sindhu. In the event the employee is terminated involuntarily by Juniper Networks without cause, as defined in their respective agreements, and provided the employee executes a full release of claims, in a form satisfactory to Juniper Networks, promptly following termination, the employee will be entitled to receive the following severance benefits: (i) an amount equal to six months of base salary, (ii) an amount equal to half of the individual's annual target bonus for the fiscal year in which the termination occurs, and (iii) in the case of Mr. Bauhaus and Ms. Denholm, six months of Company-paid health, dental, vision, and life insurance coverage.

Upon the commencement of her employment, Ms. Denholm entered into a severance agreement with the Company that also provides, in addition to the aforementioned benefits upon a termination without cause, that in the event Ms. Denholm voluntarily terminates her employment with the Company within the first two (2) years of employment for good reason, as defined in the agreement, and provided she executes a full release of claims, promptly following termination, Ms. Denholm shall receive the following severance benefits: (i) an amount equal to six months of base salary, (ii) an amount equal to half of her annual target bonus for the fiscal year in which the termination occurs and (iii) six months of Company-paid health, dental, vision, and life insurance coverage, (iv) provided no shares have otherwise vested under the restricted stock unit award granted to Ms. Denholm in August 2007, acceleration of vesting of such restricted stock units equal to the total number of shares covered by such award, multiplied by the number of full months of service to the Company completed through the date of termination divided by 48, and (v) provided no shares have otherwise vested under the above stock option award granted to Ms. Denholm in August 2007, acceleration of vesting of such options equal to the total number of shares covered by such award, multiplied by the number of full months of service to the Company completed through the date of termination divided by 48.

Upon the commencement of his employment, Mr. Johnson entered into a severance agreement which provided that in the event Mr. Johnson is terminated involuntarily by the Company without cause, as defined in the agreement, and provided he executes a full release of claims, in a form satisfactory to Juniper Networks promptly following termination, Mr. Johnson will be entitled to receive the following severance benefits: (i) an amount equal to one year of base salary, (ii) an amount equal to his annual target bonus for the fiscal year in which the termination occurs, and (iii) six months of Company-paid health, dental, vision, and life insurance coverage.

The Committee believes that the size of the severance packages described is consistent with severance offered by other companies of the Company's size or in the Company's industry.

The following table describes the potential payments upon termination of employment without cause, or for Ms. Denholm only, for good reason, (assuming the change of control benefits discussed below do not apply) for each of the named executive officers as described above. Amounts payable in cash assume relevant salary, bonus and

benefit values in effect as of December 31, 2008. The amounts in the following table for equity awards for Ms. Denholm represent the additional value of the awards that vest as a result of the resignation for good reason (as defined in the

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applicable agreement). For purposes of valuing the equity awards, the amounts below are based on a per share price of \$17.51, which was the closing price as reported on the NASDAQ Global Select Market on December 31, 2008.

**Table 8****Potential Severance Payments for Termination Without Cause**

<b>Name</b>	<b>Base Salary Component</b>	<b>Incentive Compensation Component</b>	<b>Value of Accelerated Equity Awards</b>	<b>Benefits</b>
Kevin Johnson	\$ 800,000	\$ 1,200,000	N/A	\$ 9,918
Robyn Denholm	\$ 250,000	\$ 250,000	\$ 262,650(1)	\$ 9,918
Mark Bauhaus	\$ 178,500	\$ 133,875	N/A	\$ 9,918
Kim Perdikou	\$ 181,125	\$ 135,844	N/A	N/A
Pradeep Sindhu	\$ 198,375	\$ 148,782	N/A	N/A
Scott Kriens	\$ 350,000	\$ 525,000	N/A	N/A
Edward Minshull(2)	N/A	N/A	N/A	N/A

(1) Vesting acceleration applicable only in connection with resignation for good reason as described above.

(2) Inapplicable due to resignation of Mr. Minshull in 2008.

**Change of Control Severance**

The Committee considers maintaining a stable and effective management team to be essential to protecting and enhancing the best interests of the Company and its stockholders. To that end, the Committee recognizes that the possibility of a change of control may exist from time to time, and that this possibility, and the uncertainty and questions it may raise among management, may result in the departure or distraction of management to the detriment of the Company and its stockholders. Accordingly, the Committee decided to take appropriate steps to encourage the continued attention, dedication and continuity of members of the Company's management to their assigned duties without the distraction that may arise from the possibility of a change of control. As a result, the Committee approved certain severance benefits for Mr. Johnson, Mr. Kriens, Ms. Denholm, Mr. Bauhaus, Mr. Minshull, Ms. Perdikou and Dr. Sindhu, as well as for several members of senior management in the event of certain employment terminations following a change of control. In approving these benefits the committee considered a number of factors, including the prevalence of similar benefits adopted by other publicly traded companies. In the case of Mr. Johnson, the change of control benefits were also deemed appropriate in light of the negotiations to secure the services of Mr. Johnson as Chief Executive Officer. All current change of control agreements will expire in January 2011 (other than Mr. Johnson's which expires in January 2013 and Mr. Kriens which expired in January 2009). The Committee takes into account current role, impact of a transaction on the role before renewing the agreements for another period of three years. In line with the change in role of Mr. Kriens from Chief Executive Officer to Chairman of the Board, the Committee did not renew his change of control agreement when it expired in 2009.

The change of control severance benefits approved by the Committee for all named executive officers other than Mr. Johnson, provided the executive signs a release of claims and complies with certain post termination non-solicitation and non-competition obligations, provide that the executive will receive change of control severance

benefits if either (i) the executive is terminated without cause within 12 months following the change of control or (ii) between 4 and 12 months following a change of control the executive terminates his or her employment with the Company (or any parent or subsidiary of the Company) for good reason (both cause and good reason are defined in the agreement). For the purposes of this agreement, 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) does not by itself constitute grounds for good reason .

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These change of control severance benefits consist of (i) a cash payment equal to the executive's annual base salary plus the employee's target bonus for the fiscal year in which the change of control or the executive's termination occurs, whichever is greater, (ii) acceleration of vesting of all of the executive's then unvested outstanding stock options, stock appreciation rights, restricted stock units and other Company equity compensation awards that vest based on time, and (iii) one year of Company-paid health, dental and vision insurance coverage. 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.), the change of control severance benefits include acceleration as follows: (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.

Mr. Johnson's change of control severance benefits are as follows. Provided he signs a release of claims and complies with certain post termination non-solicitation and non-competition obligations, Mr. Johnson will receive change of control severance benefits if either: (i) he is terminated without cause within 18 months following the change of control, or (ii) between 12 and 18 months following a change of control he terminates his employment with the Company (or any parent or subsidiary of the Company) for Good Reason. The change of control severance benefits consist of: (i) a cash payment equal to his annual base salary plus his target bonus for the fiscal year in which the change of control or his termination occurs, whichever is greater, (ii) acceleration of vesting of all of his then unvested outstanding stock options, stock appreciation rights, restricted stock units and other Company equity compensation awards that vest based on time, and (iii) one year of Company-paid health, dental, vision, and life insurance coverage. 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.), Mr. Johnson's change of control severance benefits include acceleration as follows: (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. In the event that any of the provisions of the Company's 2006 Equity Incentive Plan would prevent him from receiving a portion of the entire amount of acceleration of Restricted Stock, Performance Shares or Restricted Stock Units or Deferred Stock Units which would otherwise accelerate under the change of control agreement, then Mr. Johnson's employment agreement provides for paying him the cash value of such shares. For purposes of this change of control agreement, Good Reason means any of the following actions taken without Mr. Johnson's express written consent: (i) any material reduction of his duties, title, authority or responsibilities or a material change in who he reports to, relative to his duties, title, authority or responsibilities and reporting relationship as in effect immediately prior to such reduction, (ii) a substantial reduction of the facilities and perquisites (including office space and location) available to Mr. Johnson immediately prior to such reduction, (iii) a reduction by the Company in the base compensation or total target cash compensation as in effect immediately prior to such reduction, (iv) a material reduction by the Company in the kind or level of benefits to which Mr. Johnson was entitled immediately prior to such reduction with the result that his overall benefits package is significantly reduced, or (v) the relocation of Mr. Johnson to a facility or a location more than forty (40) miles from his then-present location. For purposes of this change of control agreement, Cause means (i) an act of personal dishonesty taken by Mr. Johnson in connection with his responsibilities as an employee and intended to result in substantial personal enrichment, (ii) Mr. Johnson being convicted of, or pleading nolo contendere to a felony, (iii) a willful act by Mr. Johnson which constitutes gross misconduct and which is injurious to the Company, or (iv) following delivery to Mr. Johnson of a written demand for performance from the Company which describes the basis for the Company's reasonable belief that he has not substantially performed his duties,



continued violations by Mr. Johnson of his obligations to the Company which are demonstrably willful and deliberate. If any of the change of control benefits would constitute a parachute payment within the meaning of Section 280G of the Internal Revenue Code and be subject to the excise tax and any related interest or penalties, then he will be entitled

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to receive from the Company an additional payment (the **Gross-Up Payment** ) in an amount up to a maximum of \$5 million that that would fund his payment of any excise tax payments as well as all income and employment taxes imposed on the Gross-Up Payment, any Excise Tax imposed on the Gross-Up Payment and any interest or penalties imposed with respect to income and employment taxes imposed on the Gross-Up Payment. No Gross-Up Payment is required if the amount of benefits that would constitute a Parachute Payment is \$1 million or less.

The following table describes the potential payments upon termination of employment in connection with a change of control of Juniper Networks for each of the named executive officers. The amounts in the following table for equity awards represent the value of the awards that vest as a result of the termination without cause or a resignation for good reason (as defined in the applicable agreement) of the named executive officer's employment in connection with a change of control. For purposes of valuing the stock options, the amounts below are based on a per share price of \$17.51, which was the closing price as reported on the NASDAQ Global Select Market on December 31, 2008. Other amounts payable assume relevant salary, bonus and benefit values in effect as of December 31, 2008. The amounts in the following table related to benefits represent the amounts payable by the Company to maintain the officer's benefits for the period following the termination of the named executive officer's employment in connection with a change of control as described above.

**Table 9****Potential Payments Upon Termination in Connection with a Change of Control**

Name	Base	Incentive		Value of Accelerated Equity Awards	280G Gross-up
	Salary Severance Component	Compensation Severance Component	Benefits Severance Component		
Kevin Johnson	\$ 800,000	\$ 1,200,000	\$ 19,835	\$ 5,865,850	\$
Robyn Denholm	\$ 500,000	\$ 500,000	\$ 19,835	\$ 1,225,700	N/A
Mark Bauhaus	\$ 357,000	\$ 267,750	\$ 19,835	\$ 2,703,450	N/A
Pradeep Sindhu	\$ 396,750	\$ 297,563	\$ 19,835	\$ 1,557,339	N/A
Kim Perdikou	\$ 362,250	\$ 271,688	\$ 19,835	\$ 2,150,578	N/A
Scott Kriens(1)	\$ 700,000	\$ 1,050,000	\$ 19,835	\$ 3,291,880	N/A
Edward Minshull(2)	N/A	N/A	N/A	N/A	N/A

(1) Mr. Kriens' change of control severance agreement expired in January 2009 and given the change in his role was not renewed.

(2) Inapplicable due to resignation of Mr. Minshull in 2008.

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**Key 2009 Compensation Program Changes**

In 2009, the Committee refined its compensation philosophy to address the following five principles and strategy elements:

<b>Principle</b>	<b>Strategy</b>
1. Enhance Accountability	Executive compensation linked to a clear set of business objectives
2. Manage to Balanced Results	Compensation strategy that drives balanced results between the following: Short and long-term objectives Individual and team performance Financial and non-financial objectives Customer satisfaction and growth
3. Reward High Performance	Upside potential in the incentive plans for superior performance with downside risk for underperformance
4. Attract & Retain Talent	Market-competitive programs with flexibility to be aggressive for mission-critical talent retention and acquisition
5. Align with Stockholder Interests	Programs that are transparent, easily understood and meet fiduciary commitments to stockholders

***Base Salary***

Pursuant to the 2009 annual compensation review, the base salaries of the named executive officers were temporarily reduced by 10% for the Chief Executive Officer and 5% for the other named executive officers. The reductions for the named executive officers were effective April 1, 2009 and will be in effect until January 1, 2010, at which time the salaries will automatically revert to their 2008 levels. The Committee implemented these reductions upon the recommendation of management, who proposed these changes to demonstrate the importance of controlling costs in light of recent global economic weakness.

***Annual Cash Incentive Plan***

For the 2009 fiscal year, the Committee approved the 2009 Annual Incentive Plan (the "2009 AIP"). Named executive officers and other eligible participants can earn between 0% - 200% of their target opportunity based on the performance relative to measures presented in the table below. The incentive targets of the named executive officers remained unchanged for 2009 and will be calculated taking into account the reduction in salary described above. Key design characteristics of the 2009 AIP are:

No payout for performance below specified thresholds and

30% based on achievement of strategic goals comprised of the individual's organization scorecard and individual objectives, as applicable.

**Table 10**

<b>Corporate Financial Performance</b>	<b>Business Group Financial</b>
--	-------------------------------------

<b>Executive</b>			<b>Performance</b>		<b>Strategic Goals</b>
	<b>Revenue Growth</b>	<b>Operating Margin</b>	<b>Revenue Growth</b>	<b>Operating Margin</b>	
Corporate Executives	35%	35%			30%
Business Group Executives	10%	10%	25%	25%	30%

For 2009, the Committee approved financial objectives under the 2009 AIP to focus on revenue growth and non-GAAP operating margin. The Committee believes that these revised metrics better align executive incentives with the goals of generating consistent growth and profitability in a challenging economic environment. In addition, the Committee changed the component of the incentive program linked to achievement specified strategic goals. Each executive's goals are generally based upon individual and organizational scorecards created for each respective participant. A compensation pool covering the aggregate of this component for all of the executive officers will be established over the performance period at target. The CEO will make recommendations to the

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Committee as to how much of the pool to allocate to each executive based on that individual's achievement. In addition, the CEO could make recommendations to the Committee for discretionary funding above target in the event of outstanding performance. The CEO's payout under this component will be decided by the Committee in executive session without the CEO present. Final allocations will be approved by the Committee. The Committee believes that these changes can enhance the linkage of individual, team and organizational performance. For 2009, the Committee set target performance goals at levels which it believed at the time to be difficult but achievable and set maximum performance goals a level which it believed to be very difficult.

### ***Long-Term Incentive Program***

The Company has been focused on managing its annual equity usage as a percentage of its common shares outstanding to align with Peer Group competitive levels. To further reduce its equity usage, the Committee reviewed its overall equity compensation program and made changes intended to position the Company's annual run rate below the peer group's 75th percentile. For 2009, the Company sought to implement a more consistent and comprehensive compensation system. The Company created a compensation range for each job grade, including the executive officer grades, with a specified base salary, target cash incentive and long-term incentive range. In determining the ranges for long-term incentives, the Committee sought to allocate to the named executive officers approximately 50% of award value in stock options and 50% award value in performance shares. The amount of each component's range awarded to a specific named executive officer was based on the individual's role and grade. For the performance shares granted in 2007, 2008 and 2009, the performance measure for 2009 will be annual operating cash flow margin. The Committee believes that introduction of operating cash flow margin as a performance measure will incentivize cost management and add rigor while making capital expenditure decisions. For 2009, the Committee set target performance goals at levels which it believed at the time to be difficult but achievable and set maximum performance goals a level which it believed to be very difficult.

### **Amendment of Certain Stock Options**

On August 26, 2008, in connection with the settlement of the Company's stockholder derivative litigation, the Company and Dr. Sindhu agreed to increase the exercise price of certain unexercised stock options held by Dr. Sindhu that had original exercise prices per share that were less than the fair market value per share of the Company's common stock on the option's date of grant, as determined by the Company for financial accounting purposes in connection with its investigation into historical stock option practices. The options were amended to increase the exercise price for the unexercised portion of these affected options to the fair market value per share on the date of grant.

### **Acceleration of Certain Equity Awards for Mr. Minshull**

In May 2008, Mr. Minshull announced that he would resign from the Company in September 2008. In connection with such departure, the Committee approved a performance-based incentive arrangement for Mr. Minshull during the period prior to the cessation of his employment to help ensure a successful transition. Under this arrangement, to the extent Mr. Minshull achieved certain targets related to the Company's sales achievement in the second and third quarters of 2009, then: (1) a proportional number of shares subject to stock option awards held by Mr. Minshull that were scheduled to vest from October 1, 2008 through January 31, 2009 would become vested and exercisable; and (2) a proportional number of shares subject to the restricted stock unit awards granted to Mr. Minshull on January 4, 2007 and February 27, 2007 that were scheduled to vest in February 2009 will become vested. In October 2008, based upon the partial achievement of such objectives, vesting of the following awards was accelerated as indicated below.

## **Table 11**

<b>Grant Date</b>	<b>Award Type</b>	<b>Exercise Price</b>	<b>Total Shares Accelerated</b>
February 8, 2006	Stock Option	\$ 18.96	23,678
March 9, 2007	Stock Option	\$ 18.31	5,224
January 4, 2007	RSU	N/A	28,413
February 27, 2007	RSU	N/A	3,978

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### **Stock Option Granting Policy**

The Board has approved a policy for granting stock options and equity awards. Pursuant to the policy, new hire and ad hoc promotional and adjustment grants to non-executive employees are to be granted monthly on the third Friday of the month, except as discussed below. All approvals of option grants by the Board, the Stock Committee, or the Compensation Committee shall be made at a meeting, which may be either in-person or telephonic, and not by unanimous written consent, except that this requirement shall not apply to Board actions, such as the appointment of new directors, as to which the granting of options is incidental to the primary Board action. Annual performance grants to non-Section 16 officers are scheduled to occur on the same date as a monthly grant and shall be approved by the Stock Committee in the manner described above. Grants in connection with acquisitions shall, unless a date is specified in the acquisition agreement, occur to the extent practical on a date on which equity awards to Company employees are made by the Stock Committee. Annual equity awards to Section 16 officers are generally scheduled to be approved at a meeting of the Compensation Committee in the first quarter after the Q4 earnings announcement and prior to March 1. The annual grants to Section 16 officers are also generally scheduled to be effective on the third Friday of the month if the meeting approving such grants occurs on or before such date. Notwithstanding the foregoing, if the Company is advised by outside counsel that the granting of equity awards on a particular date or to particular recipients, or prior to the disclosure of certain non-public information, could reasonably be deemed to be a violation of applicable laws or regulations, such grants may be delayed until such time as the granting of those awards would be not reasonably expected to constitute a violation. If making a particular monthly grant would cause the Company to exceed any granting limitation imposed by the Board or Compensation Committee (such as an annual limit), the monthly grant shall be delayed until the first subsequent month in which the limitation would not be exceeded. If the making of a grant would cause the Company to violate the terms of any agreement approved by the Board or a Committee of the Board, such grant shall be delayed until it would not violate such agreement. The exercise price of options granted will be the closing market price on the effective date of grant. The Company intends to grant options in accordance with the foregoing policy without regard to the timing of the release of material non-public information, such as a positive or negative earnings announcement.

### **Equity Ownership Guidelines**

The Company has adopted stock ownership guidelines to further align the interests of the Company's named executive officers and directors with the interests of its stockholders and promote the Company's commitment to sound corporate governance. Please see "Executive Officer and Director Stock Ownership Guidelines" on page 29 of this proxy statement for more information.

### **The Impact of Favorable Accounting and Tax Treatment on Compensation Program Design**

Favorable accounting and tax treatment of the various elements of our compensation program is a relevant consideration in their design. However, the Company and Committee have placed a higher priority on structuring flexible compensation programs to promote the recruitment, retention and performance of Section 16 officers than on maximizing tax deductibility. Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Tax Code"), places a limit of \$1,000,000 on the amount of compensation that Juniper Networks may deduct in any one year with respect to certain executive officers. To maintain flexibility in compensating executive officers in a manner designed to promote varying corporate goals, the Committee has not adopted a policy requiring all compensation to be deductible.

There is an exception to the \$1,000,000 limitation for certain performance-based compensation meeting certain requirements. The Company believes that the stock options and, if Proposal Number 2 is approved by our stockholders, performance shares awarded in 2009 under the Company's 2006 Equity Incentive Plan, will meet the

terms of the exception. Restricted stock units are not considered performance-based under Section 162(m) of the Tax Code and, as such, are generally not deductible by the Company. The Company has not sought stockholder approval of its annual cash incentive plans, and therefore, payments under those plans may not be fully deductible.

The Company believes it has amended all executive officer arrangements covered by Tax Code Section 409A in a timely manner.



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Beginning on January 1, 2006, the Company began accounting for stock-based payments in accordance with the requirements of FASB Statement 123(R). Like many of the companies within our Peer Group, Juniper Networks has lowered both grant guidelines and option participation rates to ensure that the Company's equity granting practice remains competitive but also within acceptable cost limitations.

**Compensation Committee Report**

The Compensation Committee of the Company has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K and included in this proxy statement beginning on page 31 with management and, based on such review and discussions, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement.

THE COMPENSATION COMMITTEE

William R. Stensrud (Chairman)

J. Michael Lawrie

**Compensation Committee Interlocks And Insider Participation**

No member of the Compensation Committee serves as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving as a member of the Company's Board of Directors or Compensation Committee.

**Table of Contents****Summary Compensation Table**

The following table discloses compensation received by persons serving as our Chief Executive Officer or Chief Financial Officer during fiscal 2008 as well as our three other most highly paid executive officers (together with those persons serving as CEO or CFO in 2008, the named executive officers) as of December 31, 2008, as well as their compensation received for each of the fiscal years ending December 31, 2007, and December 31, 2006. In addition, the named executive officers include Edward Minshull who was not an executive officer as of December 31, 2008, but would have been included among the most highly paid executive officers during 2008 but for the fact that he resigned his position during 2008.

**Summary Compensation Table**

Name and Position	Year	Salary	Bonus	Stock Awards(1)	Option Awards(1)	Non Equity Incentive Plan Compensation	Change in Pension Value Nonqualified	All Other Compensation	Total Compensation
							Deferred Compensation Earnings		
James M. ... Chief Executive Officer	2008	\$ 675,000	\$	\$ 856,233	\$ 1,485,420	\$ 903,000(2)	\$	\$ 38,457(5)	\$ 3,257,110
	2007	\$ 568,750	\$	\$ 767,768	\$ 2,945,118	\$ 981,000(3)	\$	\$ 6,367(6)	\$ 5,268,943
	2006	\$ 475,000	\$	\$ 182,482	\$ 5,270,777	\$ 591,376(4)	\$	\$ 2,540(7)	\$ 6,463,575
Edward Minshull Executive	2008	\$ 251,515	\$ 1,500,000(8)	\$ 908,931	\$ 1,111,292	\$ 344,000(2)	\$	\$ 34,739(9)	\$ 4,009,477
	2007	\$	\$	\$	\$	\$	\$	\$	\$
	2006	\$	\$	\$	\$	\$	\$	\$	\$
Thomas ... Vice President and Chief Officer	2008	\$ 495,000	\$	\$ 380,936	\$ 820,465	\$ 430,000(2)	\$	\$ 14,063(11)	\$ 2,730,464
	2007	\$ 183,637	\$ 250,000(10)	\$ 135,240	\$ 264,207	\$ 218,000(3)	\$	\$ 2,954(12)	\$ 1,053,038
	2006	\$	\$	\$	\$	\$	\$	\$	\$
Thomas ... Vice President and General Service	2008	\$ 352,750	\$	\$ 472,888	\$ 784,027	\$ 182,070(2)	\$	\$ 32,233(14)	\$ 1,741,968
	2007	\$ 86,417	\$ 150,000(13)	\$ 94,154	\$ 170,846	\$ 85,000(3)	\$	\$ 236(15)	\$ 506,656
	2006	\$	\$	\$	\$	\$	\$	\$	\$
Edward Minshull(16)	2008	\$ 266,254	\$	\$ 1,184,800	\$ 921,601	\$	\$	\$ 98,266(17)	\$ 2,470,921

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Vice	2007	\$ 464,600	\$	\$ 943,233	\$ 749,109	\$ 506,414(3)	\$	\$ 61,610(18)	\$ 2,
Worldwide	2006	\$ 440,789	\$ 250,000(20)	\$ 91,241	\$ 792,476	\$ 381,519(4)	\$	\$ 174,262(19)	\$ 2,
Operations									
ikou	2008	\$ 357,938	\$	\$ 695,735	\$ 1,031,449	\$ 239,085(2)	\$	\$ 27,073(21)	\$ 2,
Vice	2007	\$ 333,750	\$	\$ 586,722	\$ 824,833	\$ 302,738(3)	\$	\$ 64,562(22)	\$ 2,
and General	2006	\$ 290,861	\$ 300,000(20)	\$ 45,620	\$ 394,553	\$ 284,833(4)	\$	\$ 3,250(7)	\$ 1,
ture									
Group and									
Sindhu	2008	\$ 383,813	\$ 5,000(23)	\$ 271,736	\$ 667,052	\$ 255,904(2)	\$	\$ 7,699(24)	\$ 1,
Technology	2007	\$ 321,250	\$	\$ 227,441	\$ 889,078	\$ 282,038(3)	\$	\$ 5,916(25)	\$ 1,
and Vice	2006	\$ 243,750	\$ 1,000(23)	\$ 42,153	\$ 1,609,171	\$ 207,500(4)	\$	\$ 2,828(7)	\$ 2,
of the									

- (1) Amounts shown do not reflect compensation actually received by the named executive officer. Instead, the amounts shown are the compensation costs recognized by Juniper Networks in fiscal 2008, 2007, or 2006, as applicable for equity awards as determined pursuant to FAS 123R disregarding forfeiture assumptions. These compensation costs reflect option awards granted in and prior to fiscal 2008, 2007, or 2006, as applicable, as well as certain restricted stock unit awards earned in 2006 but issued in 2007. The assumptions used to calculate the value of option awards are set forth under Note 1 of the Notes to Consolidated Financial Statements included in Juniper Networks Annual Report on Form 10-K for 2008 filed with the SEC on March 2, 2009.
- (2) Amounts reflect bonuses earned in 2008 but paid in 2009 under the 2008 Juniper Networks annual cash incentive program.

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- (3) Amounts reflect bonuses earned in 2007 but paid in 2008 under the 2007 Juniper Networks annual cash incentive program.
- (4) Amounts reflect bonuses earned in 2006 but paid in 2007 under the 2006 Juniper Networks annual cash incentive program.
- (5) Consists of costs related to the standard employee benefit portion paid by the Company for life and disability insurance premiums, \$32,090 in deemed compensation for attendance at a Company-sponsored recognition event and \$5,125 in matching contributions paid under the Company's 401(k) plan.
- (6) Consists of costs related to the standard employee benefit portion paid by the Company for life and disability insurance premiums and \$5,125 in matching contributions paid under the Company's 401(k) plan.
- (7) Consists of costs related to the standard employee benefit portion paid by the Company for life and disability insurance premiums and \$2,000 in matching contributions paid under the Company's 401(k) plan.
- (8) Amount paid reflects a \$1,500,000 sign on bonus paid to Mr. Johnson upon commencement of employment with the Company.
- (9) Amount paid reflects \$34,169 in taxable relocation costs and costs related to the standard employee benefit portion paid by the Company for life and disability insurance premiums.
- (10) Amount paid reflects a \$250,000 sign on bonus paid to Ms. Denholm upon commencement of employment with the Company.
- (11) Consists of costs related to the standard employee benefit portion paid by the Company for life and disability insurance premiums, \$7,500 paid by the Company under its Executive Wellness Program and \$3,875 in matching contributions paid under the Company's 401(k) plan.
- (12) Consists of costs related to the standard employee benefit portion paid by the Company for life and disability insurance premiums and \$2,500 in matching contributions paid under the Company's 401(k) plan.
- (13) Amount paid reflects a \$150,000 sign on bonus paid to Mr. Bauhaus upon commencement of employment with the Company.
- (14) Consists of costs related to the standard employee benefit portion paid by the Company for life and disability insurance premiums, \$27,340 in deemed compensation for attendance at a Company-sponsored recognition event and \$3,875 in matching contributions paid under the Company's 401(k) plan.
- (15) Consists of costs related to the standard employee benefit portion paid by the Company for life and disability insurance premiums.
- (16) Mr. Minshull was paid in British Pounds (£). The compensation amounts for Mr. Minshull in this proxy statement are presented on an as-converted to U.S. Dollars (\$) basis at a rate of \$1.9515, \$2.02 and \$1.5435 for each £1, respectively. This represents the exchange rate in effect for conversion of British Pounds to U.S. Dollars as of December 31, 2006, December 31, 2007, and December 31, 2008, respectively.
- (17)

Amounts paid reflect \$16,670 in car allowance, \$27,840 in deemed compensation for attendance at a Company-sponsored recognition event, \$35,118 paid to Mr. Minshull for unused vacation days upon his termination with the Company and \$18,638 in matching contributions paid under the Company's UK Group Personal Pension Plan, a defined contribution plan available to all full-time UK employees.

- (18) Amounts paid reflect \$29,088 in car allowance and \$32,522 in contributions paid by Juniper Networks under the Company's UK Group Personal Pension Plan, a defined contribution plan available to all full-time UK employees.
- (19) Amounts paid reflect \$115,305 in commissions paid; \$28,102 in car allowance and \$30,855 in matching contributions paid under the Company's UK Group Personal Pension Plan, a defined contribution plan available to all full-time UK employees.
- (20) On January 4, 2007, the Compensation Committee approved discretionary cash bonuses for 2006 for Mr. Minshull and Ms. Perdikou in the amounts of \$250,000 and \$125,000, respectively. In determining the amount of these bonuses, the Committee considered the additional responsibilities and projects assumed by the individuals, their performance in their roles, and their overall cash compensation. These amounts were in addition to incentives paid pursuant to the 2006 Executive Officer Bonus Plan which provides variable compensation based primarily on financial performance. Based on the leadership and performance

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demonstrated in 2006 in new roles assumed by the individuals or in managing additional projects and responsibilities undertaken during the year, it was determined that discretionary bonuses be awarded to these individuals in recognition of those contributions in addition to amounts earned based on financial performance. In addition, in May 2006, Ms. Perdikou was promoted from acting General Manager to Executive Vice President Infrastructure Products Group and General Manager, Service Provider Business Team. However, due to the stock option pricing investigation being conducted by the Company, the Company did not grant her any stock options associated with that promotion until some time after the completion of the investigation. In recognition of Ms. Perdikou's service in the role for seven months without having received any equity awards in connection with this promotion, the Company approved in December 2006 a special cash bonus of \$175,000.

- (21) Consists of costs related to the standard employee benefit portion paid by the Company for life and disability insurance premiums, \$12,492 in deemed compensation for attendance at a Company-sponsored recognition event, \$7,500 paid by the Company under its Executive Wellness Program and \$5,125 in matching contributions paid under the Company's 401(k) plan.
- (22) Amounts reflect \$61,391 paid in relation to a stock option exercise price adjustment for Ms. Perdikou on May 1, 2007, costs related to the standard employee benefit portion paid by the Company for life and disability insurance premiums and \$1,258 in matching contributions paid under the Company's 401(k) plan.
- (23) Amounts reflect payment of cash bonus for the Company's patent filing rewards program.
- (24) Consists of costs related to the standard employee benefit portion paid by the Company for life and disability insurance premiums and \$5,125 in matching contributions paid under the Company's 401(k) plan.
- (25) Consists of costs related to the standard employee benefit portion paid by the Company for life and disability insurance premiums and \$3,594 in matching contributions paid under the Company's 401(k) plan.

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**Grants of Plan Based Awards for Fiscal 2008**

The following table shows all plan-based awards granted to our named executive officers during 2008. The option awards identified in the table below are also reported in the Outstanding Equity Awards at Fiscal 2008 Year-End Table on the following page.

**Grants of Plan-Based Awards for Fiscal 2008**

	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)			Estimated Future Payouts Under Equity Incentive Plan Awards(2)			All Other Stock Awards: Number of Shares of Stock or Units	All Other Option Awards: Number of Securities Underlying Options	Exercise or Base Price of Option Awards (\$/sh)
	Grant Date	Threshold	Target	Maximum	Threshold	Target			
	3/21/2008	\$ 0	\$ 1,050,000	\$ 1,890,000					
	3/21/2008				0	70,000	140,000		
	3/21/2008							180,000	\$ 25.16
	9/19/2008	\$ 0	\$ 400,000	\$ 720,000					
	9/19/2008				0	335,000	670,000		
	9/19/2008							1,400,000	\$ 26.90
	9/19/2008							200,000	\$ 26.90
	3/21/2008	\$ 0	\$ 500,000	\$ 900,000					
	3/21/2008				0	25,000	50,000		
	3/21/2008							65,000	\$ 25.16
	3/21/2008	\$ 0	\$ 267,750	\$ 481,950					
	3/21/2008				0	25,000	50,000		
	3/21/2008						30,000		
	3/21/2008							65,000	\$ 25.16
	3/21/2008	\$ 0	\$ 460,000	\$ 828,000					
	3/21/2008				0	25,000	50,000		
	3/21/2008							65,000	\$ 25.16
	3/21/2008	\$ 0	\$ 271,688	\$ 489,037					
	3/21/2008				0	25,000	50,000		
	3/21/2008							65,000	\$ 25.16
	3/21/2008	\$ 0	\$ 297,563	\$ 535,613					
	3/21/2008				0	25,000	50,000		
	3/21/2008							65,000	\$ 25.16

(1)

Amounts reflect potential cash bonuses payable under the Company's 2008 annual cash incentive program described in Compensation Discussion and Analysis above. Actual payment amounts pursuant to the 2008 annual cash incentive program for Mr. Kriens, Mr. Johnson, Ms. Denholm, Mr. Bauhaus, Mr. Minshull, Ms. Perdikou, and Dr. Sindhu were \$903,000, \$344,000, \$430,000, \$182,070, \$0, \$239,085, and \$255,904, respectively.

- (2) Amounts reflect shares subject to performance share awards issuable under the Company's 2008 Long Term Equity Incentive Program described in Compensation Discussion and Analysis above.
- (3) Represents an aggregate grant date fair value computed in accordance with FAS 123R of each equity award granted in 2008 including the maximum shares issuable for the 2008 performance share awards, restricted stock units and non-qualified stock options.



**Table of Contents****Outstanding Equity Awards at Fiscal 2008 Year-End**

The following table shows all outstanding equity awards held by our named executive officers at December 31, 2008.

**Outstanding Equity Awards at Fiscal 2008 Year-End**

Name	Option Awards Equity Incentive				Option Expiration Date	Stock Awards Equity Incentive Plan		Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Plan Awards: Number of Securities Underlying Unexercised Options (#) Unearned	Exercise Price (\$)		Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	
Scott Kriens	2,200,000			10.31	05/28/2012			
	550,000			5.69	07/01/2012			
	800,000			15.00	09/26/2013			
	750,000			28.17	01/29/2014			
	533,645	11,355(1)		22.59	04/29/2015			
	74,999	25,001(2)		22.59	04/29/2015			
	131,041	53,959(3)		18.96	02/08/2013			
	104,063	80,937(4)		18.31	03/09/2014			
	0	180,000(5)		25.16	03/21/2015			
							170,666(12)	\$ 2,988,362
							14,000	\$ 245,140
							140,000(13)	\$ 2,451,400
Kevin Johnson	1,400,000	0(6)		26.90	9/19/2015			
	200,000	0(7)		26.90	9/19/2015			
							670,000(13)	\$ 11,731,700
Robyn Denholm	83,333	166,667(8)		31.61	8/14/2014			
	0	65,000(5)		25.16	3/21/2015		45,000	\$ 787,950
							50,000(13)	\$ 875,500
Mark Bauhaus	62,500	137,500(9)		36.61	9/28/2014			
	0	65,000(5)		25.16	3/21/2015		40,000	\$ 700,400
							50,000(13)	\$ 875,500

				30,000	\$	525,300
Edward Minshull						
Kim Perdikou	3,938		10.31			05/28/2012
	26,563		7.70			07/01/2012
	12,500		8.46			03/12/2013
	58,125		15.00			09/26/2013
	90,000		24.14			09/17/2014
	32,083	2,917(3)	18.96			02/08/2013
	92,083	37,917(10)	18.96			02/08/2013
	137,500	162,500(11)	18.53			02/27/2014
	30,625	39,375(4)	18.31			03/09/2014
	0	65,000(5)	25.16			03/21/2015
				60,000	\$	1,050,600
				3,500	\$	61,285
				56,320(12)	\$	986,163
				50,000(13)	\$	875,500
Pradeep Sindhu	1,080,000		47.833			10/04/2009
	100,000		10.31			05/28/2012
	300,000		5.69			07/01/2012
	300,000		15.00			09/26/2013
	200,000		28.17			01/29/2014
	52,499	17,501(1)	22.59			04/29/2015
	107,708	2,292(2)	22.59			04/29/2015
	49,583	20,417(3)	18.96			02/08/2013
	30,625	39,375(4)	18.31			03/09/2014
	0	65,000(5)	25.16			03/21/2015
				56,320(12)	\$	986,163
				4,620	\$	80,896
				50,000(13)	\$	875,500

(1) The option was granted on 4/29/2005. The shares became exercisable as to 25% of the shares on 1/1/2006 and vest monthly thereafter to be fully vested on 1/1/2009 assuming continued employment with Juniper Networks.

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- (2) The option was granted on 4/29/2005. The shares became exercisable as to 1/48th of the shares on 1/1/2006 and vest monthly thereafter to be fully vested on 1/1/2010 assuming continued employment with Juniper Networks.
- (3) The option was granted on 2/8/2006. The shares became exercisable as to 25% of the shares on 2/8/2007 and vest monthly thereafter to be fully vested on 2/8/2010 assuming continued employment with Juniper Networks.
- (4) The option was granted on 3/9/2007. The shares became exercisable as to 25% of the shares on 3/9/2008 and vest monthly thereafter to be fully vested on 3/9/2011 assuming continued employment with Juniper Networks.
- (5) The option was granted on 3/21/2008. The shares become exercisable as to 25% of the shares on 3/21/2009 and vest monthly thereafter to be fully vested on 3/21/2012 assuming continued employment with Juniper Networks.
- (6) The option was granted on 9/19/2008. The shares become exercisable as to 25% of the shares on 9/19/2009 and vest monthly thereafter to be fully vested on 9/19/2012 assuming continued employment with Juniper Networks.
- (7) The option was granted on 9/19/2008. The shares become exercisable as to 25% of the shares on 3/1/2010 and vest monthly thereafter to be fully vested on 3/1/2013 assuming continued employment with Juniper Networks.
- (8) The option was granted on 8/14/2007. The shares became exercisable as to 25% of the shares on 8/14/2008 and vest monthly thereafter to be fully vested on 08/14/2011 assuming continued employment with Juniper Networks.
- (9) The option was granted on 9/28/2007. The shares became exercisable as to 25% of the shares on 9/28/2008 and vest monthly thereafter to be fully vested on 9/28/2011 assuming continued employment with Juniper Networks.
- (10) The option was granted on 2/8/2006. 7,292 of the shares became exercisable as of 2/8/2006 and vest monthly thereafter to be fully vested on 04/01/2009 assuming continued employment with Juniper Networks.
- (11) The option was granted on 2/27/2007. The shares became exercisable as to 25% of the shares on 2/27/2008 and vest monthly thereafter to be fully vested on 2/27/2011 assuming continued employment with Juniper Networks.
- (12) Represents maximum shares issuable under performance share award granted in 2007.
- (13) Represents maximum shares issuable under performance share award granted in 2008.
- (14) The market value of the Stock Awards is based on the closing market price of our common stock as of December 31, 2008, which was \$17.51.

**Option Exercises and Stock Vested For Fiscal 2008**

The following table shows all stock options exercised and value realized upon exercise, and all stock awards vested and value realized upon vesting, by our named executive officers during 2008.

**Option Exercises and Stock Vested For Fiscal 2008**

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise	Value Realized on Exercise	Number of Shares Acquired on Vesting	Value Realized on Vesting
Scott Kriens		\$	42,000	\$ 1,230,180
Kevin Johnson		\$		\$
Robyn Denholm		\$		\$
Mark Bauhaus		\$		\$
Edward Minshull	197,729	\$ 1,141,832	83,391	\$ 2,126,222
Kim Perdikou		\$	30,500	\$ 929,945
Pradeep Sindhu		\$	13,860	\$ 405,959

**Table of Contents****Non-Qualified Deferred Compensation Table**

The following table shows data with respect to named executive officer participation in the Company's Deferred Compensation Plan during fiscal 2008. The Company does not make any contributions on behalf of its executive officers in the Deferred Compensation Plan.

**Non-Qualified Deferred Compensation Table for Fiscal 2008**

<b>Name</b>	<b>Executive Contributions in 2008 (\$)</b>	<b>Aggregate Earnings (Loss) in 2008 (\$)</b>	<b>Aggregate Withdrawals/Distributions (\$)</b>	<b>Aggregate Balance at December 31, 2008 (\$)</b>
Scott Kriens				
Kevin Johnson				
Robyn Denholm				
Mark Bauhaus	\$ 17,850	\$ (2,723)		\$ 15,027
Edward Minshull				
Kim Perdikou	\$ 54,338	\$ (8,531)		\$ 45,807
Pradeep Sindhu				

**EQUITY COMPENSATION PLAN INFORMATION**

The following table provides information as of December 31, 2008 about our common stock that may be issued under the Company's prior and existing equity compensation plans, including option plans and employee stock purchase plans. The table does not include information with respect to shares subject to outstanding options assumed by the Company in connection with acquisitions of the companies that originally granted those options. Footnote (6) to the table sets forth the total number of shares of the Company's common stock issuable upon exercise of assumed options as of December 31, 2008, and the weighted average exercise price of those options. No additional options may be granted under those assumed plans.

<b>Plan Category</b>	<b>Number of Securities to be Issued Upon Exercise of Outstanding Options(3)</b>	<b>Weighted-Average Exercise Price of Outstanding Options</b>	<b>Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in the First Column)</b>
Equity compensation plans approved by security holders(1)	61,124,837(4)	\$ 22.73	52,894,227(5)
Equity compensation plans not approved by security holders(2)	9,870,118	\$ 16.80	0

Total	70,994,955	\$	21.90	52,894,227
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- (1) Includes the 2006 Equity Incentive Plan (the 2006 Plan ), Amended and Restated 1996 Stock Plan (the 1996 Plan ), the 1999 Employee Stock Purchase Plan (the 1999 Purchase Plan ) and the 2008 Employee Stock Purchase Plan. Effective May 18, 2006, additional equity awards under the 1996 Plan have been discontinued and new equity awards are being granted under the 2006 Plan. Remaining authorized shares under the 1996 Plan that were not subject to outstanding awards as of May 18, 2006, were canceled on May 18, 2006. The 1996 Plan will remain in effect as to outstanding equity awards granted under the plan prior to May 18, 2006.
- (2) Includes the 2000 Nonstatutory Stock Option Plan (the 2000 Plan ). No options issued under this Plan are held by any directors or executive officers. Effective May 18, 2006, additional equity awards under the 2000 Plan have been discontinued and new equity awards are being granted under the 2006 Plan. Remaining authorized shares under the 2000 Plan that were not subject to outstanding awards as of May 18, 2006, were canceled on May 18, 2006. The 2000 Plan will remain in effect as to outstanding equity awards granted under the plan prior to May 18, 2006.

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- (3) Excludes 6,681,417 shares subject to restricted stock units outstanding as of December 31, 2008 that were issued under the 1996 Plan and 2006 Plan.
- (4) Excludes purchase rights accruing under the 1999 Purchase Plan and 2008 Purchase Plan, which had a remaining stockholder-approved reserves of 12,305,155 shares and 12,000,000 shares, respectively as of December 31, 2008. The 1999 Purchase Plan was terminated immediately following the conclusion of the offering period ending January 30, 2009, and the remaining shares reserved for issuance thereunder are no longer available for issuance. The 1999 Purchase Plan was replaced by the 2008 Employee Stock Purchase Plan (the 2008 Purchase Plan ) for the offering period beginning on February 2, 2009.
- (5) Consists of shares available for future issuance under the 2006 Plan, the 1999 Purchase Plan and the 2008 Purchase Plan. As of December 31, 2008, an aggregate of 28,589,072, 12,305,155 and 12,000,000 shares of common stock were available for issuance under the 2006 Plan, the 1999 Purchase Plan and the 2008 Purchase Plan respectively. Under the terms of the 2006 Plan, any shares subject to any options under the Company's 2000 Plan and 1996 Plan that are outstanding on May 18, 2006, and that subsequently expire unexercised, up to a maximum of an additional 75,000,000 shares will become available for issuance under the 2006 Plan.
- (6) As of December 31, 2008, a total of 2,642,278 shares of the Company's common stock were issuable upon exercise of outstanding options under plans assumed in connection with acquisitions. The weighted average exercise price of those outstanding options is \$11.41 per share. No additional options may be granted under those assumed plans.

**PRINCIPAL ACCOUNTANT FEES AND SERVICES**

The Audit Committee has appointed Ernst & Young LLP, an independent registered public accounting firm, as Juniper Networks' auditors for the fiscal year ending December 31, 2009. Representatives of Ernst & Young are expected to be present at the annual meeting and will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

**Fees Incurred by Juniper Networks for Ernst & Young LLP**

Fees for professional services provided by the Company's independent registered public accounting firm in each of the last two years are approximately:

	<b>2008</b>	<b>2007</b>
Audit fees	\$ 3,438,000	\$ 3,407,000
Audit-related fees	954,000	692,000
Tax fees	50,000	248,000
All other fees		
<b>Total</b>	<b>\$ 4,442,000</b>	<b>\$ 4,347,000</b>

Audit fees are for professional services rendered in connection with the audit of the Company's annual financial statements and the review of its quarterly financial statements. Audit-related fees consist of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's

consolidated financial statements, and are not reported under **Audit Fees** . These services include accounting consultations in connection with transactions, attest services that are required by statute or regulation, and consultations concerning financial accounting and reporting standards. Tax fees are for professional services rendered for tax compliance, tax advice and tax planning.

The Audit Committee pre-approves all audit and permissible non-audit services provided by the Company's independent registered public accounting firm. The Audit Committee has delegated such pre-approval authority to the chairman of the committee. The Audit Committee pre-approved all services performed by the Company's independent registered public accounting firm in 2008.



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**REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS**

The Audit Committee oversees the Company's financial reporting process on behalf of the Board of Directors. Management has the primary responsibility for the financial statements and the reporting process including establishing and maintaining adequate internal control over the Company's financial reporting. The Audit Committee discussed with the Company's independent registered public accounting firm the overall scope and plans for the audit. The Audit Committee meets with the independent registered public accounting firm, with and without management present, to discuss the results of their examinations, their evaluations of the Company's internal controls, and the overall quality of the Company's financial reporting. The Audit Committee held 11 meetings during fiscal year 2008.

In this context, the Audit Committee hereby reports as follows:

1. The Audit Committee has reviewed and discussed the audited financial statements with the Company's management.
2. The Audit Committee has discussed with the Company's independent registered public accounting firm the matters required to be discussed by SAS 61 (Codification of Statements on Auditing Standard, AU 380), SAS 99 (Consideration of Fraud in a Financial Statement Audit) and Securities and Exchange Commission rules discussed in Final Releases Nos. 33-8183 and 33-8183a.
3. The Audit Committee has received the written disclosures and the letter from the Company's independent registered public accounting firm required by PCAOB Ethics and Independence Rule 3526 (Rule 3526, Communications with Audit Committees Concerning Independence ) and has discussed with the Company's independent registered public accounting firm its independence.
4. Based on the review and discussion referred to in paragraphs (1) through (3) above, the Audit Committee recommended to the Board, and the Board has approved, that the Company's audited financial statements for the fiscal year ended December 31, 2008 be included in Juniper Networks' Annual Report on Form 10-K for the fiscal year ended December 31, 2008, for filing with the Securities and Exchange Commission.

**MEMBERS OF THE AUDIT COMMITTEE**

Robert M. Calderoni (Chairman)  
William F. Meehan (member since March 10, 2009)  
Stratton Sclavos  
William R. Stensrud (member until March 10, 2009)

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**Directions to Juniper Networks, Inc.**

**1220 N. Mathilda Avenue  
Building 3, Pacific Conference Room  
Sunnyvale, CA 94089**

**From San Francisco Airport:**

Travel south on Highway 101.

Exit Highway 237 east in Sunnyvale.

Exit Mathilda and turn left onto Mathilda Avenue.

Juniper Networks Corporate Headquarters and Knowledge Center will be on the right side across from the Lockheed/Martin light rail station.

**From San Jose Airport and points south:**

Travel north on Highway 101 to Mathilda Avenue in Sunnyvale.

Exit Mathilda Avenue north.

Continue on Mathilda past Highway 237 and Lockheed Martin Avenue.

Juniper Networks Corporate Headquarters and Knowledge Center will be on the right side across from the Lockheed/Martin light rail station.

**From Oakland Airport and the East Bay:**

Travel south on Interstate 880 until you get to Milpitas.

Turn right on Highway 237 west.

Continue approximately 10 miles.

Exit Mathilda Avenue and turn right at the stoplight.

Juniper Networks Corporate Headquarters and Knowledge Center will be on the right side across from the Lockheed/Martin light rail station.

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**Appendix A**

**JUNIPER NETWORKS, INC.**

**2006 EQUITY INCENTIVE PLAN**

**As amended February 11, 2009**

1. Purposes of the Plan. The purposes of this Equity Incentive Plan are to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentive to Service Providers and Outside Directors and to promote the success of the Company's business.

Awards to Service Providers granted hereunder may be Incentive Stock Options, Nonstatutory Stock Options, Restricted Stock, Restricted Stock Units, Stock Appreciation Rights, Performance Shares, Performance Units, Deferred Stock Units or Dividend Equivalents, at the discretion of the Administrator and as reflected in the terms of the written option agreement. This Equity Incentive Plan also provides for the automatic, non-discretionary award of Nonstatutory Stock Options to Outside Directors.

2. Definitions. As used herein, the following definitions shall apply:

- (a) Administrator shall mean the Board or any of its Committees as shall be administering the Plan, in accordance with Section 4 of the Plan.
- (b) Annual Revenue shall mean the Company's or a business unit's net sales for the Fiscal Year, determined in accordance with generally accepted accounting principles.
- (c) Applicable Laws shall mean the legal requirements relating to the administration of equity incentive plans under California corporate and securities laws and the Code.
- (d) Award shall mean, individually or collectively, a grant under the Plan of Incentive Stock Options, Nonstatutory Stock Options, Restricted Stock, Restricted Stock Units, Stock Appreciation Rights, Performance Shares, Performance Units, Deferred Stock Units or Dividend Equivalents.
- (e) Award Agreement shall mean the written or electronic agreement setting forth the terms and provisions applicable to each Award granted under the Plan. The Award Agreement is subject to the terms and conditions of the Plan.
- (f) Awarded Stock shall mean the Common Stock subject to an Award.
- (g) Board shall mean the Board of Directors of the Company.
- (h) Cash Position shall mean the Company's level of cash and cash equivalents.
- (i) Code shall mean the Internal Revenue Code of 1986, as amended.
- (j) Common Stock shall mean the Common Stock of the Company.
- (k) Committee shall mean the Committee appointed by the Board of Directors or a sub-committee appointed by the Board's designated committee in accordance with Section 4(a) of the Plan, if one is appointed.

- (l) Company shall mean Juniper Networks, Inc.
- (m) Consultant shall mean any person, including an advisor, engaged by the Company or a Parent or Subsidiary to render services and who is compensated for such services; provided, however, that the term Consultant shall not include Outside Directors, unless such Outside Directors are compensated for services to the Company other than through payment of director's fees and Option grants under Section 11 hereof.
- (n) Continuous Status as a Director means that the Director relationship is not interrupted or terminated.
- (o) Deferred Stock Unit means a deferred stock unit Award granted to a Participant pursuant to Section 16.
- (p) Director shall mean a member of the Board.
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- (q) Disability means total and permanent disability as defined in Section 22(e)(3) of the Code.
- (r) Dividend Equivalent shall mean a credit, payable in cash, made at the discretion of the Administrator, to the account of a Participant in an amount equal to the cash dividends paid on one Share for each Share represented by an Award held by such Participant. Dividend Equivalents may be subject to the same vesting restrictions as the related Shares subject to an Award, at the discretion of the Administrator.
- (s) Employee shall mean any person, including Officers and Directors, employed by the Company or any Parent or Subsidiary of the Company. An Employee shall not cease to be an Employee in the case of (i) any leave of absence approved by the Company or (ii) transfers between locations of the Company or between the Company, its Parent, any Subsidiary, or any successor. For purposes of Incentive Stock Options, no such leave may exceed ninety days, unless reemployment upon expiration of such leave is guaranteed by statute or contract. If reemployment upon expiration of a leave of absence approved by the Company is not so guaranteed, then three (3) months following the 91st day of such leave any Incentive Stock Option held by the Participant shall cease to be treated as an Incentive Stock Option and shall be treated for tax purposes as a Nonstatutory Stock Option.
- (t) Exchange Act shall mean the Securities Exchange Act of 1934, as amended.
- (u) Fair Market Value shall mean, as of any date, the value of Common Stock determined as follows:
- (i) If the Common Stock is listed on a stock exchange, the fair market value per Share shall be the closing price on such exchange, as reported in the Wall Street Journal on the date of determination or, if the date of determination is not a trading day, the immediately preceding trading day;
- (ii) If there is a public market for the Common Stock, the fair market value per Share shall be the mean of the bid and asked prices, or closing price in the event quotations for the Common Stock are reported on the National Market System, of the Common Stock on the date of determination, as reported in the Wall Street Journal (or, if not so reported, as otherwise reported by the National Association of Securities Dealers Automated Quotation (NASDAQ) System); or
- (iii) In the absence of an established market for the Common Stock, the Fair Market Value shall be determined in good faith by the Administrator.
- (v) Fiscal Year shall mean a fiscal year of the Company.
- (w) Full Value Award shall mean a grant of Restricted Stock, a Restricted Stock Unit, a Performance Share or a Deferred Stock Unit hereunder.
- (x) Incentive Stock Option shall mean an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code.
- (y) Nonstatutory Stock Option shall mean an Option not intended to qualify as an Incentive Stock Option.
- (z) Officer shall mean a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder.
- (aa) Option shall mean a stock option granted pursuant to the Plan.
- (bb) Optioned Stock shall mean the Common Stock subject to an Option.

(cc) Outside Director means a Director who is not an Employee or Consultant.

(dd) Parent shall mean a parent corporation, whether now or hereafter existing, as defined in Section 424(e) of the Code.

(ee) Participant shall mean an Employee or Consultant who receives an Award.

(ff) Performance Goals shall mean the goal(s) (or combined goal(s)) determined by the Administrator (in its discretion) to be applicable to a Participant with respect to an Award. As determined by the Administrator, the performance measures for any performance period will be any one or more of the following objective performance criteria, applied to either the Company as a whole or, except with respect to stockholder return metrics, to a region, business unit, affiliate or business segment, and measured either on an absolute basis or relative to a pre-established

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target, to a previous period's results or to a designated comparison group, and, with respect to financial metrics, which may be determined in accordance with United States Generally Accepted Accounting Principles ( GAAP ), in accordance with accounting principles established by the International Accounting Standards Board ( IASB Principles ) or which may be adjusted when established to exclude any items otherwise includable under GAAP or under IASB Principles: (i) cash flow (including operating cash flow or free cash flow), (ii) cash position, (iii) revenue (on an absolute basis or adjusted for currency effects), (iv) revenue growth, (v) contribution margin, (vi) gross margin, (vii) operating margin (viii) operating expenses or operating expenses as a percentage of revenue, (ix) earnings (which may include earnings before interest and taxes, earnings before taxes and net earnings), (x) earnings per share, (xi) operating income, (xii) net income, (xiii) stock price, (xiv) return on equity, (xv) total stockholder return, (xvi) growth in stockholder value relative to a specified publicly reported index (such as the S&P 500 Index), (xvii) return on capital, (xviii) return on assets or net assets, (xix) return on investment, (xx) economic value added, (xxi) operating profit or net operating profit, (xxii) operating margin, (xxiii) market share, (xxiv) contract awards or backlog, (xxv) overhead or other expense reduction, (xxvi) credit rating, (xxvii) objective customer indicators, (xxviii) new product invention or innovation, (xxix) attainment of research and development milestones, (xxx) improvements in productivity, (xxxi) attainment of objective operating goals, and (xxxii) objective employee metrics. The Performance Goals may differ from Participant to Participant and from Award to Award. In particular, the Administrator may appropriately adjust any evaluation of performance under a Performance Goal to exclude (a) any extraordinary non-recurring items, (b) the affect of any merger, acquisition, or other business combination or divestiture or (ii) the effect of any changes in accounting principles affecting the Company's or a business units', region's, affiliate's or business segment's reported results.

(gg) Performance Share shall mean a performance share Award granted to a Participant pursuant to Section 14.

(hh) Performance Unit means a performance unit Award granted to a Participant pursuant to Section 15.

(ii) Plan shall mean this 2006 Equity Incentive Plan, as amended.

(jj) Plan Minimum Vesting Requirements shall mean the minimum vesting requirements for Full Value Awards under Plan Section 4(b)(vi) hereunder.

(kk) Restricted Stock shall mean a restricted stock Award granted to a Participant pursuant to Section 11.

(ll) Restricted Stock Unit shall mean a bookkeeping entry representing an amount equal to the Fair Market Value of one Share, granted pursuant to Section 13. Each Restricted Stock Unit represents an unfunded and unsecured obligation of the Company.

(mm) Rule 16b-3 shall mean Rule 16b-3 of the Exchange Act or any successor to Rule 16b-3, as in effect when discretion is being exercised with respect to the Plan.

(nn) Section 16(b) shall mean Section 16(b) of the Exchange Act.

(oo) Service Provider means an Employee or Consultant.

(pp) Share shall mean a share of the Common Stock, as adjusted in accordance with Section 21 of the Plan.

(qq) Stock Appreciation Right or SAR shall mean a stock appreciation right granted pursuant to Section 9 below.

(rr) Subsidiary shall mean a subsidiary corporation, whether now or hereafter existing, as defined in Section 424(f) of the Code.

3. *Stock Subject to the Plan.* Subject to the provisions of Section 21 of the Plan, the maximum aggregate number of shares which may be optioned and sold under the Plan is 64,500,000 shares of Common Stock plus any Shares subject to any options under the Company's 2000 Nonstatutory Stock Option Plan and 1996 Stock Incentive Plan that are outstanding on the date this Plan becomes effective and that subsequently expire unexercised, up to a maximum of an additional 75,000,000 Shares. All of the shares issuable under the Plan may be authorized, but unissued, or reacquired Common Stock.

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Any Shares subject to Options or SARs shall be counted against the numerical limits of this Section 3 as one Share for every Share subject thereto. Any Shares subject to Performance Shares, Restricted Stock or Restricted Stock Units with a per share or unit purchase price lower than 100% of Fair Market Value on the date of grant shall be counted against the numerical limits of this Section 3 as two and one-tenth Shares for every one Share subject thereto. To the extent that a Share that was subject to an Award that counted as two and one-tenth Shares against the Plan reserve pursuant to the preceding sentence is recycled back into the Plan under the next paragraph of this Section 3, the Plan shall be credited with two and one-tenth Shares.

If an Award expires or becomes unexercisable without having been exercised in full, or, with respect to Restricted Stock, Performance Shares or Restricted Stock Units, is forfeited to or repurchased by the Company at its original purchase price due to such Award failing to vest, the unpurchased Shares (or for Awards other than Options and SARs, the forfeited or repurchased shares) which were subject thereto shall become available for future grant or sale under the Plan (unless the Plan has terminated). With respect to SARs, when an SAR is exercised, the shares subject to a SAR grant agreement shall be counted against the numerical limits of Section 3 above, as one share for every share subject thereto, regardless of the number of shares used to settle the SAR upon exercise (i.e., shares withheld to satisfy the exercise price of an SAR shall not remain available for issuance under the Plan). Shares that have actually been issued under the Plan under any Award shall not be returned to the Plan and shall not become available for future distribution under the Plan; provided, however, that if Shares of Restricted Stock, Performance Shares or Restricted Stock Units are repurchased by the Company at their original purchase price or are forfeited to the Company due to such Awards failing to vest, such Shares shall become available for future grant under the Plan. Shares used to pay the exercise price of an Option shall not become available for future grant or sale under the Plan. Shares used to satisfy tax withholding obligations shall not become available for future grant or sale under the Plan. To the extent an Award under the Plan is paid out in cash rather than stock, such cash payment shall not reduce the number of Shares available for issuance under the Plan. Any payout of Dividend Equivalents or Performance Units, because they are payable only in cash, shall not reduce the number of Shares available for issuance under the Plan. Conversely, any forfeiture of Dividend Equivalents or Performance Units shall not increase the number of Shares available for issuance under the Plan.

#### 4. Administration of the Plan.

##### (a) Procedure.

(i) Multiple Administrative Bodies. If permitted by Applicable Laws, the Plan may be administered by different bodies with respect to Directors, Officers who are not Directors, and Employees who are neither Directors nor Officers.

(ii) Section 162(m). To the extent that the Administrator determines it to be desirable to qualify Awards granted hereunder as performance-based compensation within the meaning of Section 162(m) of the Code, the Plan shall be administered by a Committee consisting solely of two or more outside directors within the meaning of Section 162(m) of the Code.

(iii) Administration With Respect to Officers Subject to Section 16(b). With respect to Option grants made to Employees who are also Officers subject to Section 16(b) of the Exchange Act, the Plan shall be administered by (A) the Board, if the Board may administer the Plan in compliance with Rule 16b-3, or (B) a committee designated by the Board to administer the Plan, which committee shall be constituted to comply with Rule 16b-3. Once appointed, such Committee shall continue to serve in its designated capacity until otherwise directed by the Board. From time to time the Board may increase the size of the Committee and appoint additional members, remove members (with or without cause) and substitute new members, fill vacancies (however caused), and remove all members of the Committee and thereafter directly administer the Plan, all to the extent permitted by Rule 16b-3.

(iv) *Administration With Respect to Other Persons.* With respect to Award grants made to Employees or Consultants who are not Officers of the Company, the Plan shall be administered by (A) the Board, (B) a committee designated by the Board, or (C) a sub-committee designated by the designated committee, which committee or sub-committee shall be constituted to satisfy Applicable Laws. Once appointed, such Committee shall serve in its designated capacity until otherwise directed by the Board. The Board may increase the size of the Committee and appoint additional members, remove members (with or without cause) and substitute new members, fill vacancies

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(however caused), and remove all members of the Committee and thereafter directly administer the Plan, all to the extent permitted by Applicable Laws.

(v) Administration With Respect to Automatic Grants to Outside Directors. Automatic Grants to Outside Directors shall be pursuant to a non-discretionary formula as set forth in Section 11 hereof and therefore shall not be subject to any discretionary administration.

(b) Powers of the Administrator. Subject to the provisions of the Plan (including the non-discretionary automatic grant to Outside Director provisions of Section 11), and in the case of a Committee, subject to the specific duties delegated by the Board to such Committee, the Administrator shall have the authority, in its discretion:

(i) to determine the Fair Market Value in accordance with Section 2(v) of the Plan;

(ii) to select the Service Providers to whom Awards may be granted hereunder;

(iii) to determine whether and to what extent Awards are granted hereunder;

(iv) to determine the number of shares of Common Stock to be covered by each Award granted hereunder;

(v) to approve forms of agreement for use under the Plan;

(vi) to determine the terms and conditions, not inconsistent with the terms of the Plan, of any Award granted hereunder. Such terms and conditions include, but are not limited to, the exercise price, the time or times when Awards vest or may be exercised (which may be based on performance criteria), any vesting acceleration or waiver of forfeiture restrictions (subject to compliance with applicable laws, including Code Section 409A), and any restriction or limitation regarding any Award or the shares of Common Stock relating thereto, based in each case on such factors as the Administrator, in its sole discretion, shall determine; provided, however, that with respect to Full Value Awards vesting solely based on continuing as a Service Provider, they will vest in full no earlier (except if accelerated pursuant to Section 21 hereof or pursuant to change of control severance agreements entered into by and between the Company and any Service Provider) than the three (3) year anniversary of the grant date; provided, further, that if vesting is not solely based on continuing as a Service Provider, they will vest in full no earlier (except if accelerated pursuant to Section 21 hereof or pursuant to change of control severance agreements entered into by and between the Company and any Service Provider) than the one (1) year anniversary of the grant date;

(vii) to construe and interpret the terms of the Plan and Awards granted pursuant to the Plan;

(viii) to prescribe, amend and rescind rules and regulations relating to the Plan;

(ix) to modify or amend each Award (subject to Section 7 and Section 24(c) of the Plan);

(x) to authorize any person to execute on behalf of the Company any instrument required to effect the grant of an Award previously granted by the Administrator;

(xi) to determine the terms and restrictions applicable to Awards;

(xii) to determine whether Awards will be adjusted for Dividend Equivalents and whether such Dividend Equivalents shall be subject to vesting; and

(xiii) to make all other determinations deemed necessary or advisable for administering the Plan.

(c) Effect of Administrator's Decision. All decisions, determinations and interpretations of the Administrator shall be final and binding on all Participants and any other holders of any Awards granted under the Plan.

(d) Exception to Plan Minimum Vesting Requirements.

(i) Full Value Awards that result in issuing up to 5% of the maximum aggregate number of shares of Stock authorized for issuance under the Plan (the 5% Limit ) may be granted to any one or more employees or Non-employee Directors without respect to the Plan Minimum Vesting Requirements.

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(ii) All Full Value Awards that have their vesting discretionarily accelerated, and all Options and SARs that have their vesting discretionarily accelerated 100%, other than, in either case, pursuant to (A) a merger or asset sale transaction described in Section 21(c) hereof (including vesting acceleration in connection with employment termination following such event), (B) a Participant's death, or (C) a Participant's Disability, are subject to the 5% Limit.

(iii) Notwithstanding the foregoing, the Administrator may accelerate the vesting of Full Value Awards such that the Plan Minimum Vesting Requirements are still satisfied, without such vesting acceleration counting toward the 5% Limit.

(iv) The 5% Limit applies in the aggregate to Full Value Award grants that do not satisfy Plan minimum vesting requirements and to the discretionary vesting acceleration of Awards.

5. Eligibility. Awards may be granted only to Service Providers. Incentive Stock Options may be granted only to Employees. A Service Provider who has been granted an Award may, if he or she is otherwise eligible, be granted an additional Award or Awards. Outside Directors may only be granted Awards as specified in Section 11 hereof.

6. Code Section 162(m) Provisions.

(a) Option and SAR Annual Share Limit. Subject to Section 7 below, no Participant shall be granted, in any Fiscal Year, Options and Stock Appreciation Rights to purchase more than 2,000,000 Shares; provided, however, that such limit shall be 4,000,000 Shares in the Participant's first Fiscal Year of Company service.

(b) Restricted Stock, Performance Share and Restricted Stock Unit Annual Limit. No Participant shall be granted, in any Fiscal Year, more than 1,000,000 Shares in the aggregate of the following: (i) Restricted Stock, (ii) Performance Shares, or (iii) Restricted Stock Units; provided, however, that such limit shall be 2,000,000 Shares in the Participant's first Fiscal Year of Company service.

(c) Performance Units Annual Limit. No Participant shall receive Performance Units, in any Fiscal Year, having an initial value greater than \$2,000,000, provided, however, that such limit shall be \$4,000,000 in the Participant's first Fiscal Year of Company service.

(d) Section 162(m) Performance Restrictions. For purposes of qualifying grants of Restricted Stock, Performance Shares, Performance Units or Restricted Stock Units as performance-based compensation under Section 162(m) of the Code, the Administrator, in its discretion, may set restrictions based upon the achievement of Performance Goals. The Performance Goals shall be set by the Administrator on or before the latest date permissible to enable the Restricted Stock, Performance Shares, Performance Units or Restricted Stock Units to qualify as performance-based compensation under Section 162(m) of the Code. In granting Restricted Stock, Performance Shares, Performance Units or Restricted Stock Units which are intended to qualify under Section 162(m) of the Code, the Administrator shall follow any procedures determined by it from time to time to be necessary or appropriate to ensure qualification of the Award under Section 162(m) of the Code (e.g., in determining the Performance Goals).

(e) Changes in Capitalization. The numerical limitations in Sections 6(a) and (b) shall be adjusted proportionately in connection with any change in the Company's capitalization as described in Section 16(a).

7. No Repricing. The exercise price for an Option or SAR may not be reduced without the consent of the Company's stockholders. This shall include, without limitation, a repricing of the Option or SAR as well as an Option or SAR exchange program whereby the Participant agrees to cancel an existing Option in exchange for an Option, SAR or other Award. If an Option or SAR is cancelled in the same Fiscal Year in which it was granted (other than in connection with a transaction described in Section 14), the cancelled Option or SAR as well as any replacement

Option or SAR will be counted against the limits set forth in section 6(a) above. Moreover, if the exercise price of an Option or SAR is reduced, the transaction will be treated as a cancellation of the Option or SAR and the grant of a new Option or SAR.

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8. Stock Options.

(a) Type of Option. Each Option shall be designated in the Award Agreement as either an Incentive Stock Option or a Nonstatutory Stock Option. However, notwithstanding such designations, to the extent that the aggregate Fair Market Value of Shares subject to a Participant's incentive stock options granted by the Company, any Parent or Subsidiary, that become exercisable for the first time during any calendar year (under all plans of the Company or any Parent or Subsidiary) exceeds \$100,000, such excess Options shall be treated as Nonstatutory Stock Options. For purposes of this Section 8(a), incentive stock options shall be taken into account in the order in which they were granted, and the Fair Market Value of the Shares shall be determined as of the time of grant.

(b) Term of Option. The term of each Option shall be stated in the Notice of Grant; provided, however, that the term shall be seven (7) years from the date of grant or such shorter term as may be provided in the Notice of Grant. Moreover, in the case of an Incentive Stock Option granted to a Participant who, at the time the Incentive Stock Option is granted, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the term of the Incentive Stock Option shall be five (5) years from the date of grant or such shorter term as may be provided in the Notice of Grant.

(c) Exercise Price and Consideration.

(i) The per Share exercise price for the Shares to be issued pursuant to exercise of an Option shall be such price as is determined by the Administrator, but shall be subject to the following:

(A) In the case of an Incentive Stock Option

(1) granted to an Employee who, at the time the Incentive Stock Option is granted, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the per Share exercise price shall be no less than 110% of the Fair Market Value per Share on the date of grant.

(2) granted to any Employee, the per Share exercise price shall be no less than 100% of the Fair Market Value per Share on the date of grant.

(B) In the case of a Nonstatutory Stock Option, the per Share exercise price shall be no less than 100% of the Fair Market Value per Share on the date of grant.

(ii) Except with respect to automatic stock option grants to Outside Directors, the consideration to be paid for the Shares to be issued upon exercise of an Option, including the method of payment, shall be determined by the Administrator and may consist entirely of cash; check; delivery of a properly executed exercise notice together with such other documentation as the Committee and the broker, if applicable, shall require to effect an exercise of the option and delivery to the Company of the sale proceeds required; or any combination of such methods of payment, or such other consideration and method of payment for the issuance of Shares to the extent permitted under Applicable Law.

9. Stock Appreciation Rights.

(a) Grant of SARs. Subject to the terms and conditions of the Plan, SARs may be granted to Participants at any time and from time to time as shall be determined by the Administrator, in its sole discretion. Subject to Section 6(a) hereof, the Administrator shall have complete discretion to determine the number of SARs granted to any Participant.

(b) Exercise Price and other Terms. The per share exercise price for the Shares to be issued pursuant to exercise of an SAR shall be determined by the Administrator and shall be no less than 100% of the Fair Market Value per share on the date of grant. Otherwise, subject to Section 6(a) of the Plan, the Administrator, subject to the provisions of the Plan, shall have complete discretion to determine the terms and conditions of SARs granted under the Plan; provided, however, that no SAR may have a term of more than seven(=7) years from the date of grant.

(c) Payment of SAR Amount. Upon exercise of a SAR, a Participant shall be entitled to receive payment from the Company in an amount determined by multiplying:

- (i) The difference between the Fair Market Value of a Share on the date of exercise over the exercise price; times
- (ii) The number of Shares with respect to which the SAR is exercised.

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(d) Payment upon Exercise of SAR. At the discretion of the Administrator, but only as specified in the Award Agreement, payment for a SAR may be in cash, Shares or a combination thereof. If the Award Agreement is silent as to the form of payment, payment of the SAR may only be in Shares.

(e) SAR Agreement. Each SAR grant shall be evidenced by an Award Agreement that shall specify the exercise price, the term of the SAR, the conditions of exercise, whether it may be settled in cash, Shares or a combination thereof, and such other terms and conditions as the Administrator, in its sole discretion, shall determine.

(f) Expiration of SARs. A SAR granted under the Plan shall expire upon the date determined by the Administrator, in its sole discretion, and set forth in the Award Agreement.

10. Exercise of Option or SAR.

(a) Procedure for Exercise: Rights as a Shareholder. Any Option or SAR granted hereunder shall be exercisable at such times and under such conditions as determined by the Administrator, including performance criteria with respect to the Company and/or the Participant, and as shall be permissible under the terms of the Plan.

An Option or SAR may not be exercised for a fraction of a Share.

An Option or SAR shall be deemed to be exercised when written notice of such exercise has been given to the Company in accordance with the terms of the Option or SAR by the person entitled to exercise the Option or SAR and, with respect to Options only, full payment for the Shares with respect to which the Option is exercised has been received by the Company. With respect to Options only, full payment may, as authorized by the Administrator, consist of any consideration and method of payment allowable under Section 8(d) of the Plan. Until the issuance (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company) of the stock certificate evidencing such Shares, no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to the Optioned Stock, notwithstanding the exercise of the Option. No adjustment will be made for a dividend or other right for which the record date is prior to the date the stock certificate is issued, except as provided in Section 21 of the Plan.

(b) Termination of Status as a Service Provider. If an Employee or Consultant ceases to serve as a Service Provider, he or she may, but only within 90 days (or such other period of time as is determined by the Administrator and as set forth in the Option or SAR Agreement) after the date he or she ceases to be a Service Provider, exercise his or her Option or SAR to the extent that he or she was entitled to exercise it at the date of such termination. To the extent that he or she was not entitled to exercise the Option or SAR at the date of such termination, or if he or she does not exercise such Option or SAR (which he or she was entitled to exercise) within the time specified herein, the Option or SAR shall terminate.

(c) Disability. If a Participant ceases to be a Service Provider as a result of the Participant's Disability, the Participant may exercise his or her Option or SAR within such period of time as is specified in the Award Agreement to the extent the Option or SAR is vested on the date of termination (but in no event later than the expiration of the term of such Option or SAR as set forth in the Award Agreement). In the absence of a specified time in the Award Agreement, the Option or SAR shall remain exercisable for twelve (12) months following the Participant's termination. If, on the date of termination, the Participant is not vested as to his or her entire Option or SAR, the Shares covered by the unvested portion of the Option or SAR shall revert to the Plan. If, after termination, the Participant does not exercise his or her Option or SAR within the time specified herein, the Option shall terminate, and the Shares covered by such Option or SAR shall revert to the Plan.

(d) *Death of Participant.* If a Participant dies while a Service Provider, the Option or SAR may be exercised following the Participant's death within such period of time as is specified in the Award Agreement (but in no event may the option be exercised later than the expiration of the term set forth in the Award Agreement), by the Participant's designated beneficiary, provided such beneficiary has been designated prior to Participant's death in a form acceptable to the Administrator. If no such beneficiary has been designated by the Participant, then such Option or SAR may be exercised by the personal representative of the Participant's estate or by the person(s) to whom the Option or SAR is transferred pursuant to the Participant's will or in accordance with the laws of descent and distribution. In the absence of a specified time in the Award Agreement, the Option or SAR shall remain

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exercisable for twelve (12) months following Participant's death. If the Option or SAR is not so exercised within the time specified herein, the Option or SAR shall terminate, and the Shares covered by such Option or SAR shall revert to the Plan.

11. Automatic Stock Option Grants to Outside Directors.

(a) Procedure for Grants. All grants of Options to Outside Directors under this Plan shall be automatic and non-discretionary and shall be made strictly in accordance with the following provisions:

(i) No person shall have any discretion to select which Outside Directors shall be granted Options or Restricted Stock Units or to determine the number of Shares to be covered by Options or Restricted Stock Units granted to Outside Directors.

(ii) Each Outside Director shall be automatically granted an Option to purchase 50,000 Shares (the "First Option") upon the date on which such person first becomes a Director, whether through election by the stockholders of the Company or appointment by the Board of Directors to fill a vacancy.

(iii) At each of the Company's annual stockholder meetings (A) each Outside Director who was an Outside Director on the date of the prior year's annual stockholder meeting shall be automatically granted Restricted Stock Units for a number of Shares equal to the Annual Value, and (B) each Outside Director who was not an Outside Director on the date of the prior year's annual stockholder meeting shall receive a Restricted Stock Unit for a number of Shares determined by multiplying the Annual Value by a fraction, the numerator of which is the number of days since the Outside Director received their First Option, and the denominator of which is 365, rounded down to the nearest whole Share. Each award specified in A and B are generically referred to as an "Annual Award". The Annual Value means the number equal to \$125,000 divided by the average daily closing price over the six month period ending on the last day of the fiscal year preceding the date of grant (for example, the period from July 1, 2008 - December 31, 2008 for Annual Awards granted in May 2009).

(iv) Notwithstanding the provisions of subsections (ii) and (iii) hereof, in the event that an automatic grant hereunder would cause the number of Shares subject to outstanding Options and Restricted Stock Units plus the number of Shares previously purchased upon exercise of Options or issued upon vesting of Restricted Stock Units to exceed the number of Shares available for issuance under the Plan, then each such automatic grant shall be for that number of Shares determined by dividing the total number of Shares remaining available for grant by the number of Outside Directors on the automatic grant date. Any further grants shall then be deferred until such time, if any, as additional Shares become available for grant under the Plan.

(v) The terms of an Option granted hereunder shall be as follows:

(A) the term of the Option shall be seven (7) years.

(B) the Option shall be exercisable only while the Outside Director remains a Director of the Company, except as set forth in subsection (c) hereof.

(C) the exercise price per Share shall be 100% of the Fair Market Value on the date of grant of the Option.

(D) the First Option shall vest and become exercisable as to 1/36th of the covered Shares each month following the grant date, with the last 1/36th vesting on the day prior to the Company's annual stockholder meeting in the third calendar year following the date of grant, so as to become 100% vested on the approximately three-year anniversary of the grant date, subject to the Participant maintaining Continuous Status as a Director on each vesting date.

(E) the Annual Award shall become 100% vested on the one year anniversary of the grant date, subject to the Participant maintaining Continuous Status as a Director on each vesting date.

(b) Consideration for Exercising Outside Director Stock Options. The consideration to be paid for the Shares to be issued upon exercise of an automatic Outside Director Option shall consist entirely of cash, check, and to the extent permitted by Applicable Laws, delivery of a properly executed exercise notice together with such other

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documentation as the Administrator and the broker, if applicable, shall require to effect an exercise of the Option and delivery to the Company of the sale proceeds required to pay the exercise price, or any combination of such methods of payment.

(c) *Post-Directorship Exercisability.* If an Outside Director ceases to serve as a Director, (including pursuant to his or her death or Disability) he or she may, but only within 90 days, after the date he or she ceases to be a Director of the Company, exercise his or her Option to the extent that he or she was entitled to exercise it at the date of such termination. To the extent that he or she was not entitled to exercise an Option at the date of such termination, or if he or she does not exercise such Option (which he was entitled to exercise) within the time specified herein, the Option shall terminate.

### 12. *Restricted Stock.*

(a) *Grant of Restricted Stock.* Subject to the terms and conditions of the Plan, Restricted Stock may be granted to Participants at any time as shall be determined by the Administrator, in its sole discretion. Subject to Section 6(b) hereof, the Administrator shall have complete discretion to determine (i) the number of Shares subject to a Restricted Stock award granted to any Participant, and (ii) the conditions that must be satisfied, which typically will be based principally or solely on continued provision of services but may include a performance-based component, upon which is conditioned the grant, vesting or issuance of Restricted Stock.

(b) *Other Terms.* The Administrator, subject to the provisions of the Plan, shall have complete discretion to determine the terms and conditions of Restricted Stock granted under the Plan; provided that Restricted Stock may only be issued in the form of Shares. Restricted Stock grants shall be subject to the terms, conditions, and restrictions determined by the Administrator at the time the stock or the restricted stock unit is awarded. The Administrator may require the recipient to sign a Restricted Stock Award agreement as a condition of the award. Any certificates representing the Shares of stock awarded shall bear such legends as shall be determined by the Administrator.

(c) *Restricted Stock Award Agreement.* Each Restricted Stock grant shall be evidenced by an agreement that shall specify the purchase price (if any) and such other terms and conditions as the Administrator, in its sole discretion, shall determine; provided; however, that if the Restricted Stock grant has a purchase price, such purchase price must be paid no more than seven (7) years following the date of grant.

### 13. *Restricted Stock Units.*

(a) *Grant.* Restricted Stock Units may be granted at any time and from time to time as determined by the Administrator. After the Administrator determines that it will grant Restricted Stock Units under the Plan, it shall advise the Participant in writing or electronically of the terms, conditions, and restrictions related to the grant, including the number of Restricted Stock Units and the form of payout, which, subject to Section 6(b) hereof, may be left to the discretion of the Administrator.

(b) *Vesting Criteria and Other Terms.* The Administrator shall set vesting criteria in its discretion, which, depending on the extent to which the criteria are met, will determine the number of Restricted Stock Units that will be paid out to the Participant. The Administrator may set vesting criteria based upon the achievement of Company-wide, business unit, or individual goals (including, but not limited to, continued employment), or any other basis determined by the Administrator in its discretion.

(c) *Earning Restricted Stock Units.* Upon meeting the applicable vesting criteria, the Participant shall be entitled to receive a payout as specified in the Restricted Stock Unit Award Agreement. Notwithstanding the foregoing, at any time after the grant of Restricted Stock Units, the Administrator, in its sole discretion, may reduce or waive any

vesting criteria that must be met to receive a payout.

(d) Form and Timing of Payment. Payment of earned Restricted Stock Units shall be made as soon as practicable after the date(s) set forth in the Restricted Stock Unit Award Agreement. The Administrator, in its sole discretion, but only as specified in the Award Agreement, may pay earned Restricted Stock Units in cash, Shares, or a combination thereof. If the Award Agreement is silent as to the form of payment, payment of the Restricted Stock Units may only be in Shares.

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(e) Cancellation. On the date set forth in the Restricted Stock Unit Award Agreement, all unearned Restricted Stock Units shall be forfeited to the Company.

14. Performance Shares.

(a) Grant of Performance Shares. Subject to the terms and conditions of the Plan, Performance Shares may be granted to Participants at any time as shall be determined by the Administrator, in its sole discretion. Subject to Section 6(b) hereof, the Administrator shall have complete discretion to determine (i) the number of Shares subject to a Performance Share award granted to any Participant, and (ii) the conditions that must be satisfied, which typically will be based principally or solely on achievement of performance milestones but may include a service-based component, upon which is conditioned the grant or vesting of Performance Shares. Performance Shares shall be granted in the form of units to acquire Shares. Each such unit shall be the equivalent of one Share for purposes of determining the number of Shares subject to an Award. Until the Shares are issued, no right to vote or receive dividends or any other rights as a stockholder shall exist with respect to the units to acquire Shares.

(b) Other Terms. The Administrator, subject to the provisions of the Plan, shall have complete discretion to determine the terms and conditions of Performance Shares granted under the Plan. Performance Share grants shall be subject to the terms, conditions, and restrictions determined by the Administrator at the time the stock is awarded, which may include such performance-based milestones as are determined appropriate by the Administrator. The Administrator may require the recipient to sign a Performance Shares Award Agreement as a condition of the award. Any certificates representing the Shares of stock awarded shall bear such legends as shall be determined by the Administrator.

(c) Performance Share Award Agreement. Each Performance Share grant shall be evidenced by an Award Agreement that shall specify such other terms and conditions as the Administrator, in its sole discretion, shall determine.

15. Performance Units.

(a) Grant of Performance Units. Performance Units are similar to Performance Shares, except that they shall be settled in a cash equivalent to the Fair Market Value of the underlying Shares, determined as of the vesting date. Subject to the terms and conditions of the Plan, Performance Units may be granted to Participants at any time and from time to time as shall be determined by the Administrator, in its sole discretion. The Administrator shall have complete discretion to determine the conditions that must be satisfied, which typically will be based principally or solely on achievement of performance milestones but may include a service-based component, upon which is conditioned the grant or vesting of Performance Units. Performance Units shall be granted in the form of units to acquire Shares. Each such unit shall be the cash equivalent of one Share of Common Stock. No right to vote or receive dividends or any other rights as a stockholder shall exist with respect to Performance Units or the cash payable thereunder.

(b) Number of Performance Units. Subject to Section 6(c) hereof, the Administrator will have complete discretion in determining the number of Performance Units granted to any Participant.

(c) Other Terms. The Administrator, subject to the provisions of the Plan, shall have complete discretion to determine the terms and conditions of Performance Units granted under the Plan. Performance Unit grants shall be subject to the terms, conditions, and restrictions determined by the Administrator at the time the grant is awarded, which may include such performance-based milestones as are determined appropriate by the Administrator. The Administrator may require the recipient to sign a Performance Unit agreement as a condition of the award. Any certificates representing the units awarded shall bear such legends as shall be determined by the Administrator.

(d) Performance Unit Award Agreement. Each Performance Unit grant shall be evidenced by an agreement that shall specify such terms and conditions as the Administrator, in its sole discretion, shall determine.

16. Deferred Stock Units.

(a) Description. Deferred Stock Units shall consist of a Restricted Stock, Restricted Stock Unit, Performance Share or Performance Unit Award that the Administrator, in its sole discretion permits to be paid out in installments or on a deferred basis, in accordance with rules and procedures established by the Administrator.



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Deferred Stock Units shall remain subject to the claims of the Company's general creditors until distributed to the Participant.

(b) 162(m) Limits. Deferred Stock Units shall be subject to the annual 162(m) limits applicable to the underlying Restricted Stock, Restricted Stock Unit, Performance Share or Performance Unit Award as set forth in Section 6 hereof.

17. Leaves of Absence. If as a condition to be granted an unpaid leave of absence by the Company, a Participant agrees that vesting shall be suspended during all or a portion of such leave of absence, (except as otherwise required by Applicable Laws) vesting of Awards granted hereunder shall cease during such agreed upon portion of the unpaid leave of absence and shall only recommence upon return to active service.

18. Part-Time Service. Unless otherwise required by Applicable Laws, if as a condition to being permitted to work on a less than full-time basis, the Participant agrees that any service-based vesting of Awards granted hereunder shall be extended on a proportionate basis in connection with such transition to a less than a full-time basis, vesting shall be adjusted in accordance with such agreement. Such vesting shall be proportionately re-adjusted prospectively in the event that the Employee subsequently becomes regularly scheduled to work additional hours of service.

19. Non-Transferability of Awards. Except as determined otherwise by the Administrator in its sole discretion (but never a transfer in exchange for value), Awards may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the Participant, only by the Participant, without the prior written consent of the Administrator.

20. Stock Withholding to Satisfy Withholding Tax Obligations. When a Participant incurs tax liability in connection with the exercise, vesting or payout, as applicable, of an Award, which tax liability is subject to tax withholding under applicable tax laws, and the Participant is obligated to pay the Company an amount required to be withheld under applicable tax laws, the Participant may satisfy the withholding tax obligation by electing to have the Company withhold from the Shares to be issued upon exercise of the Option or SAR or the Shares to be issued upon payout or vesting of the other Award, if any, that number of Shares having a Fair Market Value equal to the amount required to be withheld. The Fair Market Value of the Shares to be withheld shall be determined on the date that the amount of tax to be withheld is to be determined (the "Tax Date").

All elections by a Participant to have Shares withheld for this purpose shall be made in writing in a form acceptable to the Administrator and shall be subject to the following restrictions:

- (a) the election must be made on or prior to the applicable Tax Date; and
- (b) all elections shall be subject to the consent or disapproval of the Administrator.

In the event the election to have Shares subject to an Award withheld is made by a Participant and the Tax Date is deferred under Section 83 of the Code because no election is filed under Section 83(b) of the Code, the Participant shall receive the full number of Shares with respect to which the Option or SAR is exercised or other Award is vested but such Participant shall be unconditionally obligated to tender back to the Company the proper number of Shares on the Tax Date.

21. Adjustments Upon Changes in Capitalization, Dissolution, Merger or Asset Sale.

(a) Changes in Capitalization. Subject to any required action by the shareholders of the Company, the number of shares of Common Stock covered by each outstanding Award, and the number of shares of Common Stock which

have been authorized for issuance under the Plan but as to which no Awards have yet been granted or which have been returned to the Plan upon cancellation or expiration of an Award, as well as the price per share of Common Stock covered by each such outstanding Award, the annual share limitations under Sections 6(a) and (b) hereof, and the number of Shares subject to ongoing automatic First Option and Annual Award grants to Outside Directors under Section 11 hereof shall be proportionately adjusted for any increase or decrease in the number of issued shares of Common Stock resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Common Stock, or any other increase or decrease in the number of issued shares of Common

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Stock effected without receipt of consideration by the Company; provided, however, that conversion of any convertible securities of the Company shall not be deemed to have been effected without receipt of consideration. Such adjustment shall be made by the Board, whose determination in that respect shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of Common Stock subject to an Award.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, the Administrator shall notify each Participant as soon as practicable prior to the effective date of such proposed transaction. The Administrator in its discretion (but not with respect to Options granted to Outside Directors) may provide for a Participant to have the right to exercise his or her Option or SAR until ten (10) days prior to such transaction as to all of the Awarded Stock covered thereby, including Shares as to which the Award would not otherwise be exercisable. In addition, the Administrator may provide that any Company repurchase option or forfeiture rights applicable to any Award shall lapse 100%, and that any Award vesting shall accelerate 100%, provided the proposed dissolution or liquidation takes place at the time and in the manner contemplated. To the extent it has not been previously exercised (with respect to Options and SARs) or vested (with respect to other Awards), an Award will terminate immediately prior to the consummation of such proposed action.

(c) Merger or Asset Sale.

(i) Stock Options and SARs. In the event of a merger of the Company with or into another corporation, or the sale of substantially all of the assets of the Company, each outstanding Option and SAR shall be assumed or an equivalent option or SAR substituted by the successor corporation or a Parent or Subsidiary of the successor corporation. In the event that the successor corporation refuses to assume or substitute for the Option or SAR, the Participant shall fully vest in and have the right to exercise the Option or SAR as to all of the Awarded Stock, including Shares as to which it would not otherwise be vested or exercisable. If an Option or SAR becomes fully vested and exercisable in lieu of assumption or substitution in the event of a merger or asset sale, the Administrator shall notify the Participant in writing or electronically that the Option or SAR shall be fully vested and exercisable for a period of thirty (30) days from the date of such notice, and the Option or SAR shall terminate upon the expiration of such period. With respect to Options granted to Outside Directors, in the event that the Outside Director is required to terminate his or her position as an Outside Director at the request of the acquiring entity within 12 months following such merger or asset sale, each outstanding Option held by such Outside Director shall become fully vested and exercisable, including as to Shares as to which it would not otherwise be exercisable, unless the Board, in its discretion, determines otherwise.

(ii) Restricted Stock, Restricted Stock Units, Performance Shares, Performance Units, Deferred Stock Units and Dividend Equivalents. In the event of a merger of the Company with or into another corporation, or the sale of substantially all of the assets of the Company, each outstanding Restricted Stock, Restricted Stock Unit, Performance Share, Performance Unit, Dividend Equivalent and Deferred Stock Unit award (and any related Dividend Equivalent) shall be assumed or an equivalent Restricted Stock, Restricted Stock Unit, Performance Share, Performance Unit, Dividend Equivalent and Deferred Stock Unit award (and any related Dividend Equivalent) substituted by the successor corporation or a Parent or Subsidiary of the successor corporation. In the event that the successor corporation refuses to assume or substitute for the Restricted Stock, Restricted Stock Unit, Performance Share, Performance Unit, Dividend Equivalent and Deferred Stock Unit award (and any related Dividend Equivalent), the Participant shall fully vest in the Restricted Stock, Restricted Stock Unit, Performance Share, Performance Unit, Dividend Equivalent and Deferred Stock Unit award (and any related Dividend Equivalent), including as to Shares (or with respect to Dividend Equivalents and Performance Units, the cash equivalent thereof) which would not otherwise be vested. For the purposes of this paragraph, a Restricted Stock, Restricted Stock Unit, Performance Share, Performance Unit, Dividend Equivalent and Deferred Stock Unit award (and any related Dividend Equivalent) shall be considered assumed if, following the merger or asset sale, the award confers the right to purchase or receive, for

each Share (or with respect to Dividend Equivalents and Performance Units, the cash equivalent thereof) subject to the Award immediately prior to the merger or asset sale, the consideration (whether stock, cash, or other securities or property) received in the merger or asset sale by holders of the Company's common stock for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided,

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however, that if such consideration received in the merger or asset sale is not solely common stock of the successor corporation or its Parent, the Administrator may, with the consent of the successor corporation, provide for the consideration to be received, for each Share and each unit/right to acquire a Share subject to the Award (other than Dividend Equivalents and Performance Units) to be solely common stock of the successor corporation or its Parent equal in fair market value to the per share consideration received by holders of the Company's common stock in the merger or asset sale.

22. Time of Granting Awards. The date of grant of an Award shall, for all purposes, be the date on which the Administrator makes the determination granting such Award. Notice of the determination shall be given to each Employee or Consultant to whom an Award is so granted within a reasonable time after the date of such grant.

23. Term of Plan. The Plan shall continue in effect until March 1, 2016 .

24. Amendment and Termination of the Plan.

(a) Amendment and Termination. The Board may at any time amend, alter, suspend or terminate the Plan.

(b) Shareholder Approval. The Company shall obtain shareholder approval of any Plan amendment to the extent necessary and desirable to comply with Rule 16b-3 or with Section 422 of the Code (or any successor rule or statute or other applicable law, rule or regulation, including the requirements of any exchange or quotation system on which the Common Stock is listed or quoted). Such shareholder approval, if required, shall be obtained in such a manner and to such a degree as is required by the applicable law, rule or regulation.

(c) Effect of Amendment or Termination. No amendment, alteration, suspension or termination of the Plan shall impair the rights of any Participant, unless mutually agreed otherwise between the Participant and the Administrator, which agreement must be in writing and signed by the Participant and the Company.

25. Conditions Upon Issuance of Shares. Shares shall not be issued pursuant to the exercise of an Option unless the exercise of such Option and the issuance and delivery of such Shares pursuant thereto shall comply with all relevant provisions of law, including, without limitation, the Securities Act, the Exchange Act, the rules and regulations promulgated thereunder, state securities laws, and the requirements of any stock exchange upon which the Shares may then be listed, and shall be further subject to the approval of counsel for the Company with respect to such compliance.

As a condition to the exercise or payout, as applicable, of an Award, the Company may require the person exercising such Option or SAR, or in the case of another Award (other than a Dividend Equivalent or Performance Unit), the person receiving the Shares upon vesting, to render to the Company a written statement containing such representations and warranties as, in the opinion of counsel for the Company, may be required to ensure compliance with any of the aforementioned relevant provisions of law, including a representation that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares, if, in the opinion of counsel for the Company, such a representation is required.

26. Reservation of Shares. The Company, during the term of this Plan, will at all times reserve and keep available such number of Shares as shall be sufficient to satisfy the requirements of the Plan. Inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.



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*JUNIPER NETWORKS, INC. 1194 N. MATHILDA AVENUE SUNNYVALE, CA 94089*

There are three ways to vote your Proxy

Your Internet or telephone vote authorizes the Named Proxies to vote the shares in the same manner as if you marked, signed and returned your proxy card.

VOTE BY INTERNET [www.proxyvote.com](http://www.proxyvote.com)

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

VOTE BY PHONE 1-800-690-6903

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Juniper Networks, Inc., c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

**ELECTRONIC DELIVERY OF FUTURE STOCKHOLDER COMMUNICATIONS**

If you would like to reduce the costs incurred by Juniper Networks, Inc. in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access stockholder communications electronically in future years.

**TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:**

M13581-P75831

**KEEP THIS PORTION FOR YOUR RECORDS**

**DETACH AND RETURN THIS PORTION ONLY**

**THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.**

**JUNIPER NETWORKS, INC.**

The Board of Directors Recommends a Vote FOR Items 1, 2 and 3.

1. Election of Class I Directors:

01) Scott Kriens

02) Stratton Sclavos

03) William R. Stensrud

For All

Withhold All

For All Except

To withhold authority to vote for any individual nominee(s), mark For All Except and write the number(s) of the nominee(s) on the line below.

2. Approval of: (i) the proposed amendment to the Juniper Networks, Inc. 2006 Equity Incentive Plan (the 2006 Plan ), and (ii) the material terms of the 2006 Plan for purposes of complying with Internal Revenue Code Section 162(m).

3. Ratification of Ernst & Young LLP, an independent registered public accounting firm, as auditors.

For Against Abstain

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED AS DIRECTED OR, IF NO DIRECTION IS GIVEN, WILL BE VOTED FOR PROPOSALS 1, 2 AND 3.

For address changes and/or comments, please check this box and write them on the back where indicated.

Please sign exactly as your name(s) appear(s) on this Proxy. If held in joint tenancy, all persons must sign. Trustees, administrators, etc., should include title and authority. Corporations should provide full name of corporation and title of authorized officer signing the Proxy.

Signature [PLEASE SIGN WITHIN BOX] Date

Signature (Joint Owners) Date

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Important Notice Regarding Internet Availability of Proxy Materials for the Annual Meeting: The Notice and Proxy Statement and Our Annual Report on Form 10-K are available at [www.proxyvote.com](http://www.proxyvote.com).

M13582-P75831

JUNIPER NETWORKS, INC.

2009 ANNUAL MEETING OF STOCKHOLDERS

Thursday, May 28, 2009 9:00 a.m. Pacific Time

Juniper Networks, Inc. 1220 N. Mathilda Ave.

Building 3, Pacific Conference Room Sunnyvale, CA 94089

Juniper Networks, Inc. Mailing Address: 1194 N. Mathilda Avenue, Sunnyvale, CA 94089 Proxy

This proxy is solicited by the Board of Directors for use at the Annual Meeting on May 28, 2009.

If no choice is specified, the proxy will be voted "FOR" Items 1, 2 and 3.

By signing the proxy, you revoke all prior proxies and appoint(s) Robyn M. Denholm and Mitchell Gaynor, and each of them, with full power of substitution, to vote these shares on the matters shown on the reverse side and any other matters which may come before the Annual Meeting and all adjournments.

Address Change:

If you noted an Address Change above, please check the corresponding box on the reverse side.